



**treasury**

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Department:  
Treasury

**PROVINCE OF KWAZULU-NATAL**

# **Municipal Finance 3<sup>rd</sup> Quarter Review 2017/18**

**MFQR: 31 March 2018**

Compiled by: The KZN Provincial Treasury

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## Introduction

This consolidated municipal budget performance review covers the financial performance of municipalities in KwaZulu-Natal as at the end of the third quarter ending 31 March 2018.

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

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

## Legislative Framework

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

## 2.2 Operating Revenue – District Total

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

R200	Original Budget	Adjusted Budget	Unsettled Actual	% Generated	Detail						
					Property rates <sup>1</sup>	Electricity revenue	Service charges	Water revenue	Other <sup>2</sup>	Transfers recognised - operational	Other own revenue
eThekweni	33 394 659	32 767 776	25 317 795	77.3	5 924 159	9 064 994	2 675 463	1 539 013	4 599 616	230 169	1 290 277
Ugu	2 300 738	2 400 856	1 671 188	86.5	335 254	43 665	287 936	95 861	728 670	162 539	16 330
uMgungundlovu	8 391 326	6 357 377	4 737 692	74.5	980 498	1 590 026	551 787	201 146	12 456 867	59 658	246 976
uMkhanyakude	2 138 812	1 787 141	1 787 751	98.9	280 127	373 028	158 640	75 184	777 984	12 096	116 467
uMzinyathi	1 178 261	1 179 401	887 745	76.1	110 000	67 577	31 222	81 166	555 786	3 670	47 421
Amathole	2 121 733	2 071 011	1 789 662	85.4	219 452	519 101	127 657	118 746	721 400	26 912	44 404
Zululand	1 553 916	1 719 276	3 110 594	180.2	138 010	1 423 066	28 896	340 222	654 655	16 667	319 186
uMhlabiyandeni	1 106 590	1 062 126	921 746	85.2	76 882	4 791	14 991	784 171	2 940	2 940	39 255
King Cetshwayo	4 330 829	4 330 802	3 320 743	76.7	444 109	1 091 842	33 972	161 115	1 070 665	56 039	144 040
Leziba	2 376 442	2 562 238	2 361 752	100.7	324 006	556 001	71 101	96 769	986 379	82 973	466 722
Harry Gwala	1 207 263	1 205 793	1 060 291	87.8	137 653	78 728	57 625	51 061	659 877	14 379	66 418
<b>Total</b>	<b>58 865 827</b>	<b>57 466 796</b>	<b>47 195 250</b>	<b>82.1</b>	<b>8 652 662</b>	<b>14 776 654</b>	<b>4 332 222</b>	<b>2 095 013</b>	<b>12 972 366</b>	<b>667 626</b>	<b>2 797 459</b>

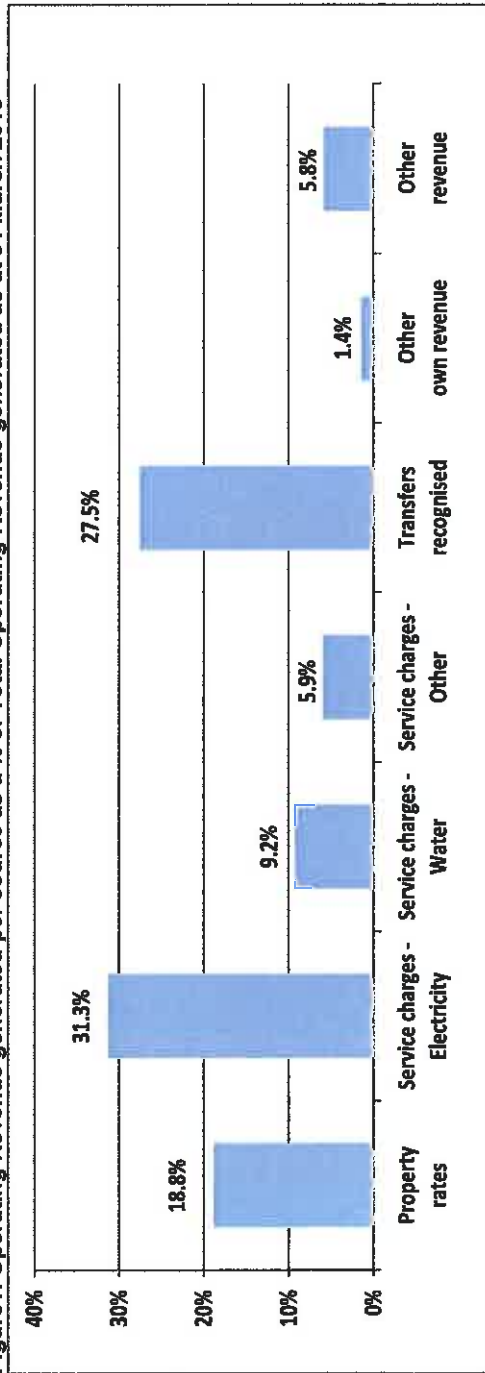
Sources: NTI Igdtidatbase

1 include Property Rates and Property Rate - penalties and collection charges.

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

3 include Rental of facilities and equipment, Interest earned on external investments & outstanding debtors, Dividends received, Fees, Licenses and permits, Agency services and Gains on disposal of PPE.

Figure 1: Operating Revenue generated per source as a % of Total Operating Revenue generated as at 31 March 2018



The bulk of the Operating revenue at the end of the third quarter was generated by the eThekweni Metro at R25.3 billion followed by the uMgungundlovu District at R4.7 billion and the King Cetshwayo District at R3.3 billion.

Operating revenue generated by the districts against their respective Adjusted Budgets exceeded the benchmark of 75 percent for the third quarter with the exception of the uMgungundlovu District (74.5 percent) and the Ugu District (69.5 percent). The Zululand District recorded the highest percentage of 180.9 percent or R3.1 billion revenue generated against their Adjusted Budget. The total revenue generated by the Zululand District appears erroneous due to possible errors in reporting by the Abaqulusi Local Municipality who reported revenue of 409.2 percent, the uPhongolo Local Municipality 104.7 percent and the Nongoma Local Municipality 103.4 percent revenue against their Adjusted Budget.

Service charges – electricity revenue at R14.8 billion or 31.3 percent contributed the most to total Operating revenue generated, followed by Transfers recognised – operational at R13 billion or 27.5 percent and Property rates (which includes Penalties and collection charges) at R8.9 billion or 18.8 percent.

Actual Operating revenue as at the end of the third quarter for the uMkhanyakude, Harry Gwala and uMzinyathi Districts is largely funded by grants at 82.9 percent, 62.2 percent and 61.9 percent respectively. The eThekweni Metro (18.2 percent), the uMgungundlovu District (26.3 percent) and the Zululand District (27.5 percent) are the least dependent on grant funding.

With the exception of the eThekweni Metro (R5.9 billion), the uMgungundlovu (R883.5 million), the King Cetshwayo (R444.1 million) and the Ugu (R355.3 million) Districts generated the largest amounts for Property rates revenue while the uMkhanyakude (R76.9 million), the uMzinyathi (R10.7 million) and the Zululand (R13.6 million) Districts contributed the least to the total Property rates revenue.

Excluding the eThekweni Metro (R13.3 billion), the uMgungundlovu (R2.3 billion), the Zululand (1.3 billion) and the King Cetshwayo (R1.6 billion) Districts generated the bulk of the total revenue for Service charges which includes Electricity revenue, Water revenue and Other. The uMkhanyakude and the uMzinyathi Districts generated the least towards revenue for Service charges with R47.5 million and R180 million respectively.

## 2.4 Capital Revenue and Expenditure - Provincial Total

Table 4: Capital Revenue and Expenditure as at the end of Quarter 3 - 2017/18

R 1000000s	Budget		First Quarter		Second Quarter		Third Quarter		Year to Date		2017/18		Q3 of 2016/17 to Q3 of 2017/18
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	2nd Q as % of Main appropriation	Actual Expenditure	3rd Q as % of adjusted budget	Actual Expenditure	Total Expenditure as % of adjusted budget	Actual Expenditure	Total Expenditure as % of adjusted budget	
<b>Capital Revenue and Expenditure</b>													
<b>Source of Finance</b>													
National Government	14 570 998	17 482 439	1 821 004	12.5%	2 665 561	18.3%	2 119 659	12.1%	6 607 223	37.8%	2 955 667	53.2%	(15.4%)
Provincial Government	8 200 416	11 004 273	1 140 071	13.7%	1 755 672	20.8%	1 639 153	14.5%	4 694 901	40.8%	1 318 084	51.4%	24.2%
District Municipality	902 212	1 104 407	170 484	17.4%	128 139	13.0%	189 217	16.2%	466 659	42.3%	121 904	143.3%	37.3%
Other transfers and grants	3 265	12 753	2 374	73.3%	2 480	76.7%	14 447	113.1%	19 281	151.7%	734	386.9%	(100.0%)
Transfers recognised - capital	9 365 073	12 122 396	1 387 228	14.4%	1 988 520	19.8%	1 820 792	16.6%	4 987 044	41.1%	1 442 000	57.8%	26.2%
Borrowing	1 303 616	1 216 405	17 747	1.4%	36 367	2.8%	59 693	4.9%	113 707	9.3%	48 162	11.2%	23.7%
Internally generated funds	3 871 607	4 063 064	407 169	12.6%	780 442	20.7%	219 670	5.4%	1 487 282	36.6%	991 265	55.6%	(71.6%)
Public contributions and donations	99 412	88 575	2 359	2.8%	3 221	3.8%	19 603	22.1%	25 194	28.6%	33 462	116.2%	(41.4%)
<b>Capital Expenditure Standard Classification</b>													
Government and Administration	14 570 998	17 482 439	1 821 004	12.5%	2 665 561	18.3%	2 119 659	12.1%	6 607 223	37.8%	2 955 667	53.2%	(15.4%)
Government and Administration	880 273	2 065 340	92 070	10.2%	153 221	17.4%	138 943	16.8%	382 134	19.1%	166 972	41.4%	(26.4%)
Executive & Council	74 927	35 335	27 261	36.4%	37 525	50.1%	22 810	28.8%	87 595	22.3%	4 039	7.2%	(4.3%)
Budget & Treasury Office	694 473	1 355 988	63 955	9.4%	72 698	11.2%	88 838	6.8%	232 267	16.3%	65 301	29.7%	34.8%
Corporate Services	154 673	248 277	3 444	2.2%	4 002	2.8%	24 425	9.5%	71 271	28.5%	7 834	30.4%	(8.8%)
Community and Public Safety	2 461 063	2 437 479	297 160	12.4%	322 529	13.4%	265 567	12.1%	915 446	37.6%	330 671	66.4%	(4.6%)
Community & Social Services	697 444	627 356	72 442	10.4%	77 959	11.2%	88 999	11.0%	219 200	35.0%	6 339	28.7%	12.4%
Sports and Recreation	256 688	340 121	16 033	7.1%	25 126	11.1%	25 453	7.8%	57 025	19.9%	19 492	27.6%	56.8%
Public Safety	407 254	110 200	13 169	12.8%	6 111	5.7%	13 625	12.5%	33 139	30.0%	13 687	18.7%	(5.9%)
Health	1 537 228	1 341 634	192 630	14.2%	209 206	15.4%	184 307	13.7%	565 222	43.7%	215 139	13.3%	(19.5%)
Health	16 289	17 939	2 855	17.2%	4 517	27.7%	1 729	9.7%	9 110	50.8%	1 718	38.8%	1.2%
Economic and Environmental Services	4 307 351	6 385 714	506 410	11.1%	682 244	14.9%	809 977	12.7%	2 082 172	31.3%	719 197	47.5%	15.1%
Economic and Environmental Services	920 935	3 627 065	95 172	7.2%	143 537	15.3%	132 019	3.9%	341 789	9.4%	13 711	65.6%	(2.7%)
Road Transport	3 672 289	2 751 367	443 108	12.1%	538 946	14.7%	677 377	24.6%	1 601 182	60.8%	588 887	40.0%	19.5%
Environmental Protection	3 377	3 282	129	3.8%	61	1.7%	61	2.4%	231	7.4%	59	10.2%	(8.6%)
Trading Services	6 459 809	6 557 055	915 551	14.1%	1 308 446	23.5%	873 946	13.3%	3 280 543	50.2%	1 288 541	56.9%	(62.3%)
Electricity	1 367 701	1 366 074	228 803	16.7%	387 467	28.3%	220 380	16.2%	616 651	45.2%	330 667	41.8%	(36.8%)
Water	3 635 076	3 438 664	439 489	12.5%	818 721	21.1%	521 367	15.2%	1 689 616	53.7%	670 794	62.0%	(22.5%)
Waste Heat Management	1 060 955	1 277 701	178 229	17.1%	228 351	28.7%	151 603	16.3%	588 413	46.1%	254 971	61.0%	(48.3%)
Waste Management	177 289	565 578	7 651	4.0%	14 907	10.7%	18 025	3.8%	41 984	6.7%	31 218	41.8%	(4.2%)
Other	281 902	148 071	8 671	3.0%	3 721	1.6%	4 496	4.2%	16 939	16.3%	17 275	18.2%	(74.0%)

