



treasury

Department:

Treasury

PROVINCE OF KWAZULU-NATAL

CONSOLIDATED MUNICIPAL BUDGETS PERFORMANCE REPORT

4th Quarter Review

2022/23

MFQR: 30 June 2023

Compiled by: KwaZulu-Natal (KZN) Provincial Treasury

Data Source and Reliability

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This report uses data reported by municipalities by the 10th working day of the month, as required by Section 71(1) of the MFMA. The report has been compiled based on information provided by the municipalities in the form of Municipal Standard Chart of Accounts (mSCOA) data strings, Financial Management Reports (FMR) and other budget performance information for the financial period ended 30 June 2023 from the NT LG Database. Therefore, any queries on the budget, revenue or expenditure figures reflected in the report must be referred to the relevant Municipal Manager or Chief Financial Officer. The quality of the report depends on the reliability and credibility of the information and figures submitted by the municipalities. It is noted that certain municipalities experience challenges with their financial systems as well as with the capturing of financial data in accordance with the mSCOA segments. These problems cause errors in the submitted data strings as well as inaccuracies in the financial information related to misalignment, cash flow and balance sheet budgeting.

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Methodology and Approach

The methodology and approach used for the compilation of this report included the following:

The data for the analysis used in this report was extracted from the NT LG Database as reported by municipalities for the financial quarter ended 30 June 2023. The non-delegated municipalities, namely, the eThekweni Metro and the Msunduzi and uMhlathuze Local Municipalities are included in the report. By the legislated date for municipalities to upload their monthly MFMA Section 71 performance data strings onto the National Treasury GoMuni Upload Portal, a few municipalities failed to upload their MFMA Section 71 data strings. The non-submission of the data strings by these municipalities may impact on the completeness of the relevant district totals and the aggregated provincial total and as such may distort the review of the budget performance as at the end of the financial year for the respective municipalities.

All municipalities should have generated and spent approximately 100 percent of their 2022/23 Adjusted Budgets as at the end of the fourth quarter of the 2022/23 financial year.

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1. Introduction

This consolidated municipal budget performance review covers the financial performance of municipalities in KZN as at the end of the fourth quarter of the 2022/23 financial year ended 30 June 2023.

The consolidated statement provides the in-year financial performance of municipalities against their budgeted revenue and expenditure. It includes the operating and capital budget performances as well as the debtors, creditors and conditional grant reporting requirements.

Assessing the expenditure performance of municipalities assists in serving as a control and management tool and serves as an early warning signal for identifying financial problems.

The report is prepared using the figures from the mSCOA data strings. The mSCOA Regulations were promulgated on 22 April 2014 and prescribed the uniform recording and classification of the municipal budget and financial information at a transaction level. The mSCOA Regulations require that municipalities upload their budget and financial information in a data string format to the Local Government Database (National Treasury GoMuni Upload Portal) across the six mSCOA regulated segments. The quarterly report has been prepared using the mSCOA data strings submitted by the municipalities, however the credibility of the information contained in the data strings is of concern. At the core of the challenge are the following:

- The incorrect use of the mSCOA segments and municipal accounting practices by municipalities;
- A number of municipalities are not budgeting, transacting and reporting directly in/from their core financial systems. Instead they prepare their budgets and reports on excel spreadsheets and then import the excel spreadsheets into their financial system; and
- Municipalities are not locking their Approved Budgets annually on their financial systems. Furthermore, their financial systems are not being locked at month-end to ensure prudent financial management.

Legislative Framework

In terms of Section 71(7) of the MFMA, the Provincial Treasury must, within 30 days after the end of each quarter, make public as may be prescribed, a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality and per municipal entity. The MEC for Finance must submit such consolidated statement to the provincial legislature no later than 45 days after the end of each quarter.

2. District Overview

2.1 Operating Revenue

Table 1: Operating Revenue per source and per district as at the end of Quarter 4 – 2022/23

R000	Original Budget	Adjusted Budget	Unaudited Actual	% Generated	Detail						
					Exchange Revenue			Non-Exchange Revenue			
					Electricity revenue	Water revenue	Other ¹	Other revenue ²	Property rates	Transfers and subsidies - Operational ³	Other revenue ⁴
eThekwini	46 166 096	47 070 987	47 638 510	101.2	15 597 456	5 890 398	2 345 937	2 909 888	12 087 894	4 604 071	4 202 866
Ugu	3 155 465	3 147 981	2 952 921	93.8	186 792	338 627	181 602	183 531	628 496	1 353 533	80 341
uMgungundlovu	9 648 612	9 632 096	8 563 911	88.9	2 765 423	1 164 884	373 555	417 849	1 686 650	2 038 933	116 616
uThukela	2 941 851	2 989 570	2 849 211	95.3	695 915	189 087	56 934	214 640	365 583	1 235 482	91 571
uMzinyathi	1 910 363	1 872 207	1 576 311	84.2	215 405	67 078	50 653	60 760	207 902	962 523	11 991
Amajuba	3 261 178	2 825 535	2 687 709	95.1	720 427	243 254	243 346	63 759	433 514	972 692	10 718
Zululand	2 533 006	2 588 396	2 517 209	97.2	353 261	82 497	96 350	72 599	318 055	1 575 551	18 896
uMkhanyakude	1 713 386	1 690 565	1 649 435	97.6	2 405	29 344	12 106	60 733	135 582	1 386 737	22 530
King Cetshwayo	6 373 654	6 435 773	6 559 756	101.9	1 858 741	572 423	279 515	205 378	795 591	2 096 286	751 822
iLembe	4 073 795	4 395 495	4 122 598	93.8	1 050 348	249 215	166 852	337 616	709 383	1 572 030	37 153
Harry Gwala	1 665 584	1 711 133	1 676 992	98.0	174 521	64 524	42 610	94 876	203 815	1 077 575	19 071
Total	83 442 990	84 359 738	82 794 565	98.1	23 620 694	8 891 331	3 849 460	4 621 629	17 572 463	18 875 413	5 363 575

Source: NT Igdatabase, downloaded 19 July 2023.

1 Include Service charges revenue for Waste Water Management and Waste Management.

2 Include Sale of Goods and Rendering of Services, Agency services, Interest, Interest earned from Receivables, Interest earned from Current and Non-Current Assets, Dividends, Rent on Land, Rental from Fixed Assets, Licence and permits and Operational Revenue.

3 Include Equitable Share, Financial Management Grant, Expanded Public Works Programme Integrated Grant, Provincial Operating Grant, 5% portion of Municipal Infrastructure Grant

4 Include Surcharges and Taxes, Fines, penalties and forfeits, Licence or permits, Interest, Fuel Levy, Operational Revenue, Gains on disposal of Assets, Other Gains and Discontinued Operations.

- In aggregate, municipalities in KwaZulu-Natal generated *Operating revenue* amounting to R82.8 billion or 98.1 percent of their Adjusted Budgets of R84.4 billion as at the end of June 2023 which resulted in a revenue shortfall of R1.6 billion.
- The eThekwini Metro with R47.6 billion or 57.5 percent contributed the most towards the total *Operating revenue* of R82.8 billion followed by the uMgungundlovu District with R8.6 billion or 10.3 percent. It should be noted that the Msunduzi Local Municipality contributed R6.2 billion or 72.3 percent towards the total *Operating revenue* reported by the uMgungundlovu District. The King Cetshwayo District contributed R6.6 billion or 7.9 percent towards the total *Operating revenue* of R82.8 billion which is attributed to the uMhlathuze Local Municipality having reported R4.4 billion or 67.8 percent of the total *Operating revenue* reported by the district. The non-delegated municipalities are considered to be significant contributors to the total *Operating revenue* generated as they are densely populated cities with a large number of consumers.
- The uMzinyathi District with R1.6 billion or 1.9 percent contributed the least towards the total *Operating revenue*. This is mainly attributable to the uMzinyathi District contributing R1.9 billion which is the third lowest contributor amongst the districts to the total Adjusted Budget of R84.4 billion and to the Nquthu and uMsinga Local Municipalities reporting low total *Operating revenue* figures of R170.1 million (65.9 percent of the Adjusted Budget of R258.2 million) and R184.8 million (71 percent of the Adjusted Budget of R260.1 million) respectively as at the end of June 2023.
- *Service charges – electricity revenue* contributed the most towards *Operating revenue* as at the end of the fourth quarter of the 2022/23 financial year with R23.6 billion or 28.5 percent followed by *Transfers and subsidies - Operational* of R18.9 billion or 22.8 percent. *Service charges – other* which comprises of *Service charges – waste water management* and *Service charges – waste management* contributed the least towards *Operating revenue* generated with R3.8 billion or 4.6 percent.

2.2 Operating Expenditure

Table 2: Operating Expenditure per item and per district as at the end of Quarter 4 – 2022/23

R'000	Original Budget	Adjusted Budget	Unaudited Actual	% Spent	Detail								
					Employee related costs	Remun. of councillors	Bulk purchases - electricity	Inventory consumed	Debt impairment	Depreciation and amortisation	Interest	Contracted services	Other ¹
eThekwini	45 837 892	46 376 202	42 112 265	90.8	11 539 637	135 881	12 642 304	3 230 766	1 113 812	2 719 433	878 674	5 264 698	4 587 062
Ugu	3 392 748	3 424 587	3 339 997	97.5	1 229 504	88 821	143 621	151 751	962	422 811	8 142	712 835	581 551
uMgungundlovu	8 681 796	8 972 797	6 628 265	73.9	2 177 959	106 861	2 272 029	854 748	(1 172 510)	537 848	64 999	1 180 345	605 987
uThukela	3 127 427	3 171 788	2 477 674	78.1	1 008 875	59 371	532 876	70 327	2 259	96 845	899	369 588	336 636
uMzinyathi	2 016 866	2 008 065	1 644 818	81.9	534 809	26 775	126 745	153 653	5 401	105 957	5 262	365 423	320 794
Amejuba	3 458 734	2 993 460	2 726 398	91.1	861 277	51 745	478 744	174 878	-	396 359	50 714	430 627	282 054
Zululand	2 425 754	2 515 292	2 741 751	109.0	928 154	80 257	384 782	81 626	24 026	279 439	11 582	554 296	397 589
uMkhanyakude	1 655 428	1 696 930	1 481 503	87.3	569 737	63 103	16 964	131 197	-	108 774	1 184	201 718	388 826
King Cetshwayo	6 636 595	6 869 473	6 999 891	101.9	1 687 632	102 512	1 353 298	799 541	366 010	534 925	102 493	877 712	1 175 767
iLembe	4 096 176	4 374 329	3 752 974	85.8	987 749	82 352	951 233	254 022	14 132	289 717	21 985	702 328	449 456
Harry Gwala	1 844 388	1 915 787	1 720 200	89.8	672 026	56 034	136 497	45 563	1 357	250 025	927	304 781	252 991
Total	83 173 806	84 318 710	75 625 737	89.7	22 197 359	853 712	19 039 091	5 948 071	355 447	5 742 133	1 146 861	10 964 350	9 378 713

Source: NT Igdatabase, downloaded 19 July 2023.

¹ Include Inventory consumed, Transfers and subsidies and Losses.

- In aggregate, municipalities in KwaZulu-Natal incurred *Operating expenditure* amounting to R75.6 billion or 89.7 percent of their Adjusted Budgets of R84.3 billion as at the end of June 2023 which is below the target of 100 percent expected at the end of the fourth quarter of the 2022/23 financial year.
- The eThekwini Metro with R42.1 billion or 55.7 percent contributed the most towards the total *Operating expenditure* of R75.6 billion followed by the King Cetshwayo District with R7 billion or 9.3 percent. It should be noted that the uMhlathuze Local Municipality contributed R5 billion or 71 percent towards the total *Operating expenditure* reported by the King Cetshwayo District. The uMgungundlovu District contributed R6.6 billion or 8.8 percent towards the total *Operating expenditure* of R75.6 billion which can be attributed to the Msunduzi Local Municipality having reported R4.6 billion or 68.8 percent of the total *Operating expenditure* reported by the district.
- The uMkhanyakude District with R1.5 billion or 2 percent contributed the least to the total *Operating expenditure* of R75.6 billion which is expected as the district also contributed the least towards the total budget for *Operating expenditure*. It should however be noted that the uMkhanyakude District Municipality did not submit the data strings for June 2023 due to network issues experienced by the municipality thus the financial system could not be accessed. The uMgungundlovu District reported the lowest expenditure against the Adjusted Budgets of the districts amounting to R6.6 billion or 73.9 percent. This is mainly attributable to the Msunduzi Local Municipality reporting negative R1.2 billion for Debt impairment which distorted the total *Operating expenditure* of the municipality and the district. On the other hand, the Zululand and King Cetshwayo Districts reported *Operating expenditure* in excess of their Adjusted Budgets with R2.4 billion or 109 percent and R7 billion or 101.9 percent respectively.
- *Employee related costs* contributed the most towards the total *Operating expenditure* as at the end of the fourth quarter of the 2022/23 financial year with R22.2 billion or 29.4 percent followed by *Bulk purchases* with R19 billion or 25.2 percent and Contracted services with R11 billion or 14.5 percent.
- *Debt impairment* of R355.4 million or 0.5 percent contributed the least towards the total *Operating expenditure*. The low performance of *Debt impairment* is largely due to the fact that 39 municipalities did not report any *Debt impairment* while the Msunduzi and the iNkosi Langalibalele Local Municipalities reported negative R1.2 billion and negative R1.4 million respectively.

