

DR NDZ MUNICIPALITY SECTION 52 REPORT FOR THE 2ND - 2017/2018 FINANCIAL YEAR



**SECTION 52 REPORT FOR THE 2ND
QUARTER FOR
DR NKOSAZANA DLAMINI ZUMA LOCAL
MUNICIPALITY
2017/2018 FINANCIAL YEAR**

DR NDZ MUNICIPALITY SECTION 52 REPORT FOR THE 2ND - 2017/2018 FINANCIAL YEAR

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DR NDZ MUNICIPALITY SECTION 52 REPORT FOR THE 2ND - 2017/2018 FINANCIAL YEAR

1.1 Purpose

The discussion that follows, in terms of MFMA Section 71 and Section 52(d), intends to inform Council on the progress made thus far in terms of implementing the 2017/2018 budget for the period ending 31 December 2017.

1.2 Executive Summary

- **Legislative Requirements**

Section 52 of the Municipal Finance Management Act states the following - states that the Mayor of a municipality must: -

- (a) Provide general political guidance over the fiscal and financial affairs of the municipality;
- (b) In providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;
- (c) Take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget;
- (d) Within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and financial state of affairs of the municipality; and
- (e) Exercise the other power and perform the other duties assigned to the mayor Terms of this Act or delegated by the council to the mayor.

1.3 Resolutions

The following recommendations are linked to the responsibilities of the Mayor as contained in s54 of the MFMA.

It is recommended that the Mayor;

- Notes the quarterly report on the implementation of the budget in terms of s52 (d) of the MFMA Act, No, 56 of 2003

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2. PART 2 – SUPPORTING DOCUMENTS

2.1 Debtors Age Analysis

Table SC4 Monthly budget statement provides information of the Aged Debtors as at 31 December 2017

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC3 Monthly Budget Statement - aged debtors - 31 December

Description	NT Code	Budget Year 2017/18									Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			Total over 90 days
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200												
Trade and Other Receivables from Exchange Transactions - Electricity	1300												
Receivables from Non-exchange Transactions - Property Rates	1400	2 614	2 385	2 178	1 887	30 463				39 528	32 350		
Receivables from Exchange Transactions - Waste Water Management	1500												
Receivables from Exchange Transactions - Waste Management	1600	293	248	195	162	4 067				4 964	4 229		
Receivables from Exchange Transactions - Property Rental Debtors	1700	16	16	16	16	328				390	344		
Interest on Arrear Debtor Accounts	1810												
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820												
Other	1900	42	36	25	25	401				530	427		
Total By Income Source	2000	2 964	2 685	2 414	2 090	35 259	-	-	-	45 413	37 350	-	-
2016/17 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	855	836	801	791	10 658				13 941	11 449		
Commercial	2300	1 367	1 246	1 090	869	13 864				18 435	14 733		
Households	2400	694	569	471	390	10 073				12 187	10 463		
Other	2500	49	44	52	40	664				849	704		
Total By Customer Group	2600	2 964	2 685	2 414	2 090	35 259	-	-	-	45 413	37 350	-	-

The debtors book is sitting at R 37 ,4millions as the end of December 2017. The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. Amongst the things that the municipality is doing is that of strengthening the municipality's debt collection unit, in a process to procure the customer care system that will assist in dealing with customer queries, answer questions and dealing with queries and complaints timeously and effectively and maximising the customers' satisfaction.

The municipality is planning to recover cash in terms of a debt collection strategy from consumers to ensure sufficient cash is available to meet daily requirements.

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The main challenges that the municipality experienced when collecting monies owed to the municipality can be summarized as follows:

- The ongoing difficulties rates payers
- Remaining unpaid traffic fines

2.2 Creditors Age Analysis

The table below provide information on creditors analysis as at 31 December 3017

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	Budget Year 2017/18									Prior year totals for chart (same period)	
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total		
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity										-	
Bulk Water										-	
PAYE deductions										-	
VAT (output less input)										-	
Pensions / Retirement deductions										-	
Loan repayments										4 860	
Trade Creditors	4 860									-	
Auditor General										-	
Other										-	
Total By Customer Type	4 860	-	-	-	-	-	-	-	-	4 860	-

DR NDZ MUNICIPALITY SECTION 52 REPORT FOR THE 2ND - 2017/2018 FINANCIAL YEAR**2.3 Investment Portfolio Analysis**

The following information presents a summary of the municipal short-term investments balances broken down per investment type as at 31 December 2017.