Source: NT Igdatabase

- The highest contributor towards total Capital sources of finance as at the end of quarter three was National Government transfers at R4.5 billion followed by Internally generated funds at R1.5 billion and Provincial Government transfers at R466.9 million. Other transfers and grants, Borrowing and Public Contributions and donations with a total of R158.2 million made up the remaining Capital sources of finance.
- At the end of the third quarter, the municipalities in the province were expected to have spent a straight line projection of 75 percent of the R17.5 billion Adjusted Budget for Capital expenditure. However, the municipalities attained only 37.8 percent which is below the 75 percent benchmark. Furthermore, this constitutes a decrease in the spending rate as compared to the same period in the previous financial year which amounted to 53.2 percent.
- The bulk of the Capital expenditure as at the end of the third quarter was on Trading services at R3.3 billion or 49.8 percent of total Capital expenditure of which R1.8 billion was spent on Water, followed by R818.6 million spent on Electricity, R588.4 million spent on Waste Water Management and R44 million spent on Waste Management.
- Economic and Environmental Services is the second largest contributor towards Capital expenditure amounting to R2 billion or 30.3 percent of the total Capital expenditure of which R1.7 billion was spent on Road Transport, R341.8 million was spent on Planning and Development and R251 000 was spent on Environmental Protection.
- Community and Public Safety contributed R915.4 million or 13.9 percent towards the total Capital expenditure. Of this, R536.2 million was spent on Housing, R219.4 million was spent on Community & Social Services, R67.6 million was spent on Sport and Recreation, R31.1 million was spent on Public Safety and R9.1 million was spent on Health.
- Governance and Administration contributed R382.1 million or 5.8 percent towards total Capital Expenditure. Of this, R223.3 million was spent on Budget and Treasury Office, R87.6 million was spent on Executive & Council and R71.3 million was spent on Corporate Services.
- Other contributed the least towards total Capital expenditure at R16.9 million or 0.3 percent.

## 2.6 Capital Expenditure - District Total

Table 6: Capital Expenditure per item and per district as at the end of Quarter 3 – 2017/18

R000	Original Budget	Adjusted Budget	Unaudited Actual	% Spent	Detail									
					Governance and Admin. <sup>1</sup>		Community and Public Safety		Economic and Environmental Services		Trading Services			Other
					Governance and Admin.	Health	Other <sup>2</sup>	Road Transport	Other <sup>3</sup>	Electricity	Water and Waste Water Mgt.	Waste Mgt		
eThekweni	7 340 084	7 535 632	2 786 646	38.0	174 800	3 110	105 293	646 373	141 375	554 970	540 173	23 796	16 365	
Ugu	727 376	721 132	316 373	43.4	68 487	-	8 952	57 338	1 987	(111)	178 615	6 461	-	
uMgungundlovu	1 044 909	1 123 057	476 846	42.5	28 087	12 325	49 864	156 832	21 889	47 177	158 932	3 883	(31)	
uThukwela	590 959	3 558 525	388 373	10.3	6 571	-	4 894	30 206	79 116	12 494	255 328	26	-	
uKhanyalale	750 764	626 688	293 361	46.8	3 995	-	38 980	33 454	2 275	38 671	176 314	71	-	
Amajuba	455 837	443 529	223 266	51.2	1 053	379	3 952	40 163	28 930	4 161	143 923	795	-	
Zulu	693 611	708 288	394 484	56.1	3 524	-	9 801	80 061	3 483	50 213	247 590	-	-	
uMkhanyalale	460 261	460 314	371 258	80.7	537	-	22 256	40 680	22 551	30 299	245 834	-	-	
King Coshwapo	1 032 518	1 032 623	385 593	37.4	68 543	-	28 213	74 674	21 921	38 555	158 363	6 310	3	
Lembe	776 171	758 124	664 834	87.7	24 711	-	35 373	484 448	42	17 186	182 761	303	43	
Harry Gwala	698 519	724 568	295 164	42.1	8 666	(239)	13 625	87 111	18 461	25 655	140 095	2 408	-	
<b>Total</b>	<b>14 570 998</b>	<b>17 482 439</b>	<b>6 687 223</b>	<b>37.9</b>	<b>342 134</b>	<b>566 222</b>	<b>320 114</b>	<b>1 660 132</b>	<b>342 040</b>	<b>818 631</b>	<b>2 427 929</b>	<b>43 944</b>	<b>16 929</b>	

Source: NI Database

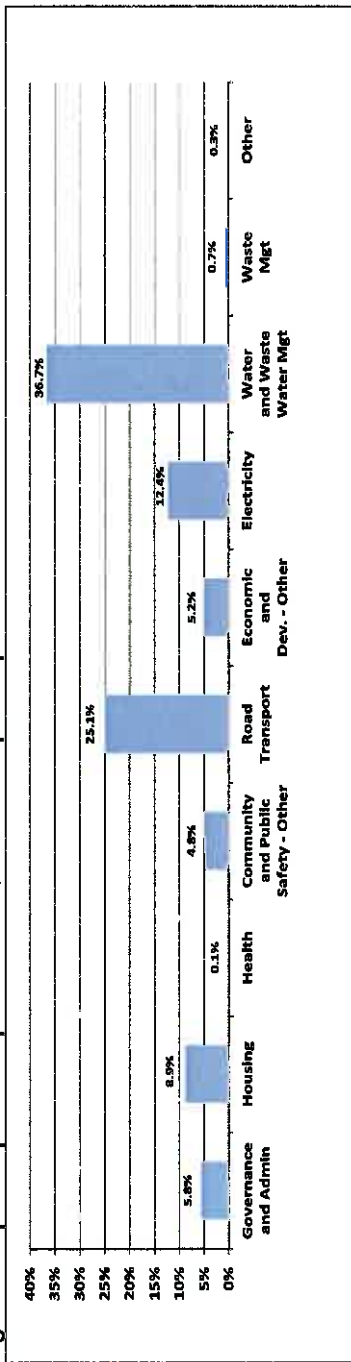
1 Include Executive & Council, Budget & Treasury Offices and Corporate Services.

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

3 Include Planning and Development and Environmental Protection.

Below straightline projection of 75 percent

Figure 4: Capital Expenditure per item as a % of Total Capital Expenditure as at 31 March 2018



As at the end of the third quarter of the 2017/18 financial year, municipalities in the province spent R6.6 billion or 37.3 percent of their Adjusted Capital Budgets, which is below the 75 percent straight line projection expected at the end of the third quarter.

The districts with the largest percentages of Capital expenditure against their Adjusted Budget were the iLembe and uMkhanyalale Districts with 87.7 percent and 80.7 percent respectively. The high expenditure in the iLembe District appears highly questionable with the Ndwendwe Local Municipality reporting Capital expenditure of 321.7 percent or R349.8 million of the Adjusted Capital Budget of R108.4 million. All other districts performed poorly as they achieved Capital expenditure rates of less than 75 percent.

The bulk of the Capital expenditure was reported on *Water and Waste Water Management* of R2.4 billion or 36.7 percent with the eThekweni Metro recording the highest expenditure of R540.2 million against this category. The Ugu District recorded negative expenditure of R111 000 due to the uMuziwabantu Local Municipality recording negative expenditure of R111 000 which may be as a result of incorrect reporting.

The second largest Capital expenditure category was reported on *Road Transport* at R1.7 billion or 25.1 percent. The eThekweni Metro recorded the largest spending against this category with R646.4 million, followed by the iLembe District with R404.4 million and the uMgungundlovu District with R156.6 million.

The least Capital expenditure of R26 million (0.4 percent) was reported on the *Other and Health* votes with R16.9 million and R9.1 million respectively. The only spending on the *Health* standard classification was by the eThekweni Metro with R0.1 million.

The eThekweni Metro and three districts spent part of their Adjusted Capital budgets on *Housing* with a total of R586.2 million. The bulk of *Housing* expenditure is from the eThekweni Metro with R573.7 million or 97.9 percent. The uMgungundlovu, Amajuba and Ugu Districts make up the remaining *Housing* Capital expenditure. The Harry Gwala District recorded negative expenditure of R239 000 which was due to incorrect reporting.

## 2.8 Debtors Age Analysis – Provincial Total

**Table 7: Debtors Age Analysis by Income source as at the end of Quarter 3 - 2017/18**

R thousands	0-30 Days		31-60		61-90		Over 90		Total		Actual Bad Debts Written Off to Debtors		Impairment-Bad Debts to Council Policy	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	Days		Days		Days		Days		Days		Amount	%	Amount	%
<b>Debtors Age Analysis By Income Source</b>														
Trade and Other Receivables from Exchange Transactions - Water	402 088	7,9%	265 381	4,7%	202 491	3,3%	5 148 014	84,1%	6 119 774	33,2%	1 084	0,0%	1 630 014	27,0%
Trade and Other Receivables from Exchange Transactions - Electricity	592 592	46,5%	257 481	11,9%	105 273	4,9%	812 231	37,9%	2 585 334	11,7%	125	0,0%	611 814	28,6%
Receivables from Non-exchange Transactions - Property Rates	531 165	10,6%	293 113	6,0%	103 464	3,3%	4 094 880	86,3%	4 988 630	27,0%	461	0,0%	1 535 226	30,6%
Receivables from Exchange Transactions - Waste Water Management	123 174	9,7%	82 164	7,1%	35 616	3,2%	510 470	79,9%	1 552 322	6,2%	632	0,0%	293 373	24,2%
Receivables from Exchange Transactions - Waste Management	87 996	12,4%	48 887	6,9%	24 125	3,4%	551 221	71,4%	712 229	3,9%	1 165	0,0%	191 356	16,4%
Receivables from Exchange Transactions - Property Related Debtors	13 318	4,4%	11 643	3,9%	7 064	2,7%	288 265	88,4%	308 352	1,8%	812	(3,9%)	119 924	30,8%
Interest on Arrear Debtor Accounts	25 282	1,7%	43 247	2,9%	41 782	2,8%	1 378 542	92,6%	1 488 833	8,1%	(322)	0,0%	411 674	27,7%
Receivables unauthorised, irregular or null and voided Expenditure	(8 083)	0,9%	(6)	(0,0%)	(1)	(0,0%)	(3 965)	92,9%	(4 000)	(0,0%)	-	0,0%	-	0,0%
Other	(8 083)	(1,5%)	42 564	2,8%	43 437	2,8%	1 651 916	94,9%	1 538 638	6,3%	(5 905)	(4,9%)	488 923	28,4%
<b>Total By Income Source</b>	<b>2 238 927</b>	<b>12,1%</b>	<b>1 061 330</b>	<b>5,8%</b>	<b>625 250</b>	<b>3,4%</b>	<b>14 521 900</b>	<b>78,7%</b>	<b>18 446 508</b>	<b>100,0%</b>	<b>(3 705)</b>	<b>-</b>	<b>5 185 004</b>	<b>28,1%</b>

Source: NT Igdatabase

**Table 8: Debtors Age analysis by Customer Group as at the end of Quarter 3 - 2017/18**

R thousands	0-30 Days		31-60		61-90		Over 90		Total		Actual Bad Debts Written Off to Debtors		Impairment-Bad Debts to Council Policy	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	Days		Days		Days		Days		Days		Amount	%	Amount	%
<b>Organs of State</b>	151 507	10,7%	93 728	6,6%	64 196	4,5%	1 183 085	78,7%	1 411 936	7,7%	(5 050)	(4,9%)	318 929	22,8%
<b>Commercial</b>	1 137 565	20,2%	375 042	6,7%	178 571	3,2%	2 195 244	58,4%	3 890 422	21,1%	(1 439)	(0,0%)	1 208 026	31,1%
<b>Households</b>	828 216	6,9%	510 311	4,3%	346 289	2,9%	10 389 101	88,0%	11 961 916	65,0%	2 942	0,0%	3 528 084	29,4%
<b>Other</b>	72 728	10,7%	78 683	6,8%	38 105	3,1%	914 470	79,6%	1 122 282	6,2%	283	0,0%	132 155	11,6%
<b>Total By Customer Group</b>	<b>2 238 027</b>	<b>12,1%</b>	<b>1 061 330</b>	<b>5,8%</b>	<b>625 250</b>	<b>3,4%</b>	<b>14 521 900</b>	<b>78,7%</b>	<b>18 446 508</b>	<b>100,0%</b>	<b>(3 705)</b>	<b>-</b>	<b>5 185 004</b>	<b>28,1%</b>

Source: NT Igdatabase

• Table 7 shows a total of R18,4 billion that is owed to all municipalities in KwaZulu-Natal as at 31 March 2018 with an amount of R14,5 billion or 78,7 percent of the Debtors in the Over 90 Days category.