2.3 Capital Revenue

Table 3: Capital Revenue (Source of Finance) per district as at the end of Quarter 4 – 2022/23

R'000	Original Budget	Adjusted Budget	Unaudited Actual	% Generated	Detail		
					Transfers recognised - capital ¹	Borrowing	Internally generated funds
eThekwini	5 589 511	6 111 357	3 738 263	61.2	2 326 427	988 689	423 147
Ugu	724 407	848 634	803 266	94.7	630 848	6 094	166 323
uMgungundlovu	1 157 314	1 033 254	305 375	29.6	196 087	-	109 288
uThukela	517 680	655 775	482 127	73.5	417 812	-	64 314
uMzinyathi	425 530	471 604	370 052	78.5	306 405	-	63 647
Amajuba	423 172	421 655	301 838	71.6	243 967	-	57 870
Zululand	551 433	787 059	803 225	102.1	771 223	-	32 002
uMkhanyakude	448 184	426 954	184 679	43.3	175 108	-	9 571
King Cetshwayo	1 490 894	1 744 871	1 511 632	86.6	755 458	504 684	251 490
iLembe	1 044 755	1 561 659	1 045 055	66.9	731 224	-	313 831
Harry Gwala	700 961	694 437	539 051	77.6	416 283	-	122 767
Total	13 073 841	14 757 259	10 084 562	68.3	6 970 843	1 499 467	1 614 252

Source: NT Igdatabase, downloaded 19 July 2023.

¹ Include National Government, Provincial Government, District Municipality and Other transfers and grants.

- Municipalities in KwaZulu-Natal generated *Capital revenue* of R10.1 billion or 68.3 percent of their Adjusted Budgets of R14.8 billion at an aggregate level to fund their *Capital expenditure* as at the end of June 2023 which is significantly below the target of 100 percent expected at the end of the fourth quarter of the 2022/23 financial year. The low *Capital revenue* of R10.1 billion or 68.3 percent reported by KwaZulu-Natal municipalities is primarily attributable to delays in Supply Chain Management (SCM) processes and inaccurate reporting by a number of municipalities.
- The eThekwini Metro with R3.7 billion or 37.1 percent contributed the most towards the total *Capital revenue* of R10.1 billion followed by the King Cetshwayo District with R1.5 billion or 15 percent and the iLembe District with R1 billion or 10.4 percent.
- The uMgungundlovu and uMkhanyakude Districts reported the lowest *Capital revenue* against their Adjusted Budgets amounting to R305.4 million or 29.6 percent and R184.7 million or 43.3 percent as at the end of the fourth quarter of the 2022/23 financial year. The low revenue reported by the uMgungundlovu District is due to the uMgungundlovu District Municipality reporting negative R142.5 million due to incorrect reporting. The low revenue reported by the uMkhanyakude District is due to the uMhlabuyalingana Local Municipality reporting negative R6 million due to incorrect reporting and the low revenue reported by the Mtubatuba Local Municipality and the uMkhanyakude District Municipality of R13.4 million or 23 percent and R97.6 million or 44 percent respectively. The low revenue reported by the Mtubatuba Local Municipality was due to incorrect reporting by the municipality while the low revenue reported by the uMkhanyakude District Municipality was due to the non-submission of the Month 12 data strings by the municipality. The uMkhanyakude District Municipality did not submit the data strings for June 2023 due to network issues experienced by the municipality thus the financial system could not be accessed.
- The highest contributor towards the total *Capital revenue* as at the end of the fourth quarter of the 2022/23 financial year was *Transfers recognised – capital* with R7 billion or 69.1 percent followed by *Internally generated funds* with R1.6 billion or 16 percent. *Borrowing* of R1.5 billion or 14.9 percent contributed the least towards the total *Capital revenue* as at the end of the fourth quarter of the 2022/23 financial year.

2.4 Capital Expenditure

Table 4: Capital Expenditure per item and per district as at the end of Quarter 4 – 2022/23

R'000	Original Budget	Adjusted Budget	Unaudited Actual	% Spent	Detail									
					Governance and Admin. ¹	Community and Public Safety			Economic and Environmental Services		Trading Services			Other
						Housing	Health	Other ²	Road Transport	Other ³	Energy	Water and Waste Water Mgt.	Waste Mgt	
eThekwini	5 589 511	6 111 447	3 738 352	61.2	271 546	420 026	12 234	134 923	877 613	216 435	601 530	990 840	194 241	18 965
Ugu	724 407	848 634	803 266	94.7	55 912	328	-	43 328	197 120	109 093	14 883	370 111	12 203	286
uMgungundlovu	1 156 879	1 033 254	587 722	56.9	48 984	36 024	-	69 556	255 991	139 383	94 120	(57 922)	3 541	(1 954)
uThukela	517 680	655 775	482 294	73.5	30 244	269	-	3 926	39 982	183 485	58 354	163 254	2 694	86
uMzinyathi	425 530	471 644	370 052	78.5	10 882	-	-	48 748	114 416	7 027	877	183 440	4 662	-
Amajuba	428 502	423 775	302 547	71.4	26 192	386	-	12 566	34 848	58 822	11 812	155 343	72	2 506
Zululand	551 433	787 059	803 157	102.0	12 771	-	-	66 304	131 227	44 447	21 795	525 746	867	-
uMkhanyakude	448 184	427 959	185 769	43.4	637	-	-	39 112	21 278	25 024	-	97 216	(320)	2 822
King Cetshwayo	1 490 894	1 744 871	1 511 632	86.6	78 904	-	-	239 995	147 208	6 499	98 916	902 961	30 523	6 628
iLembe	1 044 755	1 561 659	1 045 055	66.9	46 013	4 428	-	80 089	448 190	78 159	111 457	264 892	11 827	-
Harry Gwala	700 961	694 712	539 604	77.7	17 284	20 156	-	55 442	89 222	83 863	39 107	220 460	14 071	-
Total	13 078 737	14 760 789	10 369 450	70.2	599 369	481 616	12 234	793 990	2 357 095	952 237	1 052 851	3 816 341	274 379	29 339

Source: NT Igdatabase, downloaded 19 July 2023.

1 Include Executive & Council, Finance and administration and Internal audit.

2 Include Community & Social Services, Sports and Recreation and Public Safety.

3 Include Planning and development and Environmental protection.

- Municipalities in KwaZulu-Natal incurred *Capital expenditure* of R10.4 billion or 70.2 percent in aggregate against their Adjusted Budgets of R14.8 billion as at the end of June 2023 which is significantly below the target of 100 percent expected at the end of the fourth quarter of the 2022/23 financial year. The low *Capital expenditure* of R10.4 billion or 70.2 percent reported by KwaZulu-Natal municipalities is primarily attributable to delays in SCM processes and inaccurate reporting for a number of municipalities.
- The eThekwini Metro with R3.7 billion or 36.1 percent contributed the most towards the total *Capital expenditure* of R10.4 billion followed by the King Cetshwayo District with *Capital expenditure* of R1.5 billion or 14.6 percent and the iLembe District with R1 billion or 10.1 percent.
- The uMkhanyakude District with R185.8 million or 1.8 percent contributed the least to the total *Capital expenditure* of R10.4 billion which is expected as the district was the second lowest contributor towards the total Adjusted Budget for *Capital expenditure*.
- The uMkhanyakude District reported the lowest *Capital expenditure* against the Adjusted Budget amounting to R185.8 million or 43.4 percent as at the end of the fourth quarter of the 2022/23 financial year. The low expenditure reported by the uMkhanyakude District is due to the uMhlabayalingana Local Municipality reporting negative R6 million due to incorrect reporting and low expenditure reported by the Mtubatuba Local Municipality and the uMkhanyakude District Municipality of R13.4 million or 23 percent and R97.6 million or 44 percent respectively. The low expenditure reported by the Mtubatuba Local Municipality was due to incorrect reporting by the municipality while the low expenditure reported by the uMkhanyakude District Municipality was due to the non-submission of the Month 12 data strings by the municipality. The uMkhanyakude District Municipality did not submit the data strings for June 2023 due to network issues experienced by the municipality thus the financial system could not be accessed.
- The bulk of the total *Capital expenditure* as at the end of the fourth quarter of the 2022/23 financial year was spent on *Water and Waste water management* with R3.8 billion or 36.8 percent with the eThekwini Metro contributing the most in this category with R990.8 million or 26 percent followed by the King Cetshwayo District with R903 million or 23.7 percent. It should be noted that the uMgungundlovu District Municipality in the uMgungundlovu District reported negative R144.4 million for *Water and Waste water management* due to incorrect reporting.
- The lowest contributor towards the total *Capital expenditure* was *Health* at R12.2 million or 0.1 percent with the eThekwini Metro being the only municipality reporting expenditure in this category.

2.5 Debtors Age Analysis

Table 5: Debtor Age Analysis per district (Total) as at the end of Quarter 4 – 2022/23

R'000	0 - 30 Days		30 - 60 Days		60- 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
eThekwini	2 620 492	10.4	1 111 908	4.4	909 215	3.6	20 462 751	81.5	25 104 365
Ugu	89 314	4.8	45 208	2.4	57 509	3.1	1 659 958	89.6	1 851 989
uMgungundlovu	598 225	8.3	116 049	1.6	186 845	2.6	6 335 429	87.5	7 236 548
uThukela	79 844	5.9	34 983	2.6	33 930	2.5	1 201 040	89.0	1 349 796
uMzinyathi	47 674	5.3	4 425	0.5	15 416	1.7	827 836	92.5	895 351
Amajuba	88 132	4.5	42 858	2.2	45 643	2.3	1 782 454	91.0	1 959 087
Zululand	63 306	5.2	22 682	1.9	19 258	1.6	1 116 865	91.4	1 222 110
uMkhanyakude	17 417	3.4	(396)	(0.1)	7 645	1.5	491 726	95.2	516 391
King Cetshwayo	442 311	40.8	32 265	3.0	26 685	2.5	583 412	53.8	1 084 673
iLembe	159 678	10.7	51 932	3.5	43 274	2.9	1 236 779	82.9	1 491 664
Harry Gwala	50 649	7.3	54 500	7.9	15 084	2.2	570 119	82.6	690 351
Total	4 257 041	9.8	1 516 414	3.5	1 360 505	3.1	36 268 367	83.6	43 402 327

Source: NT Igdatabase, downloaded 19 July 2023.

Table 6: Debtors by Customer Group (Total) as at the end of Quarter 4 – 2022/23

R'000	Organs of State		Commercial		Household		Other ¹		Total
	Total	%	Total	%	Total	%	Total	%	
eThekwini	962 900	3.8	5 900 765	23.5	18 119 295	72.2	121 405	0.5	25 104 365
Ugu	118 893	6.4	295 099	15.9	1 430 030	77.2	7 968	0.4	1 851 989
uMgungundlovu	504 464	7.0	891 483	12.3	5 715 953	79.0	124 648	1.7	7 236 548
uThukela	339 854	25.2	402 521	29.8	579 041	42.9	28 381	2.1	1 349 796
uMzinyathi	132 839	14.8	130 739	14.6	615 027	68.7	16 746	1.9	895 351
Amajuba	82 873	4.2	120 727	6.2	1 664 339	85.0	91 149	4.7	1 959 087
Zululand	198 897	16.3	212 353	17.4	745 657	61.0	65 204	5.3	1 222 110
uMkhanyakude	129 444	25.1	126 828	24.6	214 491	41.5	45 628	8.8	516 391
King Cetshwayo	363 322	33.5	314 224	29.0	364 569	33.6	42 558	3.9	1 084 673
iLembe	76 620	5.1	159 641	10.7	1 244 831	83.5	10 573	0.7	1 491 664
Harry Gwala	283 031	41.0	75 886	11.0	305 612	44.3	25 823	3.7	690 351
Total	3 193 136	7.4	8 630 266	19.9	30 998 844	71.4	580 082	1.3	43 402 327

Source: NT Igdatabase, downloaded 19 July 2023.

¹ Include Property rates debtors (Agricultural, Ingonyama Trust, Municipal Properties, Protected Area, Vacant Land, Public Benefiting Organisations, Place of Worship), Sundry debtors (Rentals, Garden refuse, Cemetery and burial, Application fees for land usage, Building plan approval), and Misclassifications.

