



# Mid-Year Budget and Performance Assessment report

MFMA Section 72 Report

2024/2025

Govan Mbeki Municipality

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## 1. Chapter 1: Introduction

### 1.1 Purpose

This Mid-Year performance assessment is compiled as determined in section 72 of the Municipal Finance Management Act. The assessment is for the period 1 July 2024 to 31 December 2024 where actual financial performance of the municipality is monitored.

Further in terms of section 54 of the MFMA the Mayor must take certain actions on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan.

Where it is deemed necessary the accounting officer must, as part of the review, make recommendations as to whether an adjustments budget is necessary; and recommend revised projections for revenue and expenditure to the extent that this may be necessary

### 1.2 Regulation

In terms of Section 72. (1) of the MFMA, the accounting officer of a municipality must by 25 January of each year-

- “(a) assess the performance of the municipality during the first half of the financial year, taking into account-
  - (i) the monthly statements referred to in section 71 for the first half of the financial year;*
  - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;*
  - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and*
  - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and**
- “(b) submit a report on such assessment to-
  - (i) the mayor of the municipality;*
  - (ii) the National Treasury; and*
  - (iii) the relevant provincial treasury.”**

Thereafter, the mayor must, in terms of Section 54. (1)-

- a) consider the report;*
- b) check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;*
- c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;*
- d) issue any appropriate instructions to the accounting officer to ensure-
  - a. that the budget is implemented in accordance with the service delivery and budget implementation plan; and*
  - b. that spending of funds and revenue collection proceed in accordance with the budget;**
- e) identify any financial problems facing the municipality, including any emerging or impending financial problems; and*
- f) submit the report to the council by 31 January of each year.*

2. Chapter 2: Section 13: Quality Certification by Accounting Officer

**QUALITY CERTIFICATE**

I, **E.N. Maseko**, the Municipal Manager of **Govan Mbeki Municipality**, hereby certify that: -

- ✓ The Mid-year assessment report
- ✓ The supporting documentation for the half year ended **December 2024** has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

**Print Name: ABM Mavimbela**

**Acting Chief Financial Officer of Govan Mbeki Municipality (MP307)**

Signature:



Date:

20/11/2025

**Print Name: E.N. Maseko**

**Municipal Manager of Govan Mbeki Municipality (MP307)**

Signature:



Date:

22/01/2025

### 3. Chapter 3: Budget Performance Analysis

#### 3.1 Executive Summary

The following table provides a summary of the municipality's performance on the Operational budget as at 31 December 2024:

MP307 Govan Mbeki - Table C1 Monthly Budget Statement Summary - M06 - December

Description	2023/24	Budget Year 2024/25							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<b>Financial Performance</b>									
Property rates	396 103	445 250	-	33 121	194 914	222 625	(27 712)	-12%	445 250
Service charges	1 309 477	2 070 934	-	131 626	794 521	1 035 467	(240 945)	-23%	2 070 934
Investment revenue	14 911	16 375	-	259	3 263	8 188	(4 924)	-60%	16 375
Transfers and subsidies - Operational	459 861	492 163	-	152 396	366 933	246 081	120 851	49%	492 163
Other own revenue	319 599	275 656	-	23 903	157 388	137 828	19 560	14%	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2 499 952</b>	<b>3 300 378</b>	<b>-</b>	<b>341 306</b>	<b>1 517 019</b>	<b>1 650 189</b>	<b>(133 170)</b>	<b>-8%</b>	<b>3 300 378</b>
Employee costs	636 744	787 368	-	60 710	354 805	393 684	(38 880)	-10%	787 368
Remuneration of Councilors	35 846	35 480	-	3 814	16 702	17 740	(1 038)	-6%	35 480
Depreciation and amortisation	126 208	165 837	-	9 877	61 727	82 918	(21 192)	-26%	165 837
Interest	279 604	140 087	-	2 318	91 455	70 043	21 411	31%	140 087
Inventory consumed and bulk purchases	1 669 211	1 369 246	-	50 733	855 557	684 623	170 934	25%	1 369 246
Transfers and subsidies	38 490	28 361	-	3 060	18 727	14 180	4 547	32%	28 361
Other expenditure	474 457	1 462 150	-	45 551	230 815	731 075	(500 260)	-68%	1 462 150
<b>Total Expenditure</b>	<b>3 260 561</b>	<b>3 988 528</b>	<b>-</b>	<b>176 064</b>	<b>1 629 787</b>	<b>1 994 264</b>	<b>(364 477)</b>	<b>-18%</b>	<b>3 988 528</b>
<b>Surplus/(Deficit)</b>	<b>(760 609)</b>	<b>(688 150)</b>	<b>-</b>	<b>165 243</b>	<b>(112 769)</b>	<b>(344 075)</b>	<b>231 307</b>	<b>-67%</b>	<b>(688 150)</b>
Transfers and subsidies - capital (monetary allocations)	118 018	117 651	-	33 232	92 129	58 826	33 303	57%	117 651
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp;</b>	<b>(642 591)</b>	<b>(570 499)</b>	<b>-</b>	<b>198 474</b>	<b>(20 640)</b>	<b>(285 250)</b>	<b>264 610</b>	<b>-93%</b>	<b>(570 499)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(642 591)</b>	<b>(570 499)</b>	<b>-</b>	<b>198 474</b>	<b>(20 640)</b>	<b>(285 250)</b>	<b>264 610</b>	<b>-93%</b>	<b>(570 499)</b>

#### Comments on the Budget Summary Statement

##### Operating Revenue

The overall performance on the revenue component is 8% below target. Property rates, service charges and other own revenue are the main items to contribute in this negative performance.