• The Debtors Age Analysis by Income Source shows that a significant amount of R6,1 billion or 33,2 percent of the debt owed relates to Water followed by Property Rates at R5 billion or 27 percent, Electricity at R2,2 billion or 11,7 percent and R1,5 billion or 8,3 percent for Other.

• Negative amounts of R8,1 million and R291 000 are shown in Table 7 under the 0-30 Days category against Other and Recoverable unauthorised, irregular or fruitless and wasteful expenditure, respectively. According to Annexure E, various municipalities reported negative amounts with the uMhlabethwe Local Municipality being the municipality with the largest negative amount which could be attributable to incorrect reporting.

• The Debtors Age Analysis by Customer Group in Table 8, indicates that a considerable portion of debt is owed by Households at 65 percent or R12 billion followed by Commercial at 21,1 percent or R3,9 billion and Organs of State at 7,7 percent or R1,4 billion. The lowest portion was recorded against Other at 6,2 percent or R1,2 billion.

• Actual Bad Debts Written Off to Debtors amounts to negative R3,7 million as at 31 March 2018. This is as a result of incorrectly reported negative figures by the uMzimkhulu Local Municipality of R7,6 million.

• The Newcastle Local Municipality reported the highest Actual Bad Debts Written Off to Debtors of R3,7 million while Mmanduza Local municipality reported the highest Impairment - Bad Debt in terms of Council Policy of R888 million.

## 2.10 Debtors by Customer Group – District Total

Table 10: Debtors by Customer Group (Total) as at the end of Quarter 3 - 2017/18

R'000	Organs of State		Commercial		Household		Other		Total
	Total	%	Total	%	Total	%	Total	%	
eThekweni	591 604	6.4	2 448 082	26.5	6 082 754	65.7	129 050	1.4	9 251 500
Ugu	41 086	11.5	51 571	14.5	232 360	65.3	30 812	8.7	355 828
uMgungundlovu	220 826	6.7	519 186	15.7	2 202 266	66.6	362 666	11.0	3 304 943
uThukela	112 108	8.1	34 147	2.5	771 163	55.7	468 117	33.8	1 385 535
uMzinyathi	58 198	16.0	30 688	8.5	269 649	74.3	4 613	1.3	363 147
Amejuba	51 148	4.1	145 014	11.6	1 021 435	81.7	32 134	2.6	1 249 730
Zukiland	108 535	24.7	66 353	15.1	241 380	54.9	23 799	5.4	440 067
uMkhanyakude	127 341	30.2	88 328	20.9	204 195	48.4	2 462	0.6	422 326
King Ceshwayo	38 125	6.0	313 385	49.7	251 740	39.9	27 546	4.4	630 796
iLembe	30 128	4.2	155 309	21.9	464 340	65.4	60 371	8.5	710 148
Harry Gwala	32 811	9.9	38 350	11.5	250 634	75.4	10 692	3.2	332 487
<b>Total</b>	<b>1 411 908</b>	<b>7.7</b>	<b>3 890 422</b>	<b>21.1</b>	<b>11 991 916</b>	<b>65.0</b>	<b>1 152 262</b>	<b>6.2</b>	<b>18 446 508</b>

Source: NT Igdatabase

Figure 8: Debtors Age Analysis as at 31 March 2018

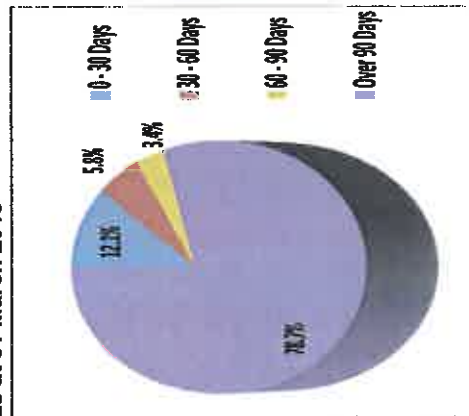


Figure 9: Debtors by Customer Group as at 31 March 2018

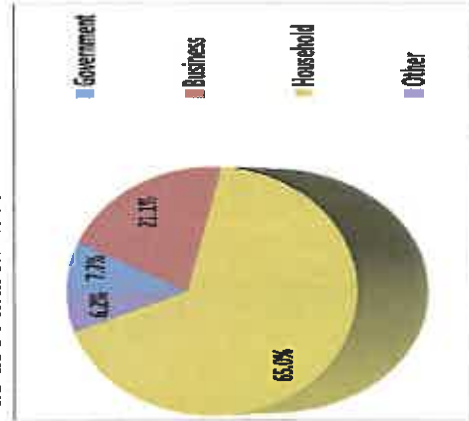


Figure 10: Debtors by Income Source as at 31 March 2018

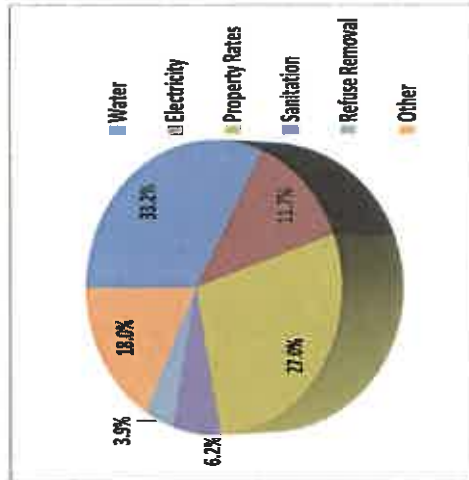


Table 10 shows that R18.4 billion is owed to municipalities of which R1.2 billion or 6.5 percent was owed by *Household* debtors. Municipalities in the province need to ensure that indigent households are accounted for correctly to avoid the *Household* category being inflated with debt that may not be recoverable. Accurate indigent registers must be maintained accordingly.

The eThekweni Metro, the uMgungundlovu and Amajuba Districts contributed the most towards *Household* debtors with amounts of R6.1 billion, R2.2 billion and R1 billion, respectively.

Excluding the eThekweni Metro, municipalities were owed a total of R1.4 billion by *Commercial* debtors. The uMgungundlovu and King Ceshwayo Districts contributed the most towards total debt owed by *Commercial* debtors at R519.2 million and R313.4 million, respectively.

Municipalities were owed a combined total of R1.4 billion or 7.7 percent by *Organs of State*. The eThekweni Metro, the uMgungundlovu District and the uMkhanyakude District had significant debt owed by *Organs of State* which amounted to R591.6 million, R220.5 million and R127.3 million, respectively.

*Other* debtors of R1.2 billion or 6.2 percent is the lowest customer category of outstanding debt.

Debt owed by *Organs of State*, *Commercial* and *Household* may be understated in the Alfred Duma Local Municipality did not categorise their Debtors by Customer group.

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



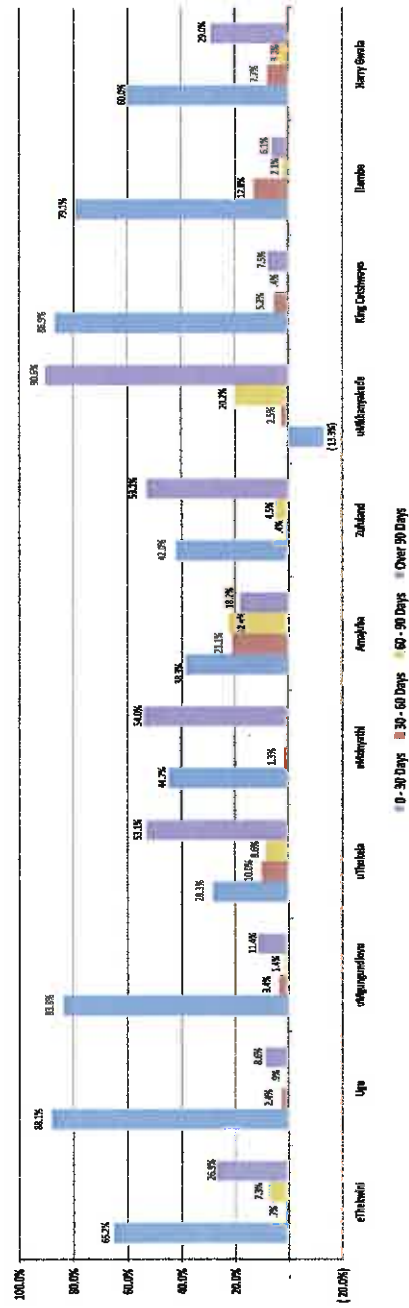
## 2.12 Creditors Age Analysis – District Total

Table 12: Creditor Age Analysis per district (Total) as at the end of Quarter 3 - 2017/18

R'000	0 - 30 Days		30 - 60 Days		60 - 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
eThekweni	1 511 370	65.2	15 283	0.7	168 732	7.3	624 168	26.9	2 319 553
Ugu	26 011	88.1	716	2.4	269	0.9	2 526	8.6	29 521
uMgungundlovu	549 956	83.8	22 382	3.4	8 925	1.4	74 982	11.4	656 255
uThukela	31 826	28.3	11 221	10.0	9 719	8.6	59 632	53.1	112 398
uMzinyathi	30 879	44.7	900	1.3	-	-	37 375	54.0	69 155
Amajuba	75 801	38.3	41 679	21.1	44 364	22.4	35 981	18.2	197 825
Zululand	67 974	42.0	626	0.4	7 323	4.5	86 009	53.1	161 933
uMkhanyalade	(8 077)	(13.3)	1 538	2.5	12 236	20.2	54 855	90.6	60 552
King Cetshwayo	295 462	86.9	17 809	5.2	1 275	0.4	25 583	7.5	340 130
ileembe	124 060	79.1	20 020	12.8	3 300	2.1	9 494	6.1	156 874
Harry Gwala	21 489	60.0	2 767	7.7	1 178	3.3	10 405	29.0	35 840
<b>Total</b>	<b>2 726 752</b>	<b>65.9</b>	<b>134 940</b>	<b>3.3</b>	<b>257 323</b>	<b>6.2</b>	<b>1 021 021</b>	<b>24.7</b>	<b>4 140 035</b>

Source: NT Igtdatabase

Figure 13: Creditors Age Analysis per district as at 31 March 2018



- At the end of the third quarter of the 2017/18 financial year, the eThekweni Metro accounted for R2.3 billion or 56 percent of the total outstanding creditors of R4.1 billion.
- Amongst the districts, the uMgungundlovu District had the largest portion of total outstanding creditors at R656.3 million or 15.9 percent, while the Ugu District recorded the least creditors of R29.5 million or 0.7 percent of total outstanding creditors.
- The majority of the districts recorded more than 60 percent of their creditors in the 0-30 Days category, with the exception of the uThukela (28.3 percent), the Amajuba (38.3 percent), the Zululand (42 percent) and the uMzinyathi (44.7 percent) Districts. Due to the uMkhanyalade District reporting a negative amount in the 0-30 days category, the creditors in the 0-30 days category does not appear accurate.
- The King Cetshwayo and Lembe Districts reported the lowest levels of their total outstanding creditors in the Over 90 Days category. However, this could be due to the Nkandla Local Municipality reporting negative creditors of R8.3 million in the King Cetshwayo District and the Maphumulo Local Municipality reporting negative creditors of R1.4 million in the Lembe District.
- It is recommended that municipalities pay all their debts within 6-10 Day of receipt of invoices and/or statements as required by Section 65(2)(c) of the MFMA in order to avoid possible interest and penalties.

