



treasury

Department:

Treasury

PROVINCE OF KWAZULU-NATAL

CONSOLIDATED MUNICIPAL BUDGETS PERFORMANCE REPORT

2nd Quarter Review

2022/23

MFQR: 31 December 2022

Compiled by: KwaZulu-Natal (KZN) Provincial Treasury

Data Source and Reliability

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This report uses data reported by municipalities by the 10th working day of the month, as required by Section 71(1) of the MFMA. The report has been compiled based on information provided by the municipalities in the form of Municipal Standard Chart of Accounts (mSCOA) data strings, Financial Management Reports (FMR) and other budget performance information for the financial period ended 31 December 2022 from the NT LG Database. Therefore, any queries on the budget, revenue or expenditure figures reflected in the report must be referred to the relevant Municipal Manager or Chief Financial Officer. The quality of the report depends on the reliability and credibility of the information and figures submitted by the municipalities. It is noted that certain municipalities experience challenges with their financial systems as well as with the capturing of financial data in accordance with the mSCOA segments. These problems cause errors in the submitted data strings as well as inaccuracies in the financial information related to misalignment, cash flow and balance sheet budgeting.

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Methodology and Approach

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

The data for the analysis used in this report was extracted from the NT LG Database as reported by municipalities for the financial quarter ended 31 December 2022. The non-delegated municipalities, namely, the eThekweni Metro and the Msunduzi and uMhlathuze Local Municipalities are included in the report. By the time of extracting the second quarter financial information from the NT LG Database on 19 January 2023, some municipalities may not have corrected any errors in their monthly MFMA Section 71 performance data strings. Such errors may have distorted the reporting of the budget performance as at the end of the second quarter for the respective municipalities, the district totals and the aggregated provincial total.

All municipalities should have generated and spent approximately 50 percent based on a straight line projection of their 2022/23 Approved Budgets or Adjusted Budgets as at the end of the second quarter of the 2022/23 financial year.

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1. Introduction

This consolidated municipal budget performance review covers the financial performance of municipalities in KZN as at the end of the second quarter of the 2022/23 financial year ended 31 December 2022.

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

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

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

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

It should be noted that subsequent to the flooding which affected a number of areas around the KwaZulu-Natal Province, National Treasury authorised the transfer of funds from the Municipal Disaster Response Grant to a number of affected municipalities in the province to enable the municipalities to respond to the disaster in terms of the Disaster Management Act, Act No. 57 of 2002. The following four municipalities have passed Adjustments Budgets as a result of the transfer of funds:

1. Ray Nkonyeni Local Municipality;
2. Alfred Duma Local Municipality;
3. KwaDukuza Local Municipality; and
4. iLembe District Municipality.

The MFMA Section 71 performance will therefore be compared to the KZN Provincial Adjusted Budget total in order to reflect the most accurate year to date performance.

Legislative Framework

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

2. District Overview

2.1 Operating Revenue

Table 1: Operating Revenue per source and per district as at the end of Quarter 2 – 2022/23

R'000	Original Budget	Adjusted Budget	Unaudited Actual	% Generated	Detail						
					Property rates	Service charges			Transfers and subsidies ²	Other own revenue	Other revenue ³
						Electricity revenue	Water revenue	Other ¹			
eThekwini	46 326 594	46 326 594	25 602 503	55.3	6 446 770	7 919 758	2 989 592	1 184 613	3 153 488	2 617 814	1 290 469
Ugu	3 155 465	3 155 465	1 847 330	58.5	408 507	94 671	158 064	101 186	954 401	32 005	98 496
uMgungundlovu	9 648 612	9 648 612	4 838 242	50.1	884 265	1 493 480	628 290	184 786	1 408 377	58 587	180 458
uThukela	2 941 851	2 957 545	1 724 969	58.3	232 734	356 367	118 678	17 313	870 316	22 830	106 730
uMzinyathi	1 910 363	1 910 363	884 217	46.3	114 212	113 877	33 246	24 867	560 867	5 205	31 942
Amajuba	3 261 178	3 261 178	1 383 882	42.4	219 700	397 910	126 171	125 740	478 514	7 461	28 385
Zululand	2 533 006	2 533 006	1 574 442	62.2	191 899	166 144	40 994	50 885	1 083 411	3 739	37 369
uMkhanyakude	1 716 626	1 716 626	1 161 221	67.6	80 080	1 143	12 535	6 309	1 025 041	5 036	31 077
King Cetshwayo	6 373 654	6 394 781	3 544 240	55.4	478 206	1 005 075	298 376	147 240	1 293 625	28 153	293 566
iLembe	4 073 795	4 081 646	2 293 742	56.2	364 003	481 578	133 887	82 977	1 095 398	36 581	99 318
Harry Gwala	1 665 584	1 665 584	1 043 983	62.7	120 432	88 040	31 036	21 071	734 979	3 109	45 316
Total	83 606 727	83 651 399	45 898 770	54.9	9 540 807	12 118 043	4 570 869	1 946 988	12 658 418	2 820 519	2 243 126

Source: NT Igdatabase, downloaded 19 January 2023.

1 Include Service charges revenue for Sanitation and Refuse.

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

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

- In aggregate, municipalities in KwaZulu-Natal generated *Operating revenue* amounting to R45.9 billion or 54.9 percent of their Adjusted Budgets of R83.7 billion as at the end of December 2022 which is above the straight-line projection of 50 percent expected at the end of the second quarter of the 2022/23 financial year. The *Operating revenue* over generation reported is attributed to the fact that municipalities have already received two of the three Equitable share tranches as at the end of second quarter of the 2022/23 financial year.
- The eThekwini Metro with R25.6 billion or 55.8 percent contributed the most towards the total *Operating revenue* of R45.9 billion followed by the uMgungundlovu District with R4.8 billion or 10.5 percent. It should be noted that the Msunduzi Local Municipality contributed R3.4 billion or 70.7 percent towards the total revenue reported by the uMgungundlovu District. The King Cetshwayo District contributed R3.5 billion or 7.7 percent towards the total *Operating revenue* of R45.9 billion which is attributed to the uMhlathuze Local Municipality having reported R2.3 billion or 64.4 percent of the total revenue reported by the district. The non-delegated municipalities are considered to be significant contributors to the total revenue generated as they are densely populated cities with a large number of consumers.
- The uMzinyathi District with R884.2 million or 1.9 percent contributed the least towards the total *Operating revenue*. This is due to the Nquthu Local Municipality and uMzinyathi District Municipality reporting total *Operating revenue* of only R90.8 million (33.5 percent of the Adjusted Budget of R271.2 million) and R238.6 million (40.7 percent of the Adjusted Budget of R585.5 million) respectively as at the end of December 2022. The Nquthu Local Municipality attributed the low *Operating revenue* reported to over budgeting. The uMzinyathi District Municipality indicated that the low *Operating revenue* reported is due to high number of water shedding that prevents the effective implementation of the credit control process.
- *Transfers and subsidies* contributed the most towards *Operating revenue* as at the end of the second quarter of the 2022/23 financial year with R12.7 billion or 27.6 percent followed by *Service charges – electricity* of R12.1 billion or 26.4 percent. *Service charges – other* contributed the least towards *Operating revenue* generated with R1.9 billion or 4.2 percent.
- Of the 54 municipalities in KZN, 38 municipalities are grant dependent as their own revenue generated is less than 50 percent of their total Adjusted Budget for *Operating revenue* for the 2022/23 financial year.

2.2 Operating Expenditure

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

R'000	Original Budget	Adjusted 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
eThekwini	45 837 892	45 837 892	22 147 008	48.3	6 038 214	67 579	807 176	1 353 768	465 615	6 845 560	2 605 357	1 147 013	2 816 727
Ugu	3 392 748	3 392 748	1 578 472	46.5	622 716	44 788	5 311	197 003	2 654	79 901	318 222	233 533	74 343
uMgungundlovu	8 681 796	8 681 796	4 038 314	46.5	1 139 511	54 622	87 268	263 141	33 537	1 407 806	455 276	203 549	393 603
uThukela	3 127 427	3 143 121	1 260 927	40.1	520 815	27 626	(1)	68 815	561	301 869	157 444	142 542	41 256
uMzinyathi	2 016 866	2 016 866	729 861	36.2	269 975	11 639	(1 481)	60 842	6 117	53 057	169 665	104 199	55 846
Amajuba	3 458 734	3 458 734	1 387 997	40.1	422 921	26 914	47 674	195 652	5 366	294 478	227 185	79 716	88 092
Zululand	2 425 754	2 425 754	1 261 891	52.0	471 721	40 916	6 109	77 472	11 979	211 941	220 495	178 170	43 090
uMkhanyakude	1 655 428	1 655 428	653 772	39.5	271 950	31 447	12 395	49 098	964	1 696	88 665	140 268	57 290
King Cetshwayo	6 636 595	6 738 504	3 300 453	49.0	830 191	52 048	134 969	261 407	38 493	696 337	386 722	339 903	560 382
iLembe	4 096 176	4 103 008	1 859 133	45.3	499 662	43 670	21 647	146 896	11 305	478 988	320 485	180 009	156 472
Harry Gwala	1 844 388	1 844 388	858 631	46.6	341 887	28 807	8 697	99 295	332	88 164	153 463	110 816	27 171
Total	83 173 806	83 298 241	39 076 458	46.9	11 429 562	430 055	1 129 764	2 773 389	576 922	10 459 797	5 102 979	2 859 717	4 314 272

Source: NT Igdatabase, downloaded 19 January 2023.

¹ Include Inventory consumed, Transfers and subsidies and Losses.

- In aggregate, municipalities in KwaZulu-Natal incurred *Operating expenditure* amounting to R39.1 billion or 46.9 percent of their Adjusted Budgets of R83.3 billion as at the end of December 2022 which is less than the straight-line projection of 50 percent expected at the end of the second quarter of the 2022/23 financial year.
- The eThekwini Metro with R22.1 billion or 56.7 percent contributed the most towards the total *Operating expenditure* of R39.1 billion followed by the uMgungundlovu District with R4 billion or 10.3 percent. It should be noted that the Msunduzi Local Municipality contributed the most towards the total expenditure reported by the uMgungundlovu District with R3 billion or 74.8 percent.
- The King Cetshwayo District contributed R3.3 billion or 8.4 percent towards the total *Operating expenditure* of R39.1 billion which can be attributed to the uMhlathuze Local Municipality having reported R2.2 billion or 67.9 percent of the total expenditure reported by the district.
- The uMkhanyakude District with R653.8 million or 1.7 percent contributed the least to the total *Operating expenditure* of R39.1 billion which is due to the uMkhanyakude District Municipality (32.5 percent) and the uMhlabuyalingana (34.7 percent), Mtubatuba 37.2 percent) and Big Five Hlabisa (39 percent) Local Municipalities reporting expenditure of less than 40 percent as at the end of December 2022. The uMkhanyakude District Municipality indicated that the low *Operating expenditure* reported is due to inaccurate reporting. The uMhlabuyalingana and Big Five Hlabisa Local Municipalities indicated that the low *Operating expenditure* reported is due to the fact that municipalities did not report most expenditure for non-cash items as at the end of the second quarter of the 2022/23 financial year. The Mtubatuba Local Municipality indicated the low expenditure reported is due to implementation of cost cutting measures on certain expenditure line items.
- *Operating expenditure* continues to be driven mainly by *Employee related costs* as well as *Bulk purchases* which contributed R11.4 billion or 29.2 percent and R10.5 billion or 26.8 percent respectively towards the total *Operating expenditure*. It should however be noted that the reported expenditure for *Employee related costs* of R11.4 billion appears to be understated as the uMsinga Local Municipality reported only R1.1 million as the end of the second quarter of the 2022/23 financial year whilst the Nkandla Local Municipality reported expenditure of negative R5.5 million which is due to a system related error.
- *Remuneration of councillors* of R430.1 million or 1.1 percent contributed the least towards the total *Operating expenditure*. It should however be noted that the reported expenditure of R430 million also appears to be understated as the uMsinga Local Municipality did not report any expenditure against the *Remuneration of councillors* as the end of the second quarter of the 2022/23 financial year

2.3 Capital Revenue

Table 3: Capital Revenue (Source of Finance) per district as at the end of Quarter 2 – 2022/23

R'000	Original Budget	Adjusted Budget	Unaudited Actual	% Generated	Detail			
					Transfers recognised - capital ¹	Borrowing	Internally generated funds	Public contr. and donations
eThekweni	5 589 511	5 589 511	1 372 858	24.6	736 264	399 333	237 262	-
Ugu	724 407	741 015	311 215	42.0	238 582	1 268	71 366	-
uMgungundlovu	1 157 314	1 157 314	228 638	19.8	167 278	-	61 360	-
uThukela	517 680	517 680	157 828	30.5	137 084	-	20 744	-
uMzinyathi	425 530	425 530	188 464	44.3	155 199	-	33 265	-
Amajuba	423 172	423 172	130 870	30.9	111 240	-	19 631	-
Zululand	551 433	551 433	278 877	50.6	260 879	-	17 998	-
uMkhanyakude	448 184	448 184	97 198	21.7	90 014	-	7 184	-
King Cetshwayo	1 490 894	1 725 618	729 276	42.3	317 433	277 924	133 920	-
iLembe	1 044 755	1 150 594	395 032	34.3	276 080	-	118 952	-
Harry Gwala	700 961	700 961	250 120	35.7	207 095	-	43 025	-
Total	13 073 841	13 431 013	4 140 378	30.8	2 697 147	678 525	764 706	-

Source: NT Igdatabase, downloaded 19 January 2023.

