



treasury

Department:
Treasury

PROVINCE OF KWAZULU-NATAL

Municipal Finance 2nd Quarter Review 2017/18

MFQR: 31 December 2017

Compiled by: KZN Provincial Treasury

Data Source and Reliability

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All information in this report is based on the Section 71 MFMA 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 2017/18 Municipal Budget Information: Second Quarter Financial Results as at 31 December 2017. The non-delegated municipalities, namely, eThekweni, Msunduzi and uMhlathuze 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 returns (monthly MFMA Section 71 performance returns). 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 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 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 ending 31 December 2017.

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 Division of Revenue Act (DoRA) and MFMA reporting requirements.

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.

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 - 2017/18

R '000	2017/18				2016/17		Q2 of 2016/17 to Q2 of 2017/18		
	First Quarter		Second Quarter		Year to Date				
	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	2nd Q as % of Main appropriation	Actual Expenditure	Total Expenditure as % of main appropriation			
Operating Revenue	58 805 927	28.5%	13 617 209	23.2%	30 392 716	51.7%	14 201 544	55.3%	(4.1%)
Property rates	10 705 525	23.5%	2 596 194	24.3%	5 793 144	54.1%	2 857 756	54.6%	(2.3%)
Property rates - penalties and collection charges	81 533	29.9%	18 602	22.8%	43 002	52.7%	39 753	62.7%	(63.2%)
Service charges - electric revenue	19 400 300	25.2%	4 294 464	21.8%	9 118 941	47.0%	4 481 369	50.7%	(6.5%)
Service charges - water revenue	6 157 609	23.7%	1 625 861	26.4%	3 085 328	50.1%	1 010 912	48.3%	60.8%
Service charges - sanitation revenue	1 588 162	24.0%	426 925	26.8%	807 983	50.9%	324 906	54.0%	31.1%
Service charges - refuse revenue	1 157 296	25.6%	273 766	23.5%	572 906	49.1%	206 394	49.9%	32.8%
Service charges - other	157 495	71.1%	210 793	133.8%	322 749	204.9%	66 493	55.5%	273.1%
Rental of facilities and equipment	57 295	22.9%	303 714	53.2%	494 286	76.0%	81 251	30.7%	273.8%
Interest earned - external investments	1 806 813	12.5%	234 668	13.8%	446 719	26.3%	246 428	43.6%	(6.5%)
Interest earned - outstanding debtors	545 423	22.8%	129 210	23.7%	263 522	46.5%	113 124	44.1%	14.2%
Dividends received			2 387		5 322		467	6.2%	411.1%
Fines	322 458	15.7%	30 460	9.5%	81 277	25.2%	70 560	42.3%	(66.8%)
Licences and permits	127 591	22.0%	20 678	16.2%	48 769	38.2%	21 973	41.2%	(26.1%)
Agency services	117 478	7.5%	12 571	10.7%	21 876	18.6%	7 952	46.4%	58.1%
Transfers recognised - operational	12 422 538	35.3%	3 309 015	26.8%	7 683 821	61.9%	3 576 313	66.1%	(7.5%)
Other own revenue	3 680 618	39.6%	179 233	4.9%	1 640 405	44.4%	1 286 296	69.3%	(86.0%)
Gains on disposal of PPE	53 730	6.8%	8 948	16.7%	12 603	23.5%	11 593	38.5%	(22.8%)
Operating Expenditure	59 688 407	23.0%	13 035 027	22.2%	28 534 336	45.2%	12 876 303	44.0%	1.2%
Employee related costs	17 734 219	22.5%	4 336 177	24.5%	8 332 377	47.0%	4 102 192	48.4%	5.7%
Remuneration of councillors	735 247	22.1%	156 015	21.2%	318 189	43.3%	155 937	43.4%	
Debt impairment	1 494 329	10.3%	347 441	23.3%	801 924	33.6%	268 528	33.9%	29.4%
Depreciation and asset impairment	4 881 679	24.6%	1 027 987	21.1%	2 231 020	45.7%	1 043 812	41.6%	(1.5%)
Finance charges	1 786 088	3.9%	379 851	21.3%	449 946	25.2%	370 015	28.7%	2.6%
Bulk purchases	16 748 668	30.3%	5 079 394	30.3%	8 050 485	48.1%	3 299 409	45.1%	(8.9%)
Other Materials	639 867	21.4%	276 740	33.0%	465 894	54.4%	139 430	29.4%	104.3%
Contracted services	6 997 774	19.6%	2 063 255	29.8%	3 468 040	49.4%	1 599 325	46.7%	33.8%
Transfers and grants	603 418	20.3%	183 704	30.4%	306 094	50.7%	206 189	45.7%	(10.4%)
Other expenditure	6 850 908	16.7%	1 270 900	18.6%	2 143 097	35.2%	1 737 602	45.1%	(26.5%)
Loss on disposal of PPE	17 210	95.4%	2 057	12.0%	18 480	107.6%	5	2 718.9%	44 670.3%
Surplus/(Deficit)	117 420		582 182		3 847 939		1 525 181		
Transfers recognised - capital	9 360 033	17.3%	1 446 932	15.4%	3 063 457	32.7%	2 189 657	44.0%	(34.0%)
Contributions recognised - capital									
Contributed assets	146 303	.8%	6 039	4.1%	7 207	4.9%	1 109	.3%	5 419.0%
Surplus/(Deficit) after capital transfers and contributions	9 524 756		2 034 152		6 918 603		3 515 127		

Source: NT Igdatabase

As at the end of the second quarter, municipalities in KwaZulu-Natal have generated *Operating revenue* amounting to R30.4 billion or 51.7 percent of the total budgeted revenue of R58.8 billion. The revenue generated is slightly above the expected straight line projection of 50 percent.

As at the end of the second quarter of the 2017/18 financial year the following categories of *Operating revenue* achieved more than 50 percent of their budgeted amounts include, *Service charges - other* at 204.9 percent, *Rental of facilities and equipment* at 76 percent, *Transfers recognised - operational* at 61.9 percent, *Property rates* at 54.1 percent, *Property rates - penalties and collection charges* at 52.7 percent, *Services charges - sanitation revenue* at 50.9 percent and *Service charges - water revenue* at 50.1 percent.

Based on a straight line projection of 50 percent as at the end of the second quarter, municipalities in the province have significantly under generated revenue from *Agency services* at 18.6 percent, *Gains on disposal of PPE* at 23.5 percent, *Fines* at 25.2 percent, *Interest earned - external investments* at 26.3 percent and *Licences and permits* at 38.2 percent.

The municipalities in KwaZulu-Natal have incurred *Operating expenditure* amounting to R26.5 billion or 45.2 percent against a budget of R58.7 billion as at the end of the second quarter. The overall spending is below the straight line projection of 50 percent.

A number of municipalities still do not account for *Debt impairment* and *Depreciation and asset impairment* on a monthly basis. Whilst 45.7 percent of the *Depreciation and asset impairment* budget of R4.9 billion has been recognised as at the end of the second quarter of 2017/18, 18 municipalities recorded *Rm* expenditure for *Depreciation and asset impairment*, indicating that the overall reported expenditure could be understated.

The *Loss on disposal of PPE* reported amounting to R18.5 million exceeded the annual budget of R17.2 million. The bulk of this expenditure is attributed to the Ugu District Municipality (R16.2 million) and the uMzimba (R88) (R83) and Jozini (R639 626) Local Municipalities in the second quarter. This does not appear correct as none of these municipalities had budgeted for *Loss on disposal of PPE*.

Municipalities have only utilised R2.4 billion or 35.2 percent of the budget of R6.9 billion for *Other expenditure*. This could be due to the implementation of cost containment measures in some of the municipalities.

Municipalities in the province significantly underspent the *Finance charges* budget of R1.8 billion as expenditure of only R449.9 million or 25.2 percent was reported for the six months ended 31 December 2017.

2.2 Operating Revenue – District Total

Table 2: Operating Revenue per source and per district as at the end of Quarter 2 - 2017/18

R000	Original Budget	Unaudited Actual	% Generated	Detail						Other revenue ³
				Property rates ¹		Service charges		Transfers recognised - operational	Other own revenue	
				Electricity revenue	Water revenue	Other ²	Other ²			
eThekweni	33 394 656	17 020 965	51,0	3 755 402	1 981 267	1 027 746	2 102 080	1 347 151	775 123	
Ugu	2 369 736	1 171 074	50,7	307 146	238 221	66 047	339 211	114 710	36 229	
uMgungundlovu	6 891 329	3 175 187	46,2	585 913	353 443	134 530	808 060	61 725	188 653	
uThukela	2 139 612	1 265 810	59,4	182 775	105 107	42 814	551 200	8 394	47 444	
uMzinyathi	1 175 261	687 540	58,6	69 322	20 431	72 360	434 314	2 529	29 059	
Amajuba	2 121 733	1 220 018	57,5	148 143	65 613	75 326	589 465	18 092	25 460	
Zululand	1 859 816	890 556	47,9	105 104	17 311	46 793	616 796	2 821	30 684	
uMkhanyakade	1 106 980	486 272	44,0	54 554	7 046	22 135	381 661	1 941	16 220	
King Cetshwayo	4 330 829	2 331 394	53,8	287 914	201 877	121 384	817 146	30 346	87 834	
Lembe	2 576 432	1 389 403	53,9	189 946	47 111	80 660	631 226	39 289	47 709	
Harry Gwala	1 207 283	781 288	64,7	109 841	37 611	33 556	492 063	13 417	38 952	
Total	59 856 827	30 362 277	51,7	5 836 147	3 065 328	1 703 340	7 693 821	1 640 405	1 304 955	

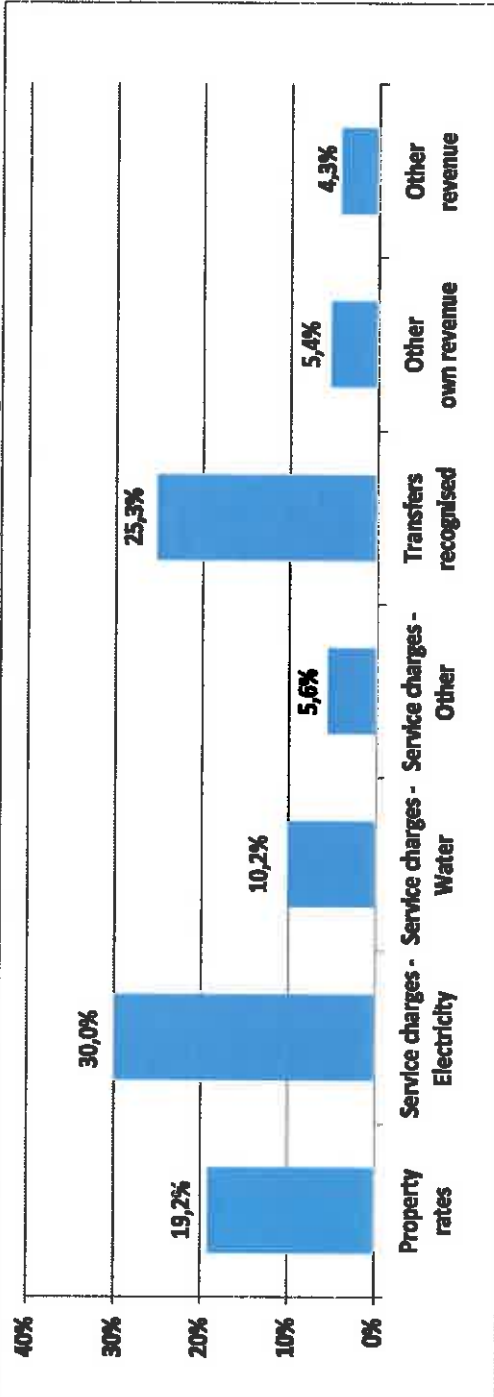
Source: NT Igtdatabase

1 Include Property Rates and Property Rate – penalties and collection charges.

2 Include Service charges revenue for Sanitation, Refuse and Other.

3 Include Rental of facilities and equipment, interest earned on external investments & outstanding debtors, Dividends received, Fines, Licences and permits, Agency services and Gains on disposal of PPE

Figure 1: Operating Revenue generated per source as a % of Total Operating Revenue generated as at 31 December 2017



- All districts with the exception of the uMgungundlovu (48,2 percent), Zululand (47,9 percent) and uMkhanyakade (44,8 percent) Districts generated *Operating revenue* in excess of the benchmark of 50 percent against their budgets for the second quarter. The Harry Gwala District at 64,7 percent recorded the highest percentage of *Operating revenue* generated against their Original budget.
- The majority of the municipalities within the province exceeded the 50 percent benchmark due to the *Equitable share* transfers that were received by 31 December 2017.
- Grant dependency is measured as the percentage of *Transfers recognised – operational* against the total *Operating revenue* generated. uMkhanyakade, Zululand, uMzinyathi and Harry Gwala Districts reflect grant dependency at 78,9 percent, 69,3 percent, 63,2 percent and 63 percent respectively. The eThekweni Metro, as well as the uMgungundlovu, Ugu and King Cetshwayo Districts are least dependent on funding from *Transfers recognised – operational* at 12,4 percent, 25,4 percent, 28,9 percent and 35 percent respectively.
- Excluding the eThekweni Metro (R6,1 billion), the uMgungundlovu (R1,1 billion), King Cetshwayo (R775,1 million) and Amajuba (R368 million) Districts generated the largest amounts for *Electricity revenue*. The uMkhanyakade District (R2,1 million) contributed the least to the provincial *Electricity revenue* total of R9,1 billion.
- With the exception of the eThekweni Metro (R3,8 billion), the uMgungundlovu (R585,9 million), Ugu (R307,1 million) and King Cetshwayo (R297,9 million) Districts generated the largest amounts of *Property rates* revenue. On the other hand, the uMkhanyakade District (R54,6 million) contributed the least to the provincial *Property rates* revenue total of R5,8 billion.
- Other revenue* of R1,3 billion was overstated as a result of a misallocation of R5,2 million by Ndwendwe Local Municipality to the *Dividends Received* line item. The municipality is still working towards rectifying this classification error with the assistance of the financial system service providers.
- Figure 1 reflects that *Service charges – electricity* with R9,1 billion or 30 percent contributes the highest portion to total *Operating Revenue* generated during the quarter under review, followed by *Transfers recognised – operational* with R7,7 billion or 25,3 percent.

2.3 Operating Expenditure – District Total

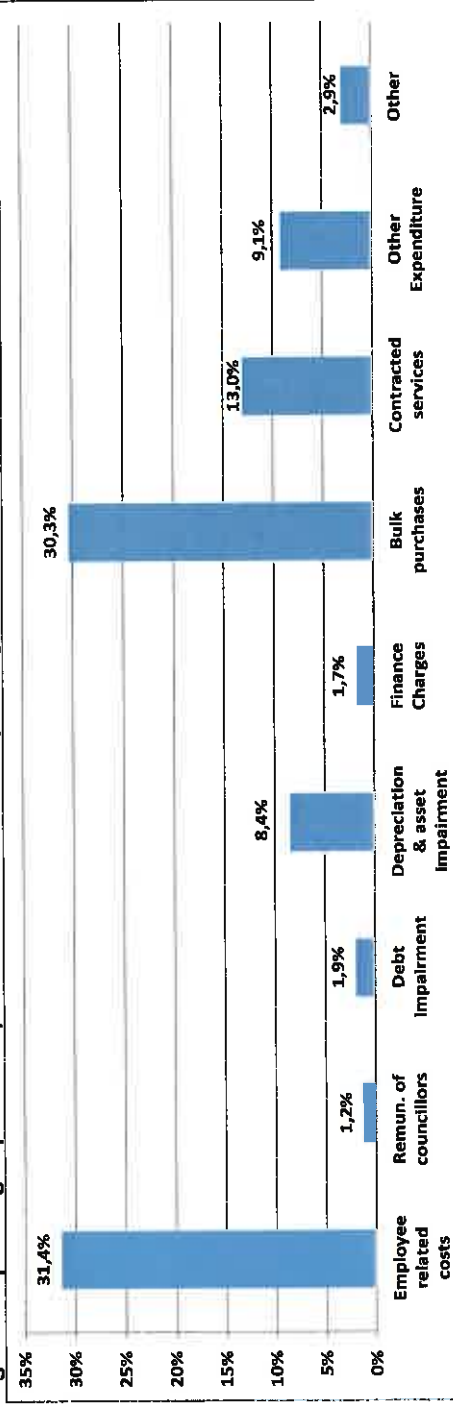
Table 3: Operating Expenditure per item and per district as at the end of Quarter 2 – 2017/18

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 ¹	
eThekweni	32 687 271	15 320 889	46,9	4 767 205	55 167	340 842	1 101 624	3 10 884	5 232 980	2 054 886	1 011 525	444 884	
Ugu	2 463 706	912 561	37,0	404 745	22 735	1 085	28 003	4 863	70 177	161 738	203 411	17 802	
uMgungundlovu	6 610 134	2 845 558	43,0	708 080	41 661	39 514	250 230	42 810	1 155 279	397 309	141 513	67 159	
uThulezi	2 034 666	816 302	40,1	301 788	26 559	4 289	14 273	1 058	163 437	86 245	111 550	37 084	
uMzinyathi	1 381 753	532 089	38,5	187 740	17 051	18 090	36 286	235	72 605	70 469	115 893	13 722	
Amajuba	2 219 817	1 182 817	53,3	326 320	17 910	93 374	233 746	24 041	280 140	44 173	146 119	1 982	
Zululand	1 915 894	713 360	37,2	231 638	22 816	(57 007)	188 350	4 371	122 168	97 528	70 127	33 959	
uMkhanyakude	1 087 342	435 034	39,6	205 940	23 256	1 231	11 209	1 289	26 287	66 464	87 613	12 736	
King Cesthwayo	4 408 501	2 171 581	49,3	559 593	40 666	37 288	246 128	40 791	574 471	352 450	250 887	72 327	
Lenbe	2 573 389	1 078 045	41,9	337 283	26 620	22 341	66 460	18 490	295 249	84 713	152 503	73 384	
Harry Gwala	1 286 054	528 101	41,1	222 035	22 936	977	53 718	1 333	57 711	41 062	121 957	6 386	
Total	58 688 407	26 534 337	45,2	8 332 377	318 189	501 924	2 231 020	448 946	8 050 465	3 458 040	2 443 067	781 256	

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 2017



• KwaZulu-Natal municipalities spent R26.5 billion (45.2 percent) of the approved budgets of R58.7 billion which is below the straight line projection of 50 percent as at the end of December 2017.

• All districts including the eThekweni Metro reported a spending rate which is below 50 percent with the exception of the Amajuba District (53.3 percent). The districts that mainly contributed to the low spending rate are the Ugu (37 percent), Zululand (37.2 percent), uMzinyathi (38.5 percent) and uMkhanyakude (39.6 percent) Districts.

• Employee related costs are the highest contributor towards total actual Operating expenditure in the Province at R8.3 billion or 31.4 percent.

