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Department:  
Treasury

**PROVINCE OF KWAZULU-NATAL**

# **Municipal Finance Management 2nd Quarter Review 2019/20**

**MFQR: 31 December 2019**

Compiled by: The KwaZulu-Natal (KZN) Provincial Treasury

## **Data Source and Reliability**

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*All information in this report is based on the MFMA Section 71 data string reports that each Municipal Manager and Chief Financial Officer were required to verify, sign and submit to National Treasury. 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.*

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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 2019/20 Municipal Budget Information: Second Quarter Financial Results as at 31 December 2019. The non-delegated municipalities, namely; the eThekweni Metro, the Msunduzi and the uMhlathuze Local Municipalities are included in the report. By the time of publishing the second Quarter information by National Treasury, some municipalities did not submit all the required monthly MFMA Section 71 performance data strings. This has distorted the review of the budget performance as at the end of the second Quarter for the respective municipalities, the district totals and the aggregated provincial total.

The mechanical straight line method of projection was used as the benchmark for expenditure and revenue as at the end of the second Quarter. In terms of the straight line method of projection, all municipalities should have generated and spent approximately 50 percent of their Original Budgets as at the end of the second Quarter.

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# Introduction

This consolidated municipal budget performance review covers the financial performance of municipalities in KwaZulu-Natal as at the end of the second quarter of the 2019/20 financial year ended 31 December 2019.

The consolidated statement provides the in-year financial performance of municipalities against their budgeted revenue and expenditure. It includes the capital and operating budget performances as well as the debtors, creditors, conditional grants and compliance with the DoRA and MFMA reporting requirements. It also provides a status report on the implementation of the Municipal Regulations on the Standard Chart of Accounts (mSCOA) and other municipal support and oversight.

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

Noteworthy, is that for the first time in South Africa's history, the reports for the 2019/20 financial year are prepared using the figures from the mSCOA data strings. The mSCOA Regulations were promulgated on 22 April 2014 and prescribes the uniform recording and classification of 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 portal across the six mSCOA regulated segments. The credibility of the information contained in the mSCOA data strings is a concern. At the core of the challenge is:

- The incorrect use of the mSCOA and municipal accounting practices by municipalities;
- A large 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 system; and
- Municipalities are not locking their Approved Budgets annually or their financial systems at month-end to ensure prudent financial management.

It should also be noted that the municipalities listed in Table 17(a) did not upload all the required data strings for the 2019/20 financial year as at 31 December 2019 which resulted in distorted information for the quarter under review. Due to the matters noted above, the financial performance information contained in this report is not credible.

## 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. Provincial and District Overview

### 2.1 Operating Revenue and Expenditure – Provincial Total

Table 1: Operating Revenue and Expenditure as at the end of Quarter 2 - 2019/20

R thousands	2018/19				2019/20				
	Budget Main appropriation	First Quarter		Second Quarter		Year to Date		Second Quarter	
		Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	2nd Q as % of Main appropriation	Actual Expenditure	Total Expenditure as % of main appropriation	Actual Expenditure	Total Expenditure as % of main appropriation
<b>Operating Revenue and Expenditure</b>									
Operating Revenue	68 851 028	20 850 166	30.3	12 358 516	17.9	33 216 684	48.2	16 270 162	54.8
Property rates	12 952 057	4 270 016	32.9	2 095 575	16.2	6 399 991	48.1	2 789 251	52.3
Service charges - electricity/revenue	22 041 853	5 901 795	26.8	2 870 178	13.0	8 871 973	40.3	4 638 674	46.7
Service charges - water revenue	7 927 119	1 852 552	23.4	1 327 146	16.7	3 179 728	40.1	1 902 407	52.5
Service charges - sanitation revenue	1 831 412	410 804	22.4	279 439	14.5	690 244	38.7	546 709	52.4
Service charges - refuse revenue	1 532 958	389 133	25.4	265 214	17.3	635 347	41.5	338 851	51.0
Rentals of facilities and equipment	1 053 950	216 805	20.6	164 901	15.1	381 706	34.9	210 175	42.8
Interest earned - external investments	895 993	205 461	23.0	144 477	16.5	354 439	39.6	233 051	46.6
Interest earned - outstanding debtors	891 948	287 912	32.3	231 944	26.2	599 856	67.3	240 162	38.2
Dividends received	-	532	-	373	0.0	905	0.0	347	60.2
Fines, penalties and forfeits	433 300	29 950	6.9	49 144	11.3	79 094	18.3	11 057	3.7
Licenses and permits	127 257	72 972	57.3	56 157	44.1	129 128	101.5	57 134	91.2
Agency services	65 917	12 332	18.7	9 301	14.1	21 533	32.8	17 711	36.9
Transfers and subsidies	14 885 114	6 187 508	41.6	3 990 279	24.1	9 797 787	65.8	4 128 980	66.8
Other revenue	4 019 921	1 050 598	26.4	1 064 183	26.5	2 123 781	52.8	1 084 564	54.8
Gains	36 484	19 787	54.2	1 156	3.2	29 933	57.4	4 688	17.4
<b>Operating Expenditure</b>	<b>69 800 281</b>	<b>15 354 659</b>	<b>22.0</b>	<b>12 409 495</b>	<b>17.8</b>	<b>28 164 152</b>	<b>40.5</b>	<b>15 345 284</b>	<b>43.9</b>
Employee related costs	20 959 475	4 659 842	22.2	3 778 966	18.0	8 436 628	40.2	4 914 162	47.2
Remuneration of councillors	816 637	187 373	22.9	161 587	19.7	348 580	42.8	176 558	43.6
Debt Impairment	2 119 268	334 987	15.8	745 629	35.2	580 516	27.4	72 181	7.7
Depreciation and asset impairment	5 840 457	962 824	16.5	898 024	15.4	1 680 848	31.9	1 141 152	36.7
Finance charges	1 197 521	302 512	25.3	201 103	16.8	523 814	43.7	445 696	43.3
Bulk purchases	19 977 744	5 670 805	28.4	3 306 646	16.6	8 977 251	45.1	4 097 243	46.8
Other Materials	1 837 518	415 923	22.6	298 461	16.3	715 385	39.3	598 894	60.1
Contracted services	9 528 706	1 949 165	20.4	2 134 584	22.4	4 082 750	42.8	2 405 782	43.7
Transfers and subsidies	658 950	175 526	26.6	166 651	19.4	342 558	40.0	159 891	38.0
Other expenditure	6 411 051	1 069 392	17.3	1 180 264	18.6	2 289 658	35.9	1 309 845	41.9
Losses	82 056	(8 853)	-11.8	6 590	6.8	(4 113)	-5.0	3 052	75.9
<b>Surplus/(Deficit)</b>	<b>(748 253)</b>	<b>5 495 510</b>	<b>7.9</b>	<b>(50 977)</b>	<b>0.1</b>	<b>5 052 533</b>	<b>73.5</b>	<b>924 868</b>	<b>13.5</b>
Transfers and subsidies - capital (monetary allocations) (Net/Pro and Dis)	8 062 210	444 855	5.5	1 711 656	15.0	1 636 520	20.5	1 163 311	13.6
Transfers and subsidies - capital (monetary allocations) (Deposit Agencies, H/PEPC,)	70 068	20 354	29.0	9 653	13.8	30 307	42.8	(420)	21.8
Transfers and subsidies - capital (in-kind - all)	8 775	1 863	22.8	1 383	16.7	3 267	38.5	1 175	56.4
<b>Surplus/(Deficit) after capital transfers and contributions</b>	<b>7 421 300</b>	<b>5 570 601</b>	<b>75.1</b>	<b>1 171 725</b>	<b>13.3</b>	<b>6 742 326</b>	<b>90.8</b>	<b>2 078 934</b>	<b>28.0</b>
Source: NT Ignibases									
Transfers and subsidies - Operating	14 885 114	6 187 508	41.6	3 990 279	26.8	9 797 787	65.8	4 128 980	66.8
Own Operating Revenue	53 965 913	14 690 658	27.2	8 786 239	16.3	23 158 998	42.8	12 141 592	22.5
<b>Total Operating Revenue</b>	<b>68 851 028</b>	<b>20 850 166</b>	<b>30.3</b>	<b>12 358 516</b>	<b>17.9</b>	<b>33 216 684</b>	<b>48.2</b>	<b>16 270 162</b>	<b>54.8</b>
Transfers and subsidies - Operating as % of Total Operating Revenue	21.8	29.6	14.5	28.1	29.4	29.4	29.4	25.4	25.4

- The municipalities in KwaZulu-Natal have generated Operating revenue amounting to R33.2 billion or 48.2 percent of the Approved Budget of R68.9 billion. The revenue generated is slightly below the expected straight line projection of 50 percent as at the end of the second quarter of the 2019/20 financial year.
- The Total operating revenue generated by all municipalities in the province for the quarter under review is below the revenue generated in the same quarter of the previous financial year which amounted to R16.3 billion or 54.8 percent.
- Sources of Operating revenue that generated more than 50 percent of their budgeted amounts include *Licenses and permits* at R/29.1 million or 101.5 percent, *Interest earned - outstanding debtors* at R599.9 million or 67.3 percent, *Transfers recognised operational* at R9.8 billion or 65.6 percent, *Gains on disposal of PPE* at R20.9 million or 57.4 percent and *Other revenue* at R2.1 billion or 52.8 percent.
- Fines, penalties and forfeits* generated the lowest revenue at R79 million or 18.3 percent, followed by *Agency services* at R21.6 million or 32.8 percent as at the end of the Second quarter. The Mpofema and Big Five Habitats Local Municipalities reported *Dividends received* of R71 000 and R834 000 respectively which was not budgeted.
- The municipalities in KwaZulu-Natal have incurred Operating expenditure of R28.2 billion or 40.5 percent of the total budgeted expenditure of R69.6 billion. The Operating expenditure is below the straight line projection of 50 percent as at the end of the second quarter of the 2019/20 financial year.
- The Total Operating expenditure incurred by all municipalities in the province for the quarter under review is below the expenditure incurred in the same quarter of the previous financial year which was R15.3 billion or 43.9 percent.
- The highest expenditure was on *Bulk purchases* at R9 billion or 45.1 percent followed by *Finance charges* at R523.6 million or 43.7 percent.
- Significantly low expenditure was reported for *Debt impairment* at R580.6 million or 27.4 percent, *Depreciation and asset impairment* at R1.9 billion or 31.9 percent, and *Other expenditure* at R2.3 billion or 35.9 percent as at the end of December 2019 against their respective budgets. The eThekweni Metro incorrectly reported negative R7.9 million against *Loss on disposal of PPE*.
- A number of municipalities did not account for *Debt impairment* and *Depreciation and asset impairment* on a monthly basis. This has contributed to the overall low expenditure against the budget as at the end of December 2019.
- As at 31 December 2019, municipalities in the province recognised R9.8 billion Transfers and subsidies - operating which equates to 29.4 percent of Total revenue generated of R33.2 billion.

## 2.2 Operating Revenue – District Total

**Table 2: Operating Revenue per source and per district as at the end of Quarter 2 - 2019/20**

FMO	Original Budget	Unaudited Actual	% Generated	Detail						Other revenue <sup>2</sup>
				Property rates		Service charges		Transfers recognised - operational	Other own revenue	
				Electricity revenue	Water revenue	Other <sup>1</sup>				
<b>eThekweni</b>	39 748 930	17 247 071	43.0	4 031 818	1 066 151	978 874	1 006 219	2 037 186	824 612	
Ugu	2 852 877	1 958 850	68.3	392 947	84 895	102 122	1 141 934	27 946	51 882	
uMgungundlovu	7 511 235	2 994 856	39.9	462 245	714 448	110 737	1 015 073	21 570	206 118	
uThukela	2 488 252	1 447 344	58.2	195 257	298 835	50 029	670 603	8 161	117 641	
uMzinyathi	1 536 275	656 669	43.0	104 281	38 786	25 339	397 146	(2 890)	32 256	
Amajuba	2 390 828	1 235 041	51.8	230 801	189 116	106 828	435 730	4 440	38 574	
Zululand	1 772 388	1 259 860	71.6	167 598	32 280	36 246	849 536	1 400	21 219	
uMkhanyakade	1 378 676	535 452	38.9	64 703	20 832	6 245	817 461	2 578	161 325	
King Cetshwayo	4 806 361	2 840 409	59.1	343 861	295 454	123 711	831 804	17 614	78 885	
Lamelo	3 253 955	1 777 454	54.6	285 016	89 257	59 123	698 733	29 788	50 284	
Harry Gwala	1 511 670	1 010 888	66.9	120 064	62 031	25 635	721 221	9 848	1 980 233	
<b>Total</b>	<b>68 851 028</b>	<b>33 216 884</b>	<b>48.2</b>	<b>8 871 873</b>	<b>3 179 729</b>	<b>1 325 390</b>	<b>9 757 787</b>	<b>2 143 761</b>		

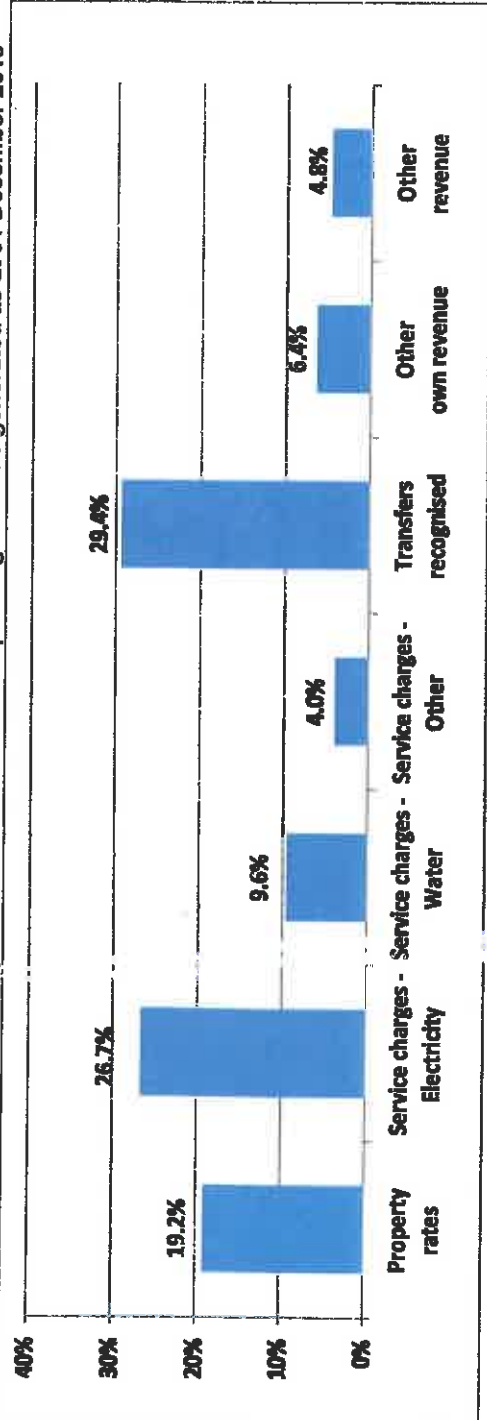
Source: NT Ignitabase

1 Includes Service charges revenue for Sanitation, Refuse and Other.

2 Includes Rental of facilities and equipment, Interest earned on external investments & outstanding debtors, Dividends received, Fines, penalties and forfeits, Licences and permits, Agency services and Gains on disposal of PPE.

Transfers and subsidies - Operating	Original Budget		Total Unaudited Actual as at the end of Quarter 2 - 2019/20		Unaudited Actual at the end of Quarter 2 - 2019/20 (Excl. Non-delegated municipalities)	
	Excl. Non-delegated municipalities	Original Budget	Excl. Non-delegated municipalities	Original Budget	Excl. Non-delegated municipalities	Original Budget
Own Operating Revenue	14 885 114	14 885 114	10 015 800	10 015 800	9 757 787	7 950 332
Transfers and subsidies - Operating as % of Total Operating Revenue	53 985 913	53 985 913	10 786 494	10 786 494	23 450 889	5 411 338
<b>PT Calculation</b>	68 851 028	68 851 028	20 802 304	20 802 304	33 216 884	13 108 671
	21.6	21.6	48.1	48.1	29.4	58.7

**Figure 1: Operating Revenue generated per source as a % of Total Operating Revenue generated as at 31 December 2019**



### 2.3 Operating Expenditure – District Total

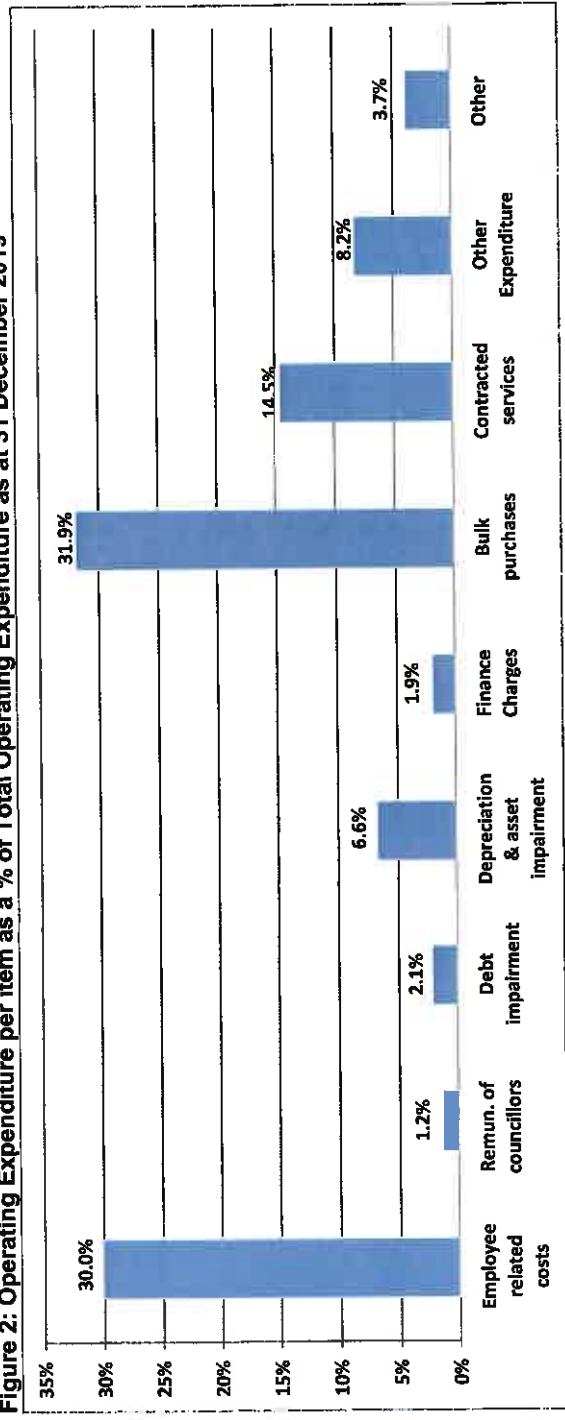
Table 3: Operating Expenditure per item and per district as at the end of Quarter 2 – 2019/20

R000	Original Budget	Unaudited Actual	% Spent	Detail									
				Employee related costs	Remun. of councillors	Debt impairment	Depreciation and asset impairment	Finance charges	Bulk purchases	Contracted services	Other expenditure	Other <sup>1</sup>	
eThekweni	38 726 894	15 462 331	39.9	4 346 468	52 281	446 722	976 831	406 363	5 676 291	2 031 686	864 755	87 174	
Ugu	2 931 589	1 133 141	38.7	331 469	29 299	1 365	35 290	4 400	124 854	257 143	272 722	26 578	
uMgungundlovu	7 275 614	2 834 691	39.0	762 879	41 474	15 159	176 841	34 287	1 212 076	382 655	151 930	37 980	
uThukela	2 540 171	892 284	35.1	406 955	26 418	4 843	26 872	2 026	204 726	91 233	110 888	17 912	
uMzinyathi	2 134 384	562 636	26.4	202 799	14 434	4 966	15 881	172	87 661	129 500	77 452	29 771	
Amajuba	2 877 007	1 146 641	39.9	329 554	17 465	40 265	153 642	4 305	228 380	171 016	136 577	55 488	
Zululand	1 880 839	1 021 391	54.3	365 748	30 398	250	55 354	14 337	199 120	203 620	121 446	39 918	
uMhlabiyale	1 331 626	591 525	44.4	242 718	32 285	3 238	33 953	2 443	54 880	92 789	103 871	25 359	
King Cetshwayo	5 034 045	2 447 719	48.6	694 626	46 418	43 504	262 216	39 366	699 727	423 614	216 785	43 462	
Lenze	3 233 677	1 423 942	44.0	405 132	31 561	17 706	111 286	14 483	434 665	197 718	161 810	48 601	
Harry Gwala	1 632 495	647 250	39.6	288 290	26 946	2 546	12 883	2 021	64 872	102 176	92 411	55 585	
<b>Total</b>	<b>69 600 281</b>	<b>28 164 152</b>	<b>40.5</b>	<b>8 438 628</b>	<b>348 960</b>	<b>350 616</b>	<b>1 880 846</b>	<b>523 614</b>	<b>8 977 251</b>	<b>4 082 750</b>	<b>2 299 656</b>	<b>1 083 929</b>	

Source NT Igdatabase

1 Include Other Materials, Transfers and grants and Loss on disposal of PPE.

Figure 2: Operating Expenditure per item as a % of Total Operating Expenditure as at 31 December 2019



With the exception of the Zululand District (54.3 percent), all districts in the province as well as the eThekweni Metro (39.9 percent) reported Operating expenditure of below 50 percent, as at the end of the second quarter. The districts that reported the least expenditure rate as at the end of the second quarter are the uMzinyathi (26.4 percent), uThukela (35.1 percent) and Ugu (38.7 percent) Districts.

On Operating expenditure the majority of municipalities (31) in the Province have not reported against *Debt impairment*. Similarly, 21 municipalities within the province did not reflect expenditure against *Depreciation and asset impairment*.

Apart from the 11 municipalities which did not report fully for the 6 months, the Ngqubo Local Municipality (10.8 percent), Amajuba District Municipality (15.4 percent) and uMhlabiyale Local Municipality (16.2 percent) reported the least Operating expenditure.

The above factors imply that the reported Operating expenditure is understated as at 31 December 2019.

*Bulk purchases* and *Employee related costs* contributed the most towards the total Operating expenditure at R9 billion or 31.9 percent and R8.4 billion or 30 percent, respectively. It is expected that *Bulk purchases* will contribute the most towards total Operating revenue, considering that revenue from Trading services, namely, *Service charges – electricity* also contributed significantly towards total Operating revenue.



## 2.4 Repairs and Maintenance Expenditure – District Total

**Table 4: Municipalities that budgeted for Repairs and maintenance at below the 8 percent norm for the 2019/20 financial year**

No	Name of Municipality	No	Name of Municipality	No	Name of Municipality	No	Name of Municipality
1	uMdoni	13	Alfred Duma	24	AbaQulusi	35	Mthonjaneni
2	uMzombe	14	eNdameni	25	Nongoma	36	Nkandla
3	uMuziwabantu	15	Nquthu	26	Ulundi	37	KwaDukuza
4	Ray Nkonyeni	16	uMyoti	27	Zululand DM	38	Ndwedwe
5	Ugu DM	17	uMzinyathi DM	28	uMhlabuyalingana	39	Maphumulo
6	uMngeni	18	Newcastle	29	Jozini	40	iLembe DM
7	Mpofana	19	eMadlangeni	30	Mtubatuba	41	Greater Kokstad
8	iMpindle	20	Dannhauser	31	Big Five Hlabisa	42	uBuhlebezwe
9	Mkhambathini	21	Amajuba DM	32	uMkhanyakude DM	43	uMzimkhulu
10	Richmond	22	eDumbe	33	uMfolozi	44	Dr. Nkosazana Dlamini Zuma
11	Okhahlamba	23	uPhongolo	34	uMlalazi	45	Harry Gwala DM
12	iNkosi Langalibalele						

Source KZN municipalities Approved Budgets A Schedule

**Table 5: Repairs and Maintenance expenditure per district (Total) as at the end of Quarter 2 - 2019/20**

R thousands	Budget		First Quarter		Second Quarter		Year to Date	
	Main Appropriation		Q1 Sept Actual	1st Q as % of Budget	Q2 Dec Actual	2nd Q as % of Budget	Actual Expenditure	Total Expenditure as % of Budget
eThekweni	3 383 328		711 643	21.0	653 445	19.3	1 365 088	40.3
Ugu	258 557		60 114	23.2	30 451	11.8	90 564	35.0
uMgungundlovu	352 168		48 682	13.8	46 318	13.2	95 000	27.0
uThukela	120 465		18 408	15.3	27 318	22.7	45 727	38.0
uMzinyathi	170 662		22 217	13.0	55 095	32.3	77 312	45.3
Amajuba	28 092		2 984	10.6	6 030	21.5	9 014	32.1
Zululand	97 123		29 103	30.0	39 913	41.1	69 016	71.1
uMkhanyakude	37 481		1 876	5.0	3 274	8.7	5 151	13.7
King Cetshwayo	360 729		82 815	23.0	64 680	17.9	147 495	40.9
iLembe	148 301		16 914	11.4	30 995	20.9	47 909	32.3
Harry Gwala	78 259		6 351	8.1	15 426	19.7	21 777	27.8
<b>Total</b>	<b>5 035 166</b>		<b>1 001 108</b>	<b>19.9</b>	<b>972 946</b>	<b>19.3</b>	<b>1 974 054</b>	<b>39.2</b>

Source NT Igdatabse

• National Treasury issued MFMA Circular No. 71 - Uniform Financial Ratios and Norms in January 2014, to provide a set of uniform key financial ratios and norms suitable and applicable to municipalities and municipal entities. The purpose of the circular was to introduce uniform treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities.