## 2.14 National Conditional Grants – District Total

Table 14(a): National Conditional Grants as at the end of Quarter 3 - 2017/18

R000	Financial Management Grant		Regional Bulk Infrastructure Grant		Municipal Infrastructure Grant	
	DoRA 2017 Total Avail.	Unutilised Actual Expenditure Munis. % Spent	DoRA 2017 Total Avail.	Unutilised Actual Expenditure Munis. % Spent	DoRA 2017 Total Avail.	Unutilised Actual Expenditure Munis. % Spent
eThekweni	1 050	100,0	-	-	-	-
Ugu	13 440	76,7	-	-	402 564	246 785
uMgungundlovu	14 130	77,1	-	-	425 203	283 828
uThukela	10 885	64,2	44 500	22 948	322 071	289 827
uMkhayathi	8 550	62,3	98 933	89 109	309 000	174 862
Amajuba	7 000	65,6	-	-	184 825	100 104
ZuluLand	10 450	77,0	160 552	74 561	381 954	258 117
uMkhanyakude	10 750	69,2	-	-	346 311	254 021
King Cetshwayo	12 250	77,8	66 410	17 572	397 796	228 941
Lembe	8 750	55,2	145 000	55 887	345 549	267 101
Harry Owele	10 650	67,1	90 000	41 155	338 627	162 892
<b>Total</b>	<b>107 935</b>	<b>70,5</b>	<b>605 395</b>	<b>281 233</b>	<b>3 463 910</b>	<b>2 246 246</b>

Figure 14: FMG Expenditure vs. allocation as at 31 March 2018

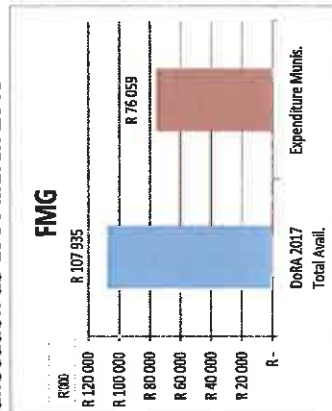


Figure 15: RBIG Expenditure vs. allocation as at 31 March 2018

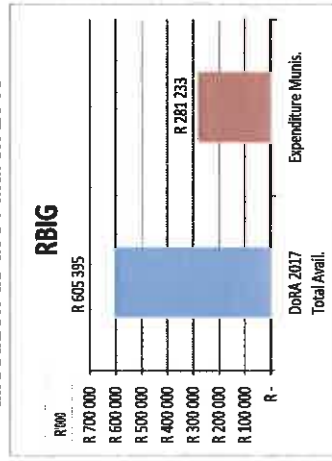
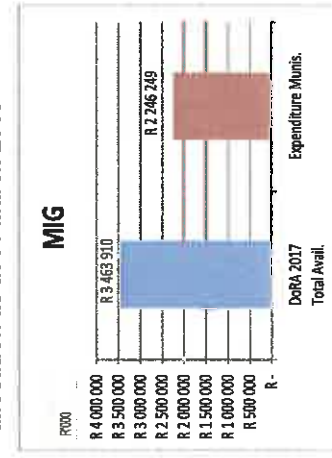


Figure 16: MIG Expenditure vs. allocation as at 31 March 2018



### Financial Management Grant

The collective conditional grant expenditure for all districts and the eThekweni Metro for the Financial Management Grant (FMG) was 70,5 percent against the total available DoRA allocation of R107,9 million which is below the straight line projection of 75 percent at the end of the third quarter.

The eThekweni Metro has reported expenditure of R1,1 million or 100 percent against the FMG allocation of R1,1 million.

The King Cetshwayo District reported the second highest spending of 77,8 percent followed by the uMgungundlovu District with 77,1 percent, the Zululand District with 77 percent and the Ugu District with 75,7 percent. The lowest expenditure noted against the FMG allocation was by the iLembe District which recorded 55,2 percent, the uMkhayathi District with 62,3 percent and the uThukela District with 64,2 percent.

### Regional Bulk Infrastructure Grant

The Regional Bulk Infrastructure Grant (RBIG) expenditure reflected a poor performance as only 46,3 percent had been spent against the total available DoRA allocation of R605,4 million as at the end of the third quarter.

The district with the highest remaining expenditure of RBIG was the Zululand District which spent R74,6 million (40,4 percent) of the allocation, whereas the uMkhayathi District spent the greatest proportion of their allocation at 69,9 percent (R281,2 million). The lowest percentage expenditure recorded against the RBIG allocation was the King Cetshwayo District at 17,5 percent or 26,5 percent.

### Municipal Infrastructure Grant

The total conditional grant expenditure by all the districts and the eThekweni Metro for the Municipal Infrastructure Grant (MIG) was 64,8 percent against the total available DoRA allocation of R3,5 billion which is below the straight line projection of 75 percent as at the end of the third quarter.

Two districts managed to spend above the 75 percent benchmark on their MIG allocation. The uThukela District had the largest expenditure reported at 83,7 percent of their allocation, followed by the iLembe District with expenditure of 77,3 percent, the uMkhayathi District with 73,4 percent, the uMgungundlovu District with 69,8 percent and the Zululand District with 65,9 percent.

The Harry Owele District with 48,1 percent spending, the Amajuba District with 54,2 percent and the uMkhayathi District with 56,6 percent spent the least against their MIG allocation as at the end of the third quarter.

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

**Table 15(a): List of municipalities<sup>1</sup> that did not comply with ALL MFMA and DoRA Reporting Requirements as at 17 May 2018 for the Period 01 July 2017 to 31 March 2018.**

Draft Budget 2017/18	Draft Integrated Development Plan (IDP) 2017/18	Final IDP 2017/18	Draft Service Delivery & Budget Implementation Plan (SDBIP) 2017/18	Final SDBIP 2017/18	Mid Year Budget Performance Assessment Report (MFMA sec 7.5(1)(c)) 2017/18	Budget & IP Timetables for 2018/19 Budget process	Municipalities that did not publish the reports of documents on their website as required by Section 15	Municipalities with less than 5 items
uMkinga uMvoti eDumbe	uMkungundlovu DM Msunduzi Mkhambathini Okhahlamba iNkosi Langalibalele uMkinga uMvoti eDumbe Nongoma Jozini Nqweve	Ugu DM uMshwathi Msunduzi Mkhambathini iNkosi Langalibalele uMvoti eDumbe AbuQuisi Nongoma uMkhanyakude DM Nqweve	Msunduzi uMvoti eDumbe Jozini KwaDukuza	Msunduzi KwaDukuza	uMshwathi Nquthu eDumbe	Msunduzi eDumbe uMfolozi Nqweve	uMuziwabantu Ray Nkonyeni Dambauser Amajuba DM Zululand DM uMhlabuyalingana Jozini uMkhanyakude DM	uMuziwabantu Ugu DM uMkungundlovu iNkosi Langalibalele uMvoti uMnyathi DM Newcastle Zululand DM uMhlabuyalingana Mtabatuba Mthonjaneni Maphumulo iLembe DM

<sup>1</sup>List of municipalities exclude the non-delegated municipalities.

Source: NT Database

The MEC for Finance issued a non-compliance circular in quarter two requesting all the delegated municipalities to submit all outstanding documents and returns to the National and Provincial Treasuries in line with the Municipal Finance Management Act (MFMA), Division of Revenue Act 2017 (DoRA) and Municipal Budget and Reporting Regulations (MBRR). Despite these efforts and regular reminders, some municipalities have still not submitted all their documents and returns as reflected in Tables 15(b), 15(b) and 15(c), as at 17 May 2018.

Table 15(a) shows that some municipalities did not submit all their 2017/18 Draft Budget related documents to National Treasury as per Section 22 of the MFMA and Regulation 15 of the MBRR which requires the documents to be submitted in both printed and electronic formats. In this regard, the 2017/18 Draft Budget documentation is still outstanding from three municipalities. Eleven municipalities have not submitted copies of their Draft Integrated Development Plans (IDP) which is the same number of municipalities who have not submitted copies of the Final IDP. Furthermore, five municipalities did not submit their Draft Service Delivery and Budget and Implementation Plans (SDBIP), while the Final SDBIP was outstanding from two municipalities.

Three municipalities did not submit their 2017/18 Mid - Year Budget and Performance Assessment Reports to National Treasury which was due on 25 January 2018 as required by Section 72(b)(iii) of the MFMA and Regulation 35(a) of the MBRR.

Four municipalities had not submitted their Budget & IDP timetables for the 2018/19 Budget process to National Treasury, despite numerous reminders from the Provincial Treasury. The submission of these schedules was due by 31 August 2017 in terms of Section 21 of the MFMA.

Eight municipalities had not published the majority of their documents within 5 days of tabling the documents on their municipal websites as per Section 75 of MFMA.

Thirteen municipalities had not appointed the required minimum number of five interns as per the conditions of the Financial Management Grant (FMG) which requires that each municipality must appoint a minimum of five interns over a multi-year period.

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

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

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

### B Schedule Validation of the Council Adopted Budget to the mSCOA Budget Data Submission

Municipalities were expected to address the shortfalls of alignment between the mSCOA data string and the Council approved budget during the Adjustment Budget Process in 28 February 2018. Further to this, municipalities must have identified transactions where there was no budget associated with the data string or instances where they have exceeded the budget. This was done in light of preventing unauthorised expenditure at year end. To this end, the submission of adjustment budgets for the 2017/18 financial year end would go through the following validation processes:

- Stage 1 – The file format is in the correct structure;
- Stage 2 – The municipality has used the segments appropriately; and
- Stage 3 – The B Schedule submitted to council agrees to the mSCOA data string that was uploaded on the LG Portal.

With regards to Stage 1 of the Validation, the following municipalities submitted the file in the correct structure within the required reporting time of 10 days after 28 February 2018.

Table 16: Municipalities submitted files in the correct structure within the required reporting time of 10 days after 28 February 2018

No	Name of Municipality	Submission	No	Name of Municipality	Submission	No	Name of Municipality	Submission
1	Amajuba DM	Successful	19	uMhlatuze	Successful	37	Jozini	Successful
2	Damshauser	Successful	20	Mthlazi	Successful	38	uMhlabuyalingana	Successful
3	eMediangeni	Successful	21	Ugu DM	Successful	39	uMzinyathi DM	Successful
4	Newcastle	Successful	22	Ray Nkonyeni	Successful	40	uMvoti	Successful
5	Harry Gwala DM	Successful	23	uMzizwabantu	Successful	41	uMeinga	Non-submission
6	Dr. Nkosezana Dlamini Zuma	Successful	24	uMzumbhe	Successful	42	Nquthu	Successful
7	Umsizakhele	Successful	25	uMdoni	Successful	43	eNdameni	Non-submission
8	uBuhlebezwe	Successful	26	uMgungundlovu DM	Successful	44	uThukela DM	Successful
9	Greater Kokstad	Successful	27	Richmond	Successful	45	Alfred Duma	Successful
10	iLembe DM	Successful	28	Mkhambathini	Successful	46	Nkosi Langalibalele	Successful
11	Maphumulo	Successful	29	Maunduzi	Non-submission	47	Okhahlamba	Successful
12	Ndwedwe	Successful	30	iMpendle	Successful	48	Zululand DM	Successful
13	KwaDukuza	Successful	31	Ipofana	Successful	49	Ulundi	Successful
14	Mandeni	Successful	32	uMngeni	Successful	50	Nongoma	Successful
15	King Coshwayo DM	Successful	33	uMshwathi	Successful	51	AbaQulusi	Successful
16	Nkandla	Successful	34	uMkhanyakude DM	Successful	52	uPhongolo	Successful
17	Mthonjaneni	Successful	35	Big Five Hlabisa	Successful	53	eDumbe	Uploaded**
18	uMlalazi	Successful	36	Mbabata	Successful	54	eThekweni Metro	Successful

\* Successful - submission with no errors on the data file of portal submission (system was able to analyse data for further validation)

\*\* Uploaded - submitted with errors on the data file of the portal submission (system could not read the file for further validation)

\*\*\* Non-submission - Did not submit any file via the Local Government Portal

Of the 46 municipalities that successfully submitted, there are only 26 municipalities that have correctly used the mSCOA segments. This constitutes 48 percent of the municipalities ensuring that the structure and use of the segments are correct on first time submission.

Stage 3 Validation of comparison of the Council approved data string to the 2017/18 Adjustment Budget mSCOA data string which is currently underway. This technically can only be completed for the municipalities that submitted the file in the correct structure and the mSCOA data string was free of validation errors. This would be reported on in Quarter 4.

### Reporting in terms of Section 71 of the MFMA

The accounting officer of a municipality is required to, by no later than 10 working days after the end of each month, submit to the mayor of the municipality and the relevant provincial treasury in the prescribed format the statutory monthly reporting for the municipality, which includes the electronic monthly mSCOA transactional information submissions.

