

In-Year Report of the Municipality

Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 April 2009.



Msinga Municipality Second Adjustments Budget For the Year 2019/2020

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PART 1 – ADJUSTMENTS BUDGET

1. Executive summary

- **Purpose**

The mid-year report is used as a management tool to assess the Municipality's performance and financial position against the approved budget by analysing trends and patterns for the first six months of the 2019/2020 financial year, with a view of giving effect to the Mayor and Council's oversight role and to recommend the need for an adjustment budget as envisaged by the Municipal Finance Management Act.

- **Legislative background**

In terms of Section 28(1) to 28(7) of the Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA) the

- 28.** (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 programmes 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.
- (7) Sections 22(b), 23(3) and 24(3) apply in respect of an adjustments budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustments budget.

2. In-year budget statement tables

KZN244 Msinga - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M 10 April

Description	Ref	Budget Year 2019/20								
		2018/19 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		18,476	19,365	18,874	1,361	13,925	15,728	(1,804)	-11%	18,874
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		429	500	384	33	322	320	2	1%	384
Rental of facilities and equipment		916	517	701	49	566	584	(18)	-3%	701
Interest earned - external investments		5,609	5,397	6,097	69	4,034	5,081	(1,047)	-21%	6,097
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	112	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		160,945	193,182	193,032	294	187,565	193,032	(5,467)	-3%	193,032
Other revenue		371	589	718	-	194	598	(404)	-67%	718
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		186,747	219,662	219,806	1,805	206,606	215,343	(8,737)	-4%	219,806
Expenditure By Type										
Employee related costs		56,870	61,769	71,919	5,287	57,839	59,933	(2,094)	-3%	71,919
Remuneration of councillors		12,019	12,071	12,792	992	9,885	10,660	(775)	-7%	12,792
Debt impairment		4,974	3,000	3,000	-	5,365	2,500	2,865	115%	3,000
Depreciation & asset impairment		26,660	23,016	23,016	19,180	19,180	19,180	-	-	23,016
Finance charges		671	500	500	-	-	417	(417)	-100%	500
Bulk purchases		-	-	-	-	-	-	-	-	-
Other materials		-	17,571	12,862	434	8,074	10,718	(2,645)	-25%	12,862
Contracted services		43,909	53,954	53,951	2,152	43,339	44,959	(1,620)	-4%	53,951
Transfers and subsidies		5,548	-	-	-	-	-	-	-	-
Other expenditure		34,103	43,007	41,766	1,045	25,943	34,805	(8,861)	-25%	41,766
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		184,753	214,889	219,806	29,091	169,624	183,171	(13,547)	-7%	219,806
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1,994	4,773	0	(27,286)	36,982	32,172	4,810	0	0
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		36,715	49,422	49,422	1,968	33,791	41,185	(7,394)	(0)	49,422
Transfers and subsidies - capital (in-kind - a ll)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		38,709	54,195	49,422	(25,317)	70,772	73,357			49,422
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		38,709	54,195	49,422	(25,317)	70,772	73,357			49,422
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		38,709	54,195	49,422	(25,317)	70,772	73,357			49,422
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		38,709	54,195	49,422	(25,317)	70,772	73,357			49,422

PART 2 – SUPPORTING DOCUMENTATION

3. Debtors' Analysis

- Twenty six percent of the municipal debtors is made up of government departments and which is collectable. Therefore, an amount of R12.8 million is almost guaranteed to be collected based on the radical approach assisted by the department of CoGTA KZN.
- Thirty two percent of the total of R35 million debtors is from business community and which less cooperative. The reason is around Ingonyama Trust Board (ITB) land issues and which are beyond the municipal control.
- The household's community is owing very little compared to both the government and the business communities. However, this category has got poor collection and this is attributed to the ITB land issues.
- Therefore, the municipality has to be worried about the collection rate on overall due to the stated reasons.

4. Creditors' Analysis

KZN244 Msinga - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2019/20									Total	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			
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	523	10	-	43	53	-	-	-	-	629	24 338
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-
Other	0900	9 139	-	-	-	-	-	-	-	-	9 139	1 057
Total By Customer Type	1000	9 662	10	-	43	53	-	-	-	-	9 769	25 395

- The municipality has improved in terms of settlement of creditors timeously. However, there are few accounts which are due for more than 30 days. However, they will be settled as soon everything has been resolved.
- The municipality has reduced the balance by more than 60 percent compared to the previous financial year due to better management of the working capital.

