



2024/25

2024/25 Mid-Year Budget Assessment Report - Sec 72 MFMA (JULY 2024 – DECEMBER 2024)

To the Municipal Council

I hereby wish to submit to the Municipal Council the Mid-year Budget Assessment Report on the implementation of the budget and the financial state of affairs of the Municipality for the first six months of the financial year (July 2024 to December 2024).

As per Section 54(1) (f) of the Municipal Finance Management Act (MFMA), the Executive Mayor must submit the section 72 report (Mid-year Budget Assessment Report), as submitted by the Accounting Officer to her, to Council by the 25th of January of each year.

The submission of this report forms part of my general responsibilities as the Executive Mayor of Dipaleseng Local Municipality, as stipulated in Section 52 of the MFMA. This report is intended to inform Council about the state of the financial affairs of the Municipality to enable Council to exercise oversight responsibility.

NB KHANYE

EXECUTIVE MAYOR

25 January 2025

To the Executive Mayor

In accordance with Section 72(1) of the MFMA, I submit herewith the required Mid-year Budget Assessment Report on the state of Dipaleseng Local Municipality's budget, containing the financial performance for the six-month period ending December 2024.

Section 54(1) of the MFMA requires from the Executive Mayor to perform appropriate actions following the receipt of this Report in order to ensure that the approved budget is implemented in accordance with the projections included in the Service Delivery and Budget Implementation Plan.

Should the Mid-year Budget Assessment Report necessitate adjustments to the original approved budget, Regulation 23(1) of the Municipal Budget & Reporting Regulations will require the Executive Mayor to table an adjustments budget to Municipal Council no later than 28 February 2025.

The administration is currently in the process of preparing an adjustments budget. Based on the contents of this Report, it is recommended that the Executive Mayor table an adjustments budget to Council in February 2025.

L CINDI

MUNICIPAL MANAGER

25 January 2025

Table of Contents

1. INTRODUCTION	5
2. QUALITY CERTIFICATE BY THE ACCOUNTING OFFICER	8
3. BUDGET PERFORMANCE ANALYSIS	9
4. FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION	13
5. FINANCIAL PERFORMANCE OPERATING REVENUE & EXPENDITURE BY VOTE.....	14
6. OPERATIONAL REVENUE AND EXPENDITURE PERFORMANCE BY SOURCE	17
7. DEBTORS AND CREDITORS AGE ANALYSIS.....	25
8. GRANTS AND CAPITAL EXPENDITURE.....	29
9. CHALLENGES FACED BY THE MUNICIPALITY.....	32
10. SUPPLY CHAIN PERFORMANCE.....	34
11. FRUITLESS AND WASTEFUL EXPENDITURE.....	35
12. SERVICE DELIVERY PERFORMANCE MANAGEMENT.....	37
13. AUDIT GENERAL REPORT	38
14. BUDGET ADJUSTMENTS	39
15. RECOMMENDATIONS.....	40

ANNEXURE A – MID-YEAR BUDGET TABLES

ANNEXURE B – LIST OF SUPPLY CHAIN DEVIATIONS

1. INTRODUCTION

1.1 Section 72(1) of the MFMA requires from the Municipal Manager, as Accounting Officer of the Municipality, to submit a mid-year budget assessment report to the Executive Mayor by 25 January of each year detailing the state of the Municipality's capital and operational budget, based on the Section 71 reports submitted; the Municipality's service delivery performance for the first half of the financial year taking into account the service delivery targets and performance indicators set in the Service Delivery and Budget Implementation Plan (SDBIP); and, also taking into account the previous year's Annual Report and the progress made on resolving problems identified in the Annual Report.

1.2 This Mid-Year Budget Assessment report addresses only the financial related matters (budget versus actual for operating income, operating expenditure and capital expenditure) and the progress made on the financial related concerns identified in the latest Annual Report. The Municipality's service delivery performance assessment on the service delivery performance indicators, as specified in the SDBIP. Will be provided in a separate report.

1.3 Section 28 of the MFMA determines that:

“(1) A municipality may revise an approved annual budget through an adjustments budget.

(2) An adjustments budget:

(a) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;

(b) May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programs already budgeted for;

(c) May, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;

(d) May authorise the utilisation of projected savings in one vote towards spending under another vote;

(e) May authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;

(f) May correct any errors in the annual budget; and

(g) May provide for any other expenditure within a prescribed framework.

(3) An adjustments budget must be in a prescribed form.

(4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2) (b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.

(5) When an adjustments budget is tabled, it must be accompanied by—
(a) An explanation how the adjustments budget affects the annual budget;
(b) A motivation of any material changes to the annual budget;
(c) An explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and
(d) Any other supporting documentation that may be prescribed.

(6) Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.”

1.4 This Report does not include draft proposals for adjusting the latest approved annual budget for budgeted revenue and budgeted expenditure. This report is a summary of the main concerns arising from the budget monitoring process. It compares the actual results of operating revenue, operating expenditure and capital expenditure, against the budgeted revenue and expenditure for the first six months of the current financial year. The projections made by the Acting Chief Financial Officer is simply for assessment purposes and is not suggesting that any of the amounts be allocated to line items in the adjustments budget. This will be an administrative exercise performed by senior and middle management, wherein all departments, divisions and sections will be involved.

1.5 Section 54 of the MFMA requires the Executive Mayor to consider The Section 71 and 72 reports and to take appropriate action, if needed, to ensure that the approved budget is implemented in accordance with the SDBIP.

1.6 Regulation 23(1) of the Municipal Budget and Reporting Regulations determines that:

“An adjustment budget referred to in section 28(2)(a), (b), (d) and (f) of the Act 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 the current year.”

1.7 The main budget monitoring concerns, as well as the financial related issues identified in the latest Annual Report, will be discussed in paragraphs 2 to 4 of this Report. Due to various reasons that will become apparent during the discussions of this assessment report, no recommendations on the budget adjustments in relation to the revenue and expenditure have been made in this Report.

1.8 In terms of the budget process plan, the adjustments budget shall be submitted by the Executive Mayor, in the required format (Schedule B), for Council consideration at a Special Council meeting to take place by no later than 28 February 2025. The adjustments budget and the revised SDBIP processes will proceed concurrently.

Quality Certificate

I **LWAZI CINDI**, Municipal Manager of **Dipaleseng Local Municipality**, hereby certify that

The mid-year assessment report and supporting documentation for the half year has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Name: Mr L Cindi

Municipality Name: Dipaleseng Local Municipality (MP306)

Signature: _____

Date: _____

3. BUDGET PERFORMANCE ANALYSIS

3.1 Executive Summary

These figures are presented in terms of Section 72 of the Municipal Finance Management Act no.56 of 2003, for the period ending 31 December 2024 and tabled to council in terms of Section 54(1) of the Municipal Finance Management Act no.56 of 2003.