• The revenue from trading services, namely, Service charges (electricity and Service charges - water) contributed significantly (R12.2 billion or 40.2 percent) towards Operating revenue. It is therefore expected that Bulk purchases of R8.1 billion also accounts for a significant portion (30.3 percent) of total Operating expenditure.

• According to these reported amounts, KZN municipalities generated a gross profit of R4.1 billion to utilise toward other expenses incurred for the provision of these trading services.

• Contracted services was the third highest contributor to Operating expenditure amounting to R3.5 billion or 13 percent of total Operating expenditure. Excluding the eThekweni Metro (R2.1 billion), the uMgungundlovu (R397.3 million) and King Cesthwayo (R552.5 million) Districts contributed the most towards the Contracted Services expenditure of R3.5 billion.

• Remuneration of councillors (R318.2 million or 1.2 percent) contributed the least expenditure towards the overall total Operating expenditure for the quarter under review.

• Only 33.6 percent of the budget of R1.5 billion for Debt Impairment was recognised as at 31 December 2017. This is due to 32 municipalities not recording any Debt Impairment for the first half of the financial year. Furthermore, Abaqulusi Local and Harry Gwala District Municipalities incorrectly reported negative expenditure of R62.4 million and R1.5 million respectively for Debt Impairment which has resulted in an understated Debt Impairment total for the province.

2.5 Capital Revenue - District Total

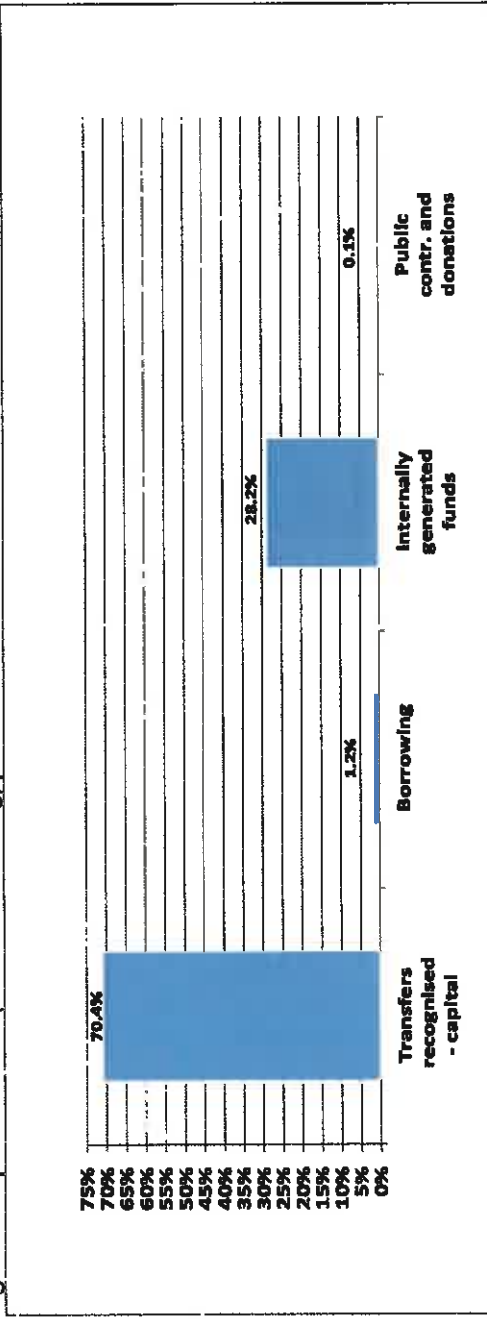
Table 5: Capital Revenue (Source of Finance) per district as at the end of Quarter 2 – 2017/18

R000	Original Budget	Unaudited Actual	% Generated	Detail		
				Transfers recognised - capital ¹	Borrowing	Internally generated funds
eThekweni	7 340 084	2 064 470	28.1	1 038 707	-	1 025 763
Ugu	727 376	259 623	35.7	250 086	-	7 866
uMgungundlovu	1 044 909	340 829	32.6	258 624	30 485	51 708
uThukela	590 959	209 780	35.5	200 467	-	9 130
uMzinyathi	750 754	198 326	26.4	190 536	-	7 790
Amajuba	455 837	153 074	33.6	136 170	-	16 904
Zululand	693 611	287 116	41.4	283 813	-	3 303
uMkhanyakude	460 261	261 514	56.8	261 225	-	290
King Cetshwayo	1 032 518	270 628	26.2	175 005	21 660	72 985
iLembe	776 171	242 379	31.2	189 868	1 969	47 102
Harry Gwala	698 519	203 699	29.2	177 840	-	25 859
Total	14 570 898	4 481 439	30.8	3 162 342	54 114	1 268 701

Source: NT Igotabase

¹ 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 2017



The district overview reflects that the municipalities in the province are heavily dependent on grants to fund their capital expenditure as *Transfers recognised – capital* constitutes 70.4 percent of R3.2 billion of the R4.5 billion total Capital Revenue recognised as at the end of the second quarter.

Transfers recognised – capital constitutes 50.3 percent of the capital revenue of eThekweni Metro and 64.7 percent of the capital revenue of King Cetshwayo District. The capital expenditure of all other districts are funded with grants by more than 70 percent, with uMkhanyakude, Zululand, Ugu, uMzinyathi and uThukela Districts recording grant dependency rates of 99.9 percent, 98.8 percent, 96.3 percent, 96.1 percent and 95.6 percent respectively.

The second largest source of funding was *Internally generated funds*, at 28.2 percent of R1.3 billion followed by *Borrowing* at 1.2 percent of R54.1 million.

The eThekweni Metro contributed R2.1 billion to the total Capital revenue. The metro financed their Capital expenditure with *Transfers recognised – capital* of R1 billion and *Internally generated funds* of R1 billion.

Public contributions and donations of R6.3 million were recognised by six districts to fund their Capital expenditure. The iLembe District recognised a significant amount of R3.4 million or 34.8 percent of the total *Public contributions and donations*. The remaining five districts were the Ugu, King Cetshwayo, uThukela, uMgungundlovu and Harry Gwala Districts at R1.7 million, R978 000, R183 000, R11 000 and R428, respectively.

Three districts utilised *Borrowings* amounting to R54.1 million in total as at the end of the second quarter. The uMgungundlovu District utilised the highest *Borrowings* with an amount of R30.5 million followed by the King Cetshwayo and iLembe Districts with R21.7 million and R2 million, respectively.

eNdameni, Damausier, uPhongolo and Okhahlamba Local Municipalities budgeted R90 million, R22.5 million, R20.1 million and R20 million respectively for *Borrowing* for the 2017/18 financial year, however none of these municipalities have utilised this capital revenue source as at 31 December 2017.

2.6 Capital Expenditure - District Total

Table 6: Capital Expenditure per item and per district as at the end of Quarter 2 – 2017/18

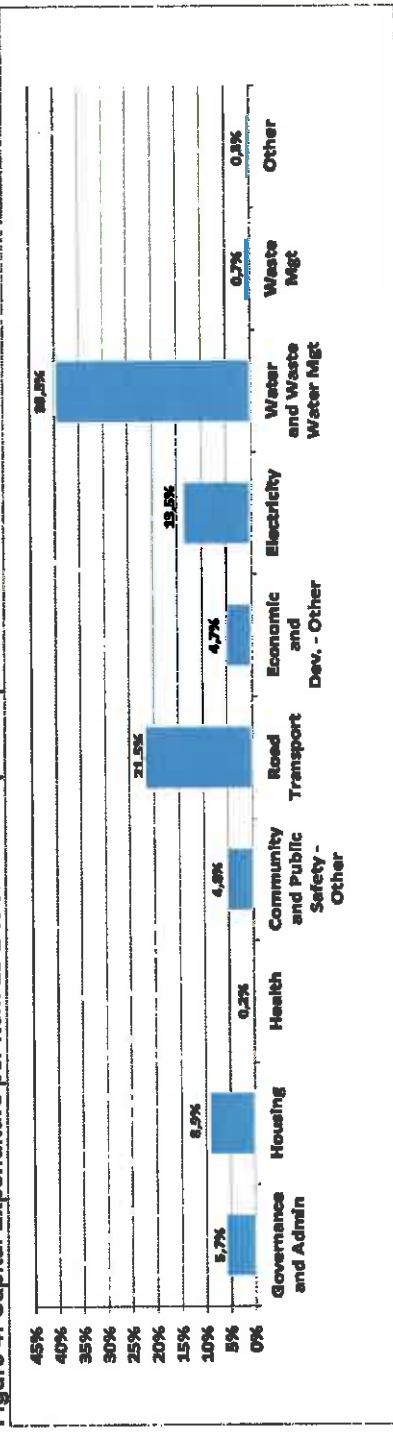
RDD	Original Budget	Unallocated Amdl	% Spent	Governance and Admin. ¹			Community and Public Safety			Economic and Environmental Services			Training Services			Other
				Governance and Admin. ¹	Public Safety	Other ²	Housing	Health	Other ²	Road Transport	Other ²	Electricity	Water and Waste Water Mgt.	Waste Mgt.		
															Unallocated Amdl	
eThekweni	7 340 084	2 084 470	28.1	120 173	31 569	7 122	48 000	83 162	42 650	436 336	20 256	12 956				
Budget per category	727 226	259 023	35.7	78 675	1 286 375	846 235	2 211 945	300 803	903 000	1 300 841	36 414	122 101				
uMkhanyakude	1 044 650	340 829	32.6	46 291	24 059	18 672	37 035	711	2 920	140 231	4 657	80 003				
Budget per category	580 550	203 710	35.1	24 481	9 772	27 059	143 318	56 325	31 250	710 251	2 088	65 158				
Zululani	750 754	188 265	25.1	3 958	19 236	72 851	14 930	59 026	31 946	361 672	5 680	460				
Budget per category	426 837	133 074	30.9	1 917	13 074	2 812	21 109	27 643	2 174	98 139	758	65				
Amajuba	688 911	287 116	41.6	2 448	15 046	7 323	64 264	10 950	59 700	54 371	942	6 327				
Budget per category	400 281	261 514	65.3	290	12 881	11 461	35 944	14 055	16 163	59 975	2 056	1 220				
King Cetshwayo	1 022 518	270 628	26.4	31 338	21 072	67 546	174 203	35 615	119 532	500 069	7 200	6 327				
Budget per category	778 171	242 378	31.1	16 204	24 719	49 737	49 737	5	12 589	337 001	1 490	14 220				
Harrismith	638 610	202 599	31.6	5 007	73 465	30 548	169 197	30 548	89 005	105 144	5 516	3 800				
Budget per category	14 939 986	4 187 420	27.9	18 514	27 221	154 327	563 777	173 833	505 086	3 764 644	31 590	12 533				
Total																

Source: NT Igdatabse

- 1 Include Executive & Council, Budget & Treasury Office and Corporate Services.
- 2 Include Community & Social Services, Sports and Recreation and Public Safety.
- 3 Include Planning and Development and Environmental Protection.

■ Below straight line projection of 50 percent

Figure 4: Capital Expenditure per item as a % of Total Capital Expenditure as at 31 December 2017



As at the end of the second quarter of the 2017/18 financial year, municipalities in the province spent R4.5 billion or 30.8 percent of their Capital Budgets, which is below the 50 percent straight line projection expected at mid-year.

- uMkhanyakude District with 56.8 percent of capital expenditure is the only district to have achieved the expected benchmark of 50 percent expenditure at the end of the second quarter. The high expenditure in this district is mainly attributed to uMkhanyakude District Municipality which reported capital expenditure of 70 percent or R180.7 million of the capital budget of R258 million.
- All other districts, with the exception of Zululani District (41.4 percent) recorded less than 40 percent for capital expenditure. King Cetshwayo District, uMzinyathi District, eThekweni Metro and Harry Gwala District recorded 26.2 percent, 26.4 percent, 28.1 percent and 29.2 percent expenditure of their capital budgets respectively.
- The largest portion of spending was reported on *Water and Waste Water Management* of R1.8 billion or 39.5 percent, with eThekweni Metro recording the highest expenditure of R436.3 million against this category of expenditure, while the Amajuba District recorded the least expenditure for this category of R98.1 million.
- The second largest *Capital expenditure* was on *Road Transport* at R967.8 million or 21.5 percent. eThekweni Metro recorded the largest spending in this category with R486.9 million, followed by uMgungundlovu District with an amount of R111 million.
- Other* and *Health* contributed the least towards capital expenditure at 0.3 percent or R12.5 million and 0.2 percent or R7.4 million, respectively.
- Community and Public Safety* contributed an amount of R636.8 million or 14 percent towards total Capital expenditure. *Public Safety* only recognised R19.2 million which amounts to 17.9 percent of its budget of R107.3 million while *Sport and Recreation* only recognised R40.9 million which amounts to 18.1 percent of its budget of R226.6 million.
- The *Governance and Administration* vote spent 29.3 percent of its budget of R889.3 million and contributed R258 million or 5.7 percent towards total Capital expenditure.

2.7 Comparatives: Capital vs Operating Expenditure

Figure 5: Comparatives: Capital vs Operating – 2nd Quarter 2017/18

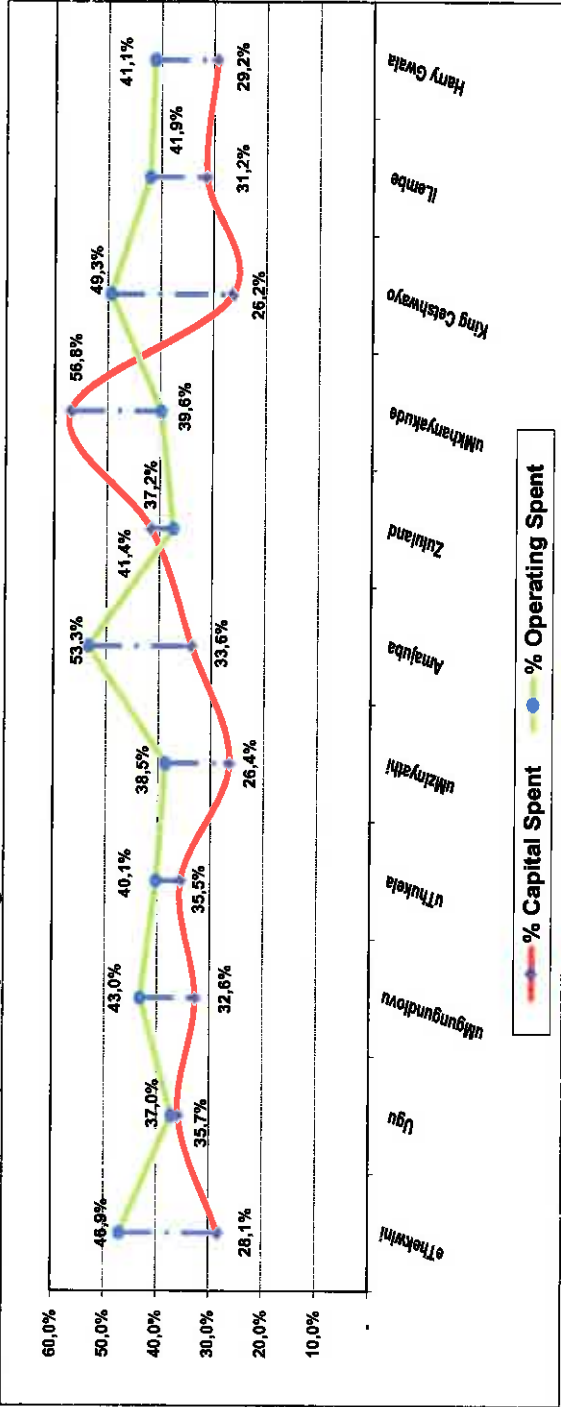


Figure 6: Budgeted/Actual Operating expenditure vs Budgeted/Actual Capital expenditure

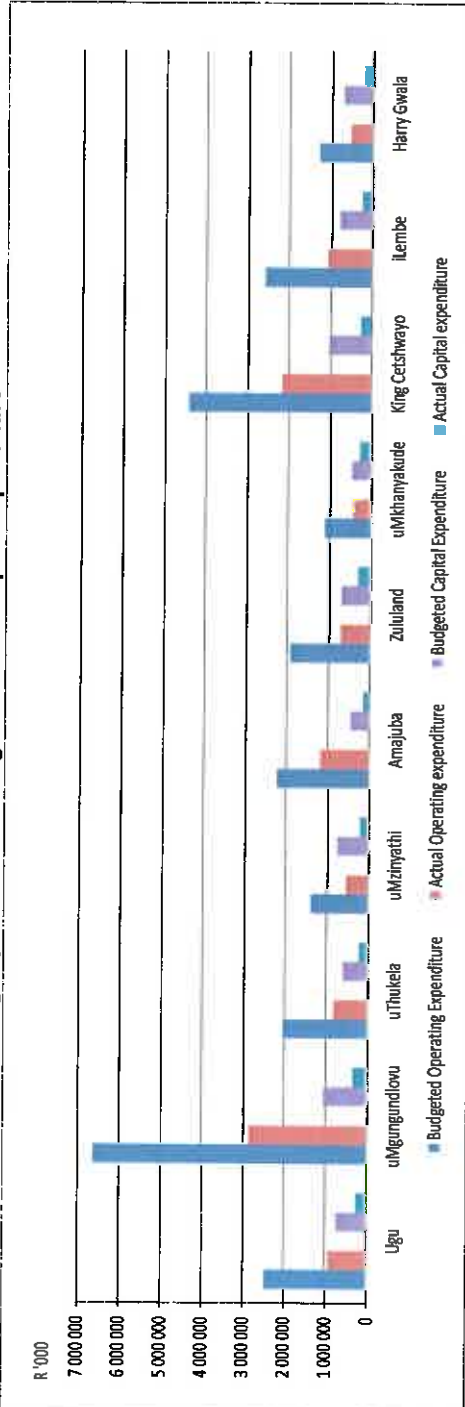


Figure 5 reflects *Capital expenditure* as a percentage of the *Capital expenditure budget* together with *Operating expenditure* as a percentage of the *Operating expenditure budget* for the second quarter of the 2017/18 financial year.

With the exception of Zululand and uMkhanyakude Districts, the comparatives between the average Capital expenditure and average Operating expenditure indicate that all districts have spent less on their Capital expenditure budgets as compared to their Operating expenditure budgets.

uMkhanyakude District (56.8 percent) reported the highest Capital expenditure whilst the Amajuba District (53.3 percent) reported the highest Operating expenditure against their respective budgets.

King Cetshwayo District (26.2 percent) reported the lowest Capital expenditure whilst the Ugu District (37 percent) reported the lowest Operating expenditure against their respective budgets.

Figure 6 shows an overview of actual Operating expenditure against the Operating budget and the actual Capital Expenditure against the Capital budget.

Figures 5 and 6 illustrate that there has been slow spending of both the Operating and Capital expenditure budgets with only Amajuba and uMkhanyakude Districts meeting the expected benchmark of 50 percent expenditure for Operating expenditure and Capital expenditure respectively.

