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FOREWORD

The report outlines the financial performance of municipalities in the province for the 4th quarter of the 2012/13 financial year, ended 30 June 2013.

The report however, in terms of its *form and content*, covers various activities carried out during the quarter under review yet critical analysis of non-financial data constitute an important dimension in the overall assessment of the **MUNICIPAL PERFORMANCE INFORMATION**, including financial data in terms of expenditure patterns and trends. Fundamentally, it underscores the importance of the support and assistance to municipalities by the provincial treasury to enhance good governance and administration at municipal level for better and improved service delivery.

All efforts undertaken by the provincial treasury and other stake holders are geared towards improved service delivery to enable Municipalities to carry out their constitutional mandate in the interest of constituencies they serve.

In its oversight function the department of finance has during the review of the 2nd quarter sought to build capacity amongst municipalities on the preparation of budget for the 2013/14 and training on budget process on the module of Municipal Budget and Reporting Regulations (**MBRR**) has since been provided to municipalities.

Furthermore, the budgets of municipalities have been assessed using three broad criteria's, namely: Credibility, Relevancy and Sustainability with a view to ensure that municipalities adhere to the requirement of MBRR.

Added to that was for the municipal budgets to be funded rather than rely on anticipated revenue which may not be cash at hand and often which may not be realized in order to enable the council to carry out operating activities as well as delivering the set capital projects for service delivery.

The outcome of the draft budget assessments revealed that only five of the twenty delegated municipalities produced funded budget as per section 18 of the **MFMA** whereas most of draft budgets presented failed the test for credibility; however, considerable through the assistance of the department improvement was realized during the completion of the final budget.

We however, note with serious concern the situation of financial distress that some municipalities are experiencing and this undesirable phenomenon is manifest through non-payment of bulk purchases accounts for water and electricity.

To that effect, two (2) municipalities have been placed under section 139 as a result of financial distress however, as a department we continue to advise municipalities that find themselves in such undesirable situations to adopt a financial recovery plan route.

Of great concern is the fact that low spending on capital budget remains the major challenge faced by municipalities in the province as spent R2, 4 billion or 70 per cent of the total adjusted capital budget of R3, 5 million. The underlying cause of underspending notwithstanding its devastating effects on service delivery owes mainly poor planning, lack of prioritization of capital projects, lack of proper Supply Chain Management and incapacity of Project management Unit all of which signals poor management and forward planning at municipal level.

Key to the activities undertaken by the department during the quarter under review has been the resuscitation of Chief Financial Officer's forum (CFO), which remains an important organization in the strengthening of financial management at municipal level.

To add zest to all the efforts that seeks to consolidate the work done in the improvement of financial management situation the department is planning empower councilors in the area of budget training which fundamental in repositioning the role of political leadership to carry out its oversight functions in the management of the fiscus of municipalities with diligence.

In addition, the province ailing municipalities are receiving support through a European Union funded Municipal Financial Management Improvement Programme (**MFMIIP 111**) that is championed by National Treasury.

The support is provided to the municipalities through the placement of an Advisor to empower the Councilors, Mayors, MM, CFO and the BTO by providing technical advice in the area of municipal finance management reforms.

All of these efforts combined will ensure that municipalities improve on their financial management situation and building on the solid foundation we have it is anticipated that all municipalities will be able to submit their Annual Financial Statement at the of August this year and once consolidated on the gains we have made in the achievement of 100% submission last year.

In conclusion, the department remains steadfast in its support to municipalities for improved financial management situations and service delivery as we move closer towards the 2014 Clean Audit.

PAUL SEBEGOE (MPL)
MEC FOR FINANCE

1. INTRODUCTION

In terms of section 71(5) of the Municipal Finance Management (MFMA), municipalities are required to submit to the relevant provincial treasury a monthly statement on the state of the municipality's budget, by no later than 10 working days after the end of the month. The statement must be in the form of a signed document and electronic format.

Section 71(7) of the Act further states that, the MEC for Finance must submit a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality to the Provincial Legislature no later than 45 days after the end of each quarter.

Publishing this information is part of the evolving system of reporting envisaged by the MFMA. The aim is to assist in oversight of performance, address shortcomings, improve internal controls and facilitate service delivery. Publishing this information further improves transparency and fosters effective oversight, promotes fiscal discipline and provides a mechanism for measuring the ongoing performance of the municipality.

The structure of the report is such that it will provide analytical information about the financial management of all municipalities in the province, including the two non-delegated municipalities (Mafikeng and Rustenburg local municipality). The main areas covered by the report include municipal revenue and expenditure in terms of the requirements of section 71 of the MFMA; it also addresses cash flow analysis and the projections thereof, debt management and intervention measures.

The figures published in this report are as submitted by municipalities.

2. PROVINCIAL OVERVIEW

The overall submission of the monthly budget statement has reached an acceptable level with all municipalities complying with the Section 71 requirements of the MFMA, although late submission and accuracy of these reports is still posing a serious challenge. The department will intensify its monitoring role and support to the affected municipalities in this regard and ensure that that controls measures are put in place to remedy the situation.

The total adjusted capital budget for all municipalities in the province amounted to R3, 4 billion and only R1, 4 billion or 40 per cent was spent during the third quarter under review. There was a decrease of R156 million in spending compared to second quarter of 2012/13.

The total budgeted revenue amounted to R11, 2 billion and the total revenue generated to date amounted to R8 billion or 72 per cent. There was an increase of R375 thousand in revenue when compared to the previous quarter.

Municipalities in the province spent R6, 6 billion or 62 per cent during the quarter under review on operating expenditure against the total adjusted budget of R10, 6 billion.

Debt collection is a crucial element of financial sustainability, with non-payment by debtors putting the ability of municipalities to meet their expenditure plans at risk. Aged debtors analysis should be an early warning technique that must indicate monthly collection levels and deterioration in collection levels. The contributing factors are the high unemployment rate and unregistered number of indigents. High or increasing levels of the absolute value of outstanding debts are clear indications that there are problems with revenue collection systems. The amount of outstanding debts is a serious challenge that requires joint efforts by all stakeholders to come up with innovative ways to increase debt collection. The municipalities are using different means to collect debt, outsourcing of the function and own in-house function.

Total amount of debtors outstanding during the quarter under review amounted to R6, 156 billion of which R5 billion or 84 per cent is owed for more than 90 days. The total outstanding debtors have increased substantially by R264 million compared to the previous quarter. Collection of some of the outstanding debt might be doubtful.

In terms of Section 65(2) (e) of the MFMA, municipalities must pay creditors within 30 days. Creditors outstanding amounted to R857 million of which R506, 8 million or 59 per cent are outstanding for more than 90 days. There was a substantial increase of R235 million in outstanding creditors when compared to the previous quarter. In terms of the categories, the top three owed creditors are on bulk water at R374 million or 43 per cent, trade creditors at R190, 5 million or 22 per cent and bulk electricity at R171, 6 million or 20 per cent . This is an indication of the inability of municipalities to meet financial commitments as and when they are

due and an indication that some municipalities are gradually heading towards serious financial distress.

3. DETAIL MUNICIPAL PERFORMANCE PER DISTRICT

3.1 BOJANALA PLATINUM DISTRICT

3.1.1 BUDGETS

3.1.1.1 OPERATING REVENUE

Table 2.1(a) shows actual revenue collected as at 30 June 2013 by municipalities in the Bojanala Platinum District against the budgeted revenue.

Table 2.1(a) : Operating Revenue as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Collected	Detail			
								Property Rates	Service Charges	Grants	Other
Moretele	197,637	211,934	75,509	62,210	49,926	187,645	89	2,231	5,546	40,299	1,850
Madibeng	1,165,256	1,167,172	310,199	211,690	233,952	755,841	65	83,552	45,763	85,610	19,027
Rustenburg	2,685,773	2,685,773	604,059	583,226	547,037	1,734,322	65	46,507	374,900	88,210	37,420
Kgetleng Rivier	110,460	108,274	35,179	21,304	47,280	103,763	96	1,058	11,962	29,208	5,052
Moses Kotane	379,188	379,188	128,362	110,087	94,126	332,575	88	8,979	19,368	58,086	7,693
Bojanala Platinum District	241,314	266,935	104,230	83,247	62,402	249,879	94	-	-	59,766	2,636
Total	4,779,628	4,819,276	1,257,538	1,071,763	1,034,723	3,364,024	70	142,327	457,539	361,179	73,678

The total amount of revenue generated by municipalities in the district as at the end of the third quarter equals to R 3, 3 billion or 70 per cent against the total budgeted revenue of R4, 8 billion. Most revenue was received from Service Charges and Grants at R457 million and R361 million or 44 per cent and 35 per cent respectively. Collection on Property Rates amounted to R 142 million or 14 per cent, whereas "Other" revenue which comprises of traffic fines, license and permits, hiring of halls, tender documents etc amounted to R74 million or 7 per cent.

Moretele Local Municipality

Total revenue generated by the municipality amounted to R188 million or 89 per cent against the total adjusted revenue budget of R212 million. Grants accounted for most revenue received at R 40 million or 81 per cent of generated revenue followed by revenue generated on Service Charges at R6 million or 11 per cent. The municipal collection rate shows an improvement from 4 per cent to 25 per cent due to the payment by provincial department of Public works, Roads & Transport.

Madibeng Local Municipality

Total revenue generated by the municipality during the period under review, amounted to R756 million or 65 percent against the budgeted revenue of R1, 2 billion. Most revenue was received from Grants at R86 million, followed by Property Rates at R84 million or 36.6 per cent and 35.7 per cent respectively. Revenue generated on Service Charges and “Other” amounted to R46 million and R19 million respectively.

Rustenburg Local Municipality

As at the end of third quarter, total revenue generated by the municipality amounted to R1, 7 billion or 65 per cent against the revenue budget of R2, 7 billion. Most revenue was generated on Service Charges at R375 million or 69 per cent of total amount generated followed by Grants, Property Rates and “Other” at R88 million, R47 million and R37 million respectively.

Kgetleng Rivier Local Municipality

Total revenue generated by the municipality as end of the third quarter amounted to R104 million or 96 per cent. Most revenue was received from Grants at R29 million or 62 per cent of total amount generated, followed by Service Charges, “Other” and Property Rates at R12 million, R5 million and R1 million respectively.

Moses Kotane Local Municipality

Total revenue generated by the municipality during the period under review amounted to R333 million or 88 per cent against the revenue budget of R379 million. Grants accounted for most revenue received at R58 million, followed by revenue generated on Service Charges, Property Rates and “Other” at R19 million, R9 and R8 million respectively. The Grants amount equals to 62 per cent of the total amount generated.

Bojanala Platinum District

For the period under review, the district municipality generated total revenue amounting to R187 million or 78 per cent against the revenue budget of R241 million. Grants accounted for most revenue received at R182 million or 97 per cent of the total generated amount and the remaining 3 per cent is constituted by “Other” revenue at R5, 5 million.

3.1.1.2 OPERATING EXPENDITURE

Table 2.1(b) below shows the total expenditure incurred by the municipalities in district as at 30 June 2013.

Table 2.1(b) : Operating Expenditure as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Spent	Detail			
								Employee Related Costs	Contracted Services	Bulk Purchases	Other
Moretele	197,565	211,696	35,924	58,955	47,605	142,484	67	16,312	3,349	11,589	16,355
Madibeng	1,166,180	1,167,096	218,245	181,486	227,244	626,975	54	75,899	18,806	80,878	51,661
Rustenburg	2,587,146	2,587,146	438,932	618,515	543,929	1,601,376	62	112,191	41,163	239,947	150,628
Kgetleng Rivier	107,601	118,043	24,485	18,611	18,535	61,631	52	9,512	1,131	2,237	5,655
Moses Kotane	431,366	431,366	77,018	102,389	91,249	270,656	63	29,033	3,387	9,562	49,267
Bojanala Platinum District	236,481	243,872	58,863	62,039	55,506	176,408	72	33,751	13,679	-	8,076
Total	4,726,339	4,759,219	853,467	1,041,996	984,068	2,879,531	61	276,698	81,515	344,213	281,642

The total expenditure incurred by the municipalities in the district as at end of third quarter amounted to R2, 9 billion or 61 per cent of the total budget of R 4, 8 billion. Bulk Purchase constituted most expenditure at R344 million followed by expenditure on “Other” expenditure which comprises of finance charges, other materials etc, employee related costs and contracted services at R282 million, R277 million and R82 million respectively. The 61 per cent is slightly lower than the expected 75 per cent on average.

Moretele Local Municipality

Total expenditure incurred by the municipality during period under review amounted to R142 million or 67 per cent against budgeted operating expenditure of R212 million. Most of the expenditure was incurred on “Other” at R16 million followed by expenditure on employee related cost and bulk purchase at R16 million and R12 million respectively.

Madibeng Local Municipality

Total expenditure incurred by the municipality during the quarter under review amounted to R627 million or 54 per cent against the total budgeted operating expenditure of R1, 2 billion. There is an improvement reported by the municipality of R45 million as compared to the previous quarter. Most expenditure was incurred on bulk purchases at R81 million followed by expenditure on employee related costs, “Other” and contracted services at R76 million, R52 million and R19 million respectively.

Rustenburg Local Municipality

Total spending incurred by the municipality during the period under review amounted to R1, 6 billion or 62 per cent against the total operating expenditure budget of R2, 6 billion. Most spending was incurred on bulk purchase at R240 million or 44 per cent. This indicates that the municipality is providing basic services to community regarding water and electricity. “Other” expenditure is at R151 million followed by employee related costs and contracted services at R112 million and R41 million respectively.

Kgetleng Rivier Local Municipality

Total spending incurred by the municipality during the period under review amounted to R62 million or 52 per cent against the budgeted operating expenditure of R118 million. Most expenditure was incurred on employee related cost at R10 million followed by expenditure on “Other”, bulk purchases, and contracted services at R6 million, R2 million and R1 million respectively.

Moses Kotane Local Municipality

Total spending incurred by the municipality during the period under review amounted to R179, 4 million or 42 per cent against the budgeted operating expenditure of R431 million. Spending on “Other” constituted most spending at R95,4 million followed by spending on employee related cost, bulk purchases and contracted services at R57 million, R16,1 million and R10,7 million respectively.

Bojanala Platinum District

Total expenditure incurred by the district municipality during the period under review amounted to R176 million or 72 per cent against the budgeted operating expenditure R244 million. Most of spending was incurred on employee related cost at R34 million followed by spending on contracted services and “Other” at R14 million and R8 million respectively.

3.1.1.3 CAPITAL EXPENDITURE

Table 2.1(c) shows capital spending by municipalities in the district as at 30 June 2013.

Table 2.1(c) : Capital Expenditure as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Spent	Detail				
								Water	Electricity	Housing	Roads & Pavement	Other
Moretele	140,942	140,942	21,859	30,503	25,028	77,390	55	5,153	-	-	19,683	192
Madibeng	210,500	278,807	43,745	49,477	66,129	159,351	57	38,584	3,455	-	22,415	1,675
Rustenburg	888,773	888,773	40,293	136,404	183,821	360,518	41	10,022	6,796	138	138,527	28,338
Kgetleng Rivier	35,437	41,126	9,707	2,862	8,476	21,045	51	6,055	-	-	2,421	-
Moses Kotane	157,520	157,520	20,207	23,186	3,801	47,194	30	897	-	-	1,924	980
Bojanala Platinum District	4,940	4,940	508	386	1,816	2,710	55	-	-	-	-	1,816
Total	1,438,112	1,512,108	136,319	242,819	289,071	668,209	44	60,711	10,251	138	184,970	33,001

The municipalities in the district spent R668 million or 44 per cent against the total capital budget of R1, 5 billion. The average district spending is very low when compared to the 75 per cent spending that was expected at end of third quarter. The low spending on capital projects can be attributed lack of proper planning by municipalities, which results in late registration of projects and late appointment of contractors.

Most spending by municipalities in the district was incurred on roads and storm water at R185 million followed by spending on water, “Other” and electricity infrastructure at R61 million, R33 and R10 million respectively.

Moretele Local Municipality

Total capital spending incurred by the municipality amounted to R77 million or 55 per cent against capital budget of R141 million. The municipality is spending far less than the expected 75 per cent during the period under review. The priorities was reported on roads and storm water at R20 million or 79 per cent. The municipality has implemented the MIG spending plan where groundwork for the next financial year has been laid and the appointment of contractor is in progress in addressing backlog of the financial year. Most spending was incurred on roads and storm water at R20 million or 79 per cent followed by spending on water and “Other” at R5 million and R192 thousand respectively.

Madibeng Local Municipality

Total capital spending incurred by the municipality amounted to R159 million or 57 per cent against capital budget of R279 million. Most spending was incurred on water at R39 million, followed by spending on roads and pavement at R22 million, electricity infrastructure at R3 million and “Other” at R2 million. One of the contributing factor in the low expenditure is the protracted negotiations for implementation of projects on tribal land. The municipality incurred

the highest spending in the district during the period under review when compared to other municipalities in the district.

Rustenburg Local Municipality

Total capital spending incurred by the municipality amounted to R361 million or 41 per cent of the total capital budget of R889 million. Most spending was incurred on roads and pavement at R139 million followed by spending on “Other”, water and electricity infrastructure at R28 million, R10 million and R7 million respectively. Delay in implementation of projects, resulting in low spending level, is caused by irregular meetings of the bid committees. Some delays are caused during the design phase by consultants that are over committed, and in addressing the low spending, municipality has developed capital project strategy. The municipality needs to exercise its oversight role by ensuring compliance to the service level agreement.

Kgetleng Rivier Local Municipality

Total capital spending incurred by the municipality amounted to R21 million or only 51 per cent of the total capital budget of R41 million. This expenditure rate is less than the expected 75 per cent spending during the period under review due to re-prioritisation of Projects due to minimal available funds (Spreading of Allocations in terms of needs per Wards). The highest spending incurred was on water infrastructure followed by roads and pavement at R6 million and R2 million respectively.

Moses Kotane Local Municipality

Total capital spending incurred by the municipality amounted to R47 million or 30 per cent against the budgeted capital expenditure of R158 million. The municipality is the lowest spending in the district due to consultants and contractors which were appointed late in the financial year. Roll-overs from previous financial year’s allocations are also affecting the municipal ability to spend on the current year’s allocations. Most spending was incurred on roads and pavements at R2 million followed by “Other” at R980 thousand million. Further spending was incurred at R897 thousand for water infrastructure.

Bojanala Platinum District Municipality

Total spending incurred by the municipality for the period under review amounted to R2 million 55 per cent against the budgeted capital of R5 million and spending was incurred only on “Other” expenditure i.e. on fleet and office equipments.

3.1.1.4 CAPITAL FUNDING

Table 2.1(d) below provides details about the sources of capital funding for the last quarter ending 30 June 2013.

Table 2.1(d) : Capital Funding as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Spent	Detail			
								External Loans	Internal contributions	Grants	Other
Moretele	140,942	140,942	21,859	30,503	25,028	77,390	55	-	192	24,836	-
Madibeng	210,500	278,807	43,745	49,477	66,129	159,351	57	-	213	65,916	-
Rustenburg	888,773	888,773	40,293	136,404	183,821	360,518	41	-	29,126	154,695	-
Kgetleng Rivier	35,437	41,126	9,707	2,862	8,476	21,045	51	-	-	8,476	-
Moses Kotane	157,520	157,520	20,207	23,186	3,801	47,194	30	-	43	3,758	-
Bojanala Platinum District	4,940	4,940	508	386	1,816	2,710	55	-	-	1,816	-
Total	1,438,112	1,512,108	136,319	242,819	289,071	668,209	44	0	29,574	259,497	-

Total capital funding for the district amounted to R668 million or 44 per cent against the total budget funding of R1, 5 billion. Conditional Grants constituted most funding of capital projects at R259 million or 90 per cent, whereas Internal Contributions constituted R30 million or 10 per cent to the total funding.

3.1.1.5 DEBTORS

Table 2.1(e) below shows outstanding debtors within Bojanala Platinum district at the 30 June 2013, while table 2.1(e) (1) show debtors per customer type.

Table 2.1(e) : Debtor Age Analysis as at 30 June 2013 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61- 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Moretele	2,606	4	2,425	3	2,515	4	63,587	89	71,132	2
Madibeng	59,491	7	38,876	4	30,220	3	738,721	85	867,307	29
Rustenburg	207,287	11	78,538	4	47,365	3	1,477,334	82	1,810,524	61
Kgetleng Rivier	569	1	2,936	4	2,289	3	75,518	93	81,312	3
Moses Kotane	15,295	10	10,049	7	7,729	5	119,953	78	153,027	5
Bojanala Platinum District	-	-	-	-	-	-	-	-	8,414	-
Total BPD	285,248	10	132,824	4	90,117	3	2,475,113	83	2,991,716	100

Total debtors outstanding in the Bojanala district has increased from R2,8 billion from the previous quarter to R3 billion, of which R2, 5 billion or 83 per cent is owed for more than 90 days. This is an indication that the municipalities in the district are not implementing their credit control and debt collection policies effectively.