- The total debt owed to municipalities at the end of the fourth quarter of the 2022/23 financial year was R43.4 billion which represents an increase of R7.4 billion or 20.5 percent from R36 billion reported by municipalities as at the end of the third quarter of the 2022/23 financial year. However, the *Debtors* balance of R43.4 billion could be significantly understated as the uMuziwabantu, uMngeni and Richmond Local municipalities as well as the uThukela District Municipality submitted Debtors strings which reported nil Debtors owing as at the end of the fourth quarter of the 2022/23 financial year. Additionally, the uMkhanyakude District Municipality did not submit their Debtors data string for Month 12 as at the end of the fourth quarter of the 2022/23 financial year.
- At the end of the fourth quarter of the 2022/23 financial year, a substantial amount of debt totalling R36.3 billion or 83.6 percent was outstanding in the *Over 90 Days* category which represents an increase of R5.9 billion or 19.3 percent from R30.4 billion reported in the same age category as at the end of the third quarter of the 2022/23 financial year. As at 30 June 2023, the remaining Debtors per age category were as follows: *0-30 Days*: R4.3 billion or 9.8 percent; *30-60 Days*: R1.5 billion or 3.5 percent; and *60-90 Days*: R1.4 billion or 3.1 percent.
- A total of 22 municipalities reflected negative amounts for *Debtors* in at least one of the age categories, while the total Debtors for each of these municipalities at the end of the fourth quarter remained positive.
- The Debtors Age Analysis by *Customer group* indicates that a considerable portion of debt is owed by *Households* at R31 billion or 71.4 percent followed by *Commercial* at R8.6 billion or 19.9 percent.

- The total owed by *Organs of State Debtors Customer group* is R3.2 billion which represents an increase of R475.6 million or 17.5 percent from R2.7 billion reported by municipalities as at the end of the third quarter of the 2022/23 financial year. Similarly, the *Commercial Debtors Customer group* increased by R1.3 billion or 18.5 percent from R7.3 billion to R8.6 billion and the *Households Debtors Customer group* increased by R5.5 billion or 21.5 percent from R25.5 billion to R31 billion from the third quarter to the fourth quarter of the 2022/23 financial year.
- Debt collection efforts must focus on these long outstanding debts, however some of these Debtors may still need to be written off as they may have arisen as a result of the incorrect billing of Indigent customers, amongst others. Municipalities are encouraged to update their Indigent registers to determine households that qualify for rebates and discounts with the aim of ensuring that Debtors are accurately billed and reported. Municipalities should continue to implement effective debt management and credit control measures in order to improve their Debtors collection rates, which in turn will have a positive impact on their cash flows.

2.6 Creditors Age Analysis

Table 7: Creditor Age Analysis per district (Total) as at the end of Quarter 4 – 2022/23

R'000	0 - 30 Days		30 - 60 Days		60- 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
eThekwini	764 338	94.8	-	-	4 250	0.5	37 671	4.7	806 259
Ugu	141 927	26.5	51 006	9.5	31 638	5.9	311 592	58.1	536 165
uMgungundlovu	989 791	42.5	(29 296)	(1.3)	76 170	3.3	1 290 623	55.5	2 327 287
uThukela	18 019	56.1	3 025	9.4	1 439	4.5	9 620	30.0	32 103
uMzinyathi	98 640	29.6	15 680	4.7	8 344	2.5	211 041	63.2	333 704
Amajuba	224 026	48.8	41 124	9.0	3 566	0.8	190 641	41.5	459 356
Zululand	113 805	37.2	22 133	7.2	20 845	6.8	148 910	48.7	305 694
uMkhanyakude	9 695	(148.6)	(3 466)	53.1	(8 635)	132.3	(4 119)	63.1	(6 524)
King Cetshwayo	265 737	84.9	11 592	3.7	1 801	0.6	33 756	10.8	312 886
iLembe	66 222	91.8	3 227	4.5	614	0.9	2 053	2.8	72 116
Harry Gwala	30 404	80.4	343	0.9	415	1.1	6 662	17.6	37 825
Total	2 722 604	52.2	115 369	2.2	140 448	2.7	2 238 450	42.9	5 216 871

Source: NT Igdatabase, downloaded 19 July 2023.

Table 8: Creditor Per category (Total) as at the end of Quarter 4 - 2022/23

R' 000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditor Age Analysis										
Bulk Electricity	759 274	43.6	23 313	1.3	22 027	1.3	937 615	53.8	1 742 229	33.4
Bulk Water	249 259	26.0	(39 610)	(4.1)	67 277	7.0	682 118	71.1	959 045	18.4
PAYE deductions	143 191	100.0	-	-	(1)	(0.0)	-	-	143 189	2.7
VAT (output less input)	14 761	99.7	38	0.3	6	0.0	-	-	14 804	0.3
Pensions / Retirement	155 485	99.9	-	-	-	-	100	0.1	155 584	3.0
Loan repayments	532	78.2	88	12.9	-	-	60	8.9	681	0.0
Trade Creditors	960 798	67.3	88 692	6.2	40 340	2.8	300 381	21.0	1 427 883	27.4
Auditor-General	1 085	52.1	(97)	(4.6)	(114)	(5.5)	1 206	58.0	2 080	0.0
Other	438 219	56.8	42 945	5.6	10 912	1.4	279 298	36.2	771 375	14.8
Total	2 722 604	52.2	115 369	2.2	140 448	2.7	2 238 450	42.9	5 216 871	100.0

Source: NT Igdatabase, downloaded 19 July 2023

- The total debt owed by municipalities at the end of the fourth quarter of the 2022/23 financial year was R5.2 billion which represents an increase of R1.6 billion or 45.7 percent from R3.6 billion owed by municipalities as at end of the third quarter of the 2022/23 financial year.
- At the end of the fourth quarter of the 2022/23 financial year, a substantial amount of debt totalling R2.2 billion or 42.9 percent was outstanding in the *Over 90 Days* category representing an increase of R121.9 million or 5.8 percent from R2.1 billion reported in the same category as at the end of the third quarter of the 2022/23 financial year. It is concerning that R2.5 billion or 47.8 percent of the debt owed by municipalities was outstanding for longer than 30 days in contravention of Section 65(2)(e) of the MFMA.
- The uMkhanyakude District Municipality did not submit their *Creditors* data string for Month 12 while the uMzinkhulu Local Municipality reported no *Creditors* for Month 12 of the 2022/23 financial year. Furthermore, the uMngeni (negative R6.2 million), iNkosi Langalibalele (negative R214 000), uMhlabuyalingana (negative R19.6 million) and Big Five Hlabisa (negative R3.4 million) Local Municipalities reported negative total *Creditors* balances. The Msunduzi, eMadlangeni, uPhongolo, Mtubatuba, uMfolozi and Ndwedwe Local municipalities reflected negative amounts for *Creditors* in at least one of the age categories while the total *Creditors* for each of these municipalities at the end of the fourth quarter remained positive.
- The majority of the outstanding *Creditors* relate to *Bulk electricity* of R1.7 billion or 33.4 percent followed by *Trade Creditors* of R1.4 billion or 27.4 percent and *Bulk water* of R1.7 billion or 33.4 percent.

- Of the *Bulk electricity* outstanding *Creditors* balance of R1.7 billion, R937.6 million or 53.8 percent was in the *Over 90 Days category*. This was mainly due to the fact that the Mpofana, Msunduzi and Ulundi Local Municipalities reported amounts in the *Over 90 Days category* owing to Eskom of R398.7 million, R396 million and R134.7 million respectively for unpaid electricity. Due to the poor collection of outstanding Debtors, the municipalities experienced cash flow challenges and were therefore unable to make full payment on invoices owed to Eskom. The Mpofana Municipality does not have a repayment agreement with Eskom however the municipality has agreed to enter into an active partnering agreement with Eskom for the sharing of technical expertise within the electricity function. The Memorandum of Understanding was signed between the Mpofana Local Municipality and Eskom and a technical evaluation meeting was conducted. According to the MFMA Section 41 report for June 2023, the Msunduzi Local Municipality is also pursuing National Treasury's debt relief programme whilst Eskom has sent an escalation letter regarding the municipality to the Minister of the Department of Co-operative Governance and Traditional Affairs (CoGTA). According to the MFMA Section 41 report for June 2023, the Ulundi Local Municipality is paying the current accounts and the report indicated that their debt relief application was approved by National Treasury.
- The eNdameni Local Municipality reported only R7 000 owing to Eskom as per the MFMA Section 71 report whilst the MFMA Section 41 Report for June 2023 reflects a balance owing of R103.6 million to Eskom for unpaid electricity. According to the MFMA Section 41 Report for June 2023, an Intergovernmental Relations Framework Act (IRFA) process was initiated which will be facilitated by CoGTA.
- Of the *Bulk water* outstanding *Creditors* balance of R959 million, R682.1 million was in the *Over 90 Days category*. This was mainly due to the fact that the Msunduzi Local Municipality as well as the Ugu, Amajuba and King Cetshwayo District Municipalities reported amounts owing to the Water Boards of R464.5 million, R179.4 million, R29.1 million and R6.2 million respectively for unpaid *Bulk water* in the *Over 90 Days category*.
- According to the MFMA Section 41 Report for June 2023 from the Umgeni Water Board, a new payment plan was submitted by the Msunduzi Local Municipality at the end of May 2023 which was reviewed and accepted by Umgeni Water.
- The amounts owed by the Ugu and King Cetshwayo District Municipalities for *Bulk water* as at the end of the fourth quarter have decreased from the third quarter of the 2022/23 financial year. As per the MFMA Section 71 data strings, the Ugu District Municipality reflected R179.4 million in the *Over 90 Days category* which is a decrease of R1.6 million from the third quarter of R181 million. Similarly, the King Cetshwayo District Municipality reflected R6.2 million in the *Over 90 Days category* which is a decrease of R80.9 million from the third quarter of R87.1 million.
- The Umgeni Water Board indicated in the MFMA Section 41 report for June 2023 that the Ugu District Municipality has been complying with the payment plan from 01 July 2022, however they are only paying half their current invoices. Reminders were sent to the municipality and payment was thereafter received. The MFMA Section 41 report from Umgeni Water Board for June 2023 reflects that the King Cetshwayo Municipality is not making payment due to amounts owed by the Umgeni Water Board to the municipality, however the Water Board is disputing the amounts in the invoices received from the municipality. Reminders for payment were sent to the municipality on 01 June 2023 and a restriction letter was sent on 14 June 2023.
- The Amajuba District Municipality currently has a payment arrangement of R520 000 per month with the uThukela Water Board which commenced on 31 August 2022 in respect of their outstanding debt for Bulk Water. The municipality has indicated that they have not made payment in this regard, whilst the current account is being paid.

- The uThukela District Municipality did not report the balance owed to the Umgeni Water Board in their MFMA Section 71 data string, however as per the MFMA Section 41 Report for June 2023, it was noted that the uThukela District Municipality owed the Umgeni Water Board R188.5 million for unpaid Bulk water. As per the MFMA Section 41 report, the Umgeni Water Board met with the uThukela District Municipality on 12 June 2023 to discuss the overdue balance. A draft payment plan as requested by the municipality comprising of a monthly payment of R2 million with a 10 percent annual escalation was drawn up by the Water Board and submitted on 14 June 2023 to management for review and approval.

2.7 National Conditional Grants

Table 9: National Conditional Grants -Summary, Quarter 4 – 2022/23

R'000	DoRA 2022 Total Avail. (Inc. Adjust.)	Unaudited Actual	
		Actual expenditure by municipalities	% Spent
Local Government Financial Management Grant	112 772	86 414	76.6
Infrastructure Skills Development Grant	40 000	32 057	80.1
Neighbourhood Development Partnership (Schedule 5B)	303 424	441 987	145.7
Integrated Urban Development Grant	290 662	117 619	40.5
Municipal Disaster Grant	406 850	384 438	94.5
Municipal Disaster Recovery Grant	2 994 971	164 089	5.5
Public Transport Network Grant	763 393	357 637	46.8
Rural Road Assets Management Systems Grant	26 520	18 898	71.3
Expanded Public Works Programme Integrated Grant (Municipality)	218 806	180 506	82.5
Integrated National Electrification Programme (Municipal) Grant	475 288	332 552	70.0
Energy Efficiency and Demand Side Management (Municipal) Grant	30 000	22 382	74.6
Regional Bulk Infrastructure Grant (Schedule 5B)	463 810	463 810	100.0
Water Services Infrastructure Grant (Schedule 5B)	1 058 400	861 353	81.4
Municipal Emergency Housing Grant	15 500	-	-
Metro Informal Settlements Partnership Grant	819 371	673 237	82.2
Programme and Project Preparation Support Grant	61 324	-	-
Municipal Infrastructure Grant	3 838 843	2 966 831	77.3
Total Direct Transfers	11 919 934	7 103 811	59.6
Allocation In Kind			
Neighbourhood Development Partnership (Schedule 6B)	98 538	-	-
Municipal Systems Improvement Grant (Schedule 6B)	35 036	-	-
Integrated National Electrification Programme (Allocation in-kind) Grant	741 431	-	-
Total Allocations in kind	875 005		
Total	12 794 939	7 103 811	55.5

Source: NT Igdatabase, downloaded 19 July 2023.