**Table 18: The status of the KwaZulu-Natal Province for the months December 2017, January 2018 and February 2018 monthly data submissions, as at 31 March 2018, are as follows:**

No.	Name of Municipality	Month 6 (Dec 2017)	Month 7 (Jan 2018)	Month 8 (Feb 2018)	No.	Name of Municipality	Month 6 (Dec 2017)	Month 7 (Jan 2018)	Month 8 (Feb 2018)
		Status of Submission	Status of Submission	Status of Submission			Status of Submission	Status of Submission	
1	Abasobisi	Submitted/Successful	Submitted/Successful	Submitted/Successful	28	Nikandla	Submitted/Successful	Submitted/Successful	Data file is outstanding
2	Alfred Duma	Submitted/Successful	Submitted/Successful	Submitted/Successful	29	Nongoma	Submitted/Successful	Submitted/Successful	Data file is outstanding
3	Amajuba DM	Submitted/Successful	Submitted/Successful	Submitted/Successful	30	Nquthu	Submitted/Successful	Submitted/Successful	Submitted/Successful
4	Dannhauser	Submitted/Successful	Submitted/Successful	Submitted/Successful	31	Okhahlamba	Submitted/Successful	Submitted/Successful	Submitted/Successful
5	Dr. Nkomo Dlamini Zuma	Submitted/Successful	Submitted/Successful	Submitted/Successful	32	Ray Nkonyeni	Submitted/Successful	Submitted/Successful	Data file is outstanding
6	eDumbe	Submitted/Successful	Submitted/Successful	Submitted/Successful	33	Richmond	Submitted/Successful	Submitted/Successful	Submitted/Successful
7	eMdingeni	Submitted/Successful	Submitted/Successful	Submitted/Successful	34	Big Five Hlabisa	Submitted/Successful	Submitted/Successful	Data file is outstanding
8	eNdameni	Submitted/Successful	Submitted/Successful	Submitted/Successful	35	iButha Buthe	Submitted/Successful	Submitted/Successful	Submitted/Successful
9	eThekweni	Submitted/Successful	Submitted/Successful	Submitted/Successful	36	Ugu DM	Submitted/Successful	Submitted/Successful	Submitted/Successful
10	Greater Kokstad	Submitted/Successful	Submitted/Successful	Submitted/Successful	37	Umtolweni	Submitted/Successful	Submitted/Successful	Submitted/Successful
11	Harry Gwala DM	Submitted/Successful	Submitted/Successful	Submitted/Successful	38	uMkondeni	Submitted/Successful	Submitted/Successful	Submitted/Successful
12	iLembe DM	Submitted/Successful	Submitted/Successful	Submitted/Successful	39	uMgungundlovu DM	Submitted/Successful	Submitted/Successful	Data file is outstanding
13	iMpandla	Submitted/Successful	Submitted/Successful	Submitted/Successful	40	uMhlabuyalingane	Submitted/Successful	Submitted/Successful	Submitted/Successful
14	iNkosi Langalibalele	Submitted/Successful	Submitted/Successful	Submitted/Successful	41	uMhlatuze	Submitted/Successful	Submitted/Successful	Submitted/Successful
15	Jozini	Submitted/Successful	Submitted/Successful	Submitted/Successful	42	uMhlanganyalade DM	Submitted/Successful	Submitted/Successful	Submitted/Successful
16	KwaDukuza	Submitted/Successful	Submitted/Successful	Submitted/Successful	43	uMlalazi	Submitted/Successful	Submitted/Successful	Submitted/Successful
17	Manteni	Submitted/Successful	Submitted/Successful	Submitted/Successful	44	uMngeni	Submitted/Successful	Submitted/Successful	Submitted/Successful
18	Maphumulo	Submitted/Successful	Submitted/Successful	Submitted/Successful	45	uMshwathi	Submitted/Successful	Submitted/Successful	Data file is outstanding
19	uMfolozi	Submitted/Successful	Submitted/Successful	Submitted/Successful	46	uMuziwabantu	Submitted/Successful	Submitted/Successful	Submitted/Successful
20	Mkhambathini	Submitted/Successful	Submitted/Successful	Submitted/Successful	47	uMvoti	Submitted/Successful	Submitted/Successful	Data file is outstanding
21	uMpondo	Submitted/Successful	Submitted/Successful	Submitted/Successful	48	uMzimkhulu	Submitted/Successful	Submitted/Successful	Data file is outstanding
22	Mahla	Submitted/Successful	Submitted/Successful	Submitted/Successful	49	uMzinyathi DM	Submitted/Successful	Submitted/Successful	Data file is outstanding
23	Mentuzi	Submitted/Successful	Submitted/Successful	Submitted/Successful	50	uNzume	Submitted/Successful	Submitted/Successful	Data file is outstanding
24	Mthonjaneni	Submitted/Successful	Submitted/Successful	Submitted/Successful	51	uPhongolo	Submitted/Successful	Submitted/Successful	Submitted/Successful
25	Mubaluba	Submitted/Successful	Submitted/Successful	Submitted/Successful	52	uThukela DM	Submitted/Successful	Submitted/Successful	Data file is outstanding
26	Ndwebwe	Submitted/Successful	Submitted/Successful	Submitted/Successful	53	King Coshwayo DM	Submitted/Successful	Submitted/Successful	Data file is outstanding
27	Newcastle	Submitted/Successful	Submitted/Successful	Submitted/Successful	54	Zululand DM	Submitted/Successful	Submitted/Successful	Submitted/Successful

### **Month 08 (February 2018) Submission Status:**

As at 31 March 2018, the monthly data submissions were received from 39 municipalities for Month 8. This resulted in a 72 percent submission rate. The 15 municipalities that **did not submit by 31 March 2018** were as follows:

- eNdumeni Local Municipality
- Maphumulo Local Municipality
- Mkhambathini Local Municipality
- Mpofana Local Municipality
- uMsinga Local Municipality
- Msunduzi Local Municipality
- Mtubatuba Local Municipality
- Ndwedwe Local Municipality
- Nkandla Local Municipality
- Nongoma Local Municipality
- Ray Nkonyeni Local Municipality
- Big Five Hlabisa Local Municipality
- uMgungundlovu District Municipality
- uMshwathi Local Municipality
- Zululand District Municipality

From the 39 municipalities that did submit, 18 municipalities submitted by the legislated date by 14 March 2018 in the correct format. One additional municipality, being the uBuhlebezwe Local Municipality attempted to submit by the legislated date by 14 March 2018, however the file format was incorrect.

After the legislated deadline of 14 March 2018, a further eighteen municipalities were able to submit prior to the 31 March 2018.

### **Month 09 (March 2018) Submission Status:**

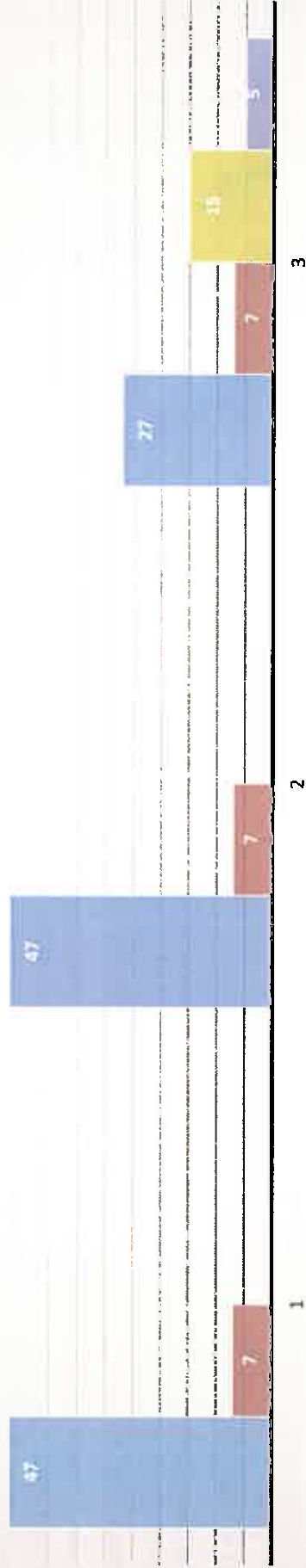
Due the legislated deadline for the March 2018 monthly data submissions being 16 April 2018, the submission feedback will be reported on in the Quarter 4 report.

### **Segment validation of monthly mSCOA data submissions received**

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

Figure 21: Segment validation as at 31 March 2018

## Segment Validation as at 31 March 2018



### Month 06 (December 2017) Segment Validation Status:

As at 31 March 2018, 54 municipalities submitted transactional data files in the correct format, hence the segment validation performed was limited to the data submissions received. Forty seven (47) municipalities (87 percent) had successful data segment validations with no errors, which means that the municipality met the requirements of the use of the segments as per the National Treasury data validations. The remaining seven (13 percent) municipalities had data errors, which they are required to address and resubmit the corrected files to the National Treasury portal.

The seven municipalities that had segment validation errors included:

- Harry Gwala District Municipality (Trial balance and other segment errors)
- KwaDukuza Local Municipality (Trial Balance and other segment errors)
- Msunduzi Local Municipality (Trial Balance and other segment errors)
- Richmond Local Municipality (Trial Balance and other segment errors)
- uMhlatuze Local Municipality (Trial Balance and other segment errors)
- King Cetshwayo District Municipality (Trial Balance and other segment errors)
- Zululand District Municipality (Trial Balance and other segment errors)

All municipalities are working on correcting these segment validations.

## **Training of the mSCOA Advisors 31 January 2018 to 2 February 2018**

- mSCOA Understanding of legislation;
- mSCOA understanding of the Framework;
- The comparison of Old General Ledger to New mSCOA chart;
- Budgeting in MSCOA;
- Business Processes and impact of mSCOA;
- Circular 80 Systems and Processes;
- How to use the LG Portal and extraction of information;
- Analysis of monthly submissions and alignment to the mSCOA chart; and
- Feedback to municipalities

## **KZN Provincial mSCOA forum – 7 February 2018**

The workshop was aimed at addressing the following:

- Status of the Province;
- The monthly statutory reporting requirements for mSCOA;
- The adjustment budget and the process; and
- Validation errors and the process for correction during the adjustment budget.

## **Engagements with system vendors on segment validation errors – 6 and 8 February 2018**

The purpose of these engagements were to discuss specific implementation challenges and mSCOA progress for municipalities as well as provide solutions to the challenges. The focus was with specific vendors that had little progress with the system implementation and problematic municipalities.

- **Training at KwaDukuza Local Municipality – 12 February 2018** – Understanding mSCOA and the Impact on Internal Audit.
- **Municipal District Engagements between 5 March and 23 March 2018** – Version 6.2 of the MSCOA chart, virements and the changes to validations rules on the portal.
- **Presentation to Operation Clean Audit Committee – 16 March 2018** - Presented on status of the province, challenges being experienced and reporting capability.
- mSCOA advisors were appointed on the 24 January 2018 to assist with support and implementation across KwaZulu-Natal. Each advisor was allocated two districts with local municipalities. The mSCOA team members role is to assist the various municipalities in terms of addressing queries with the chart and aid with budgeting, transacting and clearing of validation errors on the data files and readiness for financial year end.



## **2.17 Municipal Support and Oversight**

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

### **Financial Reporting**

#### **Financial Management Municipal Support Programme**

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

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

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

The Financial Management Support Programme continued to be implemented during quarter three of the municipal 2017/18 financial year at selected municipalities. The work performed related to ensuring that errors identified by the Auditor-General queries were processed, training took place as identified and adjustments made during the audit were processed to the general ledger correctly so that the opening balances for 2017/18 and prior period errors made are correct.

The Amajuba District Municipality requested specific assistance with unspent grants related to the withholding of funds by National Treasury. We engaged with the Auditor-General and National Treasury to perform an agreed upon procedures audit to review the unspent balances disclosed for the 2016/17 financial year, showing the adjustments and the correct year end unspent balances. The result was that National Treasury repaid R7.7 million back to the Amajuba District Municipality.

### Asset Management Improvement Program

Provincial Treasury continued to provide hands on assistance to municipalities whom require asset management support, which included assistance with regards to ensuring that audit queries relating to assets including journals and corrections were made to general ledger and the asset register.

Provincial Treasury supported the following municipalities during quarter three:

**Table 21: Assets management support - 2017/18 financial year**

No	Name of Municipality	Audit outcome FY 2015/16	Audit outcome FY 2016/17	Extent of support
1	iMpofana	Disclaimer	Qualified	Continued asset management support was provided to update the asset register for the audit queries noted and ensure that the opening balances for 2017/18 were correct.
2	iMpendle	Unqualified	Unqualified	Technical assistance was provided with changing of accounting policies related to investment properties. The asset management policy was also updated.

During quarter three, assistance was provided with regards to ensuring that audit queries related to assets including journals and corrections were made to the general ledger and the asset register.

Continued assistance and support for the municipalities has been assessed during quarter three, including the need for asset management training, particularly aimed at infrastructure officials focused on performing conditional assessments and physical verification requirements. Assistance has been provided from National Treasury in the form of a resource from Municipal Finance Improvement Programme (MFIP III) – Asset Management that will assist with assessments and training at municipalities. The resource has analysed all audit reports and management reports for the 2015/16 and 2016/17 financial years to gain an understanding of the asset management issues facing the province. He visited five (5) municipalities to create a baseline assessment report from where he selected 15 municipalities where assistance in terms of the MFIP III – Asset Management programme will be focused for the 2018/19 financial year. A draft Asset Management Guideline encompassing a policy and procedure manual has been developed to be reviewed and updated prior to being implemented in the province.