• Amongst the ratios developed, is Repairs and Maintenance as a % of Property, Plants and Equipment and Investment Property (Carrying Value).

• The Ratio measures the level of Repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions in service delivery. Repairs and maintenance of municipal assets is required to ensure the continued provision of services. The ratio norm is 8 percent.

• A ratio below the norm is a reflection that insufficient monies are being spent on Repairs and maintenance to the extent that it could increase impairment of useful assets.

• With the exception of the uMshwalifi Local Municipality, uMgungundlovu District Municipality, uThukela District Municipality, uMsigang Local Municipality, King Cetshwayo District Municipality and Mandeni Local Municipality, the 45 delegated municipalities (88 percent) in the province shown in Table 4 budgeted for Repairs and Maintenance in 2019/20 at below the 8 percent norm.

• Despite budgeting below the norm of 8 percent by the 45 municipalities, the year to date Repairs and Maintenance expenditure as at 31 December 2019 for the KZN Province is at 39.2 percent which is below the straight projection of 50 percent.

• With the exception of the Zululand District (71.1 percent), all districts in the province including the eThekweni Metro (40.3 percent), reported Repairs and Maintenance expenditure of below 50 percent as at the end of the second quarter. The districts that reported the lowest expenditure rate as at the end of the second quarter are the uMkhanyakude (13.7 percent), uMgungundlovu (27 percent) and Harry Gwala (27.8 percent) Districts.

• The consequence of low expenditure on Repairs and maintenance for municipalities supplying Electricity and Water is evident in their reported annual Electricity and Water losses.

• This may also be an indication that the municipalities lack Asset Repair and maintenance plans and/or are experiencing cash flow challenges and are therefore unable to spend at appropriate levels on Repairs and maintenance, thus impacting negatively on service delivery.

## 2.5 Capital Revenue and Expenditure - Provincial Total

Table 6: Capital Revenue and Expenditure as at the end of Quarter 2 - 2019/20

R thousands	2019/20										
	Budget		First Quarter		Second Quarter		Year to Date		Second Quarter		Q2 of 2018/19 to Q2 of 2019/20
	Main appropriation	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	2nd Q as % of Main appropriation	Actual Expenditure	Total Expenditure as % of main appropriation	Actual Expenditure	Total Expenditure as % of main appropriation		
<b>Capital Revenue and Expenditure</b>											
<b>Source of Finance</b>											
National Government	13 415 299	16 797 263	125.2	4 543 902	33.9	21 341 234	159.1	1 473 347	20.5	208.4	
Provincial Government	9 218 123	6 620 371	74	4 134 104	44.8	10 954 475	118.8	1 283 856	24.6	222	
District Municipality	717 235	31 463	4.4	29 776	4.2	61 259	8.5	71 328	17.7	-58.3	
Other transfers and grants	225	-	-	-	-	-	-	-	-	-	
Transfers recognised - capital	11 884	2 739	23.1	627	5.3	3 367	28.3	2 082	11.7	-69.9	
Borrowing	9 947 468	6 884 993	68.9	4 164 507	41.9	11 019 400	110.8	1 357 267	24.0	206.8	
Internally generated funds	1 788 564	162 293	9.1	19 034	1.1	181 327	10.1	71 603	7.5	-73.4	
	1 679 268	9 780 367	582.4	360 440	21.5	10 140 807	603.9	44 478	7.1	710.4	
<b>Capital Expenditure Functional</b>											
Municipal governance and administration	17 176 895	18 042 248	105	4 923 529	28.7	22 965 777	133.7	2 404 166	19.4	97.4	
Executive and Council	2 010 674	10 334 439	514	287 280	14.3	10 621 719	526.3	181 029	-9.9	58.7	
Finance and administration	273 261	12 004	4.4	3 668	1.3	15 672	5.7	6 868	1.7	-46.6	
Internal audit	1 736 755	10 322 244	594.3	283 445	16.3	10 605 680	610.7	173 915	-7.8	63	
Community and Public Safety	658	191	28.1	168	25.5	359	54.6	246	37.5	-31.9	
Community and Social Services	2 624 752	745 256	28.4	200 701	7.6	945 957	36.0	317 865	14.7	-36.9	
Spot And Recreation	682 780	462 988	67.8	71 177	10.4	534 165	78.2	83 094	13.3	-14.3	
Public Safety	503 510	135 023	26.8	46 662	9.3	181 685	36.1	59 180	10.8	-21.2	
Housing	180 063	51 712	30.6	19 743	11.7	71 465	42.3	21 670	27.0	-10.1	
Health	1 237 963	94 088	7.6	62 120	5.0	156 209	12.6	151 094	17.3	-58.9	
Economic and Environmental Services	31 465	1 445	4.6	998	3.2	2 443	7.8	2 526	17.0	-60.5	
Planning and Development	4 322 843	1 673 888	38.7	610 703	14.1	2 284 591	52.8	885 231	27.9	-31	
Road Transport	682 633	350 643	40.6	212 595	24.1	571 237	64.7	319 871	51.3	-33.5	
Environmental Protection	3 425 315	1 313 163	38.3	397 735	11.6	1 710 897	49.9	563 861	18.1	-29.5	
Trading Services	14 896	2 062	14	374	2.5	2 465	16.5	1 469	14.9	-75.1	
Energy sources	8 127 166	5 271 463	64.9	3 821 245	47.0	9 092 709	111.9	1 093 393	32.8	240.5	
Water Management	1 257 911	529 942	42.3	136 656	10.9	666 576	53.2	278 046	27.5	-80.9	
Waste Water Management	5 339 315	3 444 531	64.5	2 821 580	40.1	6 086 121	113.6	482 408	30.5	62.4	
Waste Management	1 354 648	1 294 945	91.2	1 040 710	77.5	2 294 665	169.7	300 767	46.7	249	
Other	180 306	62 046	34.4	13 309	7.4	75 355	41.9	22 173	28.0	-40	
	91 460	17 202	18.8	3 599	3.9	20 801	22.7	16 647	15.2	-78.4	

Source NT Igdatabase

The highest contributor towards total Capital Sources of Finance as at the end of quarter two was National Government transfers at R1.1 billion followed by Internally generated funds at R10.1 billion and Borrowing at R181.3 million. Provincial Government transfers and Other transfers and grants with a total of R64.6 million made up the remaining Capital Sources of Finance.

At the end of the second quarter, the municipalities in the province were expected to have spent a straight line projection of 50 percent of the R17.2 billion budget for Capital expenditure. However, the municipalities attained 133.7 percent which is significantly exceeding the available budget. Furthermore, this constitutes an increase of 820.8 percent in the spending rate as compared to the same period in the previous financial year which amounted to R2.3 billion. However, the reported figures appear to be incorrect as they include the opening balances for Capital expenditure from the previous financial years for some municipalities due to errors in reporting.

The bulk of the Capital expenditure as at the end of the second quarter was on Municipal governance and administration at R10.6 billion or 46.3 percent of total Capital expenditure followed by R15.7 million spent on Executive and Council and R359 000 spent on Internal audit.

Trading services is the second largest contributor towards total Capital expenditure amounting to R9.1 billion or 39.6 percent of total Capital Expenditure of which R6.1 billion was spent on Water management. R2.3 billion was spent on Energy sources and R75.4 million was spent on Waste management.

Economic and Environmental Services is the third largest contributor towards the Capital expenditure amounting to R2.3 billion or 10 percent of the total Capital Expenditure of which R1.7 billion was spent on Road Transport, R571.2 million was spent on Planning and Development and R2.5 million was spent on Environmental Protection.

Community and Public Safety contributed R946 million or 4.1 percent towards the total Capital expenditure of which, R534.2 million was spent on Community & Social Services, R181.7 million was spent on Sport and Recreation, R156.2 million was spent on Housing, R71.5 million was spent on Public Safety and R2.4 million was spent on Health.

Other contributed the least towards the total Capital expenditure at R20.8 million or 0.1 percent.

## 2.6 Capital Revenue - District Total

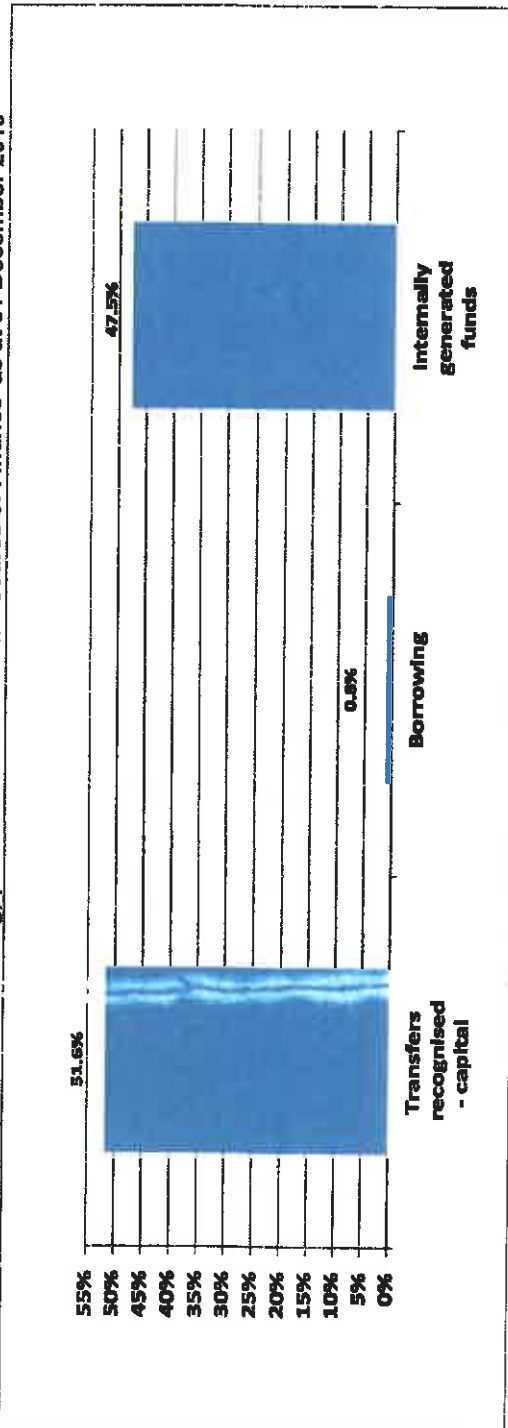
Table 7: Capital Revenue (Source of Finance) per district as at the end of Quarter 2 – 2019/20

R000	Original Budget	Unaudited Actual	% Generated	Detail		
				Transfers recognised - capital <sup>1</sup>	Borrowing	Internally generated funds
eThekweni	5 146 304	474 946	9.2	454 681	20 265	-
Ugu	597 486	9 795 820	1 638.5	997 006	-	8 798 814
uMgungundlovu	892 521	7 246 440	811.9	6 859 882	130 607	255 950
uThukela	313 038	120 356	38.4	118 148	-	2 208
uMzinyathi	518 882	138 111	26.6	122 897	-	15 214
Amajuba	183 681	888 289	483.6	561 201	22 330	304 769
Zululand	562 151	870 452	154.8	548 786	-	321 666
uMkhanyakude	2 628 945	638 516	24.3	453 308	-	185 208
King Cetshwayo	1 091 454	673 101	61.7	551 550	4 282	117 269
Lembe	813 756	198 009	24.3	137 460	3 844	56 705
Harry Gwala	663 082	297 184	44.8	214 181	-	83 003
<b>Total</b>	<b>13 415 299</b>	<b>21 341 234</b>	<b>159.1</b>	<b>11 019 100</b>	<b>161 327</b>	<b>10 140 807</b>

Source: NT Igdatabase

<sup>1</sup> Include National Government, Provincial Government, District Municipality and Other transfers and grants.

Figure 3: Capital Revenue (Source of Funding) per source as % of Total 'Source of Finance' as at 31 December 2019





## 2.8 Comparatives: Capital vs Operating Expenditure

Figure 5: Comparatives: Capital vs Operating – as at the end of 31 December 2019

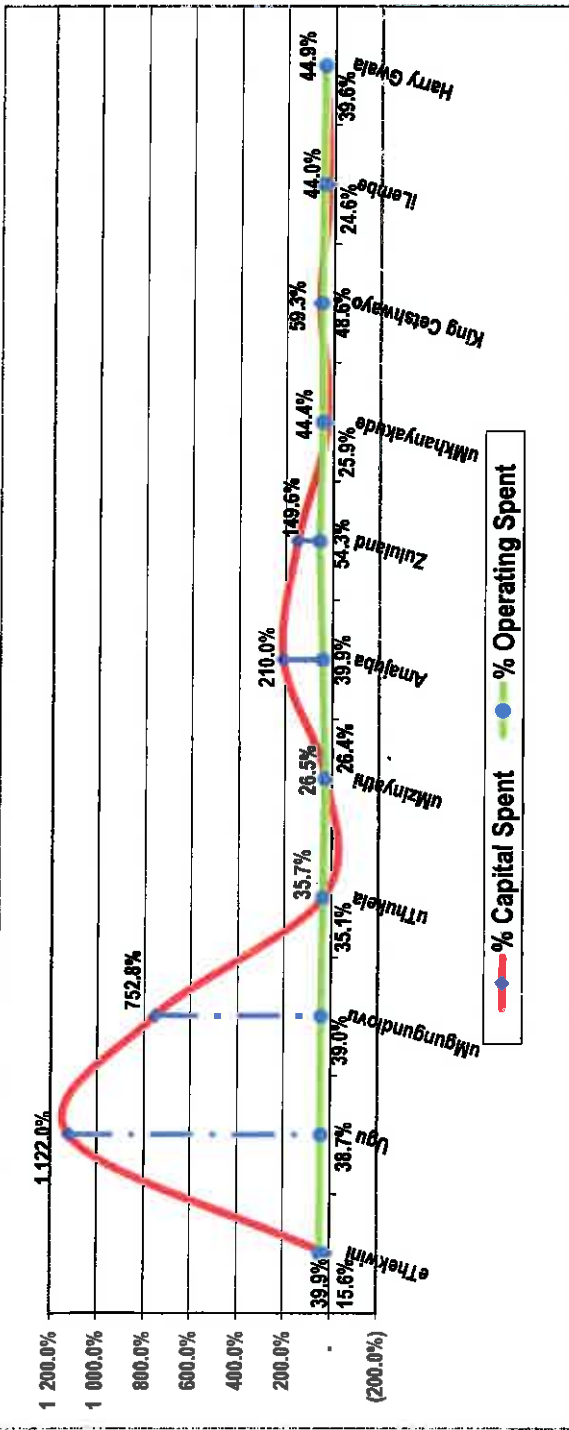
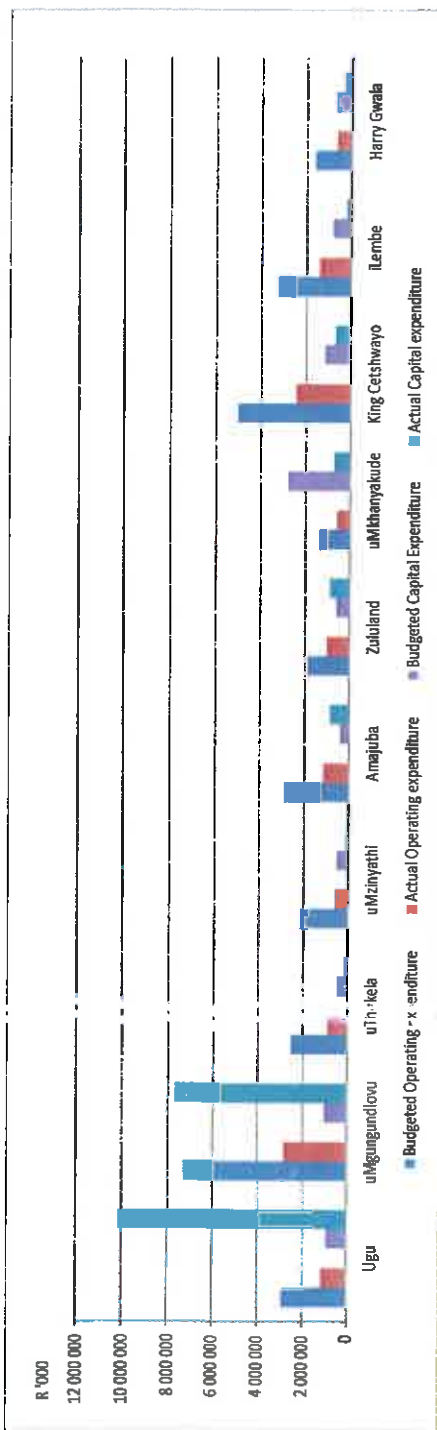


Figure 6: Budgeted/Actual Operating expenditure vs Budgeted/Actual Capital expenditure as at the end of 31 December 2019



## 2.9 Debtors Age Analysis – Provincial Total

**Table 9: Debtors Age Analysis as at the end of Quarter 2 - 2019/20**

R thousands	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total		Actual Bad Debts Written Off to Debtors		Impairment-Bad Debts to Council Policy	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Debtors Age Analysis By Income Source</b>														
Trade and Other Receivables from Exchange Transactions - Water	630 778	7,2	434 897	4,9	277 348	3,2	7 451 489	84,7	8 794 522	34,4	4 388	-	8 860 024	100,7
Trade and Other Receivables from Exchange Transactions - Electricity	1 041 702	34,6	481 909	16,3	110 322	3,7	1 364 915	46,4	3 008 848	11,8	280	-	3 248 894	108,0
Receivables from Non-exchange Transactions - Property Rates	752 174	11,2	305 333	5,4	198 726	3,0	5 414 132	80,4	6 731 415	26,3	1 851	-	7 194 137	106,9
Receivables from Exchange Transactions - Waste Water Management	113 747	6,6	85 074	4,9	53 832	3,1	1 470 261	85,3	1 722 914	6,7	1 937	0,1	1 436 989	83,4
Receivables from Exchange Transactions - Waste Management	94 481	9,2	57 228	5,6	32 538	3,2	846 191	82,1	1 029 468	4,0	1 145	0,1	728 222	70,7
Receivables from Exchange Transactions - Property Rental Debtors	12 915	5,1	10 331	4,2	7 481	3,1	213 840	87,6	244 168	1,0	82	-	360 486	147,6
Interest on Arrear Debtor Accounts	85 770	3,5	60 822	2,5	49 805	2,0	2 240 164	91,9	2 436 550	9,5	116	-	1 555 680	63,8
Recoverable unauthorised, irregular or fullness and wasteful Expenditure	9	0,7	10	12,1	5	5,5	61	71,7	85	-	-	-	-	-
Other	573	-	50 025	3,1	54 812	3,4	1 521 923	93,5	1 627 333	6,4	258 901	15,9	2 942 222	100,8
<b>Total By Income Source</b>	<b>2 731 758</b>	<b>10,7</b>	<b>1 555 680</b>	<b>6,1</b>	<b>785 870</b>	<b>3,1</b>	<b>20 521 975</b>	<b>80,2</b>	<b>25 595 284</b>	<b>100,0</b>	<b>268 439</b>	<b>1,0</b>	<b>26 326 634</b>	<b>102,9</b>

Source NT Igdatabase

**Table 10: Debtors Age analysis by Customer Group as at the end of Quarter 2 - 2019/20**

R thousands	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total		Actual Bad Debts Written Off to Debtors		Impairment-Bad Debts to Council Policy	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Debtors Age Analysis By Customer Group</b>														
Organs of State	236 127	11,3	113 403	5,4	34 392	1,6	1 707 507	81,6	2 091 428	8,2	(2 759)	-0,1	1 945 353	93,0
Commercial	1 189 139	23,8	566 155	11,2	214 960	4,3	3 065 351	60,7	5 036 604	19,7	(1 301)	-	5 279 311	104,8
Households	1 258 546	7,1	844 897	4,8	513 920	2,9	15 129 258	85,2	17 737 621	69,3	10 375	0,1	18 586 298	104,3
Other	37 947	5,2	31 225	4,3	22 599	3,1	637 880	87,4	728 531	2,9	282 125	38,9	586 673	81,8
<b>Total By Customer Group</b>	<b>2 731 758</b>	<b>10,7</b>	<b>1 555 680</b>	<b>6,1</b>	<b>785 870</b>	<b>3,1</b>	<b>20 521 975</b>	<b>80,2</b>	<b>25 595 284</b>	<b>100,0</b>	<b>268 439</b>	<b>1,0</b>	<b>26 326 634</b>	<b>102,9</b>

Source NT Igdatabase

The Debtors Age Analysis in Table 9 reflects that the total amount of debt owed to all municipalities in the KwaZulu-Natal Province was R25 6 billion as at 31 December 2019.

The Debtors Age Analysis by Income Source reflects that a significant amount of R8 8 billion or 34,4 percent of the debt owed relates to *Water* followed by *Property Rates* at R6,7 billion or 26,3 percent and *Electricity* at R3 billion or 11,8 percent.

The Debtors Age Analysis by Customer Group in Table 10 reflects an amount of R17,7 billion or 69,3 percent of the total debt as owed by *Households*, followed by *Commercial* with an amount of R5 billion or 19,7 percent, *Organs of State* at R2,1 billion or 8,2 percent and *Other* at R739,6 million or 2,9 percent.

The high level of debt owed to municipalities, which is continually increasing, is noted with concern as the municipalities should be implementing 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.

Municipalities are urged to ensure that they submit all their data strings for the monthly MFMA Section 71 reports. Information presented therein should also be credible to prevent distorted reporting at provincial and national levels. The monthly MFMA Section 71 reporting is critical in presenting the monthly performance against the budget, therefore all municipalities should strive to also ensure timely reporting.

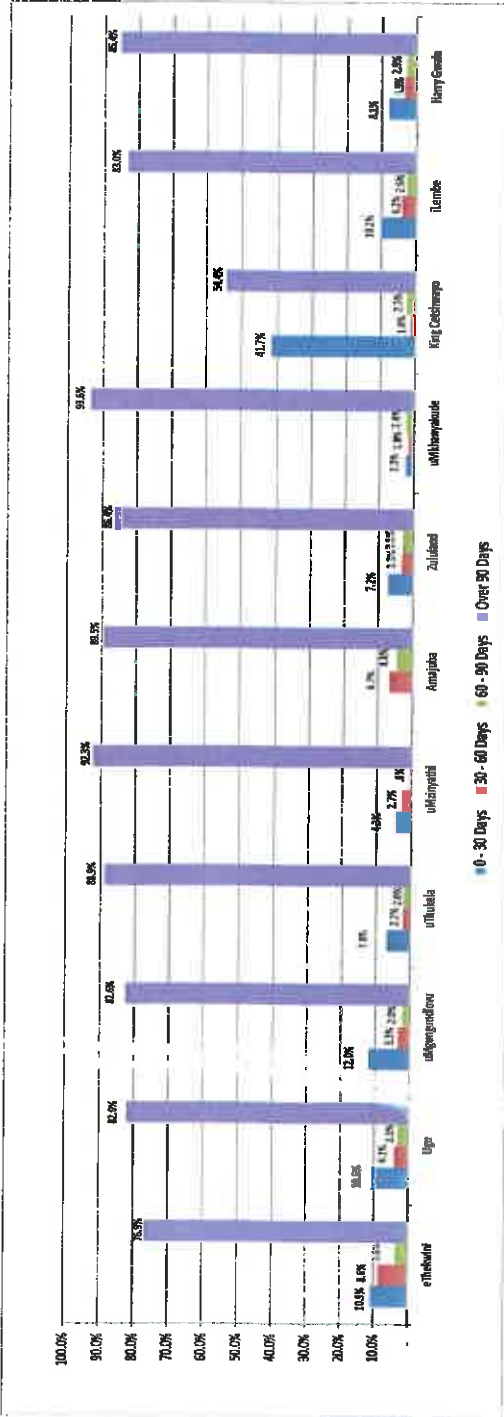
## 2.10 Debtors Age Analysis – District Total

**Table 11: Debtors Age Analysis per district (Total) as at the end of Quarter 2 - 2019/20**

R'000	0 - 30 Days		30 - 60 Days		60 - 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
eThekweni	1 397 630	10.9	1 103 693	8.6	460 790	3.6	9 852 364	76.9	12 814 478
Ugu	117 624	10.6	45 291	4.1	36 932	3.3	912 595	82.0	1 112 342
uMgungundlovu	614 141	12.0	170 453	3.3	104 566	2.0	4 222 261	82.6	5 111 421
uThukela	113 840	7.0	36 260	2.2	32 174	2.0	1 455 394	88.9	1 637 668
uMzinyathi	19 445	4.3	12 102	2.7	2 863	0.6	415 051	92.3	449 461
Amajuba	(13 266)	(0.9)	100 873	6.7	69 174	4.6	1 342 542	89.5	1 499 324
Zululand	36 697	7.2	16 866	3.3	15 597	3.1	439 541	86.4	508 702
uMkhanyakude	8 971	2.3	6 737	1.8	9 061	2.4	359 685	93.6	384 454
King Cetshwayo	309 178	41.7	10 367	1.4	18 329	2.5	403 286	54.4	741 159
Leembe	95 297	10.2	39 005	4.2	24 619	2.6	778 152	83.0	937 073
Harry Gwala	32 303	8.1	14 032	3.5	11 765	2.9	341 104	85.4	399 204
<b>Total</b>	<b>2 731 758</b>	<b>10.7</b>	<b>1 555 680</b>	<b>6.1</b>	<b>785 870</b>	<b>3.1</b>	<b>20 521 975</b>	<b>80.2</b>	<b>25 595 284</b>

Source: NT Igdatabase

**Figure 7: Debtors Age Analysis per district as at the end of 31 December 2019**



Of the total amount of R25.6 billion owed to municipalities, the eThekweni Metro reported the highest outstanding debtors at R12.8 billion or 50.1 percent which is followed by the uMgungundlovu District at R5.1 billion or 20 percent, the uThukela District at R1.6 billion or 6.4 percent and the Amajuba District at R1.5 billion or 5.9 percent.

