



## PROVINCIAL TREASURY

Ref: 12/1/3

Enq: Mulenga S

Date: 31 July 2009

Director-General: National Treasury  
Private Bag x115  
**PRETORIA**  
0001

Fax: (012) 315 5230

Attention: Mr. J. Hattingh

**MUNICIPAL FINANCE MANAGEMENT ACT (ACT 56 OF 2003)(MFMA): IN-YEAR-MONITORING: SECTION 71 (6) REPORTING: JUNE 2008/09**

1. In terms of section 71(6) of the MFMA the Provincial Treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement in the prescribed format on the state of the municipalities' budgets, per municipality and per municipal entity.
2. Attached please find the Limpopo Provincial Treasury's MFMA section 71(6) consolidated statements and a related narrative report as at 30 June 2009.

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**RWN TOOLEY**  
**HEAD OF DEPARTMENT**

DATE: 31/07/09

**LIMPOPO PROVINCIAL TREASURY**  
**Provincial Municipality Performance**  
**Consolidated Statement as at 30 June 2009**

**Introduction**

This consolidated budget statement and report covers the financial performance of municipalities for the quarter ending 30 June 2009.

The consolidated statement assesses the in-year financial performance of municipalities' against their budgeted revenue and expenditure. Credibility of this report depends to a large extent on the reasonability of the municipal budget and the consistent submission of compliant statements and reports. The assessment of the capital and operating budgets as well as debtors, creditors and cash flow gives effect to the in-year financial performance of municipalities. The assessments of the reporting tools is not limited to budgets, but also provides an update on related areas of the MFMA that impacts on the sustainability and effectiveness of a municipality e.g. compilation of Annual Financial Statements, implementation of internal audits, risk management and Supply Chain units.

**Legislative Framework**

In terms of section 71(1) of the Municipal Finance Management Act (Act 56 of 2003)(MFMA) the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to, amongst others, the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget. Section 74 of the MFMA requires accounting officers to submit such information, returns, documents and motivations as may be required.

Furthermore, according to section 71(6) the Provincial Treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement in the prescribed format on the state of the Municipalities' budget.

Chapter 11 and 12 of the MFMA requires the accounting officer of a municipality to account on Supply Chain Management and Financial Reporting and auditing respectively.

## **MFMA IMPLEMENTATION RELATED MATTERS**

### **Compliance to submission of s71 on due date**

Table 1 below shows the trend of submission of the s71 reports by municipalities for the fourth quarter of the financial year 2008/09. It is clear from the table that some municipalities are finding it difficult to comply with legislation which impacts on the provincial treasuries processes of reporting. A matter of concern is that none of the municipalities sent a signed copy for the whole year (Quality certificate).

### **Table 1 S71 Submission**

According to the submission schedule compiled by Provincial Treasury, fifteen municipalities did not submit the s71 reports or the reports were received very late after the schedule was closed off. Municipalities' inconsistency in reporting affects the credibility of the consolidated report published by Provincial Treasury.

Municipality	Apr-09				May-09				Jun-09			
	Old/New version	Date of submission		Documents sent	Old/new version	Date of submission		Documents sent	Old/new version	Date of submission		Documents sent
		Electronic	Hard copy			Electronic	Hard copy			Electronic	Hard copy	
DC 35 - CAPRICORN	New	14/5/2009		OSA,CFA,CAA,AD,AC	New	12/6/2009		OSA,CAA,CFA,AC,AD	New	14/07/09		AD,AC,CAA,OSA,CFA
NP 351 - BLOUBERG	New	25/5/2009		OSA,CAA,CFA,AC,AD	New	12/6/2009		OSA,CAA,CFA,AD,AC				
NP352 - AGANANG	New	15/5/2009		OSA,CAA,CFA,AC,AD	New	11/6/2009		OSA,CAA,CFA,AD,AC	New	13/07/200		AC,AD,CAA,CFA,OSA
NP 353 - MOLEMOLE	New	19/5/2009		AC,AD,CFA,CAA,OSA	New	11/6/2009		OSA,CAA,CFA,AD,AC				
NP 354 - POLOKWANE	New	8/5/2009		CAF,OSA,AD,AC,CAA	New	10/6/2009		OSA,CAA,CFA,AD,AC,	New	10/7/2009		AC,AD,CAA
NP 355 - LEPELLE-NKUMPI	New	18/5/2009		AD,AC	New	15/06/2009		OSA,CAA,CFA,AC,AD				
DC - 47 - GREATER SEKHUKHUNE	New	22/5/2009		AD,CAA,CFA,OSA	New	11/6/2009		OSA,CAA,CFA,AC,AD				
NP 03a2 - MAKHUDUTHAMAGA	New	19/5/2009			New	17/06/2009		CFA,CAA	New	10/7/2009		AC,AD,CAA,CFA
NP 03a3 - FETAKGOMO												
NP 03a4 - MARBLE HALL	New	12/5/2009		OSA,CFA,CAA,AD,AC	New	11/6/2009		OSA,CAA,CFA,AD				
NP 03a5 - ELIAS MOTSOALEDI	New	14/5/2009		OSA,	New	12/6/2009		OSA,CAA,CFA,AD,AC	New	15/7/09		AC,AD,CFA,CAA
NP 03a6 - GREATER TUBATSE	New	8/5/2009		AC,CAA,CFA,OSA,AD	New	1/6/2009		CAA,CFA				
DC 33 - MOPANI	New	8/5/2009		OSA,CFA,AC,AD,CAA	New	12/6/2009		OSA,CAA,CFA,AC,AD				
NP 331 - GREATER GIYANI					New	13/07/2009		OSA,CAA,CFA,AD,AC				
NP 332 - GREATER LETABA	New	12/5/2009		OSA,AC,AD,CAA,CFA	New	17/06/2009		OSA,CAA,CFA,AD,AC				
NP 333 - GREATER TZANEEN	New	14/5/2009		OSA,CFA,CAA,AD,AC	New	12/6/2009		OSA,CAA,CFA,AD,AC	New	14/07/2009		AC,AD,CAA,CFA,OSA
NP 334 - BA- PHALABORWA	New	14/5/2009		CFA,AC,AD	New	16/06/2009		OSA,CAA,CFA,AD,AC	New	14/07/09		AD,AC,CFA
NP 335 - MARULENG	New	25/5/2009		CFA,AC,AD,CAA,OSA	New	23/06/2009		OSA,CAA,CFA,AD,AC	New	10/7/2009		AC,AD,CAA,CFA,OSA
DC 36 - WATERBERG	New	13/5/2009		OSA,CAA,CFA,AC,AD	New	12/6/2009		OSA,CAA,CFA,AD,AC	New	14/07/09		AC,AD,CAA,CFA,OSA
NP 361 - THABAZIMBI	New	22/05/2009		AD,AC,CFA,CAA								
NP 362 - LEPHALALE					New	14/06/2009		OSA,CAA,CFA,AC,AD				
NP 364 - MOOKGOPONG	New	2/7/2009		OSA,CAA,CFA,AD,AC	New	2/7/2009		OSA,CAA,CFA,AD,AC				
NP 365 - MODIMOLLE	New	15/5/2009		AC,AD,CFA,CAA,OSA	New	12/6/2009		OSA,CAA,CFA,AD,AC	New	14/07/200		AC,AD,CAA,CFA,OSA
NP 366 - BELA-BELA	New	14/5/2009		AC,AD,OSA,CAA	New	17/06/2009		OSA,CAA,AC,AD	New	15/07/09		AD,AC,CAA,OSA
NP 367 - MOGALAKWENA	New	15/5/2009		OSA,CAA,AD,AC	New	12/6/2009		OSA,CAA,AD,AC				
DC 34 - VHEMBE	New	19/5/2009		AD,CAA,CFA,OSA	New	12/6/2009		OSA,CAA,CFA,AD	New	17/07/09		AD,OSA,CAA,CFA
NP 341 - MUSINA	New	14/5/2009		OSA,CFA,CAA,AC,AD	New	12/6/2009		OSA,CAA,CFA,AD,AC	New	14/07/2009		AC,AD,CAA,CFA,OSA
NP 342 - MUTALE	New	8/6/2009		AC,CFA,CAA,OSA					New	13/07/2009		CFA
NP 343 - THULAMELA	New	12/5/2009		AC,AD,CAA,CFA,OSA	New	12/6/2009		OSA,CAA,CFA,AD,AC	New	14/07/2009		AC,AD,CAA,CFA,OSA
NP 344 - MAKHADO	New	15/5/2009		OSA,CAA,CFA,AC,AD	New	13/06/2009		OSA,CAA,CFA,AD,AC				

## Capital and Operating Budgets

Table 2 below shows the performance by the five districts on capital budget for the quarter ending 30 June 2009. The column headed actual indicates performance for the current month, while the column actual to date indicates cumulative spending from July 2008 to 30 June 2009.

