

In- year monitoring for the Municipality

Prepared in terms of the Local Government: Municipal Finance Management
Act (56/2003): Municipal Budget and Reporting Regulations, Government
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Section 71

Section 52(d) report and

Section 72 report

for period ending 31 December 2023

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PART 1 – IN-YEAR BUDGET REPORT

MAYOR'S REPORT

PURPOSE

This mid-year budget and performance evaluation report's objective is to evaluate the Municipality's financial performance in relation to the goals set forth for service delivery and the budget during the first half of the 2023–2024 fiscal year.

FINANCIAL SUSTAINBILITY

Despite the positive bank balance, the municipality's financial viability is nonetheless a source of concern. The lack of cash-backed operational reserves has a detrimental effect on the municipality's capacity to finance both ongoing and future operations.

The risk is further exacerbated by, among other things:

- Aging infrastructure.
- Growing balance of due debts
- Ongoing support for mandates outside of municipalities.
- Unfunded project execution

To help determine whether the municipality's budget is being implemented in line with the service delivery and budget implementation plan, the 2023–2024 budget summary is provided below.

Revenue dashboard:

Statement of Financial Performance									
Description	Budget Year 2023/24								
	Original Budget	Monthly actual- July	Monthly actual- Aug	Monthly actual- Sept	Monthly actual- Oct	Monthly actual- Nov	Monthly actual - Dec	YearTD actual	% of Budget
R thousands									
Revenue									
Exchange Revenue									
Service charges - Electricity	32 067	88	8 893	(1 847)	7 394	1 343	1 543	17 415	54%
Service charges - Water	18 556	–	2 935	936	4 957	740	548	10 116	55%
Service charges - Waste Water Management	4 508	–	915	236	655	397	134	2 337	52%
Service charges - Waste management	5 920	–	1 655	(11)	966	497	17	3 124	53%
Sale of Goods and Rendering of Services	545	5	54	32	8	17	16	132	24%
Agency services	2 314	–	–	–	0	–	1 143	1 144	49%
Interest earned from Receivables	2 317	–	269	463	285	290	295	1 602	69%
Interest from Current and Non Current Assets	1 393	87	289	211	195	135	16	933	67%
Rental from Fixed Assets	77	–	11	2	7	10	1	32	42%
Licence and permits	1 371	–	187	–	–	–	167	354	26%
Operational Revenue	6 605	308	26	(923)	12	12	11	(554)	-8%
Non-Exchange Revenue									
Property rates	46 766	–	16 043	(3 409)	6 120	2 638	141	21 533	46%
Surcharges and Taxes	5 991	–	561	327	693	372	–	1 953	33%
Fines, penalties and forfeits	1 762	10	12	5	1	25	2	55	3%
Licence and permits	25	–	0	0	1	1	–	3	11%
Transfers and subsidies - Operational	117 097	46 021	(40)	–	–	(68)	36 693	82 606	71%
Interest	8 214	–	549	419	668	488	770	2 894	35%
Gains on disposal of Assets	500							–	0%
Total Revenue (excluding capital transfers and contributions)	256 029	46 519	32 360	(3 558)	21 962	6 898	41 494	145 676	57%

Home of the Addo Elephant Park

Operating Expenditure Dashboard:

Statement of Financial Performance									
Description	Budget Year 2023/24								
	Original Budget	Monthly actual-July	Monthly actual-Aug	Monthly actual-Sept	Monthly actual-Oct	Monthly actual-Nov	Monthly actual-Dec	YearTD actual	% of Budget
R thousands									
Expenditure By Type									
Employee related costs	92 832	7 668	79	15 728	8 341	10 651	9 545	52 013	56%
Remuneration of councillors	7 092	563	–	1 262	669	669	669	3 832	54%
Bulk purchases - electricity	32 311	–	3 559	3 448	4 772	1 817	–	13 596	42%
Inventory consumed	14 150	171	836	1 245	22	977	5	3 256	23%
Debt impairment	3 859							–	0%
Depreciation and amortisation	30 451							–	0%
Interest	1 050	–	40	84	205	1 125	–	1 454	138%
Contracted services	36 081	4 212	3 318	5 177	4 787	2 303	72	19 869	55%
Transfers and subsidies	–							–	
Irrecoverable debts written off	13 726							–	0%
Operational costs	21 852	1 019	2 830	4 510	3 317	3 551	363	15 590	71%
Losses on Disposal of Assets	–							–	
Other Losses	1 760							–	0%
Total Expenditure	255 163	13 633	10 662	31 454	22 113	21 093	10 655	109 610	43%

Capital Expenditure Dashboard:

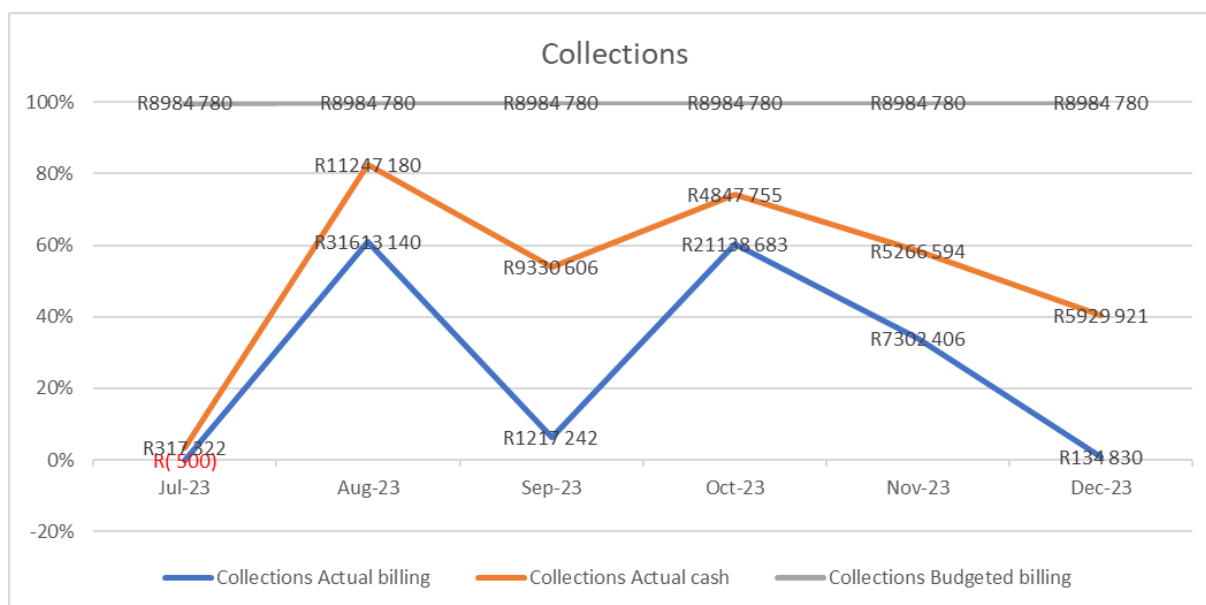
Capital Summary Report									
Capital Expenditure By Dept									
FUNCTION DESCRIPTION	Original Budget	Monthly actual-July	Monthly actual-Aug	Monthly actual-Sept	Monthly actual-Oct	Monthly actual-Nov	Monthly actual - Dec	YearTD actual	% of Budget
Community Halls and Facilities	7 021	3 546	1 201	1 433	2 000	–	–	8 181	117%
Fire Fighting and Protection	74	–	–	–	–	–	–	–	0%
Roads	11 601	–	514	–	–	–	–	514	4%
Electricity	–	–	918	906	–	–	–	1 824	
Water and Sanitation	25 643	2 815	4 584	2 179	5 701	2 480	–	17 759	69%
Asset Management	–	–	–	17	13	1	3	35	
Administrative and Corporate Support	–	–	28	–	–	–	–	28	
Total Capital Expenditure	44 338	6 362	7 245	4 535	7 714	2 481	3	28 341	64%
Capital Expenditure per Fund									
Source of Funding	Original Budget	Monthly actual-July	Monthly actual-Aug	Monthly actual-Sept	Monthly actual-Oct	Monthly actual-Nov	Monthly actual - Dec	YearTD actual	% of Budget
National Government	44 264	6 362	7 217	4 518	7 701	2 480	–	28 278	64%
District Municipality	74								
Internally generated funds		–	28	17	13	1	3	63	
Total Capital Funding	44 338	6 362	7 245	4 535	7 714	2 481	3	28 341	64%

