

# **TSANTSABANE LOCAL MUNICIPALITY**



## **2023/24 MID-YEAR BUDGET & PERFORMANCE ASSESSMENT REPORT**

**MFMA Section 72**

**JANUARY 2024**

Table of Contents	
Glossary .....	3
1. Introduction .....	6
2. Legislative Framework .....	6
3. Executive Summary .....	6
4. Table C4 – Budgeted Financial Performance .....	7
4.1. Operating Revenue .....	7
4.1.1 Revenue by Source .....	7
4.1.2 Revenue Sources Contribution .....	8
4.1.3 Revenue Year-To-Date Variances .....	9
4.1.5 Debtors' Ageing Analysis .....	10
4.1.7 Electricity Distribution Analysis .....	13
4.1.8 Water Distribution Analysis .....	14
4.2. Operating Expenditure .....	15
4.2.1 Operating Expenditure by Type .....	15
4.2.2 Contribution Type to Total Expenditure .....	16
4.2.3 Expenditure Year-to-Date Variances .....	16
4.2.5 Creditors .....	18
5. Table C5 Monthly Budget Statement – Capital Expenditure (CAPEX) .....	21
5.1 Capex by Municipal Vote .....	21
5.2 Capex by Municipal Funding .....	21
6. Table C6 Monthly Budget Statement – Financial Position .....	22
6.1 Short-Term Investments .....	22
7. Table SC7 Budget Statement - transfers and grant .....	23
7.1. Transfers and Subsidies Received and Spent .....	23
8. Conclusion .....	23
9. Municipal Manager's Quality Certification .....	24
10. Supporting Documents .....	25
11.1 Appendix 1 – Service Delivery and Budget Implementation Plan (SDBIP) 2023/24 .....	25
11.2 Appendix 2 – Key Performance Indicators (KPIs) 2023/24 .....	25
11.3 Appendix 3 – Annual Financial Statements 2022/23 .....	25
11.4 Appendix 4 – Detailed Capital Expenditure Report 2023/24 .....	25
11.5 Appendix 5 – Annual Report 2022/23 .....	25
11.6 Appendix 6 – Performance Management Report 2023/24 .....	25
11.7 Appendix 7 – Audit Action Plan 2023/24 .....	25

## Glossary

**Adjustment's budget (ADJB)** – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

**Allocations** – Money received from Provincial or National Government or other municipalities.

**Budget** – The three-year financial plan of the Municipality.

**Budget related policy** – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

**Capital expenditure (Capex)** – Spending on assets such as land, buildings, and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

**Cash flow statement** – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**DoRA** – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

**Equitable share** – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

**Fruitless and wasteful expenditure** – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

**GRAP** – Generally Recognised Accounting Practice. The new standard for municipal accounting.

**IDP** – Integrated Development Plan. The main strategic planning document of the Municipality

**MBRR** – Local Government Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

**MFMA** – The Municipal Finance Management Act – No. 53 of 2003. The principal piece of legislation relating to municipal financial management.

**MIG** – Municipal Infrastructure Grant.

**INEP** – Integrated National Electrification Programme

**FMG** – Financial Management Grant

**RBIG** – Regional Bulk Infrastructure Grant

**WSIG** – Water services infrastructure grant

**EPWP** – Expanded Public Works Programme

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

**Operating expenditure (Opex)** – Spending on the day-to-day expenses of the Municipality such as salaries and wages.

**Rates** – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**Strategic objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Unauthorised expenditure** – Generally, is spending without, or more than, an approved budget.

**Virement** – A transfer fund in the budget.

**Virement policy** - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

**Vote** – One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality.

**YTD** – Year to date

**TLM** – Tsantsabane Local Municipality

**KPI's** – Key Performance Indicators. Measures of service output and/or outcome.

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

**AR** – Assets Register; The register in which all municipality's both tangible and intangible assets are recorded in detail.

## **1. Introduction**

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and better medium-term planning and policy choices on service delivery.

This report has been prepared in terms of the following legislative framework:

- The Municipal Finance Management Act – No. 56 of 2003, Section 72,
- and The Municipal Budget and Reporting Regulations, 35.

The MBRR highlights the format of the mid-year budget and performance assessment.

"33. A mid-year budget and performance assessment of a municipality referred to in section 72 of the Act must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act."

The objective of these Regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability, and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act.

## **2. Legislative Framework**

In terms of section 72 (1) of the MFMA, the accounting officer of a municipality must by 25 January of each year assess the performance of the municipality during the first half of the financial year.

Take note that the Section 52, Quarterly Budget Monitoring Report will be incorporated in this report. The requirements of section 52(d) will be met in this Mid-year Budget and Performance Assessment Report.

## **3. Executive Summary**

This report is a summary of the main budget issues arising from the monitoring process. It compares the progress of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).

This report focuses on both the financial and service delivery performance (non-financial) assessment. The report was compiled using first and second quarter performance information of the 2023/24 financial period.

The following categories provide a consolidated overview of the implementation of the budget of the municipality:

## 4. Table C4 – Budgeted Financial Performance

### 4.1. Operating Revenue

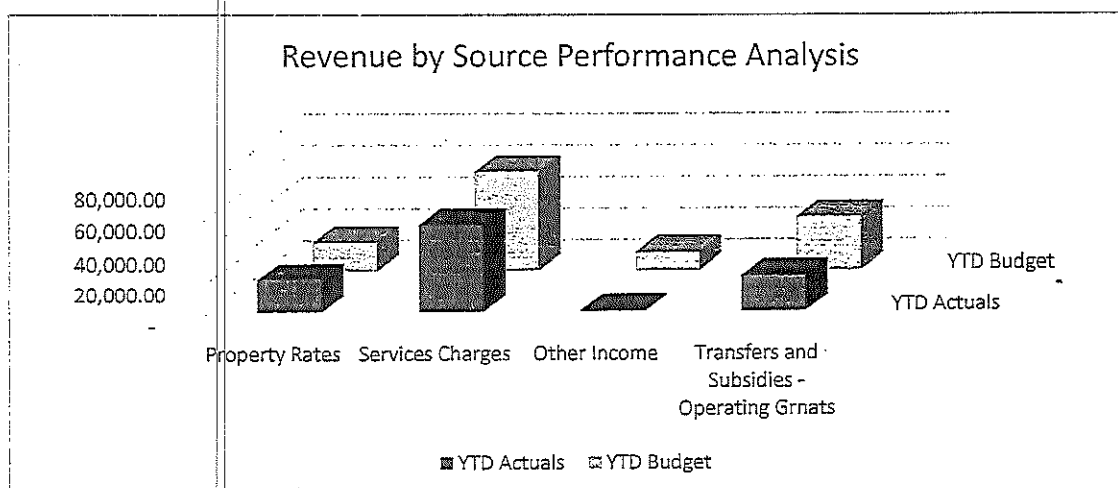
#### 4.1.1 Revenue by Source

The following table is the operating revenue summary of the 2023/24 budget (classified by main revenue source) in comparisons to the year-to-date actuals