5. Investment portfolio analysis

KZN244 Msinga - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed Interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands														
Municipality														
Standard Bank		3 Months	Call Account	Yes	Fixed	6%	0	0	Call Account	157	1	-	-	158
Standard Bank		3 Months	Fixed	Yes	Fixed	7%	0	0	02/03/2020	1 406	-	-	-	1 406
Standard Bank		3 Months	Fixed	Yes	Fixed	0,074	0	0	31/01/2020	10 659	199	-	-	10 857
FNB		3 Months	Fixed	Yes	Fixed	0,0575	0	0	31/01/2020	6 107	30	-	-	6 137
ABSA		3 Months	Fixed	Yes	Fixed	0,0682	0	0	06/01/2019	694	4	-	-	698
ABSA		3 Months	Fixed	Yes	Fixed	0,0682	0	0	06/01/2019	927	6	-	-	933
ABSA		Call Account	Call Account	Yes	Fixed	0,06	0	0	Call Account	3 186	16	-	-	3 202
Municipality sub-total										23 135		-	-	23 390
Entities														
Municipality (The Municipality does not have Entities)														
FNB		3 Months	Fixed	Yes	Fixed	0,0717	0	0	12/03/2020	-	20	-	5 000	5 020
FNB		4 Months	Fixed	Yes	Fixed	0,0722	0	0	27/02/2020	15 361	100	-	-	15 461
FNB		5 Months	Fixed	Yes	Fixed	0,049	0	0	31/01/2020	1 309	5	-	0	1 314
Standard Bank		Call Account	Call Account	Yes	Fixed	0,0635	-	-	Call Account	3 169	17	-	-	3 186
Standard Bank		Call Account	Call Account	Yes	Fixed	0,0635	-	-	Call Account	-	50	-	15 000	15 050
Standard Bank		3 Months	Fixed	Yes	Fixed	0,07375	-	-	12/03/2020	-	-	-	10 000	10 000
Entities sub-total										19 839		-	30 000	50 030
TOTAL INVESTMENTS AND INTEREST	2									42 974		-	30 000	73 421

- The investment portfolio indicates that, there is stability in terms of the cash flow and the municipality is able to finance its operations.
- The table above also indicate that the risk is well spread between major banks operating in South Africa which is good.
- The municipality has also improved in terms of compliance and not banking with mutual banks like in previous years.

6. Allocation and grant receipts and expenditure

KZN244 Msinga - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	Budget Year 2019/20								
		2018/19 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:	1,2	172 567	191 163	-	54 594	143 047	95 582	40 946	42,8%	191 163
Local Government Equitable Share		145 573	163 783		54 594	122 837	81 892	40 946	50,0%	163 783
Integrated National Electrification Programme		20 700	21 575		-	15 575	10 788			21 575
Finance Management		1 900	1 900		-	1 900	950			1 900
EPWP Incentive		4 394	3 905		-	2 735	1 953			3 905
Other transfers and grants [insert description]	3									
Provincial Government:		1 650	1 869	-	-	1 869	935	560	59,9%	1 869
Library Grant		1 061	1 119		-	1 119	560	560	100,0%	1 119
Cogta Spluma Grant		-	750		-	750	375			750
Shelters Grant		589	-		-	-	-			-
Department of Human Settlement	4	-								
Other transfers and grants [insert description]										
District Municipality:		-	-	-	-	-	-	-		-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]										
Total Operating Transfers and Grants	5	174 217	193 032	-	54 594	144 916	96 516	41 505	43,0%	193 032
Capital Transfers and Grants										
National Government:		36 715	49 422	-	15 000	32 000	24 711	7 289	29,5%	49 422
Municipal Infrastructure Grant (MIG)		36 715	49 422		15 000	32 000	24 711	7 289	29,5%	49 422
Other capital transfers [insert description]										
Provincial Government:		-	-	-	-	-	-	-		-
[insert description]										
District Municipality:		-	-	-	-	-	-	-		-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]										
Total Capital Transfers and Grants	5	36 715	49 422	-	15 000	32 000	24 711	7 289	29,5%	49 422
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	210 932	242 454	-	69 594	176 916	121 227	48 794	40,3%	242 454

- The municipality is currently in a good state in terms of implementing its budget. The SCM processes are running smoothly according to plan.

Msinga Municipality Adjustments Budget for the year 2019/2020

- All MIG projects are underway and expected to be complete by the end of April 2020.
- INEP electrification projects are ahead in terms of implementation and have spent almost R18 million of the total allocation of R20 million. This is an indication of smooth progress in terms of the budget implementation.

7. Councillor member allowances and employee benefits

KZN244 Msinga - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	Ref	Budget Year 2019/20								
		2018/19 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages			9 396		936	5 899	4 698	1 200	26%	9 396
Pension and UIF Contributions			-		-	-	-	-		-
Medical Aid Contributions			60		-	-	30	(30)	-100%	60
Motor Vehicle Allowance			1 738		206	1 282	869	413	48%	1 738
Cellphone Allowance			840		126	784	420	364	87%	840
Housing Allowances					-	-	-	-		-
Other benefits and allowances			37		-	-	18	(18)	-100%	37
Sub Total - Councillors			12 071		1 267	7 965	6 036	1 929	32%	12 071
% increase	4		#DIV/0!							#DIV/0!
Senior Managers of the Municipality										
Basic Salaries and Wages			4 177		400	1 397	2 088	(691)	-33%	4 177
Pension and UIF Contributions			22		0	1	11	(10)	-92%	22
Medical Aid Contributions			192		-	-	96	(96)	-100%	192
Overtime					-	-	-	-		-
Performance Bonus			297		-	-	148	(148)	-100%	297
Motor Vehicle Allowance			313		78	469	156	313	200%	313
Cellphone Allowance			264		16	96	132	(36)	-27%	264
Housing Allowances			107		3	16	54	(38)	-70%	107
Other benefits and allowances			22		-	-	11	(11)	-100%	22
Payments in lieu of leave					-	-	-	-		-
Long service awards			23		-	-	12	(12)	-100%	23
Post-retirement benefit obligations					-	-	-	-		-
Sub Total - Senior Managers of Municipality			5 416		497	1 979	2 708	(729)	-27%	5 416
% increase	4		#DIV/0!							#DIV/0!
Other Municipal Staff										
Basic Salaries and Wages			40 744		5 099	27 002	20 372	6 630	33%	40 744
Pension and UIF Contributions			3 669		579	3 451	1 835	1 617	88%	3 609
Medical Aid Contributions			2 343		98	579	1 171	(593)	-51%	2 343
Overtime			1 179		112	645	590	56	9%	1 179
Performance Bonus			1 966		-	14	983	(968)	-99%	1 966
Motor Vehicle Allowance			3 527		9	51	1 764	(1 713)	-97%	3 527
Cellphone Allowance			391		45	261	195	65	34%	391
Housing Allowances			84		14	84	42	42	101%	84
Other benefits and allowances			2 131		-	-	1 065	(1 065)	-100%	1 161
Payments in lieu of leave			75		-	66	37	29	78%	1 188
Long service awards			160		-	64	80	(16)	-20%	160
Post-retirement benefit obligations					-	-	-	-		-
Sub Total - Other Municipal Staff			56 269		5 956	32 219	28 134	4 085	15%	56 352
% increase	4		#DIV/0!							#DIV/0!
Total Parent Municipality			73 756		7 721	42 163	36 878	5 285	14%	73 840