Repairs and maintenance Dashboard:

Repairs and Maintenance Report									
R&M Expenditure by Project									
DESCRIPTION	Original Budget	Monthly actual-July	Monthly actual-Aug	Monthly actual-Sept	Monthly actual-Oct	Monthly actual-Nov	Monthly actual - Dec	YearTD actual	% of Budget
O_Mai:Electrical Infrastructure:MV Networks:MV Transformers	380	6	26	5	100	–	–	138	36%
O_Mai:Roads Infrastructure:Road Furniture:Traffic Signs	70	–	–	13	–	–	–	13	19%
O_Mai:Roads Infrastructure:Road Structures:Civil Structures	200	65	17	22	10	37	3	153	76%
O_Mai:Roads Infrastructure:Road Structures:Civil Structures	300	–	–	–	195	–	–	195	65%
O_Mai:Sanitation Infrastructure:Pump Station:Pipe Work	480	–	–	773	–	–	–	773	161%
O_Mai:Sanitation Infrastructure:Waste Water Treatment:Pipe Work	800	–	13	8	–	–	–	20	3%
O_Mai:Storm water Infrastructure:Drainage Collection:Drainage	250	18	3	–	30	–	–	52	21%
O_Mai:Water Supply Infrastructure:Pump Station:Pipe Work	240	–	75	–	–	–	–	75	31%
O_Mai:Water Supply Infrastructure:Water Treatment:Pipe Work	400	–	–	–	275	22	–	298	74%
O_Mai:Sanitation Infrastructure:Waste Water Treatment:External Facilities	300	–	28	60	82	4	–	173	58%
O_Mai:Water Supply Infrastructure:Water Treatment:External Facilities	300	–	–	–	26	42	3	71	24%
O_Mai:Solid Waste Disposal:Landfill Sites:Land	3 000	–	7	–	138	2	–	147	5%
O_Mai:Non-infrastructure:Emergency:Transport Assets	500	16	24	234	115	21	–	410	82%
O_Mai:Non-infrastructure:Community Facilities:Halls:Buildings	300	28	–	–	–	–	–	28	9%
O_Mai:Non-infrastructure:Operational Buildings:Municipal Offices:Buildings	488	6	–	–	–	23	–	29	6%
O_Mai:Non-infrastructure:Machinery and Equipment	100	–	–	–	23	–	–	23	23%
O_Mai:Non-infrastructure:Interval Based:Transport Assets	250	9	–	4	–	–	–	13	5%
O_Mai:Community Facilities:Taxi Ranks:Civil Structures	125								0%
O_Mai:Sport and Recreation Facilities:Outdoor Facilities:Land	468								0%
O_Mai:Sport and Recreation Facilities:Outdoor Facilities:External Facilities	175								0%
O_Mai:Water Supply Infrastructure:Reservoirs:Civil Structure	620								0%
O_Mai:Sanitation Infrastructure:Outfall Sewers:Pipe Work	250								0%
O_Mai:Electrical Infrastructure:LV Networks:Public Lighting	280								0%
O_Mai:Roads Infrastructure:Roads:Pavements	150								0%
Total R&M Expenditure	10 425	149	194	1 118	994	150	6	2 612	25%

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Collections Dashboard:



SUMMARY OF RISKS FACING THE MUNICIPALITY

Emerging risk for the municipality is as follows:

1. Collection rate achieved of 69% as at Dec 2023
2. Capital spending should be monitored to ensure the required spending levels are achieved to optimise service delivery and avoid roll-overs.
3. Traffic services fines and licensing section must be improved to improve generation of revenue in these streams.
4. Spending on repairs must be closely monitored to ensure Council assets are well maintained to avoid or lessen service delivery interruptions.

LEGISLATIVE REQUIREMENTS

Section 52(d) of the MFMA requires that the Mayor tables a report on the performance of the municipality to Council within 30 days after the end of the quarter

Section 72 of the MFMA requires that the Accounting Officer of the municipality, by the 25th January each year, assess the performance of the municipality for the first half of the year. This report must be submitted to the municipality, the National Treasury, and the relevant Provincial Treasury. The Accounting Officer must also make recommendations as to whether an adjustment budget is necessary.

Section 54(1) of the MFMA requires the Mayor of a municipality to take certain actions on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan

Section 32 of the MFMA requires of the Accounting Officer to promptly inform the MEC for Local Government in the province and the Auditor General in writing of any unauthorised, irregular, fruitless and wasteful expenditure and the steps that have been taken to recover or rectify such expenditure as well as steps taken to prevent a recurrence of such expenditure.

The report is submitted in terms of the abovementioned legislated requirements.

RECOMMENDATIONS

1. That the report of the financial results for month ending December 2023, 2nd quarter results as required by s52(d) and the mid-year results as required by s72 of the Municipal Finance Management Act be noted.
2. That the 2023-2024 operating budget be adjusted based on the revenue and expenditure patterns contained in this report.
3. That the SDBIP also be adjusted accordingly and that the adjusted budget be implemented in accordance with the adjusted SDBIP.
4. That the adjustment budget be submitted to Council before the end of February 2024.
5. That identified cases of Unauthorised, Irregular, Fruitless and Wasteful Expenditure as at 31 December 2023 is noted by Council and be submitted to MPAC for investigation as per Section 32.

SUBMITTED FOR CONSIDERATION

ACCOUNTING OFFICER'S REPORT

EXECUTIVE SUMMARY

The report is submitted in terms of the below mentioned legislated requirements.

Section 71 of the MFMA requires that the Accounting Officer of the municipality, by no later than 10 working days after the end of each month, submit to the Mayor of the municipality a report on the municipality's budget and implementation thereof.

Section 52(d) of the MFMA requires that the Mayor tables a report on the performance of the municipality to Council within 30 days after the end of the quarter

Section 72 of the MFMA requires that the Accounting Officer of the municipality, by the 25th of January each year, assess the performance of the municipality for the first half of the year. This report must be submitted to the municipality, the National Treasury, and the relevant Provincial Treasury. The Accounting Officer must also make recommendations as to whether an adjustment budget is necessary.

Section 54(1) of the MFMA requires the Mayor of a municipality to take certain actions on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan.

Section 32 of the MFMA requires of the Accounting Officer to promptly inform the MEC for Local Government in the province and the Auditor General in writing of any unauthorised, irregular, fruitless and wasteful expenditure and the steps that have been taken to recover or rectify such expenditure as well as steps taken to prevent a recurrence of such expenditure.