Supporting table 2.1(e)1:Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Bojanala District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	3,806	4	2,742	3	1,862	2	79,050	90	87,460	3
Business	165,470	29	48,768	8	27,215	5	337,969	58	579,423	19
Households	105,068	5	76,053	3	56,895	3	1,974,879	89	2,212,895	74
Other	10,905	10	5,261	5	4,145	4	91,628	82	111,939	4
Total	285,248	10	132,824	4	90,117	3	2,483,527	83	2,991,716	100
Water	44,989	6	35,971	5	26,511	3	690,652	87	798,124	27
Electricity	166,844	37	50,182	11	25,307	6	211,779	47	454,112	15
Property rates	33,453	7	17,226	3	12,398	2	445,956	88	509,034	17
Other	39,962	3	29,444	2	25,901	2	1,135,140	92	1,230,446	41
Total	285,248	10	132,824	4	90,117	3	2,483,527	83	2,991,716	100

Of the total debt owed to municipalities in the district, households accounts for most outstanding debtors at (R2, 2 billion or 74 per cent), businesses (R579 million or 19 per cent), government (R87 million or 3 per cent) and “Other” debtors accounts for (R112 million or 4 per cent). Government debt decreased by R11 million, this is an indication that the intervention by provincial treasury is having a positive impact.

Moretele Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Moretele	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	54	3%	41	3%	27	2%	1,508	92%	1,631	2%
Business	98	3%	30	1%	30	1%	2,667	94%	2,825	4%
Households	2,417	4%	2,330	4%	2,302	4%	57,710	89%	64,760	91%
Other	36	-	24	-	156	-	1,702	-	1,918	3%
Total	2,606	4%	2,425	3%	2,515	4%	63,587	89%	71,132	100%
Water	1,434	3%	1,350	3%	1,361	3%	41,754	91%	45,898	65%
Electricity	0	0%	0	0%	0	0%	0	0%	0	0%
Property rates	164	3%	90	2%	71	1%	4,678	93%	5,004	7%
Other	1,008	5%	985	5%	1,083	5%	17,154	85%	20,230	28%
Total	2,606	4%	2,425	3%	2,515	4%	63,587	89%	71,132	100%

Total outstanding debtors amounted to R71 million of which R64 million or 89 per cent is owed for more than 90 days. Municipality has appointed a service provider in order to assist with revenue enhancement. The terms of reference included data cleansing, updating their indigent register, accurate customer data and effective of billing accounts. These efforts have not borne fruits yet since the total debt has increased from R65 million to R71 million.

Madibeng Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Madibeng	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	792	5%	680	4%	578	4%	14,297	87%	16,346	2%
Business	27,308	13%	17,997	8%	13,084	6%	158,081	73%	216,471	25%
Households	31,270	5%	20,088	3%	16,450	3%	547,311	89%	615,119	71%
Other	121	-	110	-	107	-	19,032	-	19,371	2%
Total	59,491	7%	38,876	4%	30,220	3%	738,721	85%	867,307	100%
Water	8,009	7%	5,879	5%	4,705	4%	102,010	85%	120,603	14%
Electricity	23,427	19%	15,137	12%	10,304	8%	72,934	60%	121,801	14%
Property rates	11,879	4%	8,209	3%	6,775	3%	243,018	90%	269,880	31%
Other	16,176	5%	9,651	3%	8,437	2%	320,759	90%	355,023	41%
Total	59,491	7%	38,876	4%	30,220	3%	738,721	85%	867,307	100%

Total outstanding debtors increased R848 to R867 million of which R739 million or 85 per cent is owed for more than 90 days. "Other" debts are the highest owed at 41 per cent on the source of classification followed by property rates at 31 per cent. Both water and electricity services accounted for equal amount of R121 million or 14 per cent.

Rustenburg Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Rustenburg	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	2,438	4%	1,657	3%	916	2%	54,476	92%	59,487	3%
Business	127,839	46%	25,525	9%	11,434	4%	113,169	41%	277,968	15%
Households	65,279	5%	46,633	3%	31,448	2%	1,254,964	90%	1,398,324	77%
Other	11,730	16%	4,724	6%	3,567	5%	54,725	73%	74,745	4%
Total	207,287	11%	78,538	4%	47,365	3%	1,477,334	82%	1,810,524	100%
Water	27,207	5%	21,445	4%	14,943	3%	477,839	88%	541,434	30%
Electricity	141,156	45%	33,746	11%	14,304	5%	127,688	40%	316,895	18%
Property rates	15,248	9%	6,320	4%	3,456	2%	141,695	85%	166,718	9%
Other	23,676	3%	17,028	2%	14,661	2%	730,112	93%	785,477	43%
Total	207,287	11%	78,538	4%	47,365	3%	1,477,334	82%	1,810,524	100%

Rustenburg municipality is the most owed municipality in the district with outstanding debtors amounting to R1, x6 billion, of which R1, 4 billion or 84 per cent is owed for more than 90 days. Most of the outstanding debt is owed by households at R1, 3 billion or 79 per cent followed by businesses at R221 million or 13 per cent.

Kgetleng Rivier Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Kgetleng Rivier	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	75	2%	152	4%	131	4%	3,208	90%	3,566	4%
Business	1,011	13%	647	8%	304	4%	6,128	76%	8,090	10%
Households	497	1%	1,767	3%	1,586	3%	59,135	94%	62,985	77%
Other	-1,014	-15%	370	6%	268	4%	7,047	106%	6,671	8%
Total	569	0	2,936	0	2,289	0	75,518	0	81,312	100%
Water	142	1%	392	2%	448	2%	18,999	95%	19,982	25%
Electricity	2,261	15%	1,299	8%	699	5%	11,157	72%	15,415	19%
Property rates	-83	-2%	296	6%	266	5%	4,544	90%	5,023	6%
Other	-1,750	-4%	949	2%	876	2%	40,818	100%	40,892	50%
Total	569	1%	2,936	4%	2,289	3%	75,518	93%	81,312	100%

Total outstanding debtors for the quarter under review amounted to R81million, of which R76 million or 93 per cent is owed for more than 90 days. Unlike the previous quarter, the period under review recorded a decrease of R30 million in outstanding debtors when compared to the previous quarter. The municipality is therefore registering some progress in the implementation of debt collection and credit control measures.

Moses Kotane Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Moses Kotane	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	446	7%	212	3%	209	3%	5,562	87%	6,429	8%
Business	9,213	12%	4,570	6%	2,363	3%	57,924	78%	74,070	91%
Households	5,604	8%	5,235	7%	5,110	7%	55,759	78%	71,707	88%
Other	32	4%	33	4%	48	6%	708	86%	821	1%
Total	15,295	0	10,049	0	7,729	0	119,953	0	153,027	188%
Water	8,197	12%	6,905	10%	5,055	7%	50,050	71%	70,207	86%
Electricity	-	-	-	-	-	-	-	-	-	0%
Property rates	6,246	10%	2,312	4%	1,830	3%	52,021	83%	62,409	77%
Other	852	4%	832	4%	844	4%	17,882	88%	20,411	25%
Total	15,295	10%	10,049	7%	7,729	5%	119,953	78%	153,027	100%

Total outstanding debtors for the quarter under review amounted to R153 million, of which R120 million or 78 per cent is owed for more than 90 days. There was further increase of R13 million in outstanding debts when compared to the previous quarter. This increase is attributed to an increase in outstanding debt owed by households from R58 million to R71 million or 88 per cent.

Bojanala Platinum District Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Bojanala Dist Mun	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government		-		-		-	-	-	-	-
Business		-		-		-	-	-	-	-
Households		-		-		-	-	-	-	-
Other		-		-		-	8,414	100%	8,414	10%
Total	0	0	0	0	0	0	8,414	0	8,414	10%
Water		-		-		-	-	-	-	-
Electricity		-		-		-	-	-	-	-
Property rates		-		-		-	-	-	-	-
Other		-		-		-	8,414	100%	8,414	10%
Total	0	-	0	-	0	-	8,414	100%	8,414	100%

Total outstanding debtors amounted to R8 million and is owed for more than 90 days. This is a decrease of R12 million from the previous quarter.

3.1.1.6 CREDITORS

Table 2.1(f) below shows outstanding creditors per municipality and table 2.1(f)1 show outstanding creditors per type as at 30 June 2013.

Table 2.1(f) : Creditors Age Analysis as at 30 June 2013 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Moretele	37,722	36	3,327	3	2,488	2	60,952	58	104,488	60
Madibeng	12,066	30	381	1	0	0	27,506	69	39,953	23
Rustenburg	911	50	5	0	0	0	902	50	1,818	1
Kgetleng Rivier	5,111	39	3,111	24	621	5	4,161	32	13,003	7
Moses Kotane	8,144	65	0	0	0	0	4,308	35	12,451	7
Bojanala Platinum	-	-	-	-	-	-	2,747	100	2,747	2
Total	63,954	37	6,824	4	3,109	2	100,575	58	174,460	100

The total outstanding creditors to date for the whole district amounted to R174 million, of which R101 million or 58 per cent are outstanding for more than 90 days. There was an increase of R50 million on outstanding creditors when compared to the previous quarter.

Supporting Table 2.1(f)1: Outsantanding Creditors as at 30 June 2013

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	7,845	80	1,949	20	-	-	-	-	9,794	6
Bulk Water	5,505	6	3,327	3	2,488	2	88,457	89	99,777	57
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	49,195	88	1,374	-	254	0	5,210	9	56,032	32
Auditor-General	37,10100	3.33252	9	1	19	2	1,049	94	1,113	1
Other	1,372	18	165	2	348	-	5,859	-	7,744	4
Total	63,954	37	6,824	4	3,109	2	100,575	58	174,460	100

Bulk water constituted most of the debt owed by municipalities in the district at R100 million or 57 per cent followed by trade creditors at R56 million or 32 per cent. Bulk electricity is owed R10 million or 6 per cent of the total outstanding creditors.

Moretele Local Municipality

Outsantanding Creditors as at 30 June 2013

Moretele	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	3,327	-	2,488	-	60,952	91%	66,766	64%
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Retirement	-	-	-	-	-	-	-	-	-	-
Trade Creditors	37,722	100%	-	-	-	-	-	-	37,722	36%
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	37,722	36%	3,327	3%	2,488	2%	60,952	58%	104,488	100%

Total outstanding creditor's for the municipality amount to R104 million of which R61 million or 58 per cent is owed on bulk water purchases for more than 90 days. There municipality has entered into a payment agreement with Tshwane water to settle the outstanding debt over a period.

Madibeng Local Municipality

Outstanding Creditors as at 30 June 2013

Madibeng R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	4,561	100%	-	-	-	-	-	-	4,561	11%
Bulk Water	5,505	17%	-	-	-	-	27,506	83%	33,011	83%
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Retirement	-	-	-	-	-	-	-	-	-	-
Trade Creditors	2,001	84%	381	16%	-	-	-	-	2,382	6%
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	12,066	30%	381	1%	0	0%	27,506	69%	39,953	100%

Total outstanding creditors amounted to R40 million, of which R28 million or 69 per cent are creditors owed for more 90 days. Most of the outstanding creditors are owed on bulk water purchases as it was the case in the previous quarters, at R33 million or 83 per cent followed by bulk electricity purchases at R5 million or 11 per cent.

Rustenburg Local Municipality

Outstanding Creditors as at 30 June 2013

Rustenburg R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Retirement	-	-	-	-	-	-	-	-	-	-
Trade Creditors	911	50%	5	0%	-	0%	902	50%	1,818	100%
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	911	50%	5	0%	0	0%	902	50%	1,818	100%

Total outstanding creditors amounted to R2 million of which R902 thousand or 50 per cent is owed for more than 90 days. There was a decrease of R6 million on outstanding creditors when compared to the previous quarter.

Kgetleng Rivier Local Municipality

Outstanding Creditors as at 30 June 2013

Kgetleng Rivier R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	3,284	63%	1,949	37%	-	-	-	-	5,234	40%
Bulk Water	-	-	-	-	-	-	-	-	0	-
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Retirement	-	-	-	-	-	-	-	-	-	-
Trade Creditors	418	25%	988	60%	254	15%	-	0%	1,660	13%
Auditor-General	37	3%	9	1%	19	2%	1,049	0.94198	1,113	9%
Other	1,372	27%	165	3%	348	7%	3,112	0.62283	4,997	38%
Total	5,111	39%	3,111	24%	621	5%	4,161	32%	13,003	100%

Total outstanding creditors amounted to R13 million, of which R4 million or 32 per cent is owed for more than 90 days. There was a slight increase of R1 million in outstanding debtors when compared to the previous quarter. Most of the creditors outstanding are owed on bulk electricity at (R5 million or 40 per cent) and trade creditors at (R2 million or 13 per cent).

Moses Kotane Local Municipality

Outstanding Creditors as at 30 June 2013

Moses Kotane R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Retirement	-	-	-	-	-	-	-	-	-	-
Trade Creditors	8,144	65%	-	-	-	-	4,308	35%	12,451	96%
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	8,144	65%	0	0%	0	0%	4,308	35%	12,451	100%

Total amount of creditors outstanding amounted to R13 million, of which R4 million or 35 per cent are owed for more than 90 days. The outstanding creditors has increased by R9 million.

Bojanala District Municipality

Outstanding Creditors as at 30 June 2013

Bojanala DM R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Retirement	-	-	-	-	-	-	-	-	-	-
Trade Creditors	-	-	-	-	-	-	-	-	-	-
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	2,747	100%	2,747	21%
Total	0	0%	0	0%	0	0%	2,747	100%	2,747	100%

3.1.1.7 CASH FLOW

The way in which a municipality generates and manages its cash flows determines the extent to which it can provide the required level of services and meet its commitments. Table 2.1(g) below reflects the sources and application of cash by municipalities in the district over the period under review.

Table 2.1(g) : Cash Flow Position as at 30 June 2013 (R'000)

Municipality	Opening Balance	Receipts				Payments						Closing Balance
		Property Rates	Service Charges	Interest Earned Investments	Other Receipts	Employee Related Cost	Bulk Purchases	Contracted Services	Interest Paid	Repayment of Borrowing	Other	
Moretele	2,838	66	36	20	11,824	3,215	0	0	-	-	11,035	533
Madibeng	73,057	11,214	37,559	0	65,302	24,552	41,010	7,139	0	0	51,238	63,193
Rustenburg	1,062,801	15,959	135,718	0	18,901	40,471	1,731	20,024	993	-	176,354	993,807
Kgetleng Rivier	1,897	241	2,408	1	6,461	3,094	0	100	-	-	6,638	1,175
Moses Kotane	225,351	2,821	2,591	966	2,569	11,751	3,012	1,781	3,628.90	2	21,328	190,434
Bojanala Platinum District	31,444	-	-	118	14,508	10,708	0	12,436	-	-	9,215	13,712
Total	1,397,387	30,301	178,311	1,105	119,565	93,791	45,752	41,480	4,622	2,363	275,808	1,262,854

Source : IYM Summary Reports Received from the Municipalities

According to the cash flow statements submitted, all municipalities in the Bojanala Platinum district opened and closed their books with positive balances. Most receipts were received from service charges at R178 million followed by "Other" at R120 million. Property rates and interest earned on investments accounted for R30 million and R1 million of total receipts. "Other" payment, followed by employee related costs and bulk purchases (water&electricity) constituted most payments at R276 million, R94 million and R46 million respectively.

3.2 NGAKA MODIRI MOLEMA DISTRICT

3.2.1 BUDGETS

3.2.1.1 OPERATING REVENUE

Table 2.2(a) shows actual revenue collected as at 30 June 2013 by the municipalities in the Ngaka Modiri Molema District against the budgeted revenue.

Table 2.2(a) : Operating Revenue as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Collected	Detail			
								Property Rates	Service Charges	Grants	Other
Ratlou	75,858	87,958	34,773	19,576	17,542	71,891	82	-	-	17,118	424
Tswaing	132,612	132,612	42,822	13,545	41,464	97,831	74	2,413	9,507	28,741	803
Mafikeng	480,398	480,398	164,522	68,001	118,981	351,504	73	25,865	28,428	53,462	11,226
Ditsobotla	334,286	334,286	90,641	57,305	14,721	162,667	49	1,815	12,259	-	647
Ramotshere Moiloa	218,269	218,269	59,159	9,428	52,477	121,064	55	4,391	11,783	33,056	3,247
Ngaka Modiri Molema District	437,670	437,670	173,197	115,694	2,462	291,353	67	-	628	1,365	469
Total	1,679,093	1,691,193	565,114	283,548	247,647	1,096,309	65	34,484	62,605	133,742	16,816

Total revenue generated by municipalities in the district amounted to R1 billion million or 65 per cent against the budgeted revenue of R1, 6 billion. Most revenue was received from grants at R133, 7 million, followed by service charges at R62, 6 million. Property rates revenue accounted for R34million, whereas “Other” revenue accounted for only R16, 8 million of total revenue generated.

Ratlou Local Municipality

Total revenue generated by the municipality to date amounted to R71, 8 million or 82 per cent against the adjusted budget amount of R87, 9 million. Revenue generated during the quarter under review amounted to R17, 5 million and most of the revenue was received from grants at R17 million, followed by revenue generated on ‘other’ services at R424 thousand. The municipal collection is within the acceptable norm of 75 per cent during the quarter under review.

Tswaing Local Municipality

Total revenue generated by the municipality to date amounted to R97, 8 million or 74 per cent against the total budget of R132, 6 million. During the quarter under review, revenue generated amounted to R41 million and most of the revenue was received from grants at R28,

7 million, followed by revenue generated on service charges at R9, 5 million, whereas property rates and 'Other' revenue accounted for R2 million and R803 thousand of total revenue generated respectively.

Mafikeng Local Municipality

Total revenue generated by the municipality to date amounted to R351, 5 million or 73 per cent against the budgeted amount of R480 million. Revenue generated during the quarter under review amounted to R118, 9 million and most of the revenue was generated from grants at R53 million, followed by service charges at R28 million. Property rates and 'Other' revenue accounted for R25, 8 million and R11 million of total revenue.

Ditsobotla Local Municipality

Total revenue generated by the municipality to date amounted to R162million or 49per cent against the budgeted amount of R334 million. Revenue generated during the quarter under review amounted to R14, 7 million and most of the revenue was generated on service charges and property rates at R12 million and R1, 8 million respectively. 'Other' revenue accounted for only R647 thousand of total revenue generated for the quarter.

Ramotshere Moiloa Local Municipality

Total revenue generated by the municipality to date amounted to R121 million or 55 per cent against the budgeted amount of R218 million. For the quarter under review generated revenue amounted to R52 million and most of the revenue was received from grants and service charges at R33 million and R11 million respectively, whereas property rates and 'Other' revenue amounted to R4 million and R3 million respectively.

Ngaka Modiri Molema District

Total revenue received by the municipality to date amounted to R291 million or 67 per cent against the budgeted amount of R437, 6 million. Revenue raised in the 3rd quarter amounted to only R2 million and mainly from grants.

3.2.1.2 OPERATING EXPENDITURE

Table 2.2(b) below shows the total expenditure incurred by the municipalities in district as at 30 June 2013.

Table 2.2(b) : Operating Expenditure as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Spent	Detail			
								Employee Related Costs	Contracted Services	Bulk Purchases	Other
Ratlou	68,887	71,152	16,902	24,420	15,760	57,082	80	9,324	1,105	-	5,331
Tswaing	129,958	129,958	46,396	30,380	21,857	98,633	76	10,193	-	3,393	8,271
Mafikeng	480,961	480,961	67,883	134,744	67,518	270,145	56	16,305	1,772	-1,267	50,708
Ditsobotla	334,286	334,286	56,531	49,474	14,518	120,523	36	7,869	264	-	6,385
Ramotshere Moiloa	219,368	219,368	43,443	20,933	32,866	97,242	44	18,656	1,750	5,480	6,980
Ngaka Modiri Molema D	356,705	356,705	91,988	108,876	56,853	257,717	72	29,786	2	4,316	22,749
Total	1,590,165	1,592,430	323,143	368,828	209,372	901,343	57	92,133	4,893	11,922	100,424

The total expenditure incurred by the municipalities in the district amounted to R901 million or 57 per cent of the total expenditure budget of R1, 5billion. During the quarter under review most of the expenditure was incurred on 'other' at R100 million, followed by employee related cost at R92 million. Bulk purchases and contracted services accounted for R11, 9 million and R4, 8 million of total expenditure incurred.

Ratlou Local Municipality

Total expenditure incurred by the municipality to date amounted to R57 million or 80 per cent against adjusted budget expenditure R71 million. Expenditure incurred during the quarter under review amounted to R15, 7 million and was most incurred on employee related cost at R9 million, followed by expenditure incurred on "Other" and contracted services at R5 million and R1 million respectively.

Tswaing Local Municipality

Total expenditure incurred by the municipality to date amounted to R98, 6 million or 76 per cent against the total budgeted expenditure of R129, 8 million. During the quarter under review expenditure incurred amounted to R21, 8 million and was mostly incurred on employee related cost at R10 million, followed by spending on 'Other' at R8 million and bulk purchases R3 million.