The uMkhanyakude District recorded the least Debtors of R384.5 million or 1.5 percent of total Debtors.

It should however be noted that the Mpofana, the iNkosi Langalaba, the Dinnhauser, the eDumbe, the uPhongolo, the Muthutaba and the uMalaza Local Municipalities and the Amajuba District Municipality did not report Debtors for the period under review. As a result the Debtors as at 31 December 2019 are understated.

With the exception of King Cetshwayo District, all other districts recorded their highest outstanding debtors (over 80 percent of their total debtors) in the Over 90 Days category, while the eThekweni Metro recorded 76.9 percent. The King Cetshwayo District reflected the least debtors of 54.4 percent in this category.

As a substantial amount of the total Debtors of (R2) 5 billion or 80.2 percent has been outstanding for Over 90 Days, municipalities are encouraged to focus their debt collection efforts on these long outstanding debts. It should be noted that some of these debtors may still need to be written off as they may have arisen as a result of incorrect billing of indigent customers.

Municipalities are encouraged to update their Indigent Registers to determine households who qualify for rebates and discounts with the aim of ensuring that debtors are accurately billed and reported on.

## 2.11 Debtors by Customer Group – District Total

Table 12: Debtors by Customer Group (Total) as at the end of Quarter 2 - 2019/20

R'000	Organs of State		Commercial		Household		Other		Total
	Total	%	Total	%	Total	%	Total	%	
	eThekweni	960 125	7.5	3 008 289	23.5	8 815 439	68.8	30 624	
Ugu	134 185	12.1	188 441	16.9	768 820	69.1	20 896	1.9	1 112 342
uMgungundlovu	304 061	5.9	646 426	12.6	3 771 435	73.8	389 499	7.6	5 111 421
uThukela	176 708	10.8	186 704	11.4	1 258 688	76.9	15 568	1.0	1 637 668
uMzinyathi	68 833	15.3	71 388	15.9	299 760	66.7	9 480	2.1	449 461
Amajuba	32 407	2.2	111 213	7.4	1 237 656	82.5	118 048	7.9	1 499 324
Zululand	121 026	23.8	70 499	13.9	272 371	53.5	44 806	8.8	508 702
uMkhanyakude	133 041	34.6	108 572	28.2	137 429	35.7	5 412	1.4	384 454
King Cetshwayo	40 258	5.4	393 887	53.1	284 995	38.5	22 019	3.0	741 159
iLembe	54 080	5.8	205 420	21.9	658 095	70.2	19 478	2.1	937 073
Harry Gwala	66 704	16.7	45 765	11.5	232 932	58.3	53 802	13.5	399 204
<b>Total</b>	<b>2 091 428</b>	<b>8.2</b>	<b>5 036 604</b>	<b>19.7</b>	<b>17 737 621</b>	<b>69.3</b>	<b>729 631</b>	<b>2.9</b>	<b>25 595 284</b>

Source: NT Igdatabase

Figure 8: Debtors Age Analysis as at 31 December 2019

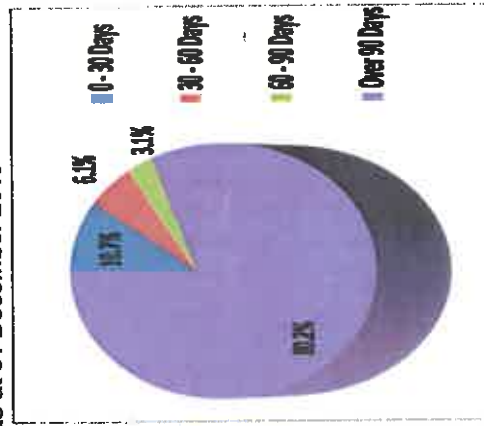


Figure 9: Debtors by Customer Group as at 31 December 2019

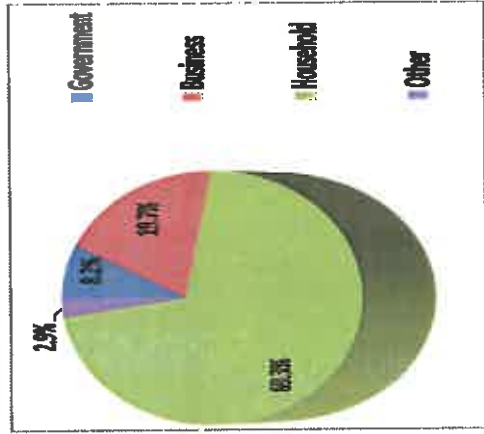
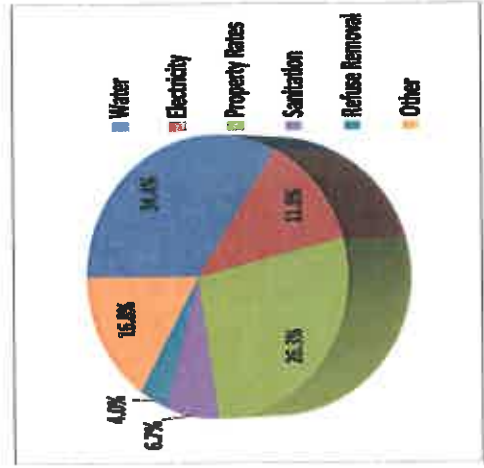


Figure 10: Debtors by Income Source as at 31 December 2019



Household debtors owed R17.7 billion or 69.3 percent of the total debt.

The eThekweni Metro, the uMgungundlovu, the Amajuba and the uThukela Districts contributed the most towards Household debtors with amounts of R8.8 billion, R3.8 billion, R1.3 billion and R1.2 billion, respectively.

As at the end of the second quarter of 2019/20, municipalities were owed a total of R5 billion by Commercial debtors. The eThekweni Metro, uMgungundlovu, King Cetshwayo and iLembe Districts contributed the most towards total debt owed by Commercial debtors with R3 billion, R616.4 million, R393.9 million and R205.4 million respectively.

Municipalities were owed a combined total of R2.1 billion or 8.2 percent by Organs of State. The eThekweni Metro, the uMgungundlovu, the uThukela, the Ugu, and the uMkhanyakude Districts had significant debt owed by Organs of State which amounted to R960.1 million, R304.1 million, R176.7 million, R134.2 million and R133 million respectively.

Other debtors amounted to R729.6 million or 2.9 percent, constituting the lowest customer category with outstanding debt.

Debt owed by Organs of State, Commercial and Household may be understated as uButhebuthe Local Municipality has not categorised its Debtors by Customer group, instead they have reported all their Debtors under the Other category.

Municipalities are urged to ensure that their Debtors records are correctly reflected according to Customer Group in order to implement proper strategies for collecting the debts from targeted groups.



## 2.12 Creditors Age Analysis – Provincial Total

Table 13: Creditors Age Analysis by Expenditure type as at the end of Quarter 2 - 2019/20

R thousands	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Creditor Age Analysis</b>										
Bulk Electricity	335 302	88.2	(74 175)	-17.2	20 019	4.6	100 763	23.3	431 939	14.7
Bulk Water	160 767	68.2	(50 888)	-21.7	22 953	9.9	99 036	42.6	232 968	7.9
PAYE deductions	136 967	119.9	(11 087)	-9.7	(11 651)	-10.2	-	-	114 219	3.9
VAT (output less input)	(138 513)	96.7	-	-	(1 941)	1.3	-	-	(140 354)	-4.8
Pensions / Retirement	129 793	100	-	-	-	-	-	-	129 793	4.4
Loan repayments	15 945	1.9	-	-	63 573	7.8	740 433	90.3	819 982	27.9
Trade Creditors	233 671	16.2	135 145	9.3	56 469	3.9	1 020 162	70.6	1 445 646	49.2
Auditor-General	(649)	-49.2	797	60.4	464	35.2	707	53.6	1 319	-
Other	(148 720)	150.5	12 886	-13.1	(4 583)	4.6	41 602	-42.1	(98 803)	-3.4
<b>Total</b>	<b>774 763</b>	<b>26.4</b>	<b>(13 177)</b>	<b>0.4</b>	<b>145 403</b>	<b>5.0</b>	<b>2 002 703</b>	<b>68.2</b>	<b>2 338 046</b>	<b>100</b>

Source: NT Igtdatabase

Figure 11: Creditors Age Analysis as at 31 December 2019

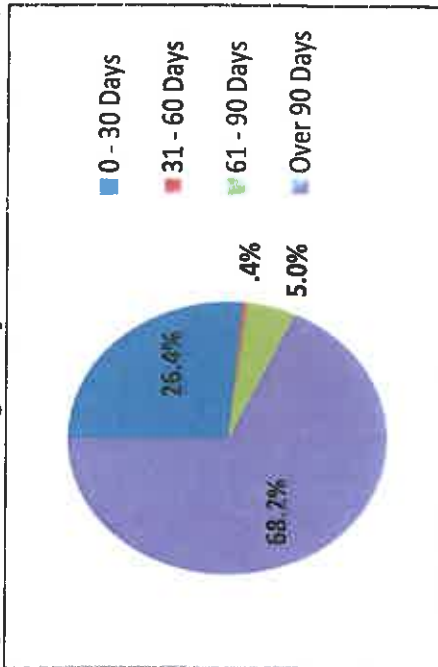
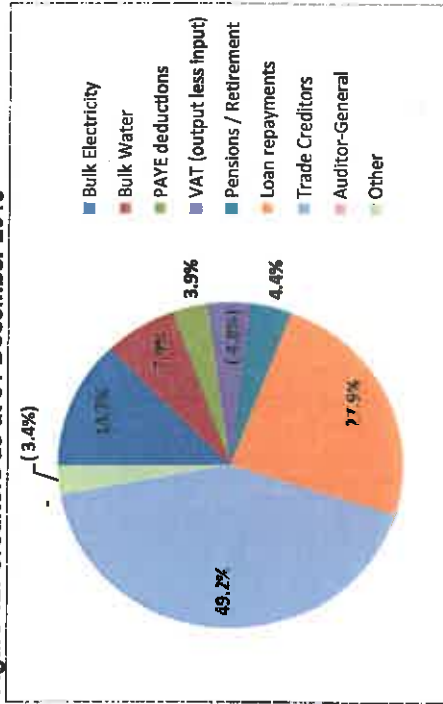


Figure 12: Creditors as at 31 December 2019



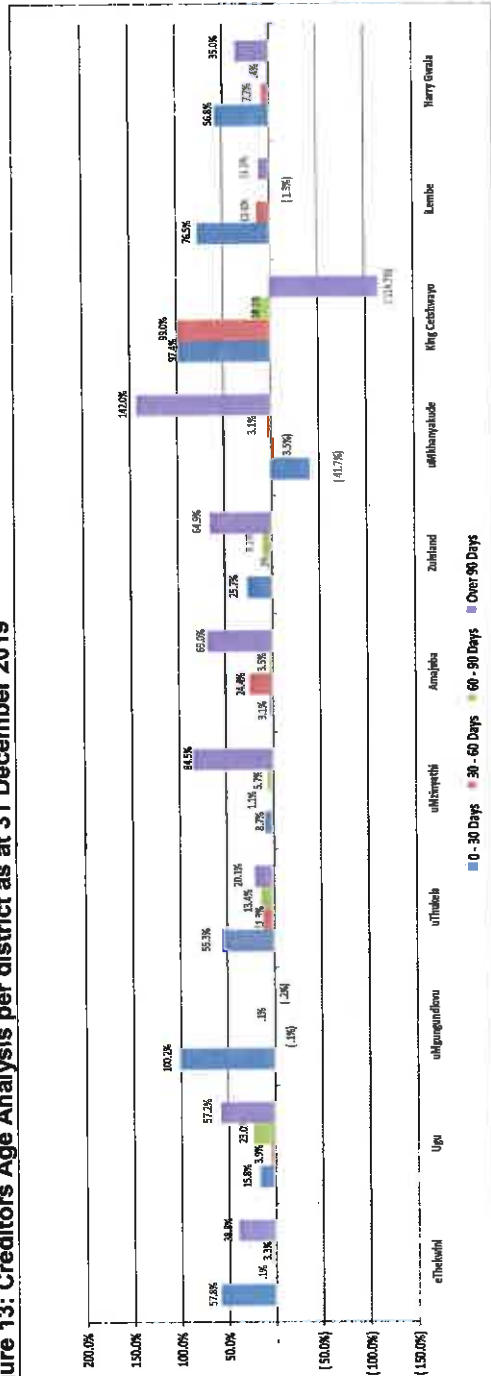
## 2.13 Creditors Age Analysis – District Total

Table 14: Creditors Age Analysis per district (Total) as at the end of Quarter 2 - 2019/20

R'000	0 - 30 Days		30 - 60 Days		60 - 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
eThekweni	1 537 450	57.8	3 008	0.1	88 874	3.3	1 031 029	38.8	2 660 361
Ugu	15 241	15.8	3 776	3.9	22 194	23.0	55 134	57.2	96 345
uMgungundlovu	(790 196)	100.2	858	-0.1	(981)	0.1	1 568	-0.2	(788 761)
uThukela	7 159	55.3	1 461	11.3	1 729	13.4	2 596	20.1	12 945
uMzinyathi	21 953	8.7	2 710	1.1	14 464	5.7	213 598	84.5	262 725
Amajuba	13 533	3.1	105 924	24.4	15 172	3.5	299 341	69.0	433 971
Zululand	62 819	25.7	819	0.3	22 296	9.1	158 965	64.9	244 899
uMkhanyakude	(28 108)	-41.7	(2 372)	-3.5	2 123	3.1	98 835	142.0	67 479
King Cetshwayo	(107 871)	97.4	(109 592)	99.0	(20 318)	18.3	127 056	-114.7	(110 725)
iLembe	18 738	76.5	3 319	13.6	(326)	-1.3	2 760	11.3	24 491
Harry Gwala	24 044	56.8	3 267	7.7	176	0.4	14 830	35.0	42 316
<b>Total</b>	<b>774 763</b>	<b>26.4</b>	<b>13 177</b>	<b>0.4</b>	<b>145 403</b>	<b>5.0</b>	<b>2 002 703</b>	<b>68.2</b>	<b>2 936 046</b>

Source: NT Igdatabase

Figure 13: Creditors Age Analysis per district as at 31 December 2019



As at the end of the second quarter, the eThekweni Metro accounted for the majority of the total outstanding Creditors balance at R2.7 billion or 90.6 percent of R2.9 billion.

Amongst the Districts, the Amajuba District had the largest portion of the total outstanding Creditors of R434 million or 14.8 percent which was mainly due to the Newcastle Local Municipality contributing R345.8 million to the total outstanding debt of the district total. The uMgungundlovu and King Cetshwayo Districts reported negative Creditors mainly due to the Msunduzi (-R822.8 million), the uMhlatuze (-R317.4 million) and the Nkandla (-R13.5 million) Local Municipalities reporting negative creditors at 31 December 2019.

With the exception of eThekweni Metro with 57.8 percent, the iLembe with 76.5 percent, the Harry Gwala with 56.8 percent and the uThukela with 55.3 percent, all other districts reported less than 50 per cent of their outstanding Creditors payment due within the 90 Days period.

The high outstanding debt in the Over 90 Days period was largely due to the eThekweni Metro with an amount of R1 billion or 51.5 percent.

Five districts reported the majority of their total Creditors under the 90 Days period namely: the uMkhanyakude District with 142 percent, the uMzinyathi District with 84.5 percent, the Amajuba District with 69 percent, the Zululand District with 64.9 percent, and the Ugu District with 57.2 percent.

It is recommended that municipalities pay all their outstanding debts within 0-30 Days of receipt of invoices or statements as required by Section 65(2)(e) of the MFMA in order to avoid possible interest and penalties charges.

## 2.14 National Conditional Grants – Provincial Total (Summary)

Table 15: National Conditional Grants – Summary as at the end of Quarter 2 - 2019/20

R'000	DoRA 2019 Total Avail.	Approved Payment Schedule	Transferred to Munis. (Year to date)	Unaudited Actual		Unaudited Actual	
				Expenditure Nat. Dept.	% Spent of Allocation	Expenditure Munis.	% Spent of Allocation
Local Government Financial Management Grant	109 830	109 830	109 830	36.2	37 436	34.1	
Infrastructure Skills Development Grant	39 800	39 800	20 400	30.1	1 931	4.9	
Integrated City Development Grant	51 486	-	-	-	1 942	3.8	
Neighbourhood Development Partnership (Schedule 5B)	138 059	138 059	32 500	19.1	27 600	20.0	
Integrated Urban Development Grant	210 783	210 783	56 662	43.5	-	-	
Municipal Systems Improvement Grant (Schedule 5B)	-	-	-	-	134	-	
Municipal Disaster Recovery Grant	-	-	-	-	18 738	-	
Municipal Demarcation Transition Grant (Schedule 5B)	-	-	-	-	21	-	
Public Transport Network Grant	1 035 214	1 035 214	465 846	26.9	215 006	20.8	
Rural Road Assets Management Systems Grant	25 616	25 616	17 933	24.7	7 209	28.1	
Expanded Public Works Programme Integrated Grant (Municipality)	223 591	223 591	149 127	68.0	131 377	58.8	
Integrated National Electrification Programme (Municipal) Grant	410 867	410 867	308 200	18.5	312 270	76.0	
Energy Efficiency and Demand Side Management (Municipal) Grant	43 000	43 000	26 000	0.9	60 248	140.1	
Regional Bulk Infrastructure Grant (Schedule 5B)	340 293	340 293	196 274	23.3	131 307	38.6	
Water Services Infrastructure Grant (Schedule 5B)	903 374	903 374	447 000	29.0	959 680	106.2	
Municipal Emergency Housing Grant	137 852	137 852	137 852	28.1	-	-	
Metro Informal Settlements Partnership Grant	-	-	-	-	29	-	
Municipal Infrastructure Grant	3 208 816	3 208 816	2 000 996	40.7	9 352 566	281.5	
<b>Subtotal</b>	<b>6 878 581</b>	<b>6 827 095</b>	<b>3 968 620</b>	<b>34.4</b>	<b>11 257 493</b>	<b>163.7</b>	
<b>Allocation In Kind</b>							
Neighbourhood Development Partnership (Schedule 6B)	6 600	6 600	-	-	-	-	
Municipal Systems Improvement Grant (Schedule 6B)	13 150	13 150	-	-	-	-	
Integrated National Electrification Programme (Allocation in-kind) Grant	871 192	871 192	-	-	-	-	
Regional Bulk Infrastructure Grant (Schedule 6B)	3 600	3 600	-	-	-	-	
<b>Subtotal</b>	<b>894 542</b>	<b>894 542</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL</b>	<b>7 773 123</b>	<b>7 721 637</b>	<b>3 968 620</b>	<b>30.5</b>	<b>11 257 493</b>	<b>144.8</b>	

Source NT Igdatabase

## 2.15 National Conditional Grants – District Total

Table 16(a): National Conditional Grants as at the end of Quarter 2 - 2019/20

R000	Financial Management Grant			Municipal Infrastructure Grant			Electrification Prog. (municipal) Grant			Integrated National		
	DoRA 2019 Total Avail.	Unaudited Actual Expenditure Munis.	% Spent	DoRA 2019 Total Avail.	Unaudited Actual Expenditure Munis.	% Spent	DoRA 2019 Total Avail.	Unaudited Actual Expenditure Munis.	% Spent	DoRA 2019 Total Avail.	Unaudited Actual Expenditure Munis.	% Spent
eThekweni	1 000	1 000	100.0	-	-	-	-	-	-	39 000	7 288	19.6
Ugu	11 165	1 945	17.4	329 133	922 285	286.2	39 000	7 684	19.6	21 467	20 031	93.3
uMgungundlovu	15 575	4 669	30.0	419 358	6 155 991	1 467.9	29 000	20 031	69.4	28 000	3 481	12.4
uThukela	8 910	3 620	40.6	311 585	128 759	41.3	65 000	17 144	26.4	14 000	62 118	443.7
uMzinyathi	10 155	3 721	36.6	314 120	117 501	37.4	58 500	142 564	243.2	52 000	1 629	(1.2)
Amajuba	8 070	1 734	21.5	184 727	513 043	277.7	51 000	35 527	69.7	24 900	3 030	12.2
Zululand	12 410	6 280	50.6	371 831	310 276	83.4	47 000	14 111	30.0	410 867	312 270	76.0
uMkhanyaside	10 770	1 400	13.0	340 378	428 714	126.0	51 000	35 527	69.7	51 000	3 030	12.2
King Ceshwayo	13 070	4 284	32.8	278 269	496 116	178.3	24 900	3 030	12.2	47 000	14 111	30.0
iLembe	9 035	3 137	34.7	331 778	113 334	34.2	47 000	14 111	30.0	410 867	312 270	76.0
Harry Gwala	9 670	5 647	58.4	327 617	166 945	51.0	410 867	312 270	76.0	410 867	312 270	76.0
<b>Total</b>	<b>109 830</b>	<b>37 436</b>	<b>34.1</b>	<b>3 208 816</b>	<b>9 352 566</b>	<b>291.5</b>	<b>410 867</b>	<b>312 270</b>	<b>76.0</b>	<b>410 867</b>	<b>312 270</b>	<b>76.0</b>

Figure 14: FMG Expenditure vs. Allocation as at 31 December 2019

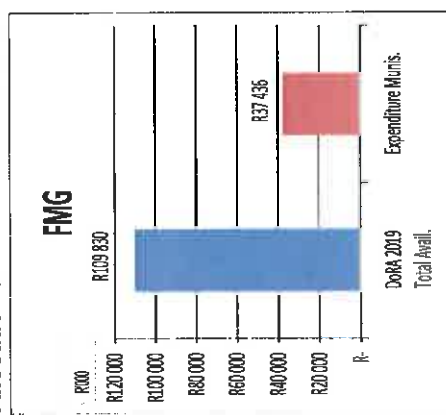


Figure 15: MIG Expenditure vs. Allocation as at 31 December 2019

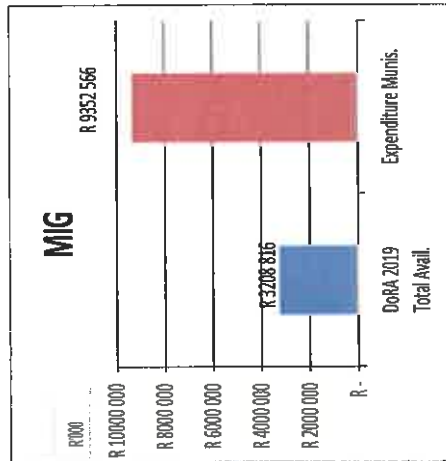
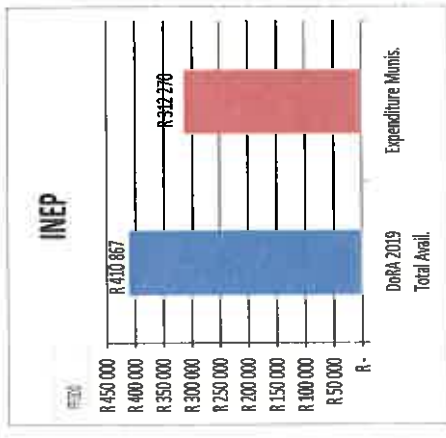


Figure 16: INEP Expenditure vs. Allocation as at 31 December 2019



### Financial Management Grant

The Conditional grant expenditure for all districts and the eThekweni Metro for the Financial Management Grant (FMG) was R37.4 million (34.1 percent) against the total available DoRA allocation of R109.8 million which is below the straight line projection of 50 percent at the end of the second quarter.

The eThekweni Metro reported the highest spending of 100 percent. The Harry Gwala District reported the second highest spending of 58.4 percent followed by the Zululand District with 50.6 percent.

Most districts reported expenditure which is less than the benchmark of 50 percent. uMkhanyaside and Ugu Districts reported least spending of 13 percent and 17.4 percent respectively.

### Municipal Infrastructure Grant

The total Conditional grant expenditure by all the districts for the Municipal Infrastructure Grant (MIG) is 291.5 percent or R9.4 billion against the total DoRA allocation of R3.2 billion which is above the straight line projection of 50 percent as at the end of the second quarter. The highest spending was due to the incorrect expenditure of R6.2 billion reported by the uMgungundlovu District against this grant.