Excluding eThekweni Metro, the uMgungundlovu District (R7.7 billion) had the largest consolidated Operating expenditure budget and Capital expenditure budget. This is followed by King Cetshwayo District (R5.4 billion). The Harry Gwala District (R2 billion) and the uMkhanyakude District (R1.6 billion) had the smallest consolidated Operating expenditure budget and Capital expenditure budget.

2.8 Debtors Age Analysis – Provincial Total

Table 7: Debtors Age Analysis by Income source as at the end of Quarter 2 – 2017/18

RPO	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	%
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	471 603	10,3	271 638	5,9	167 671	3,6	3 688 723	80,2	4 599 035	29,4	1 080	-	1 284 135	27,9
Trade and Other Receivables from Exchange Transactions - Electricity	824 757	43,9	344 636	18,1	97 735	5,1	657 519	33,5	1 904 648	12,2	98	-	658 271	34,5
Receivables from Non-exchange Transactions - Property Rates	542 803	12,1	346 800	7,8	237 222	5,3	3 341 044	74,8	4 467 729	28,5	351	-	1 408 602	31,6
Receivables from Exchange Transactions - Waste Water Management	105 038	11,4	70 337	7,7	33 982	3,7	708 527	71,2	917 664	5,9	631	0,1	196 945	21,4
Receivables from Exchange Transactions - Waste Management	70 205	12,0	41 183	7,0	19 380	3,3	455 225	71,7	587 195	3,7	927	0,2	85 126	14,6
Receivables from Exchange Transactions - Property/Rental Debtors	47 055	6,9	7 335	2,8	6 369	2,5	226 910	87,8	258 170	1,6	169	0,1	98 540	38,5
Interest on Arrear Debtor Accounts	(70 248)	-5,4	24 243	1,9	16 895	1,3	1 331 206	102,2	1 382 259	8,3	(371)	-	37 128	28,5
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	80 651	3,7	72 594	4,4	57 363	3,5	1 442 559	89,3	1 633 147	10,4	(4 552)	-0,3	321 188	19,7
Total By Income Source	2 022 844	12,9	1 178 767	7,5	638 888	4,1	11 832 576	75,5	15 670 886	100,0	(1 987)	0,0	4 424 996	28,2

Source NT Igdatabase

Table 8: Debtors Age analysis by Customer Group as at the end of Quarter 2 - 2017/18

RPO	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	%
Debtors Age Analysis By Customer Group														
Organic of State	115 488	10,5	105 776	9,6	89 506	8,1	750 185	71,8	1 100 957	7,0	(8 333)	-0,3	203 762	24,0
Commercial	638 994	25,1	447 605	13,4	171 950	5,2	1 882 131	56,4	3 338 280	21,3	(994)	-	1 117 753	33,5
Households	973 834	9,5	587 795	5,6	337 135	3,3	8 321 272	81,6	10 200 037	65,1	3 149	-	2 987 623	29,3
Other	95 728	9,4	57 539	5,6	38 286	3,7	638 998	81,3	1 031 602	6,6	-	-	55 859	5,4
Total By Customer Group	2 022 844	12,9	1 178 767	7,5	638 888	4,1	11 832 576	75,5	15 670 886	100,0	(1 657)	-	4 424 996	28,2

Source NT Igdatabase

Table 7 shows a total amount of R15,7 billion owed to all municipalities in KwaZulu-Natal as at 31 December 2017, with an amount of R11,8 billion or 75,5 percent of Debtors in the *Over 90 Days* category.

The Debtors Age Analysis by Income Source reflects that a significant amount of R4,6 billion or 29,4 percent of the debt owed relates to *Water*, followed by *Property rates* at R4,5 billion or 28,5 percent, *Electricity* at R1,9 billion or 12,2 percent and R1,6 billion or 10,4 percent for *Other*.

A negative amount of R70,2 million is reflected in Table 7 under the 0 - 30 days category against the *Interest on Arrear Debtor Accounts* income source. eThekweni Metro significantly contributed to this as it recorded negative R80,5 million in this line item. This could be attributable to challenges with the municipal system, which results in the incorrect allocation of receipts from debtors.

The Debtors Age Analysis by Customer Group, shown in Table 8, indicates that a considerable portion of debt is owed by *Households* at 65,1 percent or R10,2 billion, followed by *Commercial* at 21,3 percent or R3,3 billion and *Organic of State* at 7 percent or R1,1 billion. The lowest portion was recorded under *Other* at 6,6 percent or R1 billion.

The ageing of debtors indicates that 81,6 percent of *Households* debtors amounting to R8,3 billion and 81,3 percent of *Other* debtors amounting to R83,9 million are older than 90 days. The collectability of such debtors is a concern as municipalities that are not able to collect their Debtors when due will experience cash flow challenges and may not be able to make payments to their Creditors timely.

Actual Bad Debts Written Off for Debtors amounts to negative R1,7 million as at 31 December 2017. The uMzimkhulu Local Municipality within the Harry Gwala District incorrectly reported negative R5,4 million as a result of inaccurately populating the debtors ageing return which resulted in distorting the aggregated Provincial *Actual Bad Debts written off to Debtors* total of R1,7 million.

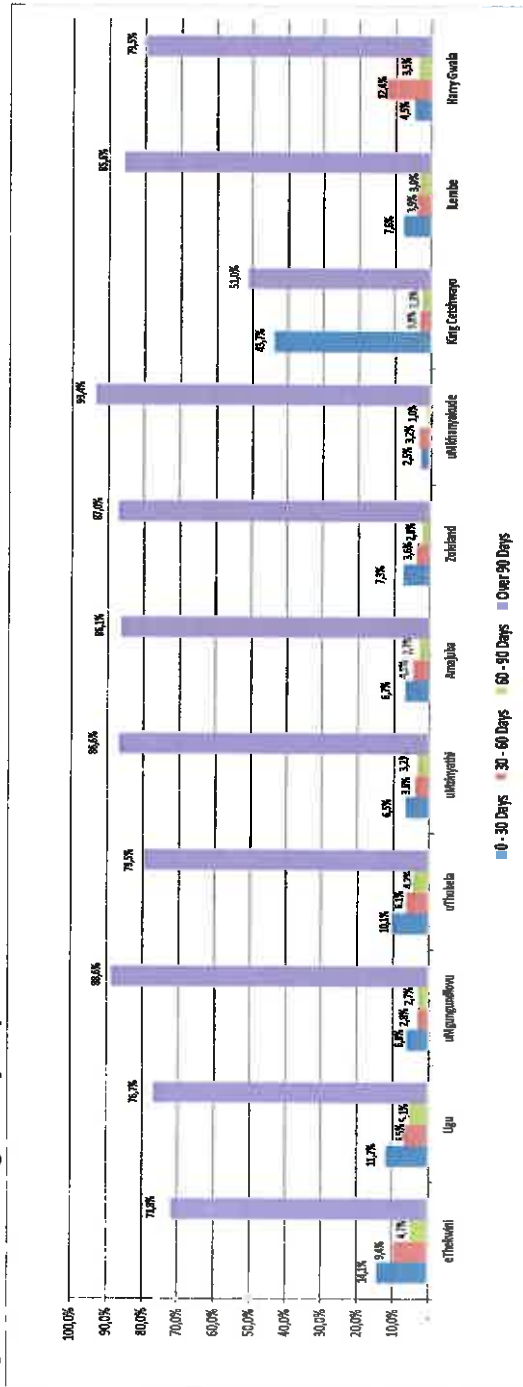
2.9 Debtors Age Analysis – District Total

Table 9: Debtor Age Analysis per district (Total) as at the end of Quarter 2 - 2017/18

R'000	0 - 30 Days		30 - 60 Days		60- 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
eThekweni	1 344 279	14.1	880 809	9.4	449 389	4.7	6 837 765	71.8	9 522 051
Ugu	89 888	11.7	50 106	6.5	39 218	5.1	590 292	76.7	769 503
uMgungundlovu	48 139	6.0	22 475	2.8	21 728	2.7	714 827	88.6	807 169
uThukela	57 100	10.1	34 324	6.1	23 812	4.2	447 503	79.5	582 738
uMzinyathi	22 072	6.5	12 849	3.8	10 790	3.2	296 260	86.6	341 972
Amajuba	78 959	6.7	52 806	4.5	32 066	2.7	1 012 064	86.1	1 175 926
Zululand	37 063	7.3	18 498	3.6	10 426	2.0	443 477	87.0	509 463
uMkhanyakude	8 820	2.5	11 265	3.2	3 439	1.0	333 171	93.4	356 695
King Cetshwayo	270 092	43.7	18 640	3.0	14 161	2.3	315 197	51.0	618 090
Lembe	51 280	7.6	26 372	3.9	20 303	3.0	580 114	85.6	678 069
Harry Gwala	14 952	4.5	40 823	12.4	11 567	3.5	261 867	79.5	329 199
Total	2 022 644	12.9	1 178 767	7.5	636 898	4.1	11 832 576	75.5	15 670 886

Source: NT Igddatabase

Figure 7: Debtors Age Analysis per district as at the end of Quarter 2 - 2017/18



The total debt owed at the end of the second quarter of the 2017/18 financial year amounted to R15.7 billion, compared to the R8.9 billion owed at the end of the second quarter of the 2016/17 financial year. This represents a significant increase of R6.8 billion or 75.4 percent when comparing the two quarters; hence the credibility of the data submitted by municipalities is questionable. It should be noted that the R8.9 billion reported at the end of the second quarter of the 2016/17 financial year was understated as eThekweni Metro erroneously understated their Debtors.

It should be noted that the iMpendle, Msunduzi, Mkhambathini, uMvoti, Dornhauser, eDumbe, Nongwenya, JoZini and uMfolozi Local Municipalities did not report any debtors for the period under review. As a result, the Debtors figure as at 31 December 2017 may be understated.

The eThekweni Metro recorded the highest outstanding debtors amounting to R9.5 billion (60.8 percent) of the total debt owed to KZN municipalities followed by the Amajuba District at R1.2 billion or 7.5 percent, uMgungundlovu District at R807.2 million or 5.2 percent and Ugu District at R769.5 million or 4.9 percent.

As shown in Figure 7 all the districts in the province, including the eThekweni Metro, recorded their highest outstanding debtors in the Over 90 Days category. The uMkhanyakude District recorded 93.4 percent of their outstanding debtors in the Over 90 Days category. The uMgungundlovu, Zululand, uMzinyathi, Amajuba and Lembe Districts recorded over 80 percent of their outstanding debtors in the Over 90 Days category as 88.6 percent, 87 percent, 86.6 percent, 86.1 percent and 85.6 percent respectively.

Debt collection efforts must be concentrated on the long outstanding debts. Some of these long outstanding debtors may need to be written off as they arose as a result of incorrect billing of indigents amongst others. Municipalities should update their indigent registers, conduct data cleansing exercises and implement debt collection strategies in order to reduce the Debtors amount owed to KZN Municipalities.

2.10 Debtors by Customer Group – District Total

Table 10: Debtors by Customer Group (Total) as at the end of Quarter 2- 2017/18

R'000	Organs of State		Commercial		Household		Other		Total
	Total	%	Total	%	Total	%	Total	%	
eThekweni	573 155	6.0	2 428 186	25.5	6 399 338	67.2	121 380	1.3	9 522 061
Ugu	84 724	11.0	121 532	15.8	532 089	69.1	31 159	4.0	769 503
uMgungundlovu	72 074	8.9	49 262	6.1	539 302	66.8	146 531	18.2	807 169
uThukela	63 555	11.3	2 464	0.4	62 963	11.2	433 767	77.1	562 738
uMzinyathi	49 438	14.5	30 073	8.8	258 305	75.5	4 156	1.2	341 972
Amajuba	48 123	4.1	145 235	12.4	955 296	81.2	27 272	2.3	1 175 926
Zululand	83 373	16.4	65 831	12.9	303 044	59.5	57 215	11.2	509 463
uMkhanyakude	29 101	8.2	74 050	20.8	223 325	62.6	30 220	8.5	356 695
King Cetshwayo	28 679	4.6	251 058	40.6	233 026	37.7	105 327	17.0	618 090
iLembe	34 894	5.1	131 192	19.3	459 925	67.8	52 058	7.7	678 069
Harry Gwala	33 851	10.3	39 396	12.0	233 435	70.9	22 517	6.8	329 199
Total	1 100 967	7.0	3 338 280	21.3	10 200 037	65.1	1 031 602	6.6	15 670 886

Source: NT Igdatabase

Figure 8: Debtors Age Analysis as at 31 December 2017

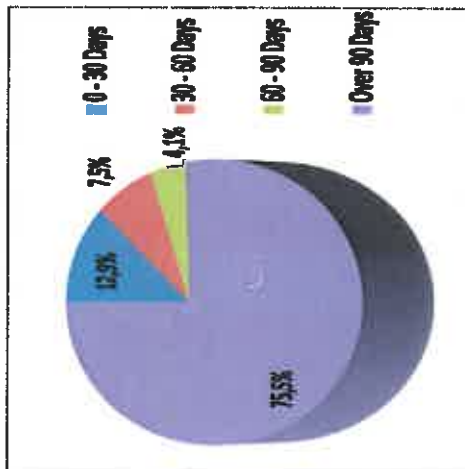


Figure 9: Debtors by Customer Group as at 31 December 2017

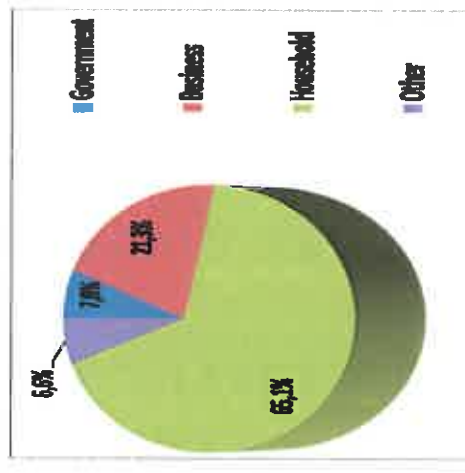


Figure 10: Debtors by Income Source as at 31 December 2017

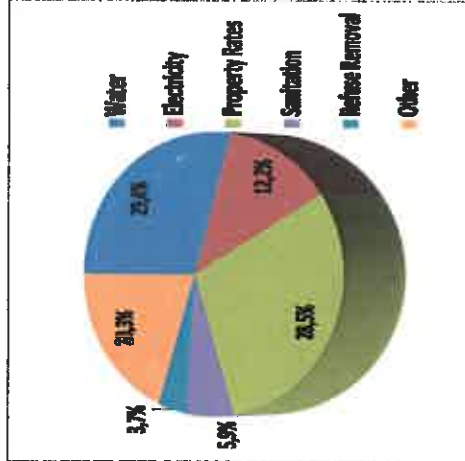


Table 10 shows that of the R15.7 billion owed to municipalities, R10.2 billion or 65.1 percent was owed by debtors in the *Household* category. Municipalities in the province need to ensure that indigent households are accounted for correctly to avoid the *Household* category being inflated with debt that may not be recoverable. Indigent registers must be updated regularly.

The eThekweni Metro, the Amajuba and uMgungundlovu Districts contributed the most towards *Household* debtors with amounts of R6.4 billion, R955.3 million and R539.3 million respectively.

Table 10 shows that municipalities were owed a total of R3.3 billion by *Commercial* debtors. The eThekweni Metro contributed the most towards total debt owed by *Commercial* debtors at R2.4 billion or 72.7 percent followed by the King Cetshwayo and Amajuba Districts at R251.1 million or 7.5 percent and R145.2 million or 4.4 percent of *Commercial* debtors respectively.

Municipalities were owed a combined total of R1.1 billion or 7 percent by *Organs of State*. The eThekweni Metro, and the Ugu and Zululand Districts had significant debt owed by *Organs of State* which amounted to R573.2 million, R84.7 million and R83.4 million, respectively.

Other debtors amounted to R1 billion or 6.6 percent, constituting the lowest category of outstanding debt.

Debt owed by *Organs of State*, *Commercial* and *Household* debtors may be understated as the Alfred Duma and uMajazi Local Municipalities have not categorised their Debtors by Customer group.

Municipalities need to implement their Debt collection and Credit control policies in order to recover their outstanding debt and improve their cash flow.

2.11 Creditors Age Analysis – Provincial Total

Table 11: Creditors Age Analysis by Income Source as at the end of Quarter 2 - 2017/18

R000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditor Age Analysis										
Bulk Electricity	936 081	82,6	37 064	3,3	44 887	4,0	114 710	10,1	1 132 752	26,1
Bulk Water	253 821	84,5	1 449	0,5	(3 420)	-1,1	48 520	16,2	300 370	6,9
PAYE deductions	140 564	100,0	-	-	-	-	-	-	140 564	3,2
VAT (output less input)	76 456	100,0	-	-	-	-	8	-	76 464	1,8
Pensions / Retirement	142 082	100,0	-	-	-	-	4	-	142 086	3,3
Loan repayments	126 036	14,1	-	-	39 761	4,5	727 116	81,4	892 913	20,5
Trade Creditors	556 032	61,7	45 774	5,1	30 487	3,4	288 500	29,8	900 803	20,7
Auditor-General	4 247	41,5	2 070	20,2	206	2,0	3 713	36,3	10 236	0,2
Other	675 595	90,1	8 847	1,2	2 248	0,3	63 539	8,5	750 229	17,3
Total	2 910 914	67,0	95 204	2,2	114 189	2,6	1 226 110	28,2	4 346 417	100,0

Source: NT Igdatabase

Figure 11: Creditors Age Analysis as at 31 December 2017

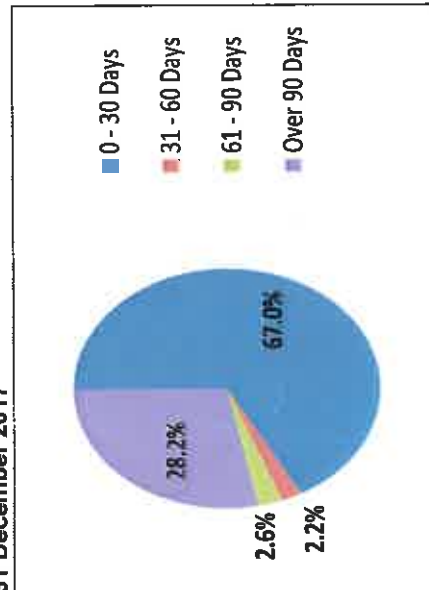
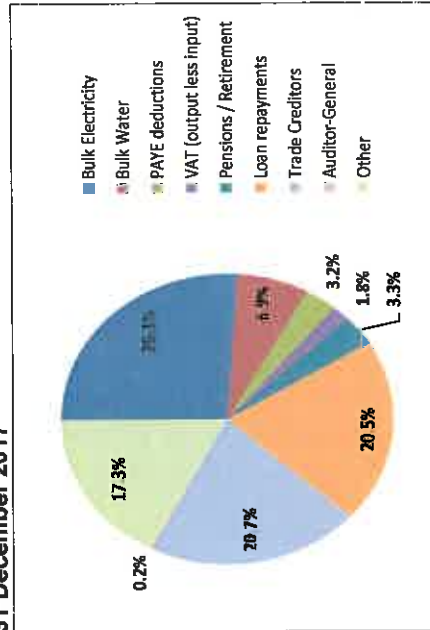


Figure 12: Creditors by Customer Group as at 31 December 2017



The total creditors owed by KwaZulu-Natal municipalities as at 31 December 2017 amounted to R4,3 billion, with creditors due within 0-30 Days of R2,9 billion or 67 percent while creditors outstanding for Over 90 Days amounted to R1,2 billion or 28,2 percent.