##### Operating Expenditure

The overall performance on the expenditure component is 18% below target.

Bulk purchases, finance charges and transfers and subsidies are above target by 43%, 31% and 32% respectively. Should the trend continue at the same rate there will be an unauthorized expenditure in these line items at the end of the financial year. Adjustment of budget is recommended for these line items.

##### Capital Expenditure

Total Capital Expenditure to date amounts to R 136 431 418.21. R 21 041 941.53 relates to INEP funding, R 56 920 640.61 relates to MIG funding, R 10 416 647.71 relates to MDRG funding whilst R48 052 188.36 is from internally generated funds.

**Cash Flows**

As at 31 December 2024, the municipality had a positive bank statement balance of R21 392 063.41 and R 756 776.32 in the current account and traffic fine account respectively. In the period ending 31 December 2024 cash book had negative balance of (R45 847 233).

**Debtors**

The total debtors book balance as at 31 December 2024 amounts to R 3 775 840 000. The debtors' payment rate for the month is 64%.

**Creditors**

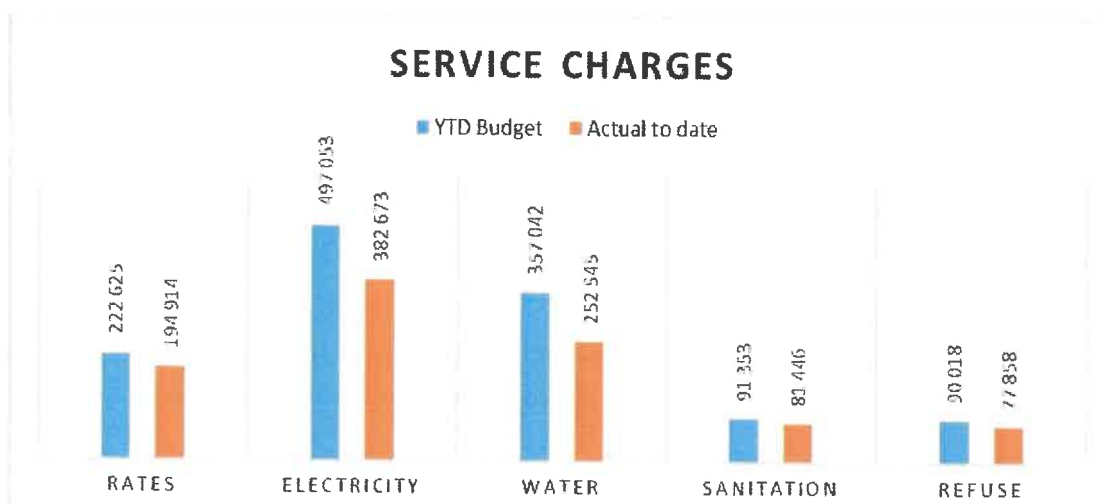
The total creditors balance for the month of December 2024 amounted to R 6 070 221 000. 98.5% creditors are above 30 days. The major creditors are Eskom and Rand Water.

**3.1.1 Detailed Analysis of Revenue per Source**

**(i) Property Rates**

The property rates revenue is below target by 12%, as a result the property rates revenue will remain unchanged.

**(ii) Services Charges**



**Electricity**

Electricity revenue is below the target with 23%, the deviation is linked to distribution losses amounting to 55%. This signifies that the municipality revenue could be more however because of the losses revenue is not completely realized, the electricity that is not accounted is the result of the poor state of meters and theft, by-passes and illegal connections.

The current intervention on electricity will assist in elimination the anomalies. Infrastructure and systems related to this service must be given priority. Revenue on electricity will have to be adjusted down.

### **Water**

Water revenue is below the target with 36%, the deviation is linked to distribution losses amounting to 44% realised since the beginning of the year. This signifies that the municipality revenue could be more however because of the losses revenue is not completely realised. Controls will be placed for reduction of these water losses to an acceptable level, of which it might be a challenge due to aged infrastructure.

### **Sanitation**

Sanitation Service is below target by 11% this is mainly linked to water distribution losses.

### **Refuse Removal**

The service shows negative performance of 19%. Revenue enhancement strategy is in place to assist with revenue collection.

### **Rental of Facilities and Equipment**

This vote is 44% above the targeted budget. This vote will have to be adjusted accordingly.

### **Fines**

Fines are below target by 54%, respective departments should ensure that by-laws are implemented and transgression followed up as well to pursue recovery.

### **Other Revenue**

Other Revenue stream shows a collective is above target by 14%.

In conclusion, total operation revenue shows a negative performance of 8%, but will not be adjusted based on intervention that are in place.

## **3.1.2 Detailed Analysis of Expenditure per Source**

### **i. Employee related cost**

Employee related cost is at 10% below target. Overtime needs to be controlled and the filling of vacant positions has to be aligned to the budget performance.

