



DITSOBOTLA LOCAL MUNICIPALITY

**Quarterly Report in terms of Section 52d of the Municipal
Finance Management Act for the Quarter ended 30
September 2024**

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1. Purpose of the Report

The purpose of this report is to present the financial status of the municipality in terms of Section 52 (d) of the MFMA for the first quarter of financial year 2024/2025 ending 30 September 2024. The MFMA states “the mayor of the municipality must, within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial state of affairs of the municipality”.

2. Legislative Framework and Statutory Requirements

Legislative Framework

- 2.1 South African Constitution Act 108 of 1996
- 2.2 Municipal Systems Act 32 of 2000
- 2.3 Municipal Finance Management Act of 2003
- 2.4 The Municipal Budget and Reporting Regulations promulgated on 17 April 2009
- 2.5 The 2024 Division of Revenue Bill
- 2.6 Supply Chain Management Regulations 2005
- 2.7 Preferential Procurement Policy Framework Act of 2012

3. Recommendations

It is recommended that the council notes:

- ✓ Section 52(d) report for the first quarter of 24/25 financial year ending 30 September 2024,
- ✓ Section 66 report for the first quarter of 24/25 financial year ending 30 September 2024, and
- ✓ SCM Implementation report - Regulation 6 and 36 report for the first quarter of 24/25 financial year ending 30 September 2024.

PART ONE: OPERATING ACTIVITIES

4. Operating Revenue

NW384 Ditsobotla - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		50 102	135 914	-	11 135	26 579	33 978	(7 399)	-22%	135 914
Service charges - Water		5 429	39 684	-	1 172	3 562	9 921	(6 359)	-64%	39 684
Service charges - Waste Water Management		22 047	30 897	-	1 916	5 775	7 724	(1 949)	-25%	30 897
Service charges - Waste management		7 996	14 733	-	1 620	5 439	3 683	1 756	48%	14 733
Sale of Goods and Rendering of Services		299	-	-	18	150	-	150	#DIV/0!	-
Agency services		8	5 000	-	-	-	1 250	(1 250)	-100%	5 000
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		(10 472)	500	-	3	79 896	125	79 771	63816%	500
Interest from Current and Non Current Assets		891	509	-	20	55	127	-	-	509
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		422	281	-	-	2	70	(68)	-97%	281
Licence and permits		-	10 000	-	1	2	2 500	(2 498)	-100%	10 000
Operational Revenue		-	-	-	-	-	-	-	-	-
Non-Exchange Revenue										
Property rates		83 202	84 453	-	7 411	22 227	6 363	15 864	249%	84 453
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	7 000	-	1	5	1 750	(1 745)	-	7 000
Licence and permits		2 078	-	-	229	806	-	806	-	-
Transfers and subsidies - Operational		180 537	172 176	-	-	80 420	43 044	37 376	-	172 176
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		342 538	501 148	-	23 527	224 918	110 537	114 381	103%	501 148

4.1 Discussions on Material Variances

All service charges performed below the target except for waste management.

Revenue from Non-Exchange Transaction

Property Rates

Property rates has a year to date actual of R 22,2 million which shows performance of above planned year to date budget.