**Table 2: Summary of municipal Capital Budget: June 2009**

Code	Municipality	Capital Budget			Expenditure		Variance	
		Original budget	Adjustments	Adjusted Capital budget	Actual for the month	Actual to date	Adjusted budget vs Actual to date	% Variance
NP03a2	Makhuduthamaga	39,625,000		39,625,000	6,860,228	23,785,699	15,839,301	60%
NP03a3	Fetakgomo	9,273,077		9,273,077	-	44,608	9,228,469	0%
NP03a4	Greater marble Hall	23,712,520		23,712,520	-	2,978,436	20,734,084	13%
NP03a5	Greater Tubatse	30,887,000		30,887,000	5,338,823	20,833,279	10,053,721	67%
NP03a6	Elias Motsoaledi	82,425,000		82,425,000	6,742,912	29,550,091	52,874,909	36%
DC47	Greater Sekhukhune	513,771,797		513,771,797	38,069,850	275,120,594	238,651,203	54%
	<b>Sekhukhune</b>	<b>699,694,394</b>		<b>699,694,394</b>	<b>57,011,813</b>	<b>352,312,707</b>	<b>347,381,687</b>	<b>50%</b>
NP331	Greater Giyani	33,696,000		33,696,000	12,861,976	67,621,403	(33,925,403)	201%
NP332	Greater Letaba	41,765,100		41,765,100	19,347,123	116,975,981	(75,210,881)	280%
NP333	Greater Tzaneen	69,605,000		69,605,000	15,963,080	33,016,773	36,588,227	47%
NP334	Ba-Phalaborwa	20,123,000		20,123,000	-	-	20,123,000	0%
NP335	Maruleng	38,362,000		38,362,000	1,688,077	1,688,077	36,673,923	4%
DC33	Mopani District	488,299,000		488,299,000	14,937,407	102,510,304	385,788,696	21%
	<b>Mopani District</b>	<b>691,850,100</b>		<b>691,850,100</b>	<b>64,797,663</b>	<b>321,812,538</b>	<b>370,037,562</b>	<b>47%</b>
NP341	Musina	13,870,000		13,870,000	1,194,993	12,480,359	1,389,641	90%
NP342	Mutale	10,258,707		10,258,707	1,088,938	8,316,027	1,942,680	81%
NP343	Thulamela	250,124,000		250,124,000	18,020,328	69,668,407	180,455,593	28%
NP344	Makhado	107,539,600		107,539,600	4,620,197	41,924,690	65,614,910	39%
DC34	Vhembe District	885,461,159		885,461,159	-	180,108,603	705,352,556	20%
	<b>Vhembe</b>	<b>1,267,253,466</b>		<b>1,267,253,466</b>	<b>24,924,456</b>	<b>312,498,086</b>	<b>954,755,380</b>	<b>25%</b>
NP351	Blouberg	32,487,000		32,487,000	1,860,918	14,245,490	18,241,510	44%
NP352	Aganang	39,686,737		39,686,737	5,971,418	19,001,984	20,684,753	48%
NP353	Molemole	84,579,684		84,579,684	300,322	7,573,362	77,006,322	9%
NP354	Polokwane	1,244,109,000		1,244,109,000	170,957,492	825,527,973	418,581,027	66%
NP355	Lepelle-Nkumpi	92,929,186		92,929,186	2,411,528	12,487,733	80,441,453	13%
DC35	Capricorn District	537,791,802		537,791,802	26,648	213,184	537,578,618	0%
	<b>Capricorn</b>	<b>2,031,583,409</b>		<b>2,031,583,409</b>	<b>181,528,326</b>	<b>864,804,236</b>	<b>1,166,779,173</b>	<b>43%</b>
NP361	Thabazimbi	56,696,000		56,696,000	-	-	56,696,000	0%
NP362	Lephalale	25,504,400		25,504,400	2,240,259	4,723,850	20,780,550	19%
NP363	Mookgophong	31,565,000		31,565,000	1,431,217	10,031,240	21,533,760	32%
NP364	Modimolle	52,768,000		52,768,000	2,834,284	41,640,823	11,127,177	79%
NP365	Bela-Bela	12,478,000		12,478,000	820,828	11,825,880	652,120	95%
NP366	Mogalakwena	160,120,000		160,120,000	14,788,639	76,212,496	83,907,504	48%
DC36	Waterberg District	24,737,000		24,737,000	251,493	1,539,683	23,197,317	6%
	<b>Waterberg</b>	<b>363,868,400</b>		<b>363,868,400</b>	<b>22,366,720</b>	<b>141,250,122</b>	<b>222,618,278</b>	<b>39%</b>
	<b>Total</b>	<b>5,054,249,769</b>	<b>-</b>	<b>5,054,249,769</b>	<b>350,628,977</b>	<b>1,992,677,688</b>	<b>3,061,572,081</b>	<b>39%</b>

For the month under review, the performance was R1,99 billion while for the year-to-date, municipalities spent an amount of R3,06 billion or 39 per cent of the total adjusted capital budget of R5,19 billion. 39 per cent overall spending for the 2008/09 is below the norm. Municipalities have been spending through out the year but the reporting has not been satisfactory. Credibility of data is also questionable considering the spending as depicted by Greater Giyani 201 per cent and Greater Letaba 280 per cent.

Some municipalities are showing zero per cent spending and under expenditure as low as 6 per cent which is attributable to non compliance to legislation than actual operations.

Table 3: Summary of municipal Capital Budget: June 2009 cont....