Figure 4.1.1 – Schedule C4 – Revenue by Source

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Financial Performance - Financial Performance (Revenue and expenditure) - June 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										
Revenue										
Exchange Revenue										
Service charges - Electricity		58 517	69 873	69 873	5 306	28 091	34 936	(6 845)	-20%	69 873
Service charges - Water		15 174	17 756	17 756	799	5 220	8 838	(3 618)	-41%	17 756
Service charges - Waste Water Management		26 223	22 950	22 950	2 250	13 691	11 480	2 211	19%	22 950
Service charges - Waste management		15 201	13 207	13 207	1 373	8 205	6 603	1 605	24%	13 207
Sale of Goods and Rendering of Services		857	801	801	17	248	401	(152)	-38%	801
Interest from Current and Non Current Assets		1 220	767	767	40	182	363			767
Rental from Fixed Assets		589	587	587	8	288	293	(5)	-2%	587
License and permits		1	1 087	1 087	-	0	544	(543)	-100%	1 087
Operational Revenue		127	70	70	13	69	35	34	97%	70
Non-Exchange Revenue								-		
Property rates		34 576	34 956	34 956	2 335	21 435	17 483	3 952	23%	34 956
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		337	232	232	-	363	116	257	230%	232
License and permits		1 104	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		56 304	65 902	65 902	-	23 722	32 951	(9 229)	-28%	65 902
Gains on disposal of Assets		20 989	19 330	19 330	-	10	9 665	(9 655)	-100%	19 330
Total Revenue (excluding capital transfers and contributions)		231 368	247 576	247 576	12 182	101 547	123 788	(22 241)	-18%	247 576



Total actual operating revenue to date is **R101.547** million (**Figure 4.1.1**) which is less by 18% from the YTD budget target of **R123.789** million. This generally means that the municipality has generated less than what it anticipated from the council approved budget as of 31 December 2023.

The attribution to these unfavourable variances by mid-year will be discussed further in figure 4.1.3 – YTD Variances. We then look at the contribution which revenue sources make to the total revenue generated.

#### 4.1.2 Revenue Sources Contribution

**Figure 4.1.2** Source Contribution to Total Revenue

Budget Statement - Financial Performance Indicators (Revenue) - M06 December 2023						
Revenue Sources	YTD Actuals	YTD Budget	YTD Variance	YTD Variances %	Actual % to Total Revenue	
Property Rates	21 435.00	17 483.00	3 952.00	23%	21%	
Services Charges	55 210.00	61 918.00	- 6 708.00	-11%	54%	
Other Income	1 180.00	11 437.00	- 10 257.00	-90%	1%	
Transfers and Subsidies - Operating Grants	23 722.00	32 951.00	- 9 229.00	-28%	23%	
	101 547.00	123 789.00	- 22 242.00	-18%		

As shown above, there is generally four revenue sources which Tsantsabane Municipality generates its revenue from, services charges at 54%, followed by governments grants at 23%, property rates at 21% and lastly other income at 1%. Below is the detailed schedule that indicate each individual source contribution to the total generated revenue.

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Budget Year 2023/24											
Description	Ref	2022/23									
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Year TD: Actual to Total Revenue	Full Year Forecast
R thousands											
Exchange Revenue									%	%	
Service charges - Electricity		58 517	69 873	69 873	5 305	28 091	34 955	(5 864)	-20%	28%	69 873
Service charges - Water		15 174	17 795	17 795	799	5 220	8 888	(3 578)	-41%	5%	17 795
Service charges - Waste Water Management		26 223	22 950	22 950	2 290	13 691	11 430	2 211	19%	13%	22 950
Service charges - Waste management		15 201	13 207	13 207	1 373	8 208	6 503	1 695	24%	8%	13 207
Sale of Goods and Rendering of Services		897	801	801	17	243	401	(132)	-33%	0%	801
Interest from Current and Non Current Assets		1 220	767	767	40	182	383			0%	767
Rental from Fixed Assets		589	587	587	8	288	293	(5)	-2%	0%	587
License and permits		1	1 087	1 087	-	0	544	(543)	-100%	0%	1 087
Operational Revenue		127	70	70	13	69	35	34	97%	0%	70
Non-Exchange Revenue											
Property rates		34 676	34 956	34 956	2 335	21 435	17 483	3 952	23%	21%	34 956
Surcharges and Taxes		-	-	-	-	-	-	-		0%	-
Fines, penalties and forfeits		337	232	232	-	383	116	267	230%	0%	232
License and permits		1 104	-	-	-	-	-	-		0%	-
Transfers and subsidies - Operational		55 304	65 502	65 502	13 205	23 722	32 951	(9 229)	-26%	23%	65 502
Gains on disposal of Assets		20 989	19 330	19 330	-	10	9 635	(9 635)	-100%	0%	19 330
Total Revenue (excluding capital transfers and contributions)		231 360	247 576	247 576	25 387	101 547	123 788	(22 241)	-18%		247 576



The above schedule reflects how individual sources of revenue performed to the total actual revenue of R101.547 million generated. As seen above, an indication is that:

#### 4.1.3 Revenue Year-To-Date Variances

**Figure 4.1.3 Revenue YTD Variances**

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Financial Performance (Revenue and expenditure) - 30th 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										
Revenue										
Exchange Revenue										
Service charges - Electricity		58 517	69 873	69 673	5 305	28 091	34 936	(6 846)	-20%	69 873
Service charges - Water		15 174	17 795	17 795	799	5 220	8 898	(3 678)	-41%	17 795
Service charges - Waste Water Management		26 223	22 950	22 950	2 290	13 691	11 480	2 211	19%	22 950
Service charges - Waste management		15 201	13 207	13 207	1 373	8 208	6 603	1 605	24%	13 207
Sale of Goods and Rendering of Services		897	801	801	17	245	401	(152)	-36%	801
Interest from Current and Non Current Assets		1 220	767	767	40	182	383			767
Rental from Fixed Assets		589	587	587	8	288	293	(5)	-2%	587
Licence and permits		1	1 087	1 087	-	0	544	(543)	-100%	1 087
Operational Revenue		127	70	70	13	69	35	34	97%	70
Non-Exchange Revenue										
Property rates		34 676	34 956	34 956	2 335	21 435	17 483	3 952	23%	34 956
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		337	232	232	-	383	116	257	238%	232
Licence and permits		1 104	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		56 304	65 902	65 902	13 205	23 722	32 951	(9 229)	-28%	65 902
Gains on Disposal of Assets		20 989	19 330	19 330	-	10	9 665	(9 655)	-100%	19 330
Total Revenue (excluding capital transfers and contributions)		231 366	247 576	247 576	25 387	101 547	123 788	(22 241)	-18%	247 576

Revenue budgeted for Property rate and service charges form a significant percentage of own Revenue source of Municipality, 65 per cent of the total revenue budget.