Mafikeng Local Municipality

Total spending incurred by the municipality to date amounted to R270 million or 56 per cent, against the total budgeted expenditure of R480, 9 million. For the quarter under review spending amounted to R67, 5 million and most of the spending was incurred on 'Other' expenditure at R50, 7 million, followed by employee related cost at R16 million.

Ditsobotla Local Municipality

Total spending incurred by the municipality to date amounted to R120, 5 million or 36 per cent against total budgeted expenditure of R334 million. For quarter under review spending amounted to R14, 5 million and most of the expenditure was incurred on employee related cost at R7, 8 million, whereas 'Other' expenditure and contracted services accounted for R6 million and R264 thousand of total expenditure incurred. The low spending level is attributed to lack of reporting caused by the challenges experienced with the financial system.

Ramotshere Moiloa Local Municipality

Total spending incurred by the municipality to date amounted to R97 million or 44 per cent against total budgeted expenditure of R219 million. During the 3rd quarter expenditure amounted to R32, 8 million and was incurred mostly on employee related cost at R18, 6 million, followed by 'Other' at R6, 9 million. Spending on bulk purchases and contracted services amounted to R5 million and R1, 7 million respectively.

Ngaka Modiri Molema District

Total spending incurred by the district municipality to date amounted to R257, 7 million or 72 per cent of total budgeted expenditure of R356, 7 million. For the quarter under review expenditure amounted to R56, 8 million and most spending was incurred on employee related cost at R29, 7 million, followed by expenditure on 'Other' at R22, 7 million. Bulk purchases accounted for R4 million of total spending.

3.2.1.3 CAPITAL EXPENDITURE

Table 2.2(c) shows capital spending by municipalities in the district as at 30 June 2013.

Table 2.2(c) : Capital Expenditure as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Spent	Detail				
								Water	Electricity	Housing	Roads & Pavement	Other
Ratlou	28,894	48,729	5,181	6,693	6,052	17,926	37	-	-	-	-	6,052
Tswaing	53,536	53,536	4,338	4,070	7,973	16,381	31	-	1,651	-	-	6,322
Mafikeng	48,473	48,473	0	3,549	6,413	9,962	21	-	-	-	6,413	-
Ditsobotla	75,694	75,694	3,737	5,095	-	8,832	12	-	-	-	-	-
Ramotshere Moiloa	139,181	139,181	18,208	257	-	18,465	13	-	-	-	-	-
Ngaka Modiri Molema Dis	384,149	384,149	79,186	133,562	17,667	230,415	60	-	340	-	-	17,327
Total	729,927	749,762	110,650	153,227	38,105	301,982	40	0	1,991	-	6,413	29,701

Total spending incurred by municipalities in the district amounted to R301 million or 40 per cent of the total adjusted capital budget of R749, 7 million. The average district spending is very low when compared to the 75 per cent spending that was expected for the quarter under review. Most spending was incurred on “Other” expenditure at R29, 7 million, followed by spending on roads projects and electricity at R6 million and R1, 9 million respectively.

Ratlou Local Municipality

Total spending incurred by the municipality to date amounted to R17, 9 million or 37 per cent, against the adjusted budgeted capital expenditure of R48, 7 million. For the quarter under review expenditure amounted to R6 million and was all incurred on “Other” expenditure. The under spending can be attributed to delays in SCM processes and the municipality has indicated that this will be addressed.

Tswaing Local Municipality

Total spending incurred by the municipality to date amounted to R16 million or 31 per cent against the budgeted capital expenditure of R53, 5 million. For the quarter under review, capital spending amounted R7, 9 million and was expended on ‘other’ and electricity at R6 million and R1, 6 million respectively.

Mafikeng Local Municipality

The municipality did not report any spending during the first quarter and total spending total amounted to R9. 9 million or 21 per cent against the budget capital expenditure of R48, 4 million. For the quarter under review spending amounted to R6 million and was all incurred on roads and pavement.

Ditsobotla Local Municipality

Total spending incurred by the municipality to date amounted to R8, 8 million or 12 per cent as was the case in the previous quarter, i.e. there was no movement in spending due to failure by the municipality to submit the required return.

Ramotshere Moiloa Local Municipality

Total spending incurred by the municipality to date amounted to R18, 4 million or 13 per cent, against the budgeted capital expenditure of R139 million. The municipality did not submit the required return also and has cited problems with financial system as a reason for non compliance.

Ngaka Modiri Molema District

Total spending incurred by the municipality to date amounted to R230 million or 60 per cent, against the budgeted capital expenditure of R384 million. For the quarter under review spending amounted to R17, 6 million and most spending was incurred on "Other" at R17, 3 million, followed by spending on electricity at R340 thousand.

3.2.1.4 CAPITAL FUNDING

Table 2.1(d) below provides details about the sources of capital funding as at 30 June 2013.

Table 2.2(d) : Capital Funding as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Spent	Detail			
								External Loans	Internal contributions	Grants	Other
Ratlou	28,894	48,729	5,181	6,693	6,052	17,926	37	-	-	3,892	2,160
Tswaing	53,536	53,536	4,338	4,070	7,973	16,381	31	-	-	7,973	-
Mafikeng	48,473	48,473	-	3,549	6,413	9,962	21	-	-	6,413	-
Ditsobotla	75,694	75,694	3,737	5,095	-	8,832	12	-	-	-	-
Ramotshere Moiloa	139,181	139,181	18,208	257	-	18,465	13	-	-	-	-
Ngaka Modiri Molema Dist	384,149	384,149	79,186	133,562	17,667	230,415	60	-	4,166	13,298	203
Total	729,927	749,762	110,650	153,227	38,105	301,982	40	-	4,166	31,576	2,363

The total capital funding for the district amounted to R301, 9 million or 40 per cent of the total adjusted capital budget of R749, 7 million. For the quarter under review most funding was received from grants at R31, 5 million, whereas internally generated funds and 'other' funding like external loans accounted for R4 million and R2 million respectively.

3.2.1.5 DEBTORS

Table 2.2(e) below shows outstanding debtors within Ngaka Modiri Molema district as at 30 June 2013 while table 2.1(e) (1) show debtors per customer type.

Table 2.2 (e): Debtor Age Analysis as at 30 June 2013 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61- 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Ratlou	10	0.141	45	1	45	1	6,949	99	7,049	1
Tswaing	-	-	-	-	-	-	-	-	-	-
Mafikeng	19,611	3	16,010	3	13,891	2	535,950	92	585,462	72
Ditsobotla	24,023	11	30,573	14	40,319	18	130,583	58	225,497	28
Ramotshere Moiloa	-	-	-	-	-	-	-	-	-	-
Ngaka Modiri Molema Dist	-	-	-	-	-	-	-	-	-	-
Total: Ngaka District	43,644	5	46,627	6	54,254	7	673,482	82	818,008	100

Source : IYM Summary Reports Received from the Municipalities

Total debtors outstanding in the Ngaka Modiri Molema district amounted to R818million, of which R673 million or 82 per cent is owed for more than 90 days. Mafikeng is the most owed municipality in the district, followed by Ditsobotla local municipality, with outstanding debtors amounting to R585 million or 72 per cent and R225 million or 28 per cent respectively.

The outstanding debt has decreased by R300 million compared to the previous quarter due to non submission of returns by Tswaing and Ramotshere Moiloa with outstanding debts (of the previous quarter) of R187 million and R117 million respectively.

Supporting table 2.2(e)2: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Ngaka Modiri Molema	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	5,793	3%	5,202	2%	4,581	2%	195,971	93%	211,546	26%
Business	6,994	8%	4,164	5%	4,195	5%	69,693	82%	85,045	10%
Households	30,333	6%	36,969	7%	45,187	9%	394,534	78%	507,024	62%
Other	524	4%	292	2%	292	2%	13,284	92%	14,393	2%
Total	43,644	5%	46,627	6%	54,254	7%	673,482	82%	818,008	100%
Water	17,493	7%	26,664	11%	32,118	13%	172,994	69%	249,269	30%
Electricity	11,044	15%	7,572	10%	10,603	14%	45,393	61%	74,613	9%
Property rates	6,433	3%	4,791	2%	4,425	2%	194,115	93%	209,764	26%
Other	8,674	3%	7,600	3%	7,108	2%	260,980	92%	284,362	35%
Total	43,644	5%	46,627	6%	54,254	7%	673,482	82%	818,008	100%

Most of the outstanding debt is owed by households at R507 million or 62 per cent, followed by Government at R211 million or 26, whereas businesses and “other” accounted for R85 million or 10 per cent and R14million or 2 per cent respectively.

Ratlou Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Ratlou	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	7	4%	7	4%	7	4%	151	88%	172	2%
Business	(0)	0%	34	1%	34	1%	6,310	99%	6,378	90%
Households	-	-	-	-	-	-	-	-	-	-
Other	3	1%	3	1%	3	1%	488	98%	498	7%
Total	10	0%	45	1%	45	1%	6,949	99%	7,049	100%
Water	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Property rates	(35)	-1%	-	-	-	0%	5,931	101%	5,897	84%
Other	44	4%	45	4%	45	4%	1,018	88%	1,152	16%
Total	10	-	45	1%	45	1%	6,949	99%	7,049	100%

Total outstanding debtors amounted to R7 million, of which R6,9 million is owed for more than 90 days. Property rates constitute 84 per cent of the outstanding debt and 90 per cent thereof is owed by business.

Mafikeng Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Mafikeng	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	5,786	3%	5,195	2%	4,573	2%	195,819	93%	211,374	36%
Business	5,825	8%	3,530	5%	2,720	4%	63,026	84%	75,101	13%
Households	7,480	3%	6,996	2%	6,309	2%	264,308	93%	285,093	49%
Other	521	4%	289	2%	288	2%	12,796	92%	13,894	2%
Total	19,611	3%	16,010	3%	13,891	2%	535,950	92%	585,462	100%
Water	6,580	5%	5,505	4%	4,082	3%	118,775	88%	134,942	23%
Electricity	-	-	-	-	-	-	-	-	-	-
Property rates	6,451	3%	4,762	2%	4,384	2%	177,795	92%	193,393	33%
Other	6,580	3%	5,742	2%	5,425	2%	239,380	93%	257,127	44%
Total	19,611	3%	16,010	3%	13,891	2%	535,950	92%	585,462	100%

The total outstanding debtors amounted to R585 million of which R535 million or 92 per cent is owed for more than 90 days. As noted in the previous quarter, the debtors' book of the municipality has once again increased by an amount of R15 million in outstanding debtors when compared to the previous quarter. No improvement has been registered by the municipality regarding collection of revenue owed to it.

Ditsobotla Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Ditsobotla	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	-	-	-	-	-	-	-	-	-	0%
Business	1,169	33%	599	17%	1,441	40%	357	10%	3,566	2%
Households	22,854	10%	29,973	14%	38,878	18%	130,226	59%	221,931	98%
Other	-	-	-	-	-	-	-	-	-	0%
Total	24,023	11%	30,573	14%	40,319	18%	130,583	58%	225,497	100%
Water	10,912	10%	21,159	19%	28,036	25%	54,220	47%	114,327	51%
Electricity	11,044	15%	7,572	10%	10,603	14%	45,393	61%	74,613	33%
Property rates	16	-	29	-	41	-	10,388	99%	10,474	5%
Other	2,050	8%	1,813	7%	1,639	6%	20,582	79%	26,084	12%
Total	24,023	11%	30,573	14%	40,319	18%	130,583	58%	225,497	100%

Total outstanding debtors amounted to R225 million, of which R130, 5 million or 58 per cent is owed for more than 90 days. Most debtors are owed by households at R221 or 98; this is due to the municipal inability to bill consumer debtors during the period when it migrated to a new financial system. The challenge with the financial system is not resolved yet since the return for the month twelve is a replica of the ninth month return.

3.2.1.6 CREDITORS

Table 2.2(f) below shows outstanding creditors per municipality and table 2.1(f) 1 show outstanding creditors per type.

Table2.2 (f) : Creditors Age Analysis as at 30 June 2013 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Ratlou	402	64	72	11	49	-8	201	32	626	0
Tswaing	-	-	-	-	-	-	-	-	-	-
Mafikeng	11,960	16	5,146	7	5,570	8	51,283	69	73,958	33
Ditsobotla	8,327	100	-	-	-	-	-	-	8,327	4
Ramotshere	1527	41	60	2	120	3	2022	54	3730	2
Ngaka Modiri Molema	136,077	98	19,003	14	3,391	2	(19,645)	(0.14)	138,826	62
Total	158,293	70	24,281	11	9,032	4	33,861	15	225,467	100

The total outstanding creditors for the district amounted to R225 million; of which R34 million or 15 per cent is outstanding for more than 90 days. An increase of R57 million from the previous quarter is an indication that most municipalities are battling to make payments as and when due. Tswaing reported outstanding creditors amounting to R37 million in the previous quarter but failed to make submission for the period under review.

Supporting table 2.2(f)2: Outsantanding Creditors as at 30 June 2013

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	6,803	100	-	-	-	-	-	-	6,803	3
Bulk Water	5,613	8	5	-	5,104	-	50,616	-	66,122	29
PAYE Deductions	3,654	100	-	-	-	-	-	-	3,654	2
VAT(Output less Input)	-21,906	100	-	-	-	-	-	-	-21,906	-10
Pension/Retirement	1,997	100	-	-	-	-	-	-	1,997	1
Loans Repayments	19,956	100	-	-	-	-	-	-	19,956	-
Trade Creditors	81,826	96	417	0	584	1	2,686	3	85,513	38
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	60,350	95	19,075	22	3,344	4	-19,441	-31	63,329	28
Total	158,293	70%	24,281	11%	9,032	4%	33,861	15%	225,467	100%

Most of the outstanding creditors are owed on trade creditors at R86 million or 38 per cent, followed by bulk water at R66 million or 29 per cent.

Ratlou Local Municipality

Outsantanding Creditors as at 30 June 2013

Ratlou	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Retirement	-	-	-	-	-	-	-	-	-	-
Trade Creditors	236	103%	0	0%	(2)	-1%	-4	-2%	229	37%
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	166	42%	72	31%	(47)	-12%	205	52%	396	63%
Total	402	64%	72	11%	-49	-8%	201	32%	626	100%

The total outstanding creditors amount to R626 thousand and a third thereof is for over 90 days. Disclosure of negative figures is a concern which will be addressed in a training planned for the near future.

Mafikeng Local Municipality

Outsantanding Creditors as at 30 June 2013

Mafikeng	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	5,613	8%	4,789	7%	5,104	8%	50,616	77%	66,122	89%
PAYE Deductions	1,895	100%	-	-	-	-	-	-	1,895	-
VAT(Output less Input)	186	100%	-	-	-	-	-	-	186	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	4,266	74%	357	6%	466	8%	667	12%	5,756	8%
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	11,960	16%	5,146	7%	5,570	8%	51,283	69%	73,958	100%

Total outstanding creditors amounted to R74 million, of which R51 million or 69 per cent is owed for more than 90 days. A huge amount of outstanding creditors are owed on bulk water services at R66 million or 89 per cent. There were disputes with Botshelo Water in terms of the charges levied by Botshelo Water; the municipality has since entered into a payment agreement to settle the debt over a period.

Ditsobotla Local Municipality

Outstanding Creditors as at 30 June 2013

Ditsobotla R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	6,803	100%	-	-	-	-	-	-	6,803	82%
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	1,524	100%	-	-	-	-	-	-	1,524	18%
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	8,327	100%	0	0%	0	0%	0	0%	8,327	100%

Total outstanding creditors decreased from R15 million to R8million and are all current. The credibility of the data is questionable since the municipality is currently under tremendous financial distress. The discrepancy could be attributed to the challenges experienced with the financial system.

Ngaka Modiri Molema Local Municipality

The municipality did not have any outstanding creditors during the quarter under review.

3.2.1.7 CASH FLOW

The way in which a municipality generates and manages its cash flows determines the extent to which it can provide the required level of services and meet its commitments. Table 2.2(g) below reflects the sources and application of cash by municipalities in the district over the period under review.

Table 2.2(g) : Cash Flow Position as at 30 June 2013 (R'000)

Municipality	Opening Balance	Receipts				Payments						Closing Balance
		Property Rates	Service Charges	Interest Earned Investments	Other Receipts	Employee Related Cost	Bulk Purchases	Contracted Services	Interest Paid	Repayment of Borrowing	Other	
Ratlou	1,841	-	-	-	28,742	3,169	0	232	-	-	9,633	17,549
Tswaing	-	-	-	-	-	0	0	-	-	-	0	0
Mafikeng	159,347	6,730	12,233	193	-11,990	15,627	0	1,264	70	215	10,685	138,652
Ditsobotla	-	-	-	-	-	0	0	0	-	-	0	0
Ramotshere Moiloa	-	-	-	-	-	0	0	0	-	-	0	0
Ngaka Modiri Molema Dist	-27	-	-	-	69,478	15,607	-	3,059	-	-	50,859	-74
Total	161,161	6,730	12,233	193	86,230	34,403	0	4,555	70	215	71,177	156,127

Source : IYM Summary Reports Received from the Municipalities

All municipalities in the district submitted their cash flow statement with exception of Tswaing, Ditsobotla and Ramotshere Moiloa. It is noted that the latter two also failed to make submission in the previous quarter. Both municipalities have cited challenges with financial systems as a reason for non submission.

Most receipts for the whole district were realized on "Other" at R86million, followed by property rates at R7 million. The table indicates that municipalities are not collecting enough on their revenue owed to them especially on basic services thus resulting in payments exceeding receipts. Most payments were on "other" (other material. capital payment) at R71 million followed by Employee related costs at R34 million of total payment.

3.3. DR. RUTH MOMPATI DISTRICT

3.3.1 BUDGETS

3.3.1.1 OPERATING REVENUE

Table 2.3(a) shows actual revenue collected as at 30 June 2013 by municipalities in the Dr Ruth Mompoti District against the budgeted revenue.

Table 2.3(a) : Operating Revenue at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Collected	Detail			
								Property Rates	Service Charges	Grants	Other
Naledi	215,050	246,860	84,093	59,007	27,040	170,140	69	585	21,868	3,282	1,305
Mamusa	125,522	125,522	36,830	29,514	21,204	87,548	70	878	4,841	13,308	2,177
Greater Taung	129,618	129,618	36,926	11,467	26,711	75,104	58	7	1,507	24,310	887
Molopo/Kagisano	119,231	119,231	35,610	23,879	17,405	76,894	64	364	-	16,883	158
Lekwa-Teemane	201,858	201,858	43,449	39,801	46,645	129,895	64	4,809	21,414	15,075	5,347
Dr. Ruth Mompoti District	611,675	611,675	99,897	106,771	781	207,449	34	-	-	-	781
Total	1,402,954	1,434,764	336,805	270,439	139,786	747,030	52	6,643	49,630	72,858	10,655

Total operating revenue generated by municipalities in the district amounted to R747 million or 52 per cent, against the budgeted revenue of R1, 4 billion. Most of the revenue was received from grants at R72, 8 million, followed by revenue generated on service charges at R49, 6 million. “Other” revenue and property rates accounted for R10, 6 million and R6, 6 million of total revenue generated.

Naledi Local Municipality

Total revenue generated by the municipality to date amounted to R170 million or 69 per cent against the adjusted budgeted revenue of R246, 8 million. Revenue generated during the quarter under review amounted to R27 million and was mostly generated on service charges at R21, 8 million, followed by revenue received from grants at R3 million. Property rates and “Other” revenue accounted for R585 thousand and R1 million of total generated revenue.

Mamusa Local Municipality

Total revenue generated by the municipality to date amounted to R87, 5 million or 70 per cent against the budgeted revenue of R125, 5 million. Revenue generated during the 3rd quarter amounted to R21 million and was mostly received from grants at R13, 3 million, followed by revenue generated on service charges at R4, 8 million. Property rates and “Other” revenue accounted for R878 thousand and R2 million of total revenue generated.

Greater Taung Local Municipality

Total revenue generated by the municipality to date amounted to R75 million or 58 per cent against the budgeted amount of R129, 6 million. Revenue generated during the quarter under review amounted to R26, 7 million and most revenue received was from grants at R24million, followed by revenue generated on service charges at R1, 5 million, whereas 'other' revenue and property rates accounted for R887 thousand and R7 thousand respectively of total revenue generated.

Molopo/Kagisano Local Municipality

Revenue generated by the municipality to date amounted to 76, 8 million or 64 per cent, against budgeted amount of R119 million. Revenue generated during the quarter under review amounted to R17 million and most revenue was received from grants at R16, 8 million, whereas property rates and 'other revenue constituted only R364 thousand and R158 thousand respectively.

Lekwa-Teemane Local Municipality

Revenue generated by the municipality to date amounted to R129, 8 million or 64 per cent against the budgeted amount of R201, 8 million. Revenue generated during the quarter under review amounted to R46, 6 million and most of the revenue generated was on service charges at R21 million, followed by revenue received from grants at R15 million. Revenue generated from 'Other' and property rates account for R5 million and R4, 8 million of the total revenue respectively.

Dr Ruth Mompati Local Municipality

Total revenue received by the district municipality to date amounted to R207 million or 34 per cent against the budgeted amount of R611, 6 million. Revenue generated during the quarter under review was on 'other' at R781 thousand.