- The municipality has spent more than 50 percent of the employee costs budget. This is due to the job evaluation (task grading) exercise. Therefore, the budget for 2020 need to be reviewed and be adjusted.
- Councillors allowances are also slightly out of the approved budget for the year 2020. There is also a need for the adjustment of about 10 percent in these items.

8. Material variances to the service delivery and budget implementation plan

KZN244 Msinga - Supporting Table SC1 Material variance explanations - M06 December

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	Revenue By Source			
	Property Rates	(1 200)	The municipality has stopped billing non-existing accounts.	The amount budgeted will be adjusted down
	Interest earned on external investments	(452)	All cash available was utilised in service delivery and less invested	We will adjust down the budget
	Fines, Penalties and Forfeits	(56)	The operating licence for traffic centre was not issued as promised	We adjust down the budget until 2020/2021
2	Expenditure By Type			
	Employee related costs	3 117	The job evaluation (task grading) review and new appointments	We will have to adjust adjust up our budget for the current year
	Debt impairment	3 865	Data cleansing got rid of of all non-existing consumer accounts	We will adjust the approved budget
	Other materials	(4 930)	This can be attributed to Cost cutting measures put in place	We will adjust the approved budget
	Contracted services	6 054	INEP operations were accelerated in the first half	No adjustment will be made. The operations are on track
3	Capital Expenditure			
	All capital projects	(3 497)	Some MIG projects were delayed due to subcontract issues There were also some local suppliers not being able to supply the required materials due to capacity issues	We will accelerate expenditure in the third quarter
4	Financial Position			
	Cash and investments	22 100	All grants received timeously and managed cash flow accordingly	We will adjust where necessary. However, cash flow is managed
5	Cash Flow			
	Government Grants - operational	48 325	The government had transferred payments timeously	No adjustment is needed
	Government Grants - capital	7 289	The government had transferred payments timeously	No adjustment is needed
6	Measureable performance			
	we have attached a detailed scorecard		we have attached a detailed scorecard	we have attached a detailed scorecard
7	Municipal Entities			
	Not applicable			

References

1. Revenue for each source, vote and standard classification
2. Expenditure for each type, vote and standard classification
3. Capital expenditure for each vote and standard classification
4. Explain any material variances between the annual budget and the expected financial position based on current trends
5. Cash receipts by source and cash payments by type where not explained under revenue and expenditure
6. For Sept, Dec, Mar and Jun statements explain any material variances in achievement of measurable performance objectives

- We have analysed the material variances and provided some brief explanation under each of them.