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

- Municipalities in KwaZulu-Natal generated *Capital revenue* of R4.1 billion or 30.8 percent of their Adjusted Budgets of R13.4 billion at an aggregate level to fund their *Capital expenditure* as at the end of December 2022 which is significantly below the straight-line projection of 50 percent expected at the end of the second quarter of the 2022/23 financial year. The low *Capital revenue* of R4.1 billion or 30.8 percent reported by KwaZulu-Natal municipalities is primarily attributable to delays in Supply Chain Management (SCM) processes and inaccurate reporting by a number of municipalities.
- The eThekweni Metro with R1.4 billion or 33.2 percent contributed the most towards the total *Capital revenue* followed by the King Cetshwayo District with R729.3 million or 17.6 percent.
- It should be noted that the uMgungundlovu District Municipality reported *Capital revenue* of negative R75.9 million as a result of incorrect reporting due to the configuration of the financial systems which has also distorted the provincial total average as at the end of the second quarter of the 2022/23 financial year.
- It is concerning to note that the uMngeni Local Municipality (2.8 percent) and the uThukela District Municipality (8.2 percent) generated *Capital revenue* of less than 10 percent as at the end of the second quarter of the 2022/23 financial year. The uMngeni Local Municipality indicated that low revenue reported is due to delays in SCM processes and the uThukela District Municipality indicated that the low revenue reported is due to inaccurate reporting
- The highest contributor towards the total *Capital revenue* as at the end of the second quarter of the 2022/23 financial year was *Transfers recognised – capital* with R2.6 billion or 65.1 percent followed by *Internally generated funds* of R764.7 million or 18.5 percent. *Borrowing* with R678.5 million or 16.4 percent contributed the least towards the total *Capital revenue* as at the end of second quarter of the 2022/23 financial year. The *Internally generated funds* category is understated as a result of incorrect reporting by the uMgungundlovu District Municipality reporting negative R1.6 million while uMkhanyakude District Municipality did not report any revenue as the municipality did not budget to use this source of funding for the 2022/23 financial year.
- The uMngeni Local Municipality and the uThukela District Municipality reported the least amounts of R7 302 and R1 925 respectively on *Internally generated funds*. The under recognition on *Internally generated funds* was attributed to delays in SCM processes and inaccurate reporting by the respective municipalities.

2.4 Capital Expenditure

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

R'000	Original Budget	Adjusted Budget	Unaudited Actual	% Spent	Detail									
					Governance and Admin. ¹	Community and Public Safety			Economic and Environmental Services		Trading Services			Other
						Housing	Health	Other ²	Road Transport	Other ³	Electricity	Water and Waste Water Mgt.	Waste Mgt	
eThekweni	5 589 511	5 589 511	1 372 858	24.6	89 501	117 965	813	47 304	487 654	55 051	159 565	369 364	45 326	316
Ugu	724 407	741 015	311 215	42.0	13 097	5	-	24 957	113 608	52 183	5 243	101 472	651	-
uMgungundlovu	1 156 879	1 156 879	251 696	21.8	13 232	5 178	-	33 763	127 008	25 877	47 699	(4 300)	-	3 239
uThukela	517 680	517 680	157 828	30.5	10 962	140	-	2 274	22 285	87 064	13 131	21 796	118	58
uMzinyathi	425 530	425 530	188 464	44.3	7 987	-	-	14 444	60 842	3 045	1 636	99 755	755	-
Amajuba	428 502	428 502	132 056	30.8	(1 428)	-	-	1 647	27 465	33 570	6 271	62 134	340	2 058
Zululand	551 433	551 433	278 377	50.5	8 721	-	-	38 884	65 824	20 199	5 908	138 840	-	-
uMkhanyakude	448 184	448 184	97 137	21.7	6 115	-	-	21 047	28 297	11 064	-	28 363	10	2 242
King Cetshwayo	1 490 894	1 725 618	729 276	42.3	56 287	-	-	90 559	72 979	1 016	46 338	446 718	12 718	2 663
iLembe	1 044 755	1 150 594	395 032	34.3	12 076	1 682	-	28 334	108 832	36 562	43 508	157 980	6 059	-
Harry Gwala	700 961	700 961	250 087	35.7	8 120	16 880	-	25 915	40 537	14 405	20 272	114 484	9 474	-
Total	13 078 737	13 435 908	4 164 026	31.0	224 669	141 849	813	329 126	1 155 331	340 034	349 571	1 536 607	75 450	10 576

Source: NT Igdatabase, downloaded 19 January 2023.

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

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

3 Include Planning and development and Environmental protection.

- Municipalities in KwaZulu-Natal incurred *Capital expenditure* of R4.2 billion or 31 percent in aggregate against their Adjusted Budgets of R13.4 billion as at the end of December 2022 which is significantly below the straight-line projection of 50 percent expected at the end of the second quarter of the 2022/23 financial year. The low *Capital expenditure* of R4.2 billion or 31 percent reported by KwaZulu-Natal municipalities is primarily attributable to delays in SCM processes and inaccurate reporting by a number of municipalities.
- It should be noted that the uMgungundlovu District Municipality reported *Capital expenditure* of negative R75.9 million as a result of incorrect reporting which has distorted the provincial total as at the end of the second quarter of the 2022/23 financial year. The uMgungundlovu District Municipality is in the process of correcting the reporting with the assistance of their service provider.
- The eThekweni Metro with R1.4 billion or 33 percent contributed the most towards the total *Capital expenditure* of R4.2 billion followed by the King Cetshwayo District with *Capital expenditure* of R729.3 million or 17.5 percent.
- The uMkhanyakude District contributed the least towards the total *Capital expenditure* with R97.1 million or 2.3 percent due to the uMkhanyakude District Municipality reporting only R28.4 million or 10.4 percent of the Adjusted Budget of R271.7 million. The municipality indicated that the low *Capital expenditure* is due to projects that did not commence timeously due to delays in the appeal process. Furthermore, the municipality was put on a cost re-imburement model which delayed payments to service providers and in turn delaying the implementation.
- The bulk of the total *Capital expenditure* as at the end of the second quarter of the 2022/23 financial year was spent on *Water and Waste Water management* with R1.5 billion or 36.9 percent with the King Cetshwayo District contributing the most in this category with R446.7 million or 29.1 percent. It should be noted that *Water and Waste water management* was understated as a result of the uMgungundlovu District Municipality incorrectly reporting negative R74.3 million for *Water services*. The second highest contributor towards *Capital expenditure* was *Road transport* with R1.2 billion or 27.7 percent.
- The lowest contributor towards the total *Capital expenditure* was *Health service* with an amount of R813 323 or 0.02 percent that was reported by the eThekweni Metro as at the end of the second quarter of the 2022/23 financial year.

2.5 Debtors Age Analysis

Table 5: Debtor Age Analysis per district (Total) as at the end of Quarter 2 – 2022/23

R'000	0 - 30 Days		30 - 60 Days		60- 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
eThekwini	2 449 818	10.9	1 098 087	4.9	842 062	3.8	17 983 757	80.4	22 373 724
Ugu	120 588	6.6	66 544	3.6	60 920	3.3	1 585 805	86.5	1 833 858
uMgungundlovu	506 932	7.5	162 038	2.4	173 876	2.6	5 902 027	87.5	6 744 873
uThukela	101 166	4.5	64 814	2.9	58 573	2.6	2 003 190	89.9	2 227 743
uMzinyathi	33 005	3.9	21 579	2.6	18 376	2.2	763 207	91.3	836 167
Amajuba	77 754	4.7	40 744	2.4	43 386	2.6	1 505 265	90.3	1 667 149
Zululand	61 520	4.9	24 705	1.9	27 691	2.2	1 153 021	91.0	1 266 937
uMkhanyakude	7 119	1.0	10 367	1.4	7 187	1.0	695 714	96.6	720 387
King Cetshwayo	382 310	29.4	71 109	5.5	60 207	4.6	788 818	60.6	1 302 445
iLembe	92 954	6.9	44 666	3.3	45 436	3.4	1 163 756	86.4	1 346 813
Harry Gwala	26 052	5.6	21 036	4.6	9 956	2.2	404 295	87.6	461 340
Total	3 859 218	9.5	1 625 689	4.0	1 347 672	3.3	33 948 856	83.2	40 781 434

Source: NT Igdatabase, downloaded 19 January 2023.

Table 6: Debtors by Customer Group (Total) as at the end of Quarter 2 – 2022/23

R'000	Organs of State		Commercial		Household		Other ¹		Total
	Total	%	Total	%	Total	%	Total	%	
eThekwini	995 059	4.4	5 356 022	23.9	15 955 029	71.3	67 613	0.3	22 373 724
Ugu	155 692	8.5	300 480	16.4	1 372 576	74.8	5 110	0.3	1 833 858
uMgungundlovu	243 940	3.6	896 183	13.3	5 273 840	78.2	330 909	4.9	6 744 873
uThukela	410 589	18.4	444 831	20.0	1 347 957	60.5	24 367	1.1	2 227 743
uMzinyathi	129 479	15.5	108 858	13.0	579 205	69.3	18 625	2.2	836 167
Amajuba	71 665	4.3	107 313	6.4	1 409 240	84.5	78 930	4.7	1 667 149
Zululand	196 737	15.5	218 378	17.2	788 948	62.3	62 874	5.0	1 266 937
uMkhanyakude	161 941	22.5	189 631	26.3	321 284	44.6	47 531	6.6	720 387
King Cetshwayo	555 754	42.7	306 978	23.6	400 416	30.7	39 297	3.0	1 302 445
iLembe	105 615	7.8	158 290	11.8	1 073 491	79.7	9 417	0.7	1 346 813
Harry Gwala	81 473	17.7	64 196	13.9	290 221	62.9	25 449	5.5	461 340
Total	3 107 945	7.6	8 151 162	20.0	28 812 206	70.7	710 122	1.7	40 781 434

Source: NT Igdatabase, downloaded 19 January 2023.