The second highest spending on MIG was reported by the Ugu District with R922.3 million or 286.2 percent followed by the Amajuba District with R513 million or 277.7 percent. The other districts that reported expenditure of more than 100 percent are the King Ceshwayo with R496.1 million or 178.3 percent and the uMkhanyaside District with R428.7 million or 132.6 percent. The municipalities attributed the over expenditure to the mSCOA data strings being incorrect and further stated that they are in the process of correcting their data strings with their service providers.

The lowest spending was reported by the iLembe District with R13.0 million or 13.0 percent and uMzinyathi District with R17.4 million or 17.4 percent which are both significantly below the straight line projection of 50 percent for quarter 2.

### Integrated National Electrification Programme Grant

The total Conditional grant expenditure by all the districts for the Integrated National Electrification Programme Grant (INEP) is 76 percent or R312.3 million against the total DoRA allocation of R410.9 million which is above the straight line projection of 50 percent as at the end of the second quarter.

The highest spending on INEP was reported by the Zululand District with R142.6 million or 34.7 percent followed by the Amajuba District with R62.1 million or 15.1 percent. The municipalities attributed the over expenditure to the mSCOA data strings being incorrect and further stated that they are in the process of correcting their data strings with their service providers.

The lowest spending was reported by iLembe District with R1.2 million or 1.2 percent and uThukela District with R1.5 million or 1.2 percent which were both below the straight line projection of 50 percent for Quarter 2 while uMkhanyaside District reported negative R629,000 which was due to the uMkhanyaside Local Municipality reporting negative figures for quarter 2.

**Expanded Public Works Programme**

- The expenditure reported on the Expanded Public Works Programme Grant (EPWP) for the province is R13.4 million (58.8 percent) against the total DoRA allocation of R223.6 million which is above the 50 percent straight line projection.
- The uThukela District reported the highest percentage spent of R13.8 million (68.1 percent).
- The lowest spending was reported by the Amajuba District at R383,000 (5.9 percent) which is significantly below the straight line projection of 50 percent for quarter 2.

**Regional Bulk Infrastructure Grant**

- The expenditure reported on the Regional Bulk Infrastructure Grant (RBIG) is R131.3 million (38.6 percent) against the total DoRA allocation of R340.3 million which is below the 50 percent straight line projection for quarter 2.
- The Umtata District reported the highest percentage spent of R18.2 million (51.9 percent).
- The lowest percentage spent was reported by the King Cetshwayo District at R29 million (21.6 percent) which is below the straight line projection of 50 percent for quarter 2.

**Water Services Infrastructure Grant**

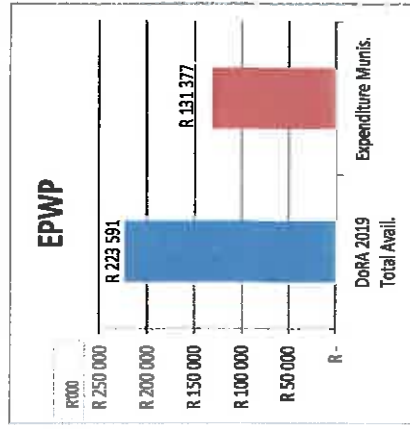
- The expenditure reported on the Water Services Infrastructure Grant (WSIG) is R959.7 million (106.2 percent) against the total DoRA allocation of R903.4 million which is above the 50 percent straight line projection for quarter 2.
- The highest percentage spent on WSIG was reported by the uMgungundlovu District at R689.5 million (362.4 percent) followed by the Ugu District at R92.9 million (185.9 percent) and the Harry Gwala District at R37.7 million (62.9 percent). The report amounts do not appear reasonable.
- The lowest percentage spent was reported by the King Cetshwayo District at R3.1 million (2.2 percent) which is significantly below the straight line projection of 50 percent for quarter 2.

**2.15 National Conditional Grants – District Total (continued...**

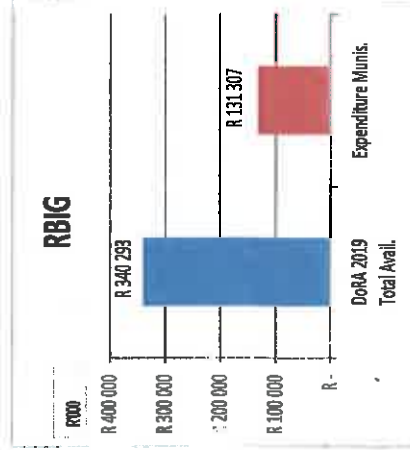
**Table 16(b): National Conditional Grants as at the end of Quarter 2 - 2019/20**

R000	Expanded Public Works Prog. (municipal) Grant				Regional Bulk Infrastructure Grant				Water Services Infrastructure Grant			
	DoRA 2019 Total Avail.		Unaudited Actual Expenditure Munis.		DoRA 2019 Total Avail.		Unaudited Actual Expenditure Munis.		DoRA 2019 Total Avail.		Unaudited Actual Expenditure Munis.	
		% Spent		% Spent		% Spent		% Spent		% Spent		% Spent
eThekweni	76 757	77.9	61 336	77.9	-	-	-	-	50 000	92 931	185.9	
Ugu	12 939	53.2	7 136	53.2	-	-	-	-	121 000	680 541	562.4	
uMgungundlovu	15 451	68.5	10 282	68.5	10 000	3 464	34.6	108 000	26 101	24.2		
uThukela	15 672	88.1	13 864	88.1	20 000	6 489	32.5	68 374	4 985	7.3		
uMzinyathi	12 725	48.1	5 868	48.1	-	-	-	86 000	16 700	19.4		
Amajuba	6 543	5.9	383	5.9	163 774	76 000	46.4	100 000	52 917	52.9		
Zulu	20 308	32.4	6 573	32.4	-	-	-	80 000	32 666	40.8		
uMkhanyakude	16 070	65.1	10 456	65.1	91 519	19 792	21.6	140 000	3 083	2.2		
King Cetshwayo	20 929	33.9	7 064	33.9	35 000	18 176	51.9	90 000	12 017	13.4		
Lenbe	8 655	60.9	5 271	60.9	20 000	7 375	36.9	60 000	37 726	62.9		
Harry Gwala	15 542	20.4	3 171	20.4	340 293	131 307	38.6	963 374	959 680	106.2		
<b>Total</b>	<b>223 591</b>	<b>58.8</b>	<b>131 377</b>	<b>58.8</b>	<b>340 293</b>	<b>131 307</b>	<b>38.6</b>	<b>963 374</b>	<b>959 680</b>	<b>106.2</b>		

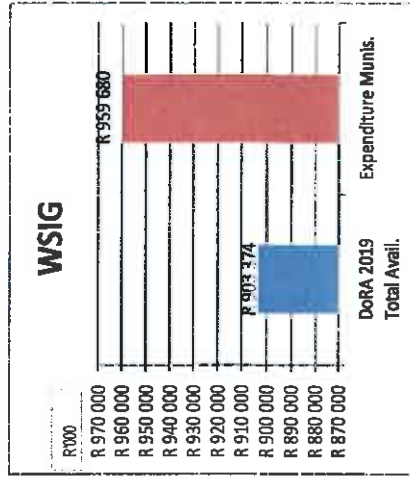
**Figure 17: EPWP Expenditure vs. allocation as at 31 December 2019**



**Figure 18: RBIG Expenditure vs. allocation as at 31 December 2019**



**Figure 19: WSIG Expenditure vs. allocation as 31 December 2019**



## 2.16 Non-Compliance with the DoRA and MFMA Reporting Requirements

**Table 17(a): List of municipalities that did not comply with ALL MFMA and DoRA Reporting Requirements for the period July to December 2019. (As at 10 February 2020)**

Monthly submission of MFMA Section 71 Data strings						
Budget Data strings	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
2019/20 Financial year						
uPhongolo	uPhongolo iNkosi Langalibalele	uPhongolo Nquthu iNkosi Langalibalele	uPhongolo Amajuba DM Nquthu iNkosi Langalibalele	uPhongolo Richmond iMpendle iNkosi Langalibalele Nquthu Amajuba DM	uPhongolo uMalazi iNkosi Langalibalele Mpotana Dannhauser	uPhongolo Mubatuba eDumbe Mpotana Dannhauser iNkosi Langalibalele uMalazi

\*List of municipalities exclude the non-delegated municipalities.

Source: NT Igdatabase

- Non-compliance with the DoRA and MFMA reporting requirements is forwarded bi-annually via a Provincial Treasury Circular by the office of the MEC for Finance to Mayors of all delegated KwaZulu-Natal municipalities. The issuing of the non-compliance circular bi-annually is over and above the weekly schedules which are sent to municipalities regarding their outstanding MFMA reports and returns by the Provincial Treasury.

- Despite these efforts, Tables 17(b), 17(b) and 17(c) show the municipalities that did not fully comply with all reporting requirements according to the National Treasury report reflecting the outstanding MFMA returns and reports as at 10 February 2020.

- Section 71 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. However, 11 municipalities have not submitted all their monthly reports. The uPhongolo Local Municipality failed to submit their budget data strings for the 2019/20 financial year, as well as all the required monthly data strings up to December 2019.

## 2.16 Non-Compliance with the DoRA and MFMA Reporting Requirements / continued...

**Table 17(b): List of municipalities that did not comply with ALL MFMA and DoRA Reporting Requirements for the period July to December 2019. (As at 10 February 2020)**

Non-submission of Mid-year Budget and Performance Report by 25 January 2020	Failure to upload the 2019/20 Mid-Year Budget and Performance assessment on the website timely	Municipalities that did not publish the majority of documents on their website as required by MFMA Section 75	Local Municipalities with less than 5 interns	District Municipalities with less than 3 interns	Municipalities which did not table their 2020/21 Time schedules outlining key deadlines by 31 August 2019.	Municipality which failed to submit their SDBIP to Provincial Treasury	Municipalities which failed to table their SDBIP's public within 10 working days of approval
uThukela DM Nquthu Dannhauser Amajuba DM eDumbe	Impendle uMgungundlovu DM Mubatuba	uMziwabantu uMfolozi Mubatuba eDumbe Dannhauser Nkandla Mpofana Nquthu	Alfred Duma uMshinga uPhongolo	Harry Gwala DM	uMgungundlovu DM Richmond Mpofana Dannhauser uPhongolo Newcastle	uMzumbhe	uThukela DM eNdlument Nquthu

\*List of municipalities exclude the non-delegated municipalities.

- Section 72(1)(a) of the MFMA requires that the Accounting Officer of a municipality assesses the performance of the municipality for the first half of the year. A report on such assessment must be performed and submitted to the Mayor of the municipality, National Treasury and the relevant Provincial Treasury by 25 January of each year as per Section 72(1)(b) of the MFMA. Five municipalities had failed to comply with Section 72(1)(b)(ii) on the 2019/20 Mid-Year Budget and Performance Assessments Reports were not submitted to Provincial Treasury in either the electronic or printed formats or both. The municipalities subsequently submitted their 2019/20 Mid-Year Budget and Performance Assessment Reports in the relevant formats to Provincial Treasury.
- Regulation 34(D) of the MBRB requires that the municipal manager to make the mid-year budget and performance assessment public by placing it on the municipal website within five working days of 25 January each year. Three municipalities failed to comply with this regulation incohesively.
- Section 75 of the MFMA requires municipalities to place certain documents on their municipal websites. It was noted that as at 10 February 2020, eight municipalities had still not placed the majority of the required documents on their municipal websites.
- The conditions of the Financial Management Grant (FMG) requires that each local municipality appoint a minimum of five interns and each district municipality appoint a minimum of three interns over a multi-year period. It was noted that as at 10 February 2020, four municipalities had still not appointed the required minimum number of interns.
- Section 21(1)(b) of the MFMA requires the Mayor of a municipality to table in council a time schedule outlining key deadlines by 31 August of each financial year. Six municipalities did not table their Time schedule outlining key deadlines by the prescribed deadline of 31 August 2019.
- Regulation 20(2)(f) of the MBRB requires the municipal manager to submit the Service Delivery and Budget Implementation Plan (SDBIP) to National and Provincial Treasury within ten working days of approval of the SDBIP by the mayor. The uMzumbhe Local Municipality failed to submit the SDBIP to Provincial Treasury. The MBRB further requires that the municipal manager makes the SDBIP public within ten working days after the mayor has approved the SDBIP. Three municipalities failed to make their SDBIP's public within the required timeframe.

## 2.16 Non-Compliance with the DoRA and MFMA Reporting Requirements / continued...

Table 17(C): List of municipalities that did not comply with ALL MFMA and DoRA Reporting Requirements for the period July to December 2019. (As at dated 10 February 2020)

Verification of MFMA Section 71 figures	Signed Off Q1 Conditional Grants	Signed Off Q1 Borrowing Monitoring	Signed Off Q1 Investments Monitoring
Mpofana	Mpofana	Ugu DM	uMshwathi
Mkhambathini	Mkhambathini	uMshwathi	Mpofana
uThukela DM	uThukela DM	Mpofana	iMpendle
Nquthu	Nquthu	Mkhambathini	Mkhambathini
Dannhauser	Dannhauser	Richmond	Richmond
Amajuba DM	Amajuba DM	uMgungundlovu DM	uMgungundlovu DM
eDumbe	eDumbe	uThukela DM	uThukela DM
uPhongolo	uPhongolo	Dannhauser	Nquthu
Mthonjaneni	uMalazi	Amajuba DM	uMvoti
Dr. Nkosazana Dlamini Zuma	Mthonjaneni	uPhongolo	Newcastle
uMzimkhulu	Dr. Nkosazana Dlamini Zuma	Nkandla	Dannhauser
	uMzimkhulu	Mtubatuba	Amajuba DM
			uPhongolo
			Nongoma
			uMkhanyakude DM
			Mthonjaneni
			Nkandla
			Jozini
			Mtubatuba

Source: NT Igdatabase

It was noted in the past that there have been discrepancies in the data submitted to the Local Government Database by municipalities. To ensure that the figures published by National Treasury are reliable, it is imperative that municipalities scrutinize, verify and sign-off the verification schedules sent to them by National Treasury on a quarterly basis. Eleven (11) municipalities failed to submit the signed Section 71 verification schedule. 12 municipalities failed to submit the signed Conditional Grant monitoring verification schedule. 12 municipalities failed to submit the Borrowing Monitoring verification schedule and 19 municipalities failed to submit the signed Investment Monitoring verification.



**2.17 Implementation of the Municipal Regulations on Standard Chart of Accounts (mSCOA)**

**Implementation of the Municipal Regulations on Standard Chart of Accounts (mSCOA)**

The Minister of Finance promulgated Government Gazette No. 37577, Municipal Regulations on Standard Chart of Accounts (mSCOA), on 22 April 2014. All municipalities and related municipal entities were required to transact in compliance with the mSCOA Regulations from 01 July 2017.

Provincial Treasury continued with the implementation of mSCOA in the Province during the second quarter of the municipal financial year by means of providing onsite support and engagements with municipalities and municipal entities.

**Reporting in terms of S71 of the MFMA for 2018/19 financial year**

The Accounting Officer of a municipality is required to, 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 in the prescribed format the statutory monthly reporting for the municipality, which includes the electronic monthly mSCOA transactional information submissions and the year to date submissions, including M12.

**Stage 1 Validation: Submission of Monthly Data strings**

For the financial period of 2018/19, the list of municipalities as detailed in Table 18 indicates non-compliance with Section 71 of the MFMA.

**Table 18: List of municipalities with cumulative outstanding returning for the 2018/19 financial year**

No	Name	Status	Months Outstanding
1	eThekweni	Submitted with Errors	M09-M12
2	iPhongolo	Outstanding	M05-M12

Source: National Treasury LG Database

**Stage 2 Validation: Segment Validation of the Monthly data strings:**

The mSCOA data string submission for the in-year reporting of 2018/19 financial year was assessed against the 16 validation rules of the National Treasury portal. There were three municipalities of the 52 municipalities that submitted successfully which contained segment errors on the monthly data strings as noted in Table 19.

**Table 19: List of Municipalities whose data strings contained segment errors**

No	Name	Status	Error Description
1	Big Five Hiabisa	Cont'd segment errors	Default projects may NOT have Item Expenditure and Assets except for current assets or non-current receivables or default items or Surplus/Deficit
2	Msunduzi	Cont'd segment errors	Default projects may NOT have Item Expenditure and Assets except for current assets or non-current receivables or default items or Surplus/Deficit
3	Nquthu	Cont'd segment errors	Default projects may NOT have Item Expenditure and Assets except for current assets or non-current receivables or default items or Surplus/Deficit

Source: National Treasury LG Database

Mpfofana re-submitted the monthly submissions for 2018/19 which cleared the previously reported segment error.

#### **Stage 4: Use of Segments Analysis for the 12 months ended 30 June 2019**

The monthly analysis was performed for M01-M12 in preparation for year end and was communicated to all municipalities. This also included an analysis of the opening balances of the 2018/19 financial year alignment to the audited Annual Financial Statements (AFS) for the 2017/18 financial year (AUDA). The following findings were evident in the analysis:

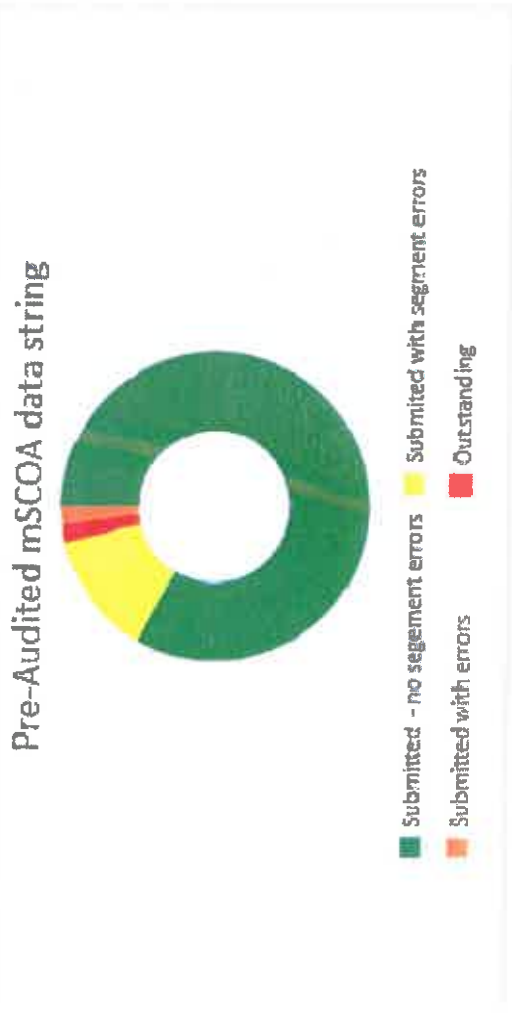
- Opening balances for the 2018/19 did not agree to the 2017/18 AFS. This implied that the journals processed in financial statements were not also processed on the financial system to ensure alignment between the two.
- There were incorrect use of segments including but not limited to:
  - Region segments incorrectly used;
  - Costing not applied;
  - Function split between core and non-core not aligned to mandate;
  - Funding segment incorrectly used;
  - Item segment inappropriately used between movement accounting and classification of items; and
  - Project segment not appropriately used nor aligned between Project capital, operational and default;
- As the financial statements are derived from the Item segment, municipalities were requested to review the opening balances and use of Item segment to ensure that transactions are correctly presented and disclosed in the AFS for the 2018/19 year end.

#### **Submission of the Pre- Audited Financial Statements mSCOA data strings for the 2017/18 financial year**

In terms of Section 74(1) of the MFMA, Provincial Treasury may request information from time to time to enable them to monitor compliance with the Act and provide oversight and monitoring to fulfil the mandate in terms of Section 5(4) of the MFMA. Such information can include, returns, documents, explanations and motivations as may be prescribed or as may be required.

In light of the above, municipalities were requested to submit to the LG Portal, the Pre-Audited Annual Financial Statement data strings (PAUD). As at 31 December 2019, 52 municipalities uploaded the PAUD which related to the 2017/18 financial year which represents only 96 percent of municipalities within the province. The PAUD data strings were required to be submitted to the LG Portal 10 days after submission of the AFS to the Auditor-General of South Africa. There is one municipality (the iNkosi Langalibalele Local Municipality) that is outstanding (denoted in the red), one municipality (the eNdumeni Local Municipality) that submitted with errors (i.e. the data string did not pass the Stage 1 validation and is denoted in orange) and seven municipalities whose submission contained Stage 2 validation errors as depicted in Figure 20 below:

**Figure 20: Status of municipalities that submitted the PAUD for the 2017/18 financial year end**



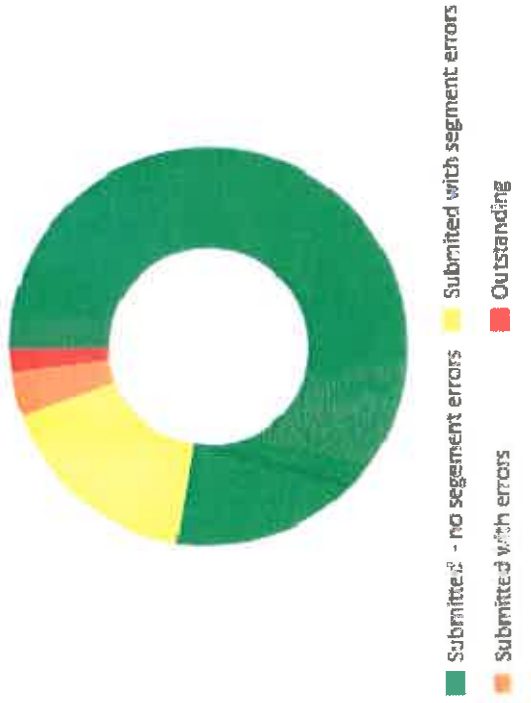
### **Submission of the Audited Actuals mSCOA Data strings for the 2017/18 financial year**

In terms of Section 74(1) of the MFMA, Provincial Treasury may request information from time to time to enable them to monitor compliance with the Act and provide oversight and monitoring. Such information can include, returns, documents, explanations and motivations as may be prescribed or as may be required.

In light of the above, municipalities were requested to submit to the LG Portal, the Audited Annual Financial Statement data strings (AUDA). As at 30 September 2019, 51 municipalities uploaded the audited data strings (AUDA) for the 2017/18 financial year which represents only 94 percent of municipalities within the province. There is one municipality (the uPhongolo Local Municipality) that is outstanding (denoted in the red), two municipalities (the eNdameni and uBuhlebezwe Local Municipalities) that submitted with errors (i.e. the data string did not pass the Stage 1 validation and is denoted in orange) and nine municipalities whose audited actual data strings contained Stage 2 validation errors. Figure 21 depicts the status of municipalities that submitted the audited actuals for the 2017/18 financial year.

Figure 21: Status of Municipalities that submitted the audited actuals for 2017/18 financial year

Audited Actuals mSCOA data string



### Reporting in terms of Section 71 of the MFMA for the 2019/20 financial year

The Accounting Officer of a municipality is required to, 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 in the prescribed format the statutory monthly reporting for the municipality, which includes the electronic monthly mSCOA transactional information submissions. The year to date submissions indicated the following:

#### Stage 1 Validation: Submission of Monthly Data strings

For the financial period of 2019/20, the list of municipalities as detailed in Table 20 indicates non-compliance with Section 71 of the MFMA.

**Table 20: List of municipalities with cumulative outstanding returning for the 2019/20 financial year**

No	Name	Status	Months outstanding
1	Amajuba DM	Submitted with Error and Outstanding	M02, M03 and M05
2	eThekweni Metro	Submitted with error	M05
3	Impendle	Outstanding	M05
4	Mandeni	Submitted with error	M05
5	Mpofana	Outstanding	M05
6	Msunduzi	Outstanding	M05
7	Mtshatsha	Outstanding	M05
8	Nquthu	Submitted with Error and Outstanding	M02, M03 and M05
9	uMzinyathi	Submitted with Error	M05
10	uPhongolo	Outstanding	M01-M05

Source: National Treasury LG Database

Communication was sent to all municipalities regarding submissions with errors and data strings that are outstanding. The uPhongolo Local Municipality has reverted to a non-mSCOA system and therefore is currently unable to submit any data strings. Furthermore, Quarter 1 (i.e. Month 1 -3) was locked down on the database by National Treasury which was due to alignment of Quarter 1 publication. Quarter 1 will not be re-opened and hence, the outstanding submissions will remain outstanding or outstanding with errors.

**Stage 2 Validation: Segment Validation of the Monthly data strings**

The mSCOA data string submission for the in-year reporting of 2019/20 financial year was assessed against the 16 validation rules of the National Treasury portal. There were five municipalities whose cumulative submissions contained segment errors as at the end of Month 5 as noted in Table 21 below.

**Table 21: List of municipalities whose submissions contained segment errors**

No	Name	Status	Error Description
1	eDumba	Contained segment errors in M05	Capital projects can only have Item Assets or Payables and Accruals and Retentions
2	kwadukuza DM	Contained segment errors in M01	Sum of charges and recoveries does not balance to NIL
3	uMingqa	Contained segment errors in M01	Oper Proj. Cost of Free Basic Services and Revenue Cost of Free Services and Property Rates can only have Item Revenue or certain Item Assets
4	Richmond	Contained segment errors in M01	Capital projects can only have Item Assets or Payables and Accruals and Retentions
5	uMankhulu	Contained segment errors in M01	Capital projects can only have Item Assets or Payables and Accruals and Retentions

Source: National Treasury LG Database

The segment errors were communicated via email for correction in the next reporting period. The errors may only be corrected in the period identified as there is no backdating of transactions allowed.