The following Table provides a summary of the Municipality's Budget performance on 31 December 2024:

MP306 Dipaleseng - Table C1 Monthly Budget Statement Summary - M06 - Half Year

Description	2023/24	Budget Year 2024/25							
	Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<u>Financial Performance</u>									
Property rates	37 442	38 992	38 992	16 272	16 272	19 496	(3 224)	-17%	38 992
Service charges	142 300	170 162	170 162	76 224	76 224	85 081	(8 857)	-10%	170 162
Investment revenue	470	376	376	182	182	188	(6)	-3%	376
Transfers and subsidies - Operational	133 124	110 199	110 199	79 585	79 585	55 099	24 486	44%	110 199
Other own revenue	53 301	60 166	60 166	30 038	30 038	30 083	(45)	0%	-
Total Revenue (excluding capital transfers and contributions)	366 636	379 895	379 895	202 302	202 302	189 948	12 354	7%	379 895
Employee costs	84 696	81 582	81 582	45 891	45 891	40 791	5 100	13%	81 582
Remuneration of Councillors	6 993	6 770	6 770	3 975	3 975	3 385	590	17%	6 770
Depreciation and amortisation	33 772	21 127	21 127	-	-	10 563	(10 563)	-100%	21 127
Interest	36 001	9 439	9 439	8 836	8 836	4 719	4 117	87%	9 439
Inventory consumed and bulk purchases	138 296	125 238	125 238	64 286	64 286	62 619	1 667	3%	125 238
Transfers and subsidies	-	-	-	-	-	-	-		-
Other expenditure	181 875	129 852	129 852	35 787	35 787	64 926	(29 139)	-45%	129 852
Total Expenditure	481 634	374 008	374 008	158 776	158 776	187 004	(28 228)	-15%	374 008
Surplus/(Deficit)	(114 998)	5 888	5 888	43 526	43 526	2 944	40 582	1379%	5 888

3.2 COMMENTS ON THE BUDGET SUMMARY STATEMENT

Total Operating Revenue

In the first six months performance ending 31 December 2024, the municipality's revenue amounted to R 202.3 million. The year-to-date budgeted revenue amounted to R 189.9 million which reflects a favorable year to date variance of 7%. Nonetheless, revenue improvement measures need to be implemented and be strictly monitored to ensure that billing is accurate, and collection is done as promptly as possible to assist the municipality in being able to also pay for services it receives to the benefit of the local community.

Total Operating Expenditure

Total operating expenditure incurred in the first six months including employee related costs and remuneration of councilor's amounted to R158.7 million against the year-to-date budgeted expenditure of R 187 million. This reflects a deviation of -15%. The highest expenditure is on interest and operational costs which are 87% and 88% respectively above target. Although management is implementing cost curtailment measures, there are other factors that contribute to the high expenditure incurred namely, overtime, continuous repairs on our fleet, infrastructure assets (electricity & water), contracted services and bulk purchases for electricity which is caused by illegal connection. In essence, it is projected that the total operating expenditure targets will not be achieved, hence adjustment is needed.

Salaries report for the six-month period ended 31 December 2024

3.2 Below is the Salaries report for the six-month period ended 31 DECEMBER 2024 which details the amounts incurred for Salaries and Benefits.

IO / DESCRIPTION	SALARIES	TRAVEL	HOUSING	OVER/T	BONUS	STANDBY	TRAVEL CLAIM	SHORT TIME	TOLL GATE	BACK PAY	RISK ALLOWANCE	ACTING ALLOWANCE	CELLPHONE	LEAVE PAIDOUT	LONG SERVICE	UIF/SDL/IN	PENSION	MEDICAL	TOTAL
002 Library	176 030.68	-	-	17 893.69	-	-	3 390.50	-	-	35 798.31	-	-	-	-	-	2 474.95	26 436.52	37 079.92	299 104.57
003 Councillors	3 410 058.90	-	-	-	-	-	89 576.16	-	3 220.50	286 699.13	-	-	185 604.46	-	-	22 278.85	14 576.83	-	4 012 014.83
007 Licensing	361 077.94	-	6 590.42	-	47 119.56	-	-	-	-	17 332.97	-	2 754.11	-	-	-	5 001.27	59 387.05	62 382.00	561 645.32
008 Infrastructure Dev.	2 738 160.82	54 968.18	21 792.36	1 004 109.20	122 093.14	29 816.81	1 555.84	-	-	140 272.03	66 645.46	30 275.40	-	-	-	47 870.14	380 360.69	438 859.54	5 076 779.61
009 PMU	496 102.28	25 341.54	-	-	20 165.66	-	4 633.82	-	-	18 707.88	-	-	-	-	-	5 983.74	72 153.33	69 681.46	712 769.71
010 Roads & Stormwater	803 606.64	-	15 164.38	247 963.11	99 890.53	21 966.48	-	-	-	66 508.65	30 698.20	11 067.08	-	-	-	17 082.87	141 534.95	138 707.17	1 594 190.06
011 Parks & Recreation	255 660.68	-	2 143.49	113 686.02	43 692.77	17 333.63	-	-	-	19 799.05	9 671.62	10 982.02	-	-	-	5 635.89	43 818.44	46 426.05	568 849.66
012 Dev.& Planning	1 385 347.82	86 273.96	13 180.88	-	112 052.33	-	16 275.24	-	315.00	129 286.36	-	114 411.73	-	-	9 172.05	18 705.23	221 062.97	176 354.03	2 282 437.60
014 Sewer Reticulation	574 346.54	-	9 170.12	275 743.21	56 380.15	20 063.61	-	-	-	42 633.47	15 926.80	-	-	-	43 414.25	11 667.98	95 914.22	82 361.11	1 227 621.46
015 Refuse Removal	2 291 568.10	29 257.58	55 011.36	942 352.93	195 355.83	34 927.89	19 517.12	(19 054.97)	709.00	101 407.26	83 050.44	39 909.72	-	-	-	47 229.85	397 912.08	308 343.97	4 527 498.16
016 Municipal Manager	3 531 722.28	249 471.61	19 771.26	73 121.35	105 434.43	-	76 104.60	-	1 562.50	273 893.30	111.50	70 571.88	-	313 688.99	-	72 043.52	307 411.20	284 412.56	5 379 320.98
017 Corporate Services	2 786 663.47	203 658.92	9 837.64	28 116.70	229 390.83	-	44 988.56	-	1 444.00	259 002.55	-	179 046.10	-	23 143.38	20 006.55	37 245.61	420 392.84	420 945.91	4 663 883.06
018 Finance	3 970 830.39	101 366.16	27 510.36	956 754.61	271 880.27	-	49 393.70	-	510.50	204 661.09	10 249.32	14 701.05	-	-	163 255.60	55 846.74	477 460.07	403 977.28	6 708 397.14
019 Community Services	2 358 234.15	89 873.96	23 499.24	224 767.84	153 041.65	33 993.84	17 191.74	-	531.50	102 084.94	20 498.66	121 730.15	-	20 356.86	-	35 736.48	303 431.83	271 806.02	3 776 778.86
020 Traffic	1 885 012.76	25 341.54	19 771.26	162 336.65	84 451.63	35 999.65	6 761.70	-	-	178 508.97	23 915.08	-	-	-	13 359.15	26 349.19	288 560.82	280 415.18	3 030 783.58
123 Water Distribution	542 167.34	4 285.10	4 167.87	389 738.99	36 690.58	31 254.60	741.66	-	-	18 113.56	43 631.22	60 966.69	-	-	-	25 464.48	67 601.64	94 498.69	1 319 322.42
126 Electricity	1 258 761.64	42 432.24	17 345.43	889 320.47	163 606.86	46 954.72	24 728.37	(2 839.10)	1 016.50	118 756.92	30 747.96	110 911.27	-	83 834.88	7 235.71	25 519.34	211 159.12	212 684.27	3 242 176.60
128 Interns	249 999.90	-	-	92 676.72	-	-	-	-	-	-	-	-	-	-	-	4 715.76	2 137.80	-	349 530.18
TOTALS	29 075 352.33	912 270.79	244 956.07	5 418 581.49	1 741 246.22	272 311.23	354 859.01	(21 894.07)	9 309.50	2 013 466.44	335 146.26	767 327.20	185 604.46	441 024.11	256 443.31	466 851.89	3 531 312.40	3 328 935.16	49 333 103.80