9. Parent municipality financial performance

Msinga Municipality Adjustments Budget for the year 2019/2020

KZN244 Msinga - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 December

Description	Ref	Budget Year 2019/20												2019/20 Medium Term Revenue & Expenditure Framework			
		July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousands	1																
Cash Receipts By Source																	
Property rates		213	13	92	5 546	35	1 891						1 096	8 885	20 527	21 758	
Service charges - electricity revenue		-	-	-	-	-	-						-	-	-	-	
Service charges - water revenue		-	-	-	-	-	-						-	-	-	-	
Service charges - sanitation revenue		-	-	-	-	-	-						-	-	-	-	
Service charges - refuse		42	32	32	32	32	12						318	500	530	562	
Rental of facilities and equipment		43	60	61	58	48							247	517			
Interest earned - external investments		107	485	435	729	180	102						3 359	5 397	5 720	6 064	
Interest earned - outstanding debtors		-	-	-	-	-	-						-	-	-	-	
Dividends received		-	-	-	-	-	-						-	-	-	-	
Fines, penalties and forfeits		-	-	-	-	-	-						112	112	119	126	
Licences and permits		-	-	-	-	-	-						-	-	-	-	
Agency services		-	-	-	-	-	-						-	-	-	-	
Transfer receipts - operating		76 243	2 877	-	-	11 202	54 594						48 115	193 031	204 111	217 424	
Other revenue		4 580	98	3 100	1 009	-	74					(8 272)	589	-	-	-	
Cash Receipts by Source		81 227	3 565	3 719	7 373	11 497	56 673						44 976	209 031	231 007	245 934	
Other Cash Flows by Source																	
Transfer receipts - capital		17 000	-	-	-	-	15 000						17 422	49 422	39 379	42 194	
Contributions & Contributed assets		-	-	-	-	-	-						-	-	-	-	
Proceeds on disposal of PPE		-	-	-	-	-	-						-	-	-	-	
Short term loans		-	-	-	-	-	-						-	-	-	-	
Borrowing long term/financing		-	-	-	-	-	-						-	-	-	-	
Increase in consumer deposits		-	-	-	-	-	-						-	-	-	-	
Receipt of non-current debtors		-	-	-	-	-	-						-	-	-	-	
Receipt of non-current receivables		-	-	-	-	-	-						-	-	-	-	
Change in non-current investments		-	-	-	-	-	-						-	-	-	-	
Total Cash Receipts by Source		98 227	3 565	3 719	7 373	11 497	71 673						62 398	258 453	270 386	288 128	
Cash Payments by Type																	
Employee related costs		5 146	5 146	5 205	5 210	5 264	7 910						27 888	61 769	65 475	69 403	
Remuneration of councillors		1 001	1 001	1 047	1 022	936	936						6 130	12 071	1 796	13 564	
Interest paid		-	-	-	-	-	-						500	500	560	562	
Bulk purchases - Electricity		-	-	-	-	-	-						-	-	-	-	
Bulk purchases - Water & Sewer		-	-	-	-	-	-						-	-	-	-	
Other materials		1 462	449	598	1 026	612	798						12 626	17 571	18 625	19 743	
Contracted services		4 752	7 997	2 399	3 524	9 527	8 054						63 903	100 157	102 176	108 505	
Grants and subsidies paid - other municipalities		-	-	-	-	-	-						-	-	-	-	
Grants and subsidies paid - other		-	-	-	-	-	-						-	-	-	-	
General expenses		3 532	3 943	4 395	2 407	2 557	3 168						(16 204)	3 800	4 030	4 221	
Cash Payments by Type		15 893	18 535	13 645	13 190	18 896	20 866						94 843	195 868	192 662	215 997	
Other Cash Flows/Payments by Type																	
Capital assets		3 525	4 163	2 206	4 710	7 003	2 258						36 905	60 770	66 454	70 005	
Repayment of borrowing		-	-	-	-	-	-						-	-	-	-	
Other Cash Flows/Payments																	
Total Cash Payments by Type		19 418	22 698	15 851	17 900	25 899	23 124						131 748	256 638	259 116	286 002	
NET INCREASE/(DECREASE) IN CASH HELD		78 809	(19 133)	(12 131)	(10 527)	(14 402)	48 549						(69 350)	1 815	11 270	2 127	
Cash/cash equivalents at the month/year beginning:		30 158	108 967	89 834	77 703	67 176	52 774	101 323	101 323	101 323	101 323	101 323	101 323	30 158	31 973	43 244	
Cash/cash equivalents at the month/year end:		108 967	89 834	77 703	67 176	52 774	101 323	101 323	101 323	101 323	101 323	101 323	31 973	31 973	43 244	45 370	

- The financial performance for uMsinga municipality is well funded compared to the previous years and which is a good sign.
- However, we have noted as the municipality that, some of the income items such as rates and interest need to be adjusted accordingly.
- The operational expenditure is also well managed as per cost containment measures adopted by council.
- The adjustments will be made on items with material variances as per explanation above.

10. Municipal entity financial performance

- Umsinga municipality has got no entity.

11. Capital programme performance

KZN244 Msinga - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

Month	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	5 521	5 131		3 525	3 525	5 131	1 606	31,3%	6%
August	5 521	5 131		4 163	7 688	10 262	2 573	25,1%	12%
September	5 521	5 131		2 206	9 894	15 393	5 498	35,7%	16%
October	5 521	5 131		4 710	14 605	20 523	5 919	28,8%	24%
November	5 521	5 131		7 003	21 607	25 654	4 047	15,8%	35%
December	5 521	5 131		2 258	23 865	30 785	6 920	22,5%	39%
January	5 521	5 131				35 916	-		
February	5 521	5 131				41 047	-		
March	5 521	5 131				46 178	-		
April	5 521	5 131				51 309	-		
May	5 521	5 131				56 439	-		
June	5 521	5 131				61 570	-		
Total Capital expenditure	66 257	61 570	-	23 865					

- As explained under section 8 of this document, the municipal programmes are almost in order and operating within the set targets.
- The municipality is currently in a good state in terms of implementing its budget. The SCM processes are running smoothly according to plan.
- All MIG projects are underway and expected to be complete by the end of April 2020.
- INEP electrification projects are ahead in terms of implementation and have spent almost R18 million of the total allocation of R20 million. This is an indication of smooth progress in terms of the budget implementation.
- The internally funded projects such as halls, classrooms and two room houses will under construction as from January 2020 until end of April 2020. The SCM processes were finalised on time according to plan and will be completed on time.