**Stage 4: Analysis of the use of segments for the monthly submissions' of 2019/20 financial year**

The monthly analysis was performed for M01 and M04. In addition to this, communication and onsite visits were completed for some municipalities to indicate the impact that the incorrect transactional information may have during the Adjustment Budget Process. The analysis revealed the following:

- The Region segment was incorrectly transacted on. Further to this, some municipalities had new regions that were not on the initial ORGB mSCOA data strings.
- The Costing segment is Default. That is, Costing has not been implemented for services such as electricity, waste, wastewater and water services.
- Accounting for transactions in terms of Generally Recognised Accounting Principles is a problem.
- Double entry principles are not employed during the preparation of monthly accounts.
- Validation rules are being by-passed and segment errors are still appearing.
- The use of segments still continues to be incorrect in most instances and which is impacting the alignment to the C Schedules:
  - The incorrect funding allocation and hence cash flow does not balance.
  - Incorrect linking of Project capital, Project operational and Project default. Opening balances were incorrectly allocated to Project capital which impacted the values as disclosed in Tables A5, A9 as well as the C5 and C9 of the schedules C.
  - Opening balances are not correctly aligned by class of asset and/or not rolled over appropriately and hence the balance sheet is NOT in balance.
  - The incorrect classification of Item segments based on the project segment description. Assets are in negative balance for cost amounts.
  - There is no Depreciation being run.
  - Clearing accounts are not NIL.
  - Incorrect classification of between core and non-core services. Municipalities have not used the guidelines are provided in MFMA Circular No. 74. This however, can only be corrected through the adjustment budget processes.
  - The Project capital asset description and the Item asset descriptions do not match.
  - Catering, Maintenance and Travel and subsistence are incorrectly linked to Municipal running costs.
  - There is no use of the Project operational typical work streams: Cost of free basic services for water and electricity nor Rebates for property rates used for some municipalities.

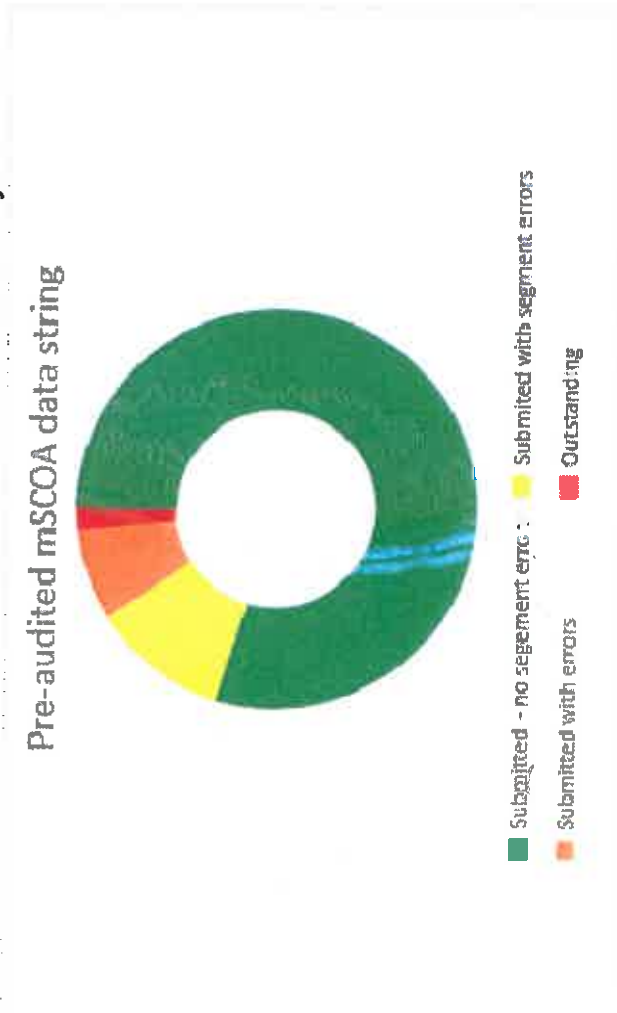
Municipalities have indicated that these matters will be addressed in the 2019/20 Adjustment Budget process. Due to there being NO Budget return forms, publishing of information would be based on the mSCOA data strings only therefore municipalities have been urged to ensure accuracy, validity and completeness of information.

### Submission of the Pre-Audited Annual Financial Statements data string (PAUD) for the 2018/19 financial year

In terms of section 74(1) of the MFMA, Provincial Treasury may request information from time to time to enable them to monitor compliance with the Act and provide oversight and monitoring to fulfil the mandate in terms of Section 5(4) of the MFMA. Such information can include, returns, documents, explanations and motivations as may be prescribed or as may be required.

In light of the above, municipalities were requested to submit to the LG Portal the Pre-Audited Annual Financial Statement data strings for the financial year ended 30 June 2019. As at the 31 December 2019, 49 municipalities uploaded the Pre-Audited Data Strings (PAUD). This represents only 90.7 percent of municipalities within the province. The PAUD data strings were required to be submitted to the LG Portal 10 days after submission of the Annual Financial Statements to the Auditor General of South Africa. There is one municipality that is outstanding (denoted in the red) and four municipalities that submitted with errors (i.e. the data string did not pass the Stage 1 validation and is denoted in orange) and six municipalities whose submission contained stage 2 validation errors. There was an improvement of 9 percent since the last quarter report.

Figure 22: Status of submissions of the PAUD for the 2018/19 financial year



Source: National Treasury LG Database

The municipalities that submitted PAUD with errors or whose submissions were outstanding as at 31 December 2019 are listed in Table 22 below.

**Table 22: Municipalities whose PAUD submission is outstanding or submitted with errors**

No	Name	No	Name
1	eThekweni Metro	4	uMngeni
2	Msunduzi	5	uPhongolo
3	Nquthu		

Source: National Treasury LG Database

### Submission of the Re-stated Actuals for the 2017/18 financial year

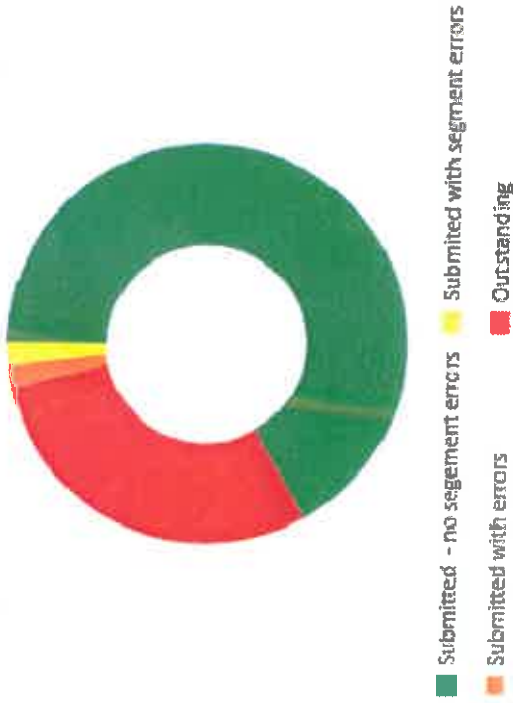
In respect of Section 74(1) of the MFMA, Provincial Treasury may request information from time to time to enable them to monitor compliance with the Act and provide oversight and monitoring to fulfil the mandate in terms of Section 5(4) of the MFMA. Such information can include, returns, documents, explanations and motivations as may be prescribed or as may be required.

In light of the above, municipalities were requested to submit to the LG Portal the Restated Actuals data strings (RAUD) for the financial year ended 30 June 2018. As at the 31 December 2019, 37 municipalities uploaded the restated actuals data strings. This represents only 68.5 percent of municipalities within the province. The RAUD data strings were required to be submitted to the LG Portal 10 days after submission of the Annual Financial Statements for 2018/19 to the Auditor General of South Africa. This is in respect of the restated amounts for the 2017/18 financial year (comparative period). This data string is required even if the amounts have NOT been restated. This represents a 27.8 percent increase since quarter 1. Figure 23 depicts the status of submissions.



**Figure 23: Status of submission of the RAUD 2017/18 comparative year**

Restated Actuals mSCOA data string



Source: National Treasury LG Database

The municipalities that have not submitted or submitted with errors the RAUD submission are listed in Table 23 below:

**Table 23: List of municipalities RAUD is outstanding or submitted with errors**

No	Name	No	Name	No	Name
1	Amajuba DM	7	Newcastle	13	uMhlatuze
2	eNdlumeni	8	Nquthu	14	uMlalazi
3	eThekweni Metro	9	Ray Nkonyeni	15	uMngeni
4	INkosi Langalibalele	10	Richmond	16	uMzinyathi DM
5	Mpofana	11	uBuhlebezwe	17	uPhongolo
6	Msunduzi	12	uMdani		

Source: National Treasury LG Database

### Onsite Assessments and use of Modules

During the period from August 2019 to December 2019, Provincial Treasury conducted onsite assessments to determine the implementation progress made by municipalities and validate per National Treasury's request to test modules that are in use by municipalities. The assessment was comprehensive in that it considered all 15 business processes and determined the functionality that should be implemented as per MFMA Circular 80 and incorporated whether integration was required

(status thereof) and lastly, the functionality of the module and/or if the module was in use. The questionnaire consisted of a total of 512 questions per assessment. The 15 business processes considered included:

- Corporate governance;
- Municipal budgeting, planning and financial modelling;
- Financial accounting;
- Costing and reporting;
- Project accounting;
- Treasury and cash management;
- Procurement cycle: Supply chain management (SCM), Expenditure management, Contract management and Accounts payable;
- Grant management;
- Full asset life cycle management including maintenance management;
- Real estate and Resource management;
- Human resource and Payroll management;
- Land use and building control management;
- Valuation roll management;
- Revenue cycle: Meter reading, billing accounts receivable, revenue management and receipting; and
- Customer care, credit control and debt collection.

As at the 13 December 2019, there were 46 of the 51 delegated municipalities that were assessed. This represented 90.2 percent completion. The preliminary results indicated that the progress has been made since the previous assessment conducted which was conducted in 2018. The following municipalities where either in progress or required to be scheduled:

- uPhongolo Local Municipality – No assessment could be conducted due to the municipality reverting to a non-mSCOA system.
- Harry Gwala District Municipality – Assessment was in progress.
- uThukela District Municipality – Assessment was in progress.
- King Cetshwayo District Municipality – Assessment to be scheduled as the municipality was in the process of upgrading from eVenus to SOLAR and requested that the assessment be conducted in January 2020.
- iMpendle Local Municipality - Assessment to be scheduled. Due to conflicting schedules the assessment could only be conducted in January 2020.

On completion of the onsite assessment at each municipality, the questionnaire was updated and emailed to the Chief Financial Officer (CFO) for review and thereafter finalised once all matters have been addressed adequately. The final results of all concluded assessments will be reported in Quarter 3.

### **Provincial Treasury Support to Municipalities and Entities**

Provincial Treasury has actively engaged municipalities and entities through various forums, training workshops, one on one sessions and district engagements. A summary of the support provided during quarter 2 is indicated below:

- CFO forum on 03 December 2019, the CFO forum addressed the following:
  - Budgeting and transacting in mSCOA.
- During the onsite assessment, findings of the monthly submissions were discussed with the CFO and delegated officials. An in-depth analysis per segment with the errors identified and corrective measures required were discussed. All errors are to be corrected during the Adjustments Budget process.

### **National Treasury Support**

National Treasury has conducted the following engagements with the attendance of all Provincial Treasuries:

- Reporting reference group – 04 October 2019;
- Technical working group (Cashflow and Work-in-Progress) – 21 October 2019;
- Chart training and Analysis of MFMA Section 71 Training – 25 October 2019;
- Vendor engagements 18-21 November 2019 – This was the demonstration of the Performance management module; and
- Budgeting and transacting in mSCOA – 04 to 06 December 2019.

### **Way forward**

Provincial Treasury will continue to engage with the municipalities in addressing the outstanding issues via monthly site visits, frequent communication via email and telephonically as well as the various platforms such as CFO Forums and district engagements.

The focus areas of the mSCOA implementation team for the **next quarter is planned as follows:**

- Monitor and support municipalities in ensuring that the monthly data submissions are in compliance with National Treasury requirements and free from errors;
- Conduct district engagements to discuss Budgeting and transacting in mSCOA and alignment;
- Analyse and review the municipal data transactions to ensure the quality of the transactional data and provide feedback to municipalities;
- Conduct and conclude the onsite assessments for municipalities against the ICT Due Diligence as per MFMA Circular No. 80 and provide municipality feedback on the overall assessment;
- Provide guidance to municipalities on system implementation issues and governance matters including onsite engagements and assessments;
- Engagement with National Treasury on the demonstration of the Grant Management Module and Annual Financial Statements Reporting module;
- Attendance of training to be held by National Treasury; and
- Review and provide guidance on the revised project plans to address the mSCOA implementation feedback provided.

## 2.18 Municipal Support and Oversight

Municipal Support and Oversight includes a summary of work performed by the various Business Units within Provincial Treasury in the quarter under review in support provided to delegated municipalities in line with their responsibility monitoring and supporting municipalities as per Chapter 2 of the MFMA. A full report from each Business Unit is available on request.

### Municipal Accounting and Reporting

#### Introduction and Background

In terms of the Provincial Treasury's mandate to support municipalities in strengthening their financial management capacity, Provincial Treasury continued to provide financial management onsite support to identified municipalities within the province during the 2019/20 financial year. The fundamental objective of this program is to improve the financial management accounting and reporting processes at the delegated municipalities and assist in addressing their audit findings.

The onsite support intervention strategy conducted by the initiative entails the following:

- An assessment of the status of financial management practice at identified municipalities and the development of a project plan;
- Review or perform monthly general ledger reconciliations and monitoring of the quality of financial management reconciliations and accounting processes, as required;
- Address prior year audit findings as raised by the Auditor-General to ensure that such findings are resolved adequately;
- Provide guidance and oversight in the asset register preparation process and asset management processes or assist in the preparation of the asset register as required;
- Monitor and assist in the preparation of the Interim Financial Statements and Annual Financial Statements (AFS);
- Preparation of AFS and supporting reconciliations and schedules, as required;
- Assist in the preparation and review of the audit working paper file including all financial reconciliations and disclosure requirements;
- Training and development, including continuous on-the-job training of municipal officials in terms of financial management throughout the project;
- Monitor and implement compliance with the Municipal Finance Management Act No. 56 of 2003 (MFMA), and other relevant local government legislation;
- Provide support with the alignment and compliance of the Municipal Standard Chart of Accounts (mSCOA) requirements for financial management transactions;
- Attendance at audit steering committee meetings. Provide guidance and support during the audit process to the CFO in addressing all financial management audit queries until the issue of the final audit report; and
- Attendance at management meetings that relate to financial management within the municipality.

## Financial Management Support

Financial management support continued to be implemented during Quarter 2 of the 2019/20 financial year, as municipalities were responding to audit queries, making amendments to their AFS, audit working paper files and supporting documentation for the 2018/19 financial year.

Activities during the quarter included attending audit steering committee meetings, attending management committee meetings, providing guidance and support during the audit process from requests for information and communication of audit findings, to updating of the reconciliations, workings paper files and AFS until the issue of the final audit report.

Table 24 reflects the municipalities supported by Provincial Treasury with regards to the financial management support initiative. The audit outcomes for the 2018/19 financial year reflected an unchanged opinion for six of the municipalities and an improved opinion for the Ugu District Municipality from an adverse to qualified audit opinion.

**Table 24: Municipalities supported in Quarter 2 of 2019/20**

No	Name of Municipality	2017/18 Audit Opinion	2018/19 Audit Opinion
1	Ray Nkonyeni	Unqualified	Unqualified
2	uMuzwabantu	Unqualified	Unqualified
3	Ugu DM	Adverse	Qualified
4	uThukela DM	Qualified	Qualified
5	uPhongolo	Unqualified	Unqualified
6	Mandeni	Unqualified	Unqualified
7	uBuhlebezwe	Qualified	Qualified

Source: KZN Treasury

## Challenges identified during implementation

The challenges faced by municipalities are similar each year and show little improvement over the financial periods. The challenges identified during the financial management support and preparation of AFS initiative include, among others, the following:

- A lack of resources due to the high levels of vacancies/skills at the municipalities which negatively impacts effective skills transfer, particularly in the preparation of the AFS and resolving audit queries;
- The resignation of key officials, such as the CFO, during key periods resulting in other municipal officials acting in the respective positions for long periods without the vacancies being filled;
- Significant reliance is placed on Provincial Treasury support, consultants or interns to perform the work of municipal officials without adequate commitment from the respective officials to ensure sufficient transfer of skill;
- The implementation of mSvD/A has reduced the capacity available at municipalities to undertake financial management responsibilities;

- Poor record keeping and maintenance of adequate supporting documentation negatively impacts the correction of prior period errors identified from the prior year audit;
- Inadequate skills on credit control and debt management, including basic financial accounting and document management systems;
- Lack of systems to address audit queries and recommendations for both internal and external auditing;
- Inadequate asset management processes within the municipality which impacts the maintenance of the asset register as well as the accuracy and timeliness of related reporting;
- Poor controls over routine accounting processes, i.e. failing to prepare and review monthly reconciliations between the sub ledger and control accounts in the general ledger as well as between the general ledger and external source information and the related register, failure to clear control/suspense accounts and failure to maintain supporting schedules such as accruals listings;
- Lack of effective controls and processes to prevent non-compliance with relevant legislation and supply chain management processes as well as to prevent the incurrence of unavoidable expenditure which results in irregular, fruitless and wasteful expenditure;
- Little or no action taken in investigating or condoning the unauthorised, irregular, fruitless and wasteful expenditure;
- Lack of evidence based reporting and failure to prepare comprehensive audit working paper files supporting the AFS; and
- Availability of municipal financial management officials to address challenges identified during the support provided.

Provincial Treasury shall continue to support these municipalities by means of continued assistance until February 2020 when the close out reports will be presented to management. These close out reports will document the activities performed during the project including challenges experienced, recommendations and action plans to address concerns raised. An assessment of the capacity and financial management matters that still require attention will be performed toward the end of the financial management support program in order to determine future support for the next financial year.

#### **Annual Financial Statements Review Support**

Provincial Treasury conducted the review of the AFS for the 2018/19 municipal financial year for identified municipalities in the province, commencing from the month of August 2019. The objective of the AFS review was to ensure that municipalities' financial statements comply with the GRAP accounting framework as well as improve the quality of AFS's submitted to the Auditor-General for audit.

The onsite support intervention strategy conducted by the initiative entails the following:

- Technical review of the AFS, together with supporting working papers, to ensure compliance with the accounting standards and MFMA disclosure requirements;
- Technical review of the key registers and reconciliations, e.g. fixed assets, grants, retentions, receivables, payables etc. to ensure compliance with the accounting standards and disclosure within the AFS;

- Provide technical assistance in addressing AFS review queries as required including queries from the Auditor-General on key financial statement matters having an impact on fair presentation; and
- Provide skills transfer to the internal audit component of the municipality, by providing training on the process of reviewing the AFS and working papers as well as dealing with the audit queries.

During Quarter 2 further skills transfer and training on the process for the review of the AFS took place at four municipalities; namely the uMhlabyalingana, Ulundi, uPhongolo Local Municipalities and Harry Gwala District Municipality. Training was not performed at the uBuhlebezwe Local Municipality as their internal audit unit is outsourced. Additional audit support was also provided this quarter with assistance in monitoring and addressing audit queries as well as reviewing of adjusted supporting documents requested by audit.

**Table 25: Municipalities supported in Quarter 2 of 2019/20**

No	Name of Municipality	AFS Reviews	Skills Transfer Q1	Skills Transfer Q2
1	uMhlabyalingana	✓		✓
2	Harry Gwala DM	✓		✓
3	KwaDukuza	✓	✓	
4	Ulundi	✓		✓
5	uPhongolo	✓		✓
6	Dr. Nkosazana Dlamini Zuma	✓	n/a Internal Audit outsourced	
7	uBuhlebezwe	✓		n/a Internal Audit outsourced
8	uMzimkhulu	✓	✓	

Source: KZN Treasury

The significant challenges identified during the AFS review were as follows:

- The AFS review was significantly delayed due to the AFS being prepared late which led to the majority of the reviews taking place in the last week of August 2019;
- The AFS were incomplete at the time of review, particularly asset information and supporting documentation for the AFS, including working papers;
- Audit working paper files were still in the process of being compiled at the time of review; and
- The intention was to transfer skills to internal audit officials at these municipalities. In many instances, internal audit officials were not appointed or not available to undertake the review with the Provincial Treasury team.

### Municipal Finance Improvement Programme (MFIP III) - Asset Management

Provincial Treasury continued to provide asset management support in response to the continuing challenges faced by municipalities and the resulting impact on audit outcomes. National Treasury also provided a resource from the Municipal Finance Improvement Programme (MFIP III) – Asset Management whose aim was to address weaknesses identified, ensure the establishment of an asset management steering committee and the capacitation of the asset management unit as well as to provide assistance with the development of policies and procedures.

A total of 12 municipalities have been selected for inclusion in the asset management programme, however, only seven municipalities were provided with support during quarter 2 as noted in Table 26. Of the remaining five municipalities, two municipalities were contacted for support but did not use the services of the MFIP Asset Advisor, one municipality had full time Provincial Treasury asset management support onsite and two municipalities have not confirmed an inception meeting date to commence the support offered.

**Table 26: Municipalities supported with asset management in Quarter 2 of 2019/20**

No	Name of the municipality	Asset Register / Asset Components reviewed	Asset Management guidance and assistance provided	Other Support provided
1	AbaCulusi LM	Extensive onsite assistance provided with the updating of the asset register during the audit	Guidance provided with current year audit support	Asset Management support offered and response received. Meeting to be held in Quarter 3.
2	Harry Gwala DM			
3	Impendle LM	Reviews performed on the 2019/20 draft asset register	Guidance provided with current year audit support	
4	Nongoma LM	Reviews performed on the updated 2018/19 AFS provided		
5	uBuhlebezwe LM	Onsite assistance provided with the updating of the asset register during the audit	Guidance provided with current year audit support	Workshops held on asset management
6	Ugu DM			Asset Management support offered but no response received. KZNPT MAR Team onsite.
7	uMgungundlovu DM		Guidance provided with current year audit support	
8	uMkhanyakude DM			Asset Management support offered but no response received.
9	uMsinga LM			Asset Management support offered but no response received.
10	uMzinyathi DM			Asset Management support offered but no response received.
11	uPhongolo LM		Guidance provided during current year audit support with the KZN PT MAR team onsite	
12	uThukela DM		Guidance provided with current year audit support	Arrangements being made for asset management training in quarter 3

Source: KZN Treasury



The support provided this quarter related to audit support on asset management related queries raised by the Auditor-General. Reviews of the updated asset registers provided to audit were also performed and comments provided to municipal officials for review and follow up. Onsite guidance was also provided by the MFIP Asset Advisor including assistance with prior period errors and guidance on the updating of the 2018/19 financial year asset registers. Extensive onsite support was provided to the AbaQulusi Local Municipality to prepare the updated asset register and all supporting documents. Other support in the form of monitoring the status of the MFIP action plans and focus areas were performed.

Additional audit support was provided to uMvoti, Mandeni and uMuziwabantu Local Municipalities as well as Amajuba District Municipality on guidance with responses to the Auditor-General on asset management findings.

The significant challenges experienced during the implementation of the asset management support, amongst others, are the following:

- Asset management activities related to the physical verification, condition assessments, impairments, depreciation calculations, additions, disposals and assets under construction transfers all occur at year end and are not executed throughout the year;
- The appointment of consultants to assist with the preparation of the asset register occurs very close to year end;
- Lack of capacity or skills of officials responsible for asset management. The municipalities visited have an Assets Management Unit capacity disparity, as well as an oversight weakness and it is included as a source of activity in the Action Plans for each selected municipality;
- Required procedures and controls related to asset management are not properly documented and implemented;
- Lack of oversight and management of assets by the Municipal Management Officials; and
- Asset management systems are not fully utilised by municipalities and do not fully comply with the MFMA Circular No. 80 requirements.

Asset management training, particularly aimed at adequate planning for assets is planned for Quarter 3.

## Banking and Cash Management

### Quarterly Withdrawals from Municipal Bank Accounts

#### Background

In terms of Section 11(4) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) *The accounting officer must within 30 days after the end of each quarter: -*

- (a) *table in the municipal council a consolidated report of all withdrawals made in terms of subsection (1)(b) to (j) during that quarter; and*
- (b) *submit a copy of the report to the relevant Provincial Treasury and the Auditor General.”*

Municipalities were provided with National Treasury MFMA Circular No. 61 on Banking, Overdrafts and Investments, dated April 2012.

#### Progress/Outcome

Table 27 below lists the municipalities that have not submitted the first quarter withdrawal report in respect of the 2019/20 financial year.

**Table 27: Municipalities that have Outstanding Quarterly Withdrawal Reports for 2019/20**

No	Name of Municipality	No	Name of Municipality
1	eMadlangeni	5	Mpoofana
2	uMkhanyakude DM	6	iMpendle
3	Jozini	7	AbaQulusi
4	uMshwathi		

Source: KZN Treasury

Table 28 below lists the municipalities that have not submitted the second quarter withdrawal report in respect of the 2019/20 financial year.