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

- The total debt owed to municipalities at the end of the second quarter of the 2022/23 financial year was R40.8 billion which represents an increase of R485.3 million or 1.2 percent from R40.3 billion reported by municipalities as at the end of the first quarter of the 2022/23 financial year.
- At the end of the second quarter of the 2022/23 financial year, a substantial amount of debt totalling R33.9 billion or 83.2 percent was outstanding in the *Over 90 Days* category which represents an increase of R1.9 billion or 6 (six) percent from R32 billion reported in the same age category as at the end of the first quarter of the 2022/23 financial year. As at 31 December 2022, the remaining Debtors per age category were as follows: *0-30 Days*: R3.9 billion or 9.5 percent; *30-60 Days*: R1.6 billion or 4 percent; and *60-90 Days*: R1.3 billion or 3.3 percent.
- The uMngeni and Richmond Local Municipalities did not report any Debtors as at 31 December 2022. As a result, the total Debtors as at 31 December 2022 may be understated.
- All the districts, including the eThekwini Metro, reported their highest outstanding Debtors in the *Over 90 Days* category. The King Cetshwayo District reported the least Debtors of 60.6 percent against this category.
- The Debtors Age Analysis by *Customer group* indicates that a considerable portion of debt is owed by *Households* at R28.8 billion or 70.7 percent followed by *Commercial* at R8.2 billion or 20 percent.
- The total owed by the *Organs of State Debtors Customer group* is R3.1 billion which represents a decrease of R532.4 million or 14.6 percent from R3.6 billion reported by municipalities as at the end of the first quarter of the 2022/23 financial year.

- The total owed by *Other Debtors Customer group* is R710.1 million which represent a decrease of R25.2 million or 3.4 percent from R735.4 million reported by municipalities as at the end of the first quarter of the 2022/23 financial year.
- Debt collection efforts by municipalities must focus on these long outstanding debts, however some of these Debtors may still need to be written off as they may have arisen as a result of the incorrect billing of Indigent customers, amongst others. Municipalities are encouraged to update their Indigent registers to determine households that qualify for rebates and discounts with the aim of ensuring that Debtors are accurately billed and reported. The continued increase in the level of debt owed to municipalities is noted with concern as the municipalities should be implementing effective debt management and credit control measures in order to improve their Debtors collection rates, which in turn will have a positive impact on their cash flows.

2.6 Creditors Age Analysis

Table 7: Creditor Age Analysis per district (Total) as at the end of Quarter 2 – 2022/23

R'000	0 - 30 Days		30 - 60 Days		60- 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
eThekwini	1 533 760	97.9	218	0.0	3 720	0.2	28 589	1.8	1 566 287
Ugu	18 753	6.0	2 125	0.7	3 272	1.1	287 358	92.2	311 508
uMgungundlovu	(453 273)	72.1	(173 931)	27.7	(68 525)	10.9	66 756	(10.6)	(628 973)
uThukela	16 171	45.4	5 708	16.0	3 435	9.6	10 327	29.0	35 641
uMzinyathi	27 905	9.3	25 449	8.5	26 819	9.0	219 301	73.2	299 474
Amajuba	39 027	14.6	594	0.2	103	0.0	227 292	85.1	267 016
Zululand	28 519	12.8	15 254	6.9	7 910	3.6	170 435	76.7	222 118
uMkhanyakude	(12 786)	(8.5)	(4 806)	(3.2)	(6 971)	(4.6)	174 706	116.4	150 143
King Cetshwayo	173 208	40.9	59 334	14.0	43 835	10.4	146 720	34.7	423 098
iLembe	33 992	88.4	1 666	4.3	584	1.5	2 191	5.7	38 433
Harry Gwala	19 731	74.7	516	2.0	438	1.7	5 743	21.7	26 428
Total	1 425 006	52.6	(67 874)	(2.5)	14 620	0.5	1 339 419	49.4	2 711 172

Source: NT Igdatabase, downloaded 19 January 2023.

Table 8: Creditor Per category (Total) as at the end of Quarter 2 - 2022/23

R' 000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditor Age Analysis										
Bulk Electricity	683 608	64.7	(175 406)	(16.6)	14 725	1.4	532 946	50.5	1 055 873	38.9
Bulk Water	238 973	72.6	62 383	19.0	(29 696)	(9.0)	57 436	17.5	329 095	12.1
PAYE deductions	159 446	91.7	14 452	8.3	-	-	0	0.0	173 898	6.4
VAT (output less input)	19 662	99.2	156	0.8	-	-	-	-	19 817	0.7
Pensions / Retirement	169 315	98.2	899	0.5	28	0.0	2 191	1.3	172 434	6.4
Loan repayments	(466)	20.5	(1 449)	63.7	-	-	(360)	15.8	(2 275)	(0.1)
Trade Creditors	113 000	18.3	41 643	6.7	(5 230)	(0.8)	468 087	75.8	617 500	22.8
Auditor-General	(1 575)	(37.0)	3 481	81.7	983	23.1	1 374	32.2	4 263	0.2
Other ¹	43 044	12.6	(14 033)	(4.1)	33 810	9.9	277 745	81.6	340 566	12.6
Total	1 425 006	52.6	(67 874)	(2.5)	14 620	0.5	1 339 419	49.4	2 711 172	100.0

Source: NT Igdatabase, downloaded 19 January 2023.

¹ Include Misclassifications of Trade Creditors and Retentions.

- The total debt owed by municipalities at the end of the second quarter of the 2022/23 financial year was R2.7 billion which represents a significant decrease of R2.7 billion or 49.6 percent from R5.4 billion owed by municipalities as at end of the first quarter of the 2022/23 financial year.
- At the end of the second quarter of the 2022/23 financial year, a substantial amount of debt totalling R1.3 billion or 49.4 percent was outstanding in the *Over 90 Days* category representing a decrease of R1.2 billion or 46.9 percent from R2.5 billion reported in the same category as at the end of the first quarter of the 2022/23 financial year. It is still concerning that R1.3 billion or 47.4 percent of the debt owed by municipalities was outstanding for longer than 30 days in contravention of Section 65(2)(e) of the MFMA.
- The uMgungundlovu District reflected negative R453.3 million in the *0 to 30 Days* category, negative R173.9 million in the *30 to 60 Days* category and negative R68.5 million in the *60 to 90 Days* category. This is mainly due to the iMpendle, Msunduzi and Mkhambathini Local Municipalities reporting negative figures as a result of incorrect reporting.
- The uMkhanyakude District reflected Creditors of negative R12.8 million in the *0 to 30 Days* category, negative R4.8 million in the *30 to 60 Days* category and negative R7 million in the *60 to 90 Days* category mainly as a result of all the municipalities in the district except for the Jozini Local Municipality reporting negative Creditors in these categories. The incorrect reporting by the uMhlabuyalingana, Big Five Hlabisa and Mtubatuba Local Municipalities as well as uMkhanyakude District Municipality was due to challenges with the financial system.
- The majority of the outstanding *Creditors* relate to *Bulk electricity* of R1.1 billion or 38.9 percent followed by *Trade Creditors* of R617.5 million or 22.8 percent.
- Of the *Bulk electricity* outstanding *Creditors* balance of R1.1 billion, R532.9 million was in the *Over 90 Days category*. This was mainly due to the fact that the Mpozana, Ulundi and Abaqulusi Local

Municipalities reported amounts in the *Over 90 Days* category owing to Eskom of R354.1 million, R145.6 million and R29.8 million respectively for unpaid electricity. Due to the poor collection of outstanding Debtors, the municipalities experienced cash flow challenges and were therefore unable to make full payment on invoices owed to Eskom. A repayment plan is still being negotiated between Mpofana Local Municipality and Eskom. Additionally, as per the MFMA Section 41 Report for December 2022, the Mpofana Local Municipality agreed to enter into an active partnering agreement with Eskom and a feasibility analysis has begun. As per the MFMA Section 41 Report for December 2022, the Ulundi Local Municipality was on load reduction and subsequently made significant payments. A new payment arrangement is under development and negotiations continue to be held between the Ulundi Local Municipality and Eskom according to the Intergovernmental Relations Framework Act, Act 13 of 2005 (IRFA). According to the MFMA Section 41 Report for December 2022, a new payment arrangement is currently under development for the AbaQulusi Local Municipality.

- The eNdumeni and the Newcastle Local Municipalities did not report the balances owed to Eskom in their MFMA Section 71 data string however, as per the MFMA Section 41 Report for December 2022 it was noted that the eNdumeni and the Newcastle Local Municipalities owed Eskom R93.3 million and R79.2 million for unpaid Bulk electricity respectively as at the end of December 2022. The MFMA Section 41 Report for December 2022 indicated that the eNdumeni Local Municipality was on load reduction and subsequently made significant payments. A new payment arrangement is under development and negotiations continue to be held between the eNdumeni Local Municipality and Eskom according to the IRFA. The Newcastle Local Municipality is honouring the payment agreement with Eskom.
- The outstanding *Creditors* relating to *Trade Creditors Bulk water* amounted to R617.5 million or 22.8 percent of the Total Creditors. Of the *Trade Creditors* outstanding balance of R617.5 million, R468.1 million was in the *Over 90 Days category* representing a decrease of R239.7 million or 33.9 percent from R707.8 million reported in the same category as at the end of the first quarter of the 2022/23 financial year.
- The outstanding *Creditors* relating to *Bulk water* amounted to R329.1 million or 12.1 percent of the Total Creditors for the second quarter of the 2022/23 financial year. This was mainly due to the fact that the Ugu, King Cetshwayo, Amajuba and uMkhanyakude District Municipalities reported amounts owing for *Bulk water* of R192.2 million, R110 million, R30.4 million and R16.2 million respectively for unpaid *Bulk water* in the *Over 90 Days* category.
- Umgeni Water indicated in their MFMA Section 41 Report for December 2022 that a revised payment plan was received on 26 April 2022 from the Ugu District Municipality and is currently being monitored for compliance wherein payment is expected on the 15th of every month. The municipality is currently honouring the repayment plan.
- As per Umgeni Water MFMA Section 41 Report a notice of intention to restrict water supply was issued to the King Cetshwayo District Municipality as a result of non-payment towards the long outstanding amounts owed to Umgeni Water. The Department of Co-operative Governance and Traditional Affairs (COGTA) facilitated the discussions with the Umgeni Water and the municipality to resolve the overdue debt and the contractual disputes, however no resolution has been reached. The district municipality processed a payment of R44.6 million in December 2022.
- The Amajuba District Municipality also reported outstanding amounts in the *Over 90 Days category*. According to the municipality, this relates to *Bulk water* owed to uThukela Water which has been outstanding from prior years and has been carried over to the current financial year. The municipality currently has a payment arrangement of R520 000 per month with uThukela Water which commenced at the end of August 2022.
- The uMkhanyakude District Municipality indicated that the long outstanding *Creditors* are made up of Mhlathuze Water debt of R20 million and Department of Water and Sanitation (DWS) debt of R100 million. The municipality also indicated that there is a payment agreement in place with Mhlathuze Water while the DWS is yet to finalise the agreement with the municipality.

- It was also noted that Msunduzi Local Municipality incorrectly reported a negative R308.1 million for *Bulk water*. As per Umgeni Water in their MFMA Section 71 for December 2022, it was noted that the municipality owed R209.5 million for unpaid *Bulk water* in the *Over 90 Days category*. According to the MFMA Section 41 Report for December 2022 from Umgeni Water, the Msunduzi Local Municipality presented a revised payment plan scenario on 05 August 2022. According to Umgeni Water, the payment plan is not being honoured and bulk water restrictions will be pursued.
- The uThukela District Municipality did not report the balance owed to Umgeni Water in their MFMA Section 71 data string, however as per the MFMA Section 41 Report for December 2022, it was noted that the uThukela District Municipality owed the water board R192.5 million for unpaid *Bulk water*. The overdue amounts are subject to the mediation process in terms of the IRFA.