The report of the Accounting Officer is based on an analysis conducted on inputs made to the financial system and previously approved Council documents with set targets.

REVENUE

	Monthly actual - Dec	Q2 actual - Dec	YearTD actual	% of Budget
		R	R	
Total Revenue	41 493 672,00	77 451 731,00	158 694 290,14	54%
Services				
Property rates	140 632,00	8 898 192,83	21 532 502,40	46%
Electricity	1 542 710,00	10 280 575,19	17 414 589,63	54%
Water	547 681,00	6 244 768,43	10 115 786,75	55%
Sanitation	133 504,00	1 186 382,14	2 336 818,11	52%
Refuse	16 559,00	1 479 386,32	3 123 676,89	53%
Grants				
Operational	36 692 776,00	36 625 250,00	82 605 825,70	71%
Capital	-	7 097 458,45	13 017 342,86	34%

Revenue

Revenue of R158,7 million was realised for the year-to-date (December 2023), and R77,5 million for the second reporting quarter (October 2023-December 2023). This equates 54% of the total annual revenue budget. The norm for the six months of the financial year is 50%.

The revenue to date is slightly above the norm. Material variances are however explained below for items warranting concern or abnormal percentage levels.

- Interest earned: external investments – Higher interest earned than anticipated due to spending patterns of the municipality and creditor management techniques.
- Interest earned: receivables – Poor customer payment levels and culture combined with ineffective credit control implementation.
- Rental – Sub-lease rental arrangements of municipal properties to a third-party reallocation contributed to variance depicted.
- Licence and permits – Continued late recognition of financial records resulted in material variance depicted.
- Fines – High variance directly linked to non-recording of traffic fines issued to date on the financial system. This however isn't new to the municipality, and this will be performed at year-end as per approved policy.
- Transfers and subsidies: capital– Recognition of revenue for capital grants is not performed timeously resulting in unnecessary variances as shown.

Envisaged minor adjustment will be proposed to the municipality's revenue budget based on current trends.

EXPENDITURE

	Monthly actual - Dec	Q2 actual - Dec	YearTD actual	% of Budget
		R	R	
Total Expenditure	10 654 794,67	53 860 787,66	109 609 978,39	43%
Employee cost	9 545 382,03	28 537 662,40	52 012 718,83	56%
Remuneration of councillors	669 216,07	2 007 648,21	3 832 096,26	54%
Contracted services	72 337,87	7 162 769,17	19 869 320,35	55%
Bulk purchases	-	6 588 861,21	13 595 702,73	42%

Expenditure

As of December 2023, the actual operating expense for the year to date is R109,6 million. R53,9 million has been reported as expenses incurred during the reporting quarter. In December 2023, the real monthly expenses came to R10.6 million.

Notable variances are discussed below:

- ❖ Bulk Purchases – Not all invoices have been recorded in the ERP system resulting in variance shown.
- ❖ Inventory – Incomplete recording of water account invoices as well as water chemicals invoices not timeously received for recording.
- ❖ Finance charges – Provision for interest on overdue accounts was made in the adopted budget resulting in variance revealed.
- ❖ Depreciation and Asset Impairment – 100% deviation observed; since the fixed asset module has not been successfully deployed by the financial system, this non-cash item will only be accounted for and reported at year's end.
- ❖ Debt Impairment – According to policy, the computation of debtor impairment is only done at year's end. Despite the low debtor recovery payment rate, no bad debts were written off during the reporting period, which is a clear indication that credit control and revenue management have been implemented.
- ❖ Other expenditure – The high variance was the outcome of using budgeting rules. This item was negatively impacted by the implementation of projects not included in the IDP and Budget, as well as the discovery that municipal running costs were under budgeted.

An adjustment budget is warranted for the operating expenditure budget. Keeping in mind s18 of the MFMA and legal requirement of attaining a funded budget.

Table 7 below provides a summary of the financial performance:

Statement of Financial Performance							
Description	Budget Year 2023/24						
	Original Budget	Monthly actual - Dec	Q2 actual Dec	YearTD actual	YearTD budget	YTD variance	YTD variance
R thousands							%
Revenue							
Exchange Revenue							
Service charges - Electricity	32 067	1 543	10 281	17 415	16 034	(1 381)	-9%
Service charges - Water	18 556	548	6 245	10 116	9 278	(838)	-9%
Service charges - Waste Water Management	4 508	134	1 186	2 337	2 254	(83)	-4%
Service charges - Waste management	5 920	17	1 479	3 124	2 960	(164)	-6%
Sale of Goods and Rendering of Services	545	16	41	132	273	140	51%
Agency services	2 314	1 143	1 144	1 144	1 157	13	1%
Interest earned from Receivables	2 317	295	870	1 602	1 159	(443)	-38%
Interest from Current and Non Current Assets	1 393	16	346	933	696	(236)	-34%
Rental from Fixed Assets	77	1	18	32	38	6	16%
Licence and permits	1 371	167	167	354	685	331	48%
Operational Revenue	6 605	11	35	(554)	3 303	3 856	117%
Non-Exchange Revenue			-	-	-	-	0%
Property rates	46 766	141	8 898	21 533	23 383	1 851	8%
Surcharges and Taxes	5 991	-	1 065	1 953	2 995	1 043	35%
Fines, penalties and forfeits	1 762	2	28	55	881	827	94%
Licence and permits	25	-	2	3	13	10	77%
Transfers and subsidies - Operational	117 097	36 693	36 625	82 606	58 549	(24 057)	-41%
Interest	8 214	770	1 926	2 894	4 107	1 213	30%
Gains on disposal of Assets	500		-	-	250	250	100%
			-	-	-		
Total Revenue (excluding capital transfers and contributions)	256 029	41 494	70 354	145 676	128 014	(17 662)	
Expenditure By Type							
Employee related costs	92 832	9 545	28 538	52 013	46 416	5 597	12%
Remuneration of councillors	7 092	669	2 008	3 832	3 546	286	8%
Bulk purchases - electricity	32 311	-	6 589	13 596	16 155	(2 560)	-16%
Inventory consumed	14 150	5	1 004	3 256	7 075	(3 819)	-54%
Debt impairment	3 859		-	-	1 930	(1 930)	-100%
Depreciation and amortisation	30 451		-	-	15 226	(15 226)	-100%
Interest	1 050	-	1 330	1 454	525	929	177%
Contracted services	36 081	72	7 163	19 869	18 041	1 829	10%
Transfers and subsidies	-		-	-	-	-	
Irrecoverable debts written off	13 726		-	-	6 863	(6 863)	-100%
Operational costs	21 852	363	7 231	15 590	10 926	4 664	43%
Losses on Disposal of Assets	-		-	-	-	-	
Other Losses	1 760		-	-	880	(880)	-100%
Total Expenditure	255 163	10 655	53 861	109 610	127 582	(17 972)	
Surplus/(Deficit)	865	30 839	16 493	36 066	433	310	
Transfers and subsidies - capital (monetary allo	37 764	(0)	7 097	13 017	18 882	(5 865)	-31%
Transfers and subsidies - capital (in-kind)							
Surplus/ (Deficit) for the year	38 629	30 839	23 591	49 084	19 315	(5 555)	

The surplus of R49,1 million should not be viewed literally as accrual accounting is used by the municipality and will not translate into cash as desired due to infrastructure backlogs, unresolved customer queries and poor implementation of credit control etc.