Code	Municipality	Source of financing						Actual to date
		External loans	Asset financing reserve	Surplus cash	Public contributions/donations	Government Grants and Subsidies	Other	
NP03a2	Makhuduthamaga	-	-	10,667,205	-	6,860,228	-	17,527,433
NP03a3	Fetakgomo	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	-	-	-	-	-	-	-
NP03a5	Greater Tubatse	-	-	-	-	-	-	-
NP03a6	Elias Motsoaledi	-	-	4,892,303	28,482	12,630,047	1,669,916	19,220,748
DC47	Greater Sekhukhune	-	-	-	-	136,348,724	5,838,206	142,186,930
	<b>Sekhukhune</b>	-	-	<b>15,559,508</b>	<b>28,482</b>	<b>155,838,999</b>	<b>7,508,122</b>	<b>178,935,111</b>
NP331	Greater Giyani	-	-	-	-	51,788,393	2,971,034	54,759,427
NP332	Greater Letaba	-	-	-	-	78,109,899	27,241,145	105,351,044
NP333	Greater Tzaneen	8,908,800	-	-	-	13,062,073	-	21,970,873
NP334	Ba-Phalaborwa	-	-	-	-	-	-	-
NP335	Maruleng	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	32,333,633	36,173	32,369,806
	<b>Mopani District</b>	<b>8,908,800</b>	-	-	-	<b>175,293,998</b>	<b>30,248,352</b>	<b>214,451,150</b>
NP341	Musina	6,958,692	-	3,022,719	-	3,469,264	-	13,450,675
NP342	Mutale	-	-	-	-	7,227,089	-	7,227,089
NP343	Thulamela	-	-	24,303,222	701,410	35,750,246	-	60,754,878
NP344	Makhado	884,129	36,665	3,645,718	-	51,342,964	16,018	55,925,494
DC34	Vhembe District	-	-	6,000,207	-	74,473,623	8,317,686	88,791,516
	<b>Vhembe</b>	<b>7,842,821</b>	<b>36,665</b>	<b>36,971,866</b>	<b>701,410</b>	<b>172,263,186</b>	<b>8,333,704</b>	<b>226,149,652</b>
NP351	Blouberg	-	-	-	-	-	-	-
NP352	Aganang	-	-	-	-	-	12,449	12,449
NP353	Molemole	-	-	-	-	5,764,015	1,194,145	6,958,160
NP354	Polokwane	-	192,694,218	-	-	459,132,168	-	651,826,386
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-
DC35	Capricorn District	-	-	-	-	-	-	-
	<b>Capricorn</b>	-	<b>192,694,218</b>	-	-	<b>464,896,183</b>	<b>1,206,594</b>	<b>658,796,995</b>
NP361	Thabazimbi	-	-	-	-	-	-	-
NP362	Lephalale	-	-	122,680	-	1,853,286	-	1,975,966
NP363	Mookgophong	-	3,412,118	-	-	2,108,298	-	5,520,416
NP364	Modimolle	-	-	1,322,826	-	19,592,715	-	20,915,541
NP365	Bela-Bela	3,337,890	-	726,877	-	3,565,497	-	7,630,264
NP366	Mogalakwena	-	9,325,070	-	-	47,804,713	347,688	57,477,472
DC36	Waterberg District	-	-	901,022	-	641,830	-	1,542,852
	<b>Waterberg</b>	<b>3,337,890</b>	<b>12,737,188</b>	<b>3,073,405</b>	-	<b>75,566,339</b>	<b>347,688</b>	<b>95,062,511</b>
	<b>Total</b>	<b>20,089,511</b>	<b>205,468,071</b>	<b>55,604,179</b>	<b>729,892</b>	<b>1,043,858,705</b>	<b>47,644,460</b>	<b>1,373,395,419</b>

### Capital Revenue: Sources of Finance

Table 3 above depicts the sources of finances acquired to fund capital expenditure.

For the year under review, the performance per source item shows a combined total of R1,37 billion in collections. These collections by individual items are not in balance with the spent in table 1 above. Cumulative expenditure for capital is reported at R3,06 billion which is twice the revenue to finance this expenditure.

## Summary of operating Budgets

Table 4: Summary of municipal Operating Budget: 30 June 2009

Code	Municipality	Operating revenue						
		Original Budget	Adjustments	Adjusted revenue budget	Actual for the month	Actual to date	Variance Budget Actual	% variance
NP03a2	Makhuduthamaga	62,616,706		62,616,706	-	-	62,616,706	0%
NP03a3	Fetakgomo	28,384,704		28,384,704	-	6,964,127	21,420,577	25%
NP03a4	Greater marble Hall	106,780,660		106,780,660	2,728,782	98,290,252	8,490,408	92%
NP03a5	Greater Tubatse	142,392,117		142,392,117	4,168,385	57,832,273	84,559,844	41%
NP03a6	Elias Motsoaledi	191,691,000	3,558,000	195,249,000	-	98,440,664	96,808,336	50%
DC47	Greater Sekhukhune	803,043,642		803,043,642	5,476,772	255,539,878	547,503,764	32%
	<b>Total</b>	<b>1,334,908,829</b>	<b>3,558,000</b>	<b>1,338,466,829</b>	<b>12,373,939</b>	<b>517,067,194</b>	<b>821,399,635</b>	<b>39%</b>
NP331	Greater Giyani	108,670,000		108,670,000		18,827,325	89,842,675	17%
NP332	Greater Letaba	125,739,327	2,525,580	128,264,907	106,808,568	657,078,479	(528,813,572)	512%
NP333	Greater Tzaneen	444,750,986	14,341,260	459,092,246	58,262,886	376,160,435	82,931,811	82%
NP334	Ba-Phalaborwa	208,065,060		208,065,060	-	-	208,065,060	0%
NP335	Maruleng	59,847,300		59,847,300	1,360,344	1,360,344	58,486,956	2%
DC33	Mopani District	511,189,000		511,189,000	26,004,688	85,809,232	425,379,768	17%
	<b>Total</b>	<b>1,458,261,673</b>	<b>16,866,840</b>	<b>1,475,128,513</b>	<b>192,436,486</b>	<b>1,139,235,815</b>	<b>335,892,698</b>	<b>77%</b>
NP341	Musina	109,907,000	5,880,000	115,787,000	12,012,919	142,556,811	(26,769,811)	123%
NP342	Mutale	68,866,971		68,866,971	1,131,880	33,359,009	35,507,962	48%
NP343	Thulamela	472,258,560		472,258,560	9,194,733	174,762,126	297,496,434	37%
NP344	Makhado	339,997,819		339,997,819	18,938,893	333,055,305	6,942,514	98%
DC34	Vhembe District	428,109,722		428,109,722	60,518,862	186,149,910	241,959,812	43%
	<b>Total</b>	<b>1,419,140,072</b>	<b>5,880,000</b>	<b>1,425,020,072</b>	<b>101,797,287</b>	<b>869,883,161</b>	<b>555,136,911</b>	<b>61%</b>
NP351	Blouberg	90,740,500		90,740,500	3,237,764	43,733,888	47,006,612	48%
NP352	Aganang	38,172,630		38,172,630	170,167	29,096,124	9,076,506	76%
NP353	Molemole	6,500,000		6,500,000	3,309,913	16,124,664	(9,624,664)	248%
NP354	Polokwane	1,448,744,600		1,448,744,600	84,619,500	2,351,513,866	(902,769,266)	162%
NP355	Lepelle-Nkumpi	140,303,015		140,303,015	1,884,175	101,146,285	39,156,730	72%
DC35	Capricorn District	162,065,492		162,065,492	77,698,986	1,189,601,416	(1,027,535,924)	734%
	<b>Total</b>	<b>1,886,526,237</b>	<b>-</b>	<b>1,886,526,237</b>	<b>170,920,505</b>	<b>3,731,216,243</b>	<b>(1,844,690,006)</b>	<b>198%</b>
NP361	Thabazimbi	137,655,619		137,655,619	8,490,203	50,941,218	86,714,401	37%
NP362	Lephalale	162,942,461		162,942,461	25,130,107	132,115,962	30,826,499	81%
NP363	Mookgophong	64,641,000		64,641,000	4,892,098	61,653,039	2,987,961	95%
NP364	Modimolle	148,328,000		148,328,000	6,585,930	116,942,321	31,385,679	79%
NP365	Bela-Bela	122,583,297		122,583,297	14,203,059	82,387,841	40,195,456	67%
NP366	Mogalakwena	439,279,000	13,819,000	453,098,000	25,423,515	181,347,358	271,750,642	40%
DC36	Waterberg District	75,280,800		75,280,800	2,309,457	104,295,284	(29,014,484)	139%
	<b>Total</b>	<b>1,150,710,177</b>	<b>13,819,000</b>	<b>1,164,529,177</b>	<b>87,034,369</b>	<b>729,683,023</b>	<b>434,846,154</b>	<b>63%</b>
	<b>Grand Total</b>	<b>7,249,546,988</b>	<b>40,123,840</b>	<b>7,289,670,828</b>	<b>564,562,586</b>	<b>6,987,085,436</b>	<b>302,585,392</b>	<b>96%</b>

Limpopo municipalities originally budgeted to collect R7. 250 billion for the financial year 2008/09; the adjusted budget amounted to R7 .290 billion. By the end of the 2008/09 financial year at 30 June 2009, it is shown that collectively, collection by municipalities is at 96 per cent or R6,98 billion.