2.7 National Conditional Grants

Table 9: National Conditional Grants -Summary, Quarter 2 – 2022/23

R'000	DoRA 2022 Total Avail. (Inc. Adjust.)	Unaudited Actual	
		Actual expenditure by municipalities	% Spent
Local Government Financial Management Grant	112 772	41 541	36.8
Infrastructure Skills Development Grant	40 000	16 510	41.3
Neighbourhood Development Partnership (Schedule 5B)	485 868	223 177	45.9
Integrated Urban Development Grant	228 532	35 556	15.6
Municipal Disaster Recovery Grant	26 023	-	-
Public Transport Network Grant	863 393	236 686	27.4
Rural Road Assets Management Systems Grant	25 870	2 800	10.8
Expanded Public Works Programme Integrated Grant (Municipality)	218 806	70 022	32.0
Integrated National Electrification Programme (Municipal) Grant	480 216	141 213	29.4
Energy Efficiency and Demand Side Management (Municipal) Grant	33 000	5 850	17.7
Regional Bulk Infrastructure Grant (Schedule 5B)	228 810	79 992	35.0
Water Services Infrastructure Grant (Schedule 5B)	939 400	126 258	13.4
Metro Informal Settlements Partnership Grant	727 265	214 475	29.5
Programme and project support preparation grant	61 324	-	-
Municipal Infrastructure Grant	3 663 143	1 429 327	39.0
Subtotal	8 134 422	2 623 407	32.3
Allocation In Kind			
Neighbourhood Development Partnership (Schedule 6B)	45 226	-	-
Municipal Systems Improvement Grant (Schedule 6B)	35 036	-	-
Integrated National Electrification Programme (Allocation in-kind) Grant	741 431	-	-
Subtotal	821 693		
Total	8 956 115	2 623 407	29.3

Source: NT Igdatabase, downloaded 19 January 2023.

- In terms of the Division of Revenue Act, Act No. 4 of 2022 (DoRA), direct allocations to all 54 municipalities in KwaZulu-Natal, including the eThekweni Metro amounted to R8.1 billion, while allocations in-kind amounted to R821.7 million, totalling R9 billion. Municipalities have reflected spending of only R2.6 billion or 32.3 percent against the total direct allocation of R8.1 billion which is primarily attributable to delays in SCM processes and inaccurate reporting for a number of municipalities.
- The total Municipal Infrastructure Grant (MIG) allocation to all the municipalities within the province was R3.7 billion, excluding allocations to the uMhlathuze and Ray Nkonyeni Local Municipalities as well as the eThekweni Metro. The eThekweni Metro receives the Programme and Project Preparation Support Grant (PPPSG) while the uMhlathuze and Ray Nkonyeni Local Municipalities receive the Integrated Urban Development Grant (IUDG), therefore none of these municipalities receive the MIG allocation.
- As at the end of the second quarter of the 2022/23 financial year, a total of R1.4 billion or 39 percent was spent of the total MIG allocations by the municipalities.
- The total IUDG allocation to the Ray Nkonyeni and uMhlathuze Local Municipalities was R228.5 million of which, R35.6 million or 15.6 percent was spent as at the end of the second quarter of the 2022/23 financial year.
- According to the 2022 DoRA, the Integrated City Development Grant (ICDG) has been repurposed into the Programme and Project Support Preparation Grant (PPSPG) allocation. The eThekweni Metro was allocated R61.3 million for this grant for the 2022/23 financial year but has not reported any spending against the allocation as at the end of second quarter of the 2022/23 financial year.
- A total of 15 municipalities reported expenditure less than 45 percent against their MIG allocations for the 2022/23 financial year as at the end of December 2022. The uMshwathi, eNdumeni, eMadlangeni Local Municipalities and the uThukela and uMkhanyakude District Municipalities reported no expenditure against their MIG allocations. The uMgungundlovu District Municipality as well as the iNkosi Langalibalele and Mtubatuba Local Municipalities reported negative expenditure of R65.3

million, R14.7 million and R10.5 million respectively due to challenges with their financial systems. The uMgungundlovu District Municipality as well as the iNkosi Langalibalele and Mtubatuba Local Municipalities are in the process of correcting the reporting with the assistance of their service provider.

- The total Water Services Infrastructure Grant (WSIG) allocation to the municipalities within the province was R939.4 million. As at the end of the second quarter of the 2022/23 financial year, a total of R126.3 million or 13.4 percent was reported against the allocations to municipalities. It should however be noted that the reported expenditure is understated as the uMgungundlovu District Municipality incorrectly reported a negative expenditure of R85.2 million for WSIG which distorted the total expenditure reported as at the end of the second quarter of the 2022/23 financial year.

2.8 Criteria for determining serious financial problems

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

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

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

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

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

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

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

The results of the assessment against the above criteria are set out in Annexure J, however, the reliability and credibility of the MFMA Section 71 reports are a serious concern for KZN Provincial Treasury due to the quality of the data strings submitted by municipalities. It is noted that certain municipalities experience challenges with their financial systems as well the capturing of financial data in accordance with the mSCOA segments. These problems cause errors in the data strings submitted by municipalities as well as inaccuracies in the financial information relating to cash flow (reflecting unrealistic Cash and cash equivalents balances) and balance sheet budgeting. As a result, some of the municipalities identified as having serious financial problems based on the MFMA Section 71 reports are questionable. For example, 34 municipalities in the province have been flagged as meeting the criteria for having serious financial problems based on the quarter two MFMA Section 71 figures, however, upon further scrutiny, 20 of the municipalities (list and details as reflected in Annexure J) do not appear to have financial problems due to the following:

- The data strings of eight (8) of the 34 municipalities are incorrect due to inaccurate reporting by the municipalities;
- The existence of Creditors over R1 million that are owed for more than 90 days are due to disputes with service providers for five (5) of the 34 municipalities, while the municipalities have the financial means to settle those Creditors;
- The existence of Creditors over R1 million that are owed for more than 90 days are due to Retentions for two (2) municipalities which distorted the overall Creditors balance;
- The existence of Creditors over R1 million that are owed for more than 90 days are due to Retentions and disputes with service providers for two (2) of the 34 municipalities;
- The Operating deficit in excess of five percent of revenue was the only criteria displayed for one (1) municipality; and
- The negative audit opinion was the only criteria displayed for two (2) municipalities however, these municipalities do not display any other signs of financial problems as at the end of the second quarter of the 2022/23 financial year.

The remaining 14 municipalities have been identified as meeting the criteria for having serious financial problems as shown in Table 10.

Table 10: Municipalities meeting the criteria of having financial problems

No.	Name of Municipality	No.	Name of Municipality
1	Ugu DM	8	Amajuba DM
2	Mpoofana	9	AbaQulusi
3	Msunduzi	10	Nongoma
4	uThukela DM	11	Ulundi
5	uMzinyathi DM	12	Mtubatuba
6	Newcastle	13	uMkhanyakude DM
7	eMadlangeni	14	Mthonjaneni

Source: KZN Provincial Treasury.

Included in the list of the 14 municipalities identified as meeting the criteria for having financial problems are seven (7) municipalities which are listed in Table 11 that have also been identified by National Treasury as being in financial distress. In addition, six (6) of the seven (7) municipalities listed in Table 11 are also under intervention in terms of Section 139(1)(b) of the Constitution.

Table 11: Municipalities in financial distress as per National Treasury

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

Source: KZN Provincial Treasury.

Provincial Treasury is supporting five (5) of the seven (7) municipalities in financial distress whilst the Msunduzi Local Municipality is being supported by National Treasury. Finance experts have been deployed to the uMkhanyakude, uThukela and uMzinyathi District Municipalities as well as the Mpofana Local Municipality. Financial management support is provided to the Mtubatuba Local Municipality. The AbaQulusi Local Municipality declined the financial management support offered to them for the 2022/23 financial year as the municipality has appointed their own consultants.

The support provided for the 2022/23 financial year commenced during the latter part of the 2021/22 financial year.

The remaining seven (7) municipalities shown in Table 12 also meet the criteria for having financial problems based on the financial performance as at the end of quarter two of the 2022/23 financial year and will need to be closely monitored going forward.

Table 12: Municipalities meeting the criteria of having financial problems based on Quarter 2 figures – 2022/23

No.	Name of Municipality	No.	Name of Municipality
1	Ugu DM	5	Nongoma
2	Newcastle	6	Ulundi
3	eMadlangeni	7	Mthonjaneni
4	Amajuba DM		

Source: KZN Provincial Treasury.

2.9 Non Compliance with the MFMA Reporting Requirements

KZN Provincial Treasury uses the monthly In-Year reports, creditors, debtors and conditional grants reports to produce the MFMA Section 71(7) Consolidated Municipal Budgets Performance Report. For second quarter of 2022/23 financial year the MFMA Section 71 reports or data strings were due as follows:

- Month end of October 2022 were due on 14 November 2022;
- Month end of November 2022 were due on 14 December 2022; and
- Month end of December 2022 were due on 16 January 2023.

As at 15 November 2022, five (5) municipalities did not submit their data strings for Month 04 within 10 working days after the end of October 2022 as required by Section 71(1) of the MFMA and were therefore issued with non-compliance letters.

As at 15 December 2022, one (1) municipality did not submit their data strings for Month 05 within 10 working days after the end of November 2022 as required by Section 71(1) of the MFMA and was therefore issued with non-compliance letter.

As at 17 January 2023, one (1) municipality did not submit their data strings for Month 06 within 10 working days after the end of December 2022 as required by Section 71(1) of the MFMA and was therefore issued with non-compliance letter.

Subsequent to Provincial Treasury officials engaging the non-compliant municipalities, all municipalities submitted their monthly data strings accordingly. The non-compliant municipalities for the quarter ended 31 December 2022 are listed in Table 13 below.

Table 13: List of municipalities that did not submit their data strings - Quarter 2 – 2022/23

Name of data strings	Period	Non-compliant municipalities
Age Creditors	October 2022 Outstanding submissions as at 15 November 2022	uMngeni, uMhlabuyalingana
Age Debtors	October 2022 Outstanding submissions as at 15 November 2022	uMngeni, uMgungundlovu DM, uMuziwabantu
In Year Reporting - Monthly Data strings	October 2022 Outstanding submissions as at 15 November 2022	uMshwathi, uMngeni
In Year Reporting - Monthly Data strings	November 2022 Outstanding submissions as at 15 December 2022	Jozini
In Year Reporting - Monthly Data strings	December 2022 Outstanding submissions as at 17 January 2023	Nongoma

Source: NT Igdatabase.