CAPITAL ACQUISITION

CAPITAL EXPENDITURE BY FUNDING

Council originally approved a budget of R44,3 million. Actual Capital expenditure to date is R28,3 million. The second quarter actuals recorded value of R10,2 million.

Variances are attributable to expenditure patterns following below but not limited to;

- ✚ Unbudgeted acquisitions
- ✚ Poor planning by all relevant stakeholders
- ✚ Spending on projects exceed planned budget.
- ✚ Misallocations upon recording of financial transactions.

CAPITAL EXPENDITURE BY PROJECT									
PROJECT DESCRIPTION	Original Budget	Monthly actual- July	Monthly actual- Aug	Monthly actual- Sept	Monthly actual- Oct	Monthly actual- Nov	Monthly actual - Dec	YearTD actual	VARIANCE
Moses Mabhid Community Hall	5 094	2 219	–	1 433	2 000	–	–	5 651	(558)
Sports Facility Nomathamsanqa - Addo	1 927	1 328	1 201	–	–	–	–	2 529	(602)
CCTV Equipment	40	–	–	–	–	–	–	–	40
Furniture Equipment	4	–	–	–	–	–	–	–	4
Capital Assets - Community Services	30	–	–	–	–	–	–	–	30
Upgrade Enon Bershiba - Roads Stormwater	5 101	–	514	–	–	–	–	514	4 586
Upgrade Emsengeni Taxi Loop	6 500	–	–	–	–	–	–	–	6 500
Electrical Infrastructure Upgrade	–	–	918	906	–	–	–	1 824	(1 824)
Upgrade Sewerage network - Paterson	6 168	–	–	–	–	–	–	–	6 168
Kirkwood Waste Water Treatment Works Repairs - Phase 2	13 043	–	–	–	–	–	–	–	13 043
Refurbishment of Enon and Bersheba Water Borne Sanitation	4 257	309	843	–	1 083	–	–	2 235	2 022
Refurbishment of Sewer Line in Vygie Street (Emergency Works)	2 174	2 506	3 740	–	–	522	–	6 768	(4 594)
Kirkwood WWTW Greendrop Reprioritisation	–	–	–	2 179	4 618	1 958	–	8 756	(8 756)
Furniture and Office Equipment	–	–	–	17	13	1	3	35	(35)
Computer Equipment	–	–	28	–	–	–	–	28	(28)
Total Capital Expenditure	44 338	6 362	7 245	4 535	7 714	2 481	3	28 341	15 997

Table 8 above shows individual performance of projects against budgeted amounts.

To improve financial monitoring, several changes must be made to reallocate financial transaction entries and connect the present expenditure pattern with authorized grant plans.

Although it is extremely improbable that the capital budget allotment would remain unused at year's end, reordering will need the implementation of a capital expenditure adjustment budget.

IN-YEAR REPORTING ANNEXURES

Table 9: Monthly Budget Statement Summary

EC106 Sundays River Valley - Table C1 Monthly Budget Statement Summary - M06 December

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	–	46 766	46 766	141	21 533	23 383	(1 851)	-8%	46 766
Service charges	45 747	61 051	61 051	2 240	32 991	28 219	4 772	17%	61 051
Investment revenue	1 483	–	–	–	–	–	–	–	–
Transfers and subsidies - Operational	1 483	1 393	1 393	16	933	696	236	34%	1 393
Other own revenue	137 550	146 819	146 819	39 097	90 219	73 407	16 812	23%	–
Total Revenue (excluding capital transfers and contributions)	186 263	256 029	256 029	41 494	145 676	125 706	19 970	16%	256 029
Employee costs	89 856	92 832	92 832	9 545	52 013	46 416	5 597	–	92 832
Remuneration of Councillors	7 276	7 092	7 092	669	3 832	3 546	286	–	7 092
Depreciation and amortisation	31 895	30 451	30 451	–	–	15 226	(15 226)	–	30 451
Interest	12 408	1 050	1 050	–	1 454	525	929	–	1 050
Inventory consumed and bulk purchases	35 686	46 461	46 461	5	16 852	23 230	(6 379)	–	46 461
Transfers and subsidies	10	–	–	–	–	–	–	–	–
Other expenditure	114 163	77 278	77 278	436	35 460	45 404	(9 944)	-22%	77 278
Total Expenditure	291 294	255 163	255 163	10 655	109 610	134 347	(24 737)	-18%	255 163
Surplus/(Deficit)	(105 031)	865	865	30 839	36 066	(8 641)	44 707	-517%	865
Transfers and subsidies - capital (monetary)	69 493	37 764	37 764	–	13 018	18 882	(5 864)	-31%	37 764
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–
	(35 538)	38 629	38 629	30 839	49 084	10 241	38 843	379%	38 629
Surplus/(Deficit) after capital transfers & contributions	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	(35 538)	38 629	38 629	30 839	49 084	10 241	38 843	379%	38 629
Capital expenditure & funds sources									
Capital expenditure	100 181	44 338	44 338	3	51 131	22 169	28 962	131%	44 338
Capital transfers recognised	100 181	44 264	44 264	–	73 858	22 132	51 726	234%	44 264
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	–	74	74	3	63	37	26	69%	74
Total sources of capital funds	100 181	44 338	44 338	3	73 921	22 169	51 752	233%	44 338
Financial position									
Total current assets	29 904	74 300	74 300	–	109 162	–	–	–	74 300
Total non current assets	1 072 129	873 923	873 923	–	1 032 592	–	–	–	873 923
Total current liabilities	106 420	85 947	85 947	–	155 816	–	–	–	85 947
Total non current liabilities	52 140	43 455	43 455	–	52 140	–	–	–	43 455
Community wealth/Equity	934 017	818 072	818 072	–	884 713	–	–	–	818 072
Cash flows									
Net cash from (used) operating	(37 216)	72 120	82 291	31 305	704	44 609	43 905	98%	82 291
Net cash from (used) investing	(58 667)	(43 838)	–	(3)	(27 759)	–	27 759	#DIV/0!	–
Net cash from (used) financing	–	–	–	–	(380)	–	380	#DIV/0!	–
Cash/cash equivalents at the month/year end	4 328	54 767	54 767	40 216	44 967	39 253	(5 714)	-15%	34 211
Debtors & creditors analysis	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
Debtors Age Analysis									
Total By Income Source	–	–	–	–	–	–	–	–	–
Creditors Age Analysis									
Total Creditors	–	–	–	–	–	–	–	–	–

Table 10: Monthly Budget Statement – Financial Performance(functional classification)