- In terms of the Division of Revenue Act, Act No. 4 of 2022 (DoRA), direct allocations to all 54 municipalities in KwaZulu-Natal, including the eThekweni Metro amounted to R11.9 billion, while allocations in-kind amounted to R875 million, totalling R12.8 billion. Municipalities have reflected spending of only R7.1 billion or 59.6 percent against the total direct allocation of R11.9 billion which is primarily attributable to delays in SCM processes and inaccurate reporting by a number of municipalities.
- The total Municipal Infrastructure Grant (MIG) allocation to all the municipalities within the province was R3.8 billion, excluding allocations to the uMhlathuze and Ray Nkonyeni Local Municipalities as well as the eThekweni Metro. The eThekweni Metro receives the Programme and Project Preparation Support Grant (PPPSG) while the uMhlathuze and Ray Nkonyeni Local Municipalities receive the Integrated Urban Development Grant (IUDG), therefore none of these municipalities receive the MIG allocation.
- As at the end of the fourth quarter of the 2022/23 financial year, a total of R3 billion or 77.3 percent was spent of the total MIG allocations of R3.8 billion by the municipalities.

- The total IUDG allocation to the Ray Nkonyeni and uMhlathuze Local Municipalities was R290.7 million of which, R117.6 million or 40.5 percent was spent as at the end of the fourth quarter of the 2022/23 financial year.
- According to the 2022 DoRA, the Integrated City Development Grant (ICDG) has been repurposed into the PPPSG allocation. The eThekweni Metro was allocated R61.3 million for this grant for the 2022/23 financial year. No funds have been reported as transferred to the municipality and the municipality has not reported any spending against the allocation as at the end of the fourth quarter of the 2022/23 financial year according to the MFMA Section 71 Conditional Grants Report.
- A total of 24 municipalities reported expenditure of between 90 to 100 percent against their MIG allocations for the 2022/23 financial year as at the end of June 2023, whilst 12 municipalities reported expenditure of above 100 percent against their MIG allocations for the 2022/23 financial year as at the end of June 2023. The iMpendle and Dannhauser Local Municipalities reported the highest percent spending at 140 percent and 121.6 percent respectively. The iMpendle Local Municipality attributed the overspending to the misallocation of expenditure while the Dannhauser Local Municipality attributed the overspending to a system error. Both municipalities indicated that the root causes of the errors are being attended to.
- Excluding the eThekweni Metro, Ray Nkonyeni and uMhlathuze Local Municipalities which did not receive MIG allocations for the 2022/23 financial year, a further three municipalities (the uThukela District Municipality as well as the eNdameni and eMadlangeni Local Municipalities) reported nil expenditure against their MIG allocations, whilst the uMkhanyakude District Municipality did not submit their Grants data string for Month 12 due to network challenges.
- The uMhlabuyalingana and Mtubatuba Local Municipalities reported expenditure of negative R20.1 million and negative R4.9 million respectively against their MIG allocations due to challenges with their financial systems. The uMhlabuyalingana Local Municipality indicated that the negative performance is due to the incorrect accounting on opening balances and they are currently engaging the service provider to correct the opening balance journal. According to the uMhlabuyalingana Local Municipality, as per the June 2023 trial balance before taking into account year end accruals all national grants have been fully spent with the exception of MIG whereby there are May 2023 and June 2023 invoices that will be recorded as year accruals when preparing the 2022/23 Annual Financial Statement.
- The Mtubatuba Local Municipality indicated that it is still experiencing challenges in the use of various modules on the financial system mainly with the grants, liabilities and cash flow reporting where extracted reports from the financial system reflect incorrectly mapped information. This has resulted in the various MFMA Section 71 reports reflecting inaccurate information for operating expenditure, grants, capital, debtors, creditors and cash flows. As per the MFMA Section 52 Report for the fourth quarter of the 2022/23 financial year and the reconciled grant register for Month 12, the municipality reflected full expenditure against the allocations for MIG (R35.9 million). The municipality confirmed that they are in constant communication with the financial system service provider to address the concerns regarding the municipality's MFMA Section 71 reporting.
- The total Water Services Infrastructure Grant (WSIG) allocation to the municipalities within the province was R1.1 billion. As at the end of the fourth quarter of 2022/23, total expenditure of R861.4 million or 81.4 percent was reported against the allocations to municipalities.

2.8 Identification of municipalities in financial distress through the In-Year Monitoring (Early Warning System)

Section 71(1) of the MFMA requires that *the Accounting Officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant Provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month.*

The purpose of the MFMA Section 71 report is amongst others, to serve as an early warning system to identify and assist municipalities facing financial problems, including any emerging or impending financial problems.

Section 138 of the MFMA specifies criteria for determining serious financial problems at municipalities. As per Section 138 of the MFMA, the following factors, singly or in combination, may indicate a serious financial problem:

- (a) *The municipality has failed to make payments as and when due;*
- (b) *the municipality has defaulted on financial obligations for financial reasons;*
- (c) *the actual current expenditure of the municipality has exceeded the sum of its actual current revenue plus available surpluses for at least two consecutive financial years;*
- (d) *the municipality had an operating deficit in excess of five per cent of revenue in the most recent financial year for which financial information is available;*
- (e) *the municipality is more than 60 days late in submitting its annual financial statements to the Auditor-General in accordance with Section 126 [of the MFMA];*
- (f) *the Auditor-General has withheld an opinion or issued a disclaimer due to inadequacies in the financial statements or records of the municipality, or has issued an opinion which identifies a serious financial problem in the municipality;*
- (g) *any of the above conditions exists in a municipal entity under the municipality's sole control, or in a municipal entity for whose debts the municipality may be responsible, and the municipality has failed to intervene effectively; or*
- (h) *any other material condition exists which indicates that the municipality, or a municipal entity under the municipality's sole control, is likely to be unable for financial reasons to meet its obligations.*

Additionally, Section 140 of the MFMA specifies criteria for determining serious or persistent breach of financial commitments. As per Section 140(2) of the MFMA, the following factors, singly or in combination, may indicate that a municipality is in serious material breach of its obligations to meet its financial commitments:

- (a) *The municipality has failed to make any payment to a lender or investor as and when due;*
- (b) *the municipality has failed to meet a contractual obligation which provides security in terms of Section 48 [of the MFMA];*
- (c) *the municipality has failed to make any other payment as and when due, which individually or in the aggregate is more than an amount as may be prescribed or, if none is prescribed, more than two per cent of the municipality's budgeted operating expenditure; or*
- (d) *the municipality's failure to meet its financial commitments has impacted, or is likely to impact, on the availability or price of credit to other municipalities.*

In this regard, the National and Provincial Treasuries are utilising the criteria as per Sections 138 and 140 of the MFMA to identify and monitor municipalities that display **one or more** of the indicators of serious financial problems on a quarterly basis based on the MFMA Section 71 (data string) reports.

The results of the assessment against the above criteria are set out in Annexure J. However, the reliability and credibility of the MFMA Section 71 reports are a serious concern for KZN Provincial Treasury due to the quality of the data strings submitted by municipalities. It is noted that certain municipalities experience challenges with their financial systems as well as with the capturing of financial data in accordance with the mSCOA segments. These problems cause errors in the data strings submitted by municipalities as well as inaccuracies in the financial information relating to cash flow (reflecting unrealistic Cash and cash equivalents balances) and balance sheet budgeting. As a result, some of the municipalities identified as having serious financial problems based on the MFMA Section 71 reports are questionable. For example,

39 municipalities in the province have been flagged as meeting the criteria for having serious financial problems based on the quarter four MFMA Section 71 figures, however, upon further scrutiny, 20 of the municipalities (list and details as reflected in Annexure J) do not appear to have financial problems due to the following:

- The data strings of seven (7) of the 39 municipalities are incorrect due to inaccurate reporting by the municipalities;
- The existence of Creditors over R1 million that are owed for more than 90 days are due to Retentions and/or disputes with service providers for five (5) of the 39 municipalities;
- The Operating deficit in excess of 5 percent for three (3) municipality was in line with the municipality's budget and therefore is not a sign of financial distress;
- The Operating deficit in excess of 5 percent for three (3) municipalities were due to non-cash items and
- The negative audit opinion was the only criteria displayed for two (2) municipalities however, these municipalities do not display any other signs of financial problems as at the end of the fourth quarter of the 2022/23 financial year.

The remaining 19 municipalities have been identified as meeting the criteria for having serious financial problems as shown in Table 10.

Table 10: Municipalities meeting the criteria of having financial problems

No.	Name of Municipality	No.	Name of Municipality
1	Ugu DM	11	Amejuba DM
2	Mpofana	12	AbaQulusi
3	Msunduzi	13	Nongoma
4	Okhahlamba	14	Ulundi
5	uThukela DM	15	Zululand DM
6	eNdumeni	16	Jozini
7	uMvoti	17	Mtubatuba
8	uMzinyathi DM	18	uMkhanyakude DM
9	Newcastle	19	Mthonjaneni
10	eMadlangeni		

Source: KZN Provincial Treasury.

Included in the list of the 19 municipalities identified as meeting the criteria for having financial problems are seven (7) municipalities which are listed in Table 11 that have also been identified by National Treasury as being in financial distress. In addition, six (6) of the seven (7) municipalities listed in Table 11 are also under intervention in terms of Section 139(1)(b) of the Constitution.

Table 11: Municipalities in financial distress as per National Treasury

No.	Name of Municipality	Intervention
1	Mpofana	Section 139(1)(b)
2	Msunduzi	Section 139(1)(b)
3	uThukela DM	Section 139(1)(b)
4	uMzinyathi DM	Section 139(1)(b)
5	AbaQulusi	N/A
6	Mtubatuba	Section 139(1)(b)
7	uMkhanyakude DM	Section 139(1)(b)

Source: KZN Provincial Treasury.

Provincial Treasury is supporting five (5) of the seven (7) municipalities in financial distress whilst the Msunduzi Local Municipality, is being supported by National Treasury. Finance experts were deployed to the uMkhanyakude, uThukela and uMzinyathi District Municipalities as well as the Mpofana Local Municipality. Financial management support continued at the Mtubatuba Local Municipality during the 2022/23 financial year. Support from the deployed Finance experts commenced during the latter part of 2021/22 and continued during the 2022/23 financial year. The Abaqulusi Local Municipality declined the financial management support offered to them for the 2022/23 financial year as the municipality has appointed their own consultants.

The Finance Expert projects were closed at Mpofana on 26 April 2023 and uMkhanyakude on 9 June 2023. The FMS project at Mtubatuba was closed on 24 February 2023. The 2 Finance Expert projects are currently in the close out phase at uThukela and uMzinyathi.

The remaining twelve (12) municipalities shown in Table 12 also meet the criteria for having financial problems based on the financial performance as at the end of quarter four for of the 2022/23 financial year and will need to be closely monitored going forward.

Table 12: Municipalities meeting the criteria of having financial problems based on Quarter 4 figures – 2022/23

No.	Name of Municipality	No.	Name of Municipality
1	Ugu DM	7	Amejuba DM
2	Okhahlamba	8	Nongoma
3	eNdumeni	9	Ulundi
4	uMvoti	10	Zululand DM
5	Newcastle	11	Jozini
6	eMadlangeni	12	Mthonjaneni

Source: KZN Provincial Treasury.

During the third quarter of the 2022/23 financial year, letters were sent from Provincial Treasury to 21 municipalities that met the criteria of having financial problems. Municipalities were requested to table the letters to their Councils. Despite all efforts made by the Provincial Treasury to encourage municipalities to table the letters, only 14 of the 21 municipalities complied with this request and submitted the relevant Council resolutions. The remaining seven (7) municipalities in Table 13 did not table their letters to their Councils.

Table 13: Municipalities that did not table the Provincial Treasury letters for Quarter 3 of the 2022/23 financial year to their Councils

No.	Name of Municipality	No.	Name of Municipality
1	Newcastle	5	uPhongolo
2	eMadlangeni	6	Nongoma
3	Ulundi	7	Mtubatuba
4	eDumbe		

Source: KZN Provincial Treasury.

2.9 Non Compliance with the MFMA Reporting Requirements

KZN Provincial Treasury uses the monthly In-Year reports, creditors, debtors and conditional grants reports to produce the MFMA Section 71(7) Consolidated Municipal Budgets Performance Report.

For the quarter under review, that is Quarter 4 covering the months of April 2023 (M10), May 2023 (M11) and June 2023 (M12), the following municipalities did not submit their data strings for the relevant period as listed below:

- As at 14 May 2023, only one (1) municipality did not submit their data strings for Month 10 within 10 working days after the end of April 2023 as required by Section 71(1) of the MFMA and was therefore issued a non-compliance letter. Subsequent to Provincial Treasury officials engaging the non-compliant municipality, the outstanding data strings were submitted.
- As at 14 June 2023, four (4) municipalities did not submit their data strings for Month 11 within 10 working days after the end of May 2023 as required by Section 71(1) of the MFMA and were therefore issued with non-compliance letters. Subsequent to Provincial Treasury officials engaging the non-compliant municipalities, all four municipalities submitted their data strings submitted their outstanding data strings.
- As at 21 July 2023, three (3) municipalities did not submit their data strings for Month 12 within 10 working days after the end of June 2023 as required by Section 71(1) of the MFMA and were therefore issued with non-compliance letters. Subsequent to Provincial Treasury officials engaging the non-compliant municipalities, the uMuziwabantu and Mpořana Local municipalities subsequently submitted their outstanding data strings, while the uMkhanyakude District municipality did not submit the outstanding data strings. The uMkhanyakude District municipality has been having challenges with their network which was causing delays in the preparation of the Month-end closure for Month 12 (June 2023) as the municipality was unable to access their Financial System and upload to their data strings to the National Treasury GoMuni Upload Portal. The municipality through the non-compliance letter dated 17 July 2023 was requested to respond to Provincial Treasury by 19 July 2023 with remedial or corrective measures that the municipality intends to implement to avoid a recurrence of late uploading of the monthly mSCOA data strings and the Monthly Schedule C in terms of MFMA Section 71(1) report. To date, no response was submitted by the municipality.