2.10 Conclusion

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

Annexure C: Capital Revenue (Source of finance) - As at the end of December 2022

R'000	Original Budget	Adjusted Budget	Unaudited Actual	% Generated	Detail								
					Sources of Finance				Transfers recognised - capital				
					National Govt.	Provincial Govt.	District Municipality	Other transfers and grants	Borrowing	Internally generated funds	Public contr. and donations		
A	KZN2000	eThekwini	5 589 511	5 589 511	1 372 858	24.6	714 200	22 063	-	-	399 333	237 262	-
B	KZN212	uMdoni	86 436	86 436	48 723	56.4	21 762	312	-	-	-	26 649	-
B	KZN213	uMzumbane	94 374	94 374	40 425	42.8	24 559	-	-	-	-	15 866	-
B	KZN214	uMuziwabantu	56 565	56 565	26 163	46.3	13 273	344	-	-	-	12 546	-
B	KZN216	Ray Nkonyeni	172 044	188 652	85 790	45.5	77 234	1 025	-	-	1 268	6 264	-
B	DC21	Ugu DM	314 988	314 988	110 115	35.0	100 074	-	-	-	-	10 041	-
	Total: Ugu Municipalities		724 407	741 015	311 215	42.0	236 901	1 681	-	-	1 268	71 366	-
B	KZN221	uMshwathi	30 232	30 232	17 923	59.3	14 062	532	-	-	-	3 329	-
B	KZN222	uMngeni	41 603	41 603	1 153	2.8	1 145	-	-	-	-	7	-
B	KZN223	Mpofana	12 458	12 458	8 426	67.6	7 187	-	-	-	-	1 239	-
B	KZN224	iMpindle	11 399	11 399	8 221	72.1	8 194	0	-	-	-	26	-
B	KZN225	Msunduzi	835 918	835 918	238 087	28.5	170 475	10 729	-	-	-	56 883	-
B	KZN226	Mkhambathini	17 962	17 962	22 845	127.2	22 685	-	-	-	-	159	-
B	KZN227	Richmond	27 529	27 529	7 920	28.8	6 610	-	-	-	-	1 309	-
C	DC22	uMgungundlovu DM	180 212	180 212	(75 935)	(42.1)	(74 342)	-	-	-	-	(1 593)	-
	Total: uMgungundlovu Municipalities		1 157 314	1 157 314	228 638	19.8	156 017	11 262	-	-	-	61 360	-
B	KZN235	Okhahlamba	58 356	58 356	28 968	49.6	19 991	2 364	-	4 256	-	2 358	-
B	KZN237	iNkosi Langalibalele	61 405	61 405	54 205	88.3	53 903	-	-	-	-	302	-
B	KZN238	Alfred Duma	133 079	133 079	52 857	39.7	31 250	3 525	-	-	-	18 082	-
B	DC23	uThukela DM	264 840	264 840	21 798	8.2	21 796	-	-	-	-	2	-
	Total: uThukela Municipalities		517 680	517 680	157 828	30.5	126 940	5 889	-	4 256	-	20 744	-
B	KZN241	eNdumeni	17 567	17 567	9 089	51.7	7 297	-	-	-	-	1 792	-
B	KZN242	Nquthu	44 321	44 321	26 837	60.6	11 411	-	-	-	-	15 426	-
B	KZN244	uMsinga	71 914	71 914	31 111	43.3	20 139	-	-	-	-	10 972	-
B	KZN245	uMvoti	32 416	32 416	21 078	65.0	16 550	554	-	-	-	3 974	-
C	DC24	uMzinyathi DM	259 312	259 312	100 350	38.7	99 248	-	-	-	-	1 101	-
	Total: uMzinyathi Municipalities		425 530	425 530	188 464	44.3	154 645	554	-	-	-	33 265	-
B	KZN252	Newcastle	209 378	209 378	72 185	34.5	70 463	87	-	-	-	1 635	-
B	KZN253	eMadlangeni	27 788	27 788	11 523	41.5	8 746	478	-	-	-	2 300	-
B	KZN254	Dannhauser	76 209	76 209	16 995	22.3	2 332	-	-	-	-	14 663	-
C	DC25	Amajuba DM	109 797	109 797	30 167	27.5	28 844	290	-	-	-	1 032	-
	Total: Amajuba Municipalities		423 172	423 172	130 870	30.9	110 385	855	-	-	-	19 631	-
B	KZN261	eDumbe	60 421	60 421	30 163	49.9	18 942	9 003	-	-	-	2 218	-
B	KZN262	uPhongolo	28 791	28 791	18 269	63.5	12 755	1 802	-	-	-	3 712	-
B	KZN263	AbaQulusi	55 904	55 904	19 661	35.2	17 485	-	-	-	-	2 176	-
B	KZN265	Nongoma	35 973	35 973	35 308	98.2	30 695	-	-	-	-	4 613	-
B	KZN266	Ulundi	38 182	38 182	30 369	79.5	30 229	-	-	-	-	140	-
C	DC26	Zululand DM	332 162	332 162	145 107	43.7	138 665	1 303	-	-	-	5 139	-
	Total: Zululand Municipalities		551 433	551 433	278 877	50.6	248 771	12 108	-	-	-	17 998	-
B	KZN271	uMhlabyalingana	51 533	51 533	19 097	37.1	16 534	2 242	-	-	-	321	-
B	KZN272	Jozini	42 330	42 330	28 012	66.2	24 937	85	-	-	-	2 989	-
B	KZN275	Mtubatuba	54 235	54 235	13 227	24.4	6 461	6 578	-	-	-	188	-
B	KZN276	Big Five Hlabisa	28 368	28 368	8 499	30.0	4 423	391	-	-	-	3 685	-
C	DC27	uMkhanyakude DM	271 718	271 718	28 363	10.4	28 363	-	-	-	-	-	-
	Total: uMkhanyakude Municipalities		448 184	448 184	97 198	21.7	80 718	9 295	-	-	-	7 184	-
B	KZN281	uMfolozi	32 463	32 463	21 979	67.7	20 329	-	-	-	-	1 650	-
B	KZN282	uMhlatuze	835 076	1 081 609	491 830	45.5	101 202	664	-	-	277 924	112 040	-
B	KZN284	uMlalazi	69 656	69 656	26 532	38.1	23 562	-	-	-	-	2 971	-
B	KZN285	Mthonjaneni	39 094	39 094	21 161	54.1	19 823	-	-	-	-	1 338	-
B	KZN286	Nkandla	31 525	31 525	9 183	29.1	8 301	-	-	-	-	882	-
C	DC28	King Cetshwayo DM	483 080	471 271	158 591	33.7	143 552	-	-	-	-	15 038	-
	Total: King Cetshwayo Municipalities		1 490 894	1 725 618	729 276	42.3	316 768	664	-	-	277 924	133 920	-
B	KZN291	Mandeni	78 311	78 311	32 366	41.3	20 343	14	-	-	-	12 009	-
B	KZN292	KwaDukuza	510 265	605 085	145 388	24.0	65 894	-	-	-	-	79 494	-
B	KZN293	Ndwedwe	78 450	78 450	40 199	51.2	21 143	-	-	-	-	19 056	-
B	KZN294	Maphumulo	33 687	33 687	17 039	50.6	15 648	52	-	-	-	1 338	-
C	DC29	iLembe DM	344 042	355 061	160 040	45.1	139 701	13 285	-	-	-	7 054	-
	Total: iLembe Municipalities		1 044 755	1 150 594	395 032	34.3	262 729	13 351	-	-	-	118 952	-
B	KZN433	Greater Kokstad	127 201	127 201	46 172	36.3	21 400	16 880	-	-	-	7 893	-
B	KZN434	uBuhlebezwe	50 949	50 949	14 381	28.2	11 704	47	-	-	-	2 629	-
B	KZN435	uMzimkhulu	129 741	129 741	50 154	38.7	19 395	12 180	-	-	-	18 578	-
B	KZN436	Dr. Nkosazana Dlamini Zuma	94 890	94 890	20 849	22.0	4 168	4 528	-	-	-	12 153	-
C	DC43	Harry Gwala DM	298 180	298 180	118 564	39.8	116 793	-	-	-	-	1 771	-
	Total: Harry Gwala Municipalities		700 961	700 961	250 120	35.7	173 460	33 635	-	-	-	43 025	-
Total			13 073 841	13 431 013	4 140 378	30.8	2 581 535	111 357	-	4 256	678 525	764 706	-

Source: NT Iqdatabase

Annexure G: Creditors Age Analysis (Total) - As at the end of December 2022

R'000	0 - 30 Days		30 - 60 Days		60 - 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
A KZN2000 eThekweni	1 533 760	97.9	218	0.0	3 720	0.2	28 589	1.8	1 566 287
B KZN212 uMdoni	-	-	53	100.0	-	-	-	-	53
B KZN213 uMzambe	4	0.3	10	0.7	332	23.9	1 044	75.1	1 390
B KZN214 uMuziwabantu	30	42.7	3	4.9	-	-	36	52.4	69
B KZN216 Ray Nkonyeni	4 261	92.4	(1 435)	(31.1)	1 784	38.7	-	-	4 610
C DC21 Ugu DM	14 458	4.7	3 493	1.1	1 156	0.4	286 278	93.7	305 385
Total: Ugu Municipalities	18 753	6.0	2 125	0.7	3 272	1.1	287 358	92.2	311 508
B KZN221 uMshwathi	3	1.8	-	-	-	-	182	98.2	185
B KZN222 uMngeni	12 577	96.3	179	1.4	-	-	298	2.3	13 054
B KZN223 Mpofana	2 477	0.6	9 348	2.4	10 216	2.6	368 100	94.4	390 142
B KZN224 iMpendle	(8)	770 300.0	(38)	3 843 600.0	46	(4 613 900.0)	(0)	100.0	(0)
B KZN225 Msunduzi	(480 470)	44.4	(187 354)	17.3	(82 896)	7.7	(331 778)	30.6	(1 082 499)
B KZN226 Mkhambathini	(91)	(5.8)	1 540	98.5	115	7.3	0	0.0	1 564
B KZN227 Richmond	2	100.0	-	-	-	-	-	-	2
C DC22 uMgungundlovu DM	12 237	25.2	2 395	4.9	3 994	8.2	29 954	61.7	48 579
Total: uMgungundlovu Municipalities	(453 273)	72.1	(173 931)	27.7	(68 525)	10.9	66 756	(10.6)	(628 973)
B KZN235 Okhahlamba	-	-	-	-	-	-	-	-	-
B KZN237 iNkosi Langalibalele	698	48.2	242	16.8	(426)	(29.4)	933	64.4	1 447
B KZN238 Alfred Duma	304	21.1	1 345	93.3	1	0.0	(207)	(14.4)	1 443
C DC23 uThukela DM	15 169	46.3	4 120	12.6	3 861	11.8	9 602	29.3	32 751
Total: uThukela Municipalities	16 171	45.4	5 708	16.0	3 435	9.6	10 327	29.0	35 641
B KZN241 eNdumeni	132	88.1	-	-	-	-	18	11.9	150
B KZN242 Nquthu	174	2.5	4 808	67.6	56	0.8	2 069	29.1	7 107
B KZN244 uMsinga	-	-	-	-	-	-	-	-	-
B KZN245 uMvoti	538	3.5	1 687	11.1	37	0.2	12 902	85.1	15 164
C DC24 uMzinyathi DM	27 061	9.8	18 953	6.8	26 726	9.6	204 312	73.7	277 053
Total: uMzinyathi Municipalities	27 905	9.3	25 449	8.5	26 819	9.0	219 301	73.2	299 474
B KZN252 Newcastle	35 446	16.6	108	0.1	-	-	177 886	83.3	213 440
B KZN253 eMadlangeni	817	19.3	51	1.2	(418)	(9.9)	3 781	89.4	4 232
B KZN254 Dannhauser	53	52.4	42	40.8	7	6.8	-	-	102
C DC25 Amajuba DM	2 710	5.5	393	0.8	514	1.0	45 625	92.7	49 243
Total: Amajuba Municipalities	39 027	14.6	594	0.2	103	0.0	227 292	85.1	267 016
B KZN261 eDumbe	2 607	65.9	36	0.9	-	-	1 314	33.2	3 957
B KZN262 uPhongolo	1 682	28.2	107	1.8	544	9.1	3 627	60.9	5 960
B KZN263 Abaqulusi	16 743	58.6	3 881	13.6	87	0.3	7 881	27.6	28 592
B KZN265 Nongoma	4 104	22.6	1 644	9.0	407	2.2	12 042	66.2	18 197
B KZN266 Ulundi	(5 492)	(3.6)	6 334	4.2	6 108	4.0	145 572	95.4	152 522
C DC26 Zululand DM	8 875	68.9	3 251	25.2	763	5.9	-	-	12 889
Total: Zululand Municipalities	28 519	12.8	15 254	6.9	7 910	3.6	170 435	76.7	222 118
B KZN271 uMhlabuyalingana	615	(18.8)	941	(28.8)	344	(10.5)	(5 173)	158.1	(3 272)
B KZN272 Jozini	114	100.0	-	-	-	-	-	-	114
B KZN275 Mtubatuba	412	9.5	(10 083)	(233.5)	(2 218)	(51.4)	16 209	375.3	4 319
B KZN276 Big Five Hlabisa	(2 264)	(75.9)	(202)	(6.8)	(125)	(4.2)	5 575	186.8	2 984
C DC27 uMkhanyakude DM	(11 663)	(8.0)	4 538	3.1	(4 972)	(3.4)	158 096	108.3	145 998
Total: uMkhanyakude Municipalities	(12 786)	(8.5)	(4 806)	(3.2)	(6 971)	(4.6)	174 706	116.4	150 143
B KZN281 uMfolozi	(715)	(69.5)	(4 093)	(398.0)	3 840	373.4	1 997	194.2	1 028
B KZN282 uMhlathuze	151 844	70.5	34 835	16.2	19 867	9.2	8 913	4.1	215 459
B KZN284 uMlalazi	-	-	-	-	-	-	-	-	-
B KZN285 Mthonjaneni	752	7.5	2 996	29.9	617	6.2	5 641	56.4	10 006
B KZN286 Nkandla	(1 740)	(20.7)	3 456	41.2	2 114	25.2	4 561	54.4	8 391
C DC28 King Cetshwayo DM	23 066	12.3	22 141	11.8	17 398	9.2	125 609	66.7	188 213
Total: King Cetshwayo Municipalities	173 208	40.9	59 334	14.0	43 835	10.4	146 720	34.7	423 098
B KZN291 Mandeni	244	51.7	-	-	25	5.3	204	43.0	473
B KZN292 KwaDukuza	3 313	57.5	230	4.0	615	10.7	1 604	27.8	5 762
B KZN293 Ndwedwe	684	187.2	39	10.5	10	2.8	(367)	(100.4)	366
B KZN294 Maphumulo	1 772	96.2	1	0.1	(186)	(10.1)	255	13.8	1 841
C DC29 iLembe DM	27 978	93.3	1 396	4.7	120	0.4	497	1.7	29 991
Total: iLembe Municipalities	33 992	88.4	1 666	4.3	584	1.5	2 191	5.7	38 433
B KZN433 Greater Kokstad	2 365	104.7	-	-	(176)	(7.8)	71	3.1	2 259
B KZN434 uBuhlebezwe	435	6.7	211	3.2	357	5.5	5 504	84.6	6 506
B KZN435 uMzimkhulu	3	100.0	-	-	-	-	-	-	3
B KZN436 Dr. Nkosazana Dlamini Zuma	16 505	99.7	-	-	-	-	47	0.3	16 552
C DC43 Harry Gwala DM	423	38.2	305	27.6	257	23.2	122	11.0	1 108
Total: Harry Gwala Municipalities	19 731	74.7	516	2.0	438	1.7	5 743	21.7	26 428
Total	1 425 006	52.6	(67 874)	(2.5)	14 620	0.5	1 339 419	49.4	2 711 172