EC106 Sundays River Valley - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	Ref	2022/23	Budget Year 2023/24							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		98 150	106 368	106 368	17 520	41 064	53 184	(12 121)	-23%	106 368
Executive and council		9 802	15 541	15 541	5 061	5 061	7 771	(2 710)	-35%	15 541
Finance and administration		88 348	90 827	90 827	12 459	36 003	45 413	(9 411)	-21%	90 827
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		54 248	26 835	26 835	2 519	7 076	13 415	(6 340)	-47%	26 835
Community and social services		50 664	21 388	21 388	1 207	5 547	10 692	(5 145)	-48%	21 388
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		3 584	5 447	5 447	1 312	1 528	2 724	(1 195)	-44%	5 447
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		11 491	24 566	24 566	3 820	4 494	12 283	(7 789)	-63%	24 566
Planning and development		99	5 306	5 306	3	676	2 653	(1 977)	-75%	5 306
Road transport		11 392	19 260	19 260	3 817	3 817	9 630	(5 813)	-60%	19 260
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		141 073	135 998	135 998	17 635	106 058	65 692	40 366	61%	135 998
Energy sources		54 598	45 886	45 886	5 547	67 375	22 665	44 710	197%	45 886
Water management		50 718	48 062	48 062	3 317	22 955	23 008	(53)	0%	48 062
Waste water management		12 695	17 959	17 959	3 187	5 391	8 721	(3 330)	-38%	17 959
Waste management		23 062	24 092	24 092	5 582	10 338	11 298	(961)	-9%	24 092
<i>Other</i>	4	14	25	25	–	3	12	(10)	-77%	25
Total Revenue - Functional	2	304 976	293 793	293 793	41 494	158 694	144 588	14 106	10%	293 793
Expenditure - Functional										
<i>Governance and administration</i>		136 977	77 900	77 900	4 254	47 019	39 328	7 691	20%	77 900
Executive and council		26 824	20 152	20 152	1 577	12 375	10 076	2 299	23%	20 152
Finance and administration		110 153	57 747	57 747	2 677	34 645	29 252	5 393	18%	57 747
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		36 101	36 406	36 406	2 594	21 025	18 203	2 822	16%	36 406
Community and social services		21 595	21 041	21 041	1 171	13 053	10 520	2 533	24%	21 041
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		12 858	13 667	13 667	1 235	7 007	6 834	173	3%	13 667
Housing		1 648	1 698	1 698	189	965	849	116	14%	1 698
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		14 006	11 218	11 218	742	4 584	5 609	(1 024)	-18%	11 218
Planning and development		3 973	6 260	6 260	369	2 452	3 130	(678)	-22%	6 260
Road transport		10 032	4 958	4 958	373	2 132	2 479	(347)	-14%	4 958
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		92 220	125 645	125 645	3 049	36 876	69 209	(32 333)	-47%	125 645
Energy sources		35 192	57 453	57 453	429	19 562	29 189	(9 627)	-33%	57 453
Water management		32 829	34 325	34 325	1 373	10 516	20 359	(9 843)	-48%	34 325
Waste water management		12 620	14 769	14 769	647	3 788	8 181	(4 393)	-54%	14 769
Waste management		11 578	19 099	19 099	599	3 010	11 480	(8 471)	-74%	19 099
<i>Other</i>		86	–	–	15	105	–	105	#DIV/0!	–
Total Expenditure - Functional	3	279 390	251 168	251 168	10 655	109 610	132 349	(22 739)	-17%	251 168
Surplus/ (Deficit) for the year		25 587	42 624	42 624	30 839	49 084	12 239	36 845	301%	42 624

EC106 Sundays River Valley - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Home of the Addo Elephant Park

Table 12: Monthly Budget Statement: Financial Performance (revenue and expenditure)

EC106 Sundays River Valley - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Council of the River Valley - Table 3: Monthly Budget Statement - Financial Performance (Revenue and Expenditure) - December											
Description	Ref	2022/23	Budget Year 2023/24						YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget				
R thousands											
Revenue											
Exchange Revenue											
Service charges - Electricity		23 334	32 067	32 067	1 543	17 415	15 756	1 659	11%	32 067	
Service charges - Water		13 119	18 556	18 556	548	10 116	8 255	1 861	23%	18 556	
Service charges - Waste Water Management		3 174	4 508	4 508	134	2 337	1 996	341	17%	4 508	
Service charges - Waste management		6 121	5 920	5 920	17	3 124	2 212	911	41%	5 920	
Sale of Goods and Rendering of Services		291	545	545	16	132	273	(140)	-51%	545	
Agency services		2 360	2 314	2 314	1 143	1 143	1 157	(14)	-1%	2 314	
Interest		-	-	-	-	-	-	-	-	-	
Interest earned from Receivables		9 736	2 317	2 317	295	1 602	1 159	443	38%	2 317	
Interest from Current and Non Current Assets		1 483	1 393	1 393	16	933	696	-	-	1 393	
Dividends		-	-	-	-	-	-	-	-	-	
Rent on Land		-	-	-	-	-	-	-	-	-	
Rental from Fixed Assets		11	77	77	1	32	36	(4)	-11%	77	
Licence and permits		1 165	1 371	1 371	167	354	685	(331)	-48%	1 371	
Operational Revenue		402	6 605	6 605	11	(554)	3 302	(3 856)	-117%	6 605	
Non-Exchange Revenue											
Property rates		-	46 766	46 766	141	21 533	23 383	(1 851)	-8%	46 766	
Surcharges and Taxes		10 334	5 991	5 991	-	1 953	2 995	(1 043)	-	5 991	
Fines, penalties and forfeits		109	1 762	1 762	2	55	881	(827)	-	1 762	
Licence and permits		14	25	25	-	3	12	(10)	-	25	
Transfers and subsidies - Operational		105 078	117 097	117 097	36 693	82 606	58 549	24 057	-	117 097	
Interest		8 931	8 214	8 214	770	2 894	4 107	(1 213)	-	8 214	
Fuel Levy		-	-	-	-	-	-	-	-	-	
Operational Revenue		-	-	-	-	-	-	-	-	-	
Gains on disposal of Assets		-	500	500	-	-	250	(250)	-	500	
Other Gains		602	-	-	-	-	-	-	-	-	
Discontinued Operations		-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)		186 263	256 029	256 029	41 494	145 676	125 706	19 970	16%	256 029	
Expenditure By Type											
Employee related costs		89 856	92 832	92 832	9 545	52 013	46 416	5 597	12%	92 832	
Remuneration of councillors		7 276	7 092	7 092	669	3 832	3 546	286	8%	7 092	
Bulk purchases - electricity		22 454	32 311	32 311	-	13 596	16 155	(2 560)	-	32 311	
Inventory consumed		13 232	14 150	14 150	5	3 256	7 075	(3 819)	-	14 150	
Debt impairment		23 626	3 859	3 859	-	-	8 694	(8 694)	-100%	3 859	
Depreciation and amortisation		31 895	30 451	30 451	-	-	15 226	(15 226)	-100%	30 451	
Interest		12 408	1 050	1 050	-	1 454	525	929	177%	1 050	
Contracted services		39 243	36 081	36 081	72	19 869	18 041	1 829	10%	36 081	
Transfers and subsidies		10	-	-	-	-	-	-	-	-	
Irrecoverable debts written off		14 356	13 726	13 726	-	-	6 863	(6 863)	-	13 726	
Operational costs		37 039	21 852	21 852	363	15 590	10 926	4 664	43%	21 852	
Losses on Disposal of Assets		-	-	-	-	-	-	-	-	-	
Other Losses		(101)	1 760	1 760	-	-	880	(880)	-	1 760	
Total Expenditure		291 294	255 163	255 163	10 655	109 610	134 347	(24 737)	-18%	255 163	
Surplus/(Deficit)		(105 031)	865	865	30 839	36 066	(8 641)	44 707	(0)	865	
Transfers and subsidies - capital (monetary allocations)		69 493	37 764	37 764	-	13 018	18 882	(5 864)	(0)	37 764	
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		(35 538)	38 629	38 629	30 839	49 084	10 241			38 629	
Income Tax		-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after income tax		(35 538)	38 629	38 629	30 839	49 084	10 241			38 629	
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality		(35 538)	38 629	38 629	30 839	49 084	10 241			38 629	
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	
Surplus/ (Deficit) for the year		(35 538)	38 629	38 629	30 839	49 084	10 241			38 629	