3.3.1.2 OPERATING EXPENDITURE

Table 2.3(b) below shows the total expenditure incurred by the municipalities in district as at 30 June 2013.

Table 2.3(b) : Operating Expenditure as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Spent	Detail			
								Employee Related Costs	Contracted Services	Bulk Purchases	Other
Naledi	226,348	323,275	52,711	59,087	52,994	164,792	51	16,326	2,946	9,494	24,228
Mamusa	109,621	109,621	25,361	55,014	37,756	118,131	108	2,752	1,483	19,905	13,616
Greater Taung	118,123	118,123	21,628	24,541	23,797	69,966	59	14,258	4,350	535	4,654
Molopo/Kagisano	66,450	66,450	14,200	17,074	18,094	49,368	74	6,656	-	-	11,438
Lekwa-Teemane	198,155	198,155	33,042	40,520	31,568	105,130	53	13,772	935	9,677	7,184
Dr. Ruth Mompati District	153,083	153,083	41,946	90,336	30,196	162,478	106	11,108	80	9,090	9,918
Total	871,780	968,707	188,888	286,573	194,405	669,866	69	64,872	9,794	48,701	71,038

The total expenditure incurred by the municipalities in the district amounted to R669, 9 million or 69 per cent of the total adjusted operating expenditure budget of R968, 7 million. 'Other' expenditure constituted most expenditure at R71 million, followed by employee related expenditure at R64, 8 million, whereas bulk purchases and contracted services accounted for R48, 7 million and R9, 7million of total operating expenditure respectively.

Naledi Local Municipality

Total operating expenditure incurred to date amounted to R164, 7 million or 51 per cent, against operating adjusted budget of R323 million. Spending for the quarter under review amounted to R52, 9 million and most spending was incurred on 'other' at R24 million, followed by employee related costs at R16 million. Bulk purchases and contracted services constituted R9 million and R2, 9 million of total spending.

Mamusa Local Municipality

Total operating expenditure incurred to date amounted to R118 million or 108 per cent, against operating budget of R109, 6 million. For the quarter under review operating expenditure amounted to R37, 7 million and most of spending was incurred on bulk purchases at R19, 9 million followed by spending on 'other' at R13, 6 million. Employee related costs and contracted service constituted R2, 7 million and R1, 4 million of total expenditure.

Greater Taung Local Municipality

Total operating expenditure to date amounted to R69, 9 million or 59 per cent of total operating expenditure budget of R118 million. For the quarter under review, expenditure amounted to R23, 7 million and most spending was incurred on employee related costs at R14 million, followed by expenditure on 'Other' at R4, 6 million. Contracted services and bulk purchases accounted for R4million and R535 thousand of total spending respectively.

Molopo/Kagisano Local Municipality

Total operating expenditure to date amounted to R49 million or 74 per cent, against the budgeted expenditure of R66 million. For the quarter under review, expenditure incurred amounted to R18 million and was incurred on "Other" expenditure at R11 million and employee related cost at R6, 6 million.

Lekwa-Teemane Local Municipality

Total operating expenditure to date amounted to R105 million or 53 per cent, against the budgeted expenditure of R198 million. During quarter under review expenditure amounted to R31, 5 million and most spending was incurred on employee related costs at R13, 7 million, followed by bulk purchases at R9, 6 million, whereas 'other' expenditure and contracted services accounted for R7 million and R935 thousand of total expenditure.

Dr Ruth Mompati District Municipality

Total operating expenditure to date amounted to R162 million or 106 per cent, against the budgeted expenditure of R153 million. During the quarter under review expenditure amounted to R30 million and most expenditure was incurred on employee related cost at R11 million, followed by expenditure on 'Other' at R9, 9 million. Bulk purchases and contracted services accounted for R9 million and R80 thousand of total expenditure respectively. The municipality needs to pass an adjustment budget to cater for the over expenditure on the budgeted amount, failing which this will result in unauthorized expenditure.

3.3.1.3 CAPITAL EXPENDITURE

Table 2.3(c) below shows capital spending by municipalities in the district as at 30 June 2013.

Table 2.3(c) : Capital Expenditure as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Spent	Detail				
								Water	Electricity	Housing	Roads & Pavement	Other
Naledi	31,288	31,288	1,854	1,997	5,142	8,993	29	339	190	-	2,966	1,647
Mamusa	15,901	15,901	-	-	-	-	-	-	-	-	-	-
Greater Taung	61,840	61,840	1,007	773	597	2,377	4	-	571	-	-	26
Molopo-Kagisano	48,281	48,281	8,739	2,189	10,244	21,172	44	-	-	-	-	10,244
Lekwa-Teemane	15,537	15,537	1,931	4,954	5,816	12,701	82	76	3,951	-	24	1,765
Dr. Ruth Mompoti District	370,916	370,916	71,399	102,975	10,006	184,380	50	9,872	-	-	-	134
Total	543,763	543,763	84,930	112,888	31,805	229,623	42	10,287	4,712	-	2,990	13,816

Total spending incurred by municipalities in the district to date amounted to R229, 6 million or 42 per cent of the total capital budget amounting to R543, 7 million. The average district spending is way below the 75 per cent spending that was expected for the period under review.

Total spending during the quarter under review amounted to R31, 8 million and most spending was incurred on 'other' at 13, 8 million, followed by water infrastructure at R10 million, whereas spending on electricity and Roads and Pavements accounted for R4, 7 million and R2, 9 million of total spending.

Naledi Local Municipality

Total spending incurred by the municipality to date amounted to only R8, 9 million or 29 percent, against capital budget of R31 million. During the quarter under review spending amounted to only R 5 million and most of spending was on roads and pavements at R2, 9 million, followed by spending on 'other' R1, 6 million. Water and electricity accounted for only R339 thousand and R190 thousand of the spending. The late appointment of key personnel contributed to the low spending, although the situation is expected to improve with the newly appointed PMU manager.

Mamusa Local Municipality

The municipality was experiencing challenges with its financial system and as a result could not submit capital acquisition returns, however the municipality has indicated that the problem will be addressed on a specified period and will then submit the required section 71 returns. The municipality is currently being engaged and assisted to correct the situation.

Greater Taung Local Municipality

Total spending incurred by the municipality to date amounted to only R2, 3 million or only 4 per cent, against the budgeted capital expenditure of R61, 8 million. This is way below the expected 75 per cent spending during the quarter under review. Lack of proper planning, late appointment of contractors and late appointment of key personnel contributed to the low spending. The municipality has since been engaged on the matter and has resolved to rectify it going forward.

Molopo/Kagisano Local Municipality

Total spending incurred by the municipality to date amounted to R21 million or 44 per cent, against the budgeted capital expenditure of R48 million. During the quarter under review expenditure amounted to only R10, 2 million and was all incurred on “Other”. Lack of planning and lack of capacity within the municipality contributed to the low spending. In some instances names of projects were incorrectly registered, for example Thusong Hall instead of Thusong Centre and this caused further delays.

Lekwa-Teemane local municipality

Total spending incurred by the municipality to date amounted to R12, 7 million or 82 per cent, against the budgeted expenditure of R15, 5 million. During the quarter under review expenditure amounted to R5, 8 million and was mostly incurred on electricity infrastructure at R3, 9 million, whereas ‘other’ expenditure and expenditure on water accounted for R1, 7 million and R76 thousand of total expenditure.

Dr Ruth Mompati Municipality

Total spending incurred by the municipality to date amounted to R184 million or 50 per cent of the total budgeted capital expenditure of R370, 9 million. During the quarter under review expenditure amounted to R10 million and was incurred on water infrastructure and “Other” at R9, 8 million and R134 thousand respectively.

3.3.1.4 CAPITAL FUNDING

Table 2.3(d) below provides details about the sources of capital funding for the second quarter ending 30 June 2013.

Table 2.3(d) : Capital Funding as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Spent	Detail			
								External Loans	Internal contributions	Grants	Other
Naledi	31,288	31,228	1,854	1,997	5,142	8,993	29	-	1,679	3,462	-
Mamusa	15,901	15,901	-	-	-	-	-	-	-	-	-
Greater Taung	61,840	61,840	1,005	773	597	2,375	4	-	-	-	597
Molopo/Kagisano	48,281	48,281	8,739	2,189	10,244	21,172	44	-	7,864	1,695	685
Lekwa-Teemane	15,537	15,537	2,215	6,839	6,931	15,985	103	-	2,862	4,069	-
Dr. Ruth Mompoti District	370,916	370,916	71,399	102,975	10,006	184,380	50	-	-	1,006	-
Total	543,763	543,703	85,212	114,772	32,920	232,904	43	-	12,405	10,232	1,282

At the end of the quarter the total capital funding for the district amounted to R232, 9 million or 43per cent of the total capital budget of R543, 7 million. For the quarter most funding was from internally generated funds at R12 million, followed by grants at R10 million, whereas 'other' funding amounted to R1 million.

3.3.1.5 DEBTORS

Table 2.3(e) below shows total amount of debtors in the Dr. Ruth Mompoti District and table 2.3(e) 3 shows outstanding debtors by customer group.

Table 2.3(e) : Debtor Age Analysis as at 30 June 2013 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61- 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Naledi	16,442	8	9,322	5	6,571	3	169,252	84	201,588	33
Mamusa	4,901	4	3,976	3	3,450	3	112,963	90	125,290	20
Greater Taung	539	2	564	2	513	2	24,935	94	26,550	4
Molopo/Kagisano	56	11	54	-	42	-	381.77200	71.52731	534	0
Lekwa-Teemane	7,098	3	7,769	3	8,777	4	215,179	90	238,823	39
Dr. Ruth Mompoti District	1,741	7	-	-	-	-	22,114	93	23,855	4
Total: Dr Ruth	30,776	5	21,685	4	19,354	3	544,825	88	616,639	100

Source : IYM Summary Reports Received from the Municipalities

LekwaTeemane municipality remain the most owed municipality in the district, with outstanding debtors amounting to R238 million or 39 per cent, of which R215 million or 90 per cent is owed for more than 90 days. The municipality is currently monitoring the effectiveness of service providers engaged with debt collection. Naledi is the second highest owed municipality with total outstanding to R202 million or 33 per cent.

Supporting table 2.3 (e)3:Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Dr Ruth District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	2,018	5	1,762	4	2,310	6	34,038	85	40,128	7
Business	9,307	11	10,165	12	8,842	10	57,045	67	85,359	14
Households	16,120	4	8,169	2	6,663	2	399,778	93	430,730	70
Other	3,332	6	1,588	3	1,539	3	53,963	89	60,422	10
Total	30,776	5	21,685	4	19,354	3	544,825	88	616,639	100
Water	4,668	3	4,799	3	4,542	3	138,522	91	152,532	25
Electricity	12,925	17	7,173	10	3,684	5	50,770	68	74,551	12
Property rates	3,393	5	2,103	3	3,717	5	63,190	87	72,403	12
Other	9,790	3	7,610	2	7,411	2	292,343	92	317,153	51
Total	30,776	5	21,685	4	19,354	3	544,825	88	616,639	100

Most of the outstanding debt is owed by Households at R430 million or 70 per cent, followed by businesses at R85 million or 14 per cent. Outstanding debts on government and “Other” accounted for R40 million or 7 per cent and R60 million or 10 per cent respectively of total outstanding debt.

Naledi Local municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Naledi	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	1,441	11%	889	7%	1,491	11%	9,748	72%	13,569	7%
Business	5,941	10%	4,372	7%	3,004	5%	47,867	78%	61,184	30%
Households	9,061	7%	4,061	3%	2,076	2%	111,637	88%	126,834	63%
Other	-	-	-	-	-	-	-	-	-	-
Total	16,442	8%	9,322	5%	6,571	3%	169,252	84%	201,588	100%
Water	2,703	5%	1,999	3%	1,935	3%	51,532	89%	58,169	29%
Electricity	8,741	19%	4,601	10%	2,239	5%	31,274	67%	46,855	23%
Property rates	2,661	7%	1,329	4%	1,182	3%	31,680	86%	36,851	18%
Other	2,338	4%	1,394	2%	1,216	2%	54,766	92%	59,713	30%
Total	16,442	8%	9,322	5%	6,571	3%	169,252	84%	201,588	100%

Total outstanding debtors amounted to R202 million of which R169 million or 84 per cent is owed for more than 90 days. Most debt is owed by households at R127 million or 63 per cent, followed by businesses at R61 million or 30 per cent, whereas government departments accounted for R14 million or 7 per cent of the total outstanding debt.

Mamusa Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Mamusa	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	108	5%	83	4%	87	4%	1,870	87%	2,148	2%
Business	950	30%	283	9%	331	10%	1,636	51%	3,200	3%
Households	2,279	3%	2,242	3%	1,712	3%	62,116	91%	68,350	55%
Other	1,563	3%	1,368	3%	1,319	3%	47,341	92%	51,592	41%
Total	4,901	4%	3,976	3%	3,450	3%	112,963	90%	125,290	100%
Water	545	3%	849	4%	564	3%	19,042	91%	20,999	17%
Electricity	1,222	21%	506	9%	383	7%	3,637	63%	5,748	5%
Property rates	407	6%	171	3%	123	2%	5,598	89%	6,300	5%
Other	2,727	3%	2,450	3%	2,380	3%	84,686	92%	92,243	74%
Total	4,901	4%	3,976	3%	3,450	3%	112,963	90%	125,290	100%

Total outstanding debtors amounted to R125 million, of which R113 million is outstanding for more than 90 days. Most of the outstanding debtors are owed by households at R68 million or 55 per cent, followed by 'other' debtors at R52 million. Government debt and debt owed by businesses accounted for 2 per cent and 3 per cent of the total outstanding debtors respectively.

Greater Taung Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Greater Taung	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	162	3%	130	2%	83	1%	5,720	94%	6,095	23%
Business	58	3%	44	2%	41	2%	2,076	94%	2,218	8%
Households	319	2%	390	2%	390	2%	17,138	94%	18,237	69%
Other	-	-	-	-	-	-	-	-	-	-
Total	539	2%	564	2%	513	2%	24,935	94%	26,550	100%
Water	39	4%	31	3%	28	3%	827	89%	925	3%
Electricity	109	12%	47	5%	33	4%	693	79%	883	3%
Property rates	89	1%	206	2%	204	2%	11,037	96%	11,535	43%
Other	301	2%	280	2%	249	2%	12,378	94%	13,207	50%
Total	539	2%	564	2%	513	2%	24,935	94%	26,550	100%

Total outstanding debtors amounted to R27 million, of which R25 million or 94 per cent is owed for more than 90 days. Most of the debt is owed by households at R18 million or 69 per cent, followed by debt owed by government departments and businesses at R6 million or 23 per cent and R2 million or 8 per cent respectively.

Kagisano Molopo Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Molopo-Kagisano	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	-	-	54	11%	42	9%	382	80%	478	89%
Business	54	100%	-	-	-	-	-	-	54	10%
Households	3	100%	-	-	-	-	-	-	3	0%
Other	-	-	-	-	-	-	-	-	-	-
Total	56	11%	54	10%	42	8%	382	72%	534	100%
Water	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Property rates	-	-	-	-	-	-	-	-	-	-
Other	56	11%	54	10%	42	8%	382	72%	534	100%
Total	56	11%	54	10%	42	8%	382	72%	534	100%

Total outstanding debtors amounted to R534 thousand of which R382 thousand or 72 per cent is outstanding for more than 90 days.

Lekwa-Teemane Local municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Lekwa Teemane	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	307	14%	606	29%	606	29%	606	29%	2,126	1%
Business	2,305	12%	5,466	29%	5,466	29%	5,466	29%	18,703	8%
Households	4,458	2%	1,477	1%	2,485	1%	208,887	96%	217,306	91%
Other	27	4%	220	32%	220	32%	220	32%	687	0%
Total	7,098	3%	7,769	3%	8,777	4%	215,179	90%	238,823	100%
Water	1,382	2%	1,921	3%	2,015	3%	67,122	93%	72,439	30%
Electricity	2,852	14%	2,019	10%	1,029	5%	15,165	72%	21,065	9%
Property rates	236	1%	397	2%	2,209	12%	14,875	84%	17,717	7%
Other	2,628	2%	3,433	3%	3,524	3%	118,017	92%	127,601	53%
Total	7,098	3%	7,769	3%	8,777	4%	215,179	90%	238,823	100%

The total outstanding debtors amounted to R239 million of which R215 million or 90 per cent was owed for more than 90 days. Collection of some of these debts might be doubtful. The municipality is currently experiencing some financial problems and has contracted service providers for collection of debts outstanding over 90 days.

Dr. Ruth Mompoti District Municipality

Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Dr Ruth Dist Mun	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	-	-	-	-	-	-	15,712	100%	15,712	66%
Business	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-
Other	1,741	21%	-	-	-	-	6,402	79%	8,143	34%
Total	1,741	7%	-	-	-	-	22,114	93%	23,855	100%
Water	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Property rates	-	-	-	-	-	-	-	-	-	-
Other	1,741	7%	-	-	-	-	22,114	93%	23,855	100%
Total	1,741	7%	-	-	-	-	22,114	93%	23,855	100%

Total outstanding debtors amounted to R24million, of which R22million or 93 per cent is outstanding for more than 90 days.

3.3.1.6 CREDITORS

Table 2.3 (f) below shows outstanding creditors in the district area and table 2.3(f) 3 shows outstanding creditors by type.

Table 2.3(f) : Creditors Age Analysis as at 30 June 2013 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Naledi	8,278	7	6,601	6	6,628	6	97,797	82	119,303	33
Mamusa	1,961	15	2,916	23	2,395	19	5,485	43	12,757	4
Greater Taung	-	-	-	-	-	-	-	-	-	-
Molopo-Molopo	60	100	-	-	-	-	-	-	60	0
Lekwa-Teemane	7,711	5	2,936	2	1,523	1	149,827	92	161,997	45
Dr. Ruth Mompoti	48,036	75	4,170	7	1,139	2	10,604	17	63,949	18
Total	66,046	18	16,623	5	11,684	3	263,713	74	358,066	100

Total outstanding creditors for the whole district (excluding Greater Taung) amounted to R 358 million, of which R264 million or 74 per cent is outstanding for more than 90 days. The increase of creditors from R346 million to R358 million is an indication that some municipalities are under financial distress and are unable to honour commitments when due.

Supporting table 2.3(f)3: Outstanding Creditors as at 30 June 2013 R'000

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	13,671	-	8,036	8	6,474	6	71,658	72	99,838	28
Bulk Water	5,374	3	5,374	3	1,954	1	150,236	92	162,938	46
PAYE Deductions	1,060	21	0	0	396	8	3,489	71	4,944	1
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	900	100	-	-	-	-	-	-	900	0
Loans Repayments	-	-	-	-	-	-	23,000	100	23,000	6
Trade Creditors	39,927	96	935	2	345	83%	413.29700	0.99302	41,620	12
Auditor-General	-1,983	-15	1207.7	9	2,313	18	11,421	88	12,959	4
Other	7,097	60	1,070	9	203	2	3,495	29	11,866	3
Total	66,046	18	16,623	5	11,684	3	263,713	74	358,066	100

Most of the outstanding creditors are owed on utilities, i.e. bulk water and electricity at R163 million or 46 per cent and R100 million or 28 per cent respectively. Although some municipalities in the district have entered into payment agreement with Eskom and the Water Boards, these payment agreements are not honoured due to cash flow problems.

Naledi Local Municipality

Outstanding Creditors as at 30 June 2013 R'000

Naledi	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	5,240	9%	5,469	9%	4,962	8%	44,523	74%	60,194	50%
Bulk Water	900	2%	900	2%	900	2%	46,876	95%	49,576	42%
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	-	-	-	-	-	-	-	-	-	-
Auditor-General	-	-	-	-	636	13%	4,102	87%	4,738	4%
Other	2,138	45%	232	10%	130	3%	2,296	48%	4,796	4%
Total	8,278	7%	6,601	6%	6,628	6%	97,797	82%	119,303	100%

Total outstanding creditors amounted to R119 million, with bulk electricity at (R60 million or 50 per cent), followed by bulk water (R50 million or 42 per cent). Auditor General is owed R4, 7 million of which R4, 1 million is owed for more than 90 days.

MamusaLocal Municipality

Outstanding Creditors as at 30 June 2013 R'000

Mamusa R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	2,612	30%	1,524	17%	1,511	17%	3,082	35%	8,729	68%
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	1,332	49%	637	23%	345	13%	413	15%	2,728	21%
Auditor-General	(1,983)	-152%	755	58%	539	41%	1,989	153%	1,300	10%
Other	-	-	-	-	-	-	-	-	-	-
Total	1,961	15%	2,916	23%	2,395	19%	5,485	43%	12,757	100%

Total outstanding creditors amounted to R13 million, with bulk electricity at R9 million or 68 per cent followed by trade creditors at R3 million or 21 per cent.

Kagisano-Molopo Local Municipality

Outstanding Creditors as at 30 June 2013 R'000

Molopo-Kagisano R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	60	100%	-	-	-	-	-	-	60	100%
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	60	100%	-	-	-	-	-	-	60	100%

Total outstanding creditors amounted to R46 thousand and are all current creditors, i.e. 0-30 days.