Table 14: List of municipalities that did not submit their data strings - Quarter 4 – 2022/23

Period	April 2023			May 2023			June 2023		
	Outstanding submissions as at 14 May 2023			Outstanding submissions as at 14 June 2023			Outstanding submissions as at 14 July 2023		
Data strings	In Year Reporting - Monthly Data strings	Age Creditors	Age Debtors	In Year Reporting - Monthly Data strings	Age Creditors	Age Debtors	In Year Reporting - Monthly Data strings	Age Creditors	Age Debtors
Non-Compliant municipalities	Ulundi	Ulundi	Ulundi	uMzumb	uMzumb	Ulundi,	uMkhanyakude DM	uMkhanyakude DM	uMkhanyakude DM
				uPhongolo	uPhongolo	uPhongolo	Mpořana	uMuziwabantu	uMuziwabantu
					uMfiozi	uMfiozi			

Source: NT Igdatabase

2.10 KZN Provincial Treasury combined Municipal Support Plan

The various sub-programmes within Provincial Treasury that provide support to KZN Municipalities develop the Combined Municipal Support Plan on an annual basis. The 2023/24 Combined Municipal Support Plan was signed by the MEC for Finance on 15 April 2023. The intention of the Combined Municipal Support Plan is to provide packaged support to municipalities. The 2021/22 Municipal Audit Reports and Management Letters from the Auditor-General of South Africa (AGSA) amongst other information were analysed to identify common trends / audit findings and potential municipalities to support as well as the type of support dependent on nature and extent of issues. Provincial Treasury has established the Municipal Support Co-ordination Steering Committee who is responsible to approve the annual combined plan and to monitor progress with the implementation of the plan. The Combined Municipal Support Plan is communicated to KZN COGTA to include it in the KZN Municipal Audit Outcomes Turnaround Plan. The combined plan is monitored by OPCA on a quarterly basis, which is attended by KZN COGTA, KZN Provincial Treasury, SALGA and the AGSA. This is to ensure that the support provided by the different stakeholders are efficiently aligned to avoid duplication.

The approved 2023/24 Combined Municipal Support Plan include the following support initiatives to be provided by Provincial Treasury at the prioritised municipalities. The 2023/24 support has been confirmed with the leadership of the identified municipalities to obtain their commitment and co-operation and will continue during the 2023/24 financial year until March 2024:

Sub-Programme and Support Initiative	Municipalities identified for support	
Municipal Accounting and Reporting		
<ul style="list-style-type: none"> Review of 2022/23 Annual Financial Statements (AFS): Conducted to assist in maintaining positive audit opinions or assist in improving from negative audit opinions. It includes providing technical guidance on the preparation of the AFS and supporting information, reviewing the AFS (and working papers, recons, registers, schedules, etc.) to assess compliance with GRAP and MFMA requirements as well as audit support. 	uMngeni uMshwathi KwaDukuza eDumbe	Dr Nkosazana Dlamini Zuma uBuhlebezwe uMzimkhulu
<ul style="list-style-type: none"> Financial Management Support: Provision of full time support to assist with complex, comprehensive and technical financial accounting matters and audit issues while also embedding the key fundamental principles of financial management. This is aimed at improving key processes and controls which ultimately assists the municipality with the preparation of GRAP and MFMA compliant AFS and working papers e.g. reconciliations, registers, etc. 	eMadlangeni eNdumeni Harry Gwala DM	Mpofana Dannhauser Ulundi
Municipal Support Programme		
<ul style="list-style-type: none"> Targeted mSCOA Support: Support is provided to identified municipalities to promote the implementation of key processes, controls and procedures which will ultimately aid in the submission of credible data strings. 	eMadlangeni Harry Gwala DM iLembe DM uMvoti uMshwathi	Alfred Duma Zululand DM Mandeni Richmond
<ul style="list-style-type: none"> Specialised Support Pilot Project for Financially Distressed Municipalities 	Mthonjaneni	
Municipal Revenue and Debt Management		
<ul style="list-style-type: none"> Municipal Revenue and Debt Management projects: Implemented to assist with the review of revenue from service charges to assist with completeness as well as the review of the revenue and debt management policies, processes, procedures and controls to identify weaknesses and provide recommendations. Assistance is also provided with the implementation of the National Treasury tariff setting tool to help municipalities to determine whether tariffs for service charges are cost reflective. 	iNkosi Langalibalele	eNdumeni
Provincial Internal Audit Services		
<ul style="list-style-type: none"> Provision of Risk Management Support: Review of the Internal Audit function and Audit Committee Support with the establishment of Disciplinary Boards 	eMadlangeni eNdumeni Harry Gwala DM Mpofana Dannhauser Ulundi uMngeni iNkosi Langalibalele	uMdoni Nquthu Mtubatuba uMgungundlovu DM uMkhanyakude DM uThukela DM uMzinyathi DM Amajuba DM

Sub-Programme and Support Initiative	Municipalities identified for support	
Infrastructure Management		
<ul style="list-style-type: none"> Follow up Assessments: Conduct assessments to determine if the recommendations from prior support have been implemented in maintaining the municipality's Fixed Asset Register. 	eNdumeni Dannhauser uMngeni	
<ul style="list-style-type: none"> Training: Training on the National Treasury MFMA Circular No. 106: Local Government Framework for Infrastructure Delivery and Procurement Management. The training is provided in collaboration with the Provincial SCM unit. 	Harry Gwala DM uThukela DM iNkosi Langelibalele uMzinyathi DM uMkhanyakude DM Amajuba DM	
<ul style="list-style-type: none"> District Development Model (DDM): Continued support at District Municipalities in creating DDMs with COGTA with a specific focus on providing guidance on IDMS through the formulation of a "One Plan" which is a long term strategic framework guiding investment and delivery in each district 	District Municipalities	
Supply Chain Management (SCM)		
<ul style="list-style-type: none"> Revise or develop the SCM Municipal Support Plan to include SCM related findings from 2021/22 AG Management letter. Strengthen the internal controls in the following areas: <ul style="list-style-type: none"> SCM SOPS for Demand and Acquisition Bid Committees Contract Management Document Management Variations and Deviations Review of the checklists aligned to business processes, reporting templates, procurement plan and contract register 	Harry Gwala DM uThukela DM iNkosi Langelibalele uMzinyathi DM uMkhanyakude DM Amajuba DM	
<ul style="list-style-type: none"> Provide training to all municipalities in the following areas: <ul style="list-style-type: none"> Bid Committees CSD and uploading of employee information CIDB Infrastructure Procurement Contract Management Quotations Management Irregular Expenditure Preferential Procurement Regulations, 2022 General SCM Compliance 	All KZN Municipalities	
Public Private Partnerships (PPP)		
<ul style="list-style-type: none"> Advisory and Regulatory support: The advisory function provides support in the form of legal, technical and financial, to public sector institutions from the conceptualization of potential PPP projects through to complete closeout (i.e. from inception through to contract management phases). The regulatory function considers approval regarding the legislative framework at pre-determined stages within the PPP lifecycle. 	uMvoti KwaDukuza uMhlathuze iLembe DM	

2.11 Conclusion

Whilst Provincial Treasury would continue supporting municipalities, the primary responsibility to avoid, identify and resolve financial problems in a municipality rests with the municipality itself as per Sections 61, 62, 63, 64, 65, 81 and 135 of the MFMA. It is therefore incumbent upon the political and administrative leadership at the municipalities to be vigilant with regard to early identification of financial problems that would threaten their service delivery obligations.

Annexure G: Creditors Age Analysis (Total) - As at the end of Quarter 4 - 2022/23

R'000	0 - 30 Days		30 - 60 Days		60 - 90 Days		Over 90 Days		Total		
	Total	%	Total	%	Total	%	Total	%			
A	KZN2000	eThekwini	764 338	94.8	-	-	4 250	0.5	37 671	4.7	806 259
B	KZN212	uMdoni	3 120	100.0	-	-	-	-	-	-	3 120
B	KZN213	uMzombe	2 823	71.5	54	1.4	22	0.5	1 049	26.6	3 948
B	KZN214	uMuziwabantu	577	93.0	38	6.1	6	0.9	-	-	620
B	KZN216	Ray Nkonyeni	6 479	100.0	-	-	-	-	-	-	6 479
C	DC21	Ugu DM	128 929	24.7	50 914	9.8	31 611	6.1	310 543	59.5	521 997
Total: Ugu Municipalities			141 927	26.5	51 006	9.5	31 638	5.9	311 592	58.1	536 165
B	KZN221	uMshwathi	6 020	48.5	2 566	20.7	1 282	10.3	2 542	20.5	12 410
B	KZN222	uMngeni	(6 241)	101.0	-	-	-	-	60	(1.0)	(6 181)
B	KZN223	Mpofana	11 415	2.6	4 982	1.1	8 643	2.0	414 329	94.3	439 369
B	KZN224	iMpendle	1 397	88.6	180	11.4	-	-	-	-	1 577
B	KZN225	Msunduzi	932 671	51.2	(41 177)	(2.3)	65 426	3.6	864 072	47.5	1 820 993
B	KZN226	Mkhambathini	1 971	98.4	0	0.0	7	0.4	24	1.2	2 003
B	KZN227	Richmond	87	100.0	-	-	-	-	-	-	87
C	DC22	uMgungundlovu DM	42 471	74.5	4 153	7.3	811	1.4	9 595	16.8	57 030
Total: uMgungundlovu Municipalities			989 791	42.5	(29 296)	(1.3)	76 170	3.3	1 290 623	55.5	2 327 287
B	KZN235	Okhahlamba	4 913	100.0	-	-	-	-	-	-	4 913
B	KZN237	iNkosi Langalibalele	-	-	-	-	-	-	(214)	100.0	(214)
B	KZN238	Alfred Duma	11 169	99.2	71	0.6	15	0.1	-	-	11 255
C	DC23	uThukela DM	1 937	12.0	2 954	18.3	1 424	8.8	9 834	60.9	16 150
Total: uThukela Municipalities			18 019	56.1	3 025	9.4	1 439	4.5	9 620	30.0	32 103
B	KZN241	eNdumeni	-	-	-	-	-	-	7	100.0	7
B	KZN242	Nquthu	18 948	73.3	4 647	18.0	163	0.6	2 080	8.1	25 838
B	KZN244	uMsinga	-	-	-	-	-	-	221	100.0	221
B	KZN245	uMvoti	14 683	52.1	1 344	4.8	647	2.3	11 523	40.9	28 198
C	DC24	uMzinyathi DM	65 010	23.3	9 688	3.5	7 533	2.7	197 209	70.6	279 440
Total: uMzinyathi Municipalities			98 640	29.6	15 680	4.7	8 344	2.5	211 041	63.2	333 704
B	KZN252	Newcastle	156 016	47.5	29 243	8.9	700	0.2	142 263	43.3	328 222
B	KZN253	eMadlangeni	4 785	59.9	(288)	(3.6)	788	9.9	2 702	33.8	7 987
B	KZN254	Dannhauser	14 375	97.7	111	0.8	44	0.3	179	1.2	14 708
C	DC25	Amajuba DM	48 850	45.0	12 058	11.1	2 034	1.9	45 497	42.0	108 439
Total: Amajuba Municipalities			224 026	48.8	41 124	9.0	3 566	0.8	190 641	41.5	459 356
B	KZN261	eDumbe	15 033	77.4	1 297	6.7	2 593	13.3	500	2.6	19 422
B	KZN262	uPhongolo	(289)	(67.2)	415	96.8	50	11.6	253	58.9	429
B	KZN263	AbaQulusi	44 147	64.3	18 759	27.3	3 654	5.3	2 069	3.0	68 629
B	KZN265	Nongoma	39 527	68.0	1 543	2.7	5 839	10.0	11 230	19.3	58 139
B	KZN266	Ulundi	14 204	9.0	120	0.1	8 709	5.5	134 858	85.4	157 892
C	DC26	Zululand DM	1 183	100.0	-	-	-	-	-	-	1 183
Total: Zululand Municipalities			113 805	37.2	22 133	7.2	20 845	6.8	148 910	48.7	305 694
B	KZN271	uMhlabuyalingana	10 311	(52.5)	(5 383)	27.4	(6 619)	33.7	(17 956)	91.4	(19 647)
B	KZN272	Jozini	9 454	99.5	27	0.3	5	0.1	17	0.2	9 503
B	KZN275	Mtubatuba	(3 489)	(49.7)	(1 133)	(16.1)	(2 026)	(28.9)	13 665	194.7	7 018
B	KZN276	Big Five Hlabisa	(6 581)	193.7	3 023	(89.0)	5	(0.1)	155	(4.6)	(3 398)
C	DC27	uMkhanyakude DM	-	-	-	-	-	-	-	-	-
Total: uMkhanyakude Municipalities			9 695	(148.6)	(3 466)	53.1	(8 635)	132.3	(4 119)	63.1	(6 524)
B	KZN281	uMfolozi	1 232	47.8	990	38.4	(1 391)	(53.9)	1 748	67.8	2 579
B	KZN282	uMhlathuze	222 953	95.1	1 375	0.6	-	-	10 220	4.4	234 549
B	KZN284	uMlalazi	1 339	97.9	-	-	-	-	29	2.1	1 368
B	KZN285	Mthonjaneni	14 018	37.8	8 002	21.6	3 185	8.6	11 864	32.0	37 070
B	KZN286	Nkandla	5 598	95.1	103	1.8	6	0.1	178	3.0	5 886
C	DC28	King Cetshwayo DM	20 597	65.5	1 121	3.6	-	-	9 716	30.9	31 435
Total: King Cetshwayo Municipalities			265 737	84.9	11 592	3.7	1 801	0.6	33 756	10.8	312 886
B	KZN291	Mandeni	17 300	100.0	-	-	-	-	2	0.0	17 303
B	KZN292	KwaDukuza	16 492	86.3	1 325	6.9	395	2.1	889	4.7	19 101
B	KZN293	Ndwedwe	(442)	(60.8)	1 067	146.5	(289)	(39.7)	393	53.9	728
B	KZN294	Maphumulo	2 441	98.7	-	-	-	-	31	1.3	2 472
C	DC29	iLembe DM	30 431	93.6	835	2.6	509	1.6	737	2.3	32 512
Total: iLembe Municipalities			66 222	91.8	3 227	4.5	614	0.9	2 053	2.8	72 116
B	KZN433	Greater Kokstad	9 357	97.7	-	-	4	0.0	221	2.3	9 582
B	KZN434	uBuhlebezwe	910	11.3	343	4.3	411	5.1	6 394	79.3	8 059
B	KZN435	uMzimkhulu	-	-	-	-	-	-	-	-	-
B	KZN436	Dr. Nkosazana Dlamini Zuma	17 321	99.7	-	-	-	-	47	0.3	17 368
C	DC43	Harry Gwala DM	2 816	100.0	-	-	-	-	-	-	2 816
Total: Harry Gwala Municipalities			30 404	80.4	343	0.9	415	1.1	6 662	17.6	37 825
Total			2 722 604	52.2	115 369	2.2	140 448	2.7	2 238 450	42.9	5 216 871