Total Cash on hand

As at the 31 December 2024 the municipality had a positive bank balance of **R 277 795.02**, with **R 268 662.18** in the primary bank account, **R 4 131.59** in the Licensing account & **R 5 001.25** in the investment account.

<u>Type of Account</u>	<u>Date</u>	<u>Balance</u>
Primary bank account- 51590840208	Balance - 31 DEC 2024	R 268 662.18
Investment account- 62033239783	Balance - 31 DEC 2024	R 5 001.25
License Account- 62054655827	Balance - 31 DEC 2024	R 4 131.59
	TOTAL	R 277 795.02

4. Monthly Budget Statement- Financial Performance by standard classification.

Table C2: Monthly Budget Statement - Financial Performance, reflects the operating revenue and operating expenditure in the standard classifications which are the Government Finance Statistics Functions and Sub-functions. The main functions are Governance and Administration; Community and Public safety; Economic and Environmental services; and Trading Services

MP306 Dipaleseng - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 - Half Year

Description	Ref	2023/24	Budget Year 2024/25							
		Audited	Original	Adjusted	Mid Year	YearTD actual	YearTD budget	YTD	YTD %	Full Year
R thousands	1									
Revenue - Functional										
Governance and administration		308 635	199 413	199 413	117 235	117 235	99 707	17 528	18%	199 413
Executive and council		88 937	108 769	108 769	73 400	73 400	54 384	19 015	35%	108 769
Finance and administration		219 698	90 644	90 644	43 835	43 835	45 322	(1 487)	-3%	90 644
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		35 900	9 892	9 892	1 934	1 934	4 946	(3 012)	-61%	9 892
Community and social services		243	527	527	222	222	263	(41)	-16%	527
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		35 656	9 365	9 365	1 712	1 712	4 683	(2 971)	-63%	9 365
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		24	26 235	26 235	19	19	13 118	(13 099)	-100%	26 235
Planning and development		24	26 235	26 235	19	19	13 118	(13 099)	-100%	26 235
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		155 197	180 076	180 076	83 113	83 113	90 038	(6 925)	-8%	180 076
Energy sources		87 375	113 378	113 378	48 353	48 353	56 689	(8 336)	-15%	113 378
Water management		28 928	28 963	28 963	14 664	14 664	14 481	183	1%	28 963
Waste water management		27 290	26 508	26 508	14 488	14 488	13 254	1 234	9%	26 508
Waste management		11 604	11 226	11 226	5 608	5 608	5 613	(6)	0%	11 226
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	499 756	415 616	415 616	202 302	202 302	207 808	(5 507)	-3%	415 616
Expenditure - Functional										
Governance and administration		210 493	162 591	162 591	55 729	55 729	81 296	(25 566)	-31%	162 591
Executive and council		19 384	19 167	19 167	11 051	11 051	9 584	1 467	15%	19 167
Finance and administration		191 108	143 424	143 424	44 678	44 678	71 712	(27 034)	-38%	143 424
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		31 768	33 076	33 076	16 789	16 789	16 538	251	2%	33 076
Community and social services		24 308	24 295	24 295	12 401	12 401	12 148	254	2%	24 295
Sport and recreation		1 081	1 668	1 668	578	578	834	(256)	-31%	1 668
Public safety		6 379	7 113	7 113	3 809	3 809	3 556	253	7%	7 113
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		22 143	23 129	23 129	11 119	11 119	11 564	(445)	-4%	23 129
Planning and development		15 204	18 273	18 273	8 368	8 368	9 137	(768)	-8%	18 273
Road transport		6 939	4 855	4 855	2 751	2 751	2 428	323	13%	4 855
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		217 204	155 213	155 213	75 041	75 041	77 606	(2 565)	-3%	155 213
Energy sources		139 694	124 341	124 341	58 204	58 204	62 171	(3 967)	-6%	124 341
Water management		43 440	11 515	11 515	10 567	10 567	5 757	4 810	84%	11 515
Waste water management		15 221	7 811	7 811	1 683	1 683	3 906	(2 222)	-57%	7 811
Waste management		18 850	11 546	11 546	4 586	4 586	5 773	(1 187)	-21%	11 546
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	481 608	374 008	374 008	158 678	158 678	187 004	(28 326)	-15%	374 008
Surplus/ (Deficit) for the year		18 147	41 609	41 609	43 623	43 623	20 804	22 819	110%	41 609

5. Monthly Budget Statement- Financial Performance by municipal vote

Table C3: Monthly Budget Statement- Financial Performance, reflects the operating revenue and operating expenditure by municipal vote. The municipal directorates are Executive & Council; Finance and administration; Community and Public Safety; Economic and Environmental Services and Trading services.