Lekwa-Teemane Local Municipality

Outstanding Creditors as at 30 June 2013 R'000

Lekwa Teemane R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	5,819	19%	1,044	3%	0	0%	24,052	78%	30,915	19%
Bulk Water	1,054	1%	1,054	1%	1,054	1%	92,756	97%	95,918	59%
PAYE Deductions	-	-	-	-	396	10%	3,489	90%	3,885	2%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Repayments	-	-	-	-	-	-	23,000	100%	23,000	14%
Trade Creditors	-	-	-	-	-	-	-	-	-	-
Auditor-General	-	-	-	-	-	-	5,330	100%	5,330	3%
Other	838	28%	838	28%	73	2%	1,199	41%	2,949	2%
Total	7,711	5%	2,936	2%	1,523	1%	149,827	92%	161,997	100%

Total outstanding creditors amounted to R156, 8 million, of which R140 million or 90 per cent is owed for more than 90 days. There was material increase of R8 million on outstanding creditors when compared to the previous quarter. The municipality is currently under financial distress due to lack of implementation of credit control and debt collection policy and as a result cannot make payment as and when they are due.

Dr. Ruth Mompati District Municipality

Outstanding Creditors as at 30 June 2013 R'000

Dr Ruth DM R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	3,420	20%	3,420	20%	-	-	10,604	61%	17,444	27%
PAYE Deductions	1,060	100%	-	-	-	-	-	-	1,060	2%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	900	100%	-	-	-	-	-	-	900	1%
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	38,535	99%	298	1%	-	-	-	-	38,833	61%
Auditor-General	-	-	453	28%	1,139	72%	-	-	1,592	2%
Other	4,121	100%	-	-	-	-	-	-	4,121	6%
Total	48,036	75.1%	4,170	7%	1,139	2%	10,604	17%	63,949	100%

Total outstanding creditors amounted to R67, 5 million, of which R66 million or 90 per cent are current creditors.

3.3.1.7 CASH FLOW

Table 2.3(f) below shows cash flow position of municipalities in the Dr. Ruth Mompoti District.

Table 2.3(g) : Cash Flow Position as at 30 June 2013 (R'000)

Municipality	Opening Balance	Receipts				Payments						Closing Balance
		Property Rates	Service Charges	Interest Earned Investments	Other Receipts	Employee Related Cost	Bulk Purchases	Contracted Services	Interest Paid	Repayment of Borrowing	Other	
Naledi	5,981	1,398	7,156	34	15,702	8,838	4,940	2,231	458	-	7,048	6,756
Mamusa	-	-	-	-	-	-	-	-	-	-	-	-
Greater Taung	8,990	28	546	41	11,257	5,149	180	1,301	-	-	10,261	3,971
Lekwa-Teemane	-11,422	620	3,877	15	21,197	4,101	3,044	1,971	-	-	4,234	938
Molopo/Kagisano	31,698	26	0	65	87	1,149	0	325	0	-	12,695	17,708
Dr. Ruth Mompoti District	106,236	0	-	145	1,622	5,993	12,355	989	-	-	45,382	43,284
Total	141,483	2,072	11,578	266	49,866	25,229	20,518	6,818	458	-	79,620	72,656

Source : IYM Summary Reports Received from the Municipalities

The municipalities in the district submitted their cash flow statements during the quarter under review, with exception of Mamusa. The municipality has cited challenges around capacity as reason for non submission.

Most receipts were realized on “other” receipts at R49 million, followed by service charges at R12 million. Property rates and interest earned on Investments accounted for R2 million and R266 thousand of total receipts earned respectively.

The highest payment was constituted by ‘Other’ R80 million, followed by employee related cost of R25 million. Unlike in the previous quarters, Lekwa-Teemane showed some improvement by closing their books with a positive balance.

3.4. DR. KENNETH KAUNDA DISTRICT

3.4.1 BUDGETS

3.4.1.1 OPERATING REVENUE

Table 2.4(a) shows actual revenue collected as at 30 June 2013 by municipalities in the Dr Kenneth Kaunda District against the budgeted revenue.

Table 2.4(a) : Operating Revenue as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Collected	Detail			
								Property Rates	Service Charges	Grants	Other
Ventersdorp	107,582	105,460	50,025	39,287	28,446	117,758	112	1,471	9,736	15,426	1,813
Tlokwe	959,133	959,133	279,327	219,931	217,870	717,128	75	31,519	143,486	28,517	14,348
Matlosana	1,793,179	1,741,794	491,918	419,965	418,328	1,330,211	76	48,315	212,617	84,496	72,900
Maquassi Hills	261,618	261,618	73,740	62,974	60,112	196,826	75	5,369	28,716	19,460	6,567
Dr. Kenneth Kaunda	173,018	173,018	68,436	54,736	141,423	264,595	153	-	-	139,100	2,323
Total	3,294,530	3,241,023	963,446	796,892	866,179	2,626,517	81	86,674	394,555	286,999	97,951

Total operating revenue generated by municipalities within the district amounted to R2, 6 billion or 81 per cent against the budgeted revenue of R 3 billion. During the 3rd quarter, revenue generated amounted to R866 million and was mostly generated from service charges at R394, 5 million, followed by revenue received from grants at R286, 9 million and 'other' revenue at R97, 9 million respectively, whereas revenue from property rates amounted to R 86, 6 million.

Ventersdorp Local Municipality

Total revenue generated by the municipality to date amounted to R117, 7 million or 112 per cent against the adjusted budget of R105 million. During the quarter under review, revenue generated amounted to R28 million and most of the revenue received was from grants at R15 million, followed by revenue generated on service charges at R9, 7.million. Property rates and 'other' revenue constituted R1, 4 million and R1, 8 million of total revenue generated respectively.

Tlokwe Local Municipality

Total revenue generated by the municipality to date amounted to R717 million or 75 per cent, against the budgeted amount of R959 million. Revenue generated during the quarter under review amounted to R217, 8 million and most of the revenue was generated from services charges at R143 million, followed by property rates revenue at R31, 5 million, whereas grants and 'other' revenue accounted for R28 million and R14 million of total revenue.

City of Matlosana Local Municipality

Total revenue generated by the municipality to date amounted to R1 billion or 76 per cent, against the budgeted amount of R1, 7 billion. During the quarter under review, the generated revenue amounted to R418 million and most of the revenue generated was from service charges at R212, 6 million, followed by grants at R84 million. 'Other' revenue and property rates accounted for R72, 9 million and R48 million of total revenue respectively.

Maquassi Hills Local Municipality

Total revenue generated by the municipality to date amounted to R196, 8 million or 75 per cent, against the budgeted amount of R261, 6 million. For the quarter under review, the generated revenue amounted to R60 million and most of the revenue received was from service charges at R28, 7 million followed by revenue received from grants at R19 million. “Other” revenue and property rates accounted for R6, 5 million and R5 million of total revenue generated.

Dr Kenneth Kaunda

Total revenue received by the district municipality to date amounted to R264, 5 million or 153 per cent, against the budgeted amount of R 173 million. Revenue received was from grants and “Other” revenue at R139 million and R2 million respectively.

3.4.1.2 OPERATING EXPENDITURE

Table 2.4(b) below shows the total expenditure incurred by the municipalities in district as at 30 June 2013.

Table 2.4(b) : Operating Expenditure as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Spent	Detail			
								Employee Related Costs	Contracted Services	Bulk Purchases	Other
Ventersdorp	115,145	102,872	14,991	26,341	25,150	66,482	65	8,836	835	8,466	7,013
Tlokwe	879,485	879,485	229,556	196,217	180,819	606,592	69	59,782	8,056	58,228	54,753
Matlosana	1,790,937	1,741,722	281,911	401,851	504,532	1,188,294	68	109,585	13,462	164,943	216,542
Maquassi Hills	239,388	239,388	34,959	51,599	44,139	130,697	55	13,194	1,632	12,300	17,013
Dr. Kenneth Kaunda	348,690	355,201	41,760	40,706	37,142	119,608	34	14,202	386	-	22,554
Total	3,373,645	3,318,668	603,177	716,715	791,782	2,111,674	64	205,599	24,371	243,937	317,875

Total expenditure incurred by municipalities within the district to date amounted to R 2 billion or 64 per cent, against the budget operating expenditure budget of R3 billion. For the quarter under review, expenditure incurred amounted to R791, 7 million and was mostly incurred on ‘other’ expenditure at R 317, 8 million, followed by bulk purchases at R243, 9 million. Employee related costs and contracted services accounted for R205, 5 million and R24 million of total expenditure respectively.

Ventersdorp Local Municipality

Total expenditure incurred by the municipality to date amounted to R66 million or 65 per cent, against the total adjusted budgeted expenditure of R102, 8million. During the quarter under review, expenditure amounted to R25 million and most expenditure was incurred on employee

related costs at R8, 8 million, followed by expenditure on bulk purchases at R 8 million, whereas 'Other' expenditure and contracted services accounted for R7 million and R835 thousand of total expenditure respectively.

Tlokwe Local Municipality

Total expenditure incurred by the municipality to date amounted to R606, 5 million or 69 per cent of the total budgeted expenditure of R879 million. For the quarter under review, expenditure amounted to R180, 8 million or 69 per cent and was incurred on employee related costs at R59, 7 million, followed by bulk purchases at R58 million. 'Other' revenue and contracted services accounted for R54, 7 million and R8 million of total expenditure respectively.

Matlosana Local Municipality

Total expenditure incurred by the municipality to date amounted to R1 billion or 68 per cent of the total budgeted expenditure of R 1, 7billion. During the quarter under review, expenditure amounted to R504, 5 million and most expenditure was incurred on 'other' at R216, 5million, followed by bulk purchases at R164, 9 million. Spending on employee related cost and contracted services amounted to R109 million and R13 million respectively.

Maquassi Hills Local Municipality

Total expenditure incurred by the municipality to date amounted to R130, 6 million or 55 per cent of the total budgeted expenditure of R239 million. During the quarter under review, expenditure amounted to R44 million and most expenditure was incurred on 'other' expenditure at R17 million, followed by employee related cost at R13 million and bulk purchases at R12million. The least spending is on contracted services at R1, 6 million.

Dr Kenneth Kaunda District Municipality

Total expenditure incurred by the municipality to date amounted to R 119, 6 million or 34 per cent of the total budgeted expenditure of R348, 6 million. For the quarter under review expenditure amounted to R37 million and most expenditure was incurred on 'other' expenditure at R22, 5 million, followed by employee related cost at R148 million and contracted service at R386 thousand.

3.4.1.3 CAPITAL EXPENDITURE

Table 2.4(c) shows capital spending by municipalities in the district as at 30 June 2013.

Table 2.4(c) : Capital Expenditure as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Spent	Detail				
								Water	Electricity	Housing	Roads & Pavement	Other
Ventersdorp	51,911	68,919	5,665	10,563	5,295	21,523	31	-	186	-	5,110	-
Tlokwe	157,673	157,673	13,103	24,573	6,355	44,031	28	-	1,259	41	3,195	1,860
Matlosana	152,246	215,644	11,566	32,346	10,264	54,176	25	2,831	195	-	6,871	367
Maquassi Hills	61,278	61,278	9,613	16,608	3,219	29,440	48	934	-	-	2,276	9
Dr. Kennet Kaunda	13,189	14,694	399	485	108	992	7	-	-	-	-	108
Total	436,297	518,208	40,346	84,575	25,241	150,162	29	3,765	1,640	41	17,452	2,344

Total capital expenditure incurred by municipalities in the district to date amounted to R150 million or only 29 per cent of the total adjusted capital budget of R518 million. The average district spending is low when compared to the 75 per cent spending that was expected for the period under review.

Most spending by municipalities in the district was incurred on roads and pavements at R17 million, followed by “Other” expenditure at R2 million, whereas spending on water and housing infrastructure amounted to R3, 7 million and R41 thousand respectively.

Ventersdorp Local Municipality

Total spending incurred by the municipality to date amounted to R21, 5 million or 31 per cent against the adjusted capital budget of R68, 9 million. During the quarter under review capital spending amounted to only R5 million and most of the expenditure was incurred on roads and pavements projects at R5 million and electricity at R186 thousand. Previous financial year’s roll-overs are impacting negatively on the municipality ability to spend the current financial year allocation, coupled with late appointment of contractors.

Tlokwe Local Municipality

Total spending incurred by the municipality to date amounted to R44 million or 28 per cent against the capital budget of R157, 6 million. During the quarter under review expenditure amounted to R6 million and was incurred on roads and pavements at R3 million, followed by spending on ‘other’ at R1, 8 million. Spending on electricity and housing accounted for R1 million and R41 thousand of the total expenditure respectively.

Most contracts of senior official of the municipality expired during the current financial year and as a result the municipality lacked the capacity and technical skills to expedite capital spending. The municipality is currently in process of filling these positions.

Matlosana Local Municipality

Total spending incurred by the municipality to date amounted to R54 million or 25 per cent of the adjusted capital budget of R215, 6 million. For the quarter under review, capital expenditure amounted to R10 million and was incurred on road & pavement at R6, 8 million,

followed by spending on water, electricity and “Other” expenditure at R2, 8 million, R195 thousand and R367 thousand respectively. Again previous years roll-overs are impacting negatively of the municipal ability to spend the current year allocation effectively.

Maquassi Hills Local Municipality

Total spending incurred by the municipality to date amounted to R29 million or 48 per cent of the capital budget of R61 million. During the quarter under review spending amounted to R3 million and was incurred on roads and pavement at R2 million, followed by spending on water projects and “other” expenditure at R934 thousand and R9 thousand respectively.

Dr Kenneth Kaunda District Municipality

Total spending incurred by the municipality to date amounted to a meager R992 thousand or only 7 per cent against the adjusted capital budget of R 14, 6 million and was all spent under ‘other’ expenditure.

3.4.1.4 CAPITAL FUNDING

Table 2.4(d) below provides details about the sources of capital funding for the third quarter ending 30 June 2013.

Table 2.4(d) : Capital Funding as at 31 March 2013 (R'000)

Municipality	Original Budget	Adjusted Budget	Total 1st Quarter	Total 2nd Quarter	Total 3rd Quarter	Year to Date	% Spent	Detail			
								External Loans	Internal contributions	Grants	Other
Ventersdorp	51,911	68,919	5,665	10,563	5,296	21,524	31	-	-	5,296	-
Tlokwe	157,673	157,673	13,102	24,573	6,355	44,030	28	522	3,465	2,368	-
Matlosana	152,246	215,644	11,566	32,346	10,264	54,176	25	-	1,114	9,150	-
Maquassi Hills	61,278	61,278	9,613	16,608	3,219	29,440	48	-	9	3,210	-
Dr. Kenneth Kaunda	13,189	14,694	399	485	108	992	7	-	108	-	-
Total	436,297	518,208	40,345	84,575	25,242	150,162	29	522	4,696	20,024	-

The total capital funding for the district amounted to R150 million or 29 per cent against the total adjusted capital budget of R518 million. For the quarter under review capital funding amounted to R25 million and most funding was received from grants at R20million, whereas internal contributions and external loans accounted for R4, 65 million and R522 thousand of the total funding towards capital projects.

3.4.1.5 DEBTORS

Table 2.4(e) below shows outstanding debtors within Dr Kenneth Kaunda district at the 30 June 2013 while table 2.4(e) (4) show debtors per customer type.

Table 2.4(e) : Debtor Age Analysis as at 30 June 2013 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61- 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Ventersdorp	9,111	22	1,964	5	1,326	3	29,464	70	41,865	3
Tlokwe	83,514	43	6,864	4	4,010	2	101,581	52	195,969	14
Matlosana	91,565	10	31,758	3	36,056	4	751,355	82	910,734	63
Maquassi Hills	14,008	5	10,332	4	9,724	3	250,601	88	284,665	20
Dr. Kenneth Kaunda	219	15	-	-	-	-	1,216	85	1,435	0
Total: Dr Kenneth Kaunda	198,417	14	50,918	4	51,116	4	1,134,217	79	1,434,668	100

Source : IYM Summary Reports Received from the Municipalities

Outstanding debtors amount to R1, 4 billion for the whole district, of which R1, 1 billion or 79 per cent is owed for more than 90 days. City of Matlosana is the most owed municipality when compared to other municipalities in the district, with outstanding debtors amounting to R911 million or 63 per cent. Maquassi Hills is the second most owed municipality in the district with outstanding debtors amounting to R284 million as at end of the quarter under review.

Supporting table 2.4(e)4: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Dr Kenneth Kaunda	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	31,567	35	4,830	5	12,533	14	40,362	45	89,292	6
Business	39,225	32	5,735	5	3,900	3	73,704	60	122,564	9
Households	120,627	11	37,416	3	32,230	3	954,486	83	1,144,759	80
Other	6,998	9	2,937	4	2,453	3	65,665	84	78,053	5
Total	198,417	14	50,918	4	51,116	4	1,134,217	79	1,434,668	100
Water	29,755	9	13,314	4	12,410	4	274,477	83	329,956	23
Electricity	95,535	44	10,137	5	4,345	2	109,353	50	219,370	15
Property rates	27,187	16	7,327	4	17,384	10	121,015	70	172,913	12
Other	45,940	6	20,140	3	16,977	2	629,372	88	712,429	50
Total	198,417	14	50,918	4	51,116	4	1,134,217	79	1,434,668	100

Most of the outstanding debtors is owed by households at R1, 1 billion, followed by businesses at R123 million and government departments and other debtors accounted for R89 million and R78 million respectively. Huge amount of the outstanding debt is owed on "other" debtors e.g. (sanitation, refuse removal, agricultural farms and sundry debt) at R712 million or 50 per cent, followed by debt owed on water and electricity at 23 per cent and 15 per cent respectively.

Ventersdorp Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Ventersdorp	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	1,379	44%	102	3%	72	2%	1,597	51%	3,150	8%
Business	1,900	24%	382	5%	317	4%	5,288	67%	7,887	19%
Households	1,415	10%	422	3%	336	2%	11,426	84%	13,599	32%
Other	4,417	26%	1,058	6%	601	3%	11,153	65%	17,229	41%
Total	9,111	22%	1,964	5%	1,326	3%	29,464	70%	41,865	100%
Water	587	13%	159	3%	155	3%	3,654	80%	4,555	11%
Electricity	4,691	33%	1,053	7%	667	5%	7,987	55%	14,398	34%
Property rates	2,455	37%	289	4%	201	3%	3,657	55%	6,602	16%
Other	1,378	8%	463	3%	303	2%	14,166	87%	16,310	39%
Total	9,111	22%	1,964	5%	1,326	3%	29,464	70%	41,865	100%

Total outstanding debtors for the quarter under review amounted to R42 million, of which R29 million or 70 per cent is owed for more than 90 days. Most of the outstanding debt is owed on “other” debtors at R16 million or 39 per cent followed by debt owed on electricity consumption at R14 million or 34 per cent, whereas property rates and water accounted for R7 million or 16 per cent and R5 million and 11 per cent of the total outstanding debts.

Tlokwe Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Tlokwe	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	24,545	74%	1,555	5%	608	2%	6,569	20%	33,277	17%
Business	20,990	71%	509	2%	292	1%	7,916	27%	29,707	15%
Households	37,979	29%	4,800	4%	3,110	2%	87,096	65%	132,985	68%
Other	0	0%	0	0%		0%	0	0%	0	0%
Total	83,514	43%	6,864	4%	4,010	2%	101,581	52%	195,969	100%
Water	7,896	41%	710	4%	510	3%	10,323	53%	19,439	10%
Electricity	49,052	89%	925	2%	407	1%	4,758	9%	55,142	28%
Property rates	10,415	32%	2,346	7%	1,030	3%	19,158	58%	32,949	17%
Other	16,151	18%	2,883	3%	2,063	2%	67,342	76%	88,439	45%
Total	83,514	43%	6,864	4%	4,010	2%	101,581	52%	195,969	100%

Total outstanding debtors for the quarter under review amounted to R196 million, of which R102 million or 52 per cent is owed for more 90 days. Most of the debt is owed by households at R 133 million or 68 per cent, followed by debt owed by business and government at R30 million or 15 per cent and R33 million or 17 per cent respectively.

Matlosana Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

City of Motlosana	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	4,617	9%	2,654	5%	11,484	23%	30,214	62%	48,969	5%
Business	14,228	18%	3,991	5%	2,955	4%	57,336	73%	78,510	9%
Households	71,914	10%	24,483	3%	20,804	3%	633,884	84%	751,085	82%
Other	806	3%	630	2%	813	3%	29,921	93%	32,170	4%
Total	91,565	10%	31,758	3%	36,056	4%	751,355	82%	910,734	100%
Water	18,115	8%	9,223	4%	8,066	4%	185,721	84%	221,125	24%
Electricity	37,998	27%	6,871	5%	2,646	2%	93,955	66%	141,470	16%
Property rates	12,924	12%	3,890	3%	15,430	14%	79,183	71%	111,427	12%
Other	22,528	5%	11,774	3%	9,914	2%	392,496	90%	436,712	48%
Total	91,565	10%	31,758	3%	36,056	4%	751,355	82%	910,734	100%

Total outstanding debts for the quarter under review amounted to R911 million, of which R751 million or 82 per cent is outstanding for more than 90 days. Total outstanding debtors has decreased by R82 million when compared to the previous quarter. Most of debt is owed by households at R751 million or 82 per cent followed by debt owed by business at R79 million or 9 per cent. The municipality has serious financial crisis as a result of not implementing the debt collection and credit control policy.