4.2 Billing Versus Collection

BILLING AND RECEIPT REPORT

Year
2024/2025

SERVICE DESCRIPTION	July 2024			Aug-24			Sep-24		
	BILLING AMOUNT	RECEIPTS AMOUNT	% collection	BILLING AMOUNT	RECEIPTS AMOUNT	% collection	BILLING AMOUNT	RECEIPTS AMOUNT	% collection
Property Rates	7,374,073.61	5,158,190.12	70%	7,375,149.04	5,923,909.17	80%	7,379,770.80	3,454,839.32	47%
Electricity	12,539,807.92	2,744,703.98	22%	13,055,058.31	5,410,666.48	41%	12,804,191.92	5,563,350.24	43%
Water	1,398,198.28	517,874.97	37%	1,393,276.39	416,006.70	30%	1,346,847.24	714,436.68	53%
Sanitation	2,201,697.27	321,747.65	15%	2,230,797.75	274,126.14	12%	2,201,946.99	406,372.73	18%
Refuse Removal	1,897,167.40	203,656.30	11%	1,901,729.45	157,614.41	8%	1,901,780.05	215,257.30	11%
House Rent	33,194.93	-	0%	31,560.99	-	0%	31,560.99	-	0%
Interest On Arrears	-	3,696,476.58	#DIV/0!	-	90,673.77	#DIV/0!	-	98,461.63	#DIV/0!
Sundry Services	-	5,940.03	#DIV/0!	-	11,463.37	#DIV/0!	-	2,920.53	#DIV/0!
TOTAL	25,444,139.41	12,648,589.63	50%	25,987,571.93	12,284,460.04	47%	25,666,097.99	10,455,638.43	41%

Prepaid Electricity (Collection)	46%	46%	46%
Prepaid Electricity (Losses)	54%	54%	54%

The revenue table above shows billing v/s collection.

From the table the following is identified:

- The revenue collection is slopping down wards, the unit has diagnosed a challenge to be with property rates which declined from July to September. Government departments do not pay monthly without being reminded, it shows that they need COGTA and PT to remind them.
- Prepaid electricity is not performing as expected, the municipality is losing 54% where we are supposed to be performing at 100%. The municipality started a disconnection of non-purchases and was taken to court where it was ruled that notices should be delivered before any steps can be taken. This alone shows that the municipality ...

5. Operating Expenditure

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		292 799	295 680	-	21 980	106 182	73 920	32 262	44%	295 680
Remuneration of councillors		16 511	20 187	-	1 389	4 158	5 047	(889)	-18%	20 187
Bulk purchases - electricity		146 368	203 754	-	-	-	50 939	(50 939)		203 754
Inventory consumed		4 290	9 000	-	-	-	2 250	(2 250)		9 000
Debt impairment		-	-	-	-	-	-	-		-
Depreciation and amortisation		39 289	32 000	-	-	-	8 000	(8 000)	-100%	32 000
Interest		53 108	-	-	-	-	-	-		-
Contracted services		66 714	27 600	-	2 230	3 790	6 900	(3 110)	-45%	27 600
Transfers and subsidies		-	-	-	-	-	-	-		-
Irrecoverable debts written off		-	122 266	-	-	-	30 567	(30 567)		122 266
Operational costs		4 108	5 000	-	1 013	3 431	1 250	2 181	175%	5 000
Losses on Disposal of Assets		-	-	-	-	-	-	-		-
Other Losses		-	-	-	-	-	-	-		-
Total Expenditure		623 186	715 488	-	26 611	117 562	178 872	(61 310)	-34%	715 488
Surplus/(Deficit)		(280 648)	(214 340)	-	(3 084)	107 356	(68 335)	175 691	(0)	(214 340)

5.1 Discussions on Material Variances

The total expenditure for the month September amounts to **R 26,6 million** which contributes 2.80% of the budget. The total expenditure incurred does not exceed year to date budget. The major spending occurred under employee related costs.

5.2 Capital Expenditure

The following table shows expenditure incurred in Quarter 1.

Description	Total Budget 24/25	July 2024	August 2024	September 24
MIG	42,499,000.00			
INEP	4,000,000.00			300,000.00
Total Capital Grants	46,499,000.00			

The municipal cash flow does not allow for own capital funding therefore only grants are used for this purpose.

As per 7.2 below, it is reflected that municipality received MIG however there was no expenditure in the first quarter as SARS took all the money available to offset against outstanding PAYE. A dispute was raised in this regards and it was not yet settled to date.