MP306 Dipaleseng - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 - Half Year

Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited	Original	Adjusted	Mid Year	YearTD actual	YearTD budget	YTD	YTD %	Full Year
R thousands										
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		88 937	108 769	108 769	73 400	73 400	54 384	19 015	35.0%	108 769
Vote 2 - FINANCE AND ADMINISTRATION		219 698	90 644	90 644	43 835	43 835	45 322	(1 487)	-3.3%	90 644
Vote 3 - COMMUNITY AND PUBLIC SAFETY		243	527	527	222	222	263	(41)	-15.7%	527
Vote 4 - DEVELOPMENT AND PLANNING		24	26 235	26 235	19	19	13 118	(13 099)	-99.9%	26 235
Vote 5 - SPORTS AND RECREATION		-	-	-	-	-	-	-	-	-
Vote 6 - ROADS		35 656	9 365	9 365	1 712	1 712	4 683	(2 971)	-63.4%	9 365
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 8 - WASTE MANAGEMENT		11 604	11 226	11 226	5 608	5 608	5 613	(6)	-0.1%	11 226
Vote 9 - WASTE WATER MANAGEMENT		27 290	26 508	26 508	14 488	14 488	13 254	1 234	9.3%	26 508
Vote 10 - WATER		28 928	28 963	28 963	14 664	14 664	14 481	183	1.3%	28 963
Vote 11 - ELECTRICITY		87 375	113 378	113 378	48 353	48 353	56 689	(8 336)	-14.7%	113 378
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	499 756	415 616	415 616	202 302	202 302	207 808	(5 507)	-2.6%	415 616
Expenditure by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		19 384	19 167	19 167	11 051	11 051	9 584	1 467	15.3%	19 167
Vote 2 - FINANCE AND ADMINISTRATION		191 108	143 424	143 424	44 678	44 678	71 712	(27 034)	-37.7%	143 424
Vote 3 - COMMUNITY AND PUBLIC SAFETY		24 308	24 295	24 295	12 401	12 401	12 148	254	2.1%	24 295
Vote 4 - DEVELOPMENT AND PLANNING		13 275	12 641	12 641	7 521	7 521	6 321	1 200	19.0%	12 641
Vote 5 - SPORTS AND RECREATION		1 081	1 668	1 668	578	578	834	(256)	-30.6%	1 668
Vote 6 - ROADS		10 224	12 240	12 240	4 318	4 318	6 120	(1 802)	-29.4%	12 240
Vote 7 - PUBLIC SAFETY		5 023	5 360	5 360	3 090	3 090	2 680	410	15.3%	5 360
Vote 8 - WASTE MANAGEMENT		18 850	11 546	11 546	4 586	4 586	5 773	(1 187)	-20.6%	11 546
Vote 9 - WASTE WATER MANAGEMENT		15 221	7 811	7 811	1 683	1 683	3 906	(2 222)	-56.9%	7 811
Vote 10 - WATER		43 440	11 515	11 515	10 567	10 567	5 757	4 810	83.5%	11 515
Vote 11 - ELECTRICITY		139 694	124 341	124 341	58 204	58 204	62 171	(3 967)	-6.4%	124 341
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	481 608	374 008	374 008	158 678	158 678	187 004	(28 326)	-15.1%	374 008
Surplus/ (Deficit) for the year	2	18 147	41 609	41 609	43 623	43 623	20 804	22 819	109.7%	41 609

Expenditure by Vote or Department as per Table C3

The narrations below indicate how individual departments have performed in relation to the expected spending as at mid-year, 31 December 2024.

Vote 1 – Executive and Council.

Vote 1 has spent a total of R 11 million of the budgeted R 9.5 million for the six-month period ended 31 December 2024 which reflects a variance of 15.3% (R 1.4 million)

Vote 2 – Finance and Administration.

Finance and administration have spent R 44.6 million of the budgeted R 71.7 million for the six-month period ended 31 December 2024 which reflects a variance of - 37.7% (R 27 million). The budget for finance includes non-cash items such as depreciation and debt impairment which are normally calculated at year end.

Vote 3 – Community Services.

Community and Social Services has spent R12.4 million or of the budgeted R 12.1 million for the six-month period ended 31 December 2024 which reflects a variance of 2.1%.

Vote 4 – Development and Planning

As at 31 December 2024, development and planning has spent R 7.5 million of the budgeted R 6.3 million which reflects a variance of 19% (R 1.2 million).

Vote 5 – Sports and Recreation

Sports and Recreation has spent R 578 000 of their allocated budget of R 834 000 for the six-month period ended 31 December 2024, reflecting a variance of -30.6%.

Vote 6 – Roads

Vote 6 has spent a total of R 4.3 million on the allocated budget of R 6.1 million for the six-month period ended 31 December 2024. This reflects a variance of -29.4% (R 1.8 million).

Vote 7 – Public Safety

Vote 7 has spent R 3 million on the allocated budget of R 2.6 million for the six-month period ended 31 December 2024.

Vote 8 – Waste Management

Vote 8 has spent a total of R 4.5 million on the budgeted R 5.7 million for the six-month period ended 31 December 2024, reflecting a variance of -20.6% (R 1.1 million).

Vote 9 – Water Waste Management

For the six-month period ended 31 December 2024, vote 9 has spent R 1.6 million on the budgeted R 3.9 million. This reflects a variance of -56.9% (R 2.2 million)

Vote 10 – Water management

A total of R 4.8 million was budgeted for water management but an additional R 5.7 million was spent, bringing the total spent to R 10.5 million for the six-month period ended 31 December 2024.

Vote 11 – Electricity

For the six-month period ended 31 December 2024, vote 11 has spent R 58.2 million on the budgeted R62.1 million. This reflects a variance of -6.4% (R3.9 million)

The total expenditure by vote for the six-month period ended 31 Dec 2024 was R 158.6 million against the budgeted amount of R 187 million, reflecting a positive variance of -15.1% (R 28.3 million)

6. Operational Revenue and Expenditure **Performance by source**

MP306 Dipaleseng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 - Half Year