However credibility of the data submitted throughout the year has been a challenge. This can be supported by the over performance of municipalities like Greater Letaba 512%, Musina 123%, Molemole 248%, Polokwane 162%, Capricorn District 734% and Waterberg District 139%. At face value this can be viewed as a good performance, except that this cannot be correct since some of the municipalities listed have no stable revenue sources. It is not feasible as well considering that most of the municipalities are rural and have challenges in maintaining their debtor's book.

On the hindsight, there are municipalities showing performance at zero and below 50 per cent. This is a clear indication that the data that is being collated for this publication is a challenge.

**Table 5: Summary of municipal Operating Budget: 30 June 2009**

Code	Municipality	Operating Expenditure						
		Original Budget	adjustments	Adjusted budget	Actual for the month	Actual expenditure to date	Variance Budget - Expenditure	% Variance
NP03a2	Makhuduthamaga	62,619,706		62,619,706		-	62,619,706	0%
NP03a3	Fetakgomo	28,123,149		28,123,149	-	3,952,326	24,170,823	14%
NP03a4	Greater marble Hall	106,764,430		106,764,430	6,984,998	73,343,123	33,421,307	69%
NP03a5	Greater Tubatse	142,392,110		142,392,110	10,275,908	49,588,073	92,804,037	35%
NP03a6	Elias Motsoaledi	109,170,000	2,996,000	112,166,000	-	66,247,950	45,918,050	59%
DC47	Greater Sekhukhune	801,352,682		801,352,682	45,909,266	129,790,062	671,562,620	16%
	<b>Total</b>	<b>1,250,422,077</b>	<b>2,996,000</b>	<b>1,253,418,077</b>	<b>63,170,172</b>	<b>322,921,534</b>	<b>930,496,543</b>	<b>26%</b>
NP331	Greater Giyani	108,670,000		108,670,000		5,514,568	103,155,432	5%
NP332	Greater Letaba	124,555,755	2,525,580	127,081,335	65,793,999	362,184,591	(235,103,256)	285%
NP333	Greater Tzaneen	413,717,098	14,341,260	428,058,358	36,152,159	281,774,872	146,283,486	66%
NP334	Ba-Phalaborwa	201,820,180		201,820,180	-	-	201,820,180	0%
NP335	Maruleng	43,796,300		43,796,300	6,094,126	6,094,126	37,702,174	14%
DC33	Mopani District	234,447,076		234,447,076	29,103,158	164,013,973	70,433,103	70%
	<b>Total</b>	<b>1,127,006,409</b>	<b>16,866,840</b>	<b>1,143,873,249</b>	<b>137,143,442</b>	<b>819,582,130</b>	<b>324,291,119</b>	<b>72%</b>
NP341	Musina	104,907,000	10,880,000	115,787,000	9,528,823	74,242,496	41,544,504	64%
NP342	Mutale	42,178,794		42,178,794	4,505,227	36,126,394	6,052,400	86%
NP343	Thulamela	222,134,235		222,134,235	21,140,712	93,355,549	128,778,686	42%
NP344	Makhado	339,965,989		339,965,989	21,791,671	192,568,082	147,397,907	57%
DC34	Vhembe District	428,109,722		428,109,722	11,946,888	171,088,097	257,021,625	40%
	<b>Total</b>	<b>1,137,295,740</b>	<b>10,880,000</b>	<b>1,148,175,740</b>	<b>68,913,321</b>	<b>567,380,618</b>	<b>580,795,122</b>	<b>49%</b>
NP351	Blouberg	58,253,500		58,253,500	3,547,874	32,462,379	25,791,121	56%
NP352	Aganang	38,172,630		38,172,630	4,373,934	21,816,993	16,355,637	57%
NP353	Molemole	52,912,694		52,912,694	5,142,168	27,740,140	25,172,554	52%
NP354	Polokwane	1,448,744,600		1,448,744,600	59,067,227	1,713,093,085	(264,348,485)	118%
NP355	Lepelle-Nkumpi	80,008,781		80,008,781	5,181,002	46,343,874	33,664,907	58%
DC35	Capricorn District	162,065,492		162,065,492	43,919,609	170,445,647	(8,380,155)	105%
	<b>Total</b>	<b>1,840,157,697</b>	<b>-</b>	<b>1,840,157,697</b>	<b>121,231,814</b>	<b>2,011,902,118</b>	<b>(171,744,421)</b>	<b>109%</b>
NP361	Thabazimbi	142,229,236		142,229,236	3,538,153	21,228,918	121,000,318	15%
NP362	Lephalale	162,929,040		162,929,040	42,053,987	111,732,798	51,196,242	69%
NP363	Moogophong	64,641,000		64,641,000	4,891,890	37,702,557	26,938,443	58%
NP364	Modimolle	148,255,000		148,255,000	12,122,797	83,755,871	64,499,129	56%
NP365	Bela-Bela	122,401,685		122,401,685	12,369,020	56,376,709	66,024,976	46%
NP366	Mogalakwena	322,476,000	14,338,000	336,814,000	21,250,274	135,938,865	200,875,135	40%
DC36	Waterberg District	60,822,479		60,822,479	6,556,698	55,002,948	5,819,531	90%
	<b>Total</b>	<b>1,023,754,440</b>	<b>14,338,000</b>	<b>1,038,092,440</b>	<b>102,782,819</b>	<b>501,738,666</b>	<b>536,353,774</b>	<b>48%</b>
	<b>Grand Total</b>	<b>6,378,636,363</b>	<b>45,080,840</b>	<b>6,423,717,203</b>	<b>493,241,568</b>	<b>4,223,525,066</b>	<b>2,200,192,137</b>	<b>66%</b>

The total operating expenditure budget for the period from July 2008 to June 2009 is 66 per cent or R4,22 billion of the total budget of R6,42 billion. The general performance shows that municipalities have under spent except for Greater Letaba, Polokwane and Capricorn that are showing over expenditure.