**Table 28: Municipalities that have Outstanding Quarterly Withdrawal Reports for 2019/2020**

No	Name of Municipality	No	Name of Municipality
1	Ugu DM	16	Mpofana
2	uMdoni	17	iMpindle
3	Ray Nkonyeni	18	Msunduzi
4	uThukela DM	19	Mkhambathini
5	Okhahlamba	20	uMzinyathi DM
6	eMadlangeni	21	uMisinga
7	Amajuba DM	22	Nquthu
8	Newcastle	23	uMhloti
9	uMkhanyakude DM	24	eDumbe
10	Mtubatuba	25	AbaQulusi
11	Jozini	26	Ulundi
12	Big Five Hlabisa	27	uMlalazi
13	iLembe DM	28	Nkandla
14	KwaDukuza	29	Harry Gwala DM
15	uMgungundlovu DM	30	uMshwathi

Source: KZN Treasury

### Status of support offered to Municipality

#### Background

Provincial Treasury to assist all municipalities during the 2019/20 financial year in respect of the following sections of the MFMA:

- Section 11(4) – Quarterly bank withdrawal reports;
- Section 8(5) – Primary Bank Account;
- Section 9(b) – Details of all bank accounts details before year-end;
- Section 45(4) (a) – Short Term Debt; and
- Section 13 – Investment and Cash Management Policy.

#### Progress/outcome

Visit municipalities when required to provide assistance on the following applicable sections of the MFMA:

During the quarter 2 of the 2019/20 financial year, telephonic support was provided to municipalities on the above applicable sections of the MFMA when requested.

## Bank Accounts

### Background

In terms of Section 9 and 86 of the MFMA, the Accounting Officer of a municipality and municipal entity must submit to Provincial Treasury in writing:

- (a) *within 90 days after opening a bank account, the details of such new bank account; and*  
 (b) *annually, before the start of the financial year, the name of each bank where the municipality/municipal entity holds an account.*

### Progress/ Outcome

Provincial Treasury monitors changes to primary bank accounts.

During August 2019, a request in terms of Section 9(b), 86(1)(b) and 86(2) of the MFMA, was sent to all municipalities requiring the accounting officer to submit a schedule of all bank accounts held by the municipality and of those held by any municipal entities.

Table 29 below lists the municipalities that have not submitted their bank account details with respect to the 2018/19 financial year.

**Table 29: Municipalities that have not submitted their bank account details in respect of the 2018/19 financial year**

No	Name of Municipality	No	Name of Municipality	No	Name of Municipality
1	uMdoni	13	Mtubatuba	25	Richmond
2	uMzumbhe	14	iLembe DM	26	Zululand DM
3	uMuziwabantu	15	KwaDukuza	27	eDumbe
4	Ray Nkonyeni	16	Mandeni	28	uPhongolo
5	uThukela DM	17	Ndwedwe	29	AbaQulusi
6	iNkosi Langalibalele	18	Maphumulo	30	King Cetshwayo DM
7	Amajuba DM	19	Richmond	31	uMfolozi
8	Newcastle	20	Zululand DM	32	uMhlatuze
9	eMadlangeni	21	eDumbe	33	Nkandla
10	uMkhanyakude DM	22	uPhongolo	34	uBuhlebezwe
11	uMhlabuyalingana	23	AbaQulusi	35	Dr. Nkosazana Dlamini Zuma
12	Jozini	24	King Cetshwayo DM		

Source: KZN Treasury

In September 2019 the uMvoti Local Municipality changed their Primary banking details to Standard Bank.

## **Cash Management and Investments**

### **Background**

In terms of Section 13(1) of the MFMA, the Minister, acting with the concurrence of the Cabinet member responsible for local government, may prescribe a framework within which municipalities must—

- (a) conduct their cash management and investments; and*
- (b) invest money not immediately required.*

Section 13(2) of the MFMA further states that a municipality must establish an appropriate and effective cash management and investment policy in accordance with any framework that may be prescribed in terms of subsection (1).

### **Progress/ Outcome**

All municipalities were provided with:

- The municipal Investment Regulations (Government Gazette No. 27431); and
- A generic investment policy.

The regulation and the generic policy were to be used by municipalities to tailor their own investment policy in order to ensure compliance with the regulations and to make economically beneficial investments.

### **Impending Overdrafts**

#### **Background**

In terms of Section 70(2) of the MFMA, if a municipality's bank account, or if the municipality has more than one bank account, the consolidated balance in those bank accounts, shows a net overdraft position for a period exceeding a prescribed period, the Accounting Officer of the municipality must promptly notify the National Treasury in the prescribed format of—

- (a) the amount by which the account or accounts are overdrawn;*
- (b) the reason for the overdrawn account or accounts; and*
- (c) the steps taken or to be taken to correct the matter.*

In terms of Section 101 of the MFMA, (1) the Accounting Officer of a municipal entity must report, in writing, to the board of directors of the entity, at its next meeting, and to the Accounting Officer of the entity's parent municipality any financial problems of the entity, including—

- (a) any impending or actual—*

- (i) under collection of revenue due;
  - (ii) shortfalls in budgeted revenue;
  - (iii) overspending of the entity's budget;
  - (iv) delay in the entity's payments to any creditors; or
  - (v) overdraft in any bank account of the entity for a period exceeding 21 days; and
- (b) any steps taken to rectify such financial problems.

(2) *The Accounting Officer of the municipality must table a report referred to in subsection (1) in the municipal council at its next meeting.*

National Treasury MFMA Circular no. 61 on Banking, Overdraft and Investment, dated April 2012 further states that *if the bank account, or if the municipality or municipal entity has more than one bank account, the consolidated balance in those bank accounts shows a net overdrawn position for a period exceeding 3 months, the Accounting Officer of the municipality must notify the National Treasury (Form F) within 14 days after the 3 months period lapses for municipalities and 21 days for municipal entities.*

**Progress/ Outcome**

Municipalities were made aware of the reporting requirements of Sections 70 and 101 of the MFMA via written correspondence in August 2019 in this regard. No municipality reported any impending overdrafts during the first quarter of the 2019/20 financial year.

No municipality reported any impending overdrafts during the quarter 2 of the 2019/20 financial year.

## **Supply Chain Management (SCM)**

### **Scope of Provincial SCM Municipal Support initiatives**

#### **1.1. Routine Compliance assessment**

The Provincial SCM Unit conducts routine compliance assessments for municipalities to ensure proper implementation and compliance with all the relevant SCM prescripts. These assessments inform all the other support initiatives that the Provincial SCM Unit provides as they highlight the level of compliance across the whole province.

#### **1.2. Workshops**

The Provincial SCM Unit conduct bid committee workshops and workshops on the requirements for Local production and content at all municipalities as and when requested to do so. These workshops are conducted so as to ensure that all officials appointed as members of bid committees are aware of their roles and responsibilities and also to ensure that bid committees are fully functional.

#### **1.3. Consideration of Requests for Regulation 32**

In May 2017, Provincial Treasury issued KZN Municipal Circular No. 01 which mandates municipalities to obtain the consent of the Provincial Treasury prior to participating in a contract arranged by another organ of state. The aim of this support initiative is to curb the irregular expenditure that municipalities incur through contracts arranged by other organs of state.

#### **1.4. Deployment of resources for support**

The Provincial SCM Unit deploys external resources to municipalities with distressed SCM units or where there is a lack of capacity at management level within the SCM units. The resource are not involved in operational work and do not hold any delegations, but they provide onsite guidance, support and mentorship of SCM officials in municipalities

#### **1.5. Policy guidelines**

The Provincial SCM Unit issues Provincial Circulars in terms of Sections 5(3)(b) and 5(3)(c) of the MFMA. The purpose of these Circulars, in addition to what is prescribed under the functions of the Provincial Treasury, is to guide uniformity in practice and procedure.

#### **1.6. Contract Management**

The Provincial SCM Unit has implemented Contract Management at all 53 municipalities within the province. The purpose of the contract management system is to reduce irregular expenditure through ensuring that proper management of contracts, from their inception through to close out, is undertaken.

**Table 30: List of municipalities supported on SCM activities in Quarter 2 of 2019/20**

Municipality	Support Initiative/ Project	Commencement Date	Estimated Completion Date	Progress to Date	Risks or Challenges
<b>Compliance Assessments Conducted</b>					
uMzimkhulu AbaQulusi Inkosi Langalibalele	Compliance assessments	Routine	Routine	Due to the timing of this report, a number of compliance assessment reports were still in the process of being finalised.	uMzimkhulu Municipality Not fully compliant with local content and production requirements Bid not published on the tender portal AbaQulusi Municipality SCM Unit is under-capacitated Bid not published on the tender portal SCM unit is not fully functional Inkosi Langalibalele Municipality SCM policy not reviewed and aligned with changes in PPR 2017 Senior SCM practitioner not a member of BAC or any committee Bid not published on the tender portal Only MBD 4 is sent out with invitation to quote – no MBD 8 & 9
<b>Training Sessions</b>					
Local production and content training were conducted at 11 municipalities from October to December 2019. These Municipalities were as follows: uMuziwabantu Ulundi Nongoma; AbaQulusi eDumbe uPhongolo uThukela DM Alfred Duma Inkosi Langalibalele Okhabamba Mtubatuba	Local production and content training	As and when requested.	As and when requested	All requests for workshops were honoured.	None
Bid committee was conducted at 11 municipalities from October to December 2019. These Municipalities were as follows: uMuziwabantu Ulundi Nongoma AbaQulusi uPhongolo Zululand DM eDumbe uThukela DM Alfred Duma Inkosi Langalibalele Mtubatuba	Bid committee training	As and when requested	As and when requested	All requests for workshops were honoured.	None

Source: KZN Treasury



**Table 30: List of municipalities supported on SCM activities in Quarter 2 of 2019/20 continued...**

Municipality	Support Initiative/ Project	Commencement Date	Estimated Completion Date	Progress to Date	Risks or Challenges
<b>Procurement Plans</b>					
All municipalities	Collection of procurement plans	01-Jun-19	Continuous	Only 39 municipalities have submitted their procurement plans:	
				Zululand DM	
				uMkhosi	
				eDumbe	
				uMdoni	
				iNkosi Langalibalele	
				AbaQulusi	
				eMadlangeni	
				Harry Gwala DM	
				Msunduzi	
				Dr. Nkosezane Dlamini Zuma	
				Newcastle	
				Okhahlamba	
				Ray Nkonyeni	
				Richmond	
				uMgungundlovu DM	
				Mkhambathini	
				uMzinyathi DM	
				Amajuba DM	
				Dannhauser	
				uMzumbhe	
				uMzimkhulu	
				Greater Kokstad	
				uMshwathi	
				Nquthu	
				eNdameni	
				uMuziwabantu	
				Mpotana	
				uBuhlebezwe	
				King Cetshwayo DM	
				Mfolozi	
				Nkandla	
				uMlalazi	
				iLembe DM	
				Mandeni	
				Maphumulo	
				Mkhanyakude DM	
				Mtubatuba	
				Minibuyalingana	
				<b>Regulation 32</b>	
				No requests for procurement via means of Regulation 32 were received during the period under review	

Source: KZN Treasury

**Table 30: List of municipalities supported on SCM activities in Quarter 2 of 2019/20 continued...**

Municipality	Support Initiative/ Project	Commencement Date	Estimated Completion Date	Progress to Date	Risks or Challenges
<b>Contract Management</b>					
Provincial Circular No. 1 of 2017/2018 was sent to all Municipalities.	As per KZN Provincial Circular No. 1 of 2017/18 implementation of Contract management, paragraph 9, issued in terms of Section 5 (3)(c) and (d) as well as Section 116 of the MFMA.	Routine	Routine	Conducted site visits to nine (09) Municipalities of which reports have been sent to three municipalities. Currently, 3 reports were sent for review and the remaining 3 were sent for signature. These will be dispatched before the end of the quarter under review. A Strategic Planning Meeting was attended at Greater Kokstad Local Municipality. When Provincial Treasury presented on the status of Contract management and what is required going forward.	The challenges that the Provincial Treasury is currently facing is the lack of cooperation by some Municipalities in availing themselves for site visit assessments, late responses or no response at all and the unavailability of the Municipal Senior Officials.
Nine site visits were conducted at the following Municipalities: Maphumulo Greater Kokstad iLembe DM Nkandla KwaDukuza Nongoma Zululand DM uLundi iMpindle					
Three of the nine (09) site visit assessments Greater Kokstad Maphumulo Nkandla					
Of the nine (9) site visit assessments conducted iLembe DM Zululand DM uLundi					
Three site visit assessments have been sent for KwaDukuza iMpindle Nongoma					

Source: KZN Treasury

**Table 30: List of municipalities supported on SCM activities in Quarter 2 of 2019/20 continued...**

Municipality	Support Initiative/ Project	Commencement Date	Estimated Completion Date	Progress to Date	Risks or Challenges
Greater Kokstad Local Municipality	Strategic Meeting	As requested	As and when requested	Contract Management attended a Strategic Meeting in Greater Kokstad Local Municipality.	None.
All 53 municipalities (Note: eThekweni Metro is supported by National Treasury)	Order and Payment upload. IM continued assisting municipal officials to upload Orders and Payments on CSD.	01-Feb-18	Routine	<p>Seven municipalities have uploaded orders successfully-</p> <p>AbaQulusi Dannhauser Maphumulo Nongoma uMngeni uMvoti uMzimkhulu</p> <p>Four municipalities have uploaded Payment transactions successfully :</p> <p>Dannhauser Nkandla uMngeni Maphumulo</p> <p>27 municipalities has uploaded Employee information successfully.</p> <p>AbaQulusi Armatjuba DM Dr. Nkosazana Dlamini Zuma Dannhauser eNdameni Greater Kokstad iLembe DM Jozini King Cetshwayo DM KwaDukuza Mandeni uMlalazi Musunduzi Newcastle Nkandla Ugu Umdoni uMfolozi uMgungundlovu uMngeni uMzimkhulu uMzimba uPhongolo Zululand DM King Cetshwayo DM Richmond</p>	<p>There is resistance from the municipalities as officials are reluctant to upload the files. Officials are not reachable telephonically or via email for long durations, due to connectivity problems at the municipalities. Some vendor systems cannot extract data as prescribed by the CSD templates (fields) which leads to delays in uploading data since there has to be human interference. Most of the systems are not interfaced with CSD which can make things easier for the officials.</p> <p>There were no challenges.</p>
uMfolozi Local Municipality	CSD Presentation	15-Nov-19	One day presentation	invitation was honoured	

Source: KZN Treasury

## MBAT Quarterly report

Table 31 below shows MBT Quarterly reports.

**Table 31: MBT Quarterly reports**

2019/20 Financial Year	MBAT QUARTERLY REPORT				
	Total Appeals	Withdrawn	Late Appeals	Still open	Closed Appeal
1st Quarter April to June 2019	19	3	0	13	3
2nd Quarter July to September 2019	14	1	0	11	2
3rd Quarter October to December 2019	12	2	0	8	2

Source: KZN Treasury

### Financial status

No ring fenced amount, amounts deducted from Goods and service budget of the unit for 2019/20.

### Risks and Challenges

The unit has seen the resignation of six officials (2 x Deputy Directors, 2 x Assistant Directors and 2 Contract workers). The lack of capacity, coupled with the ever increasing requirements from National Treasury limits the reach of the unit.

The presence of Auditor - General limits the availability of municipal officials, thereby reducing the number of visits to Municipalities.

Municipalities are deliberately disregarding requirements that have been set by the Provincial Treasury in its efforts of curbing irregular expenditure.

There is an increased risk of support being rejected due to resistance to identified reforms.

The SCM environment is becoming largely hostile as suppliers demand work, in violation of the rules and regulations.

### Conclusion

The Provincial SCM Unit is striving to ensure visibility at municipalities and to assist in limiting instances of non-compliance by municipalities.

## Internal Audit

### Purpose

The purpose of this report is to provide the status of the work performed by the Risk and Advisory services: Municipal Support from 01 October 2019 to 31 December 2019 with regards to Risk management and Internal audit services to municipalities and municipal entities.

### Background

The Provincial Internal audit services provides risk management and internal audit support to municipalities. Below is the summary of the work done by the Unit to support municipalities from 01 October 2019 to 31 December 2019.

### 1. Risk and Control Assessments:

Risk and control assessment (including fraud risks, IT risks) workshops were conducted for the following municipalities and final reports were issued:

**Table 32: List of municipalities that participated in risk and control workshops**

No	Name of Municipality	No	Name of Municipality	No	Name of Municipality
1	Ndwedwe	5	Amajuba DM	8	eMadlangeni
2	Richmond	6	Maphumulo	9	eDumbe
3	Ugu DM	7	INKosi Langalibalele	10	King Cetshwayo DM
4	Nquthu				

Source: KZN Treasury

### 2. Follow up on Action plans (as per the risk register)

None performed during the period under review.

### 3. Training and Awareness

Training to municipalities covers a variety of governance topics (risk management, fraud, audit committee induction, internal audit related topics, financial misconduct regulations and MPAC. Training is offered on request by the municipality. The following training workshops were conducted to date:

- uThukela DM
- iLembe DM
- uMzimkhulu
- Ugu DM
- Maphumulo

#### **4. Internal Audit Support**

Review of IT General controls were conducted for the following municipalities:

- None for the period under review. We have however received about three requests for assistance with ICT audits.

#### **5. Risk Management and Internal Audit Forum**

The district risk management and internal audit forum was held in Newcastle on 03 December 2019. Three district municipalities with their local municipalities were invited to attend the forum, namely the uThukela, Amajuba and uMzinyathi Districts.

#### **6. Observations**

Below is the summary of observations that were noted for each municipality supported during the period under review. The observations were discussed and communicated to the respective municipalities to address.

##### **Risk and Control Assessment**

Attendance and participation by key officials remains a concern. This is particularly concerning because action plans must be identified and documented in agreement with senior management to make it easier to implement at a later stage. Communication of risk registers is also highlighted as being problematic because final reports are not always shared with affected staff making it difficult to effect changes timeously. Committees designated to deal with risk registers do not adequately scrutinise the information and hold management accountable.

##### **Audit Committee meetings**

Various Audit committee meetings were attended at the invite of municipalities. It was observed that in some municipalities agenda items are not aligned to the MFMA calendar. Poor attendance by audit committee members. Late submission of information to Audit committee members by municipalities. Delays in cascading critical information to council for their attention.

##### **Training and Awareness**

There's a general feeling that the mechanisms put in place to report suspected fraud and corrective activities are ineffective. This results in those mechanisms not working. Poor attendance by key officials continues to be a concern.

## Public Private Partnership (PPP)

During the quarter under review, the following municipalities shown in Table 33 were supported by the PPP Unit.

**Table 33: List of municipalities supported by PPP in Quarter 2 of 2019/20**

Municipality	Gaps Identified	Recommendations	Progress thus far
KwaDukuza Local Municipality - Solid Waste Removal	<b>Contract extension:</b> The current contract for waste removal expired in 2012 and has been renewed on month to month basis since 2012.	The PPP Unit recommended that the municipality must investigate whether it is legal to renew the waste removal contract on a month to month basis in terms of municipal SCM regulations.	The recommendations were communicated with the municipality and the municipality was requested to take the recommendations into consideration regarding the legality of renewing the contract on a month to month basis.
Lembe District Municipality - Information and Communication Technology (ICT) Infrastructure/Broadband project	<b>Feasibility Study/Project Scoping:</b> The municipality is to issue a terms of reference for a service provider to undertake a project scoping study which will include a holistic masterplan, an infrastructure reference design, costing implications, technical solution options, legal requirement and a financial model, amongst others.	The PPP Unit, together with the Development Bank of South Africa (DBSA), recommended that this study be undertaken to verify the commercial viability of this project.	The terms of reference for the appointment of a service provider to undertake a scoping study has been prepared and has been shared such with the relevant stakeholders for final review and input.
Umvoti Local Municipality - Forestry PPP	<b>Project Preparation Funding:</b> The municipality, through its municipal entity, Enterprise Lembe, has applied for project preparation funding through the DBSA Infrastructure Investment Programme for South Africa (IIPSA) facility which will be used to fund the scoping study.  <b>Expression of Interest:</b> The municipality engaged in an Expression of Interest (Eoi) process to gauge market interest for the project.	The PPP Unit recommended the various funding options available to the municipality in relation to project development and preparation funding.  It was recommended that the municipality initiate this process as a mechanism to determine the appetite and innovation of the market for a project of this nature.	The municipality has confirmed that Enterprise Lembe has made available a budget of R300,000.00 to co-fund the scoping study.  The Eoi process revealed 8 bidders who all showed potential and great innovation in undertaking a forestry business and the associated by-products.
	<b>Project Registration:</b> As the municipality wishes to utilise its municipal property for commercial purposes, the Municipal Service Delivery and PPP Guidelines requires that that project be registered as a potential PPP.	As soon as the municipality identifies a project that may be concluded as a PPP, the municipality must notify the National Treasury and the relevant provincial treasury of the municipality's intention.	The municipality has submitted a letter of registration to National Treasury, requesting that they register this project as a potential PPP.

Source: KZN Treasury

**Table 33: List of municipalities supported by PPP in Quarter 2 of 2019/20 continued...**

Municipality	Gaps Identified	Recommendations	Progress thus far
uMhlatuze Local Municipality - Waste Water and Associated By-Product Reuse	<p><b>Water demand:</b> The uMhlatuze Local Municipality has undertaken preparatory work in the form of water resource studies and master planning documents which resulted in the uMhlatuze Local Municipality recognising the importance of securing an adequate water supply in order to underpin its planned growth.</p> <p>The water demand in 2025 is expected to increase and demand is expected to exceed the current lawful water use by the uMhlatuze Local Municipality within the next few years.</p> <p>The uMhlatuze Local Municipality has resolved to undertake a comprehensive feasibility and identify the most viable solution for dealing with the waste water and associated by-products generated within the uMhlatuze Local Municipality.</p>	<p>The uMhlatuze Local Municipality completed the comprehensive feasibility study and obtained Treasury Views and Recommendations from the National and Provincial Treasuries. Subsequent to that, the council passed the resolution to procure the project through a PPP mechanism. The PPP unit advised the municipality to draft the request for qualification to be issued to the market.</p>	<p>The project is currently on hold owing to the fact the municipality is facing challenges with regards to the transaction advisors' contract. The contract came to an end and the municipality is currently trying to find avenues to reappoint the transaction advisors.</p>
uMhlatuze Local Municipality - Richards Bay Airport Relocation	<p><b>Technical Capacity to undertake Feasibility study:</b> The municipality has identified the need to investigate the feasibility and affordability of the different procurement options which will provide the best technical, financial and legal solution in delivering the proposed relocation and redevelopment of the Richards Bay airport project, however, the municipality does not have the technical capacity to undertake the feasibility study.</p>	<p>The PPP unit recommended that the municipality appoint the transaction advisor that will assist the municipality in undertaking the comprehensive feasibility study for airport relocation.</p>	<p>The municipality received seven proposals from the prospective transaction advisor on the 17th of September 2019 which was the closing for submission of proposals. Thereafter, the municipality appointed officials from the National Treasury and Provincial Treasury PPP units to the technical evaluation team to advise the Bid evaluation committee (BEC) in adjudicating the bids.</p> <p>The PPP Unit trained the BEC members on how to evaluate the PPP proposals. Subsequently, the BEC evaluated all the proposals received before the closing date for compliance. Only one bidder passed the compliance evaluation and the other 6 bidders were not recommended to be evaluated further for functionality. The BEC is the process of evaluating the bid that was recommended to be evaluated further for functionality as per the terms of reference.</p>
Ilembe District Municipality - Siza Water Concession	<p><b>Shareholding:</b> Clause 10 of the concession agreement provides for any change of shareholding that can be carried out and the structure that must be maintained by the concessionaire.</p>	<p>The current shareholding structure should be amended to reflect the new structure and comply with: 1) Mergers and Acquisition compliance requirements as per provisions in the Companies Act 2) Requirements of the Competition Act 3) the Memorandum Of Incorporation; and 4) BBBEE targets.</p>	<p>The municipality is to ensure that the shareholding schedule be amended to reflect current structure, administer compliance with relevant legislation as a result of the change in shareholding, provide risk assessment and analysis of new controlling shareholder and a due diligence assessment of new controlling shareholder.</p>

Source: KZN Treasury



**Table 33: List of municipalities supported by PPP in Quarter 2 of 2019/20 continued...**

Municipality	Gaps identified	Recommendations	Progress thus far
<p>Ilembe District Municipality - Siza Water Concession (cont...)</p>	<p><b>Water Services Area</b></p> <p>Clause 5.2 of the concession agreement, read in conjunction with Sections 77 and 78 of the Municipal Systems Act (MSA), provides that a municipality is required to review and decide on the appropriate mechanism to provide a municipal service, the determination of which must be done by way of an assessment in terms of the criterion for deciding on mechanisms to provide municipal services, hence the incorporation of a new area to which the municipality has an obligation to service should be treated separately within the framework of Section 78 of the MSA.</p> <p><b>Performance and Service Levels:</b></p> <p>The concessionaire agreement is not explicit on the targets of service levels that should be achieved in certain areas within the concession area.</p> <p><b>Performance Monitoring:</b></p> <p>Performance monitoring has been a constant hindrance for the majority of the concession and has meant that there has not been any constant independent verification of the work done by the concessionaire.</p> <p><b>Concession Fee:</b></p> <p>Clause 5.5.1 provides for an annual concession fee is payable by the concessionaire to the municipality for the grant and appointment of the concessionaire.</p> <p><b>Five Year Plan:</b></p> <p>Clause 58 provides for the development of a five year plan for the next five period which must be approved by council at least four months before the end of the current five year period and it is a mechanism to identify capital works to be undertaken within the concession area over the preceding five year period.</p> <p><b>Skills Development, BEE and SMME's:</b></p> <p>Clause 53.9 mandates the concessionaire, through direct contracting and through its sub-contractors, promote 15 percent of the investment in works to BEE and SMME components within the concession area.</p>	<p>The municipality should determine what legal considerations it should undertake prior to engaging the concessionaire on expanding the Water Service Area.</p> <p>The municipality should utilise its policy requirements and strategic service delivery targets to inform performance indicators and National water quality testing norms and standards should be incorporated into the Agreement and regular monitoring criteria as a performance target and service level.</p> <p>The municipality must establish and implement a contract monitoring structure, which must have sufficient capacity to conduct monitoring of technical, operational, financial, legal and socio-economic obligations of the concessionaire. The structure must be headed by a contract monitoring officer, with powers and authority delegated by the accounting officer.</p> <p>The municipality is urged to urgently review the matter as currently the concession is operating in a healthy liquidity position.</p> <p>The municipality has appointed a service provider to review the five year plan on behalf of the municipality.</p> <p>The municipality is urged to consider the review of the amount spent towards SME's to be aligned to prevailing Broad Based Black Economic Empowerment legislation, which advocates for 30 percent of the procurement contract to be spent on black owned SME.</p>	<p>The municipality needs to consider whether it is an inherent right that all new water service areas outside the concession area should be serviced by the concessionaire.</p> <p>The current service levels are very ambiguous. The municipality is to determine what are the service levels for settlements and the responsibility of the concessionaire in meeting those levels and also to provide a review of the performance targets for service levels as they are outdated.</p> <p>The absence of a monitoring framework upon which the concessionaire's performance can be objectively measured without necessarily placing re-active reliance on the information in the reports periodically provided by the concessionaire, is a concern and needs to be addressed by the municipality.</p> <p>It has not been evident as to whether the municipality receives this payment, which is due to them quarterly and/or if they do receive it, what they utilise the funds for.</p> <p>The concessionaire has submitted the draft five year plan and is currently under review by the appointed service provider. The review has not yet been finalised.</p> <p>The concessionaire has, for the current financial year, earmarked 45 percent of its capital budget to local black Emerging Micro Enterprises (EME's).</p>

Source: KZN Treasury

## Norms and Standards

### Strategic objective

The strategic objective of the Norms and Standards Unit is to develop, facilitate implementation and monitor compliance with financial norms and standards at municipalities and municipal entities to enhance financial management. Table 34 summarises the support provided in quarter 2 of the 2019/20 financial year.