Table 13: Monthly Budget Statement: Capital Expenditure

EC106 Sundays River Valley - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

[illegible]

Table 14: Monthly Budget Statement: Financial Position

EC106 Sundays River Valley - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		4 328	54 767	54 767	44 967	54 767
Trade and other receivables from exchange transactions		10 263	10 460	10 460	26 323	10 460
Receivables from non-exchange transactions		1 720	8 904	8 904	17 930	8 904
Current portion of non-current receivables		368	368	368	368	368
Inventory		474	(8 149)	(8 149)	535	(8 149)
VAT		11 849	7 205	7 205	18 746	7 205
Other current assets		902	745	745	293	745
Total current assets		29 904	74 300	74 300	109 162	74 300
Non current assets						
Investments		–	–	–	–	–
Investment property		32 277	22 609	22 609	32 277	22 609
Property, plant and equipment		1 037 108	851 195	851 195	997 570	851 195
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		322	322	322	322	322
Intangible assets		2 422	(204)	(204)	2 422	(204)
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		1 072 129	873 923	873 923	1 032 592	873 923
TOTAL ASSETS		1 102 033	948 222	948 222	1 141 754	948 222
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		(284)	–	–	(665)	–
Consumer deposits		80	2 637	2 637	80	2 637
Trade and other payables from exchange transactions		95 045	63 828	63 828	111 859	63 828
Trade and other payables from non-exchange transactions		4 634	9 209	9 209	27 666	9 209
Provision		5 601	8 746	8 746	5 601	8 746
VAT		491	774	774	10 422	774
Other current liabilities		853	754	754	853	754
Total current liabilities		106 420	85 947	85 947	155 816	85 947
Non current liabilities						
Financial liabilities		–	–	–	–	–
Provision		52 140	43 455	43 455	52 140	43 455
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	–	–	–	–
Total non current liabilities		52 140	43 455	43 455	52 140	43 455
TOTAL LIABILITIES		158 561	129 402	129 402	207 956	129 402
NET ASSETS	2	943 473	818 821	818 821	933 798	818 821
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		934 017	818 072	818 072	884 713	818 072
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	934 017	818 072	818 072	884 713	818 072

Table 15: Monthly Budget Statement: Cashflow

EC106 Sundays River Valley - Table C7 Monthly Budget Statement - Cash Flow - M06 December

EC100 Sundays River Valley - Table C7: Monthly Budget Statement - Cash Flow - M06 December										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		25 752	54 081	–	2 578	16 969	–	16 969	#DIV/0!	–
Service charges		9 775	67 580	–	1 475	4 993	–	4 993	#DIV/0!	–
Other revenue		11 471	9 775	–	1 141	11 199	–	11 199	#DIV/0!	–
Transfers and Subsidies - Operational		142 801	92 771	277 818	38 139	101 804	142 372	(40 568)	-28%	277 818
Transfers and Subsidies - Capital		39 496	43 429	–	7 898	25 019	–	25 019	#DIV/0!	–
Interest		1 141	1 393	1 393	10	845	696	149	21%	1 393
Dividends		–	–	–	–	–	–	–	–	–
Payments										
Suppliers and employees		(267 652)	(195 859)	(195 869)	(19 935)	(160 125)	(97 935)	62 190	-64%	(195 869)
Interest		–	(1 050)	(1 050)	–	–	(525)	(525)	100%	(1 050)
Transfers and Subsidies		–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		(37 216)	72 120	82 291	31 305	704	44 609	43 905	98%	82 291
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	500	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		44	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–
Payments										
Capital assets		(58 754)	(44 338)	–	(3)	(27 759)	–	27 759	#DIV/0!	–
NET CASH FROM/(USED) INVESTING ACTIVITIES		(58 667)	(43 838)	–	(3)	(27 759)	–	27 759	#DIV/0!	–
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–
Payments										
Repayment of borrowing		–	–	–	–	(380)	–	380	#DIV/0!	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	(380)	–	380	#DIV/0!	–
NET INCREASE/ (DECREASE) IN CASH HELD										
Cash/cash equivalents at beginning:		(95 882)	28 282	82 291	31 302	(27 436)	44 609			82 291
Cash/cash equivalents at month/year end:		100 211	26 485	(27 524)	8 914	72 403	(27 524)			72 403
		4 328	54 767	54 767	40 216	44 967	39 253			34 211

PART 2 – SUPPORTING DOCUMENTS

Debtors' analysis

Detail Report								
Region	Department	Current	Interest	30 Days	60 Days	90 Days	120 Days +	Total
Sarah Baartman	Education	R 458 888,90	R 0,00	R 37 259,95	R 184 537,31	R 54 425,31	R 150 268,13	R 885 379,60
	Education (S21)	R 1 112 707,32	R 0,00	R 18 410,34	R 25 361,39	R 30 006,01	R 65 803,23	R 1 252 288,29
	Health	R 400 478,00	R 0,00	R 6 746,55	R 5 254,59	R 3 772,64	R 99 034,06	R 515 285,84
	Human Settlements	R 6 475,96	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 6 475,96
	Public Works	R 1 867 496,44	R 0,00	R 46 811,28	R 68 281,66	R 1 793 975,44	R 207 090,03	R 3 983 654,85
	Roads	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00
	Residents	R 170 792 755,29	R 0,00	R 2 042 370,37	R 3 149 304,10	R 5 368 953,33	R 11 874 888,92	R 193 228 272,01
	Councillors	R 141 923,35	R 0,00	R 7 579,18	R 13 339,57	R 11 969,81	R 36 003,82	R 210 815,73
	Municipal Officials	R 1 736 078,00	R 0,00	R 18 450,81	R 30 830,06	R 52 009,69	R 121 653,94	R 1 959 022,50
	Industries	R 17 950 688,54	R 0,00	R 450 610,23	R 564 953,97	R 2 015 023,03	R 3 818 174,79	R 24 799 450,56
	National Departments	R 18 506 837,25	R 0,00	R 195 593,51	R 136 568,54	R 4 558 543,93	R 429 588,53	R 23 827 131,76
	Grand Total	R 212 974 329,05	R 0,00	R 2 823 832,22	R 4 178 431,19	R 13 888 679,19	R 16 802 505,45	R 250 667 777,10
Region	Debt By Type	Residents	Councillors	Municipal Officials	Industries	Nat Depts	Prov Depts	Total
Sarah Baartman	Water	R 65 079 419,44	R 79 076,81	R 847 802,09	R 2 735 185,61	R 100 647,61	R 1 740 921,60	R 70 583 053,16
	Electricity	R 4 263 591,54	R 2 680,97	R 80 031,81	R 11 058 112,26	R 262 466,09	R 1 679 458,73	R 17 346 341,40
	Sewerage	R 33 612 246,56	R 44 352,03	R 511 042,61	R 1 246 365,06	R 28 803,11	R 586 570,72	R 36 029 380,09
	Refuse	R 15 553 601,80	R 19 688,65	R 189 179,89	R 558 685,22	R 15 871,12	R 160 726,45	R 16 497 753,13
	Rates	R 66 320 832,33	R 62 959,20	R 250 040,20	R 13 657 865,64	R 22 733 652,34	R 3 844 474,21	R 106 869 823,92
	Other	R 8 398 580,34	R 2 058,07	R 80 925,90	R (4 456 763,23)	R 685 691,49	R (1 369 067,17)	R 3 341 425,40
	Grand Total	R 193 228 272,01	R 210 815,73	R 1 959 022,50	R 24 799 450,56	R 23 827 131,76	R 6 643 084,54	R 250 667 777,10
	% on Total Debt	77,09	0,08	0,78	9,89	9,51	2,65	100,00

Table 16 above reveals total outstanding debtors of R250 million.