Source: NT Publication

Annexure I: National Conditional Grant - 2nd Quarter 2022/23

R'000	Financial Management Grant			Regional Bulk Infrastructure Grant (Schedule 5B Grant)			Municipal Infrastructure Grant		
	DoRA 2022 Total Avail. (Inc.Adjust.)	Unaudited Actual		DoRA 2022 Total Avail. (Inc.Adjust.)	Unaudited Actual		DoRA 2022 Total Avail. (Inc.Adjust.)	Unaudited Actual	
		Expenditure Munis.	% Spent		Expenditure Munis.	% Spent		Expenditure Munis.	% Spent
A KZN2000 eThekweni	1 000	495	49.5	-	-	-	-	-	-
B KZN212 uMdoni	1 950	1 135	58.2	-	-	-	44 631	30 142	67.5
B KZN213 uMzumbe	1 850	1 156	62.5	-	-	-	38 552	27 528	71.4
B KZN214 uMuziwabantu	1 850	797	43.1	-	-	-	26 163	14 000	53.5
B KZN216 Ray Nkonyeni	1 950	783	40.1	-	-	-	-	-	-
C DC21 Ugu DM	1 950	1 065	54.6	-	-	-	277 374	168 430	60.7
Total: Ugu Municipalities	9 550	4 936	51.7	-	-	-	386 720	240 100	62.1
B KZN221 uMshwathi	1 920	-	-	-	-	-	31 069	-	-
B KZN222 uMngeni	1 720	790	46.0	-	-	-	25 816	17 536	67.9
B KZN223 Mpofana	3 000	2 149	71.6	-	-	-	13 114	5 996	45.7
B KZN224 iMpendle	2 400	1 472	61.3	-	-	-	12 753	10 562	82.8
B KZN225 Msunduzi	1 950	503	25.8	-	-	-	227 153	136 542	60.1
B KZN226 Mkhambathini	3 000	1 898	63.3	-	-	-	17 781	13 261	74.6
B KZN227 Richmond	1 950	1 225	62.8	-	-	-	20 511	8 635	42.1
C DC22 uMgungundlovu DM	1 200	(811)	(67.6)	-	-	-	116 867	(65 256)	(55.8)
Total: uMgungundlovu Municipalities	17 140	7 226	42.2	-	-	-	465 064	127 276	27.4
B KZN235 Okhahlamba	1 850	1 084	58.6	-	-	-	31 891	23 234	72.9
B KZN237 iNkosi Langalibalele	2 300	(914)	(39.7)	-	-	-	42 690	(14 654)	(34.3)
B KZN238 Alfred Duma	2 100	455	21.7	-	-	-	70 409	39 034	55.4
C DC23 uThukela DM	2 100	-	-	-	-	-	211 484	-	-
Total: uThukela Municipalities	8 350	625	7.5	-	-	-	356 474	47 613	13.4
B KZN241 eNdumeni	2 100	-	-	-	-	-	16 782	-	-
B KZN242 Nquthu	1 850	252	13.6	-	-	-	35 231	13 236	37.6
B KZN244 uMsinga	1 850	-	-	-	-	-	42 414	13 064	30.8
B KZN245 uMvoti	2 550	1 250	49.0	-	-	-	33 620	18 888	56.2
C DC24 uMzinyathi DM	1 800	688	38.2	-	-	-	216 735	105 923	48.9
Total: Umzinyathi Municipalities	10 150	2 191	21.6	-	-	-	344 782	151 111	43.8
B KZN252 Newcastle	1 850	551	29.8	-	-	-	129 141	67 381	52.2
B KZN253 eMadlangeni	3 000	-	-	-	-	-	10 010	-	-
B KZN254 Dannhauser	1 950	1 179	60.5	-	-	-	24 347	5 073	20.8
C DC25 Amajuba DM	2 750	936	34.1	-	-	-	46 587	15 098	32.4
Total: Amajuba Municipalities	9 550	2 667	27.9	-	-	-	210 085	87 551	41.7
B KZN261 eDumbe	3 000	483	16.1	-	-	-	20 055	9 225	46.0
B KZN262 uPhongolo	3 000	1 805	60.2	-	-	-	31 889	16 610	52.1
B KZN263 Abaqulusi	3 000	1 394	46.5	-	-	-	42 083	17 634	41.9
B KZN265 Nongoma	2 000	724	36.2	-	-	-	36 009	34 281	95.2
B KZN266 Ulundi	2 100	390	18.6	-	-	-	44 888	40 083	89.3
C DC26 Zululand DM	1 200	221	18.4	15 247	15 178	99.5	259 530	109 709	42.3
Total: Zululand Municipalities	14 300	5 018	35.1	15 247	15 178	99.5	434 454	227 543	52.4
B KZN271 uMhlabyalingana	1 850	172	9.3	-	-	-	39 523	9 245	23.4
B KZN272 Jozini	3 000	2 996	99.9	-	-	-	42 381	29 248	69.0
B KZN275 Mtubatuba	1 920	-	-	-	-	-	35 867	(10 544)	(29.4)
B KZN276 Big Five Hlabisa	2 750	1 342	48.8	-	-	-	23 874	10 174	42.6
C DC27 uMkhanyakude DM	2 192	-	-	-	-	-	247 281	-	-
Total: uMkhanyakude Municipalities	11 712	4 510	38.5	-	-	-	388 926	38 122	9.8
B KZN281 uMfolozi	1 850	807	43.6	-	-	-	29 491	25 028	84.9
B KZN282 uMhlathuze	2 500	693	27.7	-	-	-	-	-	-
B KZN284 uMlalazi	1 720	992	57.7	-	-	-	45 827	27 156	59.3
B KZN285 Mthonjaneni	2 850	717	25.2	-	-	-	30 039	16 306	54.3
B KZN286 Nkandla	2 650	-	-	-	-	-	25 579	4 926	19.3
C DC28 King Cetshwayo DM	1 200	270	22.5	213 563	64 815	30.3	196 344	97 872	49.8
Total: King Cetshwayo Municipalities	12 770	3 479	27.2	213 563	64 815	30.3	327 280	171 288	52.3
B KZN291 Mandeni	1 850	901	48.7	-	-	-	40 044	24 372	60.9
B KZN292 KwaDukuza	1 750	457	26.1	-	-	-	68 871	44 407	64.5
B KZN293 Ndwedwe	3 100	2 090	67.4	-	-	-	33 627	27 294	81.2
B KZN294 Maphumulo	1 850	1 475	79.7	-	-	-	24 986	16 887	67.6
C DC29 iLembe DM	1 000	209	20.9	-	-	-	221 475	128 347	58.0
Total: iLembe Municipalities	9 550	5 133	53.7	-	-	-	389 003	241 307	62.0
B KZN433 Greater Kokstad	1 750	1 059	60.5	-	-	-	19 214	1 655	8.6
B KZN434 uBuhlebezwe	1 950	1 208	62.0	-	-	-	30 291	13 200	43.6
B KZN435 uMzimkhulu	1 850	1 850	100.0	-	-	-	49 281	21 808	44.3
B KZN436 Dr. Nkosazana Dlamini Zuma	1 950	893	45.8	-	-	-	30 558	4 793	15.7
C DC43 Harry Gwala DM	1 200	251	20.9	-	-	-	231 011	55 961	24.2
Total: Harry Gwala Municipalities	8 700	5 262	60.5	-	-	-	360 355	97 416	27.0
Total	112 772	41 541	36.8	228 810	79 992	35.0	3 663 143	1 429 327	39.0

Source: NT Igdatabase

Annexure I: National Conditional Grant - 2nd Quarter 2022/23 (Continued...)