Creditors not paid within 30 days amount to R1,4 billion or 33 percent of total creditors. This is in contravention of Section 65(e) of the MFMA, which stipulates that all money owing by the municipality be paid within 30 Days of receiving the relevant invoice or statement. The Accounting Officer of a municipality must take all reasonable steps to ensure that all money owing by the municipality are paid within 30 days of receiving the relevant invoice or statement.

A significant portion of outstanding Creditors relates to Bulk Electricity at R1,1 billion or 26,1 percent, followed by Trade Creditors at R900,8 million or 20,7 percent and Loan repayments at R892,9 million or 20,5 percent of Total Creditors.

The largest portion of the outstanding balance for Bulk Electricity is due to the substantial debt of R79,9 million owed by Umhlobozi Local Municipality to Eskom for electricity for more than 30 Days. Inaccurate billing and poor collection of outstanding debts within the municipality are some of the challenges which caused this significant debt to Eskom. It should be indicated that the municipality has defaulted with the payment plan of its debt with Eskom. However, Provincial Treasury is closely monitoring the municipality to ensure that the debt amount by the municipality is paid to Eskom.

Mpofoma and Newcastle Local Municipalities have debts owed to Eskom for more than 30 Days as at 31 December 2017 amounting to R53,9 million and R50,5 million respectively. Both these municipalities have entered into repayment plans with Eskom.

While in some cases unpaid invoices are due to disputes with suppliers, in other cases it could be an indication of cash flow challenges faced by municipalities. Non-payment of creditors within 30 Days is of serious concern to the KZN Provincial Treasury as the municipalities could be liable for penalties and interest incurred as a result thereof, which would constitute fruitless and wasteful expenditure.

2.12 Creditors Age Analysis – District Total

Table 12: Creditor Age Analysis per district (Total) as at the end of Quarter 2 - 2017/18

R'000	0 - 30 Days		30 - 60 Days		60 - 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
eThekweni	1 405 736	82.3	867	-	42 037	1.9	806 340	35.8	2 254 980
Ugu	38 236	90.8	1 716	4.1	541	1.3	1 631	3.9	42 124
uMgungundlovu	765 992	88.5	11 449	1.3	7 672	0.9	80 866	9.3	865 979
uThukela	43 185	37.8	6 171	5.4	19 684	17.2	45 320	39.6	114 361
uMzinyathi	33 904	40.9	12 231	14.8	43	0.1	36 655	44.3	82 833
Anajuba	77 568	48.7	2 184	1.4	47 308	30.3	28 956	18.6	156 016
Zululand	51 834	31.9	39 792	24.5	(190)	(0.1)	71 116	43.7	162 552
uMkhanyakade	4 986	4.9	63	0.1	(7 028)	(6.9)	104 241	101.9	102 263
King Ceshwayo	342 366	87.1	12 463	3.2	-	-	38 436	9.8	383 264
Lembe	125 658	89.1	5 444	3.9	2 983	2.1	7 015	5.0	141 100
Harry Gwala	21 450	69.3	2 823	9.1	1 137	3.7	5 535	17.9	30 945
Total	2 910 914	67.0	95 204	2.2	114 189	2.6	1 226 110	28.2	4 346 417

Source: NT Igdatabase

Figure 13: Creditors Age Analysis per district as at 31 December 2017



- At the end of the second quarter, eThekweni Metro accounted for R2.3 billion or 51.9 percent of the total outstanding Creditors of R4.3 billion.

- Excluding eThekweni Metro, the uMgungundlovu District had the largest portion of total outstanding Creditors at R866 million or 19.9 percent as Msunduzi Local Municipality had Creditors amounting to R788.3 million. The Harry Gwala District recorded the smallest portion of Creditors of R30.9 million or 0.7 percent of total outstanding Creditors.

- Excluding eThekweni Metro, the uMkhanyakade District (R104.2 million) had the highest amount of Creditors outstanding in the *Over 90 Days*. This accounts for 101.9 percent of uMkhanyakade District's Creditors, as the district has recorded a negative amount of R7 million payable in the *60 to 90 Days* category. uMkhanyakade District Municipality recorded negative Creditors totaling R13.4 million as well as creditors of R99.7 million outstanding for *Over 90 Days* thus distorting the reports.

- It is recommended that municipalities pay all their debts within *0-30 Days* of receipt of invoices and/or statements as required by Section 6S(2)(c) of the MFMA in order to avoid possible interest and penalties.

2.13 National Conditional Grants – Provincial Total (Summary)

Table 13: National Conditional Grants -Summary, Quarter 2 – 2017/18

R'000	DoRA 2017 Total Avail. (Inc.Adjust.)	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	107 935	107 935	107 935	46 347	42.9	51 011	-
Infrastructure Skills Development Grant	34 393	16 500	16 500	9 742	28.3	12 602	36.6
Integrated City Development Grant	39 111	-	-	-	-	23 993	61.1
Neighbourhood Development Partnership (Schedule 6B)	151 178	70 350	70 350	12 334	8.2	22 522	14.9
Municipal Demarcation Transition Grant (Schedule 6B)	34 244	22 830	22 830	1 715	5.0	11 776	34.4
Public Transport Network Grant	1 127 164	563 584	563 584	323 518	28.7	363 072	32.2
Rural Road Assets Management Systems Grant	24 130	16 891	16 891	8 624	35.7	6 980	28.9
Expanded Public Works Programme Integrated Grant (Municipality)	191 354	133 946	133 046	101 915	53.3	141 153	73.8
Integrated National Electrification Programme (Municipal) Grant	540 000	519 000	519 000	51 992	9.6	243 129	45.0
Energy Efficiency and Demand Side Management (Municipal) Grant	41 000	28 800	12 000	862	2.1	2 069	5.0
Regional Bulk Infrastructure Grant (Schedule 6B)	605 395	429 222	384 170	257 488	42.5	205 725	34.0
Water Services Infrastructure Grant (Schedule 6B)	880 000	705 001	671 301	202 200	22.7	347 769	39.1
Municipal Infrastructure Grant	3 444 092	2 408 684	2 389 684	1 666 560	48.4	1 615 122	46.9
Subtotal	7 229 996	5 021 943	4 907 291	2 683 307	37.1	3 046 833	42.1
Allocation In Kind							
Neighbourhood Development Partnership (Schedule 6B)	5 019	4 620	-	-	-	-	-
Municipal Systems Improvement Grant (Schedule 6B)	19 096	18 412	-	-	-	-	-
Integrated National Electrification Programme (Allocation in-kind) Grant	1 085 905	986 314	-	-	-	-	-
Regional Bulk Infrastructure Grant (Schedule 6B)	120 000	119 000	-	-	-	-	-
Water Services Infrastructure Grant (Schedule 6B)	185 000	134 000	-	-	-	-	-
Subtotal	1 425 020	1 262 346	-	-	-	-	-
TOTAL	8 655 016	6 284 289	4 907 291	2 683 307	31.0	3 046 833	35.2

Source: NT Ig database

In terms of the Division of Revenue Act (DoRA) of 2017, direct allocations to all 54 KwaZulu-Natal municipalities amounted to R7.2 billion, while allocations in-kind amounted to R1.4 billion, totaling R8.7 billion.

Of the direct allocations of R7.2 billion, R4.9 billion or 67.9 percent was transferred to municipalities as at the end of quarter two.

There are discrepancies between the amount transferred to municipalities (R4.9 billion) when compared to the approved payment schedule (R5 billion) as at the end of December 2017.

All grant expenditure figures shown in Table 13 are based on the submissions by the municipalities. Despite this, there are inconsistencies between the figures reflected as Expenditure National Departments and Expenditure Municipalities. The analysis below focuses on the expenditure by municipality column (Expenditure Munis).

Municipalities have reflected spending of R3 billion of 62.1 percent against the total amount transferred as at 31 December 2017. However, when compared to the total DoRA allocation of R7.2 billion, only 42.1 percent has been spent.

The Municipal Infrastructure Grant (MIG) as per the DoRA allocation of R3.4 billion is the largest grant allocation and expenditure of R1.6 billion (46.9 percent) was reported against the grant allocation.

The Public Transport Network Grant (PTNG) of R1.1 billion is the second largest allocation and expenditure of R363.1 million (32.2 percent) was reported against the grant allocation.

Of the thirteen direct allocations to municipalities, only two conditional grants reflected expenditure of more than 50 percent against the total available DoRA allocations for the 2017/18 financial year. These two grants were the Expanded Public Works Programme Integrated Grant (EPWPI) (73.8 percent) and the Integrated City Development Grant (61.1 percent).

It is crucial that municipalities appropriately utilise capital conditional grants as underspending adversely affects infrastructure development.

Financial Management Grant (FMG)

- The collective conditional grant expenditure for all districts and eThekweni Metro for the *Financial Management Grant* (FMG) was R51 million or 47.3 percent against the total available DoRA allocation of R107.9 million which was below the straight-line projection of 50 percent as at the end of the second quarter.
- eThekweni Metro has reported expenditure of 100 percent against the FMG as at the end of the second quarter.
- mGungundlovu District (57.2 percent) reported the second highest spending, followed by the King Cetshwayo (55.7 percent) and Zululand (53.8 percent) Districts respectively. The iLembe District (35.9 percent) reported the lowest expenditure on the FMG allocation. The least spending amongst municipalities within the district occurred in the Ndawedwe Local Municipality (11.8 percent) and KwaBukaza Local Municipality (29.7 percent).

Regional Bulk Infrastructure Grant (RBIG)

- Expenditure against the RBIG was R205.7 million or 34 percent against the total available DoRA allocation of R605.4 million as at the end of the second quarter which was below the straight-line projection of 50 percent.

- The Zululand District Municipality reported the highest expenditure at 50.4 percent against the total DoRA allocation followed by the uMzinyathi District Municipality at 48.7 percent. The lowest expenditure recorded against the RBIG allocation was by the uThukela District Municipality at 7.1 percent.

Municipal Infrastructure Grant (MIG)

- The total conditional grant expenditure by all the districts excluding eThekweni Metro for the MIG was 46.9 percent against the total available DoRA allocation of R3.4 billion which was slightly below the straight-line projection of 50 percent at the end of the second quarter. Four districts have managed to spend above the 50 percent benchmark on MIG being the uMkhanyakade (58.7 percent), iLembe (58.1 percent), uThukela (52.3 percent) and mGungundlovu (50.5 percent) Districts.
- eThekweni Metro did not receive a MIG allocation for the 2017/18 financial year.

2.14 National Conditional Grants – District Total

Table 14(a): National Conditional Grants as at the end of Quarter 2 - 2017/18

RPO00	Financial Management Grant			Regional Bulk Infrastructure Grant			Municipal Infrastructure Grant		
	DoRA 2017 Total Avail.	Unaudited Actual		DoRA 2017 Total Avail.	Unaudited Actual		DoRA 2017 Total Avail.	Unaudited Actual	
		Expenditure Munis.	% Spent		Expenditure Munis.	% Spent		Expenditure Munis.	% Spent
eThekweni	1 080	1 060	100.0	-	-	-	-	-	-
Ugu	13 440	6 801	50.6	-	-	397 564	200 573	50.5	
mGungundlovu	14 150	8 090	57.2	-	-	426 291	188 895	44.3	
uThukela	10 895	3 951	36.3	6 714	7.1	317 071	185 720	52.3	
uMzinyathi	8 550	3 533	41.3	48 214	48.7	318 335	120 179	37.8	
AnaJoba	7 000	3 212	45.9	-	-	187 825	78 957	41.8	
Zululand	10 450	5 622	53.8	110 000	50.4	389 264	161 416	41.5	
uMkhanyakade	10 750	4 806	44.7	-	-	346 311	203 414	58.7	
King Cetshwayo	12 250	6 828	55.7	66 410	25.8	391 796	179 673	45.9	
Leembe	8 750	3 143	35.9	145 000	31.1	348 549	202 369	58.1	
Harry Gwala	10 650	3 976	37.3	90 000	36.7	321 086	114 295	35.6	
Total	107 935	51 011	47.3	605 395	205 725	3 444 082	1 615 122	46.9	

Source: NT Igdatabase

Figure 14: FMG Expenditure vs. allocation as at 31 December 2017

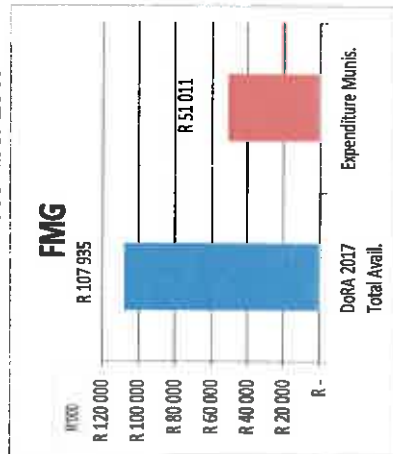


Figure 15: RBIG Expenditure vs. allocation as at 31 December 2017

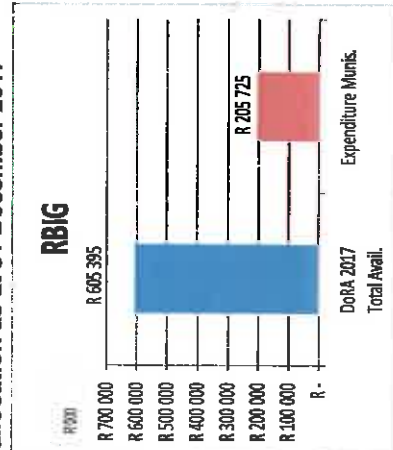
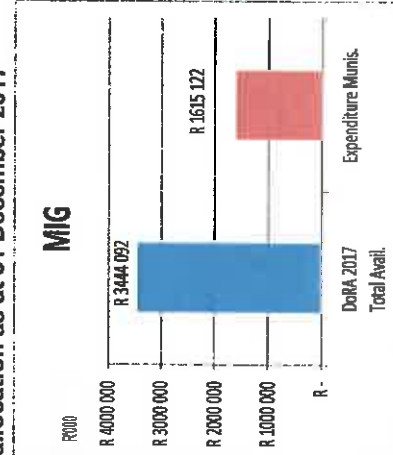


Figure 16: MIG Expenditure vs. allocation as at 31 December 2017



2.14 National Conditional Grants – District Total / continued...

Table 14(b): National Conditional Grants as at the end of Quarter 2 - 2017/18

R000	Integrated National Electrification Prog. (municipal) Grant				Expanded Public Works Prog. (municipal) Grant				Water Services Infrastructure Grant			
	DoRA 2017 Total Avail.		Unaudited Actual Expenditure Munis.		DoRA 2017 Total Avail.		Unaudited Actual Expenditure Munis.		DoRA 2017 Total Avail.		Unaudited Actual Expenditure Munis.	
		% Spent				% Spent				% Spent		
eThekweni	35 000	45.7	15 980	66 792	66 792	100.0	66 792	40 298	50 372	80.0	40 298	
Ugu	36 000	52.6	18 944	8 559	8 559	60.8	5 206	62 015	101 189	61.3	62 015	
uMgungundlovu	29 000	71.1	20 629	17 507	17 507	71.7	12 546	82 500	82 500	100.0	82 500	
uThukela	43 000	28.0	12 019	16 115	16 115	60.9	9 810	78 693	78 693	100.0	78 693	
uMzinyathi	72 000	68.6	50 080	10 447	10 447	53.0	5 534	115 000	115 000	100.0	115 000	
Anajuba	21 000	7.6	1 581	7 955	7 955	49.5	3 937	107 746	107 746	100.0	107 746	
Zululand	89 000	42.2	37 559	17 366	17 366	49.8	8 650	50 000	50 000	100.0	50 000	
uMkhanyakade	66 000	48.7	33 191	11 938	11 938	76.4	9 122	144 000	144 000	100.0	144 000	
King Cetshwayo	39 000	55.3	21 561	19 010	19 010	56.5	10 737	82 500	82 500	100.0	82 500	
Lembe	49 000	18.1	8 883	8 147	8 147	52.1	4 242	38 000	38 000	100.0	38 000	
Harry Gwala	59 000	38.5	22 734	7 516	7 516	60.9	4 576	23 675	23 675	100.0	23 675	
Total	540 000	45.0	243 129	191 354	191 354	73.8	141 133	347 769	690 000	73.8	347 769	

Source: NT Igdatabase

Figure 17: INEP Expenditure vs. allocation as at 31 December 2017

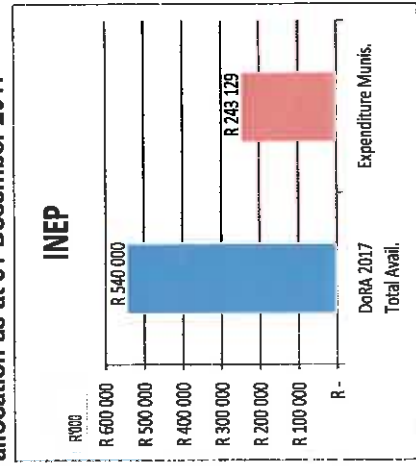


Figure 18: EPWP Expenditure vs. allocation as at 31 December 2017

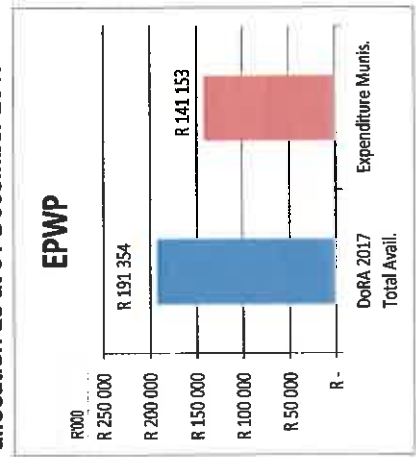
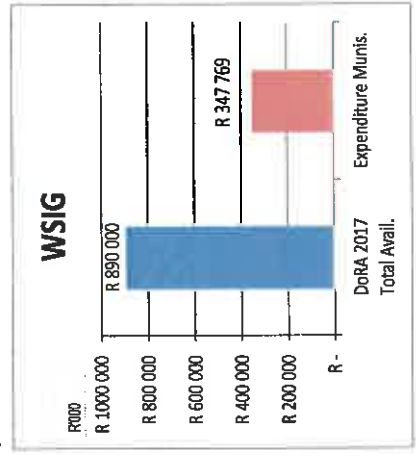


Figure 19: MWIG Expenditure vs. allocation as at 31 December 2017



Integrated National Electrification Programme Grant (INEP)

The Integrated National Electrification Programme Grant (INEP) expenditure for the province of R243.1 million represents 45 percent of the total allocation of R540 million as at the end of the second quarter.