Maquassi Hills Local Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Maquassi Hills	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	1,026	26%	519	13%	369	9%	1,982	51%	3,896	1%
Business	2,107	33%	853	13%	336	5%	3,164	49%	6,460	2%
Households	9,319	4%	7,711	3%	7,980	3%	222,080	90%	247,090	87%
Other	1,556	6%	1,249	5%	1,039	4%	23,375	86%	27,219	10%
Total	14,008	5%	10,332	4%	9,724	3%	250,601	88%	284,665	100%
Water	3,157	4%	3,222	4%	3,679	4%	74,779	88%	84,837	30%
Electricity	3,794	45%	1,288	15%	625	7%	2,653	32%	8,360	3%
Property rates	1,393	6%	802	4%	723	3%	19,017	87%	21,935	8%
Other	5,664	3%	5,020	3%	4,697	3%	154,152	91%	169,533	60%
Total	14,008	5%	10,332	4%	9,724	3%	250,601	88%	284,665	100%

Total outstanding debtors for the quarter under review amounted to R285 million, of which R251 million or 88 per cent is outstanding for more than 90 days. There was material increase of R46 million in the outstanding debtors as compared to the previous quarter.

Dr Kenneth Kaunda District Municipality

Supporting table: Debtor Age Analysis by customer group as at 30 June 2013 (R'000)

Dr Kenneth DM	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	-	-	-	-	-	-	-	-	-	-
Business	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-
Other	219	15%	-	-	-	-	1,216	85%	1,435	100%
Total	219	15%	-	-	-	-	1,216	85%	1,435	100%
Water	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Property rates	-	-	-	-	-	-	-	-	-	-
Other	219	15%	-	-	-	-	1,216	85%	1,435	100%
Total	219	15%	-	-	-	-	1,216	85%	1,435	100%

Total outstanding debtors outstanding for the quarter amounted R1, 4 million, of which R1, 2 million or 85 per cent is owed for more than 90 days.

3.4.1.6 CREDITORS

Table 2.4(f) shows outstanding creditors in the District and table 2.4(f) 4 shows outstanding creditors by type.

Table 2.4(f) : Creditors Age Analysis as at 30 June 2013 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Ventersdorp	18,734	43	8,579	20	5,128	12	11,333	26	43,773	12
Tlokwe	83,027	100	-	-	-	-	-	-	82,996	23
City of Matlosana	78,955	46	50,525	30	48	0	41,045	24	170,573	48
Maquassi Hills	7,760	13	5,715	10	5,027	9	39,047	68	57,549	16
Dr. Kenneth Kaunda	320	100	0	0	0	0	-	-	320	0
Total	188,796	53	64,819	18	10,202	3	91,424	26	355,210	100

Total creditors owed by municipalities in the district has increased from R234 million to R355 million, of which R91 million or 26 per cent is owed over 90 days. City of Matlosana has the highest amount of creditors outstanding at R171 million or 48 per cent. The inability of the municipality to collect debt owed to it, is adversely affecting its ability to pay creditors which has increased by R76 million compared to the previous quarter.

Supporting table 2.4(f)4: Outstanding Creditors as at 30 June 2013 R'000

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	101,042	66	36,619	24	4,381.68	2.86	10,921	7	152,965	43
Bulk Water	27,162	23	21,630	18	3,031	3	68,633	57	120,456	34
PAYE Deductions	2,533	100	-	-	-	-	-	-	2,533	1
VAT(Output less Input)	-879	100	-	-	-	-	-	-	-879	0
Pension/Retirement	3,758	100	-	-	-	-	-	-	3,758	1
Loans Repayments	346	9	-	-	-	-	3,347	91	3,693	-
Trade Creditors	51,373	99	150	0	25	-	100	0	51,649	15
Auditor-General	705	5	5,656	39	2,765	19	5,233	37	14,328	4
Other	2,755	41	763.39	11.38	-	-	3,189	48	6,708	2
Total	188,796	53	64,819	18	10,202	3	91,424	26	355,210	100

A huge amount of outstanding creditors in the district are owed on bulk electricity at R153 million or 43 per cent, followed bulk water at R120 million or 34 per cent. Trade creditors and Auditor General accounted for R14 million 4 per cent and R7 million or 2 per cent of outstanding creditors respectively.

Ventersdorp Local Municipality

Outstanding Creditors as at 30 June 2013 R'000

Ventersdorp	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	9,331	50%	2,298	12%	2,382	13%	4,830	26%	18,841	43%
Bulk Water	6,185	100%	-	-	0	0%	-	-	6,185	14%
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Repayments	-	-	-	-	-	-	3,347	100%	3,347	8%
Trade Creditors	-	-	-	-	-	-	-	-	-	-
Auditor-General	547	6%	5,604	63%	2,745	31%	-	-	8,896	20%
Other	2,671	41%	678	10%	-	-	3,156	49%	6,504	15%
Total	18,734	43%	8,579	20%	5,128	12%	11,333	26%	43,773	100%

Total outstanding creditors during the quarter under review amounted to R44 million, of which R11 million or 26 per cent is owed for more than 90 days.

Bulk electricity is the most owed at R19 million or 43 per cent followed by Auditor General at R9 million or 20 per cent.

Tlokwe Local Municipality

Outstanding Creditors as at 30 June 2013 R'000

Tlokwe R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	31,549	100%	-	-	-	-	-	-	31,549	38%
Bulk Water	780	100%	-	-	-	-	-	-	780	1%
PAYE Deductions	1,811	100%	-	-	-	-	-	-	1,811	2%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	3,280	100%	-	-	-	-	-	-	3,280	4%
Loans Repayments	346	100%	-	-	-	-	-	-	346	0%
Trade Creditors	45,228	100%	-	-	-	-	-	-	45,228	54%
Auditor-General	31	-	-	-	-	-	-	-	31	0%
Other	-	-	-	-	-	-	-	-	-	-
Total	83,027	100%	0	0%	0	0%	0	0%	83,027	100%

Total outstanding creditors amounted to R83 million and are all current i.e. owed for 0-30 days, this shows that the municipality is in compliance with Section 65(2) (e) of the MFMA.

Matlosana Local Municipality
Outstanding Creditors as at 30 June 2013 R'000

City of Matlosana R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	55,877	64%	32,057	36%	-	-	-	-	87,935	52%
Bulk Water	16,820	23%	18,283	25%	6	0%	36,696	51%	71,806	42%
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	6,145	96%	150	2%	25	25%	100	2%	6,420	4%
Auditor-General	113	3%	35	1%	17	0%	4,248	96%	4,412	3%
Other	-	-	-	-	-	-	-	-	-	-
Total	78,955	46%	50,525	30%	48	0%	41,045	24%	170,573	100.0%

Total outstanding creditors amounted to R171 million, of which R41 million or 24 per cent is owed for more than 90 days. Bulk electricity accounted for most outstanding creditors at R88 million or 52 per cent followed by bulk water at R71 million or 42 per cent.

Maquassi Hills Local Municipality

Outstanding Creditors as at 30 June 2013 R'000

Maquassi Hills R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	4,284	29%	2,264	15%	2,000	14%	6,091	42%	14,639	25%
Bulk Water	3,377	8%	3,347	8%	3,024	7%	31,937	77%	41,685	72%
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	-	-	-	-	-	-	-	-	-	-
Auditor-General	15	1%	17	2%	3	0%	985	97%	1,020	2%
Other	85	42%	86	42%	-	-	34	16%	204	0%
Total	7,760	13%	5,715	10%	5,027	9%	39,047	68%	57,549	100%

Total outstanding creditors increased from R44 million to 58 million, of which R39 million or 68 per cent is owed for more than 90 days. Bulk water accounted for most outstanding creditors at R42 million or 72 per cent followed by bulk electricity at R14 million or 25 per cent. The outstanding amount on electricity has doubled from the previous quarter.

Dr Kenneth Kaunda District Municipality

Outstanding Creditors as at 30 June 2013 R'000

Dr Kenneth Kaunda DM R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	0%
Bulk Water	-	-	-	-	-	-	-	-	-	0%
PAYE Deductions	722	100%	-	-	-	-	-	-	722	225%
VAT(Output less Input)	-879	100%	-	-	-	-	-	-	-879	-275%
Pension/Retirement	478	100%	-	-	-	-	-	-	478	149%
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	-	-	-	-	-	-	-	-	-	-
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	320	100%	-	-	-	-	-	-	320	100%

Total outstanding creditors amounted to R320 thousand and all are current creditors.

3.4.1.7 CASH FLOW

The way in which a municipality generates and manages its cash flows determines the extent to which it can provide the required level of services and meet its commitments. Table 2.4(g) below reflects the sources and application of cash by municipalities in the district over the period under review.

Table 2.4(g) : Cash Flow Position as at 30 June 2013 (R'000)

Municipality	Opening Balance	Receipts				Payments						Closing Balance
		Property Rates	Service Charges	Interest Earned Investments	Other Receipts	Employee Related Cost	Bulk Purchases	Contracted Services	Interest Paid	Repayment of Borrowing	Other	
Ventersdorp	33,932	273	4,025	33	848	3,214	14,210	562	0	0	10,164	10,960
Tlokwe	182,244	8,330	53,220	288	4,231	19,920	32,329	14,968	346	0	35,470	145,280
Matlosana	215,275	11,876	43,511	32	51,551	36,461	30,338	10,133	3,077	8,071	104,771	129,395
Maquassi Hills	-67	847	4,091	0	4,893	4,490	802	3,397	0	0	666	420
Dr. Kenneth Kaunda	213,540	-	-	708	86	4,620	0	185	0	0	13,757	195,773
Total	644,924	21,326	104,848	1061	61,609	68,706	77,679	29,245	3,423	8,071	164,818	481,828

Source : IYM Summary Reports Received from the Municipalities

According to the cash flow statements submitted, most municipalities in the Dr Kenneth Kaunda district opened and closed their books with positive bank balances. Maquassi Hills is the only municipality that opened its books with a negative balance. There is no correlation between some municipal debtors' books, disclosed creditors and their cash flows status, this is evident where municipalities like Ventersdorp and Matlosana have reported stable cash flow status, but on the other hand their unable to pay creditors as and when they are due.

4.INTERVENTION MEASURES

4.1 Progress report on the implementation of Phase 2 in terms of the Municipal Financial Management Improvement Support Programme

A Financial Health Checklist Questionnaire was completed, per municipality, comprising of the following key performance areas:

- ▶ Cash Flow Management
- ▶ Working Capital
- ▶ Creditors
- ▶ Debtors
- ▶ Borrowings
- ▶ Revenue
- ▶ Supply Chain Management
- ▶ Fixed Assets
- ▶ Risk Management

Salient challenges prevailing at each of the identified municipalities are highlighted below:

Mafikeng Local Municipality (7-8/02/2013)

- ▶ Creditors, Investment reconciliations not being performed
- ▶ Filing system only 50% effective
- ▶ Bank reconciliations only completed up to September 2012
- ▶ GRAP training required for staff
- ▶ Delegations of authority outdated (last reviewed in 2005)
- ▶ No suitable website used by the municipality
- ▶ No reliable Commitment Register
- ▶ No Irregular Expenditure Register
- ▶ Asset register on Venus not up to date and reconciled
- ▶ Certain assets are still owned by the district municipality
- ▶ No formal system/process to monitor performance information (Pre-determined Objectives)
- ▶ No Budget Evaluation Checklist
- ▶ Budget process, cash flow and expenditure management not effective
- ▶ No formal 3 year capital work programme
- ▶ No mechanism to determine Cost of Indigents
- ▶ SCM not functioning effectively
- ▶ Substantial number of unallocated receipts
- ▶ Meter reading outsourced, but not up to standard
- ▶ No risk management programme nor process
- ▶ No disaster recovery plan

- ▶ Internal audit not functioning properly
- ▶ Staff require capacitating and training on Venus System Software.

Progress as at 30 June 2013

●	Achieved
●	Work in Progress
●	Alert! Non achievement

Deliverable/ Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Updating of the General Ledger	●	●	●	●	●	●	●	●	●	Yes (Both)
Bank Reconciliations	●	●	●	●	●	●	●	●	●	Partially, March reconciling items not yet captured (Ramabulana)
Debtors Reconciliations	●	●	●	●	●	●	●	●	●	Yes (Ramabulana)
Creditors Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Jan 2013) (Akhile)
Payroll Reconciliations	●	●	●	●	●	●	●	●	●	Yes (Akhile)
Movable Asset Reconciliations	●	●	●	●	●	●	●	●	●	Yes (Akhile)
Immovable Asset Reconciliations	●	●	●	●	●	●	●	●	●	Yes (Ramabulana)
Inventory Reconciliations	●	●	●	●	●	●	●	●	●	N/A

Deliverable/ Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Investment Reconciliations	●	●	●	●	●	●	●	●	●	Yes (Ramabulana)
Grants Received Reconciliations	●	●	●	●	●	●	●	●	●	Yes (Akhile)
Work in Progress	●	●	●	●	●	●	●	●	●	Yes (Akhile)
Retention	●	●	●	●	●	●	●	●	●	Yes (Akhile)
Leave Days Provision	●	●	●	●	●	●	●	●	●	Yes (Ramabulana)

Comments/Challenges/Risks:

1. Availability of Staff Members to capture the transactions on the Financial System.
2. Staff knowledge of the Venus System is limited when it comes to Creditors and Payroll. Suggest that we will need BCX to assist.
3. System month-end closure does not take place on time. It then delays the reconciliations that need to be performed.
4. SCM Processes need to be refined to assist with the updating of the Creditors. At present orders are created and left hanging. Whenever the invoice is received, it is not paid against the order.

Additional Services / Activities (Deliverables as Agreed by 15 March 2013)		
Description of Agreed Deliverables and/or Activities	Achieved Yes/No/Partially	Reason for Non-achievement and/or Challenges / Risks
1. Creditors Reconciliation	Yes	Availability of Municipal Officials to capture the journals on Venus.
2. Grants Reconciliation	Yes	
3. Movable Asset Register Reconciliation	Yes	
4. Payroll Reconciliation	Yes	
5. Take on Balance	Partially	Still waiting for PWC AFS adjustments file.
6. Debtors Reconciliation	Yes	
7. Bank Reconciliation	Partially	March Reconciling items still to be captured on system.
8. Investments Reconciliation	Yes	
9. Take on Balance	Partially	Still waiting for adjustment file from PWC.
<u>Comments:</u> <ol style="list-style-type: none"> 1. Staff knowledge of the financial system is critical going forward. Training on the system needs to take place urgently. 2. Standard Operating Procedure needs to be developed and instituted for each and every task. 3. Availability of Municipal Employees is a big challenge. If one person is not available, no one else can assist. 4. Journals or adjustment of closing balances for prior AFS needs to be obtained from PWC to update the ledger. 		

Areas that require further intervention to ensure credible financial statements at year-end (30 June 2013)

1. Proper Document Management.
2. Movable Asset Register. From Physical Verification to preparation of the Movable FAR.
3. Standard Operating Procedures need to be reviewed or developed.
4. Training of Municipal Employees on the Financial System.
5. Unbundling of Infrastructure Assets.
6. Water and Sanitation Debtors. A Provincial decision needs to be made as to whether they should be accounted for in WSA or WSP books of account.
7. Journals or adjustment of closing balance for prior AFS needs to be obtained from PWC to update the ledger.
8. Work still need to be done on immovable assets on water assets and other immovable assets.
9. Water Service Level Agreement with District Municipality needs signed and terms agreed as this may have impact on debtors and immovable assets.

Ditsobotla Local Municipality (11-12/02/2013)

- ▶ Municipality migrated from BIQ to SEBATA system in November. Challenges with the migration of Debtors - Revenue not billed since November 2012
- ▶ Filing system not ideal (no scanning of documents)
- ▶ Substantial number of unallocated receipts (R63mil)
- ▶ GRAP training required for staff
- ▶ No work done on assets since year-end (Jun 2012)
- ▶ Municipality appointed an external service provider to construct a GRAP 17 compliant asset register; however the scope of the contract and the deliverables will not render a GRAP compliant asset register.
- ▶ Municipality requires assistance with the unbundling of infrastructure assets
- ▶ No Delegations of authority
- ▶ No formal system/process to monitor performance information (Pre-determined Objectives)
- ▶ Sebata system data integrity questionable as a result of migration from BIQ to SEBATA
- ▶ No Budget Evaluation Checklist
- ▶ Budget process, cash flow and expenditure management not effective
- ▶ No billing has been done since the month of October 2012 due to the system migration issues
- ▶ Only 6 of the 41 policies have been adopted by council
- ▶ No proper Conditional Grant Register
- ▶ No updated Indigent Register
- ▶ No mechanism to determine Cost of Indigents

- ▶ SCM Bid committees are currently dysfunctional
- ▶ No formal Fixed Asset Register (Excel spreadsheet)
- ▶ No asset disposals performed
- ▶ Internal audit not functioning properly
- ▶ Staff require capacitating and training on the Sebata System Software.

Progress as at 30 June 2013

●	Achieved
●	Work in Progress
●	Alert! Non achievement

Deliverables/ Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012					2013				Yes/No/Partially
Updating of the General Ledger	●	●	●	●	●	●	●	●	●	Partially
Bank Reconciliations	●	●	●	●	●	●	●	●	●	Partially Reconciling items to October 2012 recommended for processing in BIQ in progress.
Debtors Reconciliations	●	●	●	●	●	●	●	●	●	Partially Take on balances into Sebata not complete. Credit adjustments under investigation
Creditors Reconciliations	●	●	●	●	●	●	●	●	●	Partially Take on balances into Sebata not complete Credibility of Nov. to Jan balances being established Proposed adjustment




Deliverables/ Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
										still to be processed.
Payroll Reconciliations	●	●	●	●	●	●	●	●	●	Partially
Movable Asset Reconciliations	●	●	●	●	●	●	●	●	●	No. Take on balances into Sebata not complete. Depreciation journals still to be processed
Immovable Asset Reconciliations	●	●	●	●	●	●	●	●	●	No. Take on balances into Sebata not complete. Depreciation journals still to be processed
Inventory Reconciliations	●	●	●	●	●	●	●	●	●	No. Inventory count at 28 February conducted. Adjustments still to be processed.
Investment Reconciliations	●	●	●	●	●	●	●	●	●	No. Majority of investment balances relate to prior years c/f. Journals recommended for adjustment














































1. Moretele Local Municipality (13-14/02/2013)

- ▶ Using and electronic filing system through Metro File, but there are challenges with regard to Indexing which complicates tracking and availability of documentation
- ▶ Staff require capacitating and training on reconciliations
- ▶ GRAP training required for staff
- ▶ No asset management staff
- ▶ Asset register does not reconcile to General Ledger

- ▶ Actual results not monitored against performance measures in the SDBIP
- ▶ Staff require capacitation and training on Venus System Software
- ▶ Skills lacking at PMU
- ▶ No Budget Evaluation Checklist
- ▶ Budget process, cash flow and expenditure management not effective
- ▶ Creditors reconciliations only being performed on 2 major creditors
- ▶ No updated Indigent Register
- ▶ No mechanism to determine Cost of Indigents
- ▶ At this stage the control environment is not in place and the municipality is totally reliant upon Systems in use.
- ▶ Internal audit division is experiencing capacity constraints.
- ▶

Progress as at 30 March 2013

	Achieved
	Work in Progress
	Alert! Non achievement

DELIVERABLES / ACTIVITIES	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Updating of the General Ledger										Partially
Bank Reconciliations										Partially
Debtors Reconciliations										No
Creditors Reconciliations										No
Payroll Reconciliations										Partially

DELIVERABLES / ACTIVITIES	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Movable Asset Reconciliations	●	●	●	●	●	●	●	●	●	Partially
Immovable Asset Reconciliations	●	●	●	●	●	●	●	●	●	No
Inventory Reconciliations	●	●	●	●	●	●	●	●	●	No
Investment Reconciliations	●	●	●	●	●	●	●	●	●	Partially
Grants received Reconciliations	●	●	●	●	●	●	●	●	●	Yes
VAT Reconciliations	●	●	●	●	●	●	●	●	●	No

Comments/Challenges/Risks:

1. Reconciliations March 2013 - Awaiting updated general ledger from Moretele Municipality, as transactions are still being processed. Official responsible for the general ledger was offsite (1 – 5 April 2013)
2. Bank reconciliation - Certain reconciling items have been cleared by BCX Consultants (left end March 2013 and no hand over have been given to the Moretele Municipality according to our knowledge). Awaiting the March 2013 updated general ledger to verify adjusting journal postings made to date. Unaddressed reconciling items will be investigated and addressed accordingly.
3. Payroll reconciliation – Clearing of reconciling items in progress. Some reconciling items are not traceable, as no link could be established between the salary suspense account expenditures and salary payments made. Venus system consultants' assistance could be required to trace system postings.
4. Investment reconciliations – Awaiting outstanding bank statements for certain investment accounts. Regular follow up with ABSA to obtain outstanding statements.
5. Inventory counts have not been done prior to our arrival. Although attempts was made can there be no reconstruction of inventory be made back from the January stock counts due to lack of proper documentation being kept. Also the opening balance cannot be recreated due to lack of supporting documentation. See below comments
6. There is an R 850 000 integration difference on the October debtors. After numerous attempts were made to reconcile the amount was the amount not able to reconcile.

