

**MFMA Section 52D Performance Report – Second Quarter**

**2023/2024**



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2023/2024

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## -1 INTRODUCTION

This report presents performance activities of the second quarter of 2023/2024 financial year. The report is a requirement as per section 52 of the Municipal Finance Management Act No. 56 of 2003 (MFMA), which provides for the Executive Mayor, to submit to council within 30 days of the end of each quarter, a report on the implementation of the budget and financial state of affairs, of the municipality.

The format of the report should be compliant with the 2023/2024 Service Delivery and Budget Implementation Plan (SDBIP) as adopted by council.

The report encompasses respective departmental performance from period 01 October to 31

December 2023. Seven (7) departments including the office of the municipal manager are reported on:

- ↓ Office of the Municipal Manager
- ↓ Budget and Treasury Office
- ↓ Corporate Services
- ↓ Community Services
- ↓ Local Economic Development and Tourism Department
- ↓ Infrastructure Service
- ↓ Rural Development and Agriculture

**The first section** of the report contains the Monthly Budget Statements for the three months October, November and December 2023 as required by section 71 of the MFMA. In this section, a report on the financial state of the municipality is presented.

**The second section** of the report contains supply chain management implementation report for the period.

### PART 1: PERFORMANCE REPORT

The report encompasses respective departmental performance from period 01 October 2023 to 31 December 2023.

Department (VOTE)	Responsible Official
Office of the Municipal Manager (Vote: Executive and Council)	Municipal Manager - Me. TPM Lebenya
Chief Financial Officer (Vote: Finance and Administration)	Chief Financial Officer – Mr. MD Mhlahlo
Corporate Services (Vote: Finance and Administration: HR, Admin.)	Director Corporate Services – Mr RS Mokoena
Infrastructure Services (Vote: Water, Sanitation, Roads and Electricity)	Director Technical Services – Mrs M Nkomo
Local Economic Development (Vote: LED)	Director Community Services – Mr MS Lengoabala
Community Services (Vote: Community Services)	Director Community Services – Mr MS Lengoabala
Rural Development and Agriculture	Director Community Services – Mr MS Lengoabala

**PART 2: FINANCIAL STATE OF THE MUNICIPALITY**

**2.1 The overall operating results for the quarter ending 31 December 2023.**

Description	Approved Budget	Quarter Results	Year to date (YTD)	%
<b>INCOME</b>				
Operating Revenue	R 199 209 390	R 53 528 735	R 123 453 367	62%
<b>EXPENDITURE</b>				
Operating Expenditure	R 184 407 390	R 44 648 581	R 80 030 030	43.40%
Capital Expenditure	R 14 802 000	R 45 499	R 168 962	1.14%
<b>TOTAL EXPENDITURE</b>	<b>R 199 209 390</b>	<b>R 44 694 080</b>	<b>R 80 198 991</b>	<b>40.26%</b>
<b>Surplus / (Deficit)</b>	-	<b>R 8 835 252</b>	<b>R43 254 375</b>	

The municipality received income for the second quarter amounting to R 53 528 735 and the total income received for the year amounts to R 123 453 367 which represents 62% of the total Approved budget of R199 209 390.

The municipality's operating expenditure for the second quarter amounts to R 44 648 581 and total expenditure for the year amounts to R 80 030 029 which represents 43% of the total operating expenditure budget of R 184 407 390.

The Capital expenditure for the second quarter amounts to R 45 499 and the total capital expenditure for the year amounts to R123 463 which represents 1.14% of the total capital budget of R 14 802 000.