6. Expenditure Reports / Creditor's payments

DATE	CREDITORS NAME	DESCRIPTION	DEPARTMENT	TOTAL AMOUNT
27/07/2024	CCG	Financial systme licence	BTO	R 1,593,131.10
DATE	CREDITORS NAME	DESCRIPTION	DEPARTMENT	TOTAL AMOUNT
05/12/2023	Maleshane Attoeneys	Ditsobotla/AK Matshogo	Legal	R 116,545.00
16/03/2023	Morati Mataka Attorneys	Ditsobotla/MP Moreo	Legal	R 328,510.00
11/05/2023	Morati Mataka Attorneys	Ditsobotla/Xolile Soka	Legal	R 42,500.00
21/05/2024	Otau Tactical Unit	Security(Part Payment)	Security	R 241,835.80
15/08/2024	Zisiwe Attorneys	Ditsobotla/Mooketsi(3431/2024)	Legal	R 410,283.65
21/08/2024	Scotts Minor Guesthouse	Accomodation MM	MM	R 4,995.08
01/02/2023	The Royal Haven	Councillors Workshop	Speakers Office	R 12,000.00
22/08/2023	The Royal Haven	CLLR Dithato Accomodation	Speakers Office	R 2,200.00
19/06/2024	Moretlwa Media	Advert	Communication	R 43,056.00
26/08/2024	Kameelboom lodge	Accomodation LED	LED	R 2,811.75
27/08/2024	Scotts Minor Guesthouse	Accomodation MM	MM	R 40,245.40
AUG TOTAL				R 1,244,982.68
DATE	CREDITORS NAME	DESCRIPTION	DEPARTMENT	TOTAL AMOUNT
25/08/2024	Lichtenburg Kantoormeubels	A4Paper (White/Colour)	Administration	R 25,918.00
12/08/2024	Motla Central	INEP	Electricity	R 300,000.01
18/04/2023	Morati Mataka	Ditsobotla/T Shema	legal	R 315,150.00
10/05/2023	Morati Mataka	Ditsobotla/Puseletso	legal	R 47,500.00
13/09/2024	Rand Data Forms	Sec 56 Notice Books	Traffic	R 10,465.00
04/07/2024	SA Local Government Barganing Council	Compliance Arbitration	HR	R 82,881.00
04/09/2024	Sihlangene 4U Travel Agency	Recreation Accomodation	HR	R 100,000.00
20/09/2024	Moretlwa Media	Advert	Communications	R 126,500.00
SEPT TOTAL				R 1,008,414.01

PART TWO: FINANCIAL POSITION

7. Debtors

7.1 Age Analysis

Debtors age analysis by customer group as at September 2024					
	0-30 days	31-60 days	61-90 days	Over 90 days	Total
Organ of State	1,033,372.24	1,324,139.68	908,028.22	94,103,334.80	97,368,874.94
Commercials	30,517,444.09	5,991,581.16	5,191,418.06	207,772,661.28	249,473,104.59
Households	16,540,941.74	7,682,489.46	7,179,867.95	833,673,963.07	865,077,262.22
Others	2,280,817.64	1,102,181.34	1,150,701.53	98,178,398.27	102,712,098.78
	50,372,575.71	16,100,391.64	14,430,015.76	1,233,728,357.42	1,314,631,340.53

7.2 Government Grants and Subsidies Received

Description	Total Budget 24/25	July 2024	August 2024	September 24
Equitable Share	184,896,000.00	77,040,000.00		
FMG	3,000,000.00		3,000,000.00	
EPWP	1,213,000.00		304,000.00	
Library Grant	1 140 000			
Total Operating Grants	189,109,000.00			
MIG	42,499,000.00		6,233,000.00	
INEP	4,000,000.00		300,000.00	
Total Capital Grants	46,499,000.00			

7.3 SARS DEDUCTIONS

Date	Reference	Batch Ref	Account Name	Amount
03-Jul-24	3070037	CBR00698	SAR0001	2,564,166.00
03-Jul-24	3070038	CBR00698	SAR0001	3,354,321.00
03-Jul-24	3070039	CBR00698	SAR0001	38,725,515.00
14-Aug-24	14080006	CBR00699	SAR0001	484,966.00
14-Aug-24	14080007	CBR00699	SAR0001	8,044,283.00

The above table shows transactions of SARS withdrawals from the municipal bank account due to outstanding debt.