### **ii. Remuneration of Councillors**

The category of expenditure is at 6% below target. An adjustment to the budget will be considered to take into account the revised upper limits.

**iii. Debt Impairment**

The debt impairment is at 100%, this is as a result of impairment for the period not effected in the financial system, and no adjustment will be done on debt impairment.

**iv. Depreciation and Asset Impairment**

Depreciation and asset impairment is at 26% below target.

**v. Finance Charges**

This relates to interest and penalties for late payment of creditors. The expenditure shows positive deviation of 31%, this relates to late payment of Eskom and Rand Water. Budget adjustment to this line item is recommended to avoid unauthorised expenditure at year end.

**vi. Bulk Purchases**

Bulk purchases relate to purchases from Eskom and indicate a positive deviation of 43%. Provision should be made for the winter season for Eskom. The strategy also to reduce electricity losses should be radically implemented to ensure reduction in cost of electricity. The implementation will eliminate theft and selling by ghost vendors.

**vii. Inventory consumed**

Inventory consumed is inclusive of purchases of bulk water from Rand Water and it is below target by 4% with the distribution loss of 44%. The strategy to reduce water losses should be radically implanted to ensure reduction in cost, and budget will have to be adjusted.

**viii. Contracted Services**

Contracted Services is above target by 2%, departments must monitor this expenditure category well and where possible to avoid this expenditure.

**ix. Other Expenditure**

Other expenditure is below target by 68%. The major expenditure in other expenditures are Insurance premiums, software licences, professional subscription, therefore the individual line items will be assessed per function for correct budget adjustments. With the cash flow constraints challenges the municipality is currently experiencing, management need to cut other expenditure where necessary.



### 3.1.3 Capital budget performance

Capital budget below represent projects that are earmarked to improve service delivery, to date MIG spending is at 77%, INEP spending is at 65%, MDRG spending is at 132%, however there is slow spending of 30% on the internal budget mainly due to the cash flow constraints. The budget to be re-assessed and adjusted accordingly with the adjustment budget at end February.

Description	Funding	Original Budget 2024/2025	Monthly Expenditure Excl. VAT	VAT 15%	Monthly Expenditure Inc VAT	YTD Expenditure	Available Balance as at 31 December 2024
Upgrading of Lebohang Stadium in Leandra (Phase 2)	MIG	10 000 000.00	-	-	-	-	10 000 000.00
Embalenhle Bulk Replacement/Upgrade (Phase1)	MIG	20 125 978.00	-	-	-	19 674 670.65	451 307.35
Emzinoni Bulk water supply	MIG	3 000 000.00	-	-	-	285 288.58	2 714 711.42
Upgrade of cement gravity main pipe in Kinross	MIG	1 285 832.00	-	-	-	-	1 285 832.00
Construction of Bulk water line and reservoir in Leandra	MIG	22 330 968.00	109 024.71	16 353.71	125 378.42	20 156 349.38	2 174 618.62
Procurement of Specialised Vehicles for Waste Management	MIG	16 804 322.00	-	-	-	16 804 332.00	- 10.00
Construction of stormwater concrete pipeline EXT22 Emba	MDRG	7 883 000.00	3 401 446.22	510 216.93	3 911 663.15	10 416 647.71	- 2 533 647.71
Emzinoni Substation Phase 3	INEP	32 240 000.00	1 973 258.31	295 988.75	2 269 247.06	21 041 941.53	11 198 058.47
Kinross waste treatment plant	Revenue	3 000 000.00	-	-	-	-	3 000 000.00
Resurfacing of road	Revenue	20 000 000.00	-	-	-	-	20 000 000.00
Chief Albert Luthuli Road Rehabilitation	Revenue	10 000 000.00	-	-	-	-	10 000 000.00
Water Services	Revenue	30 000 000.00	78 027.00	11 704.05	89 731.05	89 731.05	29 910 268.95
Acquisition of Smart Meters	Revenue	30 000 000.00	-	-	-	40 757 848.66	- 10 757 848.66
Refurbishment of Leandra Offices	Revenue	5 000 000.00	-	-	-	-	5 000 000.00
Refurbishment of Kinross offices	Revenue	5 000 000.00	-	-	-	-	5 000 000.00
Upgrading of Emzinoni Stadium	Revenue	5 000 000.00	-	-	-	-	5 000 000.00
Upgrading of Leandra Stadium	Revenue	2 000 000.00	-	-	-	-	2 000 000.00
Brendon Village Electrification	Revenue	5 000 000.00	-	-	-	-	5 000 000.00
Workshop Modernisation	Revenue	3 000 000.00	-	-	-	-	3 000 000.00
Installation of sewer network; pipeline in Eendracht	Revenue	5 200 000.00	-	-	-	-	5 200 000.00
Charl Cilliers sewer rectification and pump station	Revenue	2 000 000.00	-	-	-	-	2 000 000.00
Furniture & Equipment (Community Services)	Revenue	150 000.00	-	-	-	35 006.00	114 994.00
Furniture & Equipment (Financial Services)	Revenue	150 000.00	-	-	-	159 076.86	- 9 076.86
Furniture and OE Technical services	Revenue	150 000.00	-	-	-	9 430.00	140 570.00
Furniture & Equipment (Technical Services)	Revenue	150 000.00	-	-	-	28 750.00	121 250.00
Furniture & Equipment (Corporate Services)	Revenue	150 000.00	16 540.00	2 481.00	19 021.00	19 021.00	130 979.00
Furniture & Equipment (Planning and Development)	Revenue	150 000.00	-	-	-	184 345.00	- 34 345.00
Furniture & Equipment (Executive and Council)	Revenue	200 000.00	-	-	-	-	200 000.00