## 2.2 Actual Revenue, per revenue source

Source of Income	Revenue		Variance	Explanation of material differences
	Projected for 2 <sup>nd</sup> Quarter	Actual received for the 2 <sup>nd</sup> Quarter		
Equitable Share	R 44 868 000	R 44 868 000	-	NONE
FMG	R 0	R 0	-	NONE
EPWP Grant	R 1 613 000	R 1 613 000	-	NONE
Rural Assets Man	R 0	R 0	-	NONE
Energy Efficiency & Demand Grant	R 1 000 000	R 1 000 000	-	NONE
Interest Received	R 1 032 844	R 1 166 052	- R 133 208	A large sum of investment was made which yielded in higher interest being received for the quarter.
Other Revenue	R 11 749 004	R 4 881 683	R 6 867 321	Other revenue received is less than the projected revenue due to depreciation being a noncash item and cash back reserves not being utilised.
<b>TOTAL INCOME</b>	<b>R 60 262 848</b>	<b>R 48 741 108</b>	<b>R 6 734 113</b>	

### 2.3 Short term Investments as of 31 December 2023

Banking Institution	Type of Account	Opening Balance	Investment Amount	Interest Earned	Amount Withdrawn	Closing Balance
ABSA	Fixed Deposit	R 18 339 571	-	R 833 713	-	R 19 173 283
ABSA	Call Account	R 62.94	-	-	-	R 62.94
ABSA	Call Account	R 3 313 049	-	R 138 905	-	R 3 451 954
ABSA	Call Account	R 3 292 446	R 10 000 000	R 353 452	-	R 13 645 878
NEDBAN	Call Account	R 6 664 459	-	R 278 728	-	R 6 943 187
<b>TOTAL</b>		<b>R 31 609 587</b>	<b>R 10 000 000</b>	<b>R 1 604 798</b>	<b>R 0</b>	<b>R 43 214 385</b>

At the end of the second quarter the municipality showed a positive bank balance of R 43 214 385 on all investment accounts

### 2.4 Actual Expenditure per category

Operating Expenditure per Category	Approved Budget	Expenditure		(YTD) Expenditure	% Exp to date
		Projected per quarter	Actual per 2 <sup>nd</sup> Quarter		
Employee Cost	102 325 341.00	25 581 335.25	25 195 973.70	49 675 973.73	48.55%
Councillors Allowance	9 196 504.00	2 299 126.00	2 754 275.14	4 866 268.64	52.91%
General Expenditure	68 528 047.00	17 132 011.75	16 120 147.45	24 299 869.53	35.46%
Property, Plant and Equipment	14 802 000.00	3 700 500.00	45 499.28	168 962.47	1.14%
Depreciation	4 357 498.00	1 089 374.50	578 185.00	1 187 917.55	27.26%
<b>TOTAL</b>	<b>199 209 390.00</b>	<b>49 802 347.50</b>	<b>44 694 080.57</b>	<b>80 198 991.92</b>	<b>40.25</b>

## 2.5 Actual Expenditure per Vote including Capital.

Department	Expenditure		Variance	%Exp
	Projected per Quarter	Actual Results per quarter		
Office of the Speaker	1 608 795.25	1 486 970.55	121 824.70	92%
Office of the Chief Whip	171 197.50	151 550.04	19 647.46	89%
MAYCO and Council	2 578 126.25	2 895 330.29	- 317 204.04	112%
Office of the Executive Mayor	3 082 928.25	2 851 908.23	231 020.02	93%
Municipal Manager	5 766 138.25	5 510 872.01	255 266.24	96%
IDP	745 830.25	565 672.09	180 158.16	76%
LED	1 393 481.50	1 289 651.01	103 830.49	93%
Budget and Treasury	8 083 675.75	7 913 045.21	170 630.54	98%
Corporate Services	7 437 269.00	6 827 102.63	610 166.37	92%
Community Services	7 223 053.75	6 942 191.49	280 862.26	96%
Infrastructure	8 647 595.75	7 419 655.93	1 227 939.82	86%
Rural Development and Agricultural	914 256.50	840 131.09	74 125.41	92%
	<b>47 652 348.00</b>	<b>44 694 080.57</b>	<b>2 958 267.43</b>	<b>94%</b>

### Legends

- The 12% over spending in the Mayco department is due backpay on upper limits made in the second quarter.
- The 24% under spending in the Integrated Development Plan Department is due to most projects in the department being carried out in the third quarter.
- The 14% under spending in the Infrastructure is due to the 2 contracts that came to and end (energy efficiency and rural roads grants), the municipality is yet appoint new contractors.