Source: NT Publication

Annexure I: National Conditional Grant - As at the end of Quarter 4 - 2022/23

R'000	Financial Management Grant			Regional Bulk Infrastructure Grant (Schedule 5B Grant)			Municipal Infrastructure Grant		
	DoRA 2022 Total Avail. (Inc.Adjust.)	Unaudited Actual		DoRA 2022 Total Avail. (Inc.Adjust.)	Unaudited Actual		DoRA 2022 Total Avail. (Inc.Adjust.)	Unaudited Actual	
		Expenditure Munis.	% Spent		Expenditure Munis.	% Spent		Expenditure Munis.	% Spent
A KZN2000 eThekweni	1 000	1 000	100.0	-	-	-	-	-	-
B KZN212 uMdoni	1 950	2 005	102.8	-	-	-	44 631	49 048	109.9
B KZN213 uMzombe	1 850	1 850	100.0	-	-	-	38 552	38 035	98.7
B KZN214 uMuziwabantu	1 850	1 619	87.5	-	-	-	26 163	22 026	84.2
B KZN216 Ray Nkonyeni	1 950	1 286	66.0	-	-	-	-	-	-
C DC21 Ugu DM	1 950	1 907	97.8	-	-	-	277 374	21 850	7.9
Total: Ugu Municipalities	9 550	8 667	90.8	-	-	-	386 720	130 959	33.9
B KZN221 uMshwathi	1 920	-	0.0	-	-	-	31 069	28 310	91.1
B KZN222 uMngeni	1 720	1 720	100.0	-	-	-	30 816	30 816	100.0
B KZN223 Mpofana	3 000	3 000	100.0	-	-	-	13 114	10 311	78.6
B KZN224 iMpendle	2 400	2 341	97.5	-	-	-	12 753	17 852	140.0
B KZN225 Msunduzi	1 950	1 950	100.0	-	-	-	227 153	227 126	100.0
B KZN226 Mkhambathini	3 000	3 000	100.0	-	-	-	27 881	27 881	100.0
B KZN227 Richmond	1 950	1 950	100.0	-	-	-	20 511	20 511	100.0
C DC22 uMgungundlovu DM	1 200	1 200	100.0	-	-	-	185 841	185 841	100.0
Total: uMgungundlovu Municipalities	17 140	15 161	88.5	-	-	-	549 138	548 649	99.9
B KZN235 Okhahlamba	1 850	1 850	100.0	-	-	-	47 791	47 791	100.0
B KZN237 iNkosi Langelibalele	2 300	2 203	95.8	-	-	-	42 690	45 984	107.7
B KZN238 Alfred Duma	2 100	2 100	100.0	-	-	-	70 409	70 484	100.1
C DC23 uThukela DM	2 100	-	0.0	-	-	-	171 484	-	-
Total: uThukela Municipalities	8 350	6 153	73.7	-	-	-	332 374	164 259	49.4
B KZN241 eNdameni	2 100	-	0.0	-	-	-	16 782	-	-
B KZN242 Nquthu	1 850	1 581	85.5	-	-	-	52 231	33 561	64.3
B KZN244 uMsinga	1 850	-	0.0	-	-	-	42 414	15 615	36.8
B KZN245 uMvoti	2 550	1 934	75.9	-	-	-	48 120	42 569	88.5
C DC24 uMzinyathi DM	1 800	1 801	100.0	-	-	-	216 735	217 604	100.4
Total: Umzinyathi Municipalities	10 150	5 316	52.4	-	-	-	376 282	309 349	82.2
B KZN252 Newcastle	1 850	965	52.2	-	-	-	129 141	126 617	98.0
B KZN253 eMadlangeni	3 000	-	0.0	-	-	-	10 010	-	-
B KZN254 Dannhauser	1 950	-	0.0	-	-	-	19 347	23 526	121.6
C DC25 Amajuba DM	2 750	1 331	48.4	-	-	-	44 687	23 663	53.0
Total: Amajuba Municipalities	9 550	2 296	24.0	-	-	-	203 185	173 806	85.5
B KZN261 eDumbe	3 000	3 000	100.0	-	-	-	29 055	29 055	100.0
B KZN262 uPhongolo	3 000	3 000	100.0	-	-	-	31 889	32 889	103.1
B KZN263 Abaqulusi	3 000	1 893	63.1	-	-	-	42 083	38 780	92.2
B KZN265 Nongoma	2 000	2 000	100.0	-	-	-	56 009	57 280	102.3
B KZN266 Ulundi	2 100	2 100	100.0	-	-	-	74 888	74 888	100.0
C DC26 Zululand DM	1 200	1 200	100.0	250 247	250 247	100.0	259 530	259 530	100.0
Total: Zululand Municipalities	14 300	13 193	92.3	250 247	250 247	100.0	493 454	492 423	99.8
B KZN271 uMhlabyalingana	1 850	(974)	-52.6	-	-	-	39 523	(20 148)	(51.0)
B KZN272 Jozini	3 000	3 000	100.0	-	-	-	64 381	64 381	100.0
B KZN275 Mtubatuba	1 920	-	0.0	-	-	-	35 867	(4 942)	(13.8)
B KZN276 Big Five Hlabisa	2 750	2 750	100.0	-	-	-	22 500	20 624	91.7
C DC27 uMkhanyakude DM	2 192	-	0.0	-	-	-	217 281	-	-
Total: uMkhanyakude Municipalities	11 712	4 776	40.8	-	-	-	379 552	59 915	15.8
B KZN281 uMfolozi	1 850	1 800	97.3	-	-	-	44 491	46 976	105.6
B KZN282 uMhlathuze	2 500	1 877	75.1	-	-	-	-	-	-
B KZN284 uMlalazi	1 720	1 720	100.0	-	-	-	45 827	43 679	95.3
B KZN285 Mthonjaneni	2 850	2 850	100.0	-	-	-	48 539	48 539	100.0
B KZN286 Nkandla	2 650	2 650	100.0	-	-	-	25 579	25 312	99.0
C DC28 King Cetshwayo DM	1 200	1 200	100.0	213 563	213 563	100.0	196 344	196 344	100.0
Total: King Cetshwayo Municipalities	12 770	12 097	94.7	213 563	213 563	100.0	360 780	360 850	100.0
B KZN291 Mandeni	1 850	1 850	100.0	-	-	-	40 044	40 979	102.3
B KZN292 KwaDukuza	1 750	1 148	65.6	-	-	-	68 871	68 034	98.8
B KZN293 Ndwedwe	3 100	3 275	105.7	-	-	-	41 627	42 901	103.1
B KZN294 Maphumulo	1 850	1 811	97.9	-	-	-	24 986	24 986	100.0
C DC29 iLembe DM	1 000	833	83.3	-	-	-	221 475	222 305	100.4
Total: iLembe Municipalities	9 550	8 917	93.4	-	-	-	397 003	399 204	100.6
B KZN433 Greater Kokstad	1 750	1 887	107.8	-	-	-	19 214	12 420	64.6
B KZN434 uBuhlebezwe	1 950	1 950	100.0	-	-	-	30 291	30 291	100.0
B KZN435 uMzimkhulu	1 850	1 850	100.0	-	-	-	49 281	49 281	100.0
B KZN436 Dr. Nkosazana Dlamini Zuma	1 950	1 950	100.0	-	-	-	30 558	30 558	100.0
C DC43 Harry Gwala DM	1 200	1 200	100.0	-	-	-	231 011	204 867	88.7
Total: Harry Gwala Municipalities	8 700	8 837	101.6	-	-	-	360 355	327 417	90.9
Total	112 772	86 414	76.6	463 810	463 810	100.0	3 838 843	2 966 831	77.3

Source: NT Igdatabase

Annexure I: National Conditional Grant - Fourth Quarter 2022/23 (Continued...)