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Description	Funding	Original Budget 2024/2025	Monthly Expenditure Excl. VAT	VAT 15%	Monthly Expenditure Inc VAT	YTD Expenditure	Available Balance as at 31 December 2024
Furniture & Equipment (MM's Office)	Revenue	100 000.00		-	-	16 728.48	83 271.52
Munsoft Hardware Upgrade	Revenue	1 200 000.00		-	-	-	1 200 000.00
Insurance	Revenue	5 000 000.00		-	-	-	5 000 000.00
Acquisition of Fleet	Revenue	25 000 000.00		-	-	5 505 231.54	19 494 768.46
Computer Equipment	Revenue	2 000 000.00		-	-	1 247 019.77	752 980.23
<b>TOTAL</b>		<b>273 270 100.00</b>	<b>5 578 296.24</b>	<b>836 744.44</b>	<b>6 415 040.68</b>	<b>136 431 418.21</b>	<b>136 838 681.79</b>

## **4. Chapter 4: Service delivery performance analysis**

### **4.1 Performance framework**

Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players.”

This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

The Municipal Systems Act, 2000 (Act 32 of 2000) and the Local Government: Municipal Planning and the Performance Management Regulations 2001 require municipalities to adopt a performance management system.

Once the IDP and budget have been prepared and approved, the Municipality prepared their Service Delivery and Budget Implementation Plan (SDBIP- Municipal Scorecard) in accordance with the MFMA and MFMA Circular 91 & 93.

### **4.2 Performance management**

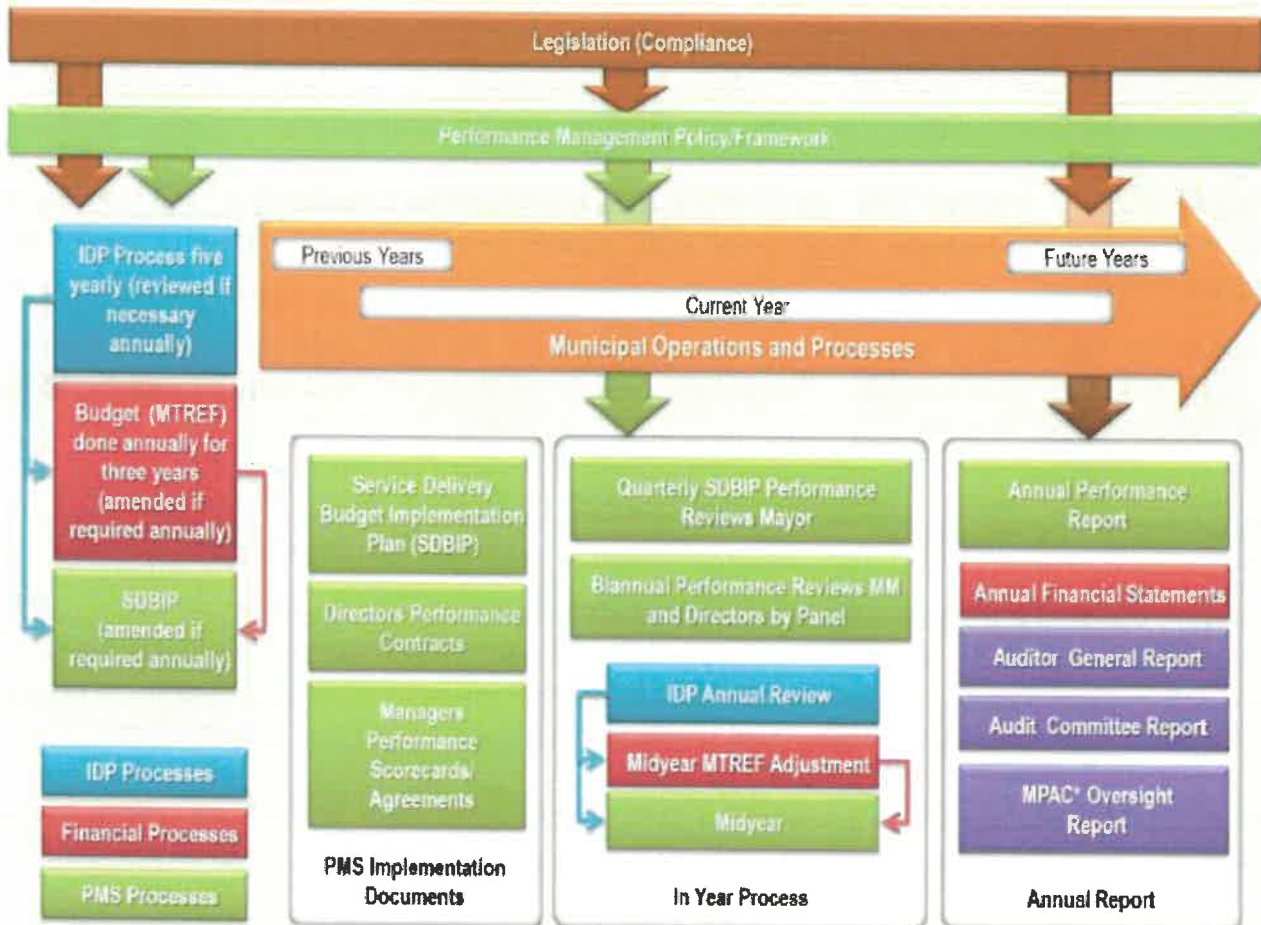
The Performance Management System implemented at Govan Mbeki Municipality is intended to provide a comprehensive, step by step planning system that helps the municipality to manage the process of performance planning and measurement effectively. The PMS serves as primary mechanism to monitor, review and improve the implementation of the municipal IDP and eventually the budget.