Residents make up the largest portion of the amount owed to the municipality. The reality is still that for 90% of the properties on the valuation role, SRVM has no mechanism for collection which is traditionally done through the electricity supply. As far as the group of debtors is concerned, the water consumption is also not metered due to the lack of working meters as well as poor infrastructure. Electricity is supplied by Eskom.

The only real debtors over which SRVM has some control is the Kirkwood, Bergsig and Aquapark areas. The focus for debt collection is therefore the agricultural sector as well as the Kirkwood area. It is also a reality that SRVM's indigent register does not reflect the reality on the ground.

SRVM still suffers from the legacy of years of non-collection of outstanding debtors. All categories of debtors have fallen into a non-payment culture. In order to release the cash locked up in outstanding accounts of debtors' intensive measures were accepted by Council to motivate the payments of debtors.

The intensives are particularly focused on the agricultural sector and the business sector but not specifically limited to the two sectors.

The methodology used is by addressing the low hanging fruits first which will produce the most yield.

If the socio-economic reality on the ground is looked at, then the outstanding debtors have been overstated. Unfortunately, this can only be addressed once the current indigent registration process is finished and the eligible indigent's outstanding debts are written off.

If the municipality wants to meet its goals for service delivery, it must come up with plans and tactics to turn the amount owing into cash in its coffers.

To tackle the culture of nonpayment inside the jurisdiction, management and Council need to make some hard choices.

Inaccurate billing and unanswered client inquiries exacerbate the reluctance to pay for the services that the communities receive. Before attempting to effectively execute credit control policies, they must be addressed.

As of December 2023, the collection rate is equivalent to 69%. Since the municipality has not met its targeted collection rate, more work needs to be done to help our citizens develop better payment practices, which will enhance the quality of services provided.

Improving revenue and collecting past-due debts are not the Finance department's only responsibilities. It is the joint responsibility of all directors, middle management, and municipal officials including Councillors to guarantee that billing procedures are followed.

Creditors' analysis

Outstanding creditors as of December 2023 amount to R59,6 million.

Table 17 :Top Ten Creditors							
Supplier Number	Supplier Name	BALANCE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120+ DAYS
248	Water and Sanitation -	40 397	703	1 484	7	951	37 252
81	AUDIT GENERAL SA	6 468	2 552	1 695	1 222	882	117
1204	LECH CONSULTING	4 618	-	-	4 618	-	-
306	ESKOM BULK	4 465	-	2 209	2 248	-	8
906	South African Local Gov	1 387	-	-	988	-	399
404	IBHABHATHANE TRADING	711	-	-	-	-	711
1200	R-DATA	432	432	-	-	-	-
167	BUSINESS CONNEXION	307	102	102	102	-	-
74	ASCA CONSULTING	222	-	222	-	-	-
19	ADAPT IT	194	194	-	-	-	-
	Total	59 201	3 984	5 712	9 186	1 833	38 486

Table 17 above reflect top ten creditors of the municipality at R59,2 million.

The reality of SRVM is that it is a grant dependent municipality. This puts great pressure on the preparation of the annual budget to ensure a well-founded budget. Everything must be cut to the bone and as a result the available budget is limited. The reality is also that needs can change with time.

This again puts a lot of pressure on the management of the municipality's cash flow.

Unfortunately, because of its poor financial standing, the municipality is unable to satisfy the legally mandated requirement of section 65, sub section 2(e), which is to settle its debtors within 30 days.

Investment portfolio

As of this now, the municipality has no investments.

Since they are frequently needed for day-to-day operations, all funds are maintained in short-term call accounts.

As of the reporting date, the short-term deposit balance is R3,4 million.

Borrowing portfolio

No borrowing planned or undertaken as of December 2023.

Allocation of grants receipts and expenditure

Unspent conditional grants (Row 9 in Table 4 above) reflect a total balance of R27,4 million as at end December 2023.

Grant	Nature	Type: Conditional / Unconditional	Opening Balance	Rollover Rejected	Current year receipts	Conditions met transferred to Revenue	Unspent as @ December 2023
Municipal Infrastructure Grant	Capital	Conditional	0,00		- 23 921 000,00	4 901 555,00	-19 019 445,00
INEP	Capital	Conditional	-3 242 211,53		-	-	-3 242 211,53
Water Services Infrastructure Grant	Capital	Conditional	-1 391 164,31		- 9 000 000,00	10 069 157,00	-322 007,31
Small Town Revitalisation	Capital	Conditional			- 1 098 225,35		-1 098 225,35
Financial Management Grant	Operating	Conditional			- 3 100 000,00		-3 100 000,00
Disaster and Emergency Grant	Operating	Conditional	0,00				0,00
EPWP	Operating	Conditional			- 246 000,00		-246 000,00
LG Seta Subsidy	Operating	Unconditional	0,00		- 175 302,76	175 302,76	0,00
Fire Services Subsidy	Operating	Unconditional	0,00		- 350 434,78		-350 434,78
Equitable Share	Operating	Unconditional	0,00		- 81 466 000,00	81 466 000,00	0,00
Library Subsidy	Operating	Unconditional	0,00		- 1 200 000,00	1 200 000,00	0,00
			-4 633 375,84	0,00	-120 556 962,89	97 812 014,76	-27 378 323,97

With the backlogs in infrastructure, the municipality cannot afford to have funds withdrawn due to non-performance or under-utilisation of grants received. The timely recording of financial transactions is a critical area for finance to improve, as incomplete data contributes to erroneous reporting for both operations and infrastructure.

When comparing capital acquisition and operating cost incurred to liabilities accounts, it is evident that there has been a deception. Therefore, the CFO should further ensure that transactions are promptly documented in all elements of the books.

Unfortunately, the roll-over application for WSIG was denied in December 2023, but it was accepted for INEP. The sum was taken out of the EQS allocation that was received in December 2023.

Staff benefits and remuneration of councillors.

Section 66 of the MFMA requires that the Accounting Officer to report to Council on all expenditure incurred for staff benefits. Table 19 below demonstrates that according to legislation:

EC106 Sundays River Valley - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	Ref	2022/23	Budget Year 2023/24							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5 969	5 826	5 826	559	3 174	2 913	261	9%	5 826
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		646	612	612	55	327	306	21	7%	612
Housing Allowances		301	300	300	25	150	150	-	-	300
Other benefits and allowances		360	354	354	30	181	177	4	2%	354
Sub Total - Councillors		7 276	7 092	7 092	669	3 832	3 546	286	8%	7 092
% increase	4		-2,5%	-2,5%						-2,5%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		4 327	4 613	4 613	385	2 401	2 307	95	4%	4 613
Pension and UIF Contributions		15	11	11	1	5	6	(0)	-5%	11
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		891	738	738	72	434	369	65	18%	738
Cellphone Allowance		108	120	120	10	60	60	-	-	120
Housing Allowances		252	192	192	16	96	96	-	-	192
Other benefits and allowances		51	41	41	0	0	20	(20)	-98%	41
Payments in lieu of leave		(1 639)	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	323	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		4 328	5 715	5 715	484	2 997	2 858	139	5%	5 715
% increase	4		32,0%	32,0%						32,0%
Other Municipal Staff										
Basic Salaries and Wages		54 942	56 571	56 571	5 068	30 061	28 286	1 775	6%	56 571
Pension and UIF Contributions		10 147	10 461	10 461	893	5 413	5 231	182	3%	10 461
Medical Aid Contributions		4 097	4 286	4 286	361	2 229	2 143	86	4%	4 286
Overtime		3 592	3 875	3 875	342	2 099	1 937	162	8%	3 875
Performance Bonus		4 324	4 950	4 950	1 559	4 348	2 475	1 873	76%	4 950
Motor Vehicle Allowance		4 869	4 879	4 879	479	2 956	2 440	516	21%	4 879
Cellphone Allowance		651	598	598	59	359	299	60	20%	598
Housing Allowances		488	493	493	46	275	247	28	11%	493
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		83 110	86 114	86 114	8 808	47 739	43 057	4 682	11%	86 114
% increase	4		3,6%	3,6%						3,6%
Total Parent Municipality		94 714	98 921	98 921	9 962	54 569	49 460	5 108	10%	98 921