## Public Private Partnership (PPP)

Table 23: PPP related activities

Municipality	Gaps Identified	Recommendations	Progress thus far
<p><b>ILembe District Municipality - Siz Water Concession</b></p>	<p><b>The Five Year Plan:</b> The contract states that subsequent Five Year Plans must be developed in detail by the Concessionaire and be approved by the Council at least 4 (four) months prior to the expiry of the current five year period; and Each Five Year Plan shall be a comprehensive plan for the development of the Water Services for the following 5 (five) years and shall include all technical matters including inter alia Water Resources, Water Treatment, Water Supply Services Works, Water Services, Water Services Standards, Levels of Service, any Expansion Areas and all other associated activities to be undertaken by the Concessionaire in respect of the supply of Water Services and the Works.</p>	<p>The Provincial Treasury's PPP Unit has recommended that the Five Year Planning process commence at an earlier date and be completed and finalised at least 6 (six) months before the end of the current Five Year Plan.</p>	<p>The concessionaire is still awaiting the project list from Lembe District Municipality, on which projects should be factored-in in the preparation for the five-year plan.</p>
			<p>KZN Treasury has urged councilors to take up this matter at council level, to help facilitate a way forward.</p>
			<p>The district was requested to furnish the IDP of the KwaDukuza municipality, to ensure that projects are adequately addressed.</p>
<p><b>ILembe District Municipality - Siz Water Concession</b></p>	<p><b>Skills Development, BEE and SMME:</b> The contract states that the private party, through direct contracting and through its sub-contractors shall promote 15% of the investment in works to BEE and SMME components, within the concession area.</p>	<p>The Provincial Treasury will assist and if need be enforce that the private party complies with the stipulated targets as per the contract.</p>	<p>The concessionaire has met and exceeded their contractual obligation as stipulated in clause 53.9 of the contract.</p>
			<p>The concessionaire reported that it has utilised 70% of its Capex spend on emerging micro enterprises, of which 9.61% are from the concession area, 58.81% are black-owned and 2.53% are owned by black women.</p>
			<p>The concessionaire has earmarked approximately 14.55% of capital expenditure for local black EME contractors for the 2018 financial year.</p>
			<p>KZN Treasury noted that it is not the concessionaire's responsibility to create the capacity needed to partake in this project and the municipality should develop a database of skilled and competent companies that can be utilised.</p>
			<p>ILembe District Municipality are working with Enterprise ILembe on the implementation of the new preferential procurement regulations and will sit with the project team to determine what exactly needs to happen.</p>

## Banking and Cash Management

Table 24 below shows a list of municipalities which did not submit their quarterly withdrawal reports in the 3<sup>rd</sup> Quarter of the current financial year of 2017/18

**Table 24: Municipalities that have Outstanding Quarterly Withdrawal Reports for 3rd Quarter of 2017/18**

No	Name of Municipality	No	Name of Municipality	No	Name of Municipality	No	Name of Municipality
1	uMlalazi	6	Newcastle	11	iLembe DM	16	uMisinga
2	Ugu DM	7	eMadlangeni	12	Ndwedwe	17	AbaCulusi
3	Mkhambathini	8	uMkhanyakude DM	13	uMshwathi	18	Nongoma
4	uMdoni	9	Jozini	14	Msunduzi	19	Nkandla
5	uPhongolo	10	eDumbe	15	uMvoti		

**Table 25: List of Municipalities that did not submit the Banking Accounts Details in 2017/18 Financial year**

No	Name of Municipality	No	Name of Municipality	No	Name of Municipality
1	Mkhambathini	7	eNdlumeni	13	uPhongolo
2	uMshwathi	8	uMisinga	14	uButhebezwe
3	uMngeni	9	uMvoti	15	Dr. Nkosazana Dlamini Zuma
4	Mpolana	10	KwaDukuza	16	Nkandla
5	iMpindle	11	uMzimkhulu	17	Harry Gwala DM
6	iNkosi Langalibalele	12	uMfolozi	18	Greater Kokstad

## Intergovernmental Relations (IGR)

During the third quarter of 2017/18, Intergovernmental Relations (IGR) coordinated a two day Municipal MFMA Induction workshop on behalf of National Treasury with a focus on enhancing financial management in the municipalities and increase a pool of prospective applicants for vacant posts in Budget, Finance and Supply Chain Units in the municipalities. While the programme targeted municipal interns whose appointment is funded by National Treasury, it was also open for attendance by newly employed officials and those who performed financial related responsibilities in the municipalities. The workshop served as a precursor to a high level introduction of the Municipal Minimum Competency level Programme for a Certificate in Municipal Financial Management and other post specific unit standards covering the compulsory competencies prescribed by the MFMA Municipal Regulations on Minimum Competency Levels.

The two day non-accredited MFMA Induction Workshop was presented by officials from KZN Treasury and COGTA to provide a broad overview and understanding of the public sector/government, municipal service delivery mandate and municipal finance environment. The workshop invitation through the Municipal Managers and Chief Financial Officers received some interest and enthusiasm from those who attended, however only 50 percent of the municipalities participated with others unable to send their interns and newly employed staff to the workshops as per summary below:

### SUMMARY:

Total KZN municipalities plus metro : 54  
 Total municipalities attended : 27  
 Total municipalities never attended : 27  
 Total interns inducted : 214

The Table below shows a breakdown of the numbers of officials that attended per municipality from which the summary above was sourced.

**Table 27: List of Number of Municipal Interns which attended the Induction Programme between 19 to 20 October 2017**

Date	uMkhanyakude District Venue		uMkhanyakude District Venue		uMkhanyakude District Venue	
	Day 1	Day 2	Day 1	Day 2	Day 1	Day 2
19 - 20 Oct 2017	8	8	0	0	13	13
	14	14	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	4	4	7	7	0	0
<b>Total 55</b>		<b>26</b>		<b>7</b>	<b>9</b>	<b>22</b>

## Municipal Support Programme (MSP)

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

**Table 30 below list the municipalities which were supported by the Municipal Support Program.**

No	Name of Municipality / Entity	Municipal Support Programme		No	Name of Municipality / Entity	Municipal Support Programme	
		Value added tax review	Pay As You Earn Review			Value added tax review	Pay As You Earn Review
1	Amajuba DM		✓	7	Mpoiana		✓
2	Big Five Hlabisa		✓	8	Mthonjaneni	✓	✓
3	Dr. Nkosazana Dlamini Zuma		✓	9	Ndwedwe	✓	✓
4	Greater KwaZulu	✓		10	uMoloti	✓	✓
5	Jozini		✓	11	uMshwathi	✓	✓
6	Maphumulo		✓	12	uMzinga	✓	✓

The VAT Review initiative is intended to address the shortcomings relating to the management of VAT. The filing of VAT returns by municipalities and the processes associated with this function have often been outsourced to service providers which resulted in external resources preparing and filing the returns on behalf of the municipality at a considerable cost. There are often without the transfer of skills. The VAT Review initiative aims to capacitate municipalities to undertake the function on their own. Municipalities also incur Fruitless and Wasteful Expenditure due to penalties and interest charged by SARS for the late or non-submission of PAYE returns and reconciliations or the late or non-payment relating thereto. Penalties are charged at 10 percent of the tax due and interest is charged on a daily basis. This also impacts on the cash position as these expenses are avoidable. The PAYE Review initiative is intended to assist municipalities in identifying weaknesses by conducting a five year review and providing recommendations to address the same.

The MSP also engaged with other sub - programmes within Provincial Treasury to support municipalities with challenges that they are specifically skilled to assist with. Municipal financial management support initiatives were undertaken under the direction of Municipal Finance. This has been reported separately under Financial Reporting section.

Provincial Treasury also identified the need to instill the practice of effective grant management in a municipal environment and thus took the lead in developing a guide in line with the principles set out in applicable legislation and standards. Provincial Treasury is providing structured support, initiated by the rollout of the guide in conjunction with an intensive training programme at Newcastle, the Amajuba District Municipality and the King Cetshwayo District Municipality. The MSP has performed on site assessments of the grant management function at the selected municipalities in order to identify any weaknesses or inefficiencies which will be addressed in the customised training sessions to be conducted. This initiative presents a holistic approach to effective grant management with the intention of embedding key foundation principles in a municipal environment, covering areas such as municipal planning, budgeting, and financial accounting and reporting, cash management, compliance and document management.



Annexure C: Capital Revenue (Source of finance) - 3rd Quarter 2017/18

R000	Original Budget	Adjusted Budget	Unassigned Actual	% Generated	Detail				Public cont. and donations	
					National Govt.	Provincial Govt.	District Municipality	Other transfers and grants		Borrowing
A	7 340 064	7 335 632	2 786 649	38.0	1 291 344	378 380	-	9 979	-	1 116 946
B	74 071	75 446	51 313	68.0	25 266	24 898	-	-	-	125
B	KZN12 ukhongi	79 081	18 866	23.9	18 866	-	-	-	-	-
B	KZN13 ukhumbi	79 112	71 462	33.1	17 461	5 685	-	-	-	513
B	KZN14 ukhwasibebu	132 788	132 788	42.7	32 577	17 755	-	-	-	6 424
B	KZN16 Roy Mhonyeni	362 325	362 325	45.8	158 779	-	-	-	-	6 983
B	DC21 Ugu DM	727 376	721 132	43.9	252 978	48 318	-	-	-	14 055
B	Total Ugu Municipalities	40 516	24 653	60.8	23 644	-	-	-	-	1 009
B	KZN21 ukheweni	40 407	49 206	29.9	14 280	-	-	-	-	422
B	KZN22 ukhigini	12 184	11 672	84.8	10 319	-	-	-	-	-
B	KZN23 iMphondo	18 364	11 672	71.7	6 129	2 367	-	-	-	-
B	KZN24 iMphondo	698 424	762 591	36.0	185 539	2 639	-	-	-	70 902
B	KZN25 Matieland	22 985	22 985	35.7	8 214	-	-	-	38 362	-
B	KZN26 iMhlabanini	21 005	12 500	55.1	11 940	370	-	-	-	177
B	KZN27 Richmond	201 044	201 044	50.0	100 108	-	-	-	-	375
C	DC22 uKungundlovu DM	1 123 057	476 648	42.5	360 171	5 387	-	9 879	-	72 886
B	Total uKungundlovu Municipalities	75 906	82 856	82.0	24 034	13 428	-	-	-	3 943
B	KZN28 iNkosi Langathaba	53 876	28 477	50.3	27 622	-	-	-	-	672
B	KZN29 Alfred Duma	86 638	3 051 002	1.2	24 742	-	-	-	-	10 080
B	KZN30 uThabane DM	371 539	368 089	68.4	255 328	-	-	-	-	-
B	DC23 uThabane DM	3 359 325	398 373	10.9	331 728	13 428	-	-	-	17 144
B	Total uThabane Municipalities	126 726	36 070	66.4	28 119	-	-	-	-	6 669
B	KZN41 eNdameni	103 029	40 826	39.6	35 132	1 657	-	-	-	4 037
B	KZN42 KwaNdlu	37 800	20 740	54.9	20 740	-	-	-	-	-
B	KZN44 uMgungu	76 546	20 469	26.8	20 462	-	-	-	-	7
B	KZN45 uMkosi	372 432	373 223	47.3	176 314	-	-	-	-	205
C	DC24 uMkhayathi DM	750 754	626 688	46.8	289 787	1 657	-	-	-	10 816
B	Total uMkhayathi Municipalities	262 778	131 267	56.4	93 166	3 648	-	4 864	-	18 238
B	KZN52 Newcastle	19 744	22 153	7.51	3 814	3 937	-	-	-	1 341
B	KZN53 eMbedleni	63 248	17 253	27.3	15 912	-	-	-	-	100
B	KZN54 Dornhaus	120 067	125 265	53.5	66 925	-	-	-	-	-
C	DC25 Ansheba DM	456 837	443 528	60.3	179 817	7 585	-	4 864	-	20 680
B	Total Ansheba Municipalities	41 765	41 766	94.6	39 510	-	-	-	-	-
B	KZN61 eDumba	64 335	65 996	37.8	28 874	2 249	-	-	-	1 221
B	KZN62 uPhongo	64 089	53 709	58.2	35 059	-	-	-	-	2 628
B	KZN63 Alibabisi	57 570	57 386	62.6	35 903	-	-	-	-	-
B	KZN65 Nongoma	465 822	459 410	54.3	249 550	-	-	-	-	1 089
B	KZN66 Urandi	693 611	708 268	55.7	394 484	2 249	-	-	-	4 338
C	DC26 Zululeni DM	64 176	64 229	15 116	58 185	-	-	-	-	3 755
B	Total Zululeni Municipalities	55 870	55 870	63.8	30 640	4 719	-	-	-	457
B	KZN71 uMhlalweni	21 664	12 749	58.8	12 749	-	-	-	-	-
B	KZN72 Jozini	257 965	257 965	95.3	245 834	-	-	-	-	-
B	KZN76 Big Five Highlands	460 261	371 258	80.7	302 327	4 719	-	-	-	4 212
C	DC27 uMkhanyakude DM	60 000	60 000	32.4	17 348	-	-	-	-	2 063
B	Total uMkhanyakude Municipalities	521 255	570 505	39.6	76 721	-	-	-	-	89 934
B	KZN82 uMkhihuzwe	50 448	26 089	51.7	26 089	-	-	-	-	978
B	KZN84 uMhlalazi	38 683	49 423	67.7	24 148	-	-	-	-	9 300
B	KZN85 iMponjani	33 714	16 054	57.9	13 787	2 297	-	-	-	-
B	KZN86 Ntanda	327 418	274 533	27.6	139 396	-	-	-	-	6 380
C	DC28 King Cautheyo DM	1 032 518	1 032 823	38.4	237 489	2 207	-	56 182	-	107 677
B	Total King Cautheyo Municipalities	57 721	57 721	45.5	23 511	-	-	-	-	2 469
B	KZN91 Hlabeni	230 844	224 924	36.1	1 115	191	-	4 438	-	75 440
B	KZN92 KwaDukuza	108 395	348 715	321.7	348 715	-	-	-	-	-
B	KZN93 Nongweni	24 491	23 900	80.3	20 774	811	-	-	-	1 129
B	KZN94 Mphahlele	354 720	337 303	54.8	163 801	-	-	-	-	693
C	DC29 iLembe DM	776 171	758 124	87.7	577 915	1 002	-	4 438	-	80 021
B	Total iLembe Municipalities	63 705	93 987	41.0	16 595	134	-	-	-	21 796
B	KZN43 Greater Kokstad	83 010	55 820	52.4	28 258	-	-	-	-	2 988
B	KZN44 uMhlabathazi	73 012	73 012	62.4	42 081	1 893	-	-	-	1 791
B	KZN45 uMzimkhulu	79 738	102 695	39.7	27 700	-	-	-	-	13 049
B	KZN46 Dr. Nkosazana Dlamini Zuma	389 554	141 106	35.4	139 846	-	-	-	-	-
C	DC43 Henry Goniwe DM	698 519	724 568	40.7	252 480	1 827	-	-	-	40 875
B	Total Henry Goniwe Municipalities	14 570 998	17 492 439	37.6	4 494 901	468 859	-	19 201	-	1 487 282
Total			6 607 223							25 184