7.4 Top 10 Creditors

NO.	CREDITORS	DISCRIPTION	AMOUNT
1.	ESKOM	Electricity	R 1 140 104 874,93
2.	SARS	Vat 201 and PAYE	R 41 000 000.00
3.	Botshelo/Sedibeng Water	Supply Water	R 17 543 239,55
4.	BULA MOSEBETSI	On-Site billing & Credit control	R 6 007 114,92
5.	SUPERFECTA	Maintanance,Testing,Inspection Electical Equip	R 3 558 948,53
6.	CCG	FINANCIAL SYSTEM	R 953 240,00
7.	TSK RESOURCES	Supply/Delivery Mini Sub	R 915 394,25
8.	FORTUIN & SONS	Part Payment/ASPHALT	R 800 000,00
9.	MATH ENGINEERING	Electricity Material	R 703 940,00
10.	MORATI MATAKA ATTONEYS	LEGAL	R 733 660,00

PART THREE: EMPLOYEE RELATED COSTS

8. Section 66 Report

NW384 Ditsobotla - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September

Summary of Employee and Councillor remuneration	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		12 117	16 682	-	1 026	3 070	4 170	(1 100)	-26%	16 682
Pension and UIF Contributions		49	161	-	4	13	40	(27)	-68%	161
Medical Aid Contributions		32	14	-	3	8	3	5	144%	14
Motor Vehicle Allowance		2 726	2 123	-	223	669	531	138	26%	2 123
Cellphone Allowance		1 588	1 207	-	133	398	302	96	32%	1 207
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		16 511	20 187	-	1 389	4 158	5 047	(889)	-18%	20 187
% increase	4		22.3%							22.3%
Senior Managers of the Municipality										
Basic Salaries and Wages		5 956	5 723	-	66	171	1 431	(1 259)	-88%	5 723
Pension and UIF Contributions		931	1 074	-	10	30	269	(239)	-89%	1 074
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		431	351	-	-	-	88	(88)	-100%	351
Motor Vehicle Allowance		446	442	-	-	-	111	(111)	-100%	442
Cellphone Allowance		4	6	-	-	-	2	(2)	-100%	6
Housing Allowances		12	12	-	-	-	3	(3)	-100%	12
Other benefits and allowances		49	47	-	4	11	12	(0)	-3%	47
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		17	-	-	-	9	-	9	#DIV/0!	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		7 845	7 654	-	80	221	1 914	(1 693)	-88%	7 654
% increase	4		-2.4%							-2.4%
Other Municipal Staff										
Basic Salaries and Wages		214 532	215 348	-	13 272	38 093	53 837	(15 744)	-29%	215 348
Pension and UIF Contributions		33 406	36 871	-	1 901	5 565	9 218	(3 653)	-40%	36 871
Medical Aid Contributions		11 885	11 041	-	724	2 186	2 760	(574)	-21%	11 041
Overtime		1 408	2 647	-	66	225	662	(437)	-66%	2 647
Performance Bonus		14 450	13 246	-	3 645	52 952	3 311	49 641	1499%	13 246
Motor Vehicle Allowance		7 401	7 296	-	291	903	1 824	(920)	-50%	7 296
Cellphone Allowance		-	6	-	-	-	2	(2)	-100%	6
Housing Allowances		509	804	-	18	69	201	(132)	-66%	804
Other benefits and allowances		50	49	-	3	10	12	(2)	-18%	49
Payments in lieu of leave		844	289	-	66	117	72	45	62%	289
Long service awards		72	84	-	2	43	21	22	104%	84
Post-retirement benefit obligations	2	-	-	-	1 905	5 771	-	5 771	#DIV/0!	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		486	345	-	17	52	86	(34)	-40%	345
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		285 044	288 026	-	21 909	105 987	72 007	33 981	47%	288 026
% increase	4		1.0%							1.0%
Total Parent Municipality		309 400	315 867	-	23 377	110 366	78 967	31 399	40%	315 867

8.1 Discussions on Employee Related Costs

The municipal performance is not satisfactory in this quarter. It is a good thing that this is detected now so that it can be controlled over the remaining part of the year.