The employee related cost inclusive of remuneration of councillors amounts to R55 million. It is very important to note that SRVM is up to date with the remittance of PAYE (SARS), pension contributions, medical contributions and all other deductions.


Financial ratios

RATIO		NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION
				" R 000 "	
B. Debtors Management					
	Net Debtors Days	30 days		228 days	This is above the norm , suggesting debtor collection needs urgent attention. The poor culture of credit control and revenue management must be improved immediately.
			Gross debtors	250 667 777	
			Bad debts Provision	212 367 991	
			Billed Revenue	61 405 801	
C. Liquidity Management					
	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	1 - 3 Months		2 Month	The municipality is not vulnerable and at high risk in the event of a financial shock occur. Its ability to meet its service delivery obligation and commitments is not compromised but this ratio must be viewed not alone.
			Cash and cash equivalents	44 967 120	
			Unspent Conditional Grants	27 378 324	
			Overdraft	-	
			Short Term Investments	-	
			Total Annual Operational Expenditure	109 609 978	
	Current Ratio	1.5 - 2:1		0.70	The municipality doesn't have the ability to meet its short term financial obligations should a financial recession or shock occur with its current financial muscle.
			Current Assets	109 162 400	
			Current Liabilities	155 815 967	
D. Liability Management					
	Debt (Total Borrowings) / Revenue	45%		0%	Sufficient revenue is available to repay liabilities
			Total Debt	-	
			Total Operating Revenue	145 676 278	
			Operational Conditional Grants	82 605 826	
D. Expenditure Management					
	Creditors Payment Period (Trade Creditors)	30 days		158 days	This indicates that the municipality is experiencing cash flow problems as supplier are not paid within 30 days as legislated.Effectiveness of controls must be reviewed.
			Trade Creditors	59 606 710	
			Capital Purchases	137 950 661	
	Remuneration as % of Total Operating Expenditure	25% - 40%		51%	This ratio is above the norm range. Thr structure must be reviewed to aid service delivery with the current staff at hand.
			Employee/personnel related cost	52 012 719	
			Councillors Remuneration	3 832 096	
			Total Operating Expenditure	109 609 978	

A few financial ratios that show the municipality's financial situation are shown above. These might be applied to further assess the report's overall financial situation.

It is best practice, though, to consider ratios in conjunction with many other ratios to get a comprehensive conclusion while working with them.

Withdrawals from bank accounts

BANK ACCOUNT WITHDRAWALS NOT IN TERMS OF AN APPROVED BUDGET			
 Municipal Finance Management Act, section 11(4)			
<i>Consolidated Quarterly Report for period 01/09/2023 to 31/12/2023</i>			
Payee	Amount in R'000	Description and Purpose (including section reference e.g. sec 11(f))	Authorised by (name)
Department of Transport	3 231 052,00	sec 11(e) - Transfers made to the Department of Transport and Public Works for motor registration costs.	J. Krapohl

mSCOA implementation progress

As mandated by National Treasury (NT), the municipality is appropriately implementing mSCOA version 6.8.

The municipality continues to use R-DATA as its financial system, which complies with system vendors approved by NT.

Not limited to, the following are some of the major challenges:

- Some modules, such the Inventory and Grant modules, are not fully functioning;
- some modules, like the Asset module, are not implemented;
- System NT reports have incompleteness problems;
- Sub-ledger and general ledger integration is still troublesome; and
- SCM supplier rotation and CSD integration are not working.

Municipal Manager's quality certificate.

I, T. Klaas, Municipal Manager of Sundays River Valley Municipality, hereby certify that the monthly report on the implementation of the budget and financial affairs of the month of **December 2023** of the 2023/24 financial year has been prepared in accordance with the Municipal Financial Management Act and regulations made under that Act.

Furthermore, I hereby certify that the Quarterly report on the implementation of the budget and financial affairs for the second quarter of the 2023/24 financial year has been prepared in accordance with the Municipal Financial Management Act and regulations made under that Act.

Lastly, I hereby certify that the mid-year budget and performance assessment of the municipality for the 2023/24 financial year has been prepared in accordance with the Municipal Financial Management Act and regulations made under that Act.

T KLAAS
MUNICIPAL MANAGER

DATE: 16 JANUARY 2024

Submitted to the office of the Mayor

Received by:

Date:

PART 3 – IMPLEMENTATION OF THE SUPPLY CHAIN POLICY

SUPPLY CHAIN MANAGEMENT

The reality regarding SCM is still as follows.

- No store function,
- No petty cash, and
- Few local business is willing to give credit to SRVM or do business with SRVM at all because of the way SRVM has treated the local business community in the past.

By its very nature, this had a negative effect on service delivery to the community. The traces of the relevant dark period are still evident in the SRVM's service delivery.

The irregular and fruitless and wasteful expenditure for the quarter can be summarized as follows.

PERIOD	IRREGULAR	FRUITLESS & WASTEFUL
JUL – 23	R4 349 722	R40 306
AUG – 23	R3 846 084	R75 712
SEP – 23	R1 959 131	R122 876
OCT – 23	R897 602	R89 434
NOV – 23	R4 070 361	R124 865
DEC – 23	R3 323 225	R0
TOTAL	R18 446 125	R453 193

As for fruitless and wasteful, all the expenses for the quarter are the result of interest on outstanding accounts. The biggest contributors are the National Department of Water as well as Eskom.

As far as irregulars are concerned, there are the following major contributors that occur repeatedly.

Jul-23	LA africa	2 882 107
Jul-23	Water purification chemicals	139 486
Jul-23	Legal cost	24 134
Jul-23	Security	1 290 099
Aug-23	Security	1 413 086
Aug-23	Legal	156 339
Aug-23	Water Purification	83 692
Sep-23	LA africa	591 641
Sep-23	Security	1 821 043
Sep-23	legal	45 000
Oct-23	Security	870 872
Nov-23	LA africa	600 000
Nov-23	Security	1 131 726
Dec-23	Security	1 250 514

Water purification chemicals are in the process of being advertised.

Home of the Addo Elephant Park

Security was advertised but the amounts of the tenders that were received were of such a nature that it would break SRVM financially. Consequently, an award could not be made. SCM is currently going back to the specifications to make sure that a subsequent process will produce better and more acceptable results.

UIFW is one of the areas SRVM is frequently addressed by PT and Cogta. The MPAC was only recently established and is still in the early stages of the committee's oversight role.

The complete register for the period follows