## Summary of municipal Debtor's book

Table 6: Summary of municipal Debtor's book: 30 June 2009

Code	Municipality	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
NP03a2	Makhuduthamaga	-	-	-	-	-	-	-	-	-
NP03a3	Fetakgomo	-	-	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	2,015,508	748,974	971,647	634,968	-	-	-	-	4,371,097
NP03a5	Greater Tubatse	3,903,777	3,258,724	2,511,612	33,267,697	-	-	-	-	42,941,810
NP03a6	Elias Motsoaledi	3,945,948	1,113,176	271,475	314,370	4,483,228	-	-	-	10,128,197
DC47	Greater Sekhukhune	-	14,152,976	8,956,286	-	5,531,650	-	-	-	28,640,912
	<b>Sub-Total</b>	<b>9,865,233</b>	<b>19,273,850</b>	<b>12,711,020</b>	<b>34,217,035</b>	<b>10,014,878</b>	-	-	-	<b>86,082,016</b>
NP331	Greater Giyani	1,459,300	2,229,468	2,513,309	2,020,056	1,556,742	3,277,492	7,527,952	41,785,081	62,369,400
NP332	Greater Letaba	4,579,675	737,857	540,286	535,583	450,374	32,650,840	-	-	39,494,615
NP333	Greater Tzaneen	851,114	23,218,343	6,722,563	4,365,438	3,909,835	3,504,286	99,460,284	-	142,031,863
NP334	Ba-Phalaborwa	7,637,847	6,044,692	5,118,614	8,311,277	156,461,993	-	-	-	183,574,423
NP335	Maruleng	644,227	507,424	117,763	573,781	5,272,043	277,001	-	-	7,392,239
DC33	Mopani District	-	-	-	-	-	-	-	3,206,432	3,206,432
	<b>Sub-Total</b>	<b>15,172,163</b>	<b>32,737,784</b>	<b>15,012,535</b>	<b>15,806,135</b>	<b>167,650,987</b>	<b>39,709,619</b>	<b>106,988,236</b>	<b>44,991,513</b>	<b>438,068,972</b>
NP341	Musina	1,295,984	930,392	935,775	739,601	18,030,149	-	-	-	21,931,901
NP342	Mutale	-	-	-	-	-	-	-	-	-
NP343	Thulamela	-	-	-	-	-	-	-	-	-
NP344	Makhado	1,495,012	11,942,306	6,516,979	5,302,829	4,599,000	79,423,018	-	-	109,279,144
DC34	Vhembe District	517,235	516,477	1,236,120	675,087	6,605,993	-	-	-	9,550,912
	<b>Sub-Total</b>	<b>3,308,231</b>	<b>13,389,175</b>	<b>8,688,874</b>	<b>6,717,517</b>	<b>29,235,142</b>	<b>79,423,018</b>	-	-	<b>140,761,957</b>
NP351	Blouberg	167,140	-	162,262	2,047,622	-	-	-	-	2,377,024
NP352	Aganang	1,197,898	1,489,813	987,009	3,259,699	1,259,467	491,700	491,700	-	9,177,286
NP353	Molemole	524,230	346,399	312,093	13,353,326	-	-	8	-	14,536,056
NP354	Polokwane	50,520,899	12,343,158	10,078,608	7,160,219	121,851,363	-	-	-	201,954,247
NP355	Lepelle-Nkumpi	4,143,759	3,445,095	3,902,222	3,823,049	74,146,028	-	-	-	89,460,153
DC35	Capricorn District	-	-	-	-	-	-	-	24,308,305	24,308,305
	<b>Sub-total</b>	<b>56,553,926</b>	<b>17,624,465</b>	<b>15,442,194</b>	<b>29,643,915</b>	<b>197,256,858</b>	<b>491,700</b>	<b>491,708</b>	<b>24,308,305</b>	<b>341,813,071</b>
NP361	Thabazimbi	2,208,577	1,665,883	2,011,695	2,117,860	40,035,508	-	8	-	48,039,531
NP362	Lephalale	8,462,438	5,573,608	2,664,683	25,116,394	-	-	-	-	41,817,123
NP363	Mookgophong	7,023,402	3,854,166	1,920,926	11,508,527	-	-	-	-	24,307,021
NP364	Modimolle	(6,350,099)	1,926,150	1,882,041	1,367,081	26,321,078	-	-	-	25,146,251
NP365	Bela-Bela	6,792,326	4,122,305	2,656,904	44,694,758	-	-	-	-	58,266,293
NP366	Mogalakwena	28,155,134	5,764,221	4,111,012	142,758,452	-	-	-	-	180,788,819
DC36	Waterberg District	26,670	11,606	14,075	5,316	304,743	-	-	38,756	401,166
	<b>Sub-total</b>	<b>46,318,448</b>	<b>22,917,939</b>	<b>15,261,336</b>	<b>227,568,388</b>	<b>66,661,329</b>	-	<b>8</b>	<b>38,756</b>	<b>378,766,204</b>
	<b>Total</b>	<b>131,218,001</b>	<b>105,943,213</b>	<b>67,115,959</b>	<b>313,952,990</b>	<b>470,819,194</b>	<b>119,624,337</b>	<b>107,479,952</b>	<b>69,338,574</b>	<b>1,385,492,220</b>

Table 6 above reflects the inconsistencies in the management and collection of debts by the municipalities. The total debt is reflected at R1,39 billion. The lack of management of debtors can be seen in the way the debt amount has been fluctuating month on month. The debt category 91 – 120 days reflects an increase in the debt amount from R67,1 million to R313,9 million. It is unclear

as to how the debt in this category increased suddenly R246,8 million. Assuming that the debt in the 61 – 90 days category was not paid; the whole amount of R67,1 million should have moved to the next category. The movement in this regard is not clear. The interpretation here is a classical example of municipalities not providing credible data. It is clear that this data is submitted purely for compliance purposes and it is not acceptable.

## Summary of municipal Creditors' book

Table 7: Summary of municipal Creditors' Book: 30 June 2009

Code	Municipality	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
NP03a2	Makhuduthamaga	-	-	-	-	-	-	-	-	-
NP03a3	Fetakgomo	-	-	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	-	-	-	-	-	-	-	-	-
NP03a5	Greater Tubatse	340,081	4,374,363	258,498	285,249	-	-	-	-	5,258,191
NP03a6	Elias Motsoaledi	-	-	-	-	-	-	-	-	-
DC47	Greater Sekhukhune	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>340,081</b>	<b>4,374,363</b>	<b>258,498</b>	<b>285,249</b>	-	-	-	-	5,258,191
NP331	Greater Giyani	-	-	-	-	-	-	-	-	-
NP332	Greater Letaba	8,383,942	-	-	-	-	-	-	-	8,383,942
NP333	Greater Tzaneen	-	-	-	-	-	-	-	-	-
NP334	Ba-Phalaborwa	-	-	-	-	-	-	-	-	-
NP335	Maruleng	-	-	-	-	-	-	-	-	-
DC33	Mopani District	42,901	441,874	206,915	754,667	873,778	52,878	159,399	-	2,532,412
	<b>Sub-Total</b>	<b>8,426,843</b>	<b>441,874</b>	<b>206,915</b>	<b>754,667</b>	<b>873,778</b>	<b>52,878</b>	<b>159,399</b>	-	10,916,354
NP341	Musina	164,636	384,998	278,429	246,776	-	-	-	-	1,074,839
NP342	Mutale	140,857	2,458,639	231,571	312,840	431,678	199,794	-	-	3,775,379
NP343	Thulamela	-	-	-	-	-	-	-	-	-
NP344	Makhado	1,660,200	3,357	1,122	33,444	4,500	-	-	-	1,702,623
DC34	Vhembe District	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>1,965,693</b>	<b>2,846,994</b>	<b>511,122</b>	<b>593,060</b>	<b>436,178</b>	<b>199,794</b>	-	-	6,552,841
NP351	Blouberg	-	-	-	-	-	-	-	-	-
NP352	Aganang	416,319	-	-	-	-	-	-	-	416,319
NP353	Molemole	354,696	-	-	-	-	-	-	-	354,696
NP354	Polokwane	29,390,291	-	-	137,537	-	-	-	-	29,527,828
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-	-	-
DC35	Capricorn District	(5,404,261)	-	-	-	-	-	-	-	(5,404,261)
	<b>Sub-total</b>	<b>24,757,045</b>	-	-	<b>137,537</b>	-	-	-	-	24,894,582
NP361	Thabazimbi	10,009,025	-	-	-	-	-	-	-	10,009,025
NP362	Lephalale	42,447	200,155	47,703	20,263	-	-	-	-	310,568
NP363	Mookgophong	-	-	-	-	-	-	-	-	-
NP364	Modimolle	4,596,059	-	-	-	-	-	-	-	4,596,059
NP365	Bela-Bela	-	-	-	-	-	-	-	-	-
NP366	Mogalakwena	-	-	-	-	-	-	-	-	-
DC36	Waterberg District	194,363	-	-	-	-	-	-	-	194,363
	<b>Sub-total</b>	<b>14,841,894</b>	<b>200,155</b>	<b>47,703</b>	<b>20,263</b>	-	-	-	-	15,110,015
	<b>Total</b>	<b>50,331,556</b>	<b>7,863,386</b>	<b>1,024,238</b>	<b>1,790,776</b>	<b>1,309,956</b>	<b>252,672</b>	<b>159,399</b>	-	62,731,983

The table above reveals that an amount of R62,7 million is owed to the creditors per information submitted by the municipalities for the year ending 30 June 2009. However the information in the above table cannot be relied upon for the simple reason that most municipalities have not been submitting the reports on creditors. Challenges of data credibility and non submission are the reason why performance in the creditor's book seems to be reasonably better.