R'000	Intergrated National Electrification Programme (municipal) Grant			Expanded Public Works Programme Intergrated Grant (municipality)			Water Services Infrastructure Grant (Schedule 5B Grant)		
	DoRA 2022 Total Avail. (Inc.Adjust.)	Unaudited Actual		DoRA 2022 Total Avail. (Inc.Adjust.)	Unaudited Actual		DoRA 2022 Total Avail. (Inc.Adjust.)	Unaudited Actual	
		Expenditure Munis.	% Spent		Expenditure Munis.	% Spent		Expenditure Munis.	% Spent
A KZN2000 eThekweni	-	-	-	61 257	-	-	-	-	-
B KZN212 uMdoni	-	-	-	1 772	1 011	57.1	-	-	-
B KZN213 uMzambe	15 000	11 874	79.2	1 699	265	15.6	-	-	-
B KZN214 uMuziwabantu	15 919	2 637	16.6	981	-	-	-	-	-
B KZN216 Ray Nkonyeni	7 026	-	-	6 076	2 222	36.6	-	-	-
C DC21 Ugu DM	-	-	-	3 319	1 315	39.6	70 000	36 228	51.8
Total: Ugu Municipalities	37 945	14 512	38.2	13 847	4 813	34.8	70 000	36 228	51.8
B KZN221 uMshwathi	13 425	-	-	1 820	-	-	-	-	-
B KZN222 uMngeni	18 855	2 990	15.9	1 400	474	33.9	-	-	-
B KZN223 Mpofana	12 590	-	-	1 216	617	50.7	-	-	-
B KZN224 iMpendle	-	-	-	1 430	1 074	75.1	-	-	-
B KZN225 Msunduzi	29 154	19 224	65.9	5 231	1 208	23.1	60 000	30 902	51.5
B KZN226 Mkhambathini	15 000	-	-	1 671	1 671	100.0	-	-	-
B KZN227 Richmond	-	-	-	1 287	460	35.7	-	-	-
C DC22 uMgungundlovu DM	-	-	-	2 287	(1 403)	(61.3)	85 600	(85 206)	(99.5)
Total: uMgungundlovu Municipalities	89 024	22 213	25.0	16 342	4 101	25.1	145 600	(54 304)	(37.3)
B KZN235 Okhahlamba	7 100	2 015	28.4	3 638	3 638	100.0	-	-	-
B KZN237 iNkosi Langelibalele	22 070	5 197	23.5	2 043	(71)	(3.5)	-	-	-
B KZN238 Alfred Duma	13 752	1 906	13.9	2 993	3 364	112.4	-	-	-
C DC23 uThukela DM	-	-	-	2 881	-	-	80 800	-	-
Total: uThukela Municipalities	42 922	9 118	21.2	11 555	6 931	60.0	80 800	-	-
B KZN241 eNdameni	20 967	-	-	1 577	-	-	-	-	-
B KZN242 Nquthu	9 549	-	-	1 546	924	59.8	-	-	-
B KZN244 uMsinga	16 440	-	-	4 867	-	-	-	-	-
B KZN245 uMvoti	18 400	5 755	31.3	2 704	1 109	41.0	-	-	-
C DC24 uMzinyathi DM	-	-	-	4 779	1 476	30.9	80 000	1 380	1.7
Total: Umzinyathi Municipalities	65 356	5 755	8.8	15 473	3 509	22.7	80 000	1 380	1.7
B KZN252 Newcastle	-	-	-	3 753	1 167	31.1	48 000	14 476	30.2
B KZN253 eMadlangeni	16 693	-	-	978	-	-	-	-	-
B KZN254 Dannhauser	5 040	-	-	950	-	-	-	-	-
C DC25 Amajuba DM	-	-	-	1 902	1 008	53.0	70 000	5 200	7.4
Total: Amajuba Municipalities	21 733	-	-	7 583	2 175	28.7	118 000	19 676	16.7
B KZN261 eDumbe	13 350	2 895	21.7	1 500	(1 875)	(125.0)	-	-	-
B KZN262 uPhongolo	8 200	1 848	22.5	2 978	1 594	53.5	-	-	-
B KZN263 AbaQulusi	18 485	2 935	15.9	2 773	2 143	77.3	-	-	-
B KZN265 Nongoma	3 000	1 404	46.8	2 946	1 515	51.4	-	-	-
B KZN266 Ulundi	10 000	6 207	62.1	4 711	1 964	41.7	-	-	-
C DC26 Zululand DM	-	-	-	8 517	5 963	70.0	95 000	33 022	34.8
Total: Zululand Municipalities	53 035	15 288	28.8	23 425	11 303	48.3	95 000	33 022	34.8
B KZN271 uMhlabyalingana	-	-	-	1 975	688	34.9	-	-	-
B KZN272 Jozini	6 600	-	-	4 095	4 528	110.6	-	-	-
B KZN275 Mtubatuba	7 862	-	-	2 077	(114)	(5.5)	-	-	-
B KZN276 Big Five Hlabisa	7 000	-	-	2 304	538	23.4	-	-	-
C DC27 uMkhanyakude DM	-	-	-	6 993	-	-	60 000	-	-
Total: uMkhanyakude Municipalities	21 462	-	-	17 444	5 640	32.3	60 000	-	-
B KZN281 uMfolozi	3 000	-	-	1 847	1 847	100.0	-	-	-
B KZN282 uMhlathuze	-	-	-	3 213	685	21.3	50 000	5 821	11.6
B KZN284 uMlalazi	4 175	964	23.1	4 098	2 293	56.0	-	-	-
B KZN285 Mthonjaneni	8 280	8 280	100.0	2 536	1 847	72.8	-	-	-
B KZN286 Nkandla	16 000	-	-	3 626	1 205	33.2	-	-	-
C DC28 King Cetshwayo DM	-	-	-	4 742	1 927	40.6	65 000	24 867	38.3
Total: King Cetshwayo Municipalities	31 455	9 244	29.4	20 062	9 803	48.9	115 000	30 688	26.7
B KZN291 Mandeni	7 200	-	-	2 372	1 849	77.9	-	-	-
B KZN292 KwaDukuza	15 418	5 800	37.6	1 868	1 385	74.1	-	-	-
B KZN293 Ndwedwe	10 000	5 501	55.0	2 277	1 877	82.5	-	-	-
B KZN294 Maphumulo	30 750	24 830	80.7	2 081	1 439	69.2	-	-	-
C DC29 iLembe DM	-	-	-	5 439	5 254	96.6	80 000	39 105	48.9
Total: iLembe Municipalities	63 368	36 132	57.0	14 037	11 803	84.1	80 000	39 105	48.9
B KZN433 Greater Kokstad	30 000	18 975	63.2	4 266	2 862	67.1	-	-	-
B KZN434 uBuhlebezwe	6 994	5 789	82.8	2 245	1 092	48.6	-	-	-
B KZN435 uMzimkhulu	10 570	825	7.8	3 573	2 502	70.0	-	-	-
B KZN436 Dr. Nkosazana Dlamini Zuma	6 352	3 363	52.9	2 476	2 179	88.0	-	-	-
C DC43 Harry Gwala DM	-	-	-	5 221	1 306	25.0	95 000	20 463	21.5
Total: Harry Gwala Municipalities	53 916	28 951	53.7	17 781	9 942	55.9	95 000	20 463	21.5
Total	480 216	141 213	29.4	218 806	70 022	32.0	939 400	126 258	13.4