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		75 634	104 750	104 750	41 464	41 464	52 375	(10 911)	-21%	104 750
Service charges - Water		28 928	28 963	28 963	14 664	14 664	14 481	183	1%	28 963
Service charges - Waste Water Management		27 290	26 508	26 508	14 488	14 488	13 254	1 234	9%	26 508
Service charges - Waste management		10 448	9 941	9 941	5 608	5 608	4 971	637	13%	9 941
Sale of Goods and Rendering of Services		1 294	3 396	3 396	1 113	1 113	1 698	(585)	-34%	3 396
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		44 362	47 522	47 522	27 147	27 147	23 761	3 387	14%	47 522
Interest from Current and Non Current Assets		470	376	376	182	182	188	(6)	-3%	376
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		446	348	348	218	218	174	44	26%	348
Licence and permits		3 632	8 683	8 683	1 469	1 469	4 341	(2 873)	-66%	8 683
Operational Revenue		17	50	50	31	31	25	5	22%	50
Non-Exchange Revenue										
Property rates		37 442	38 992	38 992	16 272	16 272	19 496	(3 224)	-17%	38 992
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 611	167	167	60	60	84	(24)	-28%	167
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		133 124	110 199	110 199	79 585	79 585	55 099	24 486	44%	110 199
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-
Other Gains		1 939	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		366 636	379 895	379 895	202 302	202 302	189 948	12 354	7%	379 895
Expenditure By Type										
Employee related costs		84 696	81 582	81 582	45 891	45 891	40 791	5 100	13%	81 582
Remuneration of councillors		6 993	6 770	6 770	3 975	3 975	3 385	590	17%	6 770
Bulk purchases - electricity		98 065	112 106	112 106	54 561	54 561	56 053	(1 492)	-3%	112 106
Inventory consumed		40 232	13 132	13 132	9 725	9 725	6 566	3 159	48%	13 132
Debt impairment		86 698	70 295	70 295	(224)	(224)	35 148	(35 372)	-101%	70 295
Depreciation and amortisation		33 772	21 127	21 127	-	-	10 563	(10 563)	-100%	21 127
Interest		36 001	9 439	9 439	8 836	8 836	4 719	4 117	87%	9 439
Contracted services		65 801	40 549	40 549	18 173	18 173	20 275	(2 101)	-10%	40 549
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-
Operational costs		26 712	19 007	19 007	17 837	17 837	9 504	8 334	88%	19 007
Losses on Disposal of Assets		2 663	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		481 634	374 008	374 008	158 776	158 776	187 004	(28 228)	-15%	374 008
Surplus/(Deficit)		(114 998)	5 888	5 888	43 526	43 526	2 944	40 582	1379%	5 888
Transfers and subsidies - capital (monetary allocations)		133 120	35 721	35 721	-	-	17 861	(17 861)	-100%	35 721
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		18 122	41 609	41 609	43 526	43 526	20 804			41 609
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		18 122	41 609	41 609	43 526	43 526	20 804			41 609
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		18 122	41 609	41 609	43 526	43 526	20 804			41 609
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		(25)	-	-	(98)	(98)	-	(98)	#DIV/0!	-
Surplus/ (Deficit) for the year		18 097	41 609	41 609	43 428	43 428	20 804			41 609

6.1 Analysis of Revenue by Source

Property Rates

The actual revenue for property rates against the budget is below target by -17% (R 3.2 million) based on the year-to-date actual's vs the year-to-date budget.

Service charges – electricity

The actual revenue to date is below the target by -21% (R 10.9 million) based on the year-to-date budget. Strict credit control measures will need to be implemented to mitigate the situation.

Service charges – Water

The actual revenue to date is on target with the year-to-date budget of R 14.4 million. Damaged meters and areas with no meters will have to be addressed to increase billing on water.

Service charges – Sanitation

The actual revenue to date is above the target by 9% (R 1.2 million) based on the year-to-date budget.

Service charges-Refuse

The actual revenue to date is above the target by 13% (R 637 000) based on the year-to-date budget.

Rental from fixed assets

The actual revenue to date is above target by 26% (R 44 000) based on the year-to-date budget. However, improved internal control measures are required to ensure effective management of facilities.

Interest Earned from Receivables

The actual revenue to date is above target by 14% (R 3.3 million) based on the year-to-date budget. This is due to the low payment rate and the rise in the debtor's book. Strict credit control measures will need to be implemented to mitigate the situation.

Fines, penalties and forfeits

The actual revenue for the period ended 31 December 2024 is below the target by --28% (R 24 000) based on the year-to-date budget.

Licenses and permits

The actual revenue to date is below target by -66% (R 2.8 million) based on the year-to-date budget. The target can still be achieved provided the department operates at optimal levels.

Sale of Goods and Rendering of Services

The actual revenue to date is below target by -34% (R 585 000) based on the year-to-date budget. Ineffective internal controls. Improved internal control measures are required to achieve the target.

In conclusion, although some of the revenue streams need to be reviewed and the budget be adjusted accordingly, the total revenue shows a positive variance of 7% (R12.3 million) when compared with the expected year to date budget of R 189.9 million at midyear.

6.2 Analysis of Expenditure by type

Employee Related Costs

The expenditure on employee related costs was above target by 13% (R 5.1 million) to the year-to-date budget. The overspending is due to overtime, vacancies and task grading. An adjustment to the budget will be considered during the midyear adjustment process. However, it should be noted overtime should be reduced where possible for the municipality not to overspend.

Remuneration of Councilors

The expenditure on Councilor's remuneration is above the target by 17% (R 590 000) to the year-to-date budget. This was due to councilors upper limit increases for the previous year. An adjustment to the budget will be considered during the midyear adjustment process.

Finance charges

The expenditure on finance charges is at 87% (R 4.1 million) above the target based on the year-to-date budget. This expenditure relates to interest and penalties for the late payment of accounts. The expenditure budget for this line item will have to be adjusted during the Mid-year adjustment budget process.

Bulk purchase

The expenditure on bulk purchases is below the target by -3% (R 1.4 million) based on the year-to-date budget. Provision should be made for the winter season for Eskom bulk purchases. 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. An adjustment to the budget will be considered to take into account the upcoming winter season.

Inventory consumed

The expenditure on inventory consumed is 48% (R 3.1 million) above the target based on the year-to-date budget. This is due to the high rate of electrical cable theft and breakdowns. An adjustment to the budget will be considered.

Contracted services

The expenditure on contracted services is at -10% (R 2.1 million) below target based on the year-to-date budget. Departments must monitor this expenditure category well and where possible try to circumvent this expenditure. An adjustment to the budget will be considered

Operational Costs

Other expenditure is above the budget by 88% (R 8.3 million). The major expenditure in operational costs is on traveling costs, fuel expenditure, maintenance cost. 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 needs to cut other expenditure where necessary. Adjustment is required on this other expenditure.

In conclusion, adjustments will be required during the adjustment budget. The various departments must introspect their activities and cut their budget to align with the activities.