The uMgungundlovu District (71.1 percent) reported the highest expenditure against its total allocation, followed by uMzinyathi District (69.6 percent), whilst Lembe (18.1 percent) and Anajuba Districts (7.6 percent) reported the lowest expenditure against their respective total allocations.

Expanded Public Works Programme (EPWP)

The expenditure reported on the EPWP for the province of R141.2 million is 73.8 percent against the total available DoRA allocation of R191.4 million which is above the 50 percent straight line projection.

With the exception of Anajuba District (49.5 percent) and Zululand District (49.8 percent) all other districts reported expenditure against their allocation, which is above the 50 percent straight line projection. eThekweni Metro has already spent their entire allocation of R66.8 million as at 31 December 2017.

Water Services Infrastructure Grant (WSIG)

The WSIG expenditure reflected poor performance as only R347.8 million or 39.1 percent of the total allocation of R890 million was spent as at the end of the second quarter.

uMhlabuze Local Municipality (82.6 percent) as well as Ugu (80 percent), uMgungundlovu (69 percent), uMkhanyakade (66.6 percent) and Zululand (56 percent) District Municipalities are the only municipalities that reported expenditure exceeding 50 percent. uMzinyathi District Municipality reported the lowest expenditure of 10.5 percent.

Municipalities are reminded that poor performance against conditional grant allocations may result in municipalities surrendering the unspent portions of their conditional grants received to the National Revenue Fund at the end of the financial year. Under-spending on conditional grants negatively impacts on service delivery and infrastructure development.

2.15 Non-Compliance with the DoRA and MFMA Reporting Requirements

Table 15(a): List of municipalities that did not comply with ALL MFMA and DoRA Reporting Requirements for the period July to December 2017. (As at 31 January 2018)

Monthly Returns - 2017/18	Monthly Conditional Grant Returns - 2017/18	Quarterly Returns - 2017/18	Annual Returns - 2017/18	Key Budget Deadlines-2017/18
Ugu DM Nwedwe uMvoti Nongoma iMpendle uMblozi Jozini Mbatuba eDurbe Mkhambafini Harry Gwala DM Nquthu AbaQulusi uMngeni uMisinga uMgungundlovu DM Mpoiana Dannhauser	AbaQulusi uMshwathi	Nongoma Mkhambafini uThukela DM AbaQulusi Amajuba DM eMadlangeni Newcastle uMisinga uMvoti Ulundi uPhongolo Zululand DM iMpendle uBuhlebezwe uMkhanyakude DM Nquthu Ray Nkonyeni uMuzwabantu Okhahlamba Nkandla	eNdumeni Richmond Okhahlamba Amajuba DM uBuhlebezwe uMisinga Nquthu uMvoti Alfred Duma AbaQulusi eDurbe Ulundi Zululand DM Mendeni Mkhambafini uMgungundlovu DM uMblozi Dannhauser Ray Nkonyeni uMuzwabantu uMzumbe uMkhanyakude DM uMlalazi uMzinyathi DM uMshwathi iMpendle Jozini Maphumulo Nwedwe	Nkosi Langalibalele uMblozi uPhongolo eDurbe eNdumeni Jozini

Source NT Igdatabase

1 List of municipalities exclude non-delegated municipalities.

- The MFMA requires municipalities to report their financial information on a monthly, quarterly or annual basis. Provincial Treasury highlights all outstanding reports to the municipalities on a weekly basis.

- Provincial Treasury further reports to all Mayors through the office of the MEC for Finance, on all issues of non compliance bi-annually and reports to the Legislature on a quarterly basis via this report in terms of Section 71(7) of the MFMA.

- However, despite these measures, municipalities have not achieved full compliance with the reporting requirements of the MFMA and DoRA. Tables 15(a), 15(b) and 15(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 31 January 2018.

- Section 71(1) of the MFMA requires that the Accounting Officer of a municipality must, by no later than ten 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.

- In quarter two, 18 municipalities did not submit all monthly reports, 2 municipalities did not report on certain conditional grant expenditure, 20 municipalities did not submit their quarterly returns and 29 municipalities did not submit their annual returns as at 31 January 2018.

- Section 21(1)(b) of the MFMA requires that the Mayor of a municipality must, at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for the municipal budget process. Table 15(a) lists the 6 municipalities that did not table the time schedule outlining key deadlines by 31 August 2017.

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

Table 15(b): List of municipalities that did not comply with ALL MFMA and DoRA Reporting Requirements for the period July to December 2017. (As at 31 January 2018)

Non-submission of Section 72 Report by 25 January 2018	Municipalities that did not publish the majority of their documents on their websites as required by Section 75	Municipalities with less than 5 interns; Non submission of Minimum Competency Levels returns (8/1)	Municipalities with less than 5 interns; Non submission of Minimum Competency Levels returns (8/1)
Nquthu uMkhanyakude DM	Nkosi Langalibalele Greater Kosiad Harry Gwala DM Nquthu Nkandla Dannhauser eDumbe Mkhambathini uMfobozi uMshwathi Mkonjaneni Mpošana Jozini uMkhanyakude DM uMzambe uMgungundlovu DM	uMzizwabantu uMgungundlovu DM Nkosi Langalibalele uMvofo uMzinyathi DM Zululand DM uMhlabuyalingana Mkubatuba uMkhanyakude DM Maphumulo iLembe DM	Anejiba DM Dannhauser eMadlangeni Dr. Nkosezana Dlamini Zuma Harry Gwala DM uBuhlebezwe Ray Nkonyeni Ugu DM uMzizwabantu uMzambe Jozini uMkhanyakude DM eNdumeni uMisinga uMgungundlovu DM uMngeni uMshwathi
			Nquthu uMvofo Nkosi Langalibalele Okhahlamba Abaqulusi eDumbe Nongoma Ulundi Zululand DM Mandeni Maphumulo Ndwedwe iMpendle Mkhambathini uMfobozi Nkandla

Source NT Igdatabase

1 List of municipalities exclude non-delegated municipalities.

- In quarter two, 2 municipalities failed to submit their 2017/18 Mid-Year Budget and Performance Assessment Report by 25 January 2018, as per Section 72(b)(ii) of the MFMA, read together with Regulation 35(a) of the Municipal Budget and Reporting Regulations (MBRR).

- Section 75(2) of the MFMA requires that documents must be placed on the municipalities' websites not later than five working days after its tabling in Council, or on the date on which it must be made public, whichever ever occurs first. As at 31 January 2018, 16 municipalities had not placed the majority of the required documents on their websites.

- The conditions of the *Financial Management Grant* (FMG) require that each municipality must appoint a minimum of five interns over a multi-year period to be funded by the grant. As at 31 January 2018, 11 municipalities had not appointed the required minimum number of five interns.

- Section 14(1) of the Municipal Regulations on Minimum Competency Levels states that the *municipal manager of the municipality and chief executive officer of a municipal entity must monitor the compliance with the prescribed minimum competency levels of financial and supply chain management officials*. Section 14(2) (a) further states that *such information must be reported to National Treasury and the relevant Provincial Treasury by 30 January and 30 July of each year*. As at 31 January 2018, 33 municipalities did not submit the relevant return pertaining to the minimum competency levels for the first half of the 2017/18 financial year, which was due on 30 January 2018.

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

Table 15(c): List of municipalities that did not comply with ALL MFMA and DoRA Reporting Requirements for the period July to December 2017. (As at 31 January 2018)

Section 71	Quarter 2 Signed Verification Schedules		
	Conditional Grants	Borrowing Monitoring	Investment Monitoring
Mandeni			
Ugu DM		Harry Gwala DM	Amajuba DM
uMdoni	uMdoni	uMdoni	uMdoni
Mpolana	Mpolana	uMshwathi	uMshwathi
AbaQulusi	uMshwathi	uMisinga	uMisinga
Nongoma	AbaQulusi	Nquthu	eDurtbe
	Nongoma	uMvoti	Nongoma
		uMhlozi	Zululand DM
		Nongoma	

Source: NTLgdatabase

1 List of municipalities exclude non-delegated municipalities.

At the end of every quarter, municipalities are required by National Treasury to scrutinise, verify and sign off the verification schedules relating to information contained in the MFMA Section 71 reports to ensure that the figures to be published are reliable. Six (6) municipalities had not submitted signed information on the Section 71 figures. 5 municipalities had not submitted signed information on Conditional Grants, 8 municipalities had not submitted their Borrowing Monitoring signed verifications and 7 municipalities did not submit their Investment Monitoring signed verifications.

Background and Objective of the Regulations

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.

Onsite Municipal System Assessments

MFMA Circular No. 86, issued by National Treasury, indicated that in order for a municipality or municipal entity to be regarded as mSCOA compliant on the 1 July 2017, it must be able to transact across the seven segments of the mSCOA framework.

In addition, the municipality's core financial system and its subsystems (including that of its municipal entities) must seamlessly integrate. This means that there must be no manual intervention in processing account balances between the subsystems and the municipality's core financial system.

National Treasury further required that priority be given to the following subsystems / modules for transacting and integration:

- Debtors (including cash management, billing and receipting);
- Payroll;
- Asset management (including inventory management);
- Supply chain management (issue requisitions and orders, including payment of creditors); and
- Reporting (to be able to extract and submit to National Treasury)

All municipalities were further required to accommodate seamless integration into the core financial system between the:

- Integrated Development Plan;
- Service Delivery and Budget Implementation Plan; and
- Budget facilities.

Provincial Treasury conducted onsite municipal system assessments during the period September 2017 to December 2017 including follow-up assessments across municipalities within the KwaZulu-Natal Province. The assessment included the integration of the municipal entity data within the parent municipality's financial systems.

The intention of the assessments were as follows:

- Determine whether the municipality's system can transact against the seven segments correctly;
- Determine whether the minimum modules are in place and are functional;
- Establish if users have the knowledge to utilise the system from a transactional environment perspective;

- Assess the level of integration that is in place for subsystems; and
- Determine the municipality's progress in complying with MFMA Circular No. 80 requirements across the system functionality of revenue, debtors, supply chain management, expenditure, payments, payroll, assessment management, inventory management and reporting.

No municipality or municipal entity has met the full requirements of the mSCOA Regulation to date. However, significant effort has been made by the municipalities and entities in transacting in accordance with the Regulation requirements and system specifications. National Treasury has further indicated that this position is the same across the country, and therefore no municipality or municipal entity can indicate that they have fully complied with the Regulation.

It has been determined that the following municipalities have not transacted as required by the mSCOA Regulation, due to the system service provider only planning to go live with the mSCOA system in March 2018:

- Amajuba District Municipality
- uPhongolo Local Municipality
- Nquthu Local Municipality

As at the end of the second quarter of the 2017/18 financial year, Msunduzi Local Municipality was still transacting in terms of version 5.4 of the mSCOA chart and the intention to move to the required version 6.1 was planned for January 2018. This is in contravention of MFMA Circular No. 86, which required municipalities to transact in terms of version 6.1 from 1 July 2017. The municipality has therefore not been able to comply with the reporting requirements of data string uploaded for the M01 to M06.

The significant challenges that were identified during the municipal system assessments in Quarter 2 were as follows:

- The test environment of the municipal system was not available at the time of the site visit, hence testing of transactions could not be performed;
- Data migration of municipal information, particularly debtors, creditors, asset and inventory databases were still being undertaken;
- User profiles of employees were not setup correctly, which limited the functionality demonstrated;
- Integration for subsystems being assets, payroll and inventory were in progress at most sites and therefore could not be tested;
- The month end procedures were not performed timeously i.e. municipalities had not closed their financial systems after the last day of the month;
- Backdating of transactions were being performed as well as transactions being processed against a nil budget;
- The functionality was available for certain modules, however, these were not being used by the municipalities; and
- Limited information technology (IT) controls, specifically on data access and approval limits.

All municipalities were provided with feedback on the weaknesses identified and it is anticipated that these matters will be addressed going forward. Provincial Treasury is in the processes of conducting second round site assessments to assess the progress made by municipalities in terms of their mSCOA implementation.

A Schedule Validation of the Council Adopted Budget to the mSCOA Budget Data Submission

Based on the progress of Quarter 1, municipalities are engaged in addressing the shortfall and alignment of the mSCOA budget string to the council approved budget. This would be reported on in Quarter 3.

Reporting in terms of Section 71 of the MFMA

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 status of the KwaZulu-Natal Province for the months September 2017, October 2017 and November 2017 monthly data submissions, as at 31 December 2017, are as follows:

Table 16: Status of submission of monthly data file or string for the months September 2017, October 2017 and November 2017 as at 31 December 2017

No.	Demarcation Code	Name of Municipality	Month 3 (Sep 2017) submissions		Month 4 (Oct 2017) submissions		Month 5 (Nov 2017) submissions	
			Date of Submission	Status of Submission	Date of Submission	Status of Submission	Date of Submission	Status of Submission
1	KZN263	AbaQulusi	02-Oct-17	Submitted/with Errors	14-Nov-17	Submitted/with Errors	06-Dec-17	Submitted/with Errors
2	KZN238	Alfred Duma	03-Oct-17	Submitted/Successful	06-Nov-17	Submitted/Successful	12-Dec-17	Submitted/Successful
3	DC25	Amajuba DM	08-Nov-17	Submitted/Successful	20-Nov-17	Submitted/Successful	22-Dec-17	Submitted/Successful
4	KZN254	Dannhauser	13-Oct-17	Submitted/with Errors	14-Nov-17	Submitted/with Errors	Outstanding	Pending
5	KZN282	uMhlatuze	03-Nov-17	Submitted/Successful	15-Nov-17	Submitted/Successful	18-Dec-17	Submitted/with Errors
6	KZN261	eDumbe	03-Nov-17	Submitted/Successful	15-Nov-17	Submitted/Successful	01-Dec-17	Submitted/Successful
7	KZN253	eMadiangeni	14-Oct-17	Submitted/Successful	04-Dec-17	Submitted/Successful	18-Dec-17	Submitted/with Errors
8	KZN241	eNdlumeni	30-Nov-17	Submitted/with Errors	05-Dec-17	Submitted/with Errors	08-Dec-17	Submitted/with Errors
9	ETH	eThekweni Metro	14-Oct-17	Submitted/Successful	17-Nov-17	Submitted/Successful	13-Dec-17	Submitted/Successful
10	KZN433	Greater Kokstad	04-Oct-17	Submitted/with Errors	02-Nov-17	Submitted/Successful	28-Nov-17	Submitted/Successful
11	DC43	Harry Gwala DM	13-Oct-17	Submitted/Successful	14-Nov-17	Submitted/Successful	15-Dec-17	Submitted/Successful
12	DC29	iLembe DM	13-Oct-17	Submitted/Successful	14-Nov-17	Submitted/Successful	13-Dec-17	Submitted/Successful
13	KZN224	iMpendle	23-Nov-17	Submitted/Successful	22-Nov-17	Submitted/Successful	19-Dec-17	Submitted/Successful
14	KZN237	Inkosi Langalabaile	20-Oct-17	Submitted/Successful	16-Nov-17	Submitted/Successful	13-Dec-17	Submitted/Successful
15	KZN272	Jozani	31-Oct-17	Submitted/Successful	17-Nov-17	Submitted/Successful	20-Dec-17	Submitted/Successful
16	DC27	uMkhanyakude DM	13-Oct-17	Submitted/Successful	16-Nov-17	Submitted/Successful	14-Dec-17	Submitted/Successful
17	KZN291	Mandeni	20-Oct-17	Submitted/Successful	15-Nov-17	Submitted/Successful	18-Dec-17	Submitted/Successful
18	KZN294	Maphumulo	16-Nov-17	Submitted/Successful	22-Nov-17	Submitted/Successful	19-Dec-17	Submitted/Successful
19	KZN281	uMfcozi	21-Oct-17	Submitted/Successful	29-Nov-17	Submitted/Successful	12-Dec-17	Submitted/Successful
20	KZN226	Mkhambathini	11-Dec-17	Submitted/Successful	11-Dec-17	Submitted/Successful	Outstanding	Pending
21	KZN223	Mpošana	01-Dec-17	Submitted/Successful	Outstanding	Pending	Outstanding	Pending
22	KZN244	uMsinga	13-Oct-17	Submitted/Successful	07-Nov-17	Submitted/Successful	11-Dec-17	Submitted/Successful