Source: NT Igdatabase

Source: NT Igdatabase

R000	Municipality meeting one or more criteria for financial problems	Comments
A	KZN200 eThekweni	TRUE The outstanding Creditors are attributable to: (1) Retentions; (2) Disputes with suppliers; (3) Rejected payments attributable to discrepancies between details on the Central Supplier Database (CSD) and the payment details as per the invoices. Therefore, there are no financial problems at the municipality.
B	KZN212 uMdoni	-
B	KZN213 uMzumbane	TRUE The municipality indicated that the MFMA Section 71 report submitted incorrectly reflected a Nil Cash and cash equivalents opening balance instead of R193.5 million as reflected in the 2021/22 audited Annual Financial Statements. The municipality therefore attributed the negative Cash and cash equivalents of R133.8 million reported at the end of Quarter two to the incorrect data strings. While the municipality reported Creditors outstanding for more than 90 days, there are no apparent financial problems at the municipality as the long outstanding Creditors are due to Retentions and Disputes with the suppliers.
B	KZN214 uMuziwabantu	TRUE The municipality attributed the operating deficit to non-cash items (i.e. Depreciation and asset impairment) totalling R12.5 million at mid-year. Furthermore, spending on Other expenditure items is consistent with procurement plans, which will align with the budget as the year progresses.
B	KZN216 Ray Nkonyeni	-
C	DC21 Ugu DM	TRUE While the municipality approved a funded 2022/23 Annual Budget, the funding position of the municipality is largely due to a repayment arrangement entered into by the municipality with the Umgeni Water or a significant long outstanding debt. As at 31 December 2022, the municipality owed R218.9 million to Umgeni Water which is a decrease of R11.7 million from the balance of R230.6 million as at 30 September 2022. The municipality is currently complying with the signed repayment plan for Umgeni Water debt.
B	KZN221 uMshwathi	-
B	KZN222 uMngeni	-
B	KZN223 Mqotana	TRUE The Mqotana Local Municipality is one of the municipalities identified by National Treasury to be in financial distress. The municipality is currently under intervention in terms of Section 139(1)(b) of the Constitution. The municipality has a long outstanding debt from Eskom which is reported as Creditors over 90 days. The Council authorised the Municipal Manager to enter into an active partnering agreement with Eskom on 11 November 2022. The municipality is still not monitoring and controlling expenditure which has resulted in a significant Operating deficit.
B	KZN224 iMpende	-
B	KZN225 Msunduzi	TRUE The Msunduzi Local Municipality is one of the municipalities identified by National Treasury to be in financial distress. The municipality is currently under intervention in terms of Section 139(1)(b) of the Constitution. The municipality is currently experiencing cash flow changes as they have noted decreased cash inflows within the past year which they believe is attributable to the effect of the COVID-19 pandemic. The municipality's Electricity and Water debts have grown in the meantime to significant amounts therefore contributing to a significant Creditor total which is evidence of the existence of serious financial problems at the municipality. The municipality has an approved repayment plan with Umgeni Water and is in the process of negotiating repayment plans with Eskom. As per Umgeni Water in their MFMA Section 41 for December 2022, the payment plan is not being honoured and bulk water restrictions will be pursued.
B	KZN226 Mkhambathini	-
B	KZN227 Richmond	-
C	DC22 uMgungundlovu DM	TRUE The municipality has failed to make payment to Umgeni Water Board due to a dispute on the amount, however the entities are currently working to resolve the matter. The amount due by uMgungundlovu District Municipality has not changed significantly from R194.1 million as at 30 September 2022 to R191.8 million as at 31 December 2022.
B	KZN235 Okhahlamba	TRUE The municipality indicated that the MFMA Section 71 report submitted incorrectly reflected negative R1.2 million as at 31 December 2022 as opposed to R53.3 million and R44.1 million as per the reviewed Bank reconciliation and Investment register respectively. Therefore the correct Cash and cash equivalents balance is R97.4 million as at the end of the second quarter of the 2022/23 financial year. The MFMA Section 71 report as at 30 September 2022 reflected negative R70 180 as opposed to R20.8 million and R43.2 million as per the reviewed Bank reconciliation and Investment register respectively. Therefore the correct Cash and cash equivalents balance is R64 million as at the end of the first quarter of the 2022/23 financial year. There are thus no financial problems at the municipality.
B	KZN237 iNkosi Langalibalele	TRUE The municipality received a qualified audit opinion in the 2021/22 financial year as the municipality did not correctly record all items of Property, Plant and Equipment in accordance with GRAP 17, Property, Plant and Equipment. The municipality has an audit action plan which includes a plan to address the qualification issue. Thus, the qualification matter is not an indication of financial distress.
B	KZN238 Alfred Duma	-
C	DC23 uThukela DM	TRUE The uThukela District Municipality is one of the municipalities identified by National Treasury to be in financial distress and is currently under intervention in terms of Section 139(1)(b) of the Constitution. The Creditors over 90 days are attributed to the unfavourable cash position at the municipality. The municipality indicated that the process of finalising the new repayment plans with Umgeni Water and the Department of Water and Sanitation is in progress. It should however be noted that the Creditors over 90 days of R9.6 million is significantly understated in relation to the outstanding balance of R190.5 million in the over 120 days category as per the MFMA Section 41 report at the end of December 2022.
B	KZN241 eNdameni	TRUE The municipality indicated that the MFMA Section 71 report submitted incorrectly reflected negative R9.2 million for Cash and cash equivalents as opposed to R24 000 as per the C Schedule as at 31 December 2022.
B	KZN242 Nquthu	TRUE The municipality has indicated that failure to make payments as and when due as per Section 138(a) of the MFMA is mainly due to the late receipt of invoices from suppliers and delays in payments due to system downtime.
B	KZN244 uMsinga	-
B	KZN245 uMvoti	TRUE The municipality indicated that the Creditors balance in the over 90 days' category of R12.9 million as at 31 December 2022 is due to retentions that will be paid once they fall due.
C	DC24 uMzinyathi DM	TRUE The municipality indicated that the MFMA Section 71 report submitted incorrectly reflected negative R9.2 million for Cash and cash equivalents as opposed to R24 000 as per the C Schedule as at 31 December 2022. The municipality is also currently under intervention in terms of Section 139(1)(b) of the Constitution and has an Interim Finance Committee in place to assist with the management of the payment of its Creditors. The municipality further approved an unfunded Budget for the 2022/23 financial year together with an updated Budget funding plan which was assessed as being credible by Provincial Treasury.
B	KZN252 Newcastle	TRUE The municipality indicated that the bulk of the Creditors outstanding as at 31 December 2022 in the over 90 days' category is attributable to amounts owing to Eskom and uThukela Water as the municipality is currently facing cash flow challenges. The municipality further indicated that it has a signed payment agreement with Eskom to pay the arrear amount over a period of time with the final instalment being due in August 2023. The municipality has further confirmed that even though they owe uThukela Water for bulk water supply, there is however no payment arrangement in place to settle this debt. The municipality has indicated that the discussions between the Newcastle Local Municipality and uThukela Water regarding the payment agreement with respect to the arrear debt are still underway and have not been finalised. The municipality has understated their Trade creditors total as their MFMA Section 71 Creditors Quarter two data string does not include the aged Bulk electricity debt owed to Eskom and the aged Bulk water owed to uThukela Water as at 31 December 2022. The municipality further approved an unfunded Budget for the 2022/23 financial year together with an updated Budget funding plan which was assessed as being credible by Provincial Treasury in January 2023.
B	KZN253 eMadiangeni	TRUE The municipality indicated that the submitted MFMA Section 71 report incorrectly reflects negative R29 000 for 2023 Opening Cash and cash equivalents as opposed to R3 million as per the Audited 2022/23 Annual Financial Statements. The municipality attributed the negative Cash and cash equivalents of R11.3 million reported at the end of Quarter two to the cash flow challenges currently being experienced by the municipality.
B	KZN254 Dannhauser	-
C	DC25 Amajuba DM	TRUE The municipality attributed the Creditors in the over 90 days category to the Bulk water owed to uThukela Water which has been outstanding from prior years and has been carried over to the current financial year. The municipality currently has a payment arrangement of R520 000 per month with uThukela Water which commenced from 31 August 2022 in this regard.
B	KZN261 eDumbe	TRUE The municipality indicated that the Creditors outstanding for greater than 90 Days is attributable to incorrect reporting. The municipality will review the Creditors reported and amend in the third quarter. The negative Cash and cash equivalents as per Cash flow statement is not a true reflection of the cash position of the municipality due to system issues which are being addressed by the municipality.
B	KZN262 uPhongolo	TRUE The municipality indicated that the Creditors outstanding for greater than 90 Days is attributable to incorrect reporting. The municipality will review the Creditors reported and amend accordingly. The negative Cash and cash equivalents, the municipality indicated that the MFMA Section 71 report did not reflect the correct Cash flow figures, the errors in the cash flow resulted from challenges currently being experienced by the municipality.
B	KZN263 Abaqulusi	TRUE The Abaqulusi Local Municipality indicated that there is a court case involving Quantum Lip and they had to stop paying that supplier until the matter is finalised in court. Another reason cited by the municipality for not paying their Creditors is that their financial system does not process payments to suppliers who have issues on the Central Supplier Database (CSD) such as their tax matters. However, it is recommended that the municipality pay their Creditors in line with the provisions of Section 65(2)(e) of the MFMA. The Abaqulusi Local Municipality is one of the municipalities identified by National Treasury to be in financial distress. The municipality appears to be facing financial problems as it has approved an unfunded Budget for the 2022/23 financial year together with an updated Budget funding plan which was assessed as not being credible by Provincial Treasury. The municipality further indicated that the outstanding amount of R29.8 million due to Eskom has since been paid after the implementation of load reduction by Eskom.
B	KZN265 Nongoma	TRUE The municipality indicated that the long outstanding Creditors consist of two Creditors, namely SALGA and Department of Labour and the municipality has payment arrangements in place with these Creditors. Provincial Treasury also noted that the municipality closed the 2021/22 financial year with a bank overdraft of R12.2 million. The liquidity of the municipality remains low due to several factors amongst others, poor culture of paying by Debtors. The municipality continues to rely on the bank overdraft facility as a working capital funding source. The municipality further indicated that the facility when utilised will be closely monitored by management and would not be extended beyond fourth quarter of 2022/23 financial year.
B	KZN266 Ulundi	TRUE The municipality has a long outstanding debt with Eskom and the municipality is unable to meet its payment obligations due to financial challenges. The Ulundi Local Municipality defaulted on the repayment plan and a breach notice was issued by Eskom on 10 March 2022. As a result, the Intergovernmental Relations Framework Act, Act 13 of 2005 (IRFA) process was initiated which is now at the mediation stage with the KZN Department of Co-Operative Governance and Traditional Affairs (CoGTA) acting as mediator. The municipality was advised to engage with Eskom with a view of requesting the Eskom to revise and extend the payment period from 3 to 5 years, which appears to be a reasonable period based on the financial constraints faced by Ulundi Local Municipality. The municipality received a qualified audit opinion in the 2021/22 financial year as the municipality did not provide sufficient evidence of Contracted services expenditure incurred. The municipality has an audit action plan which includes a plan to address the qualification issue.
C	DC26 Zululand DM	-
B	KZN271 uMhlabyalingana	-
B	KZN272 Jozini	-
B	KZN275 Mbatubata	TRUE The Mbatubata Local Municipality is still experiencing challenges in the use of various modules on the financial system mainly with regards to grants, liabilities and cash flow reporting where the extracted reports from the financial system reflect incorrectly mapped information. This has resulted in the various Section 71 reports reflecting inaccurate information for grants, capital, creditors and cash flows. Although the magnitude of the creditors balance of R16.2 million reported over the 90 Days category is incorrect, the municipality has acknowledged that they have creditors outstanding in the over 90 days category. The Mbatubata Local Municipality is currently under intervention in terms of Section 139(1)(b) of the Constitution. As part of the intervention process, all payments to Creditors are first approved by an Interim Finance Committee which has resulted in some delays in payments. Furthermore, according to the municipality, Creditors outstanding for a period of greater than 90 days are mainly due to disputes where work performed before the commencement of the intervention cannot not be verified and will therefore remain on the creditors list. The municipality confirmed that all outstanding current creditors in the 30 days category as at 31 December 2022 were settled in the Month 07 (January 2023). The balance in the 0-30 days category for creditors is R412 000 in the municipality prepared C Schedule. As per the municipality, the system service provider is on site to rectify the Section 71 reports in time for the quarterly verification process and a resubmission can be expected before the closure of the National Treasury database. Similar to the end of Quarter 1 (negative R1.4 million), the municipality has reported a negative amount in respect of cash and cash equivalents at the end of Quarter 2 (negative R182 000). As mentioned above, the municipality indicated that the Section 71 report is inaccurate. As per the municipality prepared Schedule C and accompanying narrative report submitted for December 2022, the municipality has R43.1 million as Cash and cash equivalent balance (Quarter 1 - R22.8 million).
B	KZN276 Big Five Hlabisa	TRUE The Big Five Hlabisa Local Municipality reported R5.6 million as the Creditors balance outstanding in the Over 90 days category, which represents 2.6 percent of the total Operating expenditure budget. According to the municipality, the amount reported might be incorrect due to the fact that there are still challenges with use of data strings as some payments are recorded against the Payables & Accruals: Deposits segment instead of Payables & Accruals: Withdrawals segment. The municipality will correct these errors during the Adjustments Budget process and in the Month 07 reporting period with the assistance of their financial system service provider.
C	DC27 uMkhanyakude DM	TRUE The uMkhanyakude District Municipality is currently under intervention in terms of Section 139(1)(b) and Section 139(4) of the Constitution due to the fact that the district municipality has failed to approve their 2022/23 Annual Budget before the start of the financial year. The amount reflected in the Over 90 days category for Creditors as at the end of December 2022 is mainly attributable to the bulk water amount owed to Mhlathuze Water and Department of Water and Sanitation (DWS). The municipality is facing cash flow challenges and as a result, the municipality has included payments of long outstanding Creditors over the next few financial years as a priority as part of their 2022/23 MTREF Budget and Budget Funding Plan approved by Council. The progress report in the implementation of the Funding Plan as at Quarter 2 is yet to be submitted by the municipality. As part of the Section 139(1)(b) intervention process, all payments to Creditors are first approved by an Interim Finance Committee (IFC), which is chaired by the Ministerial Representative. The municipality has a signed payment agreement with Mhlathuze Water to pay arrear amount with monthly payments of R2.3 million plus the current invoices concurrently over a period of time. The municipality indicated that they have not been able to fully honour the payment agreement as they have been struggling with payment of current invoices, however historical debt has been settled and the proof of payment will be submitted to Provincial Treasury. While the municipality has not been making regular payments in regard to Bulk expenditure, the amounts reflected as Over 90 days for Bulk Water and the Total Creditors do not present a true reflection of the total Creditors balance. As per the municipality, not all transactions have been captured on both payments and accruals as at Quarter 2 due to the challenge in terms of completeness of expenditure. Invoices are only raised when due for payment and not when received. The municipality is currently working on these discrepancies and is anticipating that the transactions will be up-to-date for the Month 07 reporting. Furthermore, due to the late submission of the AFS to the Auditor General by the municipality, the audit has not yet been finalised by the Office of the Auditor General by the legislated date.
B	KZN281 uMfolozi	TRUE The uMfolozi Local Municipality has Creditors greater than 90 days reported, resulting in disputes arising from the procurement procedures, amounting to R2 million, as per the age analysis submitted to the LGportal. The municipality has communicated with their Creditors to ensure that the disputes are resolved. The creditors reflecting negative balances are due to various suppliers not being correctly allocated when the invoice is raised on the financial system. However, the financial system providers are working towards addressing this matter.
B	KZN282 uMhlathuze	TRUE The uMhlathuze Local Municipality indicated that the amount shown as greater than 90 days is incorrect. As per the Aged creditors submitted to the GoMuni portal, R2.8 million of the R3.9 million reflected should be in the 60 to 90 days category, whilst the balance of R1.1 million should be the amount reflected in the Over 90 days category. The R1.1 million in the Over 90 days category relates to accrued invoices from the district municipality for services provided to the former Ntambanana Local Municipality, which is still in dispute. There is no apparent indication of financial crisis at the municipality.
B	KZN284 uMlalazi	TRUE The Cash and cash equivalents as per Cash flow statement is not a true reflection of the cash position of the municipality due to system issues which are being addressed by the municipality.
B	KZN285 Mthorjani	TRUE The Cash and cash equivalents as per Cash flow statement is not a true reflection of the cash position of the municipality due to system issues which are being addressed by the municipality.
B	KZN286 Nkandla	TRUE The municipality has cash flow constraints and could not meet all financial obligations. The municipality is working on rectifying their cash flow position in the third quarter of 2022/23 financial year. The municipality is also on track in terms of honouring the payment arrangement with Eskom.
C	DC28 King Cetshwayo DM	TRUE The outstanding Creditors balance is attributable to Retentions, disputes with suppliers and irregular expenditure which requires internal processes to be followed before the payment can be concluded.
B	KZN291 Mandeni	-
B	KZN292 KwaDukuza	TRUE The KwaDukuza Local Municipality confirmed that the creditors balance of R1.6 million reflected in the over 90 days category relates to invoices received from suppliers and processed by the SCM unit. On receipt of invoices from the SCM Unit, the relevant business unit approves the invoice in order for the finance department to process the payment. The amount of R1.6 million reflected in the over 90 days category relates to invoices not yet approved by the relevant business due to disputes which have yet to be resolved and is still outstanding for payment.
B	KZN293 Nowedwe	-
B	KZN294 Maghamsulo	-
C	DC29 iLembe DM	-
B	KZN433 Greater Kokstad	-
B	KZN434 uBuHebeze	TRUE The municipality attributed the Creditors balance over 90 days to Retentions where payments have to be withheld until all criteria in relation to each project are met. There are thus no financial problems at the municipality.
B	KZN435 uMzimkhulu	-
B	KZN436 Dr. Nkosazana Dlamini Zuma	-
C	DC43 Harry Gwala DM	TRUE The municipality received a qualified audit opinion in the 2021/22 financial year as the Auditor-General could not obtain sufficient appropriate audit evidence that payments made for outsourced business and advisory services included in Contracted services were received, as internal controls were not adequate to confirm receipt of these services. The municipality provided an audit action plan that includes a plan to address the qualification issue. Thus the qualification matter is not an indication of financial distress.
Total		34