R'000	Intergrated National Electrification Programme (municipal) Grant			Expanded Public Works Programme Intergrated Grant (municipality)			Water Services Infrastructure Grant (Schedule 5B Grant)		
	DoRA 2022 Total Avail. (Inc.Adjust.)	Unaudited Actual		DoRA 2022 Total Avail. (Inc.Adjust.)	Unaudited Actual		DoRA 2022 Total Avail. (Inc.Adjust.)	Unaudited Actual	
		Expenditure Munis.	% Spent		Expenditure Munis.	% Spent		Expenditure Munis.	% Spent
A KZN2000 eThekweni	-	-	-	61 257	61 257	100.0	-	-	-
B KZN212 uMdoni	-	-	-	1 772	1 822	102.8	-	-	-
B KZN213 uMzumbe	15 000	14 876	99.2	1 699	1 743	102.6	-	-	-
B KZN214 uMuziwabantu	13 769	10 734	78.0	981	-	-	-	-	-
B KZN216 Ray Nkonyeni	5 332	5 005	93.9	6 076	5 105	84.0	-	-	-
C DC21 Ugu DM	-	-	-	3 319	2 843	85.6	220 000	220 000	100.0
Total: Ugu Municipalities	34 101	30 616	89.8	13 847	11 513	83.1	220 000	220 000	100.0
B KZN221 uMshwathi	11 425	9 367	82.0	1 820	-	-	-	-	-
B KZN222 uMngeni	18 855	18 855	100.0	1 400	1 400	100.0	-	-	-
B KZN223 Mpofana	12 590	-	-	1 216	1 216	100.0	-	-	-
B KZN224 iMpendle	6 100	-	-	1 430	2 125	148.6	-	-	-
B KZN225 Msunduzi	29 154	27 380	93.9	5 231	5 228	99.9	60 000	60 000	100.0
B KZN226 Mkhambathini	20 800	20 383	98.0	1 671	1 671	100.0	-	-	-
B KZN227 Richmond	2 700	8 195	-	1 287	1 287	100.0	-	-	-
C DC22 uMgungundlovu DM	-	-	-	2 287	2 287	100.0	122 600	122 600	100.0
Total: uMgungundlovu Municipalities	101 624	84 180	82.8	16 342	15 214	93.1	182 600	182 599	100.0
B KZN235 Okhahlamba	7 100	7 100	100.0	3 638	3 638	100.0	-	-	-
B KZN237 iNkosi Langalibalele	22 070	21 239	-	2 043	2 043	100.0	-	-	-
B KZN238 Alfred Duma	12 252	4 243	34.6	2 993	2 993	100.0	-	-	-
C DC23 uThukela DM	-	-	-	2 881	-	-	80 800	-	-
Total: uThukela Municipalities	41 422	32 582	78.7	11 555	8 674	75.1	80 800	-	-
B KZN241 eNdameni	18 167	-	-	1 577	-	-	-	-	-
B KZN242 Nquthu	9 549	5 795	60.7	1 546	1 546	100.0	-	-	-
B KZN244 uMsinga	16 440	-	-	4 867	-	-	-	-	-
B KZN245 uMvoti	17 100	17 100	100.0	2 704	2 704	-	-	-	-
C DC24 uMzinyathi DM	-	-	-	4 779	4 779	100.0	80 000	48 086	60.1
Total: Umzinyathi Municipalities	61 256	22 895	37.4	15 473	9 029	58.4	80 000	48 086	60.1
B KZN252 Newcastle	-	-	-	3 753	3 753	100.0	48 000	47 927	99.8
B KZN253 eMadlangeni	16 693	-	-	978	-	-	-	-	-
B KZN254 Dannhauser	3 540	-	-	950	-	-	-	-	-
C DC25 Amajuba DM	-	-	-	1 902	1 839	96.7	60 000	18 985	31.6
Total: Amajuba Municipalities	20 233	-	-	7 583	5 592	73.7	108 000	66 912	62.0
B KZN261 eDumbe	11 850	11 850	100.0	1 500	1 500	100.0	-	-	-
B KZN262 uPhongolo	4 280	4 730	110.5	2 978	2 978	100.0	-	-	-
B KZN263 Abaqulusi	18 485	10 568	57.2	2 773	2 143	77.3	-	-	-
B KZN265 Nongoma	3 000	3 056	101.9	2 946	2 946	100.0	-	-	-
B KZN266 Ulundi	6 000	6 000	100.0	4 711	4 711	100.0	-	-	-
C DC26 Zululand DM	-	-	-	8 517	8 517	100.0	95 000	95 000	100.0
Total: Zululand Municipalities	43 615	36 203	83.0	23 425	22 795	97.3	95 000	95 000	100.0
B KZN271 uMhlabyalingana	6 000	(10 302)	-	1 975	(540)	(27.4)	-	-	-
B KZN272 Jozini	6 600	-	-	4 095	4 095	100.0	-	-	-
B KZN275 Mtubatuba	7 862	-	-	2 077	479	23.0	-	-	-
B KZN276 Big Five Hlabisa	6 000	-	-	2 304	1 267	-	-	-	-
C DC27 uMkhanyakude DM	-	-	-	6 993	-	-	-	-	#DIV/0!
Total: uMkhanyakude Municipalities	26 462	(10 302)	(38.9)	17 444	5 300	30.4	-	-	#DIV/0!
B KZN281 uMfolozi	3 000	-	-	1 847	1 847	100.0	-	-	-
B KZN282 uMhlathuze	-	-	-	3 213	2 229	69.4	37 000	5 821	15.7
B KZN284 uMlalazi	4 175	4 109	98.4	4 098	4 098	100.0	-	-	-
B KZN285 Mthonjaneni	7 280	7 280	100.0	2 536	2 773	109.4	-	-	-
B KZN286 Nkandla	14 736	14 736	100.0	3 626	3 626	100.0	-	-	-
C DC28 King Cetshwayo DM	-	-	-	4 742	4 742	100.0	70 000	67 308	96.2
Total: King Cetshwayo Municipalities	29 191	26 125	89.5	20 062	19 315	96.3	107 000	73 129	68.3
B KZN291 Mandeni	7 200	4 472	62.1	2 372	2 372	100.0	-	-	-
B KZN292 KwaDukuza	15 418	14 272	92.6	1 868	1 868	100.0	-	-	-
B KZN293 Ndwedwe	10 000	9 506	95.1	2 277	3 727	163.7	-	-	-
B KZN294 Maphumulo	30 750	30 822	100.2	2 081	2 241	107.7	-	-	-
C DC29 iLembe DM	-	-	-	5 439	5 614	103.2	100 000	90 626	90.6
Total: iLembe Municipalities	63 368	59 073	93.2	14 037	15 822	112.7	100 000	90 626	90.6
B KZN433 Greater Kokstad	28 500	27 487	96.4	4 266	(7 520)	(176.3)	-	-	-
B KZN434 uBuhlebezwe	6 994	6 994	100.0	2 245	2 245	100.0	-	-	-
B KZN435 uMzimkhulu	10 070	8 247	81.9	3 573	3 573	100.0	-	-	-
B KZN436 Dr. Nkosazana Dlamini Zuma	8 452	8 452	100.0	2 476	2 476	100.0	-	-	-
C DC43 Harry Gwala DM	-	-	-	5 221	5 221	100.0	85 000	85 000	100.0
Total: Harry Gwala Municipalities	54 016	51 180	94.7	17 781	5 995	33.7	85 000	85 000	100.0
Total	475 288	332 552	70.0	218 806	180 506	82.5	1 058 400	861 353	81.4