ACCOUNT	AMOUNT
NED BANK	24 130 875.44
FNB	75 102 217.31
STANLIB	664 785 .07
STANDARD BANK	88 680.97
INVESTEC	19 918 884.43
PRIMARY	7 238 388.02
SALARIES	32 424.31
CASH AND CASH EQUIVALENT	127 176 255.55

The municipality does not have long-term investments, most of these investments are grants that the municipality received to spend in the budget year therefore cannot be invested for longer periods.

DR NDZ MUNICIPALITY SECTION 52 REPORT FOR THE 2ND - 2017/2018 FINANCIAL YEAR**2.4 Allocation and Grant Receipts and Expenditure**

Table SC 6 provides information relating to grant receipts.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
RECEIPTS:									
Operating Transfers and Grants									
National Government:	14 882	111 484	111 484	32 367	81 865	55 743	23 086	41,4%	111 484
Local Government Equitable Share		101 241	101 241	31 523	73 707	50 621	23 086	45,6%	101 241
Finance Management	3 500	3 800	3 800		3 800	1 900			3 800
EPWP Incentive	2 190	1 877	1 877	844	1 314	939			1 877
Municipal Demarcation Grant	9 192	4 566	4 566		3 044	2 283			4 566
Other transfers and grants [insert description]							-		
Provincial Government:	2 438	2 409	2 409	2 409	2 409	1 205	1 204	99,9%	2 409
Scheme Support Programme							-		
Provincialisation of Library Grant	2 438	1 503	1 503	1 503	1 503	752	751	99,9%	1 503
Community Library Grant		906	906	906	906	453	453	100,0%	906
Other transfers and grants [insert description]							-		
Total Operating Transfers and Grants	17 320	113 893	113 893	34 776	84 274	56 948	24 290	0	113 893
National Government:	30 713	41 566	41 566	4 000	24 000	20 783	(3 783)	-18,2%	41 566
Municipal Infrastructure Grant (MIG)	29 513	27 566	27 566		10 000	13 783	(3 783)	-27,4%	27 566
Integrated National Electrification Programme	1 200	14 000	14 000	4 000	14 000	7 000			14 000
Total Capital Transfers and Grants	30 713	41 566	41 566	4 000	24 000	20 783	(3 783)	(0)	41 566
TOTAL RECEIPTS OF TRANSFERS & GRANTS	48 033	155 459	155 459	38 776	108 274	77 731	20 507	26,4%	155 459

A total of R 108, 3million has been received by the municipality as the 31 December 2017 and the last trench is expected by the month of march for all the grants that were gazetted to the municipality for 2017/18 financial year

DR NDZ MUNICIPALITY SECTION 52 REPORT FOR THE 2ND - 2017/2018 FINANCIAL YEAR**2.5 Operating and capital revenue**

Revenue source	Original Budget 2017/2018	Month Budget December 2017	YTD Budget	Month Actual Received	YTD actual Received	% Received
Rates	31 826 697	2 652 225	15 913 349	2 183 659	9 190 982	29%
Grants	155 459 000	12 954 917	77 729 500	38 776 000	108 274 000	70%
Traffic Fines	42 132	3 511	21 066	8 816	30 437	72%
Other Revenue	14 914 797	1 242 900	7 457 399	1 176 516	5 820 373	39%

The overall income as at 31 December 2017 is R123 3 Million against YTD Budget of R 101 1 Million and that is 61% of total budget.

2.6 Councillors and Board Members Allowances and Employee Benefits and Operational Expenditure

The table below displays a comparison between operational budget (employee related costs and councillor's remuneration) and the performance against this budget as depicted in the form of Year to date (YTD) Actual figures.

	Original Budget 2017/2018	Month Budget December 2017	YTD Budget	Month Actual Paid	YTD actual paid	YTD % Spent
Employee Related Costs	54 927 922	4 577 327	27 463 961	5 603 465	26 601 476	48.43
Remuneration Of Councillors	10 559 799	879 983	5 279 900	810 017	4 869 463	46.11

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Employee Related Costs

The YTD budget for employee related costs is R26,6million against a YTD budget of R27,5million, this is due to some of the vacant positions that were budgeted and only filled in December 2017

Remuneration of Councillors

The YTD remuneration of councillor's expenditure as at 31 December 2017 is R4,3million against a YTD budget of R5,3million, the expenditure is within the budget.

Operational Expenditure

The table below displays a comparison between operational budget and the performance against this budget as depicted in the form of Year to date (YTD) Actual figures.

	Original Budget 2017/2018	Month Budget December 2017	YTD Budget	Month Actual Paid	YTD actual paid	YTD % Spent
Operating Expenditure	151 132 044	12 594 337	75 566 022	11 491 828	62 249 892	41%

The YTD operating budget is R75,5million against a YTD actual paid of R61,6million.