7. DEBTORS AND CREDITORS **AGE ANALYSIS**

7.1 Debtor's age analysis

MP306 Dipaleseng - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 - Half Year

Description	NT Code	Budget Year 2024/25										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.to 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				
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	2 689	1 669	1 623	1 510	1 514	1 331	1 209	116 755	128 302	122 320	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	7 942	6 024	2 656	2 269	2 209	2 250	1 995	83 978	109 323	92 702	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	2 356	2 205	2 046	1 739	1 676	1 921	1 552	91 131	104 627	98 019	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	2 705	2 697	1 724	1 686	1 781	1 642	1 465	135 349	149 050	141 924	-	-	
Receivables from Exchange Transactions - Waste Management	1600	1 062	1 034	1 023	1 006	991	982	881	77 319	84 300	81 180	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	2 254	2 254	2 254	-	-	
Interest on Arrear Debtor Accounts	1810	4 426	4 675	4 425	4 308	4 213	4 203	4 150	249 436	279 837	266 311	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	101	53	171	33	32	33	310	37 543	38 275	37 950	-	-	
Total By Income Source	2000	21 282	18 356	13 670	12 553	12 417	12 362	11 562	793 766	895 967	842 660	-	-	
2023/24 - totals only		-	-	-	-	-	-	-	-	-	-	-	-	
Debtors Age Analysis By Customer Group														
Organs of State	2200	497	444	476	406	554	524	342	16 231	19 474	18 056	-	-	
Commercial	2300	11 749	8 479	4 154	3 481	3 337	3 287	3 268	220 360	258 117	233 734	-	-	
Households	2400	9 035	9 432	9 039	8 666	8 526	8 551	7 953	557 174	618 376	590 870	-	-	
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-	
Total By Customer Group	2600	21 282	18 356	13 670	12 553	12 417	12 362	11 562	793 766	895 967	842 660	-	-	

Debtors Age Analysis

The total debtor's book as at the end of December 2024 amounts to **R 895.6 million** with the majority of the debt being owed by households, **R 618 million** to the municipality. Supporting Table SC3 provides a summarized breakdown of the debtors age analysis.

The increase in debtors which realized in the first 2 quarters is the culture of non-payment by consumers; however, it should be noted that the municipality is currently enforcing its credit control policy by issuing demand letters and doing cut-offs. The Municipality has also appointed debt collectors to mitigate the situation. These initiatives will eventually yield results in the financial outlook of the municipality.

Section 78(1)(d) of the MFMA determines that:

“Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that all revenue due to the municipality is collected.”

It is therefore not only the responsibility of the Directorate: Financial Services to ensure that all **revenue is billed and collected.** All the Directors, senior managers and their middle management should work as a team to ensure that billing business processes are followed and adhered to. The Municipality is dependent on the cash flow from operations and all billed revenue must therefore be collected.

7.2 Creditors Age Analysis - Supporting Table SC4 provides details on aged creditors

MP306 Dipaleseng - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 - Half Year

Description R thousands	NT Code	Budget Year 2024/25									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	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	8 637	8 335	7 953	5 100	13 459	12 846	2 465	80 124	138 919	52 948
Bulk Water	0200	-	-	-	-	-	-	4 977	26 010	30 986	21 091
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	6 211	11 417	13 191	3 189	2 854	6 823	15 388	201 398	260 474	246 476
Auditor General	0800	659	4 094	-	1 636	579	118	4 582	2 124	13 792	3 493
Other	0900	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	15 507	23 846	21 144	9 926	16 893	19 787	27 412	309 656	444 172	324 009

In terms of the MFMA all creditors are paid within 30 days of receiving the invoice or statement. For the period ended 31 December 2024, the total creditors were sitting **at R 444.1 million**. As we are enforcing the credit control policy and in the process with the procurement of meters, this will assist through the generation of revenue to curb the creditors from increasing.

8. Grants and Capital Expenditure

8.1 TRANSFERS AND GRANT RECEIPTS

DIPA LESENG LOCAL MUNICIPALITY							
GRANTS REGISTER FOR 2024/25							
		EQUITABLE SHARE	FMG	MIG	EPWP	INEP	TOTAL
VOTE NUMBER							
BUDGETED ALLOCATION		106 114 000.00	2 800 000.00	26 218 000.00	1 285 000.00	9 503 000.00	145 920 000.00
% RECEIVED		75%	100%	68%	70%	100%	76%
OPENING BALANCE		-	-	-	-	-	-
GRANT INCOME		79 585 000.00	2 800 000.00	17 848 000.00	900 000.00	9 503 000.00	110 636 000.00
Jul-24		44 214 000.00		6 244 000.00		4 000 000.00	
Aug-24			2 800 000.00		322 000.00		
Sept-24				6 244 000.00			
Oct-24							
Nov-24					578 000.00	5 503 000.00	
Dec-24		35 371 000.00		5 360 000.00			
SUB TOTAL		79 585 000.00	2 800 000.00	17 848 000.00	900 000.00	9 503 000.00	110 636 000.00
Adjustments - Prior year unspent		-		-		-	-
TOTAL REVENUE		79 585 000.00	2 800 000.00	17 848 000.00	900 000.00	9 503 000.00	110 636 000.00
REVENUE (GRANT SPENT)		EQUITABLE SHARE	FMG	MIG	EPWP	INEP	TOTAL
GRANT EXPENDITURE		44 214 000.00	301 024.00	16 877 334.03	418 600.00	9 503 000.00	71 313 958.03
Jul-24		21 252 922.70	-	2 852 173.67	-	1 800 000.00	25 905 096.37
Aug-24		18 782 943.61	-	4 005 523.43	101 400.00	700 000.00	23 589 867.04
Sept-24		4 178 133.69	-	722 791.00	101 400.00	-	5 002 324.69
Oct-24		-	357 315.52	4 244 440.83	109 200.00	1 500 000.00	6 210 956.35
Nov-24		-	59 098.89	-	106 600.00	5 000 000.00	5 165 698.89
Dec-24				5 052 405.10		503 000.00	5 555 405.10
BALANCE UNSPENT		35 371 000.00	2 498 976.00	970 665.97	481 400.00	-	39 322 041.97
Percentage spent as per allocation received		56%	11%	95%	47%	100%	64%

8.2 Capital expenditure

MIG

The PMU business plan was approved for the total amount MIG allocation of:

Approved allocation: R 26 218 000

Total Amount transferred to date: R 17 848 000 (68%)

Expenditure to date: R 16 877 334.03 (95%)

INEP

Approved allocation: R 9 503 000

Amount transferred to date: R 9 503 000 (100%)

Expenditure to date: R 9 503 000 (100%)

OVERALL PROGRESS TO DATE

The municipality has spent a total of **R 26 380 334.03** out of the **R 27 351 000** allocation received thus far. This means that the municipality has spent an average of **96%** of the total grants' allocation received to-date.

9. CHALLENGES FACED BY THE MUNICIPALITY

Challenges to be addressed, but not limited to, are as follows

- a) Implementation of an aggressive debt collection strategy.
- b) Reviewing the organizational structure of the Municipality.
- c) Attaining a debt collection rate of 75-85%.
- d) Strict adherence to Council approved policies.
- e) Approval of realistic and credible budgets.
- f) Application of strict budget and variance analysis.
- g) Sourcing additional external grant / donor funding opportunities.
- h) Implementation of cost containment measures.
- i) Reduce the dependency on the use of consultants and debt collection firms.
- j) Skills transfer; and
- k) Long-term financial sustainability.