12. COVID-19 Budget implications

- The municipality has been allocated a special grant of R960 000 for each year, 2019/2020 and 2020/2021 financial years.
- The municipality further transferred R500 000 from council programmes to address COVID-19 demands.
- Summarised progress report on behalf of COVID-19 pandemic is here below outlined

BACKGROUND:

Corona viruses are large family of viruses that can cause illness ranging from common cold to more severe disease such as Middle East Respiratory Syndrome and Severe Acute Respiratory Syndrome (SARS). The current outbreak of corona virus disease (COVID-9) was first reported from Wuhan and Hubei, China, on the 31st December 2019. It has now spread to through-out the World with some of the major casualties reported globally. As of March 2020, positive cases are continuously being reported in South Africa, and have since been growing gradually.

This is the Msinga Municipality's report taking into account the declaration of COVID-19 as a National State Disaster on the 15 March 2020 and further to report the municipality's action

in accordance with Regulations that followed for coordination and implementation of National COVID-19 response interventions within the ambit of Local Government.

COORDINATING STRUCTURES ESTABLISHED IN FIGHT AGAINST COVID-19

Even though the sitting of physical meetings has been suspended through all structures, the oversight, technical and operational teams at all levels responding to COVID-19 has been activated by virtue to convene via tele/video-conferencing and within the municipality are detailed below:

Structure	Participants	Frequency of Meetings
UMzinyathi District Command Council	Champion MEC & HOD, District Mayor, Local Mayors, Municipal Managers, District State Departments Directors/Managers, DTT Chair	Weekly (Thursday)
UMzinyathi District Command Centre	HOD, Municipal Managers, District State Departments Directors, DTT Chairperson, SOE	Weekly (Wednesdays)
UMzinyathi District Command Clusters	Senior Managers (S56), Responsible Managers from state departments. LTT Chairpersons, SOE	Weekly (Tuesdays)
Msinga Local Command Council	Mayor, councillors, Municipal Manager, Local State department Managers, S56 managers, LTT Chair, CDW, Fora Chairpersons, etc	Weekly (Mondays)
Msinga Local Command Centre	Municipal Manager, Local State Department Managers, S56 managers, LTT Chair, SOE Managers @ Local Level.	Weekly (Fridays)
Ward Command Council	Ward Cllr, PR Councillors, CDW, Ward Committees, For a Chairpersons, Gov Dept.	Monthly Varies/ward

Both the district and local command structures have been established and are fully functional.

COVID-19 STATISTICS AT UMSINGA MUNICIPALITY (CURRENT STATUS)

• Screenings	Qamu TA, Baso TA, Chunu TA & Thembu TA is still in progress
• Tests Conducted	
• Positive Cases	00
• Deaths	00

PROVISION OF WATER AND SANITATION SERVICES:

The concern of water remains an issue across the municipality and is increasingly so since the precautionary measures for COVID-19 requires the constant wash of hands and, UMzinyathi District Municipality as the service authority has up to date, supplied and installed 67 water tanks (5000L) to UMsinga municipality that were distributed on Needs Analysis including all major taxi ranks, and 01 additional water tanker vehicle to cater for all funerals in the municipal area. Therefore, a total of 15 wards are allocated with 04 tanks per ward, and 05 remaining wards with an allocation of 4 tanks per ward. In addition to the static tanks above, there is a total of 07 water tank trucks operating within the municipality.

Series of meetings have been held with the district in trying to come up with sustainable solutions to address water challenges within our area. The district has committed itself to refurbish broken boreholes, drilling of new ones and also repairs to the existing water schemes that are currently not working in our area. There has been a further confirmation of R12.3 million dedicated to UMsinga to address water difficulties which can go a long way in reducing community complaints and bring hopes to the people.

HYGIENE EDUCATION, COMMUNICATION AND AWARENESS:

The municipality developed a Task Team to fulfil this role comprising of the Disaster Management Unit, Rapid Response, Councillors and Senior Management. Other stakeholders: Health, SAPS, DSD and SASSA are intensively involved in these campaigns. Subsequent to this, a plan was devised to align strategies of sensitising and imparting knowledge to the community about the COVID-19.

- **Trainings:** All municipal councillors and Senior Management were inducted on this pandemic on the 24th March 2020 on its Council meeting, and later the Disaster, Fire Fighting and all municipal officials on the same day.
- **Loud Hailing:** 02 municipal vehicles along with the Departments of Health and SAPS have since began with loud hailing from the 27th March 2020. Thus far, all municipal wards have been visited where Department of Health working together with the municipality have been loud hailing with the purpose of educating and sensitizing the community on the symptoms as well as preventative measures to avoid the spread of covid-19. Over and above that, taxi ranks, pension and grant pay points has been visited by the municipality led by Her Worship the Mayor, Department of Health and SAPS.

- **Pamphlets and Sanitisers:** leaflets translated in both IsiZulu and English are issued by this team on every campaign on education and preventive measures, and the distribution of sanitisers and masks was increased for the community, taxi ranks, trading stores, pay-points and at funerals.
- **Social Media:** The municipality has a face book page which is mainly used to cascade information and to showcase the work done by the municipality in the fight against the virus. Awareness campaigns are also conducted on our face book page to update our community on the latest developments.
- **Radio Slots:** The Mayor has monthly slot with IKHWEZI FM, and has been since recording her speeches when deemed necessary since travelling is prohibited. The slots are now conducted on weekly basis for increased community awareness. Arrangements has also been made with UKHOZI FM on monthly basis where Her Worship the Mayor records five minutes slot to cover a bigger number of Msinga residents.
- **Local Areas/Wards visited:** the municipality along with the SAPS, DSD, SASSA and DoH managed developed a Campaign against COVID-19 beginning from 01 April 2020 and the following were covered: 04, 05, 07, 10, 11, 12, 13, 14, 15, 16, 17 and 18.



