INKOSI LANGALIBALELE

MUNICIPALITY

KZN237



MFMA SECTION 52(d) REPORT – 2017/18

QUARTER 2

**Quarterly Financial Performance: 1st October 2017 – 30th December 2017**

**Executive summary**

To inform Committee of the financial status of the municipality for the Quarter 2 for the 2017/18 financial year in accordance with section 52(d) of the Municipal Finance Management Act 56 of 2003 which states “the mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality”.

The Municipal Budget and Reporting Regulations also put emphasise on the quarterly reporting with Regulation 31(1) which state that “the mayor’s quarterly report on the implementation of the budget and the financial affairs of the municipality as required by section 52(d) of the MFMA must be –

1. In the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the MFMA; and
2. Consistent with the monthly budget statements for September, December, March and June as applicable; and
3. Submitted to the National Treasury and relevant provincial treasury within five days of tabling of the report in the council.



**Overview of the current financial performance**

Table C1 is a financial performance summary and provides a concise overview of the Inkosi Langabilele municipality’s performance from all major financial perspectives (operating, capital expenditure, financial position and cash flow).

**Financial Performance (Revenue and Expenditure)**



Table C4 explanatory notes:

Total operating revenue to date is R303.5 million which is more by 15% from the budgeted target of R264.2 million. In terms of the percentage of total operating revenue by source actual to total budgeted operating revenue is 77%. Total operating expenditure which is accumulated from July 2017 is at R197.4 million which is 19% lesser than the budgeted amount of R245.1 million. While this be seen as good news from finance perspective, it is still a challenge for the municipality to further reduce spending as much as possible, but not to the detriment of service delivery, only to stabilise the cash flow position of the municipality.

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**Financial Performance (Revenue and Expenditure by vote)**



Table C3 provides financial information in terms of municipal votes. The only department that has collected satisfactory is BTO department which exceeded its target by 34%, while others struggle with the challenge that has been stated under table C4 explanatory note in regard of debt collection.

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**Cash Flow Statement**



Inkosi Langalibalele municipality’s cash flow position is facing challenges. KZN Cogta and Provincial Treasury in conjunction with the Council, has established Interim Finance Committee to assist with improving of the cash flow.

**Statement of Financial Position**



Table C6 provides information about the Financial position of the municipality which is good taking into account the assets compared to the liabilities of the municipality. Any movement on the Financial Performance Actual or the Capital Expenditure will inevitably impact on the Financial Position Actual.

**Capital Expenditure (Municipal Vote, Standard Classification & Funding)**



Table C5 shows information for Capital Expenditure. Expenditure trend on overall capital projects is not satisfactory, however, critical projects such as MIG are doing fairly well, which satisfy the conditions of the grants.

**Debtors’ Analysis**



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The total outstanding debt by end of December 2017 is at R207 million. This amount has increased by R7 million compared to end of the first quarter with outstanding amount of R200 million. More attention must be dedicated into Rates collection as it contributes 79% of the total.

**Creditors’ Analysis**



Inkosi Langalibalele municipal creditors amounted to R73.3 million by the end of June 2017. It has decreased at end of December 2017 by R7.5 million, however, with the total amount of R50.4 million sitting over 30 days, it shows that the municipality do not comply with section 65(2)(e) of MFMA which states that “all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure”.

**Top 20 Outstanding Creditors**



**Investment Portfolio Analysis**

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Inkosi Langalibalele municipality has been consistent with the requirements of the Municipal Investment Regulations, 2005 in its dealings with investments exhibited in the above table.

**Allocation and grant receipts and expenditure**

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**Municipal Manager’s Quality Certificate**

I, **PS MKHIZE**, the municipal manager of Inkosi Langalibalele Municipality hereby certify that-

* The monthly budget statement
* Quarterly report on the implementation of the budget and financial state affairs of the municipality
* Mid-year budget and performance assessment

For the **Quarter 2**, has been prepared in accordance with the Municipal Finance Management Act and Regulations made under that Act.

Print name: **Patrick Sibusiso Mkhize**

Municipal Manager of **Inkosi Langalibalele Municipality, KZN237**

Signature: …………………………………………………

Date: ………………………………………………………