Addressing these challenges will take some time. However, with the appropriate organizational structure in the Directorate of Financial Services, appointed staff, policies of Council, business processes, internal control measures, skills transfer and people management; effective change can materialize over the next few years.

10. REPORT ON DEVIATIONS FROM THE SUPPLY CHAIN MANAGEMENT POLICY FOR THE SIX-MONTH PERIOD ENDED 31 DEC 2024

Deviations from prescribed procurement processes are sometimes necessary in

supply chain management, as outlined in Section 36 of the **Supply Chain Management Regulations** and Section 41 of the **Municipal Supply Chain Management Regulations**. Both provisions allow for the deviation from standard procedures under exceptional circumstances, ensuring flexibility while maintaining accountability.

Section 36 of the **Supply Chain Management Regulations** applies to national and provincial government departments and allows for deviations when it is impractical or impossible to follow the normal procurement process. This may occur in urgent cases where the usual procedures would lead to delays that could jeopardize public interest, such as in disaster situations or emergency procurement.

Section 41 of the **Municipal Supply Chain Management Regulations** similarly allows municipal entities to deviate from the prescribed procurement processes under specific circumstances, such as extreme urgency, sole-source procurement, or where the goods or services required are uniquely available from one supplier.

Both sections require that any deviations from the standard process must be justified, documented, and approved by the relevant authorities. The justification should be based on the necessity of the deviation and should align with the principles of fairness, transparency, and accountability. The deviation should also be reported to ensure compliance and oversight.

While these sections provide flexibility, they are intended to be used sparingly, with strict requirements in place to prevent misuse. Oversight bodies must ensure that deviations do not undermine the integrity of the procurement system.

Deviations to the total rand value of **R 11 738 495.10** were 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.

Attached Annexure B – List of deviations

11. Fruitless and wasteful Expenditure



FRUITLESS & WASTEFUL EXPENDITURE - 1 JULY 2024 TO 31 DECEMBER 2024			
Fiscal	Trans Date	Remarks	Amount
Jul-24	26/07/2024	'7300227827 ESKOM ESKOM-JULY 2	41 374.53
Jul-24	26/07/2024	'8111101388 ESKOM ESKOM-JULY 2	642 435.09
Jul-24	31/07/2024	'OFFICE OF THE AUDITOR GEN AUD	117 977.04
Jul-24	31/07/2024	'6607391044 ESKOM ESKOM-JULY 2	128.57
Jul-24	31/07/2024	'6303280343 ESKOM ESKOM-JULY 2	1 950.23
Jul-24	31/07/2024	'7802759653 ESKOM ESKOM-JULY 2	105.68
Jul-24	31/07/2024	'8820215673 ESKOM ESKOM-JULY 2	255 227.37
Jul-24	31/07/2024	'8379468535 ESKOM ESKOM-JULY 2	3.99
Jul-24	31/07/2024	'7585809464 ESKOM ESKOM-JULY 2	67.42
Jul-24	31/07/2024	'9394886098 ESKOM ESKOM-JULY 2	7 720.44
Aug-24	29/08/2024	'7300227827 ESKOM ESKOM-AUGUST	61 327.25
Aug-24	29/08/2024	'8111101388 ESKOM ESKOM-AUGUST	892 018.38
Aug-24	29/08/2024	'8820215673 ESKOM ESKOM-AUGUST	343 642.06
Aug-24	29/08/2024	'9394886098 ESKOM ESKOM-AUGUST	2 991.04
Aug-24	31/08/2024	'OFFICE OF THE AUDITOR GEN AUD	119 272.44
Aug-24	31/08/2024	'6607391044 ESKOM ESKOM-AUGUST	69.06
Aug-24	31/08/2024	'7802759653 ESKOM ESKOM-AUGUST	4.40
Aug-24	31/08/2024	'8379468535 ESKOM ESKOM-AUGUST	0.17
Aug-24	31/08/2024	'7585809464 ESKOM ESKOM-AUGUST	2.50
Aug-24	31/08/2024	'Munsoft INTEREST JULY24	166 153.70
Sept-24	26/09/2024	'9453104589 ESKOM ESKOM-SEPTEMBER	28.18
Sept-24	30/09/2024	'7300227827 ESKOM ESKOM-SEPTEMBER	62 708.15
Sept-24	30/09/2024	'6303280343 ESKOM ESKOM-SEPTEMBER	8 945.63
Sept-24	30/09/2024	'8111101388 ESKOM ESKOM-SEPTEMBER	1 035 871.46
Sept-24	30/09/2024	'7298867445 ESKOM ESKOM-SEPTEMBER	1 673.89
Sept-24	30/09/2024	'6116899677 ESKOM ESKOM-SEPTEMBER	28.18
Sept-24	30/09/2024	'6958429876 ESKOM ESKOM-SEPTEMBER	28.18
Sept-24	30/09/2024	'Munsoft INTEREST AUGUST 2024	212 730.72
Sept-24	30/09/2024	'9394886098 ESKOM ESKOM-SEPTEMBER	10 150.23
Oct-24	29/10/2024	'7300227827 ESKOM ESKOM-OCTOBER	59 420.38
Oct-24	29/10/2024	'8820215673 ESKOM ESKOM-OCTOBER	325 582.86
Oct-24	29/10/2024	'7298867445 ESKOM ESKOM-OCTOBER	1 162.95
Oct-24	29/10/2024	'7298867445 ESKOM ESKOM-OCTOBER	1 162.95
Oct-24	29/10/2024	'9082180141 ESKOM ESKOM-OCTOBER	79.99
Oct-24	29/10/2024	'5199134570 ESKOM ESKOM-OCTOBER	172.05
Oct-24	29/10/2024	'6116899677 ESKOM ESKOM-OCTOBER	10.02
Oct-24	29/10/2024	'6958429876 ESKOM ESKOM-OCTOBER	10.02
Oct-24	29/10/2024	'6668540025 ESKOM ESKOM-OCTOBER	10.02
Oct-24	29/10/2024	'9453104589 ESKOM ESKOM-OCTOBER	10.02
Oct-24	29/10/2024	'9394886098 ESKOM ESKOM-OCTOBER	10 565.73
Oct-24	29/10/2024	'8157566561 ESKOM ESKOM-OCTOBER	4.00
Oct-24	30/10/2024	'8111101388 ESKOM ESKOM-OCTOBER	736 647.14
Oct-24	31/10/2024	'6303280343 ESKOM ESKOM-OCTOBER	2 930.71
Oct-24	04/11/2024	'7298867445 ESKOM CREDIT NOTE	(1 162.95)
Nov-24	30/11/2024	'OFFICE OF THE AUDITOR GEN FIN	132 139.35
Nov-24	30/11/2024	'7300227827 ESKOM ESKOM-NOVEMBER	82 210.73
Nov-24	30/11/2024	'6303280343 ESKOM ESKOM-NOVEMBER	16 894.77
Nov-24	30/11/2024	'7802759653 ESKOM ESKOM-NOVEMBER	21.78
Nov-24	30/11/2024	'8111101388 ESKOM ESKOM-NOVEMBER	920 655.94
Nov-24	30/11/2024	'8820215673 ESKOM ESKOM-NOVEMBER	426 575.06
Nov-24	30/11/2024	'7298867445 ESKOM ESKOM-NOVEMBER	3 366.68
Nov-24	30/11/2024	'5381715853 ESKOM ESKOM-NOVEMBER	23.16
Nov-24	30/11/2024	'8379468535 ESKOM ESKOM-NOVEMBER	0.65
Nov-24	30/11/2024	'7585809464 ESKOM ESKOM-NOVEMBER	17.55
Nov-24	30/11/2024	'Munsoft INTEREST ON OVERDUE I	216 663.76
Nov-24	30/11/2024	'9394886098 ESKOM ESKOM-NOVEMBER	20 144.71
Dec-24	31/12/2024	'7300227827 ESKOM ESKOM-DECEMBER	74 260.96
Dec-24	31/12/2024	'6303280343 ESKOM ESKOM-DECEMBER	3 219.35
Dec-24	31/12/2024	'8111101388 ESKOM ESKOM-DECEMBER	1 201 887.19
Dec-24	31/12/2024	'8820215673 ESKOM ESKOM-DECEMBER	389 937.12
Dec-24	31/12/2024	'7298867445 ESKOM ESKOM-DECEMBER	556.62
Dec-24	31/12/2024	'6116899677 ESKOM ESKOM-DECEMBER	26.31
Dec-24	31/12/2024	'6958429876 ESKOM ESKOM-DECEMBER	26.31
Dec-24	31/12/2024	'6668540025 ESKOM ESKOM-DECEMBER	26.31
Dec-24	31/12/2024	'9453104589 ESKOM ESKOM-DECEMBER	26.31
Dec-24	31/12/2024	'Munsoft INTEREST ON OVERDUE I	216 605.75
Dec-24	31/12/2024	'9394886098 ESKOM ESKOM-DECEMBER	9 950.61
TOTAL			8 836 478.85