Picture 1: Mngeni Area, Ward 16



Picture 2: Tugela Ferry, Ward 4

FOOD PARCEL DISTRIBUTION TO QUALIFYING HOUSEHOLDS

Social Relief of Distress (SRD) program is a temporal provision of assistance intended for person in such dire material need that are unable to meet their families with most basic needs. SRD may be in the form of food parcel or a voucher.

The municipality is working very closely with the following stakeholders and has managed to distribute a total of 2 925 food parcels to its community;

- Department of Social Development (DSD)
- South African Social Security Agency (SASSA)
- Private Business Owners
- Non-Government Organization (NGO)

DEPARTMENT OF SOCIAL DEVELOPMENT

The municipality in collaboration with the Department of Social Development have managed to prioritize all beneficiaries of the Community Nutrition Development Centres (CNDCs) however, due to lockdown regulations, the CNDCs were instructed to stop providing cooked food to the nearby community and instead, DSD found alternatives and succeeded in ensuring continued benefit through issuing food parcels for everyone receiving food from the centre. These food parcels were distributed by DSD together with Her Worship the Mayor and the ward councillor concerned. To date, a total of number of 2 042 beneficiaries have benefitted in this programme:

Ward	Total	Ward	Total	Ward	Total
2	141	7	168	13	76
3	229	8	250	15	250
4	207	9	150	16	262
6	147	10	162		

The second program aimed at assisting the community experiencing due hardship led by the department of social development is that for SRD. The municipality was requested by DSD to submit 10 beneficiaries per ward qualifying for the program. A list of 180 beneficiaries was submitted to DSD, screened and all identified beneficiaries were approved but to date, have not received their food parcels due to challenges reported within the department caused by the irregular appointment of service providers.

SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA)

The third program is the one led by SASSA which is similar to that of DSD (Social Relief of Distress). Aligned to this programme, the municipality identified 50 beneficiaries per ward which resulted in a total of 900 beneficiary applications submitted to SASSA and out of the

900 applications submitted, only 773 beneficiaries were approved based on the qualification criteria and food parcels have already been distributed by SASSA and ward councillors. Additional 360 applications have been made to SASSA and the municipality awaits for approval.

PRIVATE BUSINESS OWNERS

Her Worship the Mayor has written to all business owners locally and outside municipal boundaries requesting for donations in a form of food parcels to assist the needy communities during the lockdown period. Most of the business owners has responded positively but, there's one exceptional business owner that has already donated 110 food parcels vouchers to the local street vendors affected by lockdown. Other business owners have already pledged their support which will be distributed during the month of May to the identified beneficiaries.

THE MUNICIPALITY

The municipality has also set aside an allocation to provide such relief to the identified families living under difficult circumstances. A total of 150 food parcels will be distributed per ward till the 15th May 2020 and thus far, only five wards have benefitted (ward 2, 9, 17, 10 and 18) totalling to 750 food parcels. Further to that, other food vouchers will be considerably made available to the wards with a lesser number in all the above-mentioned programmes.

WASTE MANAGEMENT, CLEANSING, AND SANITISATION:

The key municipal officials rendering this duty includes Waste Management and Fire Fighting services in controlling the transmission of the virus. The municipality disinfects all its key public areas/hot spots utilising the chemicals recommended by the Environmental component of EDTEA using our own Fire Engine and another one from the UMzinyathi District Municipality as backup support. A plan for disinfection was devised which include public places and we are continuing working very closely with the mentioned authorities in ensuring that we adhere to increased cleaning and protective handling products. The plan is detailed below:

Waste Management: Daily Street Cleaning, Waste Collection and Waste Disposal

Pomeroy, Tugela Ferry and Keates Drift

- **Fumigation and disinfecting:** on a skip of 02 days using less than 0,5% Chlorine Chemicals:

- All Taxi Ranks, Main and along R33 Route
- Municipal Offices and main municipal Community Halls
- Church of Scotland Hospital, Pomeroy Community Health Care, and clinics
- All SAPS Stations, and government departments
- Ithala Complex & Tugela Ferry Mall
- SASSA Pay-points
- Schools
- All Clinics



Picture 3: Pomeroy, Ward 17

Picture 4: Keates Drift, Ward 11

MUNICIPAL PUBLIC SPACES, FACILITIES:

- **Cancellation of Projects:** The municipality took a decision to put on hold all projects and events for its 2019/2020 financial year following the State President's address that provided wide-ranging actions which amongst the list was to prohibit the mass gatherings of persons immediately.
- **Closure of municipal Offices:** Immediately after the pronouncement of 21 day Nation-wide COVID-19 Lock Down, all municipal sites, offices, sports fields and the Library were totally shut down on the 26th March 2020 except for the essential services.
- The last Ordinary Council meeting was held on the 25th March 2020 for consideration of the municipal 2020/2021 IDP & Budget, also to adopt regulations and further discuss necessary steps and action to be implemented in all communities after shut down.