The following are the secondary revenue item categories reflecting a positive and negative material variance:

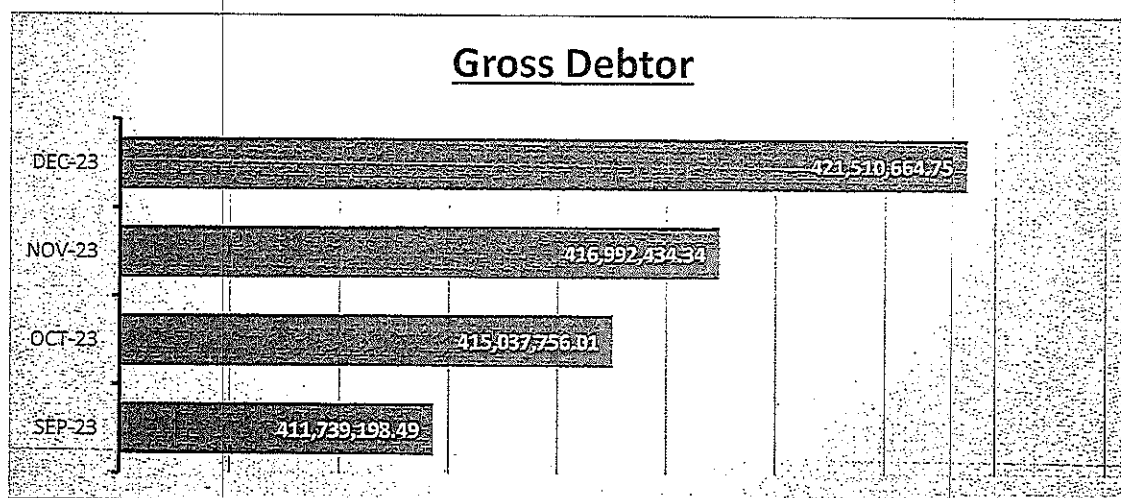
- Property rates: 23% favourable variance
- Service Charges: - 13% unfavourable variance
- Transfers and Subsidies: -28% unfavourable variance, this transfer excludes capital transfers (Surrendered Unspent Grants).
- Other Revenue:
  - Licences & Permits and Fines & Penalties - Unfavourable (Adjusted at yearend once annual books from traffic are prepared)
  - Sales of goods and services experience slow start in the first half of the year.
  - Interest from current and non-current investment is mainly due the maturity date of a long-term investment that only accrued interest in May annually.
  - Gain on disposal of assets is overstated in budget and this will require adjustment. This is based on the expectation of land being made available and auction off of non-service and essential assets.

#### 4.1.5 Debtors' Ageing Analysis

Chart below indicates an increasing debtor, from R411.73 million (September 2023) to R415 03 million by the end of October 2023 and again increased from R415.03 million (end of October 2023) to R416.99 million by 30 November 2023. With another increase from November to December 2023 at R421,510million

There is still outstanding account allocation of the kolomela housing and rental that can be attributed also to the steady increases.

**Figure 4.1.5 Debtors' Ageing Analysis**



**Figure 4.1.5.1 Debtors Ageing by Source**

Indicated in the Table below are the age analysis by Revenue Source and Customer Grouping.

Debtors by Income Source:

Days:	Current Amount	30 Days Amount	60 Days Amount	90 Days Amount	120 Days Amount	150 Days Amount	180+ Days Amount	Total Amount	Ratio over outstanding
Advanced Payment	-21,856,199.21				0.00		0.00	-21,856,199.21	-5%
Rates	4,215,349.67	1,922,753.39	1,837,380.26	1,938,957.82	7,721,286.55	1,633,809.33	87,801,711.87	107,071,248.89	25%
Electricity	1,358,964.34	77,131.24	85,659.74	87,239.81	122,587.09	97,994.96	11,772,749.65	13,602,326.83	3%
Water	930,412.07	617,464.83	287,490.87	202,195.18	142,669.18	147,823.26	94,118,547.47	96,446,602.86	23%
Sewerage	5,034,098.08	2,354,595.37	2,277,998.13	2,208,408.04	2,171,082.90	1,939,380.35	122,167,480.81	138,153,043.68	33%
Refuse	3,059,761.05	1,412,893.90	1,368,403.56	1,329,668.45	1,306,327.42	1,151,931.76	72,722,292.87	82,351,279.01	20%
Sundries	159,799.37	43,055.78	31,034.96	29,583.55	132,933.14	25,144.17	5,320,811.72	5,742,362.69	1%
Totals	-7,097,814.63	6,427,894.51	5,887,967.52	5,796,052.85	11,596,886.28	4,996,083.83	393,903,594.39	421,510,664.75	

Above table also indicate that most of debtors are continuing to age to over a year/ 180+ days because of decreasing debt collection rate.

### Figure 4.1.5.2 Debtors Aging by Customer Classification

Table below is an overview of aged debtor by customer grouping.

84.3% of gross debtors is owed by non-paying residential consumers, followed by industrial with 5.9%.

Supporting Table aged Debtors by Customer group

Totals per Property Use	Total Balance	Current Amount	30 Days Amount	60 Days Amount	90 Days Amount	120 Days Amount	150 Days Amount	180+ Days Amount	
Business	R11 644 282.64	R1 364 457.51	R 400 008.31	R 298 219.17	R 274 783.62	R 411 018.27	R 212 524.31	R 8 683 271.45	2.8%
Church	R 589 530.12	R 19 911.42	R 10 092.99	R 7 943.51	R 16 541.44	R 6 487.37	R 6 301.76	R 522 851.63	0.1%
Farm	R9 599 415.69	(R9 170 478.13)	R 195 024.52	R 192 423.90	R 186 913.39	R 233 500.36	R 183 223.19	R17 778 808.46	2.3%
Government	R9 665 254.48	R 665 699.81	R 389 647.01	R 380 738.86	R 368 006.26	R 741 845.56	R 376 303.67	R 6 743 013.31	2.3%
Industrial	R24 715 341.41	R 67 759.11	R 70 266.66	R 73 903.65	R 222 102.97	R 5 615 901.88	R 23 108.62	R18 642 298.52	5.9%
Municipal	R8 813 249.15	(R 125 159.07)	R 41 451.79	R 41 078.16	R 39 803.38	R 35 623.01	R 29 509.31	R 8 750 942.57	2.1%
Unallocated	R 336 362.33	R 224.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 336 138.33	0.1%
Residential	R355 502 534.57	R 75 779.98	R 5 321 403.23	R 4 894 260.27	R 4 687 901.79	R 4 552 509.83	R 4 165 112.97	R331 805 566.50	84.3%
School	R 644 694.36	R 3 990.74	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 640 703.62	0.2%
Total	421 510 664.75	-7 097 814.63	6 427 894.51	5 887 967.52	5 796 052.85	11 596 886.28	4 996 083.83	393 903 594.39	

The 84.3% of total debt owed by residential is a substantial portion of irrecoverable, stagnant debt which distorts the debtor's book that need to be written off. There is also a large number of deceased accounts with a mixture of indigent household.

### Analysis per Area

#### Cash inflow analysis

The table below depict total cash received for the month, R8,509 million, from billed service charges and from prepayment services, water, and electricity.