The performance management policy as approved by Council provides for performance implementation, monitoring and evaluation at organisational as well as individual levels.

The IDP and Budget are implemented through a Service Delivery and Budget Implementation Plan (SDBIP). The Top Layer SDBIP is used as a scorecard to measure, monitor, evaluate and report on institutional performance (monthly, quarterly, bi-annual and annual basis).

The Departmental SDBIP measures the performance of the departments and performance agreements and plans are used to measure the performance of employees.

The role and impact of the Performance Management of the Municipality is reflected in the diagram below:



### **4.3 Performance reporting**

Performance is reported on a regular basis and it includes the evaluation of performance, the identification of poor performance and corrective actions to improve performance.

The organisational performance of the municipality is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate and departmental levels.

The municipal scorecard (Top Layer SDBIP) sets out consolidated service delivery targets for senior management and provides an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities.

The Departmental scorecards (detail SDBIP) capture the performance of each defined directorate or department, unlike the municipal scorecard, which reflects on the strategic priorities of the municipality, the SDBIP provides detail of each outcome for which top management are responsible for, in other words a comprehensive picture of the performance of that directorate/sub-directorate.

#### **Quarterly Reports**

Reports on the performance in terms of the Top Level SDBIP are generated and submitted to Council. This report is published on the municipal website on a quarterly basis.

#### **Mid-Year Assessment**

The performance of the first 6 months of the financial year assessed and reported on in terms of section 72 of the MFMA. This assessment must include the measurement of performance, the identification of corrective actions and recommendations for the adjustments of PI's, if necessary.

The format of the report complies with the section 72 requirements. This report is submitted to Council for approval before the end of January of each year and published on the municipal website.

#### **4.4 Overall service delivery performance**

A Detailed Report will be presented separately.

## 5. Chapter 5 Financial performances analysis

### 5.1 Key financial indicators

<b>Financial</b>		<b>Capital Expenditure:</b>	
<b>Overall operating results R ,000</b>		<b>Municipal Infrastructure Grant</b>	
Income	R 1 609 148	MIG Budget Allocation	R 73 547 100.00
Expenditure	<u>R 1 629 787</u>	MIG Actual Receipts (Incl rollover)	R 69 285 000.00
Surplus/(Deficit)	R (20 640)	MIG Expenditure (Vat Inc)	R 56 920 640.61
		% spent to date	77%
<b>Debtors</b>		<b>Integrated National Electrification Programme Grant</b>	
Total debtors outstanding	R 3 775 840 000	INEP Budget	R 32 240 000.00
Average debtor's payment rate for the quarter	64%	INEP Actual Receipts (Incl rollover)	R 32 240 000.00
		INEP Expenditure	R 21 041 941.53
		% spent to date	65%
<b>Creditors</b>		<b>Municipal Disaster Recovery Grant</b>	
Total creditors outstanding	R 6 070 221 000	MDRG Budget Allocation	R 7 883 000.00
Creditors days 682 days		MDRG Actual Receipts (Incl rollover)	R 9 451 000.00
(Creditors/Cost of sale*365 days)		MDRG Expenditure (Vat Incl)	R 10 416 647.71
		% spent to date	132%
<b>Distribution Losses</b>		<b>Other Capital Expenditure</b>	
Electricity:	(%) 48.28	Other Capital Budget	R 159 600 000.00
Water:	42.20	Other Capital Expenditure (Vat Inc)	R 48 052 188.36
		% spent to date	30%
<b>Distribution Losses: Accumulated</b>		<b>Other Operational Grants</b>	
Electricity:	(%) 55.01	<b>Description</b>	<b>Actual Received 2020/2021</b>
Water:	44.03		<b>Expenditure to date</b>
			<b>% Spent</b>
<b>Cash Management</b>		<b>FMG</b>	R 3 500 000.00
Bank statement balance:	R 21 392 063.41	<b>EPWP</b>	R 1 118 000
Investments:	R 37 291 727.67	<b>ISDG</b>	R 14 000 000.00
			14 000 000.00
			26%
			142%
			100%
<b>Liabilities</b>		<b>Human resources</b>	
Unspent Conditional grant vs actual received	R 24 569 147.90	Salary bill for Councillors	R 3 814 000.00
Trade creditors	R 6 070 221 000.00	Salary bill for employee's	R 60 710 000.00
		Total staff compliment	1 227 (Full time)
		Staff resignations	3
		Staff Appointments	5
<b>Repairs and Maintenance</b>			
Budget	R 136 854 494.00		
YTD expenditure	R 68 044 549.51		
% Spent to date	49.72%		