Source: NT iGadase



## Annexure E: Debtors Age Analysis (Total) -3rd Quarter 2017/18

RV000	0 - 30 Days		30 - 60 Days		60 - 90 Days		Over 90 Days		Actual Bad Debts Written Off to Debtors		Impairment: Bad Debts to Council Policy		
	Total	%	Total	%	Total	%	Total	%	Amount	%	Amount	%	
A KZN2000 eThekweni	1 186 922	12.8	539 327	5.8	328 873	3.8	7 198 378	77.8	9 261 500	0.0	4 287 540	46.0	
B KZN212 uMhloni	(1 714)	-2.8	2 891	4.7	1 478	2.4	59 080	96.7	61 723	-	-	-	
B KZN213 uMzimba	-	-	-	-	-	-	-	-	-	-	-	-	
B KZN214 uMzobeleni	630	5.0	1 195	6.4	1 456	7.8	14 582	80.7	16 563	-	-	-	
B KZN216 Ray Nkonyeni	46 482	16.9	24 642	6.9	12 873	4.7	191 544	69.5	275 541	-	-	-	
DC21 Ugu DM	-	-	-	-	-	-	-	-	-	-	-	-	
DC21 Ugu DM	-	-	-	-	-	-	-	-	-	-	-	-	
Total: Ugu Municipalities	46 686	12.8	24 720	6.1	12 873	4.4	205 594	74.6	281 528	-	-	-	
B KZN221 uMshwathi	4 551	4.4	3 710	3.6	6	0.0	94 559	92.0	102 837	-	-	-	
B KZN222 uMngeni	7 653	7.1	4 488	4.6	3 625	3.4	99 707	84.9	108 834	-	-	-	
B KZN223 Mpoiana	4 735	4.6	2 488	2.4	2 304	2.2	93 087	90.7	102 614	-	-	-	
B KZN224 iMpendle	210	2.1	351	3.5	(13)	-0.1	9 381	94.5	9 930	-	-	-	
B KZN225 Maudzani	316 075	13.0	242 359	10.0	110 449	4.5	1 764 985	72.5	2 433 877	-	-	-	
B KZN225 Mkhambathini	1 328	5.9	515	2.3	428	1.9	20 145	89.9	22 417	-	-	-	
B KZN227 Richmond	1 471	7.0	576	2.7	862	4.2	18 228	86.2	21 157	-	-	-	
B KZN227 uMgungundlovu DM	43 463	9.6	11 119	2.2	10 442	2.1	440 254	87.1	505 277	-	-	-	
Total: uMgungundlovu Municipalities	379 467	11.5	265 987	6.0	126 124	3.9	2 531 368	76.8	3 304 943	-	-	-	
B KZN225 Othmaniyah	2 854	5.1	1 464	7.4	1 489	2.7	47 201	84.8	55 688	-	-	-	
B KZN227 Inxhaya	24 202	10.9	14 988	6.7	10 656	4.8	172 806	77.9	222 590	-	-	-	
B KZN238 Alfred Duma	38 104	11.3	6 381	8.9	8 381	2.5	260 369	77.3	336 976	-	-	-	
DC23 uThabatha DM	36	0.0	17 700	2.3	16 514	2.1	736 081	95.6	770 311	-	-	-	
Total: uThabatha Municipalities	65 488	4.7	65 884	4.8	37 029	2.7	1 216 438	87.8	1 365 538	-	-	-	
B KZN241 eNdoneni	12 454	13.7	3 248	3.6	1 891	2.1	73 533	80.7	91 115	-	-	-	
B KZN242 Nqutu	2 502	5.9	1 229	2.9	1 119	2.6	37 672	86.6	42 722	-	-	-	
B KZN244 uMshinga	1 005	100.0	-	-	-	-	-	-	1 005	-	-	-	
B KZN245 uMced	9 946	4.4	4 711	2.1	4 303	1.9	209 346	91.7	228 305	-	-	-	
DC24 uMhlangeni DM	-	-	-	-	-	-	-	-	-	-	-	-	
Total: uMhlangeni Municipalities	25 906	7.1	9 188	2.5	7 313	2.0	320 741	86.3	363 147	-	-	-	
B KZN252 Newcastle	71 567	6.3	36 665	3.1	39 778	3.5	997 988	87.0	1 134 986	-	-	-	
B KZN253 eMhlangeni	1 436	4.3	2 009	6.0	909	2.7	29 065	86.9	33 359	-	-	-	
B KZN254 Dornbaauer	526	3.7	363	3.0	716	2.8	22 764	90.5	25 160	-	-	-	
DC25 Aneyaba DM	3 267	5.8	2 999	5.3	2 018	3.6	47 598	86.3	58 222	-	-	-	
Total: Aneyaba Municipalities	77 186	6.2	41 428	3.3	43 422	3.5	1 087 695	87.0	1 248 730	-	-	-	
B KZN261 eCumbi	-	-	-	-	-	-	-	-	-	-	-	-	
B KZN262 uPhongolo	6 642	4.3	3 890	2.5	3 015	1.9	141 188	84.2	164 733	-	-	-	
B KZN263 AbaQulusi	20 694	13.5	7 501	4.9	4 546	3.0	120 786	78.7	153 527	-	-	-	
B KZN265 Nongoma	441	1.1	186	0.5	807	2.0	39 577	95.5	41 020	-	-	-	
B KZN265 uLundi	-	-	-	-	-	-	-	-	-	-	-	-	
B KZN266 uLundi	-	-	-	-	-	-	-	-	-	-	-	-	
B KZN268 Zululand DM	2 451	2.7	2 400	2.6	2 189	2.4	83 746	92.2	90 767	-	-	-	
Total: Zululand Municipalities	30 229	6.8	13 896	3.2	10 557	2.4	385 295	87.6	440 697	-	-	-	
B KZN271 uMhlabiyandleni	(1 538)	-3.5	862	2.0	841	1.9	43 259	95.6	43 431	-	-	-	
B KZN272 Isizi	3 147	2.0	2 302	1.5	2 129	1.4	147 723	95.1	155 301	-	-	-	
B KZN275 Mthababa	-	-	-	-	-	-	-	-	-	-	-	-	
B KZN276 Big Five Hiabas	623	2.5	504	1.5	644	2.0	30 581	93.9	32 592	-	-	-	
DC27 uMhlabanyhele DM	2 858	1.5	2 250	1.2	1 350	0.7	184 572	96.6	191 031	-	-	-	
B KZN279 eNkomo	5 291	4.3	5 918	4.4	4 844	3.2	406 182	98.2	422 326	-	-	-	
Total: uMhlabanyhele Municipalities	11 681	16.6	708	10.1	388	5.2	4 194	68.1	7 039	-	-	-	
B KZN281 uMhlabuzi	287 172	59.3	8 765	1.7	6 724	1.3	188 224	37.6	800 886	179	0.0	-	
B KZN282 uMhlabuze	-	-	-	-	-	-	-	-	-	-	-	-	
B KZN284 uMhlazi	-	-	-	-	-	-	-	-	-	-	-	-	
B KZN285 uMhlopini	2 497	10.5	1 988	6.4	1 677	6.7	17 738	74.4	23 840	-	-	-	
B KZN286 Ntanda	1 051	4.4	839	3.5	619	2.2	27 719	90.0	24 128	-	-	-	
DC28 King Celestwe DM	7 128	9.5	4 699	6.3	2 224	3.0	60 863	81.3	74 903	-	-	-	
Total: King Celestwe Municipalities	309 617	69.0	16 999	2.7	11 442	1.8	283 338	46.5	630 796	179	0.0	-	
B KZN291 Mandeni	(7 767)	-0.4	3 430	2.0	7 263	4.2	163 580	94.3	173 528	-	-	-	
B KZN292 KwaDukwa	74 307	30.8	12 521	5.2	10 666	4.4	143 461	58.5	240 985	-	-	-	
B KZN293 Mvelose	316	2.2	598	4.1	1 156	1.1	13 465	92.6	14 636	-	-	-	
B KZN294 Mqhelumelo	160	0.9	246	1.4	218	1.2	17 262	96.5	17 889	-	-	-	
DC29 Lamba DM	12 130	4.6	13 895	5.3	7 620	3.0	229 259	87.1	263 204	-	-	-	
Total: Lamba Municipalities	88 188	92.1	30 790	4.3	26 173	3.7	557 647	79.8	710 148	-	-	-	
B KZN303 Greater Kosiab	25 479	43.4	4 632	7.9	3 857	6.3	25 843	42.4	60 991	-	-	-	
B KZN304 uMhlaba	(8 747)	-38.8	2 414	9.3	611	2.4	31 602	122.1	25 881	-	-	-	
B KZN305 uMhlabuyi	440	4.8	294	3.1	(81)	-0.1	8 294	90.2	9 109	(7 633)	-83.0	-	
B KZN304 Dr. Nkosazane Dlamini Zuma	2 537	5.4	2 316	4.9	1 908	4.0	46 688	85.7	47 401	-	-	-	
DC30 Harry Gwasa DM	6 299	3.3	32 267	17.1	5 000	2.6	145 480	77.0	189 015	-	-	-	
Total: Harry Gwasa Municipalities	26 878	8.1	42 118	12.7	11 596	3.5	251 857	75.7	332 487	(7 633)	-2.3	-	
Total	2 238 027	92.1	1 061 330	5.5	625 250	3.4	14 921 900	78.7	16 446 508	(8 709)	-0.0	5 186 004	28.1