Cash analysis	Average YTD	July	August	September	October	November	December
Conventional billing	3,732,706.97	3,749,946.47	2,265,359.44	3,178,282.00	5,240,589.75	4,332,794.17	3,732,706.97
Prepaid Electricity - VETA smart	4,173,513.29	4,168,475.31	4,116,041.32	4,161,154.13	4,352,594.55	4,039,073.27	4,173,513.29
Prepaid Electricity - Ontec STS	332,863.83	269,441.75	296,913.91	272,381.90	242,247.00	202,802.09	332,863.83
Prepaid Water - GRID smart	201,217.95	177,704.31	172,864.95	129,918.78	188,711.80	195,808.08	201,217.95
Prepaid Water - Inzalo STS	481,895.50	400,310.21	376,078.95	389,373.03	407,304.12	346,899.44	481,895.50
	8,922,197.54	8,765,878.04	7,227,258.57	8,131,109.84	10,431,447.22	9,117,377.05	8,922,197.54

Collection rates calculated over the billing raised for each period inclusive of advance revenue in the form of prepaid services, show the following collection rates per 6 months under review.

**Overall Collection rate all inclusive collection**

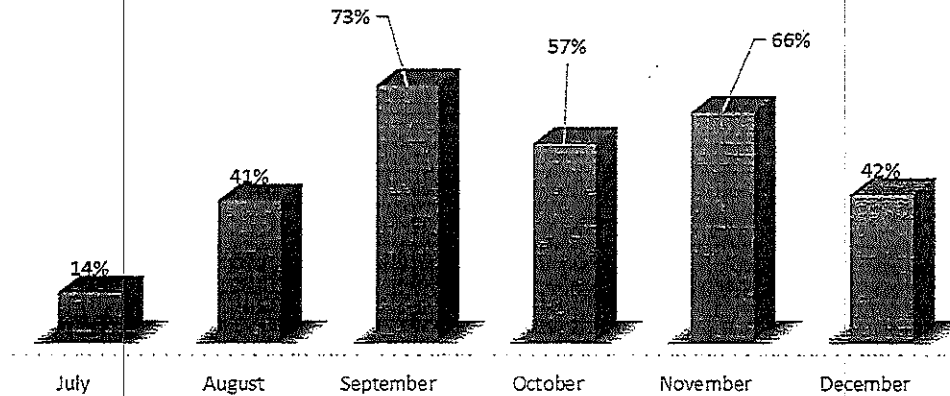
Conventional	Month	Conventional & Prepaid Collection rates	Billing (excluding Adjustments)
	14.17%	Jul-23	48.01%
	40.57%	Aug-23	111.10%
	73.33%	Sep-23	145.97%
	56.78%	Oct-23	120.05%
	65.63%	Nov-23	107.25%
	42.17%	Dec-23	102.78%
			15,052,838.18
			7,318,624.19
			7,146,391.51
			7,594,350.44
			8,319,407.96
			8,279,311.90

**Supporting table of collection rate for six-month**

	Opening Balances	Billing	Journal Correction	Total Billing	Payments	Closing Balances	Weighted Rates for Month	Weighted Rates for the year
July 23	392,810,939.30	15,989,133.02	-936,294.84	15,052,838.18	-2,265,359.44	405,598,418.04	14.17%	0.56%
August 23	405,598,418.04	7,833,991.66	-515,367.47	7,318,624.19	-3,178,282.00	409,738,760.23	40.57%	0.78%
September 23	446,113,302.90	7,146,391.51	-36,279,791.20	-29,133,399.69	-5,240,589.75	411,739,313.46	73.33%	1.27%
October 23	411,739,313.46	7,594,350.44	37,001.25	7,631,351.69	-4,332,794.17	415,037,870.98	56.78%	1.04%
November 23	415,037,756.01	8,319,407.96	-2,632,022.66	5,687,385.30	-3,732,706.97	416,992,434.34	65.63%	0.90%
December 23	416,992,434.34	8,279,311.90	-466,232.47	7,813,079.43	-3,294,849.02	421,510,664.75	42.17%	0.78%

Chart to depict a decreasing collection rate of the six-month period ending 31 December 2023

**Collection rate for six months (Billing system only)**



**Collection Rates per Customer Groupings**

Below table indicates a bigger tranche of cash was received from residential customers, R1.687 million followed by business customers with R963 019.

Billing Vs Collection per Customer grouping December 2023									
Area	Start	Levies	Corrections	Payments	Billing After Correction	End	%Pay	Units Levied	Units paid
Business	11,324,432.83	1,281,328.07	1,541.30	-963,019.56	1,282,869.37	11,644,282.64	75.1%	366	124
Church	564,649.13	33,805.57	-2,374.55	-6,550.03	31,431.02	589,530.12	20.8%	29	2
Farm	9,455,685.48	247,095.97	-32,950.25	-70,415.51	214,145.72	9,599,415.69	32.9%	948	26
Government	9,567,582.66	449,156.55	-19,789.84	-331,694.89	429,366.71	9,665,254.48	77.3%	234	66
Industrial	24,790,686.80	123,935.88	-1,735.00	-197,545.77	122,200.88	24,715,341.41	161.7%	65	33
Municipal	8,814,132.35	108,574.49	-76,335.69	-33,122.00	32,238.80	8,813,249.15	102.7%	307	7
None	336,362.33	0.00	0.00	0.00	0.00	336,362.33	0.0%		
Residential	351,497,035.30	6,027,974.73	-334,588.44	-1,687,887.02	5,693,386.29	355,502,534.57	29.6%	11814	804
School	641,867.96	7,440.64	0.00	-4,614.24	7,440.64	644,694.36	62.0%	3	1
	416,992,434.34	8,279,311.90	-466,232.47	-3,294,849.02	7,813,079.43	421,510,664.75	42.2%	13766	1063

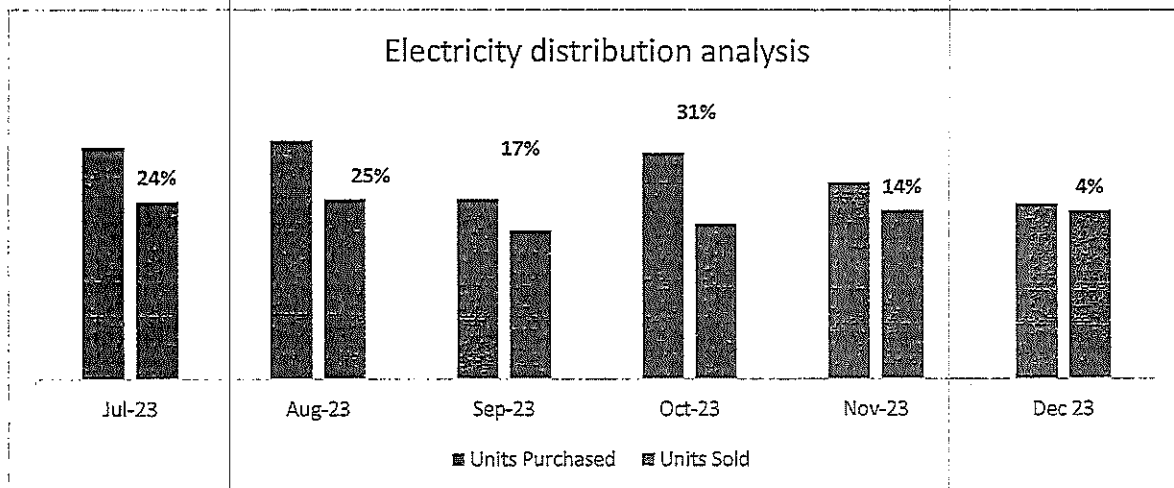
Above table indicates that 11 814 residentials were levied but only 804 consumers settled their accounts, 366 businesses were levied only 124 businesses settled their accounts.