## Summary of municipal Cash flow statement

**Table 8: Summary of municipal Cash flow statement: 30 June 2009**

Descriptions	Q1 Jul - Sep	Q2 Oct - Dec	Q3 Jan - Mar	Month 10 Apr	Month 11 May	Month 12 Jun	Q4 Apr - Jun
0100 Opening Cash Balance	2,173,595,318	664,669,069	820,992,213	1,343,538,688	1,107,687,858	570,036,090	1,343,538,688
<b>0200 Add : Receipts</b>							
0300 - Revenue receipts (incl consumer debtors)	599,497,572	501,465,374	465,949,514	152,803,577	165,619,862	223,516,886	541,940,325
0400 - External loans received	1,218,193	730,569	0	5,698,000	0	0	5,698,000
0500 - Grants and subsidies	1,005,320,665	971,427,368	1,575,536,904	103,700,312	144,686,194	35,612,832	283,999,338
0600 - Public donations	408,355	0	0	0	0	0	0
0700 - Investments redeemed	375,612,031	425,104,016	737,306,582	369,759,756	78,841,969	33,272,171	481,873,896
0800 - Consumer deposits	6,130,022			517,888	1,590,253	4,737,152	
0900 - Receipts from long-term debtors	919,667	1,019,511	517,976	23,943	3,899,653	4,875,307	8,798,903
1000 - Insurance claims	1,266,670	0	206,699	26,651	4,151	20,000	50,802
1100 - Statutory Receipts (incl VAT)	21,838,526	14,121,102	42,312,474	6,426,648	74,958,726	4,356,794	85,742,168
1200 - Other	139,038,951	276,592,290	138,202,235	45,391,831	76,832,276	27,036,236	149,260,343
<b>1300 Sub-Total (Receipts)</b>	<b>2,151,250,652</b>	<b>2,190,460,230</b>	<b>2,960,032,384</b>	<b>684,348,606</b>	<b>546,433,084</b>	<b>333,427,378</b>	<b>1,557,363,775</b>
<b>1400 Less : Payments</b>							
1500 - Salaries, wages and allowances	369,421,424	411,578,729	422,537,970	141,130,317	132,539,158	123,064,353	396,733,828
1600 - Cash and creditor payments	430,746,152	401,282,284	398,806,050	113,224,168	120,744,064	110,756,044	344,724,276
1700 - Capital payments	398,666,419	708,697,055	715,158,719	241,216,963	727,418,701	759,751,909	1,728,387,573
1800 - Investments made	485,974,665	242,315,559	660,737,087	357,091,925	29,776,775	16,000,000	402,868,700
1900 - External loans repaid	70,206	6,512,777	13,002,048	17,000	17,000	3,896,186	3,930,186
2000 - Statutory Payments (incl VAT)	24,937,875	23,393,422	26,653,036	9,189,471	6,958,264	9,626,811	25,774,546
2100 - Consumer deposits repaid	572,442	762,082	1,010,170	251,867	185,295	311,478	748,640
2200 - Other payments	192,753,483	241,832,603	202,276,954	58,077,725	66,445,595	46,572,625	171,095,945
<b>2300 Sub-Total (Payments)</b>	<b>1,903,142,666</b>	<b>2,036,374,511</b>	<b>2,440,182,034</b>	<b>920,199,436</b>	<b>1,084,084,852</b>	<b>1,069,979,406</b>	<b>3,074,263,694</b>
<b>2400 Closing Balance</b>	<b>2,421,703,304</b>	<b>818,754,788</b>	<b>1,340,842,563</b>	<b>1,107,687,858</b>	<b>570,036,090</b>	<b>-166,515,938</b>	<b>-173,361,231</b>

The cash flow statement for the municipalities shows negative cash balance of R660.2 million at the end of June 2009. If this data is compared to the capital and operating expenditure data, one can immediately draw a disjuncture. Expenditure reflected that municipalities have under spent while the cash flow is showing an over drawn position. Once again the credibility of the submissions makes it difficult for any meaningful analysis of information to be provided.

## Accounting and reporting issues

**Table 9: Opinions and information for audits**

MUNICIPALITY	AUDIT OUTCOME 07/08	ACTION PLAN	INVESTMENTS REGISTER	BANK RECON
Elias Motsoaledi	Disclaimer	Submitted	Submitted	Not submitted
Fetakgomo	Unqualified	Submitted	Submitted	Submitted
Makhuduthamaga	Outstanding	N/A	Submitted	Submitted
Marble Hall	Disclaimer	Submitted	Submitted	Not submitted
Sekhukhune	Disclaimer	Not submitted	Submitted	Submitted
Tubatse	Disclaimer	Not submitted	Submitted	Submitted
Capricorn	Disclaimer	Submitted	Submitted	Submitted
Aganang	Qualification	Not submitted	Submitted	Submitted
Lepelle-nkumpi	Outstanding	Not submitted	Submitted	Submitted
Blouberg	Disclaimer	Submitted	Not submitted	Not submitted
Molemolle	Disclaimer	Submitted	Submitted	Not submitted
Polokwane	Disclaimer	Not submitted	Submitted	Not submitted
Vhembe	Disclaimer	Submitted	Not submitted	Not submitted
Makhado	Adverse	Not submitted	Not submitted	Submitted
Musina	Unqualified	Not submitted	Not submitted	Not submitted
Mutale	Disclaimer	Submitted	Not submitted	Submitted
Thulamela	Disclaimer	Submitted	Not submitted	Submitted
Mopani	Disclaimer	Submitted	Submitted	Not submitted
Ba-Phalaborwa	Outstanding	Not submitted	Not submitted	Not Submitted
Greater Giyani	Qualified	Not submitted	Not submitted	Not Submitted
Greater Letaba	Qualified	Submitted	Not submitted	Submitted
Greater Tzaneen	Qualified	Submitted	Not submitted	Not Submitted
Maruleng	Disclaimer	Submitted	Not submitted	Not Submitted
Waterberg	Unqualified	Submitted	Submitted	Submitted
Bela-Bela	Outstanding	N/A	Not Submitted	Submitted
Lephalale	Disclaimer	Submitted	Not Submitted	Submitted
Modimolle	Disclaimer	Submitted	Not submitted	Submitted
Mogalakwena	Unqualified	Submitted	Not Submitted	Submitted
Mookgopong	Outstanding	N/A	Not submitted	Submitted
Thabazimbi	Disclaimer	Submitted	Not submitted	Submitted

### Audit outcome 2007/08

It is reflected in table 9 above that there is still a huge challenge in as far improving the audit opinions is concerned. In this financial year, four municipalities or 13 per cent managed to obtain unqualified reports. Two more municipalities Fetakgomo and Mogalakwena managed to get good opinions. This is no relief at all considering that there are thirty municipalities in the province which are performing below standard. Year after year municipalities have obtained unfavorable reports simply because they could not compliance and perform basic operations. The Auditor General has given basic good practices that if implemented; all municipalities could get good reports.

But challenges in municipalities over the years, some of them were qualified as a result of not complying with the basic best practices as detailed below:



### **Clear trail of supporting documentation**

Good practices require annual financial statements submitted to be supported by relevant and reliable working papers and supporting documentation.

#### **• Quality of annual financial statements**

Good practices require annual financial statements to be prepared and submitted for audit purposes in accordance with the auditees' applicable accounting framework.

#### **• Timeliness of annual financial statements**

Good planning for the financial statement preparation process

#### **• Availability of key officials**

Availability of Key officials during audits to respond to and resolve audit matters before the final audit conclusion.

### **Development of and compliance with risk management and good internal control and governance practices**

Effective risk management and internal control practices continue to be a challenge for the majority of municipal.

### **Leadership, supervision and monitoring**

Leadership sets a proper "tone at the top" to create a sound control environment. The leadership must ensure that competent and skilled staff are employed, particularly in the finance and accounting division.

Effective leadership and oversight are needed to monitor the performance of management, especially in so far as financial management is concerned.

### **Action Plan**

In order to improve the audit opinions, municipalities are required to draw an action plan of addressing matters of emphasis raised in the previous audit. Table 9 shows that municipalities have responded favorably although actual implementation is still a challenge.

### **Investment register**

This has been requested on a monthly basis for the simple reason that municipalities have been holding funds in banks accumulating interest while services were not being delivered because of lack of funds.