ISOLATION AND QUARANTINE:

Health identified site: The Church of Scotland Hospital (COSH) identified and prepared an old TB MDR ward for isolation where screenings and testing will be conducted. This ward has a total of 08 beds where: 03 beds are reserved for females, 03 beds for males, and 02 cot beds

for kids to comply with social distancing regulations. Pomeroy CHC identified its FLU Clinic with 12 beds. Admissions for positive patients are only done at Greys Hospital.

Municipal identified site: Due to the foreseen threat of this virus and limited availability of infrastructure from the Health Authorities, municipalities were further requested to make provisions of any shelters for accommodation to be used as isolation and quarantine facilities. Msinga municipality is progressing at this and places identified are listed hereunder:

Quarantine Site	Ward	Area Coverage	Progress	Completion Date
• CJ Community Hall	17	Pomeroy Area	95%	15/05/2020
• Mkhuphulangwenya Community Hall	04	Tugela Ferry Area	65%	18/05/2020
• Fabeni Community Hall	10	Keates Drift Area	0%	16/05/2020

Currently, all the above halls have been inspected for compliance with Health Norms and Standards. Layout plans for subdivisions and electricity packaging was developed and met Department of Health requirements, contractors to perform subdivisions and construction of proper ablution facilities has been appointed and have started with the works.

MONITORING AND ENFORCEMENT:

All Msinga SAPS Stations (Helpmekaar, Enhlanhleri (Pomeroy) and Msinga (Tugela Ferry) are working cooperatively with the Msinga Municipal Traffic Unit in assisting with precautions of COVID-19 through roadblocks and routine patrols. Municipal Traffic Officers have been hard at work in ensuring free traffic flow while monitoring social distancing during pension and grant pay points specifically at Pomeroy, Tugela Ferry Spar, Tugela Ferry Mall, and Keates Drift. Despite the stringent regulations of the lock down, challenges increased in public places and are slowly getting out of control.

- **Social distancing:** Irrespective of all campaigns and information being disseminated, it is unfortunate that the public still lack information about the virus. In all taxi ranks and pension points visited, the public fails to comply with Social distancing regulations and others got frustrated with the long dragging queues.
- **Business Permits:** Major supermarkets: Shoprite, Spar, Pomeroy Wholesale, U-Save, and SaveMor are classified as essential businesses and have all complied with DTI regulated permits, the rest of trading/spazza shops are operating within the permissions

issued by the municipality. Nonetheless, it is noted that majority of Alcohol trading stores remain closed as prohibited during this period

- **Street vendors** All street vendors were banned from any practice during the initial stage of lock down. However, during pension and grant days, they returned back to the street to trade regardless of bans. The ban regulations to such vendors were later relaxed on the 3rd April 2020 and the municipality had to assist them with permits for them to trade, which has been done successfully.

FORMAL AND INFORMAL BUSINESS SUPPORT

Over and above the assistance provided by the municipality to the informal traders by issuing business permits for them to comply with the regulations, the municipality working together with the Department of Agriculture and Rural Development (DARD) has assisted small farmers with their applications for Support Relief Grant. A team composed of officials from DARD and the municipality was established in order to perform this task which led to a total number of 353 small farmers being assisted successfully with their applications. The municipality is yet waiting for the outcome of the applications.

PRECAUTIONARY MEASURES TO MITIGATE EMPLOYEE HEALTH

The municipality further took proactive steps in ensuring that its function is prepared to manage the risks of COVID-19 and to help protect the health and lives of its staff. The list of Essential Services/Staff was compiled and work permits were issued to all of them accordingly.

- **Provision of protective materials:** It has also been ensured that all municipal employees have the necessary information they needed to remain healthy and protected and were further supplied with latex gloves, facial masks and hand sanitisers at their places of work, entrance and exit points, inside the offices of the essential services and were provided for them on any movement.
- **Disposal of Health Hazard Waste:** A training for handling and disposal of masks and gloves was conducted for municipal officials by the Pomeroy CHC staff on the 21st April 2020 at the Council Chamber.

FUNERALS SUPPORT PLAN

The regulations providing guidance and advice pertaining to funerals procedures and with regards to attendance remain effective during this lock down and of key importance is that

attendance is only limited to 50 persons. Further to this, regulations on the management and disposal of bodies infected with COVID–19 were circulated.

- **Issuing of coffins and food vouchers:** Council took a resolution to issue coffins or food parcels or food vouchers in line with the Pauper Burial and Indigent Support Policy and Disaster Management Plan in support of indigent families to bury their loved one in a dignified manner.
- **Municipal TLB support:** Further to the above, council also took a resolution to make available municipal TLBs to assist families in digging graves since regulations limits the number of people to attend funerals. By so doing, the municipality encourages community to avoid attending funerals in numbers.

COUNCIL AND ADMINISTRATIVE OPERATIONS (RETURN TO WORK PLAN)

During level 5 lockdown, the rest of the staff were operating remotely through emails, teleconferencing and videoconferencing except for essential services workers as previously alluded. With the relaxation of lockdown regulations to level 4, the municipality developed a plan to gradually return to work and as from Monday the 4th May, the municipality started with an intensive winter cleaning to prepare for certain staff to resume work as from the 11 May 2020.