#### 4.1.7 Electricity Distribution Analysis

Table below indicates that 1.908 million units were purchased from Eskom as of 31 December 2023 with 1,83 million units distributed to consumers, a distribution loss of 4% under month reported, (December 2023).

UNITS							
MONTH	Units purchased from Eskom 6316637964	Units Distributed to Consumers				Distribution Loss %	
	Total Units Purchased	Municipal Consumers		VETA		Total Units Distributed	%
		Conventionl	Pre-paid	Conventionl	Pre-paid		
Jul-23	2,521,122.00	221,116.00	90,557.90	576,824.87	1,039,539.26	1,928,038.03	24%
Aug-23	2,591,949.00	209,164.00	98,482.00	636,134.22	1,010,520.74	1,954,300.96	25%
Sep-23	1,957,100.00	14,593.00	91,757.10	553,085.27	957,147.11	1,616,582.48	17%
Oct-23	2,459,776.00	20,974.00	77,517.00	644,144.15	948,001.90	1,690,637.05	31%
Nov-23	2,137,955.00	240,651.00	119,548.00	541,433.57	932,470.87	1,834,103.44	14%
Dec-23	1,908,839.00	102,780.00	95,572.00	592,675.12	1,041,315.00	1,832,342.12	4%

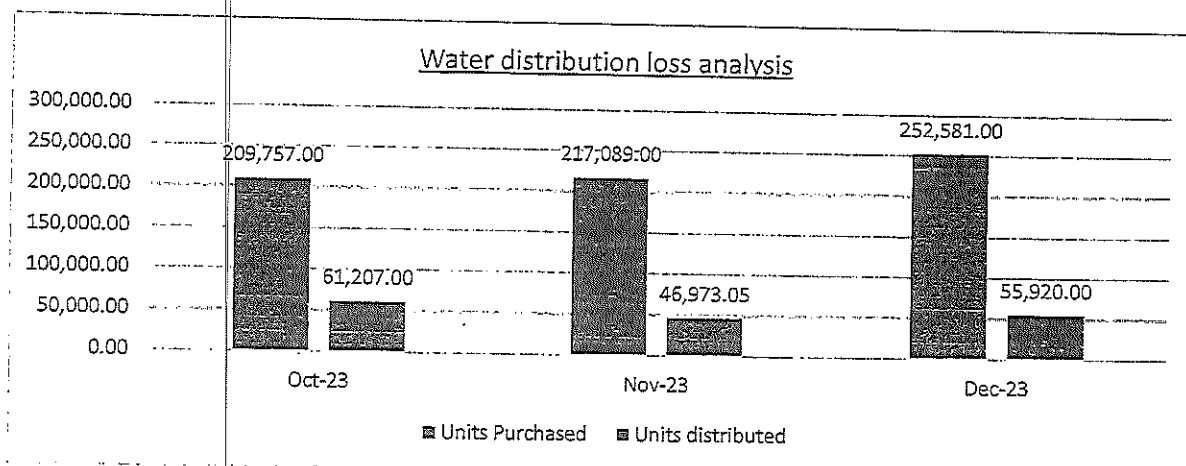
Six- months trend analysis for the units purchased and distributed.



#### 4.1.8 Water Distribution Analysis

Per calculations below 160 831 units were purchased from Bloem water, and 91 760 units were pumped from Gatkoppies, Postdene Borehole. Only 55 920 units could be accounted for as of 31 December 2023 difference of 78% could not be accounted for, a distribution loss of 170 116 water units.

KILOLITERS											
TOTAL KILOLITERS BOUGHT FROM SEOURBENG & WJ COITZEE							UNITS DISTRIBUTED				DISTRIBUTION LOSS
MONTH	VRG 14 GRND & VAAL	VRG 14A GRND & VAAL	VRG 12 GRND & VAAL	Gatkoppies (Postdene)	Purchases from Borehole-WJ Coitzee	TOTAL UNITS PURCHASED	CONVENTIONAL	Prepaid Inzalo	PRE-PAID Grid Control	TOTAL UNITS DISTRIBUTED	%
Oct-23	8,010.00	87,878.00	13,116.00	100,757.00	n/a	209,757.00	20,718.00	26,915.60	13,578.40	61,207.00	71%
Nov-23	35,730.00	87,872.00	15,818.00	77,669.00	n/a	217,089.00	6,104.00	27,215.93	13,658.12	46,973.05	78%
Dec-23	37,910.00	87,878.00	35,037.00	91,760.00	n/a	252,581.00	14,489.00	27,818.00	13,618.00	55,920.00	78%



## 4.2. Operating Expenditure

### 4.2.1 Operating Expenditure by Type

#### Operating Expenditure by Type

The following C4 table is the operating expenditure summary of the 2023/24 budget (classified by main revenue source) in comparisons to the year-to-date actuals as of 31 December 2023.

**Figure 4.2.1 Expenditure by Type**

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Budget Outcome - Financial Performance (Revenue and Expenditure) - 30th 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									%	
Expenditure By Type										
Employee related costs		84 622	90 247	90 247	7 551	42 581	45 021	(2 440)	-5%	90 247
Remuneration of councillors		5 723	5 240	5 240	459	2 604	2 620	64	2%	5 240
Bulk purchases - electricity		49 958	49 430	49 430	3 355	26 341	24 715	1 626	7%	49 430
Inventory consumed		25 454	24 029	24 029	1 715	9 373	12 015	(2 642)	-22%	24 029
Debt impairment		39 949	10 847	10 847	-	-	5 423	(5 423)	-100%	10 847
Depreciation and amortisation		37 332	12 755	12 755	-	11	6 398	(6 387)	-100%	12 755
Interest		18 445	3 204	3 204	3 101	12 498	1 602	10 895	680%	3 204
Contracted services		31 157	25 633	25 633	1 558	6 419	12 817	(6 398)	-50%	25 633
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-
Operational costs		18 058	25 034	31 276	1 195	10 744	15 315	(4 573)	-30%	31 276
Losses on Disposal of Assets		-	-	-	-	-	-	-	-	-
Total Expenditure		310 705	246 461	252 703	18 936	110 651	125 927	(15 277)	-12%	252 703

The above is the reflection of municipality's operating expenditure, ranging from the original budget (R246.461), year-to-date actuals, and budgeted amounts. The municipality has expended a total of R110.651 million by the end of December 2023 with the aggregated **favourable variance of 12%** and below is further analysis on the performance of operating expenditure.