**Table 34: Support provided by Norms and Standards in Quarter 2 of 2019/20**

Strategic Objective	Record of Support Provided to Municipalities		Comments
	Target Per Quarter	Actual Results	
Developed, review and monitor compliance with financial norms and standards	3 Policies for one municipality	<p><b>Policies reviewed</b>                      Reviewed 8 draft policies for Dr Nkosazana Dlamini Zuma Local Municipality:</p> <ul style="list-style-type: none"> <li>a) Budget Policy;</li> <li>b) Cash, Banking &amp; Investment Management;</li> <li>c) Indigent Policy;</li> <li>d) Tariffs;</li> <li>e) Virement;</li> <li>f) Stores Management;</li> <li>g) Petty Cash; and</li> <li>h) Credit Control and Debt Collection.</li> </ul>	The review process was finalised with the municipality.

Source: KZN Treasury

## Infrastructure Support

The provision of infrastructure is integral in the realisation of government's goal to provide basic services to all South Africans. However, under - performance on Capital expenditure (within the full value change of delivery) by municipalities delays the delivery of basic infrastructure services and exacerbates the current infrastructure backlogs.

The purpose of the Infrastructure Support Team is to assist provincial departments, entities as well as municipalities in the identification and unblocking of bottlenecks in the assessment, planning, implementation and delivery of essential infrastructure services to communities. Table 35 shows the scope of support provided.

**Table 35: Municipality supported by the Infrastructure Support Team**

No	Name of Municipality	Scope of support provided
1	Dannhauser Municipality	Support and advice given to Dannhauser Local Municipality in respect of the funding of a cemetery and solid waste site.
2	Mpofoana Municipality	Support given to Dannhauser Local Municipality in respect of the application to the DTI for the Critical Infrastructure Programme funding of the Dannhauser Municipal Industrial Park. The application has passed the second site visit assessment by DTI.
3	uMngeni Municipality	Support requested to assist CoGTA and Mpofoana Local Municipality. Eskom have stated that the electrical supply will be disconnected to the Mpofoana Local Municipality as the municipality owes Eskom R132 million for electricity supplied. Support was provided from Professional Service Provider (PSP) Panel to employ electrical engineers to conduct an in depth electrical analysis of both the technical and financial systems of the Mpofoana Local Municipality. A PSP has been appointed. The Third Report has been received and approved by CoGTA.
		Support to uMngeni Local Municipality re a conditional assessment of two blocks of flats owned by the municipality that require major maintenance. Support was provided by PSP Panel to employ electrical, civil engineers and quantity surveyors to conduct a conditional assessment of the buildings and related infrastructure. A PSP has been recommended for appointed.

Source: KZN Treasury

The deployment of the Infrastructure Support Team provides the municipalities with the necessary expertise to tackle infrastructure related projects at various stages of the project cycle thus increasing the delivery capacity. This has ultimately improved the return on investment and the value for money in the delivery of infrastructure.

In addition, the services of the team seeks to improve internal capacity at municipalities by augmenting the required skills, thereby improving spending on capital projects/infrastructure.

## Municipal Support Program (MSP)

The Municipal Support Program (MSP) within the Municipal Finance Management Program was established to assist and provide technical support to delegated municipalities in financial distress. The main objective of the sub - program is to identify the root cause of financial problems experienced by the municipalities, support the municipalities where their financial sustainability is threatened and implement support initiatives that will assist the municipalities to improve their financial health.

The Value Added Tax (VAT) and Pay As You Earn (PAYE) review initiatives are intended to address the shortcomings relating to the management of VAT and PAYE. The filing of VAT and PAYE returns by municipalities and the processes associated with these functions have often been outsourced to service providers which resulted in external resources preparing and filing the returns on behalf of the municipality at a considerable cost thereto. Consequently, the municipal officials have not necessarily been trained in the tasks involved and could be unaware of the best practices to follow in fulfilling these responsibilities. The VAT and PAYE review initiatives aims to capacitate municipalities to undertake the function on their own.

The Grant management initiative aims to provide guidance to municipalities in effectively managing grants which includes the monitoring, reporting and accounting of grants. The MSP published a “Guide to Grant Management” which presents a holistic approach to effective grant management with the intention of embedding key foundation principles in a municipal environment, covering areas such as municipal planning, budgeting, financial accounting and reporting, cash management, compliance as well as document management.

The MSP is also providing technical support to the Mpofana Local Municipality. A Municipal Finance Technical Advisor has been deployed to the intervention team to assist in addressing the outstanding Eskom debt and to provide technical municipal finance support.

Table 36 below lists the municipalities which were supported by the Municipal Support Program.

**Table 36: Municipalities supported by Municipal Support Program in Quarter 2 of 2019/20**

No.	Name of Municipality	Project				
		VAT	PAYE	Grant Management	Municipal Finance Technical Support	
1	Mpofera				✓	
2	Impendle					
3	uThukela DM			✓		
4	Newcastle		✓			
5	Manteni			✓		
6	KwaDukuza			✓		
7	Ndwebwe			✓		
8	iLembe DM	✓				
9	Harry Gwala DM			✓		

Source: KZN Treasury

Annexure A: Operating Revenue -2nd Quarter 2019/20

R/000	Adjusted Budget		Unaudited Actual % Generated		Detail													Other revenue	Gain on disposal of PPE
	Original Budget	Adjusted Budget	Unaudited Actual	% Generated	Property types	Services charge-utility revenue	Services charge-vehicle revenue	Services charge-entertainment revenue	Services charge-value revenue	Rentals facilities and equipment	Interest earned - municipal debt	Dividends received	Share profit/loss	License and permits	Agency services	Transfers assigned - expenditure			
A	38 248 596	4 031 818	8 913 311	1 885 151	547 828	339 448	332 998	187 730	275 118	15 875	1 908 218	2 007 188	5 275						
B	327 526	62 047	289	5 839	3 267	44	202	8 610	8 610	3 881	163 978	2 159							
B	159 630	7 735	18 030	116,0	-	-	-	-	-	-	164 820	10 298	37						
B	149 806	10 151	58 408	61,1	-	-	-	-	-	-	13 713	70 288	368						
B	1 046 711	277 151	58 408	54,0	-	-	-	-	-	-	10 538	152 279	7 155						
C	1 234 389	514 945	74,1	187 755	80 292	244	4 465	1 049	3 657	2 085	854 233	7 027							
B	2 952 977	352 947	84 685	187 755	60 282	41 831	30 860	12 044	1 114	7 815	1 541 654	27 845	37						
B	1 111 003	28 141	30 867	100,0	30 867	-	-	-	71	47	81 740	1 874	161						
B	419 526	100 867	30 867	72,7	1 108	3 770	1 254	1 008	1 878	600	24 736	340							
B	174 139	12 716	50 865	44,4	17	844	-	-	2 598	216	620	13 880	(2)						
B	1 315 263	8 678	848 205	64,6	27 269	15 742	3 670	100 707	752	4 054	78 189	1 390	249						
B	6 804 822	282 488	173 891	25,3	43 986	497	1 822	1 815	81	1 828	59 647	314							
B	93 124	12 123	3 342	3,4	253	306	1 615	51 767	672	948	650 881	4 837							
B	109 577	3 342	288 569	26,4	32 025	-	-	-	-	-	-	-							
B	1 031 678	1 031 678	100,0	100,0	1 031 678	-	-	-	-	-	-	-							
B	2 884 636	744 448	462 458	16,0	35 146	11 818	9 883	183 291	71	6 543	8 305	631	21 670	182					
B	1 829 505	15 072	1 418	0,1	1 418	-	-	-	-	-	150 679	1 811	162						
B	698 339	4 450	108 009	15,5	82	464	20 990	16 016	1 867	59	70 743	1 950	20						
B	824 811	115 146	109 826	13,2	1 657	7 146	3 720	12 306	2 697	24	149 238	4 557							
C	480 900	63,7	105 757	22,0	27 883	1 922	32 482	86	86	-	319 221	2 188							
B	2 489 282	1 447 344	288 835	19,3	22 147	11 787	69 448	623	23 891	6 709	476 864	6 191	20						
B	349 154	80 785	8 818	2,5	710	3 770	1 697	1 838	-	-	42 101	811							
B	217 478	15 854	4 042	18,5	114	183	1 233	-	-	6	189 411	34							
B	149 682	8 482	191	2,2	378	585	-	-	-	-	97 852	145							
B	296 359	21 477	37 444	12,7	4 375	3 251	2 098	-	-	88	1 830	5 044							
B	190 664	10 441	38 789	20,3	48	852	13 817	-	-	-	119 702	119							
B	1 535 275	104 281	102 343	6,6	14 888	4 770	18 018	5 534	3 541	-	604 838	2 667							
B	1 976 515	202 637	329 787	16,3	3 885	988	13 426	2 381	18	-	189 835	3 280	4 794						
B	90 200	15 127	11 831	13,1	1 266	331	2 228	-	-	75	70 784	976							
B	119 987	15 037	-	-	657	80	1 017	180	765	-	66 655	925							
B	208 147	-	23 882	11,5	212	3 900	-	-	-	-	317 215	23							
B	2 399 828	339 801	338 669	14,1	63 448	4 634	2 852	18 259	6 339	827	629 730	4 460	5 184						
B	141 417	17 359	18 036	12,8	3 772	1 260	10 830	-	-	2 384	128 872	149	(11)						
B	519 465	47 222	84 103	16,2	14 639	9 854	583	5 641	-	-	111 211	147							
B	187 830	18 422	850	4,5	117	794	2 811	478	485	-	124 177	383							
B	389 369	84 598	31 046	36,1	4 219	310	426	-	-	29	129 517	119							
B	654 188	187 888	148 188	22,8	5 239	83	1 898	8	-	2	865 020	713							
B	1 772 388	167 688	148 188	8,4	18 872	18 872	18 872	18 872	1 164	-	604 838	1 480							
B	215 185	145 359	165 787	77,0	137	2 116	240	240	5	-	729 863	1 888							
B	248 843	13 241	1 646	0,6	423	2 791	6 012	6 012	975	720	352 903	539							
B	273 945	28 170	2 898	1,1	402	976	1 334	-	-	-	161 668	238							
B	146 140	13 664	1 038	0,7	130	2 281	84	-	-	894	46 655	925							
B	489 283	344 807	2 444	4,9	263	806	806	-	-	-	317 215	23							
B	1 378 676	64 703	2 444	0,2	5 892	5 892	5 892	5 892	743	2 298	107 471	2 678							
B	189 077	117 808	769 480	40,7	50 298	47 481	50 298	50 298	371	60	852 270	4 571							
B	3 185 844	270 297	789 480	24,8	47 481	47 481	47 481	47 481	70	7 025	151 235	8 902							
B	441 844	42 515	39 494	8,9	6 685	2 746	1 006	1 006	-	15 798	183 605	1 189	150						
B	144 877	10 154	16 907	11,7	1 233	639	725	725	-	38	96 283	3 847							
B	159 773	7 849	7 849	4,9	13 739	4 111	28 591	1 184	-	9	2 688	3 267							
B	897 099	483 884	92 700	10,3	4 111	11 884	11 884	11 884	15	-	862 728	1 410							
B	4 891 389	348 881	658 439	13,5	6 472	28 584	28 584	28 584	-	25 382	76 249	4 408	17 814	100					
B	381 283	20 535	14 898	3,9	3 810	6 880	6 880	6 880	79	567	730 591	387							
B	1 791 792	281 782	373 014	20,8	30 161	14 121	4 216	4 216	-	7 890	206	5 085	16 585						
B	169 548	15 796	8 844	5,2	4 227	258	258	258	1	-	108 871	772							
B	809 824	16 571	57	0,0	57	8 894	15 632	15 632	-	(75)	78 669	394							
B	3 258 955	1 777 663	687 677	21,1	21 676	21 676	21 676	21 676	40	17	922	419 969	10 441	101					
B	339 176	208 016	387 677	114,3	27 874	31 505	28 514	28 514	279	7 873	68 733	28 768	101						
B	244 377	7 042	162 091	66,0	11 778	964	1 778	1 778	-	219	48 047	4 827							
B	229 451	1 166	1 689	74,4	543	7 886	543	543	25	2 815	61 219	412							
B	169 058	17 321	1 397	0,8	314	8 179	26	26	339	671	140 060	228							
B	479 385	281 800	-	-	4 309	4 309	4 309	4 309	310	1 454	89 774	226	7 043						
B	1 571 870	185 884	68 931	4,4	6 042	6 042	6 042	6 042	505	-	216 744	849							
B	86 891 828	8 871 873	3 179 728	36,3	68 264	18 983	23 133	23 133	3 491	4 928	781 221	6 846	7 043						
B	9 889 891	8 871 873	3 179 728	32,2	381 706	384 839	689 839	689 839	818	78 084	128 128	21 633	2 623 781	20 853					

Annexure B: Operating Expenditure - 2nd Quarter 2019/20

R 000	Original Budget	Adjusted Budget	Unaudited Actual	% Spent	Detail						Loss on disposal of PPE				
					Employee related costs	Remuneration of councillors	Debit Impairment	Depreciation and asset impairment	Finance charges	Bulk purchases		Other expenditure			
												Other Materials	Contracted services	Transfers and grants	
A	KZ02000 eThekweni			38.3	4 346 458	52 281	448 752	976 051	405 583	5 876 291	489 303	2 891 686	150 314	854 755	(7 502)
B	KZN12 uMkhosi	312 488	143 731	46.0	80 903	7 285	-	12 816	25	-	3 059	31 083	1 836	18 247	-
B	KZN13 uMkomo	210 672	99 881	47.4	32 441	8 633	-	12 173	(2 600)	-	288	25 682	2 335	17 159	-
B	KZN14 uMkwebane	190 052	33 656	17.7	4 948	1 116	-	1 077	(1 885)	17 740	345	5 247	1 597	17 850	-
B	KZN16 Royal Albert	1 019 178	3 675	21.4	2 238	1 385	1 385	85	5 976	52 248	1 887	93 939	2 850	53 470	-
B	DC11 Ugu DM	1 180 188	251 472	21.3	381 469	20 289	1 385	35 200	4 400	124 854	12 482	257 143	10 085	160 998	4 031
B	DC21 Ugu DM	2 381 589	1 133 141	47.6	43 980	6 325	42	70	42	752	889	12 482	10 085	272 722	4 031
B	KZN21 uMkhosi	419 465	181 376	43.2	56 286	4 460	-	1 074	-	56 868	572	39 342	1 742	21 012	-
B	KZN22 uMkhosi	187 510	81 978	43.7	37 707	(370)	-	7	-	34 599	1 354	8 303	(94)	8 303	-
B	KZN23 uMkhosi	56 708	27 177	48.9	15 911	1 248	-	34	-	30	30	4 217	273	6 450	13
B	KZN24 uMkhosi	5 526 507	1 656 037	29.8	208 506	10 613	15 159	115 985	8 689	953 280	16 193	91 523	13 322	42 192	(325)
B	KZN25 uMkhosi	101 895	55 827	54.8	25 458	3 877	-	-	-	1 709	1 709	14 081	422	14 081	-
B	KZN26 uMkhosi	120 126	61 500	51.2	26 998	2 884	-	50 693	18	1 975	1 975	12 981	422	6 078	-
B	KZN27 Richmond	925 106	278 518	29.9	278 518	12 487	-	50 166	24 168	166 617	119	187 661	68	48 202	-
C	DC22 uMkhosi DM	7 275 814	2 344 891	32.2	762 879	41 474	15 159	176 841	34 287	1 212 076	22 581	382 085	15 731	151 830	(911)
D	Total: uMkhosi DM	187 822	91 644	48.8	41 282	5 289	4 333	11 050	137	-	462	11 117	52	17 433	-
B	KZN28 uMkhosi	602 683	303 327	50.3	70 487	5 779	10	2 035	80 739	4 131	26 601	27 973	4 701	13 545	-
B	KZN29 uMkhosi	1 071 420	378 074	35.3	169 156	12 771	-	218	123 987	8 017	27 973	4 701	39 252	27 973	-
B	KZN30 uMkhosi	678 247	221 239	32.6	136 052	2 579	-	35	15 812	560	26 542	-	-	40 688	-
B	DC23 uMkhosi DM	2 540 171	892 284	35.1	406 955	26 416	4 843	26 872	2 426	204 726	13 160	91 233	4 753	110 889	-
D	Total: uMkhosi Municipality	3 333 635	1 335 575	40.1	48 873	1 828	556	-	-	28 524	1 288	20 288	1 288	10 938	-
B	KZN31 uMkhosi	218 084	91 220	41.8	26 434	4 983	-	5 385	-	8 633	4 983	33 032	-	17 571	-
B	KZN32 uMkhosi	903 733	486 044	53.8	57 912	4 940	-	15 881	172	27 988	3 261	20 282	751	14 877	-
B	KZN33 uMkhosi	465 587	187 653	40.3	69 579	2 705	(954)	-	-	2 638	13 858	50 950	-	28 901	-
D	Total: uMkhosi Municipality DM	2 154 384	862 966	39.9	282 789	14 634	4 866	15 881	172	87 861	26 528	128 500	3 445	117 452	-
B	KZN34 uMkhosi	2 632 836	1 010 895	38.4	286 008	11 917	40 285	153 642	3 333	108 818	60 884	133 854	248	112 835	-
B	KZN35 uMkhosi	86 775	38 038	43.8	9 675	3 082	-	-	-	11 102	2 917	10 822	-	5 286	-
B	KZN36 uMkhosi	104 094	50 373	48.4	10	-	-	-	-	-	108	18 889	-	8 809	-
B	DC25 uMkhosi DM	233 501	88 626	38.0	10	-	-	771	-	18 480	2 101	7 851	-	9 846	-
D	Total: uMkhosi Municipality DM	2 877 007	1 146 941	39.9	329 554	17 665	40 265	153 642	4 305	228 330	65 191	171 016	248	136 577	-
B	KZN37 uMkhosi	135 248	62 375	46.1	72 328	4 388	-	103	-	24 264	1 584	12 813	546	10 381	-
B	KZN38 uMkhosi	552 438	271 787	49.2	73 631	6 791	-	13	624	128 689	5 746	29 087	4 578	24 744	-
B	KZN39 uMkhosi	190 087	91 354	47.9	51 104	8 946	236	7 280	12	1 184	22 809	194	1 786	17 579	-
B	KZN40 uMkhosi	395 348	201 827	51.1	89 695	8 278	14	15 027	13 597	4 185	26 980	4 765	4 250	20 342	-
B	DC26 uMkhosi DM	807 725	314 049	38.9	99 060	4 016	-	33 025	-	5 972	9 153	113 182	1 230	48 389	-
C	DC28 Zululand DM	1 880 839	1 021 823	54.3	365 748	30 398	250	55 354	14 337	199 120	19 803	203 820	11 316	121 445	-
D	Total: Zululand Municipality	203 705	91 068	44.7	36 845	6 292	-	11 700	-	-	1 881	14 745	351	20 088	-
B	KZN41 Zululand	235 069	113 847	48.4	46 121	6 807	(2 759)	8 968	-	-	42	10 689	14 651	30 332	(38)
B	KZN42 Zululand	248 321	106 728	43.0	36 922	10 993	-	13 846	984	-	3 538	20 583	20 491	20 491	-
B	KZN43 Zululand	145 248	67 349	46.4	39 660	3 824	3 136	51	512	-	4 798	8 984	125	11 054	-
B	DC27 Zululand DM	489 293	212 505	42.8	84 371	4 950	2 859	934	-	54 880	4 798	37 788	-	21 925	-
B	DC28 Zululand DM	1 331 626	581 823	44.4	242 718	32 266	3 235	33 983	2 443	54 880	10 269	92 789	15 128	103 871	(38)
D	Total: uMkhosi Municipality DM	176 660	95 718	54.3	33 754	5 700	-	140	-	723	-	32 988	408	22 295	-
B	KZN44 uMkhosi	3 234 247	1 575 377	48.7	405 544	15 060	20 338	204 258	35 423	632 233	17 420	136 726	9 561	96 805	0
B	KZN45 uMkhosi	484 810	233 611	47.2	72 375	10 806	23 101	11 600	107	26 292	4 648	64 715	1 788	18 077	-
B	KZN46 uMkhosi	1 80 411	85 629	47.5	31 661	5 187	-	303	303	9 981	422	15 738	-	12 039	-
B	KZN47 uMkhosi	628 215	419 083	66.7	118 544	5 977	85	38 312	2 395	21 241	7 905	168 868	1 000	6 781	-
B	DC29 King Cetshwayo DM	5 034 045	2 447 719	48.6	684 258	45 418	43 504	262 216	38 368	683 727	31 789	423 614	11 873	215 785	0
D	Total: King Cetshwayo Municipality	287 943	118 127	41.8	46 795	6 279	1 126	13 817	-	13 421	16 864	17 228	16 864	17 228	-
B	KZN48 King Cetshwayo	1 745 715	85 078	4.9	197 475	10 656	1 869	36 315	10 994	330 841	6 145	75 477	2 143	64 418	-
B	KZN49 King Cetshwayo	184 438	85 078	46.2	28 128	6 988	1 869	9 008	0	-	1 472	16 320	5 639	16 345	-
B	KZN50 King Cetshwayo	118 216	57 543	48.7	19 950	3 406	-	1 128	-	-	472	19 874	888	12 023	-
B	DC29 uMkhosi DM	887 384	438 732	49.4	112 843	4 253	14 711	50 298	3 487	90 403	6 530	63 383	24 923	61 796	106
D	Total: uMkhosi Municipality DM	3 233 677	1 423 942	44.0	495 132	31 561	17 706	111 266	14 483	434 686	15 710	197 718	34 284	181 810	107
B	KZN51 Greater KwaZulu	431 413	168 165	38.9	83 085	7 14	-	13 817	-	56 384	2 540	18 864	-	20 220	-
B	KZN52 Greater KwaZulu	244 087	120 518	49.4	48 581	6 648	1 071	-	-	-	187	44 719	8 189	10 145	-
B	KZN53 Greater KwaZulu	289 297	88 658	30.7	46 515	7 596	761	21	-	-	1 194	12 922	53	20 005	-
B	KZN54 Greater KwaZulu	188 038	73 541	39.1	28 684	5 801	-	12 872	117	6 508	622	51 802	811	14 458	-
B	DC43 uMkhosi DM	489 999	195 937	40.2	96 445	3 504	-	1 904	-	64 872	9 812	108 176	45 583	27 585	-
D	Total: uMkhosi Municipality DM	1 632 135	647 250	39.6	288 280	28 848	2 546	12 883	2 021	64 872	9 812	108 176	45 583	92 411	-
D	Total	89 600 291	28 164 152	31.4	8 638 628	348 960	580 616	1 850 848	523 614	8 877 251	715 385	4 052 750	342 558	2 289 656	(4 113)