**5.2 Cash management**

As of 31 December 2024, the municipality had a positive bank statement balance of R 21 392 063.41 and R 756 776.32 in current account and traffic fine account respectively. Cash book had a negative balance of R 45 847 233. The short-term investments had R37 291 727.67 at the end of 31 December 2024. Plans and actions are in place to maintain and improve this positive cash flow position into a healthy sustainable position, actions includes:

1. A revenue enhancement plan is in place with a fully dedicated committee to ensure;
  - a. Revenue collection
  - b. Cost curtailment
  - c. Distribution losses control
2. The credit control policy is in place and this policy should be fully implemented to ensure a higher collection rate on our debt book. It is expected that the cash flow position of the municipality will improve as a result of the full implementation of the plans and programmes in place.

Below are details of the short investment, mainly include cash injections from grant and not yet used on the committed projects.

**INVESTMENT REGISTER: DECEMBER 2024**

Segment Description	Account Nr	Date of Investment	Opening Balance 01/12/2024	Investments Made	Investment Withdrawals/ Reversal	Interest Capitalized/ Accrued	Closing Balance 31/12/2024
<b>Long-Investments</b>							
Old Mutual Shares C0777197766	Share nr C0777197766		27 096.93				27 096.93
Old Mutual Shares C0777027950	Share nr C0777027950		372 939.00				372 939.00
Sanlam U0063349159	Share nr U0063349159		198 415.84				198 415.84
Nedbank (70) Withdrawal	70 Shares		17 948.70				17 948.70
Nedbank (966) Withdrawal	966Shares		247 692.06				247 692.06
Quilter plc (624)	Share nr 1521061685		17 228.64				17 228.64
Quilter plc (8599)	Share nr 1521053495		237 418.39				237 418.39
			<b>1 118 739.56</b>				<b>1 118 739.56</b>
<b>Short-term Investments</b>							
Standard Bank Money Market Call Acc.	038787024(003)	26/11/2014	517 130.46			3 228.17	520 358.63
Standard Bank Tiered Rate Call Acc.	038787024(008)	13/08/2014	26 909 164.48		11 000 000.00	123 122.69	16 032 287.17
Standard Bank Money Market Call Acc.	038787024(009)	05/06/2016	21 487 402.35		2 000 000.00	132 939.96	19 620 342.31
			<b>48 913 697.29</b>		<b>13 000 000.00</b>	<b>259 290.82</b>	<b>36 172 988.11</b>
			<b>50 032 436.85</b>		<b>13 000 000.00</b>	<b>259 290.82</b>	<b>37 291 727.67</b>

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5.3 Debtors' analysis

Supporting table SC3 provides a breakdown of the consumer debtors. The following table indicates the consumer debtors as at 31 December 2024. Total outstanding debtors is R3.77billion, collections still remain a challenge. Radical revenue collection should be implemented to reduce the outstanding debtors.

MP307 Govan Mbeki - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 - December

R thousands	Description	MT Code	Budget Year 2024/25									Total	Total over 90 days	
			0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr				
	<b>Debtors Age Analysis By Income Source</b>													
	Trade and Other Receivables from Exchange Transactions - Water	1200	48 679	20 582	22 788	19 882	19 301	18 889	17 043	980 062	1 147 225	1 055 176		
	Trade and Other Receivables from Exchange Transactions - Electricity	1300	45 135	14 233	11 933	10 924	10 445	10 322	8 423	364 606	476 079	404 719		
	Receivables from Non-exchange Transactions - Property Rates	1400	29 280	11 248	9 390	8 658	8 332	8 234	9 685	284 526	369 353	319 435		
	Receivables from Exchange Transactions - Waste Water Management	1500	14 879	9 410	8 919	8 214	7 882	7 665	6 936	357 432	421 337	388 129		
	Receivables from Exchange Transactions - Waste Management	1600	13 859	9 311	8 116	7 556	7 375	7 150	6 675	329 340	368 384	358 097		
	Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-		
	Interest on Arrear Debtor Accounts	1810	22 125	22 314	22 173	21 722	24 533	24 208	23 954	778 550	939 480	872 867		
	Recoverable unauthorised, irregular, fines and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
	Other	1900	579	279	206	194	413	454	811	30 045	32 982	31 917		
	<b>Total By Income Source</b>	<b>2000</b>	<b>174 535</b>	<b>87 408</b>	<b>83 557</b>	<b>77 150</b>	<b>78 281</b>	<b>76 922</b>	<b>73 427</b>	<b>3 124 560</b>	<b>3 775 840</b>	<b>3 430 340</b>		
	<b>2023/24 - totals only</b>		<b>185 082</b>	<b>104 400</b>	<b>87 159</b>	<b>84 471</b>	<b>79 028</b>	<b>185 602</b>	<b>70 453</b>	<b>3 000 449</b>	<b>3 776 654</b>	<b>3 400 003</b>		
	<b>Debtors Age Analysis By Customer Group</b>													
	Organs of State	2200	5 671	2 310	1 798	1 487	1 438	1 507	1 376	35 372	51 017	41 238		
	Commercial	2300	48 673	8 140	6 782	6 666	6 324	6 608	7 267	201 978	292 338	228 743		
	Households	2400	120 192	78 958	74 977	69 097	70 459	68 808	64 784	2 887 211	3 432 485	3 160 359		
	Other	2500	-	-	-	-	-	-	-	-	-	-		
	<b>Total By Customer Group</b>	<b>2600</b>	<b>174 535</b>	<b>87 408</b>	<b>83 557</b>	<b>77 150</b>	<b>78 281</b>	<b>76 922</b>	<b>73 427</b>	<b>3 124 560</b>	<b>3 775 840</b>	<b>3 430 340</b>		