No.	Demarcation Code	Name of Municipality	Month 3 (Sep 2017) submissions		Month 4 (Oct 2017) submissions		Month 5 (Nov 2017) submissions	
			Date of Submission	Status of Submission	Date of Submission	Status of Submission	Date of Submission	Status of Submission
23	KZN225	Msuruduzi	Outstanding	Pending	Outstanding	Pending	Outstanding	Pending
24	KZN285	Mfironjaneni	03-Nov-17	Submitted/Successful	28-Nov-17	Submitted/Successful	12-Dec-17	Submitted/Successful
25	KZN275	Mtubatuba	15-Nov-17	Submitted/with Errors	28-Nov-17	Submitted/with Errors	Outstanding	Pending
26	KZN293	Ndwedwe	02-Nov-17	Submitted/Successful	30-Nov-17	Submitted/Successful	Outstanding	Pending
27	KZN252	Newcastle	13-Oct-17	Submitted/Successful	16-Nov-17	Submitted/with Errors	14-Dec-17	Submitted/with Errors
28	KZN286	Nkandla	31-Oct-17	Submitted/Successful	22-Nov-17	Submitted/Successful	Outstanding	Pending
29	KZN265	Nongoma	17-Oct-17	Submitted/Successful	27-Nov-17	Submitted/Successful	14-Dec-17	Submitted/Successful
30	KZN242	Nquthu	09-Nov-17	Submitted/Successful	28-Nov-17	Submitted/Successful	Outstanding	Pending
31	KZN436	Dr Nkosazana Dlamini Zuma	14-Oct-17	Submitted/Successful	13-Nov-17	Submitted/Successful	19-Dec-17	Submitted/Successful
32	KZN216	Ray Nkonyeni	25-Oct-17	Submitted/with Errors	06-Dec-17	Submitted/Successful	12-Dec-17	Submitted/Successful
33	KZN227	Richmond	26-Oct-17	Submitted/Successful	06-Nov-17	Submitted/Successful	13-Dec-17	Submitted/Successful
34	KZN276	Big Five Habisa	22-Oct-17	Submitted/Successful	29-Oct-17	Submitted/Successful	Outstanding	Pending
35	KZN292	KwaDukuza	13-Oct-17	Submitted/Successful	10-Nov-17	Submitted/Successful	13-Dec-17	Submitted/Successful
36	DC21	Ugu DM	17-Oct-17	Submitted/with Errors	29-Nov-17	Submitted/with Errors	19-Dec-17	Submitted/with Errors
37	KZN266	Ulundi	09-Oct-17	Submitted/Successful	15-Nov-17	Submitted/Successful	13-Dec-17	Submitted/Successful
38	KZN212	uMdoni	10-Oct-17	Submitted/Successful	14-Nov-17	Submitted/Successful	14-Dec-17	Submitted/Successful
39	DC22	uMgungundlovu DM	07-Dec-17	Submitted/Successful	07-Dec-17	Submitted/Successful	07-Dec-17	Submitted/with Errors
40	KZN271	uMhlabuyalingana	27-Oct-17	Submitted/Successful	14-Nov-17	Submitted/Successful	14-Dec-17	Submitted/with Errors
41	KZN235	Okhahlamba	12-Dec-17	Submitted/Successful	15-Nov-17	Submitted/Successful	20-Dec-17	Submitted/Successful
42	KZN434	uBuhlebezwe	13-Oct-17	Submitted/with Errors	14-Nov-17	Submitted/with Errors	Outstanding	Pending
43	KZN284	uMkhalazi	13-Oct-17	Submitted/Successful	28-Nov-17	Submitted/Successful	12-Dec-17	Submitted/Successful
44	KZN222	uMngeni	13-Oct-17	Submitted/Successful	14-Nov-17	Submitted/Successful	07-Dec-17	Submitted/Successful
45	KZN221	uMshwathi	30-Oct-17	Submitted/Successful	16-Nov-17	Submitted/Successful	Outstanding	Pending
46	KZN214	uMuziwabantu	21-Nov-17	Submitted/Successful	30-Nov-17	Submitted/Successful	11-Dec-17	Submitted/with Errors
47	KZN245	uMvoji	08-Nov-17	Submitted/Successful	22-Nov-17	Submitted/Successful	15-Dec-17	Submitted/Successful
48	KZN435	uMzimkhulu	02-Nov-17	Submitted/Successful	07-Nov-17	Submitted/Successful	14-Dec-17	Submitted/with Errors
49	DC24	uMzinyathi	10-Nov-17	Submitted/Successful	10-Nov-17	Submitted/Successful	07-Dec-17	Submitted/Successful
50	KZN213	uMzumbi	03-Nov-17	Submitted/Successful	14-Nov-17	Submitted/Successful	22-Dec-17	Submitted/with Errors
51	KZN262	uPhongolo	04-Dec-17	Submitted/Successful	20-Nov-17	Submitted/with Errors	Outstanding	Pending
52	DC23	uThukela DM	05-Oct-17	Submitted/with Errors	06-Nov-17	Submitted/with Errors	19-Dec-17	Submitted/with Errors
53	DC28	King Cetshwayo DM	05-Oct-17	Submitted/Successful	13-Nov-17	Submitted/Successful	08-Dec-17	Submitted/Successful
54	DC26	Zululand DM	11-Oct-17	Submitted/Successful	10-Nov-17	Submitted/Successful	08-Dec-17	Submitted/Successful

Legend:



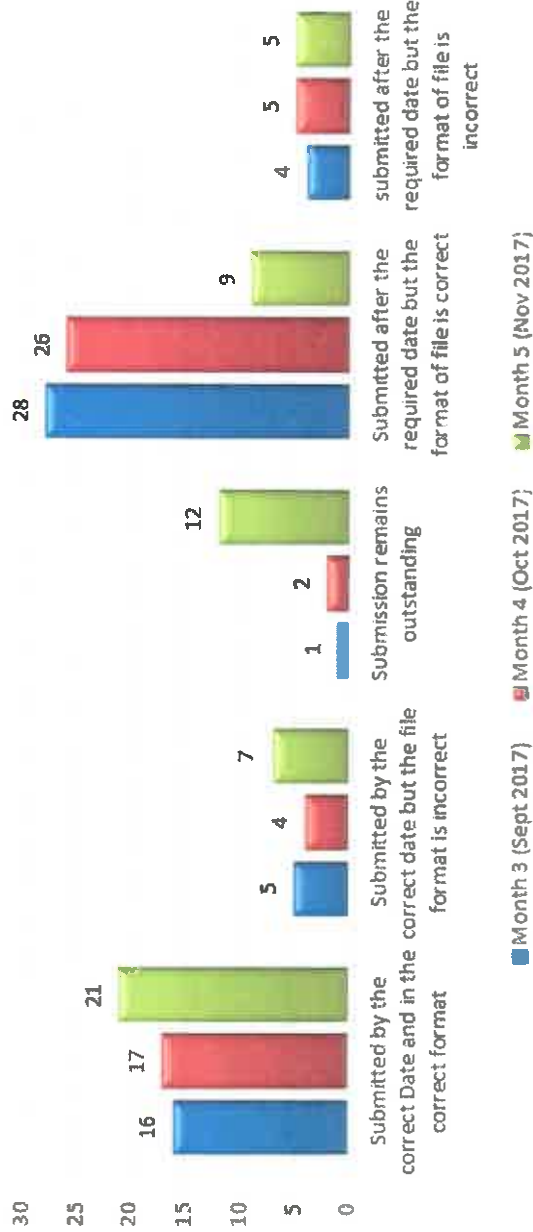
Monthly transactional data file submitted by the required deadline in the correct file format

Monthly transactional data file submitted by the required deadline, however, the file format was incorrect

The monthly transactional data file has not been submitted by the municipality

Figure 20: Status of submission of monthly data file or string for the months September 2017, October 2017 and November 2017 as at 31 December 2017

Submission of M03-M05 transactional data



Month 03 (September 2017) Submission Status:

As at 31 December 2017, the monthly data submissions were received from 53 municipalities for Month 3. This resulted in a 98 percent submission rate. The one municipality that **did not submit by 31 December 2017** was Msunduzi Local Municipality. This is due the municipality using version 5.4 of the mSCOA chart and not version 6.1 as required by Circular 86 of the MFMA.

However, there was an improvement from 3 to 16 municipalities that submitted by the legislated date being 14 October 2017 in the correct format.

Five additional municipalities, being AbaQulusi Local Municipality, Dannhauser Local Municipality, Greater Kokstad Local Municipality, uBuhlebezwe Local Municipality and uThukela District Municipality, attempted to submit by the legislated date by 15 August 2017, however the file format was incorrect.

Subsequent to the legislated deadline of 14 October 2017, twenty eight municipalities were able to submit the monthly transactional data files in the correct format while there was an additional four municipalities that submitted transactional data files but in the incorrect file format.

Month 04 (October 2017) Submission Status:

As at 31 December 2017, the monthly data submissions were received from 52 municipalities for Month 4. This resulted in a 96 percent submission rate. The 2 municipalities that **did not submit by 31 December 2017** were as follows:

- Mpofana Local Municipality
- Msunduzi Local Municipality

Seventeen municipalities submitted by the legislated date by 14 November 2017 in the correct format. Four municipalities, being AbaQulusi Local Municipality, Dannhauser Local Municipality, uBuhlebezwe Local Municipality and uThukela District Municipality attempted to submit by the legislated date by 14 November 2017, however the file format was incorrect.

Subsequent to the legislated deadline of 14 November 2017, 31 municipalities were able to submit the monthly transactional data files in the correct format. Twenty six of the thirty one municipalities submitted the transactional data file in the correct format while five of the municipalities submitted the transactional file in the incorrect file format.

Month 05 (November 2017) Submission Status:

As at 31 December 2017, the monthly data submissions were received from 42 municipalities for Month 5. This resulted in a 76 percent submission rate. The 12 municipalities that **did not submit by 31 December 2017** were as follows:

- Dannhauser Local Municipality
- Mkhambathini Local Municipality
- Mpofana Local Municipality
- Msunduzi Local Municipality
- Mtubatuba Local Municipality
- Ndwedwe Local Municipality
- Nkandla Local Municipality
- Nquthu Local Municipality
- Big Five Hlabisa Local Municipality
- uBuhlebezwe Local Municipality
- uMshwathi Local Municipality
- uPhongolo Local Municipality

Twenty one municipalities submitted by the legislated date by 14 December 2017 in the correct format. Seven additional municipalities, being AbaQulusi Local Municipality, eNdumeni Local Municipality, Newcastle Local Municipality, uMgungundlovu District Municipality, uMhlabuyalingana Local Municipality, uMuziwabantu Local Municipality and uMzimkhulu Local Municipality attempted to submit by the legislated date by 14 December 2017, however the file format was incorrect.

Subsequent to the legislated deadline of 14 December 2017, a further nine municipalities were able to submit the monthly transactional data files in the correct format. While five of the municipalities submitted the transactional file in the incorrect file format.

Month 06 (December 2017) Submission Status:

Due to the legislated deadline for the December 2017 monthly data submissions being 15 January 2018, the submission feedback will be reported on in the Quarter 3 report.

Segment validation of monthly mSCOA data submissions received

Subsequent to the receipt of the monthly mSCOA transactional data files in the correct format, the National Treasury Local Government Portal conducted a segment validation of the data file to ensure that the municipality has applied the correct segments in their transactional information, based on predetermined rules. Provincial Treasury had engaged municipalities on these errors and provided guidance to these municipalities in understanding these errors and what was required to clear these errors.

The status of the segment validation as at 31 December 2017 is as follows:

Table 17: Status of the segment validation for the months September 2017, October 2017 and November 2017 as at 31 December 2017

No.	Demarcation code	Name of Municipality	M03 (September 2017)	M04 (October 2017)	M05 (November 2017)
1	KZN263	AbaQulusi	File format is incorrect - Not validated	File format is incorrect - Not validated	File format is incorrect - Not validated
2	KZN238	Alfred Duma	Validation contains errors	Validation contains errors	Validation contains errors
3	DC25	Amajuba DM	Validation contains no errors	Validation contains no errors	Validation contains no errors
4	KZN254	Dannhauser	File format is incorrect - Not validated	File format is incorrect - Not validated	Data file is outstanding
5	KZN436	Dr Nkosazana Dlamini Zuma	Validation contains errors	Validation contains errors	Validation contains no errors
6	KZN261	eDumbe	Validation contains no errors	Validation contains no errors	Validation contains errors
7	KZN253	eMahlangueni	Validation contains no errors	Validation contains no errors	Validation contains errors
8	KZN241	eNdumeni	File format is incorrect - Not validated	File format is incorrect - Not validated	File format is incorrect - Not validated
9	ETH	eThekweni Metro	Validation contains no errors	Validation contains no errors	Validation contains no errors
10	KZN433	Greater Kokstad	File format is incorrect - Not validated	Validation contains errors	Validation contains errors

No.	Demarcation code	Name of Municipality	M03 (September 2017)	M04 (October 2017)	M05 (November 2017)
11	DC43	Harry Gwala DM	Validation contains errors	Validation contains errors	Validation contains errors
12	DC29	iLembe DM	Validation contains errors	Validation contains errors	Validation contains errors
13	KZN224	iMpendle	Validation contains no errors	Validation contains no errors	Validation contains no errors
14	KZN237	Inkosi Langalibalele	Validation contains errors	Validation contains errors	Validation contains errors
15	KZN272	Jozini	Validation contains no errors	Validation contains no errors	Validation contains no errors
16	KZN292	KwaDukuza	Validation contains errors	Validation contains errors	Validation contains errors
17	KZN291	Mandeni	Validation contains no errors	Validation contains no errors	Validation contains no errors
18	KZN294	Maphumulo	Validation contains no errors	Validation contains no errors	Validation contains no errors
19	KZN281	uMfolozi	Validation contains no errors	Validation contains no errors	Validation contains no errors
20	KZN226	Mkhambathini	Validation contains no errors	Validation contains no errors	Data file is outstanding
21	KZN223	Mpofana	Validation contains no errors	Data file is outstanding	Data file is outstanding
22	KZN244	uMsinga	Validation contains errors	Validation contains errors	Validation contains errors
23	KZN225	Msunduzi	Data file is outstanding	Data file is outstanding	Data file is outstanding
24	KZN285	Mthonjaneni	Validation contains no errors	Validation contains no errors	Validation contains no errors
25	KZN275	Mtshatsha	File format is incorrect - Not validated	File format is incorrect - Not validated	Data file is outstanding
26	KZN293	Ndwedwe	Validation contains no errors	Validation contains no errors	Data file is outstanding
27	KZN252	Newcastle	Validation contains errors	File format is incorrect - Not validated	Data file is outstanding
28	KZN286	Nkandla	Validation contains no errors	Validation contains no errors	File format is incorrect - Not validated
29	KZN265	Nongoma	Validation contains no errors	Validation contains no errors	Data file is outstanding
30	KZN242	Inquthu	Validation contains no errors	Validation contains no errors	Validation contains no errors
31	KZN235	Okhahlamba	Validation contains no errors	Validation contains no errors	Data file is outstanding
32	KZN216	Ray Nkonyeni	File format is incorrect - Not validated	Validation contains errors	Validation contains errors
33	KZN227	Richmond	Validation contains errors	Validation contains errors	Validation contains errors
34	KZN276	Big Five Hlabisa	Validation contains no errors	Validation contains no errors	Data file is outstanding
35	KZN434	uButhebezwe	File format is incorrect - Not validated	File format is incorrect - Not validated	Data file is outstanding
36	DC21	Ugu DM	File format is incorrect - Not validated	File format is incorrect - Not validated	Data file is outstanding
37	KZN266	uMdloti	Validation contains no errors	Validation contains no errors	File format is incorrect - Not validated
38	KZN212	uMdloti	Validation contains no errors	Validation contains no errors	Validation contains no errors
39	DC22	uMgungundlovu DM	Validation contains no errors	Validation contains no errors	File format is incorrect - Not validated
40	KZN271	uMhlabuyalingana	Validation contains no errors	Validation contains no errors	File format is incorrect - Not validated

No.	Demarcation code	Name of Municipality	M03 (September 2017)	M04 (October 2017)	M05 (November 2017)
41	KZN282	uMhlabuze	Validation contains errors	Validation contains errors	File format is incorrect - Not validated
42	DC27	uMkhanyakude DM	Validation contains no errors	Validation contains no errors	Validation contains no errors
43	KZN284	uMlalazi	Validation contains no errors	Validation contains no errors	Validation contains no errors
44	KZN222	uMngeni	Validation contains errors	Validation contains errors	Validation contains no errors
45	KZN221	uMshwathi	Validation contains no errors	Validation contains no errors	Data file is outstanding
46	KZN214	uMuzwabantu	Validation contains errors	Validation contains errors	File format is incorrect - Not validated
47	KZN245	uMvozi	Validation contains no errors	Validation contains no errors	Validation contains errors
48	KZN435	uMzimkhulu	Validation contains errors	Validation contains errors	File format is incorrect - Not validated
49	DC24	uMzinyathi DM	Validation contains errors	Validation contains errors	Validation contains errors
50	KZN213	uMzumbhe	Validation contains no errors	Validation contains no errors	File format is incorrect - Not validated
51	KZN262	uPhongolo	Validation contains no errors	File format is incorrect - Not validated	Data file is outstanding
52	DC23	uThukela DM	File format is incorrect - Not validated	File format is incorrect - Not validated	File format is incorrect - Not validated
53	DC28	King Ceshwayo DM	Validation contains errors	Validation contains errors	Validation contains errors
54	DC26	Zululand DM	Validation contains errors	Validation contains errors	Validation contains errors

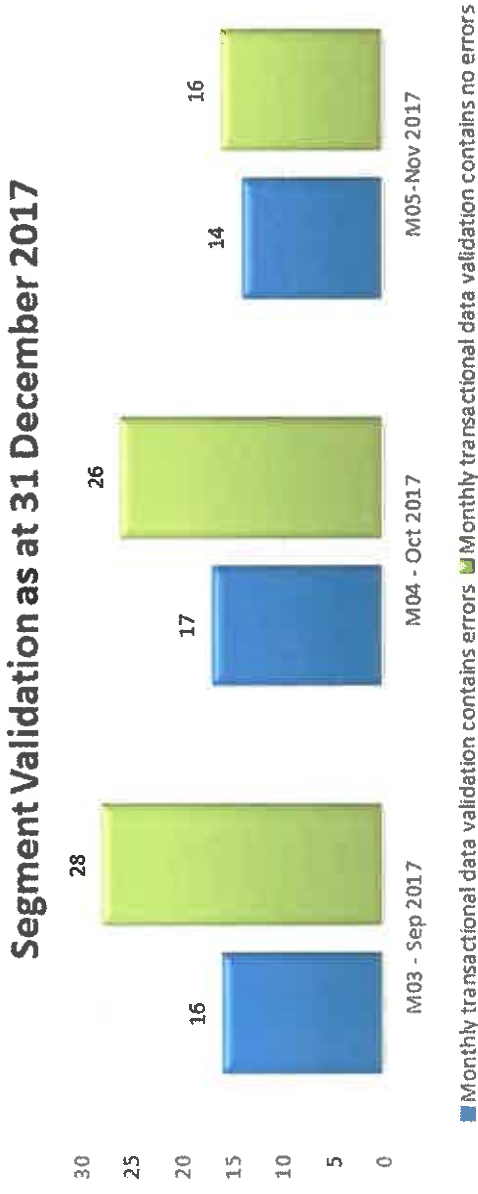
Legend:



Monthly transactional data validation contains no errors

Monthly transactional data validation contains errors

Figure 21: Status of the segment validation for the months September 2017, October 2017 and November 2017 as at 31 December 2017



Month 03 (September 2017) Segment Validation Status:

As at 31 December 2017, 44 municipalities submitted transactional data files in the correct format, hence the segment validation performed was limited to these data submissions received. 28 municipalities (64 percent) had successful data segment validations with no errors, which means that the municipality met the requirements of the use of the segments as per the National Treasury data validations. The remaining 16 municipalities had data errors, which they are required to address, and resubmit the corrected files to the National Treasury portal.

Month 04 (October 2017) Segment Validation Status:

As at 31 December 2017, 43 municipalities submitted transactional data files in the correct format, hence the segment validation performed was limited to these data submissions received. 26 municipalities (60 percent) had successful data segment validations with no errors, which means that the municipality met the requirements of the use of the segments as per the National Treasury data validations. The remaining 17 municipalities had data errors, which they are required to address, and resubmit the corrected files to the National Treasury portal.

Month 05 (November 2017) Segment Validation Status:

As at 31 December 2017, 30 municipalities submitted transactional data files in the correct format, hence the segment validation performed was limited to these data submissions received. 16 municipalities (53 percent) had successful data segment validations with no errors, which means that the municipality met the requirements of the use of the segments as per the National Treasury data validations. The remaining 14 municipalities had data errors, which they are required to address, and resubmit the corrected files to the National Treasury portal.

Month 06 (September 2017) Segment Validation Status:

Due to the legislated deadline for the December 2017 monthly data submissions being 15 January 2017, the segment validation feedback will be reported on in the Quarter 3 report.