DELIVERABLES / ACTIVITIES	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Awaiting response from consultants of the Venus system as this is an integration problem										
7. The computer consultants (BCX) were allowed to pass journals without supporting documentations. This might lead to duplicate journals as we do not work on the live system. Double work is being done as we have to check that they have not found similar problems as we had and corrected it since we last received a GL.										

Additional Services / Activities (Deliverables as agreed by 15 March 2013)		
Description of Agreed Deliverables and/or Activities	Achieved Yes/No/Partially	Reason for non achievement and/or Challenges / Risks
1. Grants spend	Yes	
2. Leases	Yes	
3. Debtors – meter readings	Yes	
4. Opening balances	No	Audit management comment letter received late.
5. Inventory – Opening balance	Partially	It was identified that the stock count for 30 June 2012 was not complete due to the stock being identified at 31 January 2013 count. There were no purchases of these stock items during the year as all payments were reviewed. There was also stock identified in the year end stock count, which is consignment stock. These amounts can be quantified and adjusted for at year end. The completeness for the opening balance can also not be guaranteed as the auditors did not partake in the stock count.
6. Fixed Assets – Opening balance	No	The Fixed Asset register has issues with regards to completeness, existence and valuation. The only way these issues can be addressed is by recreating the fixed asset register by way of full verification. By merely

		adjusting the quantitative values on the opening balance, will no value be added.
7. Creditors – Opening balance	Partially	Cut off for gathering of information for creditors will be 10 April 2013 at which accumulation will occur and it will be finalised.
8. VAT Reconciliations	Partially	See above
9. Debtors – Opening balance	Partially	
10. Creditors – Internal Control	Yes	
11. Fixed Assets – Flagging of issues	Yes	
12. Inventory – Operating Procedures	Yes	

Comments:

1. On the VAT reconciliation side will the municipality be able to save and additional R 3 000 000, if valid VAT invoices can be received.
2. Grants spend - Compiled monthly reconciliations for expenditure of the various types of grants received. Identified that grants were used for operating expenditure in certain areas.
3. Leases - Compiled amortisation schedules for identified leases Moretele Municipality entered into during the period under review.
4. Debtors - Two months (December 2012, February 2013) tested for accuracy between the Venus system and supplementary valuation rolls; various discrepancies identified (items included on Venus and not on supplementary valuation rolls and vice versa; identified a total difference between Venus valuation roll and supplementary valuation rolls).
5. Opening balances - no work performed (refer reason for non achievement above). Hours replaced with the following
 - a. Debtors – Additional month tested, February 2013 (70.5 additional hours)
 - b. Grants (expenditure) – Complexity in traceability of grant expenditures (21 additional hours)
 - c. Leases – over 200 leases corrected (87 additional hours)




Areas that require further intervention to ensure credible financial statements at year-end (30 June 2013)










1. The fixed asset register should be verified physically again. The last verification was done 3 years ago and the completeness and existence of fixed assets cannot be guaranteed.
2. Budgeting procedures to identify wasteful expenditure.
3. Appointment of a consultant to value landfill sites.
4. All areas as identified in the 2011 and 2012 Audit General Management Letters to be addressed.
 - a. Detail work required for extensive issues in opening balances

Kagisano Molopo Local Municipality (18-19/02/2013)

- ▶ General Ledger transaction processing not up to date Municipality migrating to Pastel w.e.f. 4 March 2013
- ▶ Staff require capacitation and training on reconciliations
- ▶ GRAP training required for staff
- ▶ Asset additions not incorporated into Fixed Asset Register for 2013
- ▶ Municipality requires assistance with the unbundling of infrastructure assets
- ▶ No formal system/process to monitor performance information (Pre-determined Objectives)
- ▶ No Budget Evaluation Checklist
- ▶ Budget process, cash flow and expenditure management not effective
- ▶ No Irregular Expenditure Register
- ▶ Staff require capacitation and training on the Pastel System Software
- ▶ Training on SCM required for practitioners
- ▶ Training required for all Bid Committee members
- ▶ No formal Fixed Asset Register (Excel spreadsheet)
- ▶ No asset disposals performed
- ▶ No adequate back up procedures in place
- ▶ Receipting of Income - staff constraints, segregation of duties not effective at former municipalities
- ▶ No policies have been adopted by council

Progress as at 30 June 2013

	Achieved
	Work in Progress
	Alert! Non achievement

Deliverables / Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Updating of the General Ledger										Yes

Deliverables / Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Bank Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Feb 2013)
Debtors Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Feb 2013)
Creditors Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Feb 2013)
Payroll Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Feb 2013)
Movable Asset Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Feb 2013)
Immovable Asset Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Feb 2013)
Investment Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Feb 2013)
Grants received Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Feb 2013)
Project Register/ Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Feb 2013)
Leave register/ Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Feb 2013)
Vat reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Feb 2013)
<u>Comments/Challenges/Risks:</u> 1. There is no proper management of Tenants contracts ,which results of the misstatement of										

Deliverables / Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
	rental income and the debtors balance 2.The municipality only managed to get registered for VAT in March 2013,									

Additional Services / Activities (Deliverables as agreed by 15 March 2013)		
Description of Agreed Deliverables and/or Activities	Achieved Yes/No/Partially	Reason for non achievement and/or Challenges / Risks
1.Re-capture and process transactions in the cashbooks for the three bank accounts and general ledger from 1 July 2012 – 31 February 2013, jointly with the designated BTO officials of the municipality to provide them with on the job training	Yes	
2.Prepare the bank reconciliations for the three bank accounts up to December 2012 & one consolidated bank account before June 2013 and reconcile it to the GL	Yes	
3.Trade and other receivables: <ul style="list-style-type: none"> Identify all the unrecorded debtors/ Refuse collection , all revenue streams Assist the municipality to draw up leases contracts were they are not there 	Yes Partially	We have reviewed and updated the lease contract. However, the Legal Manager intends to discuss the contract with the tenants prior to finalisation.
4.Vat Submissions and reconciliation	Partially	The municipality was not registered for VAT since merging, we assisted in the registration and it was registered end of march, All submissions for the year will only be completed by April
5.Leases :Obtain lease contracts , prepare amortisation, restate opening balances and physical verify leased	Yes	Challenge was obtaining leases contracts and a lease contracts custodian within the municipality




assets		
6. Grant register and reconciliation, Project register	Yes	
7. Perform physical verification of movable assets additions	Yes	














































Areas that require further intervention to ensure credible financial statements at year-end (30 June 2013)		
1. Audit Action Plan to be prepared and implemented		
2. Adjusting of Opening balances		
2. Asset register: Unbundling of infrastructure assets and Valuation of movable assets		
3. Revenue: Compilation of indigent register and updating the Tenant contracts to reflect the VAT component		
4. Identification and compilation of schedules of unauthorised, irregular, fruitless and wasteful expenditure for reporting to Council as well as for disclosure purpose in the financial statements		

5. Tswaing Local Municipality (20-21/02/2013)

- ▶ Staff require capacitating and training on reconciliations
- ▶ GRAP training required for staff
- ▶ No formal Fixed Asset Register (Excel spreadsheet)
- ▶ Municipality requires assistance with the unbundling of infrastructure assets
- ▶ Delegations of authority in draft not adopted by council
- ▶ Performance Management Framework to be adopted by council 1st week in March. S57 Managers never been assessed.
- ▶ No suitable website being used by the municipality due to cash flow constraints
- ▶ Grant funding used to fund operating expenditure
- ▶ Some orders paid without supporting documentation - e.g. Transport, catering - CFO does not approve but MM does
- ▶ Creditors are only paid when money is available (not necessarily within 30days)
- ▶ No Irregular Expenditure Register
- ▶ No Delegations of authority
- ▶ No asset disposals performed
- ▶ No formal 3 year capital work programme
- ▶ Budget process, cash flow and expenditure management not effective

Progress as at 30 June 2013

	Achieved
	Work in Progress
	Alert! Non achievement

DELIVERABLES / ACTIVITIES	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Updating of the General Ledger										Partially updated.
Bank Reconciliations										Partially updated
Debtors Reconciliations										Partially (Jul 2012 to Jan 2013)
Creditors Reconciliations										Reconciliation of creditors control done – reconciling items not yet passed in the Financial System. (No) Reconciliation of creditor's suppliers' statement at each month has been done.
Payroll Reconciliations										Payroll reconciliations done – reconciling items not yet recorded in the financial system (No)

DELIVERABLES / ACTIVITIES	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Movable Asset Reconciliations	●	●	●	●	●	●	●	●	●	Movable assets reconciliation done. Reconciling items not yet captured on the Financial System (No)
Immovable Asset Reconciliations	●	●	●	●	●	●	●	●	●	Construction contract – (WIP) Partially reconciled (No)
Inventory Reconciliations	●	●	●	●	●	●	●	●	●	Partially
Investment Reconciliations	●	●	●	●	●	●	●	●	●	Partially
Grants received Reconciliations	●	●	●	●	●	●	●	●	●	Partially
Property Rates	●	●	●	●	●	●	●	●	●	Reconciliation of the Valuation Roll and the Billing system – Discrepancy identified (Reconciling the billing system and the valuation roll still work in progress)
Creditors Reconciliations	●	●	●	●	●	●	●	●	●	Reconciliation of creditors control done – reconciling items not yet passed in the Financial System. (No) Reconciliation of creditor's suppliers' statement at each month has been done.




DELIVERABLES / ACTIVITIES	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Payroll Reconciliations	●	●	●	●	●	●	●	●	●	Payroll reconciliations done – reconciling items not yet recorded in the financial system (No)
Movable Asset Reconciliations	●	●	●	●	●	●	●	●	●	Movable assets reconciliation done. Reconciling items not yet captured on the Financial System (No)
Immovable Asset Reconciliations	●	●	●	●	●	●	●	●	●	Construction contract – (WIP) Partially reconciled (No)
Inventory Reconciliations	●	●	●	●	●	●	●	●	●	Partially
Investment Reconciliations	●	●	●	●	●	●	●	●	●	Partially
Grants received Reconciliations	●	●	●	●	●	●	●	●	●	Partially
Property Rates	●	●	●	●	●	●	●	●	●	Reconciliation of the Valuation Roll and the Billing system – Discrepancy identified (Reconciling the billing system and the valuation roll still work in progress)



















6. Maquassi Hills Local Municipality (04-05/03/2013)

- ▶ Documentation kept in all offices, no dedicated area for storage. Office access not controlled. Training required for filing staff
- ▶ Staff require capacitation and training on reconciliations

- ▶ GRAP training required for staff
- ▶ Delegations of authority not up to date
- ▶ No formal Fixed Asset Register (Excel spreadsheet)
- ▶ Municipality requires assistance with the unbundling of infrastructure assets
- ▶ No formal system/process to monitor performance information (Pre-determined Objectives)
- ▶ Service Provider - Sidisi appointed until December 2013 to perform reconciliations, compile AFS for 2013 and provide audit support
- ▶ No suitable website used by the municipality
- ▶ No formal 3 year capital work programme
- ▶ Budget process, cash flow and expenditure management not effective
- ▶ Severe capacity constraints in Creditors division 3-4 staff required
- ▶ Irregular Expenditure Register not up to date
- ▶ Training required for all SCM staff
- ▶ Asset management capacity lacking. Training required on asset management. Asset Manager & asset co-ordinator and 1 intern post vacant. Currently only one intern running the asset division.
- ▶ No asset disposals performed
- ▶ Meter readings not accurate. Variance reports not checked
- ▶ Receipting of Income at decentralised offices not effective. Training and supervision required.

Progress as at 30 June 2013

	Achieved
	Work in Progress
	Alert! Non achievement

Deliverables / Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Updating of the General Ledger										Partially
Bank Reconciliations										No

Deliverables / Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Debtors Reconciliations	●	●	●	●	●	●	●	●	●	Partially
Creditors Reconciliations	●	●	●	●	●	●	●	●	●	No
Payroll Reconciliations	●	●	●	●	●	●	●	●	●	Yes
Movable Asset Reconciliations	●	●	●	●	●	●	●	●	●	No
Inventory Reconciliations	●	●	●	●	●	●	●	●	●	Yes
Investment Reconciliations	●	●	●	●	●	●	●	●	●	No
Grants received Reconciliations	●	●	●	●	●	●	●	●	●	Partially
Petty Cash received Reconciliations	●	●	●	●	●	●	●	●	●	No
Revenue Reconciliations	●	●	●	●	●	●	●	●	●	No

Comments/Challenges/Risks: Bank& Cash

1. Transactions are not processed on monthly basis,
2. Some of the bank accounts use one vote number; all transactions for these accounts are recorded in the same vote number. This makes it difficult to reconcile. We have discussed with management and they mentioned that two of the three bank account, will be closed at year-end and in future each bank account will have its own vote number.

3. We are still waiting for Bank Reconciliation and Bank Statements for one bank account, Licensing/Traffic Bank Account. The reconciliation is currently being performed by Sediesey Consultants as such we will only be performing review on these recons to ensure they are correctly prepared.
4. Main Bank Account reconciliations are in hard copies and it takes time to recalculate.
5. Reconciling items were identified and journals were proposed, however the client refused to process the journals saying that this will cause duplications as the other consultants (Sediesey Consultants) also process journals on the system.

Comments/Challenges/Risks: Inventory

1. Stock count is only performed on quarterly basis not monthly basis. As per discussion with Mr Silva (Expenditure) this is due to the fact that the store is always busy and is difficult to close down the store on monthly basis.
2. We experiencing delays in receiving details of the last stock count performed by the municipality.

Comments/Challenges/Risks: Investments

3. Two of the investments accounts could not be verified to Bank Statements as the Municipality only received the bank statement at year-end, i.e. 30 June 2013.
4. Reconciling items were identified and journals were proposed, however the client did not process the journals as they are still waiting for other consultants (Sediesey Consultants) who also performing reconciliations of accounting records.

Comments/Challenges/Risks: Petty Cash

5. We reviewed the petty cash reconciliations performed. Petty Cash Policy was established and submitted to management for comments and review.
6. Petty cash withdrawals and expenditure are recorded on the system on a monthly basis.

Comments/Challenges/Risks:Deposits reconciliation

7. We reviewed the deposit register, however we still waiting for supporting information regarding refunds & deposits.

Comments/Challenges/Risks:Payroll

8. Invalid or unauthorised transactions were recorded in the payroll account without being noticed.
9. Payroll expenses are overstated due to payroll not properly reconciling to the general ledger.
10. Skills development Levy was not part of Payroll Recon.
11. S & T Accounts includes Accommodation expenses, separate vote number should be created for Accommodation expenses.
12. **Note:** no major challenges were experienced, the payroll personnel was cooperative at all time.

Comments/Challenges/Risks: Fixed Assets

13. Assets are recorded in the GL when they have been paid for (cash basis) and not when received and depreciated when brought into use as required per the accrual principle. There is risk that assets are misstated, and may be recorded using incorrect dates and not in line with GRAP requirement that fixed asset are recognised when all the risk and rewards are passed (i.e. when delivered). This might result in misstatement of Depreciation.
14. FAR is not updated regularly and correctly which resulted in the differences between the GL and FAR
15. Fixed Asset Reconciliations are not performed correctly and the municipal responsible official (Moremi) does not have access to GL when performing the reconciliation and also he does not have an understanding of how the reconciliations are supposed to be prepared.
16. The depreciation will be calculated at year end, and a journal will be recorded then, as such we will perform an extensive review of the calculations at year end to ensure that the balances are not understated.
17. There is significant risk that some expenses capitalised are not of capital nature as such an extensive review will be performed at year end to ensure that non capital expenses are not capitalised.
18. We updated the FAR with the information from the general ledger and calculated the depreciation as of 28 February 2013, but this is not done monthly and will be done at year end.
19. **Note:** The Department of Finance has appointed consultants to review and compile an asset register for all infrastructure and movable assets.

Comments/Challenges/Risks: VAT

20. VAT is calculated using the actual VAT on the invoice paid during the period and the receipts issued per period.
21. We noted that they are reversals and additions of balances that do not relate to the period in question due to inaccuracy of the previous periods.
22. The VAT reconciliation that is prepared is only a calculation of VAT refundable or payable and this does not agree to the general ledger.

Comments/Challenges/Risks: Grants

23. Grants register was not updated
24. Officials are not always available to provide information and at first the wrong information was received in order to confirm how much of the allocation was paid as per national treasury confirmation letter.
25. Dora Schedule not available, have to download and confirm how much was allocated to the Municipality hence the register was not updated
26. Grants received as per bank statement not yet recorded on the GL(NT EPWP)
27. Eskom grant not paid Directly to Municipality bank account, supporting documents for amount paid are with Eskom finance department, received the wrong supporting documents and after referred to the relevant person, made a follow up but the person was not available(In Meetings)

28. The person in charge of grants is always available, cooperative but swamped with other staff
29. Library grant, amount recorded on the DoRA does not agree to the amount on asset register and no supporting document of the amount received and according to the discussion with Lynette Jonker (Head of Finance) this amount was not received directly to Maquassi Hills Municipality.

Comments/Challenges/Risks:Bank & Cash

6. Transactions are not processed on monthly basis,
7. Some of the bank accounts use one vote number; all transactions for these accounts are recorded in the same vote number. This makes it difficult to reconcile. We have discussed with management and they mentioned that two of the three bank account, will be closed at year-end and in future each bank account will have its own vote number.
8. We are still waiting for Bank Reconciliation and Bank Statements for one bank account, Licensing/Traffic Bank Account. The reconciliation is currently being performed by Sediesey Consultants as such we will only be performing review on these recons to ensure they are correctly prepared.
9. Main Bank Account reconciliations are in hard copies and it takes time to recalculate.
10. Reconciling items were identified and journals were proposed, however the client refused to process the journals saying that this will cause duplications as the other consultants (Sediesey Consultants) also process journals on the system.

Comments/Challenges/Risks :Inventory

30. Stock count is only performed on quarterly basis not monthly basis. As per discussion with Mr Silva (Expenditure) this is due to the fact that the store is always busy and is difficult to close down the store on monthly basis.
31. We experiencing delays in receiving details of the last stock count performed by the municipality.

Comments/Challenges/Risks: Investments

32. Two of the investments accounts could not be verified to Bank Statements as the Municipality only received the bank statement at year-end, i.e. 30 June 2013.
33. Reconciling items were identified and journals were proposed, however the client did not process the journals as they are still waiting for other consultants (Sediesey Consultants) who also performing reconciliations of accounting records.

Comments/Challenges/Risks:Petty Cash

34. We reviewed the petty cash reconciliations performed. Petty Cash Policy was established and submitted to management for comments and review.
35. Petty cash withdrawals and expenditure are recorded on the system on a monthly basis.

Comments/Challenges/Risks:Deposits reconciliation

36. We reviewed the deposit register, however we still waiting for supporting information regarding refunds & deposits.

Comments/Challenges/Risks: Payroll

- 37. Invalid or unauthorised transactions were recorded in the payroll account without being noticed.
- 38. Payroll expenses are overstated due to payroll not properly reconciling to the general ledger.
- 39. Skills development Levy was not part of Payroll Recon.
- 40. S & T Accounts includes Accommodation expenses, separate vote number should be created for Accommodation expenses.
- 41. **Note:** no major challenges were experienced, the payroll personnel was cooperative at all time.

Comments/Challenges/Risks: Fixed Assets

- 42. Assets are recorded in the GL when they have been paid for (cash basis) and not when received and depreciated when brought into use as required per the accrual principle. There is risk that assets are misstated, and may be recorded using incorrect dates and not in line with GRAP requirement that fixed asset are recognised when all the risk and rewards are passed (i.e. when delivered). This might result in misstatement of Depreciation.
- 43. FAR is not updated regularly and correctly which resulted in the differences between the GL and FAR
- 44. Fixed Asset Reconciliations are not performed correctly and the municipal responsible official (Moremi) does not have access to GL when performing the reconciliation and also he does not have an understanding of how the reconciliations are supposed to be prepared.
- 45. The depreciation will be calculated at year end, and a journal will be recorded then, as such we will perform an extensive review of the calculations at year end to ensure that the balances are not understated.
- 46. There is significant risk that some expenses capitalised are not of capital nature as such an extensive review will be performed at year end to ensure that non capital expenses are not capitalised.
- 47. We updated the FAR with the information from the general ledger and calculated the depreciation as of 28 February 2013, but this is not done monthly and will be done at year end.
- 48. **Note:** The Department of Finance has appointed consultants to review and compile an asset register for all infrastructure and movable assets.