### **Bank reconciliation**

This report is very paramount to the process of preparing financial statements. Municipalities have obtained qualifications for not preparing bank reconciliation. Submission of reconciliation to Provincial Treasury has assisted municipalities to comply in turn assisting municipalities to prepare balanced financial statements

### **Summary by Auditor General on audit opinions:-**

**Source: General Report MFMA-Auditor General**

The financial statements of 19 of the 23 of municipalities (78%) reported on in the Limpopo province were financially qualified (adverse, disclaimer and qualification). Of the total 23 municipalities finalised, there were 14 disclaimers, one adverse audit opinion, four qualified audit opinions and four unqualified audit opinions (with other matters).

Main challenges faced by municipalities in Limpopo include the following:

- **Capacity (skills/vacancies):** A general lack of capacity and skills to fully comply with the prescribed accounting framework was the main contributing factor to the high incidence of audit qualifications.
- **Leadership involvement:** Significant difficulties due to delays, the unavailability of expected information and the unavailability of senior management were experienced during audits at most municipalities analysed. An adequate and effective filing system to maintain and safeguard documentation of the municipalities was also found to be lacking at these municipalities.
- **Prioritising and addressing issues:** Prior year external audit matters were not substantially implemented by a high proportion of municipalities analysed. This is attributable primarily to the audit backlog that resulted in most reports being finalised close to the 2007-08 year-end.

## **Closing of Year**

Municipalities' financial year ended on the 30<sup>th</sup> June 2009 which required the municipalities to perform year end closure procedures. The closure of the year will lead to the preparation of financial statements in turn audits performed. The status currently is that municipalities are progressing steadily and this progress is being closely monitored for a successful completion.

## **MFMA COMPLIANCE**

### **Introduction**

The reforms contained in the Municipal Finance Management Act (MFMA) require all municipalities to review how they manage change across their organisation. Municipalities must review and where necessary establish new systems for budgeting, income, expenditure, cash management, banking, supply chain management, investments, borrowings, assets, liabilities, reporting, internal audit and internal control, etc. In addition, municipalities are required to review their systems of delegation and their finance-related by-laws and policies, establish a budget and treasury office, and ensure their officials meet new prescribed competency levels in financial management.

The National Treasury has introduced various returns to assist the municipalities with implementation of the Municipal Finance Management Act (MFMA) which are as follows:

### **Annual Returns**

#### **Budget Evaluation Checklist (BEC)**

This is a checklist that is completed before the start of financial year to review the performance of the prior year budget process for the purpose of the improvement in the future budget processes.

#### **MFMA Implementation Plan (IP)**

The purpose of this plan is to review the progress made on the implementation of the MFMA on an annual basis.

### **Half Yearly Returns**

#### **Competency level Return**

The aim of this return is to assess the progress made on the compliance of the municipalities and municipal entities with the competency regulations. The competency regulations have been effective from the 1 July 2007 and the officials of the municipalities should comply by the 1 January 2013.

### **Quarterly Returns**

#### **MFMA Municipal entity (ME)**

This return discloses to the National and Provincial treasuries any new municipal entity established or disestablished and changes on any of the details of an existing municipal entity.

### Borrowing monitoring (BM)

The purpose is to collect information and to analyse the overall municipal borrowing market with the view of increasing access to capital infrastructure projects.

### MFMA - long term contracts (LTC)

Disclose to National and Provincial treasuries on any new long term contracts established or terminated and further note changes or no changes to the existing long term contracts.

### MFMA - implementation priorities (IP)

The purpose of the returns is to monitor progress on MFMA implementation on a quarterly basis and determine to further areas of targeted assistance.

Compliance in terms of submission of the returns

Annual returns

## **Submission of the MFMA returns**

### **Yearly Returns**

#### Budget evaluation checklist

The Budget Evaluation Checklist for the year ending 30 June 2009 should be sent to the national treasury database by the 20 July 2008. The following municipalities did not this return as at 31 July 2009:

- Capricorn District Municipality
- Greater Tubatse Municipality
- Mookgophong Municipality
- Vhembe District Municipality

The budget evaluation checklist for the year ending 30 June 2010 should be submitted on the 20 July 2009. Only Waterberg District and Greater Letaba Municipalities had submitted by the 31 July 2009.

#### MFMA Implementation plan

The MFMA Implementation plan for the year ending 30 June 2009 was submitted by only six municipalities which are:

- Aganang Municipality
- Greater Marble Hall Municipality
- Lephalale Municipality
- Modimolle Municipality
- Mopani District Municipality
- Waterberg District Municipality

### **Half yearly Returns**

The competency level return for the half year ending 31 December 2008 should be submitted by the 30 January 2009. The following six municipalities submitted the return:

- Aganang Municipality
- Ba-Phalaborwa Municipality
- Elias Motsoaledi Municipality
- Greater Tzaneen Municipality
- Modimolle Municipality
- Waterberg municipality

The competency level return for the half year ending 30 June 2009 should be submitted by the 30 July 2009. As at that date the only four municipalities had submitted, which are follows:

- Ba-Phalaborwa Municipality
- Elias Motsoaledi Municipality
- Lepelle-Nkumpi Municipality
- Thulamela Municipality

## Quarterly returns

The following table indicates the municipalities' returns that have not been submitted as at 30 July 2009:

Name of municipality	Outstanding returns as at 30 July 2009
Bela-Bela	Borrowing monitoring (Q4) MFMA Long term contracts (Q4) MFMA Municipal Entity (Q4) MFMA Implementation Priorities (Q4)
Blouberg	Borrowing monitoring (Q4) MFMA Long term contracts (Q4) MFMA Municipal Entity (Q4) MFMA Implementation Priorities (Q1 & Q4)
Capricon District Municipality	Borrowing monitoring (Q4) MFMA Long term contracts (Q2, Q3 & Q4) MFMA Municipal Entity (Q4) MFMA Implementation Priorities (Q4)
Fetakgomo	MFMA Long term contracts (Q4) MFMA Implementation Priorities (Q4)
Greater Giyani	Borrowing monitoring (Q3 & Q4) MFMA Long term contracts (Q3 & Q4) MFMA Municipal Entity (Q3 & Q4) MFMA Implementation Priorities (Q3 & Q4)
Greater Sekhukhune District Municipality	Borrowing monitoring (Q4) MFMA Long term contracts (Q3 & Q4) MFMA Municipal Entity (Q4) MFMA Implementation Priorities (Q4)
Greater Tubatse	Borrowing monitoring (Q1, Q2, Q3 & Q4) MFMA Long term contracts (Q4) MFMA Municipal Entity (Q1, Q2, Q3 & Q4) MFMA Implementation Priorities (Q1, Q2, Q3 & Q4)
Lepelle-Nkumpi	MFMA Municipal Entity (Q4)
Makhado	Borrowing monitoring (Q3 & Q4) MFMA Long term contracts (Q4) MFMA Municipal Entity (Q3 & Q4) MFMA Implementation Priorities (Q3 & Q4)
Makhuduthamaga	Borrowing monitoring (Q4) MFMA Long term contracts (Q4) MFMA Municipal Entity (Q4) MFMA Implementation Priorities (Q4)