2.7 Capital Programme Performance

Infrastructure projects financed from MIG to be implemented in the 2017/18 and over the 2017/18 MTREF period.

Original Budget 2017/2018	Actual Spent YTD	% Spent
R 27 566 000.00	R 4 524 481.56	17%

Progress of capital projects against the annual budget is sitting at an actual
Of R 18,9million

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Original Budget 2017/2018	Actual Spent YTD	% Spent YTD
R 79 737 905	R 18 910 301	24%

Looking at the findings above it is noted that there has been a very low performance that is way below the required norm of 50% at the time of midyear, most of the municipal capital projects are funded by grants, therefore a municipality is at risk as the grants may be reverted to National Revenue Fund at the end of the financial year.

Based on the performance indicated above, there is a need to take into consideration some of the following:

- The need to mitigate some of the risks i.e. grant which indicates lower spending might be reverted to the Funder.
- To fast track spending on capital projects and be able to provide sufficient services to the community.

2.8 Other Supporting Documents

2.8.1 Withdrawals report on the Municipality's bank accounts as 31 December 2017

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BANK ACCOUNT WITHDRAWALS NOT IN TERMS OF AN APPROVED BUDGET

Municipal Finance Management Act, section 11(4)

Consolidated Quarterly Report for period 01/10/2017 to 31/12/2017 (complete relevant period)



D

NAME OF MUNICIPALITY: DR NKOSAZANA DLAMINI ZUMA MUNICIPALITY (KZN436)

Date	Payee	Amount in R'000	Description and Purpose	Authorised by (name)
1. Section 11(b) - Expenditure authorised by the MEC for finance in terms of section 26 (4) when a municipality has failed to approve a budget by 31 December;				
	N/A			
2. Section 11(c) - Unforeseeable and unavoidable expenditure authorised by the mayor in terms of section 29 (1);				
	N/A			
3. Section 11(d) - Payments from a trust, charitable or relief fund without budget appropriation in terms of section 12(4);				
	N/A			
4. Section 11(e) - Payments to a person or organ of state of money received by the municipality on behalf of that person or organ of state, including				
(i) money collected by the municipality on behalf of that person or organ of state by agreement; or				
(ii) any insurance or other payments received by the municipality for that person or organ of state;				
	N/A			
5. Section 11(f) - Refund money incorrectly paid into a bank account;				
	N/A			
6. Section 11(g) - Refund guarantees, sureties and security deposits;				
	N/A			
7. Section 11(h) - Payments for cash management and investment purposes in accordance with section 13;				
05/10/2017		1 500 000.00	Transfere from Money market to Primary Account	KMB Mzimela(CFO) and NC Vezi (MM)
13/10/2017		1 000 000.00	Transfere from Money market to Primary Account	KMB Mzimela(CFO) and NC Vezi (MM)
24/10/2017		3 523 000.00	Transfere from Money market to Primary Account	KMB Mzimela(CFO) and NC Vezi (MM)
15/11/2017		1 000 000.00	Transfere from Money market to Primary Account	KMB Mzimela(CFO) and NC Vezi (MM)
23/11/2017		3 766 790.62	Transfere from Money market to Primary Account	KMB Mzimela(CFO) and NC Vezi (MM)
30/11/2017		4 500 000.00	Transfere from Money market to Primary Account	KMB Mzimela(CFO) and NC Vezi (MM)
05/12/2017		31 523 000.00	Transfere from Primary Account to money maket	KMB Mzimela(CFO) and NC Vezi (MM)
14/12/2017		4 600 000.00	Transfere from Money market to Primary Account	KMB Mzimela(CFO) and NC Vezi (MM)
20/12/2017		3 000 000.00	Transfere from Money market to Primary Account	KMB Mzimela(CFO) and NC Vezi (MM)
8. Section 11(i) - To defray increased expenditure on a multi-year capital project in terms of section 31;				
	N/A			
9. Section 11(j) - Payments for such other purposes as may be prescribed from time-to-time.				
	N/A			

CHIEF FINANCIAL OFFICER

MUNICIPAL MANAGER

2.8 Municipal Manager's Quality Certificate



Quality Certificate

I, N.C Vezi Municipal Manager of Dr Nkosazana Dlamini Zuma Municipality hereby certify that the Second Quarter budget statement for the year 2017/2018 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the act.

Print Name: N.C Vezi

Municipal Manager of Dr Nkosazana Dlamini Zuma Municipality, KZN436

Signature:  _____

Date: 10 / 01 / 2017