Senior management have assessed and made available a list of all employees who are above 60 years of age as well as those leaving with underlying conditions. Most employees are encouraged to work remotely and have been provided with tools necessary for them to perform their responsibilities. A plan is being prepared to assess those who are most affected by the new changes in working environment.

The municipality has managed to introduce virtual meeting method to all senior managers and staff since the lockdown. TROIKA also joined immediately after the senior managers and are positively responding to the new communication methods. Recently, the municipality has managed to have subcommittees and the executive Committee meetings virtually with success. We are indeed preparing for council seating using video conferencing method.

CHALLENGES:

- **Water Scarcity**

The water tanks and water tankers provided by the district remain insufficient for hygiene purposes. The dysfunctional water schemes, broken boreholes and incomplete water schemes causes community unrests and requires urgent attention.

- **Government Food Support Grant**

Msinga communities are highly dependent on government grants and also street trading and a significant number remains affected and therefore in dire need of social relief. The delays from the DSD to provide approved beneficiaries with necessary relief poses challenges to the community.

- **Government Regulations and Directives**

Constant relaxations and amendments of Regulations inconveniences Law Enforcement Agencies and result in high congestions in towns which may lead to fast spreading of the virus.

- **SASSA Grant payment**

Government to devise another better way to deal with social grant payments. The current system poses a high risk to speed up infection rates in rural areas. Long queues which are difficult to manage will remain a big concern if left unattended and unresolved.

- **Limited funding**

The municipality did not budget for such a disaster and has limited funding to be adjusted to cater for the fight against COVID-19. There's very limited resources available and more support is required from the district and all other spheres of government.

- **Rolling out of Virtual way of communicating**

A challenge with regard to the signal within the municipal area of jurisdiction has been identified as a stumbling block in the roll out of the program. Adaptation for some of our councillors is also a challenge, nevertheless, the municipality is working around the clock in ensuring that all councillors participate in all council committee meetings.

FINANCIAL IMPLICATION IN FIGHT AGAINST COVID-19

- **Municipal budget**

Subsequent to the cancellation of municipal projects, and amount of **R500 000** was then re-directed and ring fenced from those projects to the procurement of COVID-19 PPE which

includes but not limited to reusable cloth masks, gloves, coverall, sanitizers and chemicals for the community and the staff. Another allocation was made available to purchase screening, disinfecting and fumigating equipment. An additional **R 1 000 000** was set aside to purchase food parcels for the families experiencing hardships inline with Department of Social Development's requirements.

- **Disaster relief grant:**

Like all other municipalities, Msinga municipality also applied for an Emergency Disaster Relief Grant funding made available through National DCOG on the 06th April 2020 through submission of business plan for the funding of immediate goods and services required. The funding applied for by our municipality totalled to R17, 120, 202. 75. The municipality has since received a confirmation of **R 960 000** for 2019/2020 financial year, and a further **R 960 000** allocation for 2020/2021.

13. In-year reports of the municipality entities attached the municipality in-year report

- The municipality has got no entity.

14. Recommendations by the accounting officer

1. Alignment:

- (a) That Directorates ensure more alignment between the IDP, PMS and Budget Process;
- (b) That co-ordination internally be improved immediately through the Office of the Municipal Manager;
- (c) That Directorates re-align the Mid-Year Review to Monthly Projections of expenditure on the Operational and Capital budget based on the Mid-year assessed SDBIP's.

2. Reporting:

- (a) That monthly monitoring of SDBIP's and Capital Program through the respective Portfolio Committees be effective immediately;
- (b) That Directors comply with monthly reporting requirements to ensure compliance with all targets;
- (c) That the financial system, collaborator and performance management system be re-aligned to ensure accurate performance reports are prepared and submitted.

3. Budget:

- (a) That options for the implementation of the capital program be reviewed to ensure the effective and timeous implementation of the projects;
- (b) That internal project management processes be improved to ensure effective implementation of the capital program;
- (c) That the number of cost centres on the budget be rationalized and aligned to the organizational structure, while taking into account the requirements of National Treasury GFS reporting, in the 2019/20 financial year;

15. Motivations

Adjustment Budget

As required by section 72(3) of the MFMA, an adjustments budget is needed to deal with items listed in section 28(2) of the MFMA. The adjustments budget will have to take into account changes in the national and provincial adjustments budgets; re-align budgets as a result of changes in the macro organisational structure; adjust the revenue and expenditure estimates downwards due to the material shortfall in projected revenue; distribute the task implementation provision to all directorates and to authorise utilisation of unspent capital funds from 2019/2020.

SDBIP Top Layer

Revisions to the SDBIP will have to be made taking into consideration the effects of the adjustments budget and approved following the approval of the adjustments budget as required by section 54(1) of the MFMA.

RECOMMENDATIONS TO COUNCIL:

That:

- (1) An adjustments budget for 2019/20 be prepared and approved by no later than 30 May 2020
- (2) Projections for revenue and expenditure be revised downwards as a result of the projected revenue shortfall;
- (3) The revised SDBIP which formed the basis of the mid-year assessment be approved following approval of the adjustments budget;
- (4) The report be recommended to COUNCIL for consideration.

FOR CONSIDERATION

MR T.M. NENE

CHIEF FINANCIAL OFFICER

Recommendation supported/ Not supported

MR S.L. SOKHELA

MUNICIPAL MANAGER

16. Municipal manager's quality certificate

- attached