Comments/Challenges/Risks: VAT

- 49. VAT is calculated using the actual VAT on the invoice paid during the period and the receipts issued per period.
- 50. We noted that they are reversals and additions of balances that do not relate to the period in question due to inaccuracy of the previous periods.
- 51. The VAT reconciliation that is prepared is only a calculation of VAT refundable or payable and this does not agree to the general ledger.

Comments/Challenges/Risks: Grants

- 52. Grants register was not updated
- 53. Officials are not always available to provide information and at first the wrong information was received in order to confirm how much of the allocation was paid as per national treasury confirmation letter.

54. Dora Schedule not available, have to download and confirm how much was allocated to the Municipality hence the register was not updated
55. Grants received as per bank statement not yet recorded on the GL(NT EPWP)
56. Eskom grant not paid directly to municipal bank account, supporting documents for amount paid are with Eskom finance department, received the wrong supporting documents and after referred to the relevant person, made a follow up but the person was not available(In Meetings)
57. The person in charge of grants is always available, cooperative but swamped with other staff
58. Library grant, amount recorded on the Dora does not agree to the amount on asset register and no supporting document of the amount received and according to the discussion with Lynette Jonker (Head of Finance) this amount was not received directly to Maquassi Hills Municipality.

Comments/Challenges/Risks: Debtors

1. The consultant who prepares the reconciliations are not always ready available to ensure that we discuss any differences as they work limited days a week.
2. We reviewed the reconciliation prepared and noted insignificant differences that still need to be processed in the general ledger for correction.

Comments/Challenges/Risks: Creditors

3. Per discussion with the Former CFO (Mr C Wenum) they operate at cash basis. The municipality does not prepare any quarterly financials hence if quarterly financials are to be prepared then the liabilities and expenditure will be misstated.
4. We identified all the creditors that are not recorded in the general ledger and traced to the supporting documents as they are only recognised on cash basis.

Comments/Challenges/Risks: Revenue




5. Per discussion with the Jonas, the department of finance, the revenue reconciliation hasn't been prepared and he informed us to wait until he has prepared the revenue reconciliation. Followed up on any work done and he was busy with other work.




























7. Kgetlengrivier Local Municipality (06-07/03/2013)

- ▶ Filing system being used is not functioning effectively
- ▶ Staff require capacitating and training on reconciliations
- ▶ Municipality does not perform reconciliations for Bank, Debtors, Leave Provisions, Fixed Assets
- ▶ No Delegations of authority
- ▶ None of the 45 policies have been adopted by council
- ▶ Council resolution that no debt is to be collected
- ▶ No updated Indigent Register

- ▶ No mechanism to determine Cost of Indigents
- ▶ Severe staff constraints in SCM. Training and capacitating required
- ▶ Municipality is totally reliant upon Phoenix system administrators. The creditors, debtors, assets, payroll and inventory system modules are not used but paid for
- ▶ Phoenix System closures always late, has repercussions on service delivery reporting
- ▶ Phoenix System modules are not integrated
- ▶ No Irregular Expenditure Register
- ▶ Budget process, cash flow and expenditure management not effective
- ▶ Grant funding used to fund operating expenditure and salaries
- ▶ No water loss controls
- ▶ Authorisation of disconnections not functioning effectively
- ▶ No Disaster Recovery Plan
- ▶ No adequate back up procedures in place
- ▶ No risk based audit plan
- ▶ No audit committee in existence
- ▶ Internal control measures not functioning effectively

Progress as at 30 June 2013

	Achieved
	Work in Progress
	Alert! Non achievement




Deliverables / Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Updating of the General Ledger										Partially
Bank Reconciliations										No
Debtors Reconciliations										Partially (Jul 2012 to Jan 2013)




























Deliverables / Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Creditors Reconciliations	●	●	●	●	●	●	●	●	●	No
Payroll Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Mar 2013)
Movable Asset Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Mar 2013)
Immovable Asset Reconciliations	●	●	●	●	●	●	●	●	●	Not focus area
Inventory Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Mar 2013)
Investment Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Mar 2013)
Grants received Reconciliations	●	●	●	●	●	●	●	●	●	Partially (Mar 2013)
Revenue Billing	●	●	●	●	●	●	●	●	●	Partially (Sep & Oct 2012)
Suspense accounts	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Mar 2013)
Completeness test of expenditure	●	●	●	●	●	●	●	●	●	Partially (Jul 2012 to Mar 2013)
Other - please specify	●	●	●	●	●	●	●	●	●	

Comments/Challenges/Risks:

1. Main challenge is the understanding of the system resulting in manual reconciliation which consumes more time.
2. Inventory & Creditors modules are inactive in the financial system. Training on the modules would be crucial for full utilisation of these modules.
3. Reliance in individuals within the municipality thereby causing inefficiency during absenteeism of that official.
4. Huge delays were experienced on verification of movable assets due to inactive asset management system
5. Clearing of reconciling items in the bank reconciliation and suspense accounts is a huge problem due to auto journals from the system which we cannot easily retrieve supporting evidence.
6. Over reliance on the financial system consultants.
7. Payroll reconciliation still shows some discrepancies due to non-availability of VIP mapping structure for journals passed into the financial systems. We had engaged the VIP consultant but we haven't been able to clear discrepancies.
8. Debtors sub-ledger and general ledger would never reconcile due to separate account created from the debtors balance i.e. debtor arrangement account. Classification of service and rates revenue is distorted due to this account which is called sundry account for reporting purposes.

Progress as at 30 June 2013

	Achieved
	Work in Progress
	Alert! Non achievement

Deliverable / Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Updating of the General Ledger										Yes
Bank Reconciliations										Yes
Debtors										Yes

Deliverable / Activities	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Reconciling Items Captured on the Financial System
	2012						2013			Yes/No/Partially
Reconciliations										
Creditors Reconciliations	●	●	●	●	●	●	●	●	●	No
Payroll Reconciliations	●	●	●	●	●	●	●	●	●	Partially (From Feb 2013)
Movable Asset Reconciliations	●	●	●	●	●	●	●	●	●	No
Immovable Asset Reconciliations	●	●	●	●	●	●	●	●	●	No
Inventory Reconciliations	●	●	●	●	●	●	●	●	●	No
Investment Reconciliations	●	●	●	●	●	●	●	●	●	Yes
Grants received Reconciliations	●	●	●	●	●	●	●	●	●	Yes
Suspense Accounts	●	●	●	●	●	●	●	●	●	Partially (From March 2013)
Traffic Fine Income	●	●	●	●	●	●	●	●	●	Yes
Licences and Penalties	●	●	●	●	●	●	●	●	●	Yes

Comments/Challenges/Risks:

1. Bank reconciliations - reconciling items are not cleared on a monthly basis. Examples include stale cheques, deposits on the bank statement not recorded in the GL.
2. The Municipality does not utilise a creditors system. Payments are made on a cash basis. There are approximately 40 recurring creditors for which reconciliations have been performed from Sep 2012 – for February 2013, statements from 5 suppliers are outstanding and we have requested these from the suppliers. March statements have been received and the reconciliations are in the process of being prepared.
3. Payroll reconciliations have not been prepared from July 2012. We have prepared reconciliation for the period July 2012 to Feb 2013 and we are in the process of finalising the reconciliation for March 2013.
4. Asset reconciliations were not performed on a monthly basis. TMDG Consultants have been appointed to update and reconcile the asset register to the GL.
5. Inventory reconciliations were not performed on a monthly basis. A stock count was conducted on the 28 Feb, 01 and 03 March and the results are in the process of being reconciled to the system.
6. Water stock is not accounted for on a monthly basis. Discussions with the engineering department have revealed that the meter at the reservoir is broken and readings are therefore not being taken – this has been the case since May 2012.
7. Suspense accounts are not reconciled on a monthly basis. Items which cannot be easily identified and cleared are only cleared at year-end. The Municipality has 14 suspense accounts, two of which are salary related suspense accounts. To date, 6 suspense accounts have been cleared. We are in the process of clearing the salary suspense accounts.
8. We performed a review of the payments made from 01 July 2012 to 28 February 2013 and have identified instances of non-compliance to SCM processes. This has been communicated to CFO and Chief Accountant. We are monitoring follow up actions being taken.
9. We have identified payments made to individual suppliers/contractors which exceed, in total, the limit set by the Municipality to go out on tender and ensure that all the requirements as per the SCM policy and legislation have been adhered to. Exceptions have been communicated to CFO, Chief Accountant and the SCM Manager. We are monitoring follow up actions being taken.
10. The Municipality has outsourced various services such as traffic fines, licenses and permits and meter readings - however, there is no system in place to monitor

4.2 Progress report on the implementation of Phase 111 (GRAP 17) of the programme

4.2.1 Municipal Financial Management Improvement Support Programme – Phase 111 (GRAP 17) Background

The asset register is not only a very important ledger within the accounting system - it is also one of the cornerstones for the implementation of GRAP.

Section 63 (2)(c) of the MFMA stipulates: “The accounting officer must take all reasonable steps to ensure that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register as may be prescribed

Section 122 (3) of the Municipal Finance Management Act (MFMA) requires municipalities and municipal entities to prepare financial statements in accordance with **generally recognised accounting practice (GRAP)**,

The audit outcomes for the 2011/12 financial year showed that municipalities in the Province where predominately disclaimed or qualified on the basis of lack of implementation of GRAP 17 and the unbundling of infrastructure assets .

For ease of reference we have also tabled the Auditor General's finding on property, plant and equipment.

Maquassi Hills Local Municipality audit finding on Property, plant and equipment

- The municipality did not review the residual values and useful lives of property, plant and equipment at each reporting date or assessed whether there is any indication that an asset may be impaired in accordance with SA Standard of GRAP, GRAP 17 *Property, plant and equipment*. The municipality's records did not permit the performance of alternative audit procedures. Consequently, I was unable to practicably determine the resulting misstatement in the depreciation and amortisation expense of R25 654 484 (2011: R24 801 791) as per the statement of financial performance or in the valuation of property, plant and equipment of **R506 147 895 (2011: R488 983 839)** disclosed in note 6 to the financial statements.
- I was unable to obtain sufficient appropriate audit evidence to determine the completeness, valuation and allocation, existence, and rights of property, plant and equipment of R506 147 895 (2011: R488 983 839) disclosed in note 6 to the financial statements. SA Standards of GRAP, GRAP 17, *Property, plant and equipment* requires that each significant component of an item of property, plant and equipment should be recognised separately. The municipality has not yet completed its process of unbundling

property, plant and equipment to adhere to this requirement and have an insufficient asset management system in place for the recording, recognition of assets and physical confirmation of assets. There were no satisfactory alternative procedures I could perform to obtain reasonable assurance that all assets were properly recorded and accounted for.

Greater Taung Local Municipality audit finding on Property, plant and equipment

- I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment of **R1 154 792 881 (2011: R147 537 735)** disclosed in note 5 to the financial statements. The municipality's system did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to the completeness, valuation and allocation, existence, rights and presentation and disclosure of property, plant and equipment.

-

Ventersdorp Local Municipality audit finding on Property, plant and equipment

- I was unable to obtain sufficient appropriate evidence for property, plant and equipment of **R113 255 376 (2011: R97 816 046)** disclosed in the statement of financial position and note 11 to the financial statements. The municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to determine the completeness, valuation and allocation, existence and rights and obligation of property, plant and equipment as disclosed in the statement of financial position and note 11 to the financial statements.
- Standard of Generally Recognised Accounting Practice, GRAP 17, *Property, plant and equipment* requires that the useful life and residual value of an asset shall be reviewed and be tested for impairment at least at each reporting date. The municipality did not perform a reassessment of useful lives for assets. Consequently, I was unable to satisfy myself as to the accuracy, occurrence, completeness, classification and cut-off of the depreciation expense of R5 362 762 (2011: R5 828 282) as disclosed in the statement of financial performance and note 28 to the financial statements.

PROGRESS REPORTS

MAQUASSI MUNICIPALITY	
PROGRESS PERIOD 01 MARCH TO 30 June 2013	
ACHIEVEMENTS/ PERCENTAGE COMPLETED 16 %	
1	Procure assets management system
2	Configured the mobile capturing tablets for use in the compilation of Asset register
3	Assessment of IT infrastructure for suitability and compatibility with the asset management system
4	Training of Municipal staff on the use of the system
5	Designed and printed sequentially prenumbered bar codes for the municipality
6	Completed planning and commenced the identification, tagging and physical verification of the movable assets
7	Compiled and reviewed files of invoices for movable assets
8	Data gathering for all information relating to immovable assets such as, GIS information, as built plans, shape files, valuation role, land and building schedules and capturing all projects invoices.
Comments: Project on schedule	
Municipal Employees trained	

<p>Asset Manager</p> <p>The municipality's asset department is understaffed. It only has one staff member who is being involved in the whole process of creation of the asset register. We requested the CFO to allocate more staff to the project.</p>
<p>Challenges/risks</p> <ol style="list-style-type: none"> 1. The municipality do not have a substantive technical director hence some data is missing. We are trying to obtain the information for sewer network from previous contractors 2. Municipality have not yet availed its municipal staff for the project to facilitate skills transfer from the onset despite our continued request. We have planned a meeting next week with all the relevant municipal staff.

GREATER TAUNG LOCAL I MUNICIPALITY	
PROGRESS PERIOD 01 MARCH TO 30 June 2013	
ACHIEVEMENTS/PERCENTAGE COMPLETED 21%	
1	Procure assets management system
2	Configured the mobile capturing tablets for use in the compilation of Asset register
3	Assessment of IT infrastructure for suitability and compatibility with the asset management system
4	Training of Municipal staff on the use of the system
5	Designed and printed sequentially prenumbered bar codes for the municipality
6	Completed planning and commenced the identification, tagging and physical verification of the movable assets
7	Compiled and reviewed files of invoices for movable assets
8	Data gathering for all information relating to immovable assets such as, GIS information, as built plans, shape files, valuation role, land and building schedules and capturing all projects invoices

9	Verification and measurements of land and buildings for valuation purposes
10	Commenced the title deeds search of land and buildings
Comments: Project on schedule	
Municipal Employees trained Asset Manager The municipality's asset department is understaffed. It only has one staff member who is being involved in the whole process of creation of the asset register. We requested the CFO to allocate more staff to the project.	
Challenges/risks <ol style="list-style-type: none"> 1. The municipality do not have a substantive technical director hence some data is missing. We are trying to obtain the information for sewer network from previous contractors 2. Municipality have not yet availed its municipal staff for the project to facilitate skills transfer from the onset despite our continued request. We have planned a meeting next week with all the relevant municipal staff. 	

VENTERSDORP TAUNG LOCAL I MUNICIPALITY
PROGRESS PERIOD 01 MARCH TO 30 June 2013

ACHIEVEMENTS/PERCENTAGE COMPLETED 27 %	
1	Asset management system purchased
2	Configured the mobile capturing tablets for use in the compilation of Asset register
3	Assessment of IT infrastructure for suitability and compatibility with the asset management system
4	Training of Municipal staff on the use of the system
5	Designed and printed sequentially prenumbered bar codes for the municipality
6	Completed planning and commenced the identification, tagging and physical verification of the movable assets
7	Compiled and reviewed files of invoices for both movable and immovable assets
8	Data gathering for all information relating to immovable assets such as, as built plans, shape files, valuation role, land and building schedules and capturing all projects invoices
9	Verification and measurements of land and buildings for valuation purposes
10	Commenced the title deeds search of land and buildings
Comments: Project on schedule	
Municipal Employees trained Asset Manager The municipality's asset department is understaffed. It only has one staff member who is being involved in the whole process of creation of the asset register. We requested the CFO to allocate more staff to the project.	

Challenges/risks

1. The municipality do not have a substantive technical director hence some data is missing. We are trying to obtain the information for sewer network from previous contractors
2. Municipality have not yet availed its municipal staff for the project to facilitate skills transfer from the onset despite our continued request. We have planned a meeting next week with all the relevant municipal staff.

KAGISANO MOLOPO LOCAL MUNICIPALITY

PROGRESS PERIOD 01 MARCH TO 30 June 2013

ACHIEVEMENTS /PERCENTAGE COMPLETED 0%

1	Procure assets management system
2	Procure the tablets for tagging the assets
3	Configured the mobile capturing tablets for use in the compilation of Asset register

Challenges / Risks / Comments

11 None started only in March but will be concluded by June 2013

5.MUNICIPALITIES DEBT FOR UTILITIES

4.3.1 Water Boards

Sedibeng

Payment of arrears by municipalities does show an increase because not all of them are honouring their commitment (payment arrangements). For those who are making payments, they are paying the current account only and not the arrears.

Maquassi hills did not pay Sedibeng Water Board for January and February, they only pay R10 010 758.32 in March 2013, this amount covered only the billed amount for three months. The arrear amount at 30 June 2013 was R35million.

Dr Ruth Mompoti District has been paying R3.4million per month since January 2013; there is no payment arrangement as yet. The arrear amount at 31st March 2013 was R33million.

Botshelo Water

Dr Ruth Mompoti and Ngaka Modiri Molema have not made any attempt to pay even the current account, they are not attending/responding to invitation to our meetings;

Mahikeng municipality made a payment of R7, 6million in March 2013.

Ditsobotla has been paying R65 000.00 per month. At the last meeting held on 25th April 2013, they made a commitment to pay the current account, and will enter into agreement on how the outstanding balance will be paid.

The following is the status of the debt owed to the entity as at January 2013 and April 2013.

	January 2013	April 2013
Mafikeng Local Municipality	R58million	R60million
Ditsobotla Local Municipality	R28.9 million	R31million
Ngaka Modiri Molema DM	R9.7million	R10million

The Entity has not been able to do effective maintenance, even though the cash flow is a challenge, the main reason is that the plant belongs to the district municipality as the water service authority,

Mid-Vaal

The City of Matlosana has entered into payment arrangements with Midvaal the commitment is currently been honoured, the only payments which are still in arrears are the small accounts for stillfontein and Orkney, the matter has been brought to the attention of the municipality. In order to settle the R65million owed to the Midvaal Water Company, the City of Matlosana has committed to pay an amount of R20million on or before February 2013, the R45million will be paid in ten equal installments of R4, 5million so that the total arrear amount is fully paid by December 2013.

4.3.2 Eskom

All municipalities in arrears with Eskom have made payment arrangements to pay, not all of them are honoring their commitments.

City of Matlosana

On 13th March 2013, Provincial Treasury assisted the City of Matlosana to finalized payment arrangements with Eskom, the arrear amount of R43 million was paid in full by the end of March 2013.

Lekwa Teemane

The total debt stands at R28.5m. The arrangement is that the municipality pay 50% of the debt immediately and the rest payable till July 2013. The municipality is meeting with Dr Ruth Mompoti District Municipality on 23 April 2013 to discuss this request with the expectation that it will be financially assisted to pay Eskom.

Ditsobotla

Meeting was scheduled for 25 March 2013, but it has been cancelled by the Municipality. New scheduled date for meeting is 17 April 2013. Current account is settled.

Mamusa

Mamusa Local Municipality have agreed to pay part of the debt and enter into a payment arrangement for the remainder. The total debt stands at R8.2m. Regular follow-ups are made with them.

Maquassi Hills

Maquassi Hills did not pay its account in full with the equitable shares received. On 28 March 2013 an amount of R4.0m was paid and total debt now stands at R7.3m. The municipality management is to advise Eskom on next payment.

The municipality has indicated that they will only be able pay Eskom and Sedibeng Water Boards when they receive their equitable share. We have noticed that by the time they pay, they only pay the current amount and a small portion of the arrear amount.

Naledi

Naledi Local Municipality has sent Eskom a proposed pay plan and also requested Eskom to suppress the interest (account to be cleared on November 2014). Management has not approved the suppression of interest and customer has to send a new payment plan/proposal.

Ramotshere Moiloa

The Total debt stands at R8.7m. This amount represents a connection fee and not consumption. The municipality has committed to pay 50% of this amount immediately and the remainder entered into a payment arrangement until July 2013.

Tswaing

The total debt stands at R7.2m. The CFO and MM could not attend the Top Customer GM's intervention on 12 April 2013, but have been told that they need to pay 50% of the debt immediately and enter into a payment arrangement ending in July 2013 for the remainder. They promised feedback by 24 April 2013.

Ventersdorp

The total outstanding debt is R17.7m. The municipality will provide feedback by 26 April 2013 after consulting with Dr Kaunda District Municipality.

Kgetlengrivier

The total debt stands at R5.4m. The municipality resolved to pay 50% of the outstanding debt and pay the remainder in 3 months ending on 15 July 2013.

6Development of financial recovery plans

The following municipalities have been identified as needing financial recovery plan.

1. Ventersdorp Local Municipality
2. Tswaing Local Municipality
3. Madibeng Local Municipality (Madibeng was included at a later stage)
4. Lekwa Teemane Local Municipality
5. Mahikeng Local Municipality
6. Naledi Local Municipality

The plan have already been developed, it is in the process of implementation and monitoring by both Provincial Treasury and Dept of Local Government and Traditional Affairs;

6.1 Monitoring the implementation of the Financial Recovery Plan

Both Provincial Treasury and Department of Local Government and Traditional Affairs have established a Revenue management Project Forum which meets monthly with affected municipalities.