#### 5.4 Creditor's analysis

Supporting table SC4 provides detail on aged creditors. In terms of the MFMA all creditors should be paid within 30 days of receiving the invoice or statement. For the period ending December 2024, R 6.070 billion was outstanding and of this 98.5% is outstanding for more than 30 days. The cash flow changes continue to affect timeous payments to creditors.

**MP307 Govan Mbeki - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December**

Description	NT Code	Budget Year 2024/25										Total	
		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				
<b>Creditors Age Analysis by Customer Type</b>													
Bulk Electricity	0100	28 330	63 755	84 301	131 008	192 456	171 404	113 994	4 411 390				5 196 638
Bulk Water	0200	33 015	28 880	12 196	7 190	7 469	7 324	7 540	691 175				794 789
PAYE deductions	0300												-
VAT (output less input)	0400												-
Pensions / Retirement deductions	0500												-
Loan repayments	0600												-
Trade Creditors	0700	24 852	18 571	14 623	20 694								83 665
Auditor General	0800				54								54
Other	0900												-
<b>Total By Customer Type</b>	<b>1000</b>	<b>86 197</b>	<b>111 206</b>	<b>111 120</b>	<b>145 433</b>	<b>202 113</b>	<b>181 891</b>	<b>126 151</b>	<b>5 106 110</b>				<b>6 070 221</b>

## 6. Chapter 6: Budget adjustment

Regulation 23 of the Municipal Budget and Reporting Regulations provides, inter alia for the following:

Mid-year Budget and Performance Report 2024/25

*“An adjustment budget may be tabled in the Municipal Council at any time after the Mid-year Budget and Performance Assessment has been tabled in the Council, but not later than 28 February of each year. Furthermore, except under certain circumstances only one adjustment budget may be tabled in Council during a financial year.”*

Accordingly, a report on adjustments to the budget will be submitted for consideration by Council before 28 February 2025.

## 7. Chapter 7: Annual report and Audit Outcomes of Prior year

The annual report of the 2023/24 financial year is covered in a separate report to Council and will be tabled on or before 31 January 2025.

Included in the annual reports are issues that were raised by the Auditor General in auditing to financial statements of 2023/24. The municipality received a qualification audit opinion.

Some of the issues raised were resolved before the Auditor General issued an audit report, however to date an audit action plan for 2023/24 preparation is underway and meetings will be held regularly for the accounting officer to monitor progress there on.

**Audit Performance** 2023/24 financial year the municipality received qualification audit opinion; the major issues raised was emphasis on the following:

Financial period	Audit outcome	Total number of issues	Status of post audit action plan
2021/2022	Qualification	9	
2022/2023	Qualification	3	77% addressed
2023/2024	Qualification	3	0%

## 8. Chapter 8: Supply Chain Management Performance

### 8.1 Supply chain management planning

An annual procurement plan for the 2024/2025 financial year has been approved to ensure an effective system of acquisition for goods and services supporting the strategic goals and operations of the municipality. The plans have improved timely planning, effective management of processes to ensure that commodities and services required by various user departments are quantified, budgeted for and effectively delivered at the right locations within critical delivery schedules in appropriate quantities.

### 8.2 Deviations

No deviations incurred in terms of section 36 of the supply chain management regulation and section 41 of the municipal supply chain management policy for the period under review.

### 8.3 Competitive bidding

Goods and service above the transaction value of R 200,000.00 including vat are only procured through a competitive bidding process as outlined in the municipal supply chain management policy. In an effort to enhance operational efficiency the bid committee system for competitive bidding was established. The committees comprise the bid specification, evaluation and adjudication to effectively manage the competitive bidding process.

The following table covers the value of the competitive bids awarded to companies including those managed by historically disadvantaged individuals (HDI ownership and management), women, youth and people with disability for the period under review: The following are all transactions incurred through bids and requisitions above R 100 000.

Period	Amount
1 <sup>st</sup> Quarter	112 225 620.31
2 <sup>nd</sup> Quarter	62 389 880.00
<b>Total</b>	<b>174 615 500.31</b>

**Tenders awarded**

In addition to the above purchases the municipality awarded to various service provider the contracts, the purpose is to provide services, mainly to ensure that the grants provided by the Stakeholders are effectively used to provide community with services.