#### 4.2.2 Contribution Type to Total Expenditure

Figure 4.2.2 Contribution to Total Expenditure

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 %	YearTD Actual to Total Expenditure %	
R thousands											
Expenditure By Type											
Employees related costs		84 622	88 927	90 247	7 551	42 581	45 021	(2 440)	-5%	38%	90 247
Remuneration of councillors		5 723	5 240	5 240	459	2 684	2 620	64	2%	2%	5 240
Bulk purchases - electricity		49 958	48 430	48 430	3 356	26 341	24 715	1 626	7%	24%	48 430
Inventory consumed		25 454	24 029	24 029	1 716	9 373	12 015	(2 642)	-22%	8%	24 029
Debt impairment		39 949	10 847	10 847	-	-	5 423	(5 423)	-100%	0%	10 847
Depreciation and amortization		37 332	12 795	12 795	-	11	6 398	(6 387)	-100%	0%	12 795
Interest		18 446	3 204	3 204	3 101	12 498	1 602	10 895	680%	11%	3 204
Contracted services		31 157	25 633	25 633	1 556	6 419	12 817	(6 398)	-50%	6%	25 633
Irrecoverable debts written off		-	-	-	-	-	-	-	-	0%	-
Operational costs		18 058	25 034	31 276	1 196	10 744	15 316	(4 573)	-30%	10%	31 276
Losses on Disposal of Assets		-	-	-	-	-	-	-	-	0%	-
Total Expenditure		319 789	246 141	252 703	18 936	110 651	125 927	(15 277)	-12%		252 703

- Salaries are a main contributor to total expenditure @ 38%.
- Purchase of electricity comes to at 24%.
- Interest cost at third place as the municipality still battle to fully meet its financial obligations as they become due.

#### 4.2.3 Expenditure Year-to-Date Variances

Figure 4.2.3 YTD Variances

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - 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										
Employee related costs		84 622	88 927	90 247	7 551	42 581	45 021	(2 440)	-5%	90 247
Remuneration of councillors		5 723	5 240	5 240	459	2 684	2 620	64	2%	5 240
Bulk purchases - electricity		49 958	49 430	49 430	3 356	26 341	24 715	1 626	7%	49 430
Inventory consumed		25 454	24 029	24 029	1 716	9 373	12 015	(2 642)	-22%	24 029
Debt impairment		39 949	10 847	10 847	-	-	5 423	(5 423)	-100%	10 847
Depreciation and amortisation		37 332	12 795	12 795	-	11	6 398	(6 387)	-100%	12 795
Interest		18 445	3 204	3 204	3 101	12 458	1 602	10 855	680%	3 204
Contracted services		31 157	25 633	25 633	1 556	6 419	12 817	(6 398)	-50%	25 633
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-
Operational costs		18 058	25 034	31 275	1 196	10 744	15 316	(4 573)	-30%	31 275
Losses on Disposal of Assets		-	-	-	-	-	-	-	-	-
Total Expenditure		310 709	246 141	252 703	18 936	110 651	125 927	(15 277)	-12%	252 703

The municipality expected a total expenditure of **R125.927** million by December 2023, however it has managed to only incur an actual expenditure to the total amount of **R110.651** which is 12% less of the projected expenditure.

Below we look at the key types of expenditure which have contributed significantly to the total favourable variance of **R15.277** million or 12% by the end of December 2023.



- Finance Charges (Interest)
  - Finance charges (11% to total expenditure) were budgeted at R 3.204 million and the year-to-date actual is R12.498 million, the budget YTD is R1.602 million, giving us an unfavourable variance of R10.986 million (680%). This is also more the annual audited total interest cost for 2022/23 financial period.
  - The finance department is undertaking the investigation of possible misclassifications.
- Depreciation and Impairment
  - These are only calculated at the end of the financial year pending the implementation of assets module.
- Contracted Services
  - The contracted service appears to be doing well as the municipality is embarking on cost containment measures. The YTD monthly actual is R6.419 million, and the YTD budget is R12.817 million giving us a favourable variance of 50%, Or R6.398 million.
  - This is due to reduction of the use of consultants and professional services.
- Inventory
  - Inventory consumed (8% to total actual expenditure) was budgeted at R 24.029 million and the year-to-date actual is R9.373 million, the budget YTD is R12.015 million, giving us a favourable variance of R2.642 million (22%). Decrease is water purchases.
- Employee costs
  - Employee related cost during the first half of the financial year has contributed 35% of the total operational expenditure the municipality incurred. The year-to-date (YTD) expected employee related cost was R45,783 million and the actual YTD is R41,220 million which is 10% less than what was expected. This variance is due to the fact that vacant budgeted positions have not been filled.
- Operating Expenditure
  - Operating expenditure (10% to total actual expenditure) was budgeted at R 25.034 million and the year-to-date actual is R10.744 million, the budget YTD is R15.316 million, giving us a favourable variance of R4.573 million (30%). This is due to a decreased cost in audit fees and leases of machinery and equipment.

## 4.2.5 Creditors

### 4.2.5.1 Creditors Age Analysis

Figure 4.2.5.1 Ageing Analysis

Creditors Age Analysis 24						
Creditor	Current	30 Days	60 Days	90 Days or more	120 Days +	Total
Bloem Water	3 008 481.39	2 729 500.05	2 411 351.57	205 524.37	93 095 491.05	101 451 358.43
Eskom	6 297 295.81	-	6 285 341.70	7 749 815.65	272 188 345.19	292 500 802.35
AG	1 001 141.33	1 024 005.48	1 182 718.58	694 052.86	4 152 176.76	8 054 105.01
Salga	-	-	-	-	2 394 285.33	2 394 285.33
Other Creditors	-	-	-	-	4 054 391.82	4 054 391.82
	R 10 306 918.53	R 3 753 505.53	R 9 859 421.85	R 8 650 402.88	R 379 141 852.92	R 408 494 942.94

The municipality's creditor's age analysis is set out in Table above. In terms of Section 65(2)(e) of the MFMA the Accounting Officer must take all reasonable steps to ensure that all money owed by the municipality be paid within 30 days of receiving the relevant invoice or statement for goods or services rendered. Municipality had prior arrangements with Eskom, has start from October 2020 to honour the agreement, however this significant strain on the financials of the municipality to due low collection rate and culture of non-payment of communities.

We have applied for debt relief for Eskom and awaiting the approval. In principle the arrangement state TLM to honour current account (excluding interest) with VAT and the service raised for 2024 Budget/Financial year, this in turn will allow for suspension of debt with interest to be moved to a suspense account. Then all capital and interest will be stagnating and down payment plan to this debt committing only 30% of the Annual Equitable share and not historically where Eskom demand estimate got 85-90% of the municipality's allocation.

The Municipality experiences serious cash flow problems therefore need to implement revenue enhancement and embark on different strategies to stabilise the cash-flow position e.g. (improve debt collection; install pre-paid water and electricity meters, etc.) in order to be financially sustainable.

In the attempt to curb the burden on cash flow the municipality has gone into several AOD arrangement with the creditors. This will be reported as and when they are concluded with the suppliers.