We are R32m over the actual target. This is due to outstanding third party payments which were paid in July.

The other challenges pertaining to excessive employee related costs are uncontrolled:

- Overtime
- Standby
- Acting Allowances
- Labour dispute payouts

The municipality needs to curb these with all means possible to reduce expenditure as well as to avoid unauthorized expenditure at the end of the period.

Employee related policies must be implemented and optional benefits should not be treated as a must have.

SUMMARY OF OUSTANDING THIRD PARTIES AS AT 30/09/2024			
Jul-24	Aug-24	Sep-24	TOTAL
3,548,087.00	8,458,279.59	11,430,923.91	23,437,290.50

Above is a summary of third parties owing at the end of the quarter. A complete list is attached as annexure.

The table below shows our top 10 third parties.

TOP 10 THIRD PARTIES	
SARS	R 7,946,305.12
MUN GRATUITY PENSION FUNDS	R 6,988,035.16
SALA PENSION FUNDS	R 3,816,740.21
L A HEALTH MEDICAL AID	R 1,145,821.00
DITSOBOTLA SACCO	R 951,698.00
IEMAS	R 723,104.07
SAMWUMED	R 437,472.28
MEPF	R 429,822.41
GNABEE AND CO	R 205,261.00
KEY HEALTH MEDICAL AID	R 96,204.00

8.2 Councillors' Municipal Debts

Councillors Debt	
Ward Councillors	R 395,330.71
PR Councillors	R 636,518.09
Total	R 1,031,848.80

Top 10 Councillors

Name & Surname	Ward	Amount
Mosiane Barnard	PR	R 301,409.73
Sehemo Thapelo	4	R 200,814.48

Modisakeng Jairous	10	R 88,251.14
Van Tonder Jacobus	15	R 65,314.32
Lethoko Elizabeth	PR	R 59,995.03
Matlholoa Ronald Boitumelo	PR	R 58,858.79
Sebopelo Gabriel Gabi	PR	R 43,470.97
Moeketsane Sameng Ellen	PR	R 41,894.56
Dithato Shomang Simon	2	R 40,905.87
Rajane Annah	PR	R 40,251.83
		<u>R 941,166.72</u>

Councilors should note that they are liable to pay municipal account of where they are staying if they don't have properties. Payment arrangements can be made with the revenue department or salaries.

PART FOUR: SUPPLY CHAIN MANAGEMENT

9. Regulation 6 Report

Attached as Annexure

PART FIVE: OTHER BUDGET RELATED MATTERS

10. Budget funding implementation report

The report is attached as an annexure

11. Asset Management

11.1 Fuel Consumption Repairs and Maintenance

Date	Reference	Batch Ref	Account Name	Amount
08-Jul-24	8070045	CBR00698	Absa Fleet	200,707.59
25-Jul-24	25070086	CBR00698	Absa Fleet	501,239.53
07-Aug-24	7080056	CBR00699	Absa Fleet	157,557.97
26-Aug-24	26080105	CBR00699	Absa Fleet	115,163.75
07-Sep-24	7090019	CBR00703	Absa Fleet	88,185.78
26-Sep-24	26090021	CBR00706	Absa Fleet	84,139.77

11.2 PPE

The municipality does not have a credible asset register. Our register was done previously by a service provider which the municipality failed to pay. A letter was written to Provincial Treasury to request intervention through PER but to date there is no solution.

1. Quality Certificate

I Municipal Manager of Ditsobotla local Municipality, hereby certify that the monthly budget statement has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the