TENDER NO	DESCRIPTION	TENDERER	CLOSING DATE OF TENDER	DATE OF APPOINTMENT	NO. OF DAYS TAKEN TO AWARD	VALUE OF TENDER (INC VAT)	DEPARTMENT
8/3/1 – 09/2024	Provision of Intermediary services for short-term insurance and risk management for a period of 36 months	Kunene Makopo Risk Solutions (Pty) Ltd	08/07/2024	01/10/2024	61	R 618 969.89	Finance
8/3/1 – 03/2024	Provision of assets management for a period of 36 months	Market Demand Trading	24/07/2024	01/10/2024	62	R 6 311 584.81	Finance
8/3/1 – 13/2024	Appointment of a panel of debt collection agencies for a period of 36 months	Revenue Consulting (Pty) Ltd	26/06/2024	01/11/2024	126	8% Commission	Finance
8/3/1 – 13/2024	Appointment of a panel of debt collection agencies for a period of 36 months	BTF Global	26/06/2024	01/11/2024	126	10% Commission	Finance
8/3/1 – 13/2024	Appointment of a panel of debt collection agencies for a period of 36 months	NFD Consulting	26/06/2024	01/11/2024	126	10% Commission	Finance
8/3/1 – 13/2024	Appointment of a panel of debt collection agencies for a period of 36 months	SL Debt Recovery	26/06/2024	01/11/2024	126	10% Commission	Finance
8/3/1 – 20/2023	Supply and delivery of road traffic signs for a period of 36 months	Pamoja Engineering	02/07/2024	01/11/2024	119	Quotation Based	Community Services
8/3/1 – 20/2023	Supply and delivery of road traffic signs for a period of 36 months	Siphosethu Printing and Projects	02/07/2024	01/11/2024	119	Quotation Based	Community Services
8/3/1 – 20/2023	Supply and delivery of road traffic signs for a period of 36 months	Lane Trading and Projects	02/07/2024	01/11/2024	119	Quotation Based	Community Services
8/3/1 – 20/2023	Supply and delivery of road traffic signs for a period of 36 months	Mazondilanga All Aspects	02/07/2024	01/11/2024	119	Quotation Based	Community Services
8/3/1 – 20/2023	Supply and delivery of road traffic signs for a period of 36 months	Nkontwane (Pty) Ltd	02/07/2024	01/11/2024	119	Quotation Based	Community Services
8/3/1 – 06/2023	Operation and maintenance of Secunda	Theuwedi Trading Enterprise	12/08/2024	01/11/2024	80	R 25 635 109.72	Community Services

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8/3/1 - 07/2023	waste disposal site for 36 months	Mzandas Trading	08/08/2024	01/11/2024	84	R 20 201 590.00	Community Services
8/3/1 - 16/2023	Operation and maintenance of Bethal waste disposal site for 36 months	BS Mabaso Inc.	20/05/2024	15/11/2024	165	Gazetted Rates	Corporate Services
8/3/1 - 16/2023	Appointment of a panel of attorneys at Govan Mbeki Municipality for a period of 36 months	Makhaye Attorneys	20/05/2024	15/11/2024	165	Gazetted Rates	Corporate Services
8/3/1 - 16/2023	Appointment of a panel of attorneys at Govan Mbeki Municipality for a period of 36 months	Makhafola Attorneys	20/05/2024	15/11/2024	165	Gazetted Rates	Corporate Services
8/3/1 - 16/2023	Appointment of a panel of attorneys at Govan Mbeki Municipality for a period of 36 months	Peyper Attorneys	20/05/2024	15/11/2024	165	Gazetted Rates	Corporate Services
8/3/1 - 16/2023	Appointment of a panel of attorneys at Govan Mbeki Municipality for a period of 36 months	A Mbona Attorneys	20/05/2024	15/11/2024	165	Gazetted Rates	Corporate Services
8/3/1 - 16/2023	Appointment of a panel of attorneys at Govan Mbeki Municipality for a period of 36 months	TH Mathebula Attorneys	20/05/2024	15/11/2024	165	Gazetted Rates	Corporate Services
8/3/1 - 16/2023	Appointment of a panel of attorneys at Govan Mbeki Municipality for a period of 36 months	Mthimunye Attorneys	20/05/2024	15/11/2024	165	Gazetted Rates	Corporate Services
8/3/1 - 16/2023	Appointment of a panel of attorneys at Govan Mbeki Municipality for a period of 36 months	KLM Maja Attorneys	20/05/2024	15/11/2024	165	Gazetted Rates	Corporate Services
8/3/1 - 16/2023	Appointment of a panel of attorneys at Govan Mbeki Municipality for a period of 36 months	NG Dlamini Attorneys	20/05/2024	15/11/2024	165	Gazetted Rates	Corporate Services
8/3/1 - 16/2023	Appointment of a panel of attorneys at Govan Mbeki Municipality for a period of 36 months	Cronje De Waal - Skhosana	20/05/2024	15/11/2024	165	Gazetted Rates	Corporate Services
8/3/1 - 16/2023	Appointment of a panel of attorneys at Govan Mbeki Municipality for a period of 36 months	PP Mabuza & Attorneys	20/05/2024	15/11/2024	165	Gazetted Rates	Corporate Services



## **9. Conclusion**

As a result of the reasons indicated above in various components, it is necessary for the municipality to adjust the approved 2024/25 budget accordingly. Therefore, there will be departmental consultations taking place to ensure that all departmental needs are catered for with the available budget. Preparation of the adjustment budget will be taking note of the financial constraints and challenges in the institution.