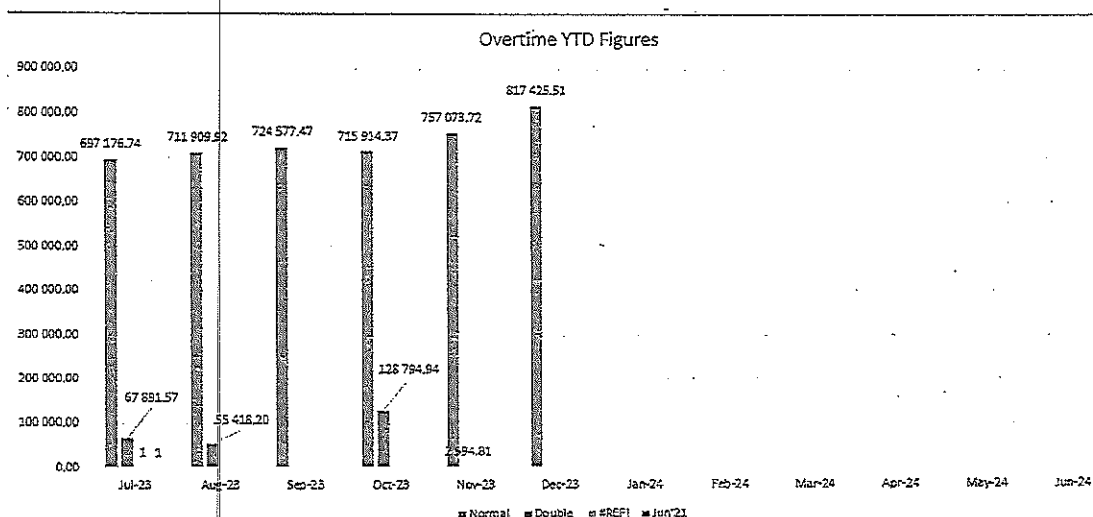
The more significant arrangement that still need to be made is to Bloem water previously known as Sedibeng

Figure 4.2.5.2 Actual operational expenditure per vote category

Choose name from list - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Crosswalk from M06 - Table 05 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December										
Vote 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										
Expenditure by Vote	1									
Vote 1 - Financial Services		82 523	51 271	51 401	5 741	27 169	25 578	1 491	5.8%	51 401
Vote 2 - Community Services		35 672	24 353	24 353	2 123	11 525	12 177	(651)	-5.3%	24 353
Vote 3 - Corporate Services		10 428	14 443	19 436	1 102	6 887	9 029	(2 142)	-23.7%	19 436
Vote 4 - Planning and Development Services		2 178	7 892	7 952	285	1 840	3 943	(2 102)	-53.3%	7 952
Vote 5 - Municipal Manager		9 180	7 912	7 912	355	2 283	3 951	(1 677)	-42.4%	7 912
Vote 6 - Technical Services		153 002	124 250	125 670	8 145	54 471	63 150	(8 679)	-13.7%	125 670
Vote 8 - Executive and Council		7 426	9 235	9 235	787	3 740	4 518	(878)	-19.0%	9 235
Total Expenditure by Vote	2	316 709	239 398	245 960	18 582	107 518	122 556	(14 638)	-11.9%	245 960
Surplus/ (Deficit) for the year	2	(53 383)	34 514	27 952	(6 400)	(6 370)	14 499	(26 771)	-144.2%	27 952

Figure 4.2.5.3 Overtime Expenditure



Other expenditure curbing strategy implement/to be implement:

#### High overtime

Overtime expenditure is sitting at R4.678 million with December being the biggest jump (Over R800 thousands) since the beginning of the financial year.

- Cost saving intervention instituted during the year is limiting overtime and capping to 60hours.
- Not paying double time for Saturday and Sunday only @ 1.5 rate.
- Encourage employees to take time off instead of receiving monetary remuneration.
- Pre-authorisation of overtime, repairs to be within working hours
- Fixing plant and machinery (e.g., TLB's ...) to reduce time spend on work.

Already achieved saving percentage 6.48% versus 2019 financial year, but could further be improved by implementation of the following and further R 1,864 million saving to the final budget 2020/21

1. Bio-metric clocking system (saving achieved in payroll office due to late approvals of overtimes, lost time in a particular month could equal to no overtime pay-out)
2. Fitting fleet of vehicle with tracking system to monitor overtime
3. repairs to be within working hours

There is no long-lasting intervention as the above was employed during previous years and lead to a decrease during the period (see table below)

Year	Overtime expenditure	Increase/(Decreased)	% change
2018	8 041 096	252 272	3.24
2019	9 042 088	1 000 992	12.45
2020	4 809 664	(4 232 424)	(46.80)
2021	6 114 861	1 305 197	27.14
2022	6 930 655	815 794	13.00
2023	7 674 172	743 517	10.72

The municipality has come a long way with historical high levels of overtime but must return to the cost saving intervention instituted list like capping number of hours again to 60 hours per month

As can be seen in the above table due to unfunded budget status of the municipality, overtime budget on a annual bases is significantly lower than previous budget years. This is due to the immense pressure put on the municipality to reduce expenditure by treasury. Here we are faced again with the responsibility to either adjust the budget to historical levels or reduce the overtime bill by imploring the cost cutting measures.

**Recommendation:** Capacitate service centres with larger general worker's force. Supervision and standby time be reducing through large pool of available workforce. Capping of hours to essential work needs and priority related emergency work. Implementation of the bio metric system and monitoring

## 5. Table C5 Monthly Budget Statement – Capital Expenditure (CAPEX)

### 5.1 Capex by Municipal Vote

Figure 5.1

Choose name from list - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote 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									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - Financial Services		-	-	-	-	-	-	-		-
Vote 2 - Community Services		-	-	-	-	-	-	-		-
Vote 3 - Corporate Services		-	-	-	-	-	-	-		-
Vote 4 - Planning and Development Services		-	-	-	-	-	-	-		-
Vote 5 - Municipal Manager		-	-	-	-	-	-	-		-
Vote 6 - Technical Services		20 993	-	-	-	-	-	-		-
Vote 8 - Executive and Council		-	-	-	-	-	-	-		-
<b>Total Capital Multi-year expenditure</b>	4,7	20 993	-	-	-	-	-	-		-
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - Financial Services		165	165	165	-	-	83	(83)	-100%	165
Vote 2 - Community Services		-	-	-	-	-	-	-		-
Vote 3 - Corporate Services		-	555	555	-	-	278	(278)	-100%	555
Vote 4 - Planning and Development Services		-	100	100	-	-	50	(50)	-100%	100
Vote 5 - Municipal Manager		-	-	-	-	-	-	-		-
Vote 6 - Technical Services		18 159	38 985	38 986	1 920	6 843	15 493	(12 650)	-66%	38 986
Vote 8 - Executive and Council		-	600	600	-	-	300	(300)	-100%	600
<b>Total Capital single-year expenditure</b>	4	18 335	40 406	40 406	1 920	6 843	20 203	(13 360)	-66%	40 406
<b>Total Capital Expenditure</b>		39 327	40 406	40 406	1 920	6 843	20 203	(13 360)	-66%	40 406

The above table reflects the spending on capital projects according to the departments (votes) of the municipality cumulatively as of 31 December 2023. The budgeted total capital expenditure is R40.406 million and as of 31 December 2023, the municipality spent R6.843 million.