Source: NT Igdatabase

R000	Municipality meeting one or more criteria for financial problems	Comments
A KZN200	eThekweni	TRUE The outstanding Creditors are attributable to: (1) Retentions; (2) Disputes with suppliers; (3) Rejected payments attributable to discrepancies between details on the Central Supplier Database (CSD) and the payment details as per the invoices. Therefore, there are no financial problems at the municipality.
B KZN212	uMdoni	-
B KZN213	uMzambe	TRUE While the municipality reported Creditors outstanding for more than 90 days, there are no apparent financial problems at the municipality as the long outstanding Creditors are due to Retentions and Disputes with the suppliers. uMzambe Municipality reported an Operating deficit of R62.9 million or 32.7 percent of its Operating revenue which is in excess of 5 percent, however the municipality managed to contain its expenses as the municipality had budgeted for an Operating deficit of R81.5 million for the 2022/23 financial year. Furthermore, the municipality reported negative balances for cash and cash equivalents for two consecutive quarters as the municipality incorrectly reported an opening cash and cash equivalents balance of NIL at the beginning of the year. These are therefore not signs of financial distress in the municipality.
B KZN214	uMuziwabantu	TRUE The municipality reported an Operating deficit of R31.3 million or 16.2 percent of Revenue which is in excess of 5 percent. The municipality had budgeted for an Operating deficit of R57.3 million and indicated during the year that they were containing expenditure to reduce the deficit, however the municipality did not submit its In-year monthly data strings for Month 12 therefore their actual Operating deficit for the 2022/23 financial year cannot be calculated. This is therefore not a sign of financial distress in the municipality.
B KZN216	Ray Nkonyeni	-
C DC21	Ugu DM	TRUE As at 30 June 2023, the municipality owed R231 million to Umgeni Water Board which is a decrease of R45.8 million from the balance of R276.8 million as at 30 June 2022. The municipality is currently complying with the signed repayment plan for Umgeni Water Board debt. The municipality also reported an Operating deficit amounting to R329.8 million or 29 percent of Revenue which is in excess of 5 percent, which was mainly attributed to the increase in Fuel expenditure due to loadshedding.
B KZN221	uMshwathi	TRUE The municipality has indicated that the R2.5 million reported as Creditors outstanding for more than 90 days are due to retentions and is not a sign of financial distress in the municipality.
B KZN222	uMngeni	TRUE The municipality did not budget for an Operating deficit for the 2022/23 financial year, however the municipality has indicated that the Operating deficit is as a result of an irrecoverable debt write-off of R42 million which resulted in an Operating deficit of R45.7 million or 9.6 percent of its Revenue which is in excess of 5 percent. Furthermore, the municipality did not achieve its Operating revenue budget for Service charges electricity of R132 million, earning revenue of R94.4 million for Service charges- electricity and incurring Bulk purchases for electricity of R139.5 million which resulted in a loss for the Electricity trading service of R45.1 million due to losses resulting from illegal connections. This contributed to the Operating deficit and is therefore not a sign of financial distress in the municipality.
B KZN223	Mpotana	TRUE The Mpotana Local Municipality is one of the municipalities identified by National Treasury to be in financial distress. The municipality is currently under intervention in terms of Section 139(1)(b) of the Constitution. The municipality has a long outstanding debt from Eskom which is reported as Creditors over 90 days. As at 31 May 2023, the municipality owed R413.8 million to Eskom which is a significant increase of R94.2 million from the balance of R319.6 million as at 30 June 2022. The municipality does not have a repayment agreement with Eskom however the municipality has agreed to enter into an active partnering agreement with Eskom for the sharing of technical expertise within the electricity function. The municipality is still not monitoring and controlling expenditure which has resulted in a significant Operating deficit of R73.7 million or 53.5 percent of Revenue which exceeds 5 percent while the municipality had budgeted for an Operating deficit of R26.9 million for the 2022/23 financial year.
B KZN224	iMpendle	TRUE The municipality reported an Operating deficit of R7.4 million or 11.9 percent of Revenue which is in excess of 5 percent, however the municipality managed to contain its expenses as the municipality had budgeted for an Operating deficit of R9.1 million for the 2022/23 financial year.
B KZN225	Msunduzi	TRUE The Msunduzi Local Municipality is one of the municipalities identified by National Treasury to be in financial distress. The municipality is currently under intervention in terms of Section 139(1)(b) of the Constitution. The municipality is currently experiencing cash flow changes as they have noted decreased cash inflows within the past year which they believe is attributable to the effect of the COVID-19 pandemic. The municipality's Electricity and Water debts have grown in the meantime to significant amounts therefore contributing to a significant Creditor total which is evidence of the existence of serious financial problems at the municipality. The municipality has defaulted on their repayment plan with Umgeni Water Board while Eskom has indicated its intention to start legal processes regarding the outstanding debt.
B KZN226	Mhambathini	-
B KZN227	Richmond	TRUE The municipality reported an Operating deficit of R14.4 million or 10.4 percent of Revenue which is in excess of 5 percent, however the municipality managed to contain its expenses as the municipality had budgeted for an Operating deficit of R18 million for the 2022/23 financial year. This is therefore not a sign of financial distress in the municipality.
C DC22	uMgungundlovu DM	TRUE The municipality has indicated that the R9.6 million reported as Creditors outstanding for more than 90 days relates to erroneously duplicating the Bulk Water expenditure on the financial system and is not a sign of financial distress in the municipality. The municipality will correct these errors in the pre-audit data strings. This is therefore not a sign of financial distress in the municipality.
B KZN235	Okhahlamba	TRUE The municipality indicated that the MFMA Section 71 report for June 2023 incorrectly reflected Cash and cash equivalents of negative R2.7 million. The Bank reconciliation and Investment register as at the end of June 2023 reflect R3.6 million and R39.6 million respectively therefore the correct Cash and cash equivalents balance is R43.3 million as at the end of the fourth quarter of the 2022/23 financial year. The MFMA Section 71 report as at 31 March 2023 reflected negative R3.1 million as opposed to R59.6 million and R45 million as per the reviewed Bank reconciliation and Investment register respectively. Therefore, the correct Cash and cash equivalents balance is R104.6 million as at the end of the third quarter of the 2022/23 financial year. The municipality reported a Deficit of R31.7 million as at the end of June 2023 which constitutes 15.4 percent of the Operating direct revenue. Whilst the Deficit is largely due to the non-cash items comprising of Debt impairment and Depreciation and amortisation which amount to a total of R24.6 million, continuing Operating deficits could result in cash flow problems for the municipality in the future. The municipality should also take into account MFMA Circular No. 72 which encourages municipalities to adopt a Surplus position. The municipality is further advised to ensure that no non-priority expenditure is incurred in the 2023/24 financial year to ensure compliance with MFMA Circular No. 72 which encourages municipalities to eradicate non-priority spending which could also minimise the Operating deficit.
B KZN237	iNkosi Langalibalele	TRUE The municipality received a qualified audit opinion in the 2021/22 financial year as the municipality did not correctly record all items of Property, Plant and Equipment in accordance with GRAP 17, Property, Plant and Equipment. The municipality has an audit action plan which includes a plan to address the qualification issue. Thus, the qualification matter is not an indication of financial distress.
B KZN238	Alfred Duma	-
C DC23	uThukela DM	TRUE The uThukela District Municipality is one of the municipalities identified by National Treasury to be in financial distress. The municipality is currently under intervention in terms of Section 139(1)(b) of the Constitution. The Creditors over 90 days are attributed to the unfavourable cash position at the municipality. The municipality indicated that the new repayment plans were finalised and the municipality will be paying monthly instalments of R2 million to Umgeni water and R600 000 to the Department of Water and Sanitation. It should also be noted that the Creditors over 90 days of R9.8 million is significantly understated in relation to the outstanding balance of R188.5 million in the over 120 days category as per the MFMA Section 41 report at the end of June 2023.
B KZN241	eNdameni	TRUE The criteria for eNdameni is the Negative Audit Opinion. The municipality further approved an unfunded Adjustments Budget for the 2022/23 financial year which was not accompanied by an updated Budget funding plan. The eNdameni Local Municipality did not report the balances owed to Eskom in their MFMA Section 71 data string, however as per the MFMA Section 41 Report for May 2023, it was noted that the eNdameni Local Municipality owed Eskom R72.3 million for unpaid Bulk electricity for over 90 days as at the end of May 2023. According to the MFMA Section 41 Report for May 2023, a breach notice was issued to eNdameni Local Municipality by Eskom. The municipality appears to be facing cash flow challenges.
B KZN242	Nquthu	TRUE The municipality indicated that the Creditors balance in the over 90 days' category of R2 million is due to retentions that will be paid once they fall due. The only other criteria met by the municipality is a Negative Audit Opinion for 2021/22. The municipality does not appear to be facing any cash flow challenges.
B KZN244	uMsinga	TRUE The municipality indicated that the MFMA Section 71 report submitted were incorrect. The municipality stated that the municipality had a Surplus of R3 million. The municipality does not appear to be facing cash flow challenges.
B KZN245	uMvoti	TRUE The municipality indicated that the Creditors balance in the over 90 days' category of R11.5 million is due to retentions that will be paid once they fall due. The other criteria met by the municipality is Operating deficit in excess of five per cent of revenue (14.8 percent), thus the municipality seems to be facing financial problems.
C DC24	uMziyathi DM	TRUE The municipality indicated that the Creditors balance of R197.2 million in the over 90 days' category is due to the financial difficulties currently being faced by the municipality. The municipality is also currently under intervention in terms of Section 139(1)(b) of the Constitution and has an Interim Finance Committee in place to assist with the management of the payment of its Creditors. The municipality further approved an unfunded Budget for the 2023/24 financial year together with an updated Budget funding plan which has been assessed as not credible by Provincial Treasury. The municipality is currently facing cash flow challenges.
B KZN252	Newcastle	TRUE The municipality has indicated that the bulk of the Creditors outstanding as at 30 June 2023 in the over 90 days' category is attributable to amounts owing to Eskom and uThukela Water as the municipality is currently facing cash flow challenges. The municipality further indicated that it has paid the final amount of R127.4 million of the Eskom payment arrangement on 05 July 2023. The municipality has further confirmed that even though they owe uThukela Water for bulk water supply, there is however no payment arrangement in place to settle this debt. The municipality has indicated that the discussions between the Newcastle Local Municipality and uThukela Water regarding the payment agreement with respect to the arrear debt are still underway and have not been finalised. The municipality has understated their Trade creditors total as their MFMA Section 71 Creditors Quarter four data string does not include the total aged Bulk water owed to uThukela Water as at 30 June 2023. The municipality further approved an unfunded Budget for the 2023/24 financial year together with an updated Budget funding plan which is still being assessed by Provincial Treasury. The municipality is currently facing cash flow challenges.
B KZN253	eMadlangeni	TRUE The municipality has indicated that the Outstanding creditors for greater than 90 days is mainly caused by financial challenges facing the municipality and also a dispute with the service provider which is not yet resolved. The municipality indicated that the MFMA Section 71 report submitted incorrectly reflected negative R9.5 million for Cash and cash equivalents as opposed to R2 million as per the Bank statement (R 586 000) and investments register (R1.4 million) as 30 June 2023. The municipality further approved an unfunded Budget for the 2023/24 financial year which was not accompanied by an updated Budget funding plan. The municipality appears to be facing cash flow challenges.
B KZN254	Dannhauser	-
C DC25	Amajuba DM	TRUE The municipality has attributed the Creditors in the over 90 days category to the Bulk water owed to uThukela Water which has been outstanding from prior years and has been carried over to the current financial year. The municipality currently has a payment arrangement of R520 000 per month with uThukela Water which commenced from 31 August 2022 in this regard, however they have indicated that they have not made payment, whilst the current account is being paid. The municipality further approved an unfunded Budget for the 2023/24 financial year which was not accompanied by an updated Budget funding plan. The municipality appears to be currently facing cash flow challenges.
B KZN261	eDumbe	TRUE The municipality indicated that they had Cash and cash equivalents of R22 million as at the end of June 2023 as per their Bank statements. The municipality attributed the negative Cash and cash equivalents of R133.7 million and R170.4 million reported at the end of Quarter three and Quarter four respectively to challenges with cash flow reporting.
B KZN262	uPhongolo	TRUE The municipality indicated that the cash flow transacting is still a challenge in the current system. Both of this amounts are incorrect. The correct figures will be reflected in the AFS.
B KZN263	AlsaQulusi	TRUE The municipality has indicated that the R2.1 million of the Creditors outstanding as at 30 June 2023 in the over 90 days' category is attributable to that the municipality financial system does not process payments to suppliers that have issues on the Central Supplier Database (CSD) such as their tax matters. The main contributor to the Operating deficit of R40 million is overspending of R76.4 million on Depreciation and amortisation.
B KZN265	Nongoma	TRUE The municipality has attributed the Creditors in the over 90 days category to R4.2 million owed to Department of Labour and the payment arrangement has been made to settle this amount, Bonakude is owed R878 106 and some of their invoices are under dispute hence the municipality need to finalise that dispute before making payments, SALGA is owed R2.9 million and the payment arrangement has been made for this amount. The rest of the balances have been settled. The municipality further indicated that they had Cash and cash equivalents of R297 204 as at the end of June 2023 as per their Bank Reconciliation Statements. The municipality attributed the negative Cash and cash equivalents of R295 000 reported at the end of Quarter three and Quarter four respectively to challenges with cash flow reporting.
B KZN266	Ulundi	TRUE The municipality has a long outstanding debt with Eskom and the municipality has not been able to meet its payment obligations due to financial challenges. The municipality has applied for the Debt relief that has been approved by National Treasury and the municipality has been honouring the current obligations. Should the municipality meet all the conditions stated in MFMA Circular No. 124 the Creditors balance is expected to reduce.
C DC26	Zululand DM	TRUE The municipality over spent on Operational costs which has resulted in the operating deficit exceeding five per cent of revenue as per Section 138(d) of the MFMA. The over spending resulted from the under budgeting on the Eskom bill.
B KZN271	uMhlabyalingana	-
B KZN272	Jozini	TRUE The Jozini Local Municipality reported an operating deficit of 27.1 percent of the Operating revenue which according to the municipality was mainly due to significant over-expenditure relating to the localised flooding within the municipal area in February 2023. The municipality indicated in a correspondence to Provincial Treasury on 21 July 2023 that an application for additional funding amounting to R17 million was made to the Department of CoGTA, however no response has been received from the department. The main items contributing to the over expenditure were <i>Contracted services</i> for repairs to municipal access roads and community halls damaged by the floods; <i>Transfers and subsidies</i> for the building a few houses and buying groceries for affected communities within the Jozini jurisdiction; and <i>Operational costs</i> relating to the costs incurred by the municipal disaster management and Infrastructure teams relating to the assessment of the damage.
B KZN275	Mtubatuba	TRUE The Mtubatuba Local Municipality is currently under intervention in terms of Section 139(1)(b) of the Constitution. As part of the intervention process, all payments to Creditors are first approved by an Interim Finance Committee which according to the municipality tend to result in delays in payments. The municipality further indicated that Creditors balance outstanding for a period of greater than 30 days are due to the current cash position of the municipality which results in Creditors being settled on a priority basis. The municipality also explained that creditors balance outstanding for a period of greater than 90 days are mainly related to disputes where work performed before the commencement of the Section 139 Intervention could not be verified. The Mtubatuba Local Municipality is still experiencing challenges with the use of various modules on the financial system mainly with the grants, liabilities and cash flow reporting where extracted reports from the financial system reflect incorrectly mapped information. This has resulted in the various MFMA Section 71 reports reflecting inaccurate information for operating expenditure, grants, capital, debtors, creditors and cash flows. As per the municipality, they are in constant communication with the financial system service provider to improve the quality of the Section 71 reporting. The negative Cash and cash equivalent balance of R3.99 million as at 30 June 2023 is clearly inaccurate. As per the municipality prepared Schedule C and accompanying narrative report submitted for June 2023, the municipality has R862 918 as Cash and cash equivalent balance as at 30 June 2023.
B KZN276	Big Five Hlabisa	-
C DC27	uMkhanyakude DM	TRUE The uMkhanyakude District Municipality is one of the municipalities identified by National Treasury to be in financial distress. The municipality is currently under intervention in terms of Section 139(1)(b) of the Constitution. The municipality failed to upload the Section 71 report onto the GoMuni website for the month ending June 2023 (Month 12), which according to the municipality was mainly due to challenges with their network preventing them from accessing the financial system. A non-compliance letter was issued by Provincial Treasury to the municipality on 17 July 2023 wherein the municipality was requested to respond to Provincial Treasury by 19 July 2023 with remedial or corrective measures that the municipality intends to implement to avoid a recurrence of late uploading of the monthly mSCOA data strings and submit the Monthly Schedule C in terms of MFMA Section 71(1) report. No response has been received from the municipality by due date as requested. It should be noted that incomplete MFMA Section 71 reporting by the district municipality may not have triggered the relevant criteria for financial problems. The municipality is still facing cash flow challenges and as a result, the municipality has included payments of long outstanding Creditors over the next few financial years as a priority as part of their 2022/23 MTREF Budget, 2022/23 Adjustments Budget and Budget Funding Plan approved by Council.
B KZN281	uMfolozi	TRUE The municipality indicated the Creditors balance of R1.7 million is incorrect and the correct amount of as per the municipality's Accounts Payable Age Analysis is R34 989.00. The reasons for the Creditors over 90 days is that the municipality is waiting for the final updated invoice from the service provider.
B KZN282	uMhlathuze	TRUE Creditors, amount greater than 90 days relate to invoices outstanding to King Cetshwayo District Municipality. These invoices are still in dispute. Based on the data string submitted to NT for June 2023 the opening balance of R820 690 is not reflected therefore, the cash and cash equivalents as per the C Schedule as at 30 June 2023 is R486 441.
B KZN284	uMlalazi	-
B KZN285	Mthorjani	TRUE The municipality experienced cash flow constraints during quarter four of 2022/23 financial year which made it difficult to meet its obligations on time. The municipality is closely monitoring the implementation of cost containment regulations and the revised municipal cost containment policy. The municipality also appointed a debt collector effective from 01 November 2022 to assist with debt collection of long outstanding debtors, which will improve revenue collection for the municipality to meet its obligations on time. The municipality is also working on the Eskom debt relief application for the outstanding R13 million as per MFMA Circular No. 124.
B KZN286	Nkandla	TRUE The municipality indicated that they are experiencing data strings mapping issues when it comes to Cash flow Statement reporting, there is R952 000 actual cash available as at 30 June 2023 as per the reviewed Bank reconciliation Statement. The municipality is currently working on resolving the system reporting issues for future IYM reporting purpose.
C DC28	King Cetshwayo DM	TRUE 1) With regards to creditors >than 90 days note the following: The amount reflected in the Over 90 days category for Creditors as at the end of June 2023 of R9.7 million is mainly attributable to the Department of Water and Sanitation (DWS) which relates to invoices requiring further POE's (Volumes extracted and meter verifications) to support the invoices prior to the municipality releasing the payment. There is no apparent indication of a financial crisis at the municipality. 2) With reference to the Operational deficit note the following: The year to date actual Deficit for the month that ended on 30 June 2023 is R154.4 million as per the monthly budget statement summary (Table C1). Taking into account that there are expenditure items that are not cash-backed such as, Depreciation which amounts to R95.9 million, Actuarial that amounts to R8.5 million as at the end of June 2023 and Internally funded operational expenditure amounting to R68.1 million. Adding back this expenditure amounting to R172.4 million results in a surplus of R116.5 million as at the end of June 2023. Furthermore, the municipality budgeted for an Operating deficit of R235.6 million as per the approved 2022/23 Adjustments budget.
B KZN291	Mandeni	-
B KZN292	KwaDukuza	-
B KZN293	Nqwedwe	-
B KZN294	Maghamulo	-
C DC29	iLembe DM	-
B KZN433	Greater Kokstad	-
B KZN434	uBuhlebezwe	TRUE The municipality attributed the Creditors balance over 90 days to Retentions where payments have to be withheld until all criteria in relation to each project are met. There are thus no financial problems at the municipality.
B KZN435	uMzimkhulu	TRUE The municipality reported a Deficit of R28.1 million as at the end of June 2023 which constitutes 10.4 percent of the Operating direct revenue. The Deficit is due to the non-cash items comprising of Debt impairment and Depreciation and amortisation which amount to a total of R44.5 million however, continuing Operating deficits could result in cash flow problems for the municipality in the future. The bank reconciliation and Investments register as at the end of June 2023 indicate that the municipality has total total Cash and equivalents of R233.3 million whilst Unspent conditional grants amount to R6.1 million therefore the municipality has net available cash reserves of R227.2 million as at the end of June 2023. Thus, in the short-term, there are thus no financial problems at the municipality.
B KZN436	Dr. Nicosazana Dlamini Zuma	-
C DC43	Harry Gwala DM	TRUE The municipality received a qualified audit opinion in the 2021/22 financial year as the Auditor-General could not obtain sufficient appropriate audit evidence that payments made for outsourced business and advisory services included in Contracted services were received, as internal controls were not adequate to confirm receipt of these services. The municipality provided an audit action plan that includes a plan to address the qualification issue. There are thus no financial problems at the municipality.
Total		39