Provincial Treasury Support to Municipalities and Entities

The KwaZulu-Natal 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 this quarter is indicated below:

- **KZN Provincial mSCOA forum - 23 October 2017.** The workshop aimed at providing input into version 6.2 of the mSCOA chart that would be issued on the 8 December 2017 with Circular 89: Municipal Budget Circular for 2018/2019. The deadline for comments and input into the chart was the 25 October 2017.
 - Each of the mandatory 6 segments were reviewed;
 - Each segment was discussed for challenges and changes that may be required in version 6.2 of the mSCOA Chart; and
 - Each change was then logged onto the Frequently Asked Question to which National Treasury would then address.
- **Engagements with system vendors on segment validation errors – December 2017.** The purpose of these engagements were to discuss specific implementation challenges and mSCOA progress for municipalities as well as provide solutions to the challenges. The focus was with specific vendors that had little progress with the system implementation and problematic municipalities.
- **Presentation at KZN Internal Audit Conference - 18 October 2017 - Presented on Adding Value to the mSCOA Implementation Process.**
- **Training at uMzinyathi District Municipality – 25 October 2017 – Understanding mSCOA and Impact on Internal Audit.**
- **Training at uMdoni Local Municipality – 17 November 2017 – Councillor Training on understanding mSCOA and role of councillors.**
- **Presentation at CoGTA PMS Technical Advisory Committee - 29 November 2017 - Presented on Impact of mSCOA on Performance Management.**
- **Onsite System Assessments – October 2017 to December 2017.** Conducted follow-up onsite system assessments at municipalities in terms of system functionality and whether the municipal transactions are in accordance with mSCOA.

The mSCOA team members assisted the various municipalities in terms of addressing queries with the chart and provided assistance with budgeting and clearing of validation errors on the data files.

Capacity building and training internally to Provincial Treasury officials

Capacity building and training sessions were held internally with the following business units, during this quarter:

- Municipal Finance Unit held on 10 November 2017 – focused areas of training were on the monthly validation process, the alignment of the mSCOA data to the S71 schedules, and the extraction of reports from the National Treasury portal.
- Financial Reporting (mSCOA team) held on 16 November 2017 – focused areas of training were the monthly data and analysis of the use of segments for reporting purposes.

The purpose of these training sessions were to build capacity within the respective units in order to enable them to provide support to municipalities and entities in their delegated responsibilities.

Way forward

Provincial Treasury will continue to engage with the municipalities in addressing the outstanding issues via monthly site visits, and frequent communication via email and telephonically as well as the various platforms such as mSCOA 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;
- Assist municipalities with corrections required for submission of adjustment budget submission;
- Capacity building of the Supply Chain Management Unit in terms of the impact of mSCOA on procurement processes and system functionality for supply chain management systems of municipalities;
- On site system assessments at municipalities and municipal entities to ensure complete transactional functionality and integration of systems;
- Review of the municipal data transactions to ensure the quality of the transactional data;
- Provision of guidance to municipalities on system implementation issues and governance matters;
- Capacity building of municipalities to prepare the 2018/2019 tabled budget in terms of the mSCOA and the alignment to the Integrated Development Plan; and
- Capacity building of the Municipal Finance Unit in providing guidance to municipalities in adjustment budget preparation and the upcoming financial year budgeting process.

2.17 Municipal Support and Oversight

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

Financial Reporting

Financial Management Municipal Support Programme

In terms of the Provincial Treasury's mandate to support municipalities in strengthening their financial management capacity, Provincial Treasury continued to provide financial management on-site support to identified municipalities within the province during this quarter. The fundamental objective of this program to improve financial management practice by building the required skill and capacity to enable effective financial management practice and therefore improve the audit opinions received by these municipalities.

The deliverables of the Financial Management Municipal Support Programme are as follows:

- Provide assistance in preparation of monthly general ledger reconciliations and monitoring of the quality of financial management reconciliations and accounting processes;
- Address prior year financial management audit matters as raised by the Auditor General;
- Monitor and assist in the preparation of interim financial statements and annual financial statements;
- Preparation of annual financial statements and supporting reconciliations and schedules, as required;
- Assistance in preparation and review of audit working paper file and address all financial management audit queries;
- Training and development of municipal officials in terms of financial management;
- Monitor and implement compliance with the Municipal Finance Management Act, and other relevant local government legislation;
- Provision of financial management support in areas of budgeting, income, expenditure and supply chain management;
- Attendance at audit steering committee meetings, provide guidance and support during the audit process until the issue of the final audit report;
- Attendance at management meetings that relate to financial management within the municipality; and
- Implement any other deliverable as agreed in writing, with the Provincial Treasury.

The Financial Management Support Programme continued to be implemented during quarter 2 of the municipal 2017/18 financial year, as municipalities were in the process of responding to Auditor-General queries, making amendments to the annual financial statements, audit working paper files and supporting documentation for the 2016/17 financial year.

The following municipalities were supported during this quarter:

Table 18: Municipalities included in the Financial Management Municipal Support Programme

Name of Municipality	2015/2016 audit opinion	Updating annual financial statements after AG queries	Updating reconciliations & accounting processes after AG queries	Attending to audit queries	Updating working paper files after AG queries
Amajuba DM	Qualified	✓	✓	✓	✓
Big Five Hlabisa (Merge between Big Five and Hlabisa)	New municipality (Big Five was qualified, subsequently unqualified in 2016/17 and Hlabisa was unqualified)	✓	✓	✓	✓
Maphumulo	Unqualified	✓	✓	✓	✓
Ndwedwe	Unqualified	✓	✓	✓	✓
Dr Nkosazana Dlamini Zuma (merge between Kwa Sani and Ingwe)	New municipality (Kwa Sani and Ingwe were unqualified)	✓	✓	✓	✓
Mkhambathini	Unqualified	✓	✓	✓	✓
Mpofera	Disclaimer	✓	✓	✓	✓
Alfred Duma (merge between Ermambathini and Indaka)	New municipality (Ermambathini was clean and Indaka was unqualified)	✓	✓	✓	✓
iMpendle	Unqualified	✓	✓	✓	✓

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 annual financial statements until the issue of the final audit report.

The challenges experienced in terms of implementation of the financial management support program are summarised below:

- There is a lack of resources at the municipalities in order of effective skills transfer to take place, particularly in the preparation of the annual financial statements and dealing with audit queries;
- The complexity of the accounting treatment for the municipalities affected by the demarcation process was not clearly understood and implemented;
- The implementation of the Municipal Standard Chart of Accounts (mSCOA) has reduced the capacity available at these municipalities to undertake financial management responsibilities;
- A significant reliance is placed on Provincial Treasury to perform the work of municipal officials, without adequate commitment from officials within the municipalities; and

- Documentation, specifically with regard to payment vouchers and historical financial management transactions could not be made available to the Provincial Treasury support teams.

Provincial Treasury will perform an assessment of the capacity and financial management matters for the municipalities that will require continued assistance from the financial management support program in quarter 3.

Asset Management Improvement Programme

Provincial Treasury continued to provide hands on assistance to municipalities whom require asset management support, which included the performance of conditional assessments and impairment assessments by engineers, as well as the compilation of the asset register.

Provincial Treasury supported the following municipalities during this quarter:

Table 19: Municipalities included in the Asset Management Improvement Programme

No	Name of Municipality	2015-16 Audit Opinion	Extent of support
1	Mpoofana Local Municipality	Disclaimer	Intensive asset management support including assistance with audit queries and updating of the asset register post audit.
2	Alfred Duma Local Municipality	New municipality (Emnambathini was clean and Indaka was unqualified)	Onsite guidance to the municipal team preparing the asset register including assistance with audit queries and updating of the asset register post audit.

During quarter 2 assistance was provided with regards to addressing audit queries related to assets, preparing journals and making corrections to the asset register.

Continued assistance and support for the municipalities will be assessed during quarter 3, including the need for asset management training, particularly aimed at infrastructure officials focused on performing conditional assessments and physical verification requirements.

Norms and Standards

Norms and Standards supported municipalities and entities with the development of mSCOA guideline documents. The table below contains details of the support provided.

Table 20: Municipalities included in the Asset Management Improvement Programme

Strategic Objective	Record of Support Provided to Municipalities / Entities - Actual Results	Comments
Developed, review and monitor compliance with financial norms and standards	<p>mSCOA Guideline Documents for Municipalities <i>Developed new draft guideline documents (6)</i></p> <p>Budget Policy; Viement Policy; Credit Control and Debt Collection Policy; Cash Management and Investment Policy; Tariffs Policy - District Municipalities; and Tariffs Policy - Local Municipalities.</p>	Developed new mSCOA compliant guideline documents in accordance with the mSCOA Implementation.

Public Private Partnership (PPP)

The PPP unit supported municipalities and entities on various projects as mentioned below.

iLembe District Municipality – Siza Water Concession

The PPP Unit has been assisting the iLembe District Municipality in the contract management of a 30 year water concession agreement entered into with Siza Water in 1999. Below is a summary status of the process as at the end of the second quarter of the 2017/18 financial year.

The Five Year Plan - The current five year period began in 2014 and comes to an end in 2018 with the next five period starting in 2019.

Skills Development, BEE and SMME – Preferential Procurement Policy Framework Regulations 2017 requires that a tenderer should subcontract at least 30 percent of the contract value to EME's or QSE's, which are 51 percent owned by black people, black women, black youth or people living with disabilities. Provincial Treasury will assist and enforce the compliance of this legislation.

Drought Effects on Concession Area Water Resource - Due to the drought in the concession area, Siza Water was also required to reprioritise its 5-year capital budget and this has impacted its ability to undertake some of its planned works in accordance with the 5-year plan. Furthermore, the Department of Water and Sanitation has gazetted the reduction of water abstraction from the Hazelmere Dam by 50 percent and this has resulted in subsequent reduction in supply to water service authorities from Umgeni Water.

Dispute with Umgeni Water – Siza Water is currently embroiled in a legal dispute with Umgeni Water over a tariff hike that was imposed on the private party that is substantially more than that of the municipality. The private party's main concern is that if the tariff hike remains, costs will have to be pushed to the consumer.

Project Monitoring - Due to the lack of capacity on behalf of the municipality to monitor the contract, a monitoring consultant had been appointed on a 3-year contract to monitor the contract on behalf of the municipality. The contract has subsequently ended, leaving the municipality in a vulnerable position in terms of the monitoring aspect of the contract. The PPP Unit has recommended that the municipality obtain the required capacity either by procuring the services of a monitoring consultant or developing the monitoring capacity internally.

KwaDukuza Local Municipality - Solid Waste Removal

The PPP Unit has been assisting the KwaDukuza Local Municipality in the feasibility study phase and procurement phase of a potential waste removal public private partnership. Below is a summary status of the process as at the end of the second quarter of the 2017/18 financial year.

Splitting of project - The feasibility study was undertaken and approved on the basis that there would be one agreement entered into with one private party for the entire project. The request for qualification was submitted to the relevant stakeholders for approval. The council then recommended that the project be divided into three in terms of the regions and each region needs to have one main contractor. The PPP Unit recommends that a feasibility study be undertaken to assess the recommendation of the council to ensure that the each of the regions that are proposed will be viable and that the project will attract the requisite market appetite for each of the regions.

Mtubatuba Local Municipality- Municipal Office Building

The PPP Unit has been assisting the Mtubatuba Local Municipality with the processes to follow due to their requirement for new office space. Below is a summary status of the process as at the end of the second quarter of the 2017/18 financial year.

Condition of the Current Offices - The current municipal offices are overcrowded while they are unsuitable according to the required standards of the Department of Labour. The municipality is using park rooms as offices due to the shortage of offices. Provincial Treasury recommended that municipality undertakes a study or high level review about the plans and size of the work that is required, the kind of services that is required and the estimated capital values for the proposed office accommodation and further advised the municipality to appoint consultants to conduct a high level review to assess the feasibility of constructing new office accommodation.

uMhlathuze Local Municipality – Waste water and associated by-product reuse

The PPP Unit has been assisting the uMhlathuze Local Municipality with a waste water and associated by-product reuse project. Below is a summary status of the process as at the end of the second quarter of the 2017/18 financial year.

Water Demand - uMhlathuze Local Municipality has undertaken preparatory work in the form of water resource studies and master planning documents, which resulted in the municipality recognising the importance of securing an adequate water supply in order to underpin is planned growth. The water demand in 2025 is expected to increase and demand is expected to exceed the current lawful water use by the municipality within the next few years. The municipality has resolved to undertake a comprehensive feasibility and identify the most viable solution for dealing with the wastewater and associated by-products generated within the municipality. Transaction Advisors were appointed to assist the municipality in exploring the viability of procuring a PPP as the delivery mechanism for the waste water and associated by-product reuse. The feasibility study is close to completion.

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

The table below lists the municipalities that have not submitted the 1st quarterly withdrawal report in respect of the 2017/2018 financial year.

Table 21: Municipalities that have not submitted the 1st quarterly withdrawal report in respect of the 2017/2018 financial year

No	Name of Municipality
1	uMdoni
2	Jozhi

The table below lists the municipalities that have not submitted the 2nd quarterly withdrawal report in respect of the 2017/2018 financial year.

Table 22: Municipalities that have not submitted the 2nd quarterly withdrawal report in respect of the 2017/2018 financial year

No.	Name of Municipality	No.	Name of Municipality
1	uMdoni	10	Mkhambathini
2	uMzambe	11	uMzinyathi DM
3	Ray Nkonyeni	12	eNdumeni
4	uThukela DM	13	uMisinga
5	Okhahlamba	14	uMvoti
6	Alfred Duma	15	Zululand DM
7	Amajuba DM	16	uPhongolo
8	Newcastle	17	uMfolozi
9	uMkhanyakude DM	18	uMhlatuze
		19	uMhlabuyalingana
		20	Jozhi
		21	uMngeni
		22	Mpotana
		23	iMpindle
		24	uMalazi
		25	Harry Gwala DM
		26	uMzimkhulu
		27	Dr. Nkosazana Dlamini Zuma

Status of support offered to Municipalities

Background

Provincial Treasury to assist all municipalities during the 2017/18 financial year in respect of the under mentioned sections of the Municipal Financial Management Act, No.56 of 2003.

- 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.
- Section 13 – Investment and Cash Management Policy.

Progress/outcome

During the Second quarter for the 2017/18 financial year telephonic support was provided to all municipalities on the above applicable sections of the Municipal Financial Management Act.

Bank Accounts

Background

In terms of Section 9 and 86 of the MFMA “the accounting officer of a municipality must submit to provincial treasury in writing within 90 days after opening a bank account, the details of such new bank account and annually before the start of the financial year. This applies to municipal entities as well”.

Progress/ Outcome

During October 2017, a request in terms of section 9(b), 86(1)(b) & 86(2), 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.

The table below lists the municipalities that have not submitted their bank account details in respect of the 2016/2017 financial year.

Table 23: Municipalities that have not submitted their bank account details in respect of the 2016/2017 financial year

No	Name of Municipality	No	Name of Municipality	No	Name of Municipality
1	uMgungundlovu DIM	9	Ulundi	17	uMvoti
2	uMshwathi	10	King Ceshwayo DIM	18	uPhongolo
3	uMngeni	11	uMfolozi	19	Nongoma
4	iMpofana	12	uMhlatuze	20	Greater Koksad
5	iMpandle	13	uMlalazi	21	uBuhlebezwe
6	iNkosi-Langalibalele	14	Nkandla	22	uMzimkhulu
7	eNduranti	15	Harry Gwala DIM		
8	uMsinga	16	Dr. Nkosazana Dlamini Zuma		

Nkandla Local Municipality and Ray Nkonyeni Local Municipality changed their primary bank account details during August 2017 and October 2017 respectively.

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.*

(2) 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:

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

These are to be used 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.*

Progress/ Outcome

In Terms of National Treasury MFMA Circular No. 61 on Banking, Overdrafts and Investments, dated April 2012 municipalities must notify a net overdraft exceeding 3 months for municipalities and 21 days for municipal entities to National Treasury as well as Provincial Treasury.

Municipalities were once again made aware of the reporting requirements in terms of Section 70, 74 and 101 of the Municipal Finance Management Act by issuing a circular dated 19 June 2017 in this regard. No municipality reported any impending overdrafts during the Second quarter.

Supply Chain Management (SCM)

In the quarter under review, the following municipalities shown in Table 24 were supported in various aspects of the SCM which include the following amongst others:

- Routine Compliance Assessment;
- Bid Reviews;
- Contract Management;
- Evaluation of SCM processes and procedures; and
- SCM Training etc.

Table 24: Municipalities supported on SCM activities during the 2017/18 financial year

No	Name of Municipality	No	Name of Municipality	No	Name of Municipality
1	Mandeni	5	uMzinga	9	eMahlangueni
2	Greater Kotskad	6	Nquthu	10	Newcastle
3	Mpošana	7	Amajuba DM		
4	uMshwathi	8	uMzumbhe		

Municipal Support Programme (MSP)

The Municipal Support Program (MSP) within the Municipal Finance Unit was established to assist and provide technical support to delegated municipalities in financial distress and has had a positive impact on the financial management within municipalities.

The grant management initiative aims to provide guidance to municipalities in effectively managing grants which includes the monitoring, reporting and accounting of grants. A guide to grant management has been developed and was workshopped with municipal officials on 22 and 23 November 2017.

The VAT and 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.