### 5.2 Capex by Municipal Funding

Figure 5.2

Choose name from list - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote 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									
<b>Funded by:</b>										
National Government		38 989	32 473	32 473	1 812	5 568	16 237	(10 669)	-66%	32 473
Transfers recognised - capital		38 989	32 473	32 473	1 812	5 568	16 237	(10 669)	-66%	32 473
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		338	7 933	7 933	108	1 275	3 966	(2 691)	-68%	7 933
<b>Total Capital Funding</b>		39 327	40 406	40 406	1 920	6 843	20 203	(13 360)	-66%	40 406

The table above reflects the same capital expenditure as indicated in 5.1, however this reflection of the spending is by funding sources from which capital projects are financed as per original budget approved for 2023/24 financial year.

The dominant funding source of the municipality in terms of overall capital budget is MIG at the budget amount of **R 16.858 million**. Secondary is the WSIG which is at **R7.975 million**. Then there is INEP **R1.5 million**.

The internally generated funds amounted to R1.275 million which relate to co-funding of the previous years capital projects which are still continuing.

## 6. Table C6 Monthly Budget Statement – Financial Position

### 6.1 Short-Term Investments

**Figure 6.1 Investment Register Summary**

Details	Opening balance	Deposits	Interest earned	Withdrawals	Balance
Capex (ID 4)	87 690.06	-	2 422.74	(1 210.13)	88 902.67
2 ABSA Eskom Quarantee	8 822 943.81	-	-	-	8 822 943.81
8 FNB	3 587.83	1 000 000.00	36 015.20	-	1 039 603.03
FMG (ID 3)	27 812.00	3 100 000.00	59 071.42	(1 950 254.73)	1 236 628.69
INEP (ID 6)	38 983.73	1 000 000.00	13 610.14	(321 224.70)	731 369.17
MIG (ID 5)	225 372.28	5 000 000.00	36 056.49	(4 918 586.00)	342 842.77
WSIG (ID 7)	12 473.38	5 149 306.44	95 960.37	(4 483 943.16)	773 797.03
<b>Total</b>	<b>9 218 863.09</b>	<b>15 249 306.44</b>	<b>243 136.36</b>	<b>(11 675 218.72)</b>	<b>13 036 087.17</b>

The above table reflects the municipality's investment portfolio. By 31 December 2023, the investment portfolio had a balance of **R13.036** which consists of number of accounts. These accounts are primarily conditional governments which can only be used for the purpose which they are allocated.

The Eskom account funds cannot be used as they serve as debt guarantee, FMG had a balance of over R1.236 million. WSIG is just over R700 thousands for which the municipality has so far received R3.98 million. MIG has R342 thousands balance for which R5 million was received. These balances do not reflect the performance of the grants, but the actual reflection of transactions in the investment portfolio.

## 7. Table SC7 Budget Statement - transfers and grant

### 7.1. Transfers and Subsidies Received and Spent

Figure 7.1.1.

TSANTSABANE LOCAL MUNICIPALITY GRANT REGISTER 2023/2024								
Operational grants								
GRANT DETAILS	OPENING BALANCE	ALLOCATION RECEIVED	TOTAL FUNDS AVAILABLE	CURRENT SPENDING	YEAR-TO-DATE SPENDING	TOTAL SPENDING	AVAILABLE BALANCE	% SPENDING
FVG	0.00	3 100 000.00	3 100 000.00	-466 666.66	-1 769 983.08	-2 236 649.74	1 330 016.92	72%
EQUITABLE SHARE	0.00	41 622 000.00	41 622 000.00	-12 578 000.00	-41 622 000.00	-41 622 000.00	0.00	100%
MIG(Opex)	0.00	194 474.90	194 474.90	-47 092.18	-147 382.72	-194 474.90	0.00	100%
LIBRARY	0.00	678 000.00	678 000.00	-113 000.00	-452 000.00	-565 000.00	226 000.00	83%
LGSETA	31 493.60	11 306.42	42 800.02	-	-31 924.70	-31 924.70	10 875.32	75%
EPWP	0.00	238 000.00	238 000.00	-	-238 000.00	-238 000.00	0.00	100%
<b>TOTAL</b>	<b>0.00</b>	<b>45 843 781.32</b>	<b>45 875 274.92</b>	<b>-13 204 758.84</b>	<b>-44 261 290.50</b>	<b>-44 888 049.34</b>	<b>1 566 892.24</b>	<b>98%</b>
Capital grants								
GRANT DETAILS	OPENING BALANCE	ALLOCATION RECEIVED	TOTAL FUNDS AVAILABLE	CURRENT SPENDING	YEAR-TO-DATE SPENDING	TOTAL SPENDING	AVAILABLE BALANCE	% SPENDING
WSIG	0.00	3 988 000.00	3 988 000.00	-1 786 422.83	-386 737.17	-2 173 160.00	1 814 840.00	54%
MUG	0.00	4 805 525.10	4 805 525.10	-	-156 158.63	-156 158.63	4 649 366.47	3%
INEP	0.00	1 000 000.00	1 000 000.00	-	0.00	-	1 000 000.00	0%
<b>TOTAL</b>	<b>0.00</b>	<b>9 793 525.10</b>	<b>9 793 525.10</b>	<b>-1 786 422.83</b>	<b>-542 895.80</b>	<b>-2 329 318.63</b>	<b>7 464 206.47</b>	<b>24%</b>

The table above reflects grants performance by December 2023. When we look at the operational grants, **R45.875 million** was available for use and **R28.355 million** or **98%** spending was achieved.

Looking at capital grants, **R9.793 million** has been received for which **R2.329 million** or **24%** of that has been spent by December 2023. MIG is underperforming due to delay in procurement processes. INEP funds are awaiting project change control approval.

## 8. Conclusion

The overall variance on operating revenue is 18% and for the operating expenditure is 12%, capital projects have experienced various challenges such as, procurement process delays, pending approval.

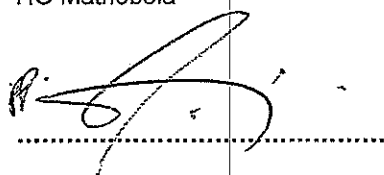
Furthermore, there are already unauthorised expenditure which have taken place, requests for additional budget which need to be provided with during the adjustment budget.

It is therefore, appropriate that the municipality performs necessary adjustments during February month.

## 9. Municipal Manager's Quality Certification

I, **H G Mathobela**, Accounting Officer of Tsantsabane Local Municipality, hereby certify that the contents of the report on the assessment of the municipality's budget and its performance, reflect the financial state of affairs of the municipality for the quarter ending December 2023 and have been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

HG Mathobela



MUNICIPAL MANAGER

22/01/2024.

DATE



## **10. Supporting Documents**

11.1 Appendix 1 – Service Delivery and Budget Implementation Plan (SDBIP) 2023/24

11.2 Appendix 2 – Key Performance Indicators (KPIs) 2023/24

11.3 Appendix 3 – Annual Financial Statements 2022/23

11.4 Appendix 4 – Detailed Capital Expenditure Report 2023/24

11.5 Appendix 5 – Annual Report 2022/23

11.6 Appendix 6 – Performance Management Report 2023/24

11.7 Appendix 7 – Audit Action Plan 2022/23