Account Code	Original Budget	Q1 Sept Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
<b>A KZM2000 *The Walhvi</b>	<b>3 383 328</b>	<b>711 643</b>	<b>653 449</b>	<b>1 365 088</b>	<b>1 636 431</b>	<b>(270 343)</b>	<b>(16.5)</b>	<b>3 383 328</b>
<b>B KZM212 ukhoni</b>	<b>19 525</b>	<b>1 654</b>	<b>6 694</b>	<b>8 348</b>	<b>9 763</b>	<b>(1 415)</b>	<b>(14.5)</b>	<b>19 525</b>
<b>B KZM213 ukuzembe</b>	<b>9 320</b>	<b>3 294</b>	<b>1 470</b>	<b>4 755</b>	<b>4 660</b>	<b>95</b>	<b>(1.4)</b>	<b>9 320</b>
<b>B KZM214 ukuzembantu</b>	<b>40 269</b>	<b>9 220</b>	<b>11 526</b>	<b>20 746</b>	<b>20 135</b>	<b>612</b>	<b>3.0</b>	<b>40 269</b>
<b>C DC21 Ugu DM</b>	<b>189 443</b>	<b>48 856</b>	<b>10 760</b>	<b>58 716</b>	<b>94 721</b>	<b>(36 005)</b>	<b>(40.1)</b>	<b>189 443</b>
<b>Total Ugu Municipalities</b>	<b>258 557</b>	<b>60 114</b>	<b>30 451</b>	<b>90 584</b>	<b>129 279</b>	<b>(38 714)</b>	<b>(49.5)</b>	<b>258 557</b>
<b>B KZM221 ukhshweh</b>	<b>13 336</b>	<b>1 238</b>	<b>4 467</b>	<b>5 705</b>	<b>6 666</b>	<b>(963)</b>	<b>(14.4)</b>	<b>13 336</b>
<b>B KZM222 ukhsheni</b>	<b>236</b>	<b>98</b>	<b>80</b>	<b>118</b>	<b>118</b>	<b>0</b>	<b>0.5</b>	<b>236</b>
<b>B KZM223 ukhsheni</b>	<b>236</b>	<b>98</b>	<b>80</b>	<b>118</b>	<b>118</b>	<b>0</b>	<b>0.5</b>	<b>236</b>
<b>B KZM224 ukhsheni</b>	<b>573</b>	<b>-</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>100.0</b>	<b>573</b>
<b>B KZM225 ukhsheni</b>	<b>266 019</b>	<b>36 739</b>	<b>16 746</b>	<b>55 487</b>	<b>133 009</b>	<b>(77 522)</b>	<b>(58.3)</b>	<b>266 019</b>
<b>B KZM226 ukhsheni</b>	<b>9 234</b>	<b>1 145</b>	<b>619</b>	<b>1 764</b>	<b>4 617</b>	<b>(2 853)</b>	<b>(91.5)</b>	<b>9 234</b>
<b>B KZM227 ukhsheni</b>	<b>9 708</b>	<b>957</b>	<b>1 213</b>	<b>2 170</b>	<b>4 854</b>	<b>(2 685)</b>	<b>(55.3)</b>	<b>9 708</b>
<b>C DC22 ukhsheni DM</b>	<b>53 063</b>	<b>5 566</b>	<b>21 184</b>	<b>29 750</b>	<b>3 218</b>	<b>26 531</b>	<b>121.1</b>	<b>53 063</b>
<b>Total ukhsheni Municipalities</b>	<b>352 188</b>	<b>48 882</b>	<b>46 318</b>	<b>95 808</b>	<b>176 084</b>	<b>(81 084)</b>	<b>(27.2)</b>	<b>352 188</b>
<b>B KZM230 ukhsheni</b>	<b>5 045</b>	<b>1 029</b>	<b>1 124</b>	<b>2 152</b>	<b>2 623</b>	<b>(471)</b>	<b>(14.7)</b>	<b>5 045</b>
<b>B KZM231 ukhsheni</b>	<b>7 587</b>	<b>2 086</b>	<b>3 355</b>	<b>3 793</b>	<b>(139)</b>	<b>(439)</b>	<b>(11.6)</b>	<b>7 587</b>
<b>B KZM232 ukhsheni</b>	<b>90 704</b>	<b>14 438</b>	<b>21 435</b>	<b>36 874</b>	<b>45 352</b>	<b>(9 479)</b>	<b>(20.8)</b>	<b>90 704</b>
<b>C DC23 ukhsheni DM</b>	<b>17 129</b>	<b>1 672</b>	<b>2 874</b>	<b>4 346</b>	<b>6 586</b>	<b>(2 240)</b>	<b>(40.3)</b>	<b>17 129</b>
<b>Total uThukale Municipalities</b>	<b>120 485</b>	<b>18 408</b>	<b>27 318</b>	<b>45 727</b>	<b>80 253</b>	<b>(34 526)</b>	<b>(28.7)</b>	<b>120 485</b>
<b>B KZM241 ukhsheni</b>	<b>980</b>	<b>245</b>	<b>1 831</b>	<b>2 076</b>	<b>493</b>	<b>(1 580)</b>	<b>(158.4)</b>	<b>980</b>
<b>B KZM242 ukhsheni</b>	<b>7 023</b>	<b>66</b>	<b>479</b>	<b>545</b>	<b>3 512</b>	<b>(2 967)</b>	<b>(94.5)</b>	<b>7 023</b>
<b>B KZM243 ukhsheni</b>	<b>6 575</b>	<b>1 422</b>	<b>2 213</b>	<b>3 635</b>	<b>3 288</b>	<b>348</b>	<b>(44.5)</b>	<b>6 575</b>
<b>B KZM244 ukhsheni</b>	<b>6 182</b>	<b>752</b>	<b>1 011</b>	<b>1 773</b>	<b>3 091</b>	<b>(1 318)</b>	<b>(42.6)</b>	<b>6 182</b>
<b>C DC24 ukhsheni DM</b>	<b>149 891</b>	<b>19 721</b>	<b>49 582</b>	<b>69 284</b>	<b>74 981</b>	<b>(5 697)</b>	<b>(7.6)</b>	<b>149 891</b>
<b>Total ukhsheni Municipalities</b>	<b>170 682</b>	<b>22 217</b>	<b>55 095</b>	<b>77 312</b>	<b>85 331</b>	<b>(8 019)</b>	<b>(10.0)</b>	<b>170 682</b>
<b>B KZM252 ukhsheni</b>	<b>7 060</b>	<b>1 186</b>	<b>4 180</b>	<b>5 366</b>	<b>6 816</b>	<b>(1 450)</b>	<b>(21.3)</b>	<b>8 229</b>
<b>B KZM253 ukhsheni</b>	<b>2 198</b>	<b>154</b>	<b>154</b>	<b>643</b>	<b>1 099</b>	<b>(457)</b>	<b>(41.5)</b>	<b>2 198</b>
<b>B KZM254 ukhsheni</b>	<b>10 463</b>	<b>1 310</b>	<b>779</b>	<b>2 088</b>	<b>5 231</b>	<b>(3 142)</b>	<b>(60.1)</b>	<b>10 463</b>
<b>C DC25 ukhsheni DM</b>	<b>8 371</b>	<b>-</b>	<b>917</b>	<b>817</b>	<b>4 188</b>	<b>(3 371)</b>	<b>(78.1)</b>	<b>8 371</b>
<b>Total ukhsheni Municipalities</b>	<b>28 092</b>	<b>2 984</b>	<b>6 038</b>	<b>9 014</b>	<b>17 332</b>	<b>(8 318)</b>	<b>(29.1)</b>	<b>28 092</b>
<b>B KZM261 ukhsheni</b>	<b>1 680</b>	<b>737</b>	<b>739</b>	<b>1 487</b>	<b>930</b>	<b>537</b>	<b>57.7</b>	<b>1 680</b>
<b>B KZM262 ukhsheni</b>	<b>11 975</b>	<b>1 246</b>	<b>5 550</b>	<b>6 798</b>	<b>5 988</b>	<b>810</b>	<b>6.8</b>	<b>11 975</b>
<b>B KZM263 ukhsheni</b>	<b>5 200</b>	<b>1 459</b>	<b>4 568</b>	<b>6 024</b>	<b>2 800</b>	<b>3 224</b>	<b>131.7</b>	<b>5 200</b>
<b>B KZM264 ukhsheni</b>	<b>13 672</b>	<b>5 127</b>	<b>13 096</b>	<b>13 096</b>	<b>4 429</b>	<b>8 668</b>	<b>51.1</b>	<b>13 672</b>
<b>C DC26 ukhsheni DM</b>	<b>64 416</b>	<b>17 682</b>	<b>23 941</b>	<b>41 633</b>	<b>30 718</b>	<b>10 915</b>	<b>4 429</b>	<b>61 436</b>
<b>Total Zikhundla Municipalities</b>	<b>87 123</b>	<b>29 183</b>	<b>39 913</b>	<b>69 016</b>	<b>48 903</b>	<b>20 113</b>	<b>288.8</b>	<b>87 806</b>
<b>B KZM271 ukhsheni</b>	<b>1 681</b>	<b>162</b>	<b>631</b>	<b>843</b>	<b>940</b>	<b>(98)</b>	<b>(110.4)</b>	<b>1 681</b>
<b>B KZM272 ukhsheni</b>	<b>9 153</b>	<b>223</b>	<b>1 224</b>	<b>1 447</b>	<b>4 577</b>	<b>(3 129)</b>	<b>(68.4)</b>	<b>9 153</b>
<b>B KZM273 ukhsheni</b>	<b>6 800</b>	<b>666</b>	<b>19</b>	<b>715</b>	<b>3 400</b>	<b>(2 685)</b>	<b>(79.0)</b>	<b>6 800</b>
<b>C DC27 ukhsheni DM</b>	<b>19 647</b>	<b>43</b>	<b>841</b>	<b>841</b>	<b>1 282</b>	<b>1 282</b>	<b>-</b>	<b>19 647</b>
<b>Total uMkhanyanya Municipalities</b>	<b>37 481</b>	<b>1 876</b>	<b>3 274</b>	<b>5 151</b>	<b>23 420</b>	<b>(18 270)</b>	<b>(251.5)</b>	<b>37 481</b>
<b>B KZM281 ukhsheni</b>	<b>8 317</b>	<b>2 941</b>	<b>5 485</b>	<b>4 139</b>	<b>1 326</b>	<b>7 041</b>	<b>31.9</b>	<b>8 317</b>
<b>B KZM282 ukhsheni</b>	<b>188 324</b>	<b>5 113</b>	<b>16 606</b>	<b>21 719</b>	<b>85 239</b>	<b>(63 520)</b>	<b>(74.5)</b>	<b>188 324</b>
<b>B KZM284 ukhsheni</b>	<b>11 511</b>	<b>6 853</b>	<b>7 986</b>	<b>14 839</b>	<b>4 028</b>	<b>10 813</b>	<b>288.6</b>	<b>11 511</b>
<b>B KZM285 ukhsheni</b>	<b>3 530</b>	<b>2 088</b>	<b>906</b>	<b>2 996</b>	<b>1 231</b>	<b>1 765</b>	<b>69.7</b>	<b>3 530</b>
<b>B KZM286 ukhsheni</b>	<b>8 115</b>	<b>214</b>	<b>419</b>	<b>633</b>	<b>4 057</b>	<b>(3 425)</b>	<b>(64.4)</b>	<b>8 115</b>
<b>C DC28 ukhsheni DM</b>	<b>140 932</b>	<b>65 604</b>	<b>36 219</b>	<b>101 823</b>	<b>70 751</b>	<b>31 072</b>	<b>43.9</b>	<b>141 503</b>
<b>Total King Cebhayo Municipalities</b>	<b>360 739</b>	<b>82 815</b>	<b>64 680</b>	<b>147 495</b>	<b>189 987</b>	<b>(22 502)</b>	<b>(25.2)</b>	<b>361 300</b>
<b>B KZM291 ukhsheni</b>	<b>14 482</b>	<b>2 488</b>	<b>1 873</b>	<b>4 371</b>	<b>7 246</b>	<b>(2 875)</b>	<b>(38.7)</b>	<b>14 482</b>
<b>B KZM292 ukhsheni</b>	<b>58 428</b>	<b>7 816</b>	<b>16 180</b>	<b>23 076</b>	<b>28 214</b>	<b>(5 138)</b>	<b>(18.2)</b>	<b>58 428</b>
<b>B KZM293 ukhsheni</b>	<b>7 487</b>	<b>916</b>	<b>1 513</b>	<b>2 430</b>	<b>3 733</b>	<b>(1 303)</b>	<b>(34.9)</b>	<b>7 487</b>
<b>B KZM294 ukhsheni</b>	<b>6 976</b>	<b>958</b>	<b>1 173</b>	<b>2 131</b>	<b>3 488</b>	<b>(1 358)</b>	<b>(38.9)</b>	<b>6 976</b>
<b>C DC29 ukhsheni DM</b>	<b>62 938</b>	<b>4 625</b>	<b>11 277</b>	<b>16 901</b>	<b>21 719</b>	<b>(5 818)</b>	<b>(26.8)</b>	<b>62 938</b>
<b>Total Lambhe Municipalities</b>	<b>148 301</b>	<b>16 914</b>	<b>30 985</b>	<b>47 909</b>	<b>64 401</b>	<b>(16 492)</b>	<b>(158.5)</b>	<b>138 551</b>
<b>B KZM433 Greater KwaZulu Natal</b>	<b>27 180</b>	<b>2 629</b>	<b>3 285</b>	<b>5 866</b>	<b>13 580</b>	<b>(7 724)</b>	<b>(56.8)</b>	<b>27 180</b>
<b>B KZM434 ukhsheni</b>	<b>1 339</b>	<b>158</b>	<b>346</b>	<b>505</b>	<b>760</b>	<b>(255)</b>	<b>(33.6)</b>	<b>1 339</b>
<b>B KZM435 Dr. Nkomo DM</b>	<b>9 404</b>	<b>2 337</b>	<b>8 048</b>	<b>10 383</b>	<b>13 417</b>	<b>(3 034)</b>	<b>(22.8)</b>	<b>9 404</b>
<b>C DC41 ukhsheni DM</b>	<b>22 348</b>	<b>2 337</b>	<b>8 048</b>	<b>10 383</b>	<b>13 417</b>	<b>(3 034)</b>	<b>(22.8)</b>	<b>22 348</b>
<b>Total Henry Gwede Municipalities</b>	<b>78 258</b>	<b>6 381</b>	<b>15 426</b>	<b>21 777</b>	<b>38 353</b>	<b>(16 577)</b>	<b>(22.8)</b>	<b>82 747</b>
<b>Total</b>	<b>5 035 188</b>	<b>1 001 108</b>	<b>972 948</b>	<b>1 974 084</b>	<b>2 448 784</b>	<b>(474 710)</b>	<b>(-33.9)</b>	<b>5 041 687</b>

Source: MT Database

Annexure D: Capital Revenue (Source of finance) - 2nd Quarter 2019/20

R000	Original Budget	Adjusted Budget	Unaudited Actual	% Generated	Detail				
					Transfers recognised - capital	Other transfers and grants	Borrowing	Sources of Finance Internally generated funds	
					National Govt.	Provincial Govt.	District Municipality	Public contr. and donations	
A	5 149 394		474 948	9.2	442 900	11 380	-	401	20 265
B	44 178		9 217	20.9	6 280	-	-	-	2 937
B	37 061		51 267	138.3	53 421	-	-	-	(2 164)
B	96 562		22 168	22.5	7 526	-	-	-	14 641
B	134 794		33 124	24.6	29 782	397	-	-	2 344
B	282 991		9 680 054	3 421.7	899 598	-	-	-	8 780 456
B	597 486		9 788 820	1 638.5	995 608	387	-	-	8 798 814
B	24 336		333 656	1 381.1	330 245	-	-	-	3 711
B	40 172		3 508	8.7	3 168	-	-	-	345
B	17 035		9 658	56.8	-	-	-	-	5 251
B	156 721		36 553	23.3	30 777	524	-	-	126 502
B	434 882		561 898	128.2	435 394	-	-	-	84 782
B	20 876		211 963	1 010.5	127 181	-	-	-	1 169
B	28 155		9 863	37.7	7 286	1 378	-	-	160 662
B	171 944		6 080 043	3 535.1	5 815 276	-	-	-	265 960
B	892 521		7 248 440	811.9	6 857 880	1 902	-	-	130 607
B	33 374		16 815	50.4	16 785	-	-	-	20
B	37 681		29 969	79.6	29 382	1 586	-	-	2 188
B	89 983		30 369	34.1	21 051	7 131	-	-	-
B	152 920		43 202	28.3	43 202	-	-	-	-
B	313 938		129 356	41.3	109 481	6 717	-	-	2 208
B	15 610		2 493	16.0	2 783	-	-	-	2 900
B	89 978		11 614	13.0	9 314	-	-	-	1 270
B	60 770		20 186	33.2	18 926	-	-	-	840
B	56 362		13 316	23.6	12 034	442	-	-	10 804
B	296 462		90 481	30.5	79 687	-	-	-	15 214
B	518 882		138 111	26.6	122 455	442	-	-	1 477
B	10 743		45 416	420.3	44 939	-	-	-	288 367
B	18 955		798 289	4 202.3	485 281	2 621	-	-	4 887
B	67 086		33 188	49.5	5 971	-	-	-	22 330
B	87 457		12 406	14.2	12 368	-	-	-	17
B	163 881		888 299	542.6	558 980	2 621	-	-	304 769
B	29 800		572 854	1 922.1	244 347	10 659	-	-	317 646
B	35 279		10 426	29.6	10 426	-	-	-	-
B	36 246		16 741	46.2	14 922	-	-	-	1 819
B	29 391		14 365	48.9	12 741	-	-	-	1 624
B	438 315		256 287	58.5	255 690	-	-	-	576
B	562 151		870 452	154.8	538 126	10 659	-	-	321 666
B	52 918		7 133	13.5	6 104	(1 000)	-	-	2 039
B	30 327		11 680	38.5	11 189	28	-	-	455
B	88 138		502 904	570.8	321 728	-	-	-	181 176
B	348 897		5 131	1.5	5 124	-	-	-	7
B	2 109 866		111 668	5.3	110 137	-	-	-	1 531
B	2 628 945		638 516	24.3	484 292	(983)	-	-	165 208
B	30 330		14 595	48.1	10 137	-	-	-	1 558
B	597 693		88 104	14.7	38 003	1 221	-	-	4 282
B	11 023		11 150	101.2	11 150	-	-	-	-
B	475 889		1 312 010	276.0	411 790	-	-	-	64 109
B	45 769		(5 100)	(11.1)	(5 100)	-	-	-	7 004
B	370 535		88 464	23.9	81 460	-	-	-	7 004
B	1 091 454		673 101	61.7	547 429	1 221	-	-	117 269
B	35 980		5 148	14.3	2 943	-	-	-	2 204
B	316 285		65 536	20.7	20 224	36	-	-	41 368
B	67 834		33 419	49.3	23 771	-	-	-	9 648
B	47 287		21 758	46.0	2 884	2 884	-	-	599
B	346 370		72 148	20.8	69 052	163	-	-	2 898
B	613 756		188 009	30.6	134 206	3 168	-	-	58 705
B	125 492		30 639	24.4	6 770	8 550	-	-	14 318
B	78 296		125 802	160.4	67 784	12 184	-	-	45 834
B	108 168		13 240	12.2	7 819	-	-	-	5 421
B	68 644		21 171	30.8	105 213	-	-	-	16 290
B	663 082		287 784	43.4	192 467	21 714	-	-	83 003
B	13 415 289		21 341 234	159.1	10 954 475	61 259	-	-	10 140 807
Total									









R000	0 - 30 Days		30 - 60 Days		60 - 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
A	1 537 450	57.8	3 088	0.1	88 874	3.3	1 031 029	38.8	2 660 361
B	(230)	100.0	-	-	-	-	-	-	(230)
B	100.0	100.0	26	2.6	24.7	24.7	4.4	4.4	107
B	30	27.8	24.7	24.7	7	6.3	4.4	4.4	107
B	98.0	98.0	1	1.0	-	-	0	0.0	87
B	521	100.0	-	-	-	-	-	-	521
B	14 855	100.0	3 748	25.3	22 187	149.5	55 090	370.8	95 660
B	15 241	100.0	3 776	24.8	22 194	149.5	55 134	363.8	96 345
B	(45)	(95.2)	(4)	(8.9)	66	147.8	95	211.3	131
B	(944)	(208.0)	-	-	0	0.0	3 672	846.6	2 728
B	(3)	(7.0)	3	(7.0)	(437)	(1000.0)	312	(724.0)	(125)
B	24	56.2	3	7.0	(437)	(1000.0)	312	(724.0)	(125)
B	967	215.2	967	215.2	1 431	322.2	1 431	322.2	3 828
B	4	9.1	1	2.3	(2)	(4.5)	142	319.5	145
B	161	358.2	221	494.5	247	550.0	4 366	974.4	4 994
B	8 293	187.0	8 638	194.5	662	147.8	10 403	233.7	26 196
B	(790 195)	(180.2)	658	(1.5)	(981)	(220.0)	1 558	(352.2)	(788 781)
B	1 645	100.0	-	-	-	-	-	-	1 645
B	215	23.9	49	5.4	10	1.1	627	69.7	900
B	162	98.8	2	1.2	-	-	5	2.7	169
B	5 137	60.2	1 410	13.8	1 719	16.8	1 965	19.2	10 231
B	7 159	55.3	1 481	11.3	1 729	13.4	2 596	20.1	12 945
B	64	0.0	1 901	1.0	12 391	6.4	180 019	92.8	194 375
B	489	83.5	-	-	43	7.4	53	9.1	586
B	956	7.8	797	0.1	244	1.9	11 444	90.1	12 686
B	20 404	45.3	1 8	0.0	1 786	4.0	22 082	49.0	45 088
B	27 533	8.7	2 710	1.1	14 464	5.7	213 598	84.5	252 725
B	13 383	4.4	81 002	26.3	11 954	3.5	227 449	65.8	346 788
B	(2 041)	(2 438.5)	627	749.6	(1 133)	(1 353.3)	2 630	3 142.3	84
B	191	16.2	14 294	16.2	4 361	4.9	69 262	78.6	88 009
B	13 633	3.1	105 924	24.4	15 172	3.5	289 341	69.0	433 971
B	57 470	50.0	454	0.4	1 035	0.9	56 037	48.7	114 955
B	138	8.4	(64)	(3.8)	461	28.0	1 112	87.5	1 647
B	1 669	1.0	205	0.2	18 979	15.5	101 815	83.3	122 268
B	3 943	65.8	225	3.8	1 821	30.4	-	-	5 989
B	62 819	23.7	819	0.3	22 286	9.1	158 955	64.9	244 889
B	435	22.2	851	43.4	(191)	(9.7)	866	44.1	1 962
B	417	64.9	13	2.0	(48)	(7.5)	261	40.6	642
B	3 583	41.1	1 047	12.0	1 015	11.7	3 062	35.2	8 707
B	(28 108)	(41.7)	(2 372)	(3.5)	2 123	3.1	95 835	142.0	67 479
B	(3 808)	(7.0)	1 778	34.5	1 926	37.4	5 051	98.1	5 149
B	(147 623)	(48.5)	(143 368)	(45.2)	(13 946)	(4.4)	(12 476)	(3.9)	(317 413)
B	(621)	(16.3)	5 129	101.9	(57)	(1.1)	780	15.5	5 032
B	7 874	(58.2)	1 489	(11.0)	(11 618)	(85.8)	144 976	(11 280)	(13 536)
B	36 305	17.3	25 381	12.1	3 377	1.5	144 976	69.0	210 038
B	(107 871)	(97.4)	(109 592)	(99.0)	(20 318)	(18.3)	127 056	(114.7)	(110 725)
B	23	55.1	15	35.2	2	4.0	2	5.8	43
B	3 113	99.5	7	0.2	-	-	10	0.3	3 129
B	(966)	(49.9)	(39)	(2.8)	(420)	(30.5)	(231)	(16.8)	(1 375)
B	185	780.6	25	106.0	-	-	(788.8)	(788.8)	24
B	16 102	71.0	3 311	14.6	92	0.4	3 166	14.0	22 671
B	18 738	75.5	3 319	13.6	(326)	(1.3)	2 760	11.3	24 491
B	93	29.1	142	44.6	-	-	84	28.3	319
B	2 687	17.9	887	5.7	175	1.2	11 252	75.2	14 970
B	11 707	99.6	1	0.0	1	0.0	45	0.4	11 753
B	9 557	62.7	2 239	14.7	0	0.0	3 450	22.6	16 246
B	24 044	58.8	3 267	7.7	176	0.4	14 830	35.0	42 316
B	774 763	26.4	13 177	0.4	145 403	5.0	2 002 703	68.2	2 936 046

Source: NT Publication