Table 25: Municipalities supported by Municipal Support Program In Quarter 2 of 2017/18

No	Municipality	Project		
		VAT	PAYE	PAYE
1	Amajuba DM			✓
2	Big Five Hlabisa			✓
3	Dr Nkhesazana Dlamini Zuma			✓
4	Greater KwaZulu	✓		✓
5	Jozi			✓
6	Maphumulo			✓
7	Mpolana			✓
8	Mthonjaneni	✓		✓
9	Ndwedwe	✓		✓
10	uMdoni	✓		✓
11	uMshwathi	✓		✓

Annexure B: Operating Expenditure - 2nd Quarter 2017/18

FY18	Original Budget	Adjusted Budget	Unaudited Actual	% Spent	Employee related costs	Remuneration of councillors	Duck Incentive	Depreciation and asset impairment	Finance charges	Bank purchases	Other Materials	Contracted services	Transfers and grants	Other expenditures	Loss on disposal of PPE
A	32 687 271		18 328 888	46.8	4 787 205	89 187	340 848	1 071 804	310 884	8 328 888	2 651 104	2 094 888	203 749	1 011 835	140
B	KZN212 uMhlabeni		67 486	26.3	30 849	2 003	-	-	128	-	-	15 939	1 404	17 033	
B	KZN213 uMantlathane		103 429	36.5	24 484	7 169	-	-	8 149	-	-	2 647	624	24 723	682
B	KZN214 uMkhomoti		181 345	47.8	28 398	2 813	-	-	60	-	-	1 488	86	29 877	
B	KZN215 iNgonyama		318 025	34.2	182 790	7 115	1 085	-	4 870	-	16 138	307	28 130	20 181	79 844
B	DC21 Ugu DM		157 248	41.7	3 877	-	-	-	4 823	-	2 051	113 907	10 183	54 833	18 181
	Total Ugu Municipality		312 091	37.8	464 749	22 795	1 085	-	4 883	70 777	8 708	181 738	(2 888)	283 411	17 082
B	KZN216 uMgunguluze		138 411	46.1	33 088	4 487	-	-	15 371	-	-	14 275	-	10 555	
B	KZN217 uMhlabathi		429 244	39.6	43 665	4 100	-	-	64 857	-	470	28 487	2 073	21 085	
B	KZN218 uMthatha		154 808	53.6	18 321	3 700	-	-	31 569	-	-	14 326	-	17 568	
B	KZN219 uMzimba		84 105	26.9	8 710	894	-	-	86	-	-	3 877	-	764	
B	KZN220 uMzinyathi		4 804 828	42.8	408 840	22 464	-	-	218 116	-	28 658	249 781	33 281	38 280	303
B	KZN221 uMzantsi		88 791	14.8	12 888	380	-	-	12	-	-	826	-	182	9 811
B	KZN222 uMzantsi		104 847	43.4	22 881	3 821	-	-	4	-	1 016	11 381	3	8 305	3
B	DC22 uMzantsi DM		350 703	47.5	108 053	4 328	36 489	-	16 731	-	54 239	-	77 818	-	37 386
	Total uMzantsi Municipality		6 810 184	43.8	708 898	41 681	36 614	42 810	42 810	1 859 278	38 048	397 389	38 810	441 813	303
B	KZN223 uMzantsi		170 425	54.1	32 026	4 844	-	-	14 272	-	-	385	-	16 486	20 341
B	KZN224 uMzantsi		480 251	40.3	67 336	7 242	-	-	81	-	88 006	8 130	-	22 180	
B	KZN225 uMzantsi		774 819	40.6	133 882	10 528	-	-	967	-	93 831	2 300	1 059	37 861	
B	DC23 uMzantsi DM		590 410	36.5	128 892	3 844	-	-	107	-	1 800	19 825	18 924	31 467	
	Total uMzantsi Municipality		2 024 898	40.1	381 788	28 589	4 288	-	14 272	1 988	18 328	88 245	18 845	121 588	
B	KZN226 uMzantsi		188 224	48.4	64 318	1 650	-	-	2 747	-	-	10 887	-	22 878	
B	KZN227 uMzantsi		168 584	34.8	19 315	4 006	-	-	-	-	8 873	-	5 965	14 383	
B	KZN228 uMzantsi		211 625	35.3	19 703	2 068	-	-	-	-	7 790	39 806	-	3 385	
B	KZN229 uMzantsi		348 182	18.7	30 878	2 988	-	-	2	-	17 618	189	10 007	448	8 232
B	DC23 uMzantsi DM		389 285	53.3	84 888	2 480	19 868	-	33 537	-	7 108	125	4 616	68 757	
	Total uMzantsi Municipality		1 881 824	47.8	187 748	17 081	18 008	38 288	37 587	78 088	8 244	70 488	8 578	141 888	
B	KZN230 uMzantsi		1 020 805	58.7	280 116	10 351	86 472	-	228 308	-	278 149	1 886	-	117 828	
B	KZN231 uMzantsi		77 028	38.8	11 792	1 066	-	-	27	-	6 827	381	-	4 381	
B	KZN232 uMzantsi		117 442	31.8	12 876	4 066	-	-	(194)	-	83	10 836	-	9 391	
B	DC23 uMzantsi DM		205 878	42.8	40 488	2 282	3 802	-	11 442	-	8 888	9 778	-	16 082	
	Total uMzantsi Municipality		2 119 817	53.3	368 380	17 818	86 374	-	239 748	24 841	1 982	44 173	-	146 518	
B	KZN233 uMzantsi		216 842	20.7	7 338	1 289	-	-	24	-	-	3 982	-	2 068	
B	KZN234 uMzantsi		61 302	41.8	35 854	4 165	6 385	-	4 895	-	2 837	7 874	-	18 249	
B	KZN235 uMzantsi		682 775	22.1	8 882	-	(82 372)	-	161 346	-	16 011	616	3 986	889	1 813
B	KZN236 uMzantsi		187 282	43.8	48 721	5 412	-	-	-	-	-	9 810	-	7 083	
B	KZN237 uMzantsi		281 884	55.8	68 487	7 245	-	-	22 296	-	30 888	20 380	794	19 018	
B	DC23 uMzantsi DM		325 851	43.8	74 246	4 825	-	-	-	-	84 384	28 821	82 028	20 840	
	Total uMzantsi Municipality		1 818 884	37.3	201 628	28 818	(87 087)	-	188 388	4 271	123 488	97 888	1 683	70 527	
B	KZN238 uMzantsi		175 093	34.2	27 254	4 682	-	-	50	-	378	7 707	-	20 855	
B	KZN239 uMzantsi		188 406	38.4	28 807	4 880	1 006	-	46	-	-	20 272	-	8 872	13 378
B	KZN240 uMzantsi		182 404	52.6	36 186	7 871	-	-	2 388	-	688	13 000	1 705	39 083	393
B	DC23 uMzantsi DM		388 488	30.8	75 205	3 837	-	-	600	-	-	12 861	1 822	7 483	
	Total uMzantsi Municipality		1 887 342	38.8	208 848	23 288	1 281	-	11 389	1 389	88 854	10 787	11 889	87 813	882
B	KZN241 uMzantsi		120 000	85.4	33 138	4 438	-	-	87	-	-	14 830	-	28 181	
B	KZN242 uMzantsi		2 682 744	48.8	347 835	13 427	13 238	-	183 388	-	812 847	48 134	123 837	8 804	168 148
B	KZN243 uMzantsi		384 840	48.0	85 888	9 471	22 251	-	21 810	-	3 840	28 881	1 824	12 888	2
B	KZN244 uMzantsi		128 785	58.8	21 321	4 038	-	-	1 384	-	2 878	4 038	800	78 788	
B	KZN245 uMzantsi		128 785	34.8	14 888	3 417	-	-	867	-	2 781	12 831	-	8 872	
B	DC23 uMzantsi DM		178 195	50.0	388 062	8 878	1 822	-	31 037	-	29 288	7 783	170 428	2 048	39 427
	Total uMzantsi Municipality		4 888 891	48.3	628 888	48 888	37 288	-	248 138	48 781	874 871	88 854	11 889	288 887	2 888 887
B	KZN246 uMzantsi		1 788 884	28.8	28 482	4 881	-	-	1 008	-	1 008	10 888	-	2 482	8 104
B	KZN247 uMzantsi		1 020 805	42.3	170 286	9 807	225	-	31 008	-	36 888	9 477	6 788	64 787	
B	KZN248 uMzantsi		148 884	48.0	21 478	3 888	-	-	4 888	-	23 782	-	-	8 888	(21)
B	KZN249 uMzantsi		118 884	48.0	14 784	3 882	-	-	4 888	-	4 888	1 701	1 701	18 105	
B	DC23 uMzantsi DM		3 884 884	44.7	101 325	4 833	22 115	-	28 847	-	14 088	28 178	8 884	35 738	
	Total uMzantsi Municipality		5 078 884	41.8	337 388	28 888	22 348	-	88 488	18 488	82 884	84 133	20 884	188 888	(21)
B	KZN250 uMzantsi		370 111	38.3	47 801	3 188	1 708	-	10 284	-	48 273	17 182	843	18 710	
B	KZN251 uMzantsi		148 884	48.8	32 827	4 471	780	-	9 500	-	1 888	2 444	1 888	12 384	
B	KZN252 uMzantsi		238 884	44.8	37 172	7 821	-	-	24 381	-	3 478	1 088	1 088	30 112	
B	DC23 uMzantsi DM		161 181	43.1	28 801	4 888	43.1	-	9 228	-	8 878	1 884	-	18 201	
B	DC23 uMzantsi DM		387 112	38.3	147 741	2 878	(1 488)	-	377	-	10 873	10 873	-	47 870	
	Total uMzantsi Municipality		1 888 884	41.1	328 888	23 888	877	-	83 718	1 383	1 888	41 888	4 888	121 887	18 488
	Total		88 888 487	46.8	8 328 888	318 188	881 884	-	2 231 888	448 848	488 884	2 488 884	2 488 884	2 418 887	18 488

Annexure B: Debtors Age Analysis (Total) -2nd Quarter 2017/18

KPOK	0 - 30 Days		30 - 60 Days		60 - 90 Days		Over 90 Days		Total	Actual Bad Debts Written Off to Debtors		Impairment - Bad Debt Policy Central Policy	
	Total	%	Total	%	Total	%	Total	%		Amount	%	Amount	%
A	1344279	64.1	390809	9.4	499299	4.7	637795	71.4	323291	-	-	4382353	-
B	560	7.9	7021	10.1	1006	2.3	5521	78.7	6928	-	-	-	-
B	(60)	-0.3	(7)	-0.0	(9)	-0.0	18781	268.3	18721	-	-	-	-
B	3096	18.2	790	2.9	2080	9.9	20208	74.4	27712	-	-	-	-
B	46397	17.9	29746	9.1	12157	4.7	177377	68.3	259577	-	-	-	-
C	DC21	34444	19.653	4.7	24444	5.8	24444	387180	387180	-	-	-	-
Total: Uthmaniyah Municipality													
B	4224	3.8	2857	2.4	2191	2.0	101814	81.6	110337	-	-	4382	22.7
B	8176	7.9	6260	4.7	6261	4.8	94076	80.4	112726	-	-	-	-
B	2089	3.0	1703	1.6	2016	2.1	67672	80.0	84686	-	-	-	-
B	-	-	-	-	-	-	-	-	-	-	-	-	-
B	1140	5.4	653	4.5	885	3.9	18283	83.3	21163	-	-	4382	22.7
C	DC22	31751	6.8	11898	2.6	11898	2.6	413291	88.2	488375	-	-	-
Total: Al-Madaya Municipality													
B	48159	6.9	22479	3.4	21228	2.7	714827	88.8	867189	-	-	4382	0.5
B	2645	6.5	1771	3.4	1444	2.9	46482	89.2	51200	-	-	-	-
B	2265	10.9	1600	7.8	1088	5.3	183711	78.4	207679	-	-	-	-
B	31781	10.6	17026	6.6	11628	3.8	242619	80.1	302602	-	-	-	-
C	DC25	0	0.0	0	0.0	16	7.0	683	746	-	-	-	-
Total: Al-Madaya Municipality													
B	87180	16.1	34324	6.7	29392	4.3	477888	78.8	600728	-	-	-	-
B	12288	13.9	4394	5.9	2317	2.4	89160	78.2	98480	-	-	-	-
B	2446	6.1	1200	3.0	1029	2.7	38222	88.2	39330	-	-	-	-
B	1106	10.0	-	-	-	-	-	1106	-	-	-	-	-
B	638	3.0	9712	3.2	7639	3.6	191679	80.3	212547	-	-	(717)	-0.3
C	DC34	28073	6.5	13448	3.4	10790	3.2	288289	88.6	341872	-	-	(717)
Total: Al-Madaya Municipality													
B	7464	6.8	49374	4.6	29001	2.7	890895	88.0	1003104	3686	0.3	-	-
B	1595	5.3	1100	3.8	859	2.9	26319	88.0	29195	-	-	-	-
B	-	-	-	-	-	-	-	-	-	-	-	-	-
B	2940	8.6	2282	4.3	1811	3.6	49791	88.6	58814	-	-	-	-
Total: Al-Madaya Municipality													
B	78389	6.7	38899	4.8	32898	2.7	103284	88.1	1178388	3188	0.3	-	-
B	-	-	-	-	-	-	-	-	-	-	-	-	-
B	3982	2.9	4884	3.3	2716	1.9	138887	82.8	147489	-	-	-	-
B	2864	15.6	6994	4.7	5721	3.9	109399	76.7	148252	-	-	-	-
B	-	-	-	-	-	-	-	-	-	-	-	-	-
B	7482	6.9	4113	3.2	1989	2.2	116157	93.9	127781	-	-	-	-
C	DC26	3185	3.5	2665	3.0	1989	2.2	81231	81.3	88181	-	-	-
Total: Zahran Municipality													
B	27383	7.9	18488	3.4	19458	2.8	463477	87.8	509463	-	-	-	-
B	1696	3.9	11007	2.3	(609)	-1.2	41072	95.0	49236	-	-	-	-
B	KZ671	1696	3.9	11007	2.3	(609)	-1.2	41072	95.0	49236	-	-	-
B	KZ672	404	4.8	7008	7.4	1912	2.0	81726	85.9	85122	-	-	-
B	KZ679	814	2.8	802	2.8	477	1.6	30117	93.6	32211	-	-	-
C	DC27	1688	1.8	2388	1.3	1688	0.8	183243	88.8	186128	-	-	-
Total: Al-Madaya Municipality													
B	8898	2.8	11285	3.2	3439	1.9	231171	88.1	258895	-	-	-	-
B	248948	68.8	9288	2.1	7814	1.8	176329	40.1	439169	-	-	-	-
B	4294	6.4	4787	7.2	2427	3.7	54878	82.8	65166	-	-	-	-
B	12610	58.7	880	4.2	685	3.9	7199	38.2	21324	-	-	-	-
B	1250	4.6	187	0.8	-	-	24279	84.6	25866	-	-	-	-
C	DC28	9290	9.6	3729	3.7	2395	4.8	82613	88.3	85729	35195	88.1	
Total: King Fahd Municipality													
B	279082	42.7	18490	3.9	14191	3.3	318197	90.0	348895	-	-	38888	8.3
B	144	0.8	3679	2.3	2712	1.8	187343	86.1	188376	-	-	-	-
B	41782	21.9	13914	7.1	7811	3.8	133298	62.8	148814	-	-	-	-
B	(1644)	-4.4	446	3.9	496	2.8	12289	100.0	11488	-	-	-	-
B	8	0.2	(898)	-1.8	87	0.2	2619	101.1	2476	-	-	-	-
C	DC29	9689	3.5	809	3.0	9400	3.4	282279	88.1	279593	-	-	-
Total: Madaya Municipality													
B	11864	26.5	5877	18.0	3188	5.4	37676	64.1	58184	-	-	-	-
B	(8104)	-28.3	644	2.5	885	2.4	30180	127.4	28278	-	-	-	-
B	440	4.3	262	1.7	187	1.3	9180	91.5	18478	(6388)	-51.1	-	-
B	2882	6.4	2885	6.9	2414	5.3	37422	89.4	46413	-	-	-	-
C	DC35	4290	3.3	3135	18.5	5298	2.8	146881	77.4	148442	-	-	-
Total: Harry Gwala Municipality													
B	4488	4.8	4829	19.4	11897	3.8	29887	78.6	32919	(8288)	-1.8	-	-
Total	388144	10.9	119797	7.8	88889	4.1	1182878	74.8	1919184	(11877)	-0.9	438498	28.3

Source: MT Publikation

Kategori	Annexure G: Creditors Age Analysis (Total) - 2nd Quarter 2017/18				Total
	0 - 30 Days	30 - 60 Days	60 - 90 Days	Over 90 Days	
A KZN2000 Otherbank	1 465 736	623	987	42 037	1 911 783
B KZN212 uMantoni	4 097	64,3	955	7,4	5 734
B KZN213 uMantaba	-	-	-	-	-
B KZN214 uMakambeni	-	-	-	-	-
B KZN216 Ray Nkomo	27 904	100,0	-	-	27 904
C DC21 Ugu DM	5 954	81,2	731	10,7	6 685
Total Ugu Bankruptcies	38 238	90,8	1 716	13,5	40 954
B KZN221 uMethuli	209	100,0	-	-	209
B KZN222 uMngeni	188	84,4	9	0,7	197
B KZN223 iNkomo	5 867	8,0	1 856	4,7	7 723
B KZN224 iNkomo	-	-	-	-	-
B KZN225 iNkomo	758 817	98,2	9 430	1,2	768 247
B KZN226 iNkomo	-	-	-	-	-
B KZN227 iNkomo	-	-	-	-	-
C DC22 iMqungulu DM	1 010	37,7	148	5,5	1 158
Total iMqungulu Bankruptcies	785 982	88,5	11 448	1,3	897 430
B KZN228 iNkomo	1 250	60,9	1 432	2,2	2 682
B KZN229 iNkomo	15 428	23,4	1 432	2,2	16 860
B KZN236 Alfred Duma	20 797	89,2	926	3,1	21 723
C DC23 UThabane DM	5 705	34,9	3 815	23,3	9 520
B KZN241 eNdlweni	29 273	100,0	-	-	29 273
B KZN242 iNqutu	810	81,0	1	0,1	811
B KZN244 uMngeni	910	100,0	-	-	910
B KZN245 uMhlobo	46	0,4	3	0,0	49
C DC24 uMhlabathini DM	2 781	12 227	31,0	0,1	2 812
Total uMhlabathini Bankruptcies	33 904	48,9	12 227	17,2	46 131
B KZN252 iNkomo	78 773	84,8	252	0,2	79 025
B KZN253 uMhlabathini	292	22,8	20	1,2	312
B KZN254 uMhlabathini	257	1 737	9,0	0,0	266
B KZN255 uMhlabathini	77 968	49,7	2 194	1,6	80 162
Total uMhlabathini Bankruptcies	1 416	1,6	47 308	30,3	48 724
B KZN256 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN257 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN258 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN259 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN260 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN261 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN262 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN263 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN264 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN265 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN266 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN267 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN268 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN269 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN270 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN271 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN272 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN273 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN274 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN275 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN276 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN277 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN278 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN279 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN280 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN281 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN282 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN283 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN284 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN285 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN286 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN287 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN288 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN289 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN290 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN291 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN292 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN293 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN294 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN295 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN296 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN297 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN298 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN299 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN300 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN301 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN302 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN303 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN304 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN305 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN306 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN307 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN308 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN309 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN310 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN311 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN312 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN313 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN314 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN315 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN316 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN317 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN318 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN319 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN320 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN321 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN322 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN323 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN324 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN325 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN326 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN327 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN328 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN329 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN330 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN331 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN332 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN333 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN334 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN335 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN336 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN337 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN338 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN339 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN340 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN341 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN342 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN343 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN344 uMhlabathini	1 416	1,6	47 308	30,3	48 724
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B KZN347 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN348 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN349 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN350 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN351 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN352 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN353 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN354 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN355 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN356 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN357 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN358 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN359 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN360 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN361 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN362 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN363 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN364 uMhlabathini	1 416	1,6	47 308	30,3	48 724
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B KZN366 uMhlabathini	1 416	1,6	47 308	30,3	48 724
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B KZN369 uMhlabathini	1 416	1,6	47 308	30,3	48 724
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B KZN372 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN373 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN374 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN375 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN376 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN377 uMhlabathini	1 416	1,6	47 308	30,3	48 724
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B KZN379 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN380 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN381 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN382 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN383 uMhlabathini	1 416	1,6	47 308	30,3	48 724
B KZN384 uMhlab					