The Municipal Council, the Mayor and the Accounting Officer have a fiduciary responsibility to ensure that the municipal resources are used in the best interests of the municipality and the local community. All officials and councilors must always act cautiously when spending public money and ensure that they abide by the public and accountability principles which are to promote —efficient, economic and effective use of resources

and the attainment of value for money.

Fruitless and wasteful expenditure is defined in section 1 of the MFMA as follows:

“Fruitless and wasteful expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Due to cash flow constraints and the low payment rate of service charges to the municipality, the Municipality has been unable to pay its creditors within 30 days which led to interest and penalties being levied against the Municipality. The Municipality incurred an amount of **R 8.8 million** for the period **1 July 2024 – 31 December 2024**. Interest on Eskom accounts amounted to **R 7.6 million** and **R 812 153.93** relates to Munsoft.

Officials and councilors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible and are detected and reported in a timely manner.

12. Service Delivery performance management

Performance framework

Regulation 7 (1) of the Local Government: Municipal planning and Performance Regulations, 2001 states “A Municipality Performance Management system entails a framework that describes and presents how the municipality’s cycle and processes of performance planning, 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 service provider performance.

Material variances from SDBIP (Service Delivery and Budget Implementation Plan)

Variances and deficiencies will be explained in terms of the SDBIP and will be reported on by Performance Management Unit, situated in the Office of the Municipal Manager. The Service Delivery and Budget Implementation Plan (SDBIP) performance of the municipality will be presented separately by PMS office and will reflect the municipal performance on the non- financial information for the period 1 July 2024 to 31 December 2024.

Annual Report

The annual report for 2023/24 financial year is being finalized and will be tabled to council by end of January 2025.

Remedial measures

Remedial actions and corrections as recommended by the performance management unit on the SDBIPs will be instituted and adjustments also made on the budget. This will be dealt with during the adjustment budget process in February 2025. Detailed explanations of the remedial or corrective steps will be provided as part of the budget adjustment report.

13. Auditor General Report

The Auditor General has conducted the Audit Process in line with the Public Audit Act as amended for the year under review. The table below indicates the Audit Opinion for the past six years

<u>Financial Year</u>	<u>Audit Outcomes</u>
2023/24	Qualified
2022/23	Qualified
2021/22	Qualified
2020/21	Disclaimer
2019/20	Disclaimer
2018/19	Disclaimer

The Comparison has been made for the two financial years in terms of the Audit Paragraphs raised by the Auditor General furthermore the following issues remain challenges,

No	2022-23 Qualification Paragraphs	2023-24 Qualification Paragraphs
1.	Receivables from Exchange - Service charges	Irregular Expenditure
2.	Irregular Expenditure	

14. Budget adjustments

Regulation 23 of the Municipal Budget and Reporting Regulation 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 Council, but not later than the 28 February of each year. Furthermore, except under certain circumstances only one adjustment budget may be tabled in the Council during the financial year”

ACCORDINGLY, A REPORT ON ADJUSTMENT BUDGET WILL BE SUBMITTED FOR CONSIDERATION BEFORE THE 28 FEBRUARY 2025.

Conclusion

Based on the first six months of the financial year's assessment and forecasting of figures, it is recommended that an adjustment budget is required for the 2024/25 financial year, and it be submitted to the Council during February 2025. It is further suggested that revenue and expenditure for the financial year be revised in an adjustment budget for the various votes to reflect the additional revenues and to utilize the projected savings on expenditure to prioritize service delivery votes in line with the SDBIP.

15. RECOMMENDATIONS

It is recommended that:

- a) That Council takes note of the Section 72 Mid-year Budget Assessment Report.
- b) That the Municipal Manager and Directors compile an Adjustments Budget for 2024/2025 based on the findings within the section 72 Mid-Year Budget Assessment Report.
- c) That Council takes note of the Section 72 Mid- Year Budget Assessment Report and the February 2025 Adjustments Budget Process Plan.
- d) That the 2024/2025 Adjustments Budget be tabled to Council during the month of February 2025 to be approved by Council by no later than 28 February 2025.
- e) That the Section 72 Mid-Year Budget Assessment Report be submitted to National Treasury, Provincial Treasury, the Internal Audit Department and the Audit Committee.
- f) That the Section 72 Mid-Year Budget Assessment Report be published on the municipal website.

ANNEXURE A – SEC 72 MID-YEAR BUDGET TABLES FOR THE PERIOD ENDED 31 DECEMBER 2024