Source: NT Publication

R000	Total				Total						
	0 - 30 Days	30 - 60 Days	60 - 90 Days	Total	0 - 30 Days	30 - 60 Days	60 - 90 Days	Total			
A	KZM2000	ethekwini	1 511 370	65.2	15 283	0.7	168 732	7.3	624 168	26.9	2 319 553
B	KZM212	uMkomo	186	5.0	716	19.4	289	7.3	2 528	68.3	3 696
B	KZM213	uKzumbhe	-	-	-	-	-	-	-	-	-
B	KZM214	uKuzabantu	-	-	-	-	-	-	-	-	-
B	KZM218	Ray Mkonjeni	25 825	100.0	-	-	-	-	-	-	25 825
C	DC21	Ugu DM	-	-	-	-	-	-	-	-	-
C	DC21	Ugu DM	-	-	-	-	-	-	-	-	-
C	DC21	Ugu DM	-	-	-	-	-	-	-	-	-
Total	Ugu Municipalities		28 011	88.1	716	2.4	289	0.9	2 528	8.8	29 521
B	KZM221	uMkweni	-	-	-	-	-	-	-	-	-
B	KZM222	uMhlangeni	15	3.1	471	96.9	-	-	-	-	486
B	KZM223	Mpodana	7 152	9.2	5 601	7.2	5 855	7.5	59 004	78.0	77 612
B	KZM224	Mpende	-	-	-	-	-	-	-	-	-
B	KZM225	Msuruzi	520 874	93.9	15 391	2.8	2 993	0.5	15 618	2.8	554 875
B	KZM226	Mthambathini	-	-	-	-	-	-	-	-	-
B	KZM227	Richmond	-	-	-	-	-	-	-	-	-
C	DC22	uMgunqunyoni DM	21 915	94.1	919	3.9	78	0.3	371	1.6	23 282
Total	uMgunqunyoni Municipalities		549 956	83.8	22 382	3.4	8 925	1.4	74 992	11.4	686 956
B	KZM235	Othahamba	529	39.9	-	-	-	-	796	60.1	1 324
B	KZM237	Nkosi Langabale	4 409	7.2	5 387	8.8	4 383	7.1	47 290	78.9	61 469
B	KZM238	Alfred Duma	17 604	72.2	233	1.0	12	0.0	6 547	28.8	24 996
C	DC23	uThukela DM	9 284	36.8	5 601	22.2	5 324	21.1	5 000	19.8	25 309
Total	uThukela Municipalities		31 826	28.3	11 221	10.0	9 719	8.6	59 632	53.1	112 938
B	KZM241	ekhuleni	28 860	100.0	-	-	-	-	-	-	28 860
B	KZM242	Nqunu	547	69.5	93	11.8	-	-	147	18.7	787
B	KZM244	uKhsinga	800	100.0	-	-	-	-	-	-	800
B	KZM245	uMvoti	-	-	-	-	-	-	-	-	-
C	DC24	uMkhenkhe DM	672	1.7	807	2.1	-	-	37 228	96.2	38 708
Total	uMkhenkhe Municipalities		30 879	44.7	900	1.3	-	-	37 375	54.0	69 155
B	KZM252	Newcastle	71 501	45.0	38 484	24.2	39 071	24.8	9 891	6.1	158 758
B	KZM253	ekhadangeni	3 058	88.4	95	2.7	231	6.7	75	2.2	3 460
B	KZM254	Danphaler	1 238	0.0	3 065	8.9	4 891	14.8	26 214	78.5	34 273
C	DC25	Amajuba CM	3	0.0	-	-	-	-	-	-	3
Total	Amajuba Municipalities		75 801	38.3	41 679	21.1	44 364	22.4	35 981	18.2	197 926
B	KZM261	eDunbe	3 386	85.6	603	3.3	2 138	11.7	12 197	88.6	18 324
B	KZM262	uPhongolo	2 501	85.6	-	-	-	-	14.4	14.4	2 922
B	KZM263	Abekulusi	66 912	100.0	-	-	-	-	-	-	66 912
B	KZM266	Urandi	(5 380)	-7.3	23	-33.2	13	-18.2	73 429	(38)	73 222
B	KZM268	Nongoma	(67)	96.4	-	-	-	-	100.3	100.3	73 222
C	DC26	Zululand DM	822	100.0	-	-	-	-	-	-	822
Total	Zululand Municipalities		67 974	42.8	626	0.4	7 323	4.5	86 009	63.1	161 933
B	KZM271	uMhlabuyalingana	(2 370)	-66.6	-14.7	-1.4	(303)	-7.6	47.5	(3 976)	397
B	KZM272	Johi	56	14.2	3	0.8	23	6.9	314	79.1	397
B	KZM276	Muthabusa	2 598	52.1	493	9.7	449	9.0	1 456	29.2	4 987
B	KZM278	Eig Fwe Hlabisa	(329)	-15.4	(1 050)	-49.1	(77)	-3.6	3 894	168.1	2 139
C	DC27	uMkhanyakude DM	(8 033)	-41.1	1 516	2.7	12 144	21.3	51 377	90.1	57 005
Total	uMkhanyakude Municipalities		(8 077)	(13.3)	1 538	2.5	12 236	20.2	54 855	90.6	60 552
B	KZM281	uMhlabuze	634	28.5	114	5.1	374	16.8	1 103	49.8	2 225
B	KZM282	uMhlabuze	242 377	100.0	-	-	-	-	-	-	242 377
B	KZM284	uMhlabuze	35 519	100.0	-	-	-	-	-	-	35 519
B	KZM285	Mkhonjheni	30	1.1	(1.0)	-1.0	69	2.5	2 707	97.4	2 780
B	KZM286	Nkanda	(1 420)	17.2	5 582	-67.6	606	-7.3	(13 026)	157.7	(8 259)
C	DC28	King Ceshwayo DM	18 322	28.0	12 141	18.5	226	0.3	34 799	63.1	65 488
Total	King Ceshwayo Municipalities		295 482	86.9	17 609	5.2	1 275	0.4	25 583	7.5	340 130
B	KZM291	Manderi	793	49.9	827	51.1	10	0.0	16	0.0	1 620
B	KZM292	KwaDukuza	90 686	98.8	1 113	1.2	10	0.0	16	0.0	91 824
B	KZM293	Ndwebwe	8 306	30.4	17 730	65.0	631	2.3	613	2.2	27 280
B	KZM294	Maphumulo	(2 083)	154.0	(954)	70.5	(720)	53.2	2 404	-177.8	(1 352)
C	DC29	Lembe DM	26 358	70.3	1 304	3.5	3 379	9.0	6 461	17.2	37 503
Total	Lembe Municipalities		124 080	79.1	20 020	12.8	3 900	2.1	9 494	6.1	158 874
B	KZM433	Greater Kokstad	428	21.3	1 013	50.4	589	28.3	-	-	2 010
B	KZM434	uMhlabuze	2 041	100.0	-	-	-	-	-	-	2 041
B	KZM435	uMkhulu	16 069	100.0	-	-	-	-	-	-	16 069
B	KZM436	Dr. Nkosazana Dlamini Zuma	-	-	-	-	-	-	-	-	-
C	DC43	Henry Gwala DM	2 951	18.8	1 754	11.2	609	3.9	10 405	68.2	15 719
Total	Henry Gwala Municipalities		21 489	60.0	2 767	7.7	1 178	3.3	10 405	29.0	35 840
Total			2 726 752	65.9	134 949	3.3	257 323	6.2	1 021 021	24.7	4 140 035

Annexure H: National Conditional Grants, 3rd Quarter 2017/18

R'000	Integrated National Classification Programme (unassigned) Grant			Expanded Public Works Programme Integrated Grant (unassigned)			Water Services Infrastructure Grant (Schedule 6 Grant)		
	DORA 2017 Total Avail. (Inc./Adjuct.)	Unallocated Actual Expenditure Net. Dept.	% Spent	DORA 2017 Total Avail. (Inc./Adjuct.)	Unallocated Actual Expenditure Net. Dept.	% Spent	DORA 2017 Total Avail. (Inc./Adjuct.)	Unallocated Actual Expenditure Net. Dept.	% Spent
32,000	35,940	19,910	55.4	60,792	48,797	80.3	80,792	80.0	80.0
8,000	8,000	8,000	100.0	1,000	254	25.4	1,000	1,000	100.0
10,000	10,000	3,800	38.0	1,291	649	50.2	649	649	50.2
4,000	4,000	4,000	100.0	1,000	1,000	100.0	1,000	1,000	100.0
14,000	14,000	8,811	62.9	3,303	2,655	80.3	2,655	2,331	88.5
38,800	38,800	12,745	32.8	6,529	5,558	85.1	6,529	6,529	100.0
3,000	3,000	3,000	100.0	2,065	2,065	100.0	2,065	2,065	100.0
5,000	5,000	5,000	100.0	1,000	986	98.6	986	986	98.6
5,000	5,000	5,000	100.0	1,000	864	86.4	864	864	86.4
8,000	8,000	7,940	99.2	8,022	8,022	100.0	8,022	8,022	100.0
8,000	8,000	8,000	100.0	8,000	8,000	100.0	8,000	8,000	100.0
20,000	20,000	7,652	38.3	17,297	15,115	87.3	17,297	17,297	100.0
13,000	13,000	13,000	100.0	3,911	3,911	100.0	3,911	3,911	100.0
15,000	15,000	15,000	100.0	5,153	5,153	100.0	5,153	5,153	100.0
15,000	15,000	8,000	53.3	3,347	3,347	100.0	3,347	3,347	100.0
42,000	42,000	8,000	19.0	18,115	15,115	83.4	18,115	18,115	100.0
9,000	9,000	9,000	100.0	1,218	1,218	100.0	1,218	1,218	100.0
24,000	24,000	24,000	100.0	1,000	987	98.7	987	987	98.7
20,000	20,000	22,874	114.4	4,775	3,898	81.7	3,898	3,898	81.7
15,000	15,000	12,446	83.0	1,007	786	78.1	786	786	78.1
71,000	71,000	44,420	62.6	10,447	9,245	88.5	9,245	9,245	100.0
8,000	8,000	8,000	100.0	4,165	4,165	100.0	4,165	4,165	100.0
12,000	12,000	12,000	100.0	1,000	1,000	100.0	1,000	1,000	100.0
21,000	21,000	8,813	42.0	7,855	7,855	100.0	7,855	7,855	100.0
9,000	9,000	9,000	100.0	1,389	1,389	100.0	1,389	1,389	100.0
9,000	9,000	9,000	100.0	4,878	4,878	100.0	4,878	4,878	100.0
15,000	15,000	15,000	100.0	1,505	1,505	100.0	1,505	1,505	100.0
15,000	15,000	4,882	32.5	1,039	1,039	100.0	1,039	1,039	100.0
26,000	26,000	26,000	100.0	2,865	2,865	100.0	2,865	2,865	100.0
89,000	89,000	19,892	22.3	37,266	37,266	100.0	37,266	37,266	100.0
25,000	25,000	25,000	100.0	4,165	4,165	100.0	4,165	4,165	100.0
15,000	15,000	15,000	100.0	3,158	3,158	100.0	3,158	3,158	100.0
14,600	14,600	4,800	32.9	1,596	1,596	100.0	1,596	1,596	100.0
14,800	14,800	14,800	100.0	2,051	2,051	100.0	2,051	2,051	100.0
68,800	68,800	33,879	49.3	11,838	11,838	100.0	11,838	11,838	100.0
13,000	13,000	13,000	100.0	1,418	1,418	100.0	1,418	1,418	100.0
9,000	9,000	9,000	100.0	4,143	4,143	100.0	4,143	4,143	100.0
9,000	9,000	9,000	100.0	2,865	2,865	100.0	2,865	2,865	100.0
8,000	8,000	8,000	100.0	2,222	2,222	100.0	2,222	2,222	100.0
38,800	38,800	4,804	12.4	3,210	3,210	100.0	3,210	3,210	100.0
10,000	10,000	10,000	100.0	5,032	5,032	100.0	5,032	5,032	100.0
10,000	10,000	10,000	100.0	2,295	2,295	100.0	2,295	2,295	100.0
10,000	10,000	10,000	100.0	1,865	1,865	100.0	1,865	1,865	100.0
14,000	14,000	14,000	100.0	1,768	1,768	100.0	1,768	1,768	100.0
15,000	15,000	15,000	100.0	1,000	1,000	100.0	1,000	1,000	100.0
40,000	40,000	5,021	12.6	8,147	8,147	100.0	8,147	8,147	100.0
10,000	10,000	10,000	100.0	1,000	1,000	100.0	1,000	1,000	100.0
20,000	20,000	10,848	54.2	1,828	1,828	100.0	1,828	1,828	100.0
18,000	18,000	2,822	15.7	1,828	1,828	100.0	1,828	1,828	100.0
14,800	14,800	4,816	32.5	1,828	1,828	100.0	1,828	1,828	100.0
83,800	83,800	19,872	23.7	23,816	23,816	100.0	23,816	23,816	100.0
548,800	548,800	192,272	35.0	328,531	328,531	100.0	328,531	328,531	100.0

Source: IT: Integrated