Name of municipality	Outstanding returns as at 30 July 2009
Maruleng	Borrowing monitoring (Q4) MFMA Long term contracts (Q4) MFMA Municipal Entity (Q4) MFMA Implementation Priorities (Q4)
Modimolle	MFMA Implementation Priorities (Q4)
Molemole	Borrowing monitoring (Q4) MFMA Long term contracts (Q4) MFMA Municipal Entity (Q4) MFMA Implementation Priorities (Q4)
Mookgopong	Borrowing monitoring (Q3 & Q4) MFMA Long term contracts (Q3 & Q4) MFMA Municipal Entity (Q3 & Q4) MFMA Implementation Priorities (Q2, Q3 & Q4)
Mopani District Municipality	Borrowing monitoring (Q4) MFMA Long term contracts (Q4) MFMA Municipal Entity (Q4) MFMA Implementation Priorities (Q4)
Musina	Borrowing monitoring (Q4) MFMA Long term contracts (Q4) MFMA Municipal Entity (Q4) MFMA Implementation Priorities (Q4)
Mutale	Borrowing monitoring (Q1,Q3 & Q4) MFMA Long term contracts (Q1,Q3 & Q4) MFMA Municipal Entity (Q2,Q3 & Q4) MFMA Implementation Priorities (Q1, Q2,Q3 & Q4)
Polokwane	Borrowing monitoring (Q4) MFMA Long term contracts (Q4) MFMA Municipal Entity (Q4) MFMA Implementation Priorities (Q4)
Thabazimbi	Borrowing monitoring (Q4) MFMA Long term contracts (Q4) MFMA Municipal Entity (Q4) MFMA Implementation Priorities (Q4)
Vhembe District Municipality	Borrowing monitoring (Q4) MFMA Long term contracts (Q4) MFMA Municipal Entity (Q4) MFMA Implementation Priorities (Q4)
Waterberg District Municipality	Borrowing monitoring (Q3 & Q4) MFMA Long term contracts (Q4) MFMA Municipal Entity (Q3 & Q4) MFMA Implementation Priorities (Q3 & Q4)

## **Conditional Grant – Local Government Financial Management Expenditure**

### **Introduction**

In terms of the Division of Revenue Bill, the purpose of the Local Government Financial Management Grant (LGFMG) is to promote and support the reforms in financial management by building capacity in the municipalities to implement the Municipal Finance Management Act (MFMA).

The following are the conditions for the LGFMG:

- Councils and municipal managers' commitment to promote all aspects of financial management reforms
- Establishment of a Budget and Treasury Office with positions filled by appropriately qualified personnel and appointment of a minimum of two interns over a multi year
- The employment of an appropriately skilled chief financial officer
- Establishment of Supply Chain Management and Internal Audit units
- Ongoing review, revision and submission of MFMA implementation plans to national treasury to address weakness in financial management
- Acquisition of a financial management system that can produce multi-year budgets, in-year reports, SDBIP, annual reports and automation of financial management practices
- Expansion of the financial management internship programme across all municipalities
- Utilise funding to support the training of municipal official in financial management reforms in support of Competency Regulations
- Preparation and submission of annual financial statements for audit and implement the changes required to address audit findings
- Provide technical support to municipalities in financial management

## Submission of the LGFMG report

The municipalities should submit both electronic and hard copies to both the provincial and national treasuries.

The following table indicates the submission of the Local Government Financial Management Grant (LGFMG) by the municipalities to the Provincial Treasury.

Mun. code	Municipality	Mar-09		Apr-09		May-09		Jun-09	
		Date of submission		Date of submission		Date of submission		Date of submission	
		Electronic	Hard copy	Electronic	Hard copy	Electronic	Hard copy	Electronic	Hard copy
NP03a2	Makhudutamaga	17/07/2009		08/05/2009		10/07/2009		10/07/2009	
NP03a3	Fetakgomo	29/04/2009		26/05/2009		23/06/2009		14/07/2009	
NP03a4	GraeterMarbel	09/04/2004		11/05/2009		10/06/2009		09/07/2009	
NP03a5	Elias Motswaled	06/04/2009		07/05/2009		09/06/2009		09/07/2009	
NP03a6	Tubatse	08/05/2009	07/05/2009	08/05/2009	07/05/2009	12/06/2009		20/07/2009	
DC47	Graeter Sekhukhune		14/05/2009	20/05/2009	20/05/2009	06/07/2009			
NP331	Greater Giyani		14/05/2009		21/05/2009				
NP332	Greater Letaba	12/05/2009		12/05/2009					
NP333	Tzaneen	16/04/2009		14/05/2009		12/06/2009		14/07/2009	
NP334	Ba-phalaporwa		14/04/2009		23/06/2009	16/06/2009		14/07/2009	
NP335	Maruleng	22/05/2009		22/05/2009		06/07/2009		06/07/2009	
DC33	Mopani		18/05/2009		21/05/2009		18/06/2009		
NP341	Musina	16/04/2009		14/05/2009		12/06/2009		14/07/2009	
NP342	Mutale		12/05/2009		12/05/2009				
NP343	Thulamela	08/04/2009		12/05/2009		11/06/2009		14/07/2009	
NP344	Makhado	17/04/2009			12/05/2009	12/06/2009		19/07/2009	
DC35	Vhembe	20/04/2009			15/05/2009	12/06/2009	15/06/2009	08/07/2009	08/07/2009
NP351	Blouberg	07/04/2009		05/05/2009		12/06/2009		13/07/2009	
NP352	Aganang	16/04/2009		15/05/2009	22/05/2009	11/06/2009		13/07/2009	
NP353	Molemole	08/04/2009		20/05/2009		11/06/2009	15/06/2009		22/07/2009
NP355	Lepelle Nkumpi	17/04/2009	14/05/2009	08/05/2009		05/06/2009			22/07/2009
NP354	Polokwane	07/04/2009		09/05/2009		05/06/2009		10/07/2009	
DC35	Capricorn	16/04/2009	20/04/2009	14/05/2009	14/05/2009	12/06/2009	10/06/2009	14/07/2009	
NP361	Thabazimbi	22/05/2009			22/05/2009				
NP362	Lephalale	17/04/2009		07/05/2009		12/06/2009			22/07/2009
NP364	Mookgopong	20/04/2009			22/05/2009	12/06/2009		16/07/2009	
NP365	Modimolle	15/05/2009		15/05/2009		12/06/2009		14/07/2009	
NP366	Bela-Bela		13/05/2009	21/05/2009		19/06/2009			
NP367	Mokgalakwena		21/04/2009		13/05/2005	09/07/2009		22/07/2009	
DC36	Waterberg	09/04/2009		14/05/2009		12/06/2009		14/07/2009	

## Spending of Local Government Financial Management Grant as at 30 June 2009

Mun. Code	Name of municipality	Allocations for the current year ending 30/06/2009	Prior year unspent grant	Amount available to the municipality	June Expenditure	Expenditure to date	Available funds	% of spending to date
NP03a2	Makhuduthamaga	2,000,000	541,044	2,541,044	-	1,253,567	1,287,477	49%
NP03a3	Fetakgomo	500,000	400	500,400	30,962	478,880	21,520	96%
NP03a4	Greater Marbel Hall	500,000	243,070	743,070	255,846	626,285	116,785	84%
NP03a5	Elias Motsoaledi	250,000	579,277	829,277	41,418	821,736	7,541	99%
NP03a6	Greater Tubatse	500,000	-	500,000	56,058	458,959	41,041	92%
<b>DC47</b>	<b>Greater Sekhukhune District Municipality</b>	500,000	412,411	912,411	-	351,628	560,783	39%
NP331	Greater Giyani	500,000	-	500,000	-	395,584	104,416	79%
NP332	Greater Letaba	500,000	23,615	523,615	-	273,917	249,698	52%
NP333	Greater Tzaneen	500,000	104,117	604,117	17,929	585,858	18,259	97%
NP334	Ba-phalaborwa	500,000	(1,192)	498,808	274,853	1,042,718	(543,910)	209%
NP335	Maruleng	500,000	629,506	1,129,506	44,970	536,022	593,484	47%
<b>DC33</b>	<b>Mopani District Municipality</b>	250,000	170,915	420,915	-	325,286	95,629	77%
NP341	Musina	1,250,000	(149,215)	1,100,785	750,682	1,180,801	(80,016)	107%
NP342	Mutale	500,000	-	500,000	-	438,500	61,500	88%
NP343	Thulamela	500,000	-	500,000	195,712	516,982	(16,982)	103%
NP344	Makhado	500,000	663,901	1,163,901	50,215	336,005	827,896	29%
<b>CD34</b>	<b>Vhembe District Municipality</b>	500,000	175,561	675,561	45,447	241,200	434,361	36%
NP351	Blouberg	500,000	431,760	931,760	206,015	619,861	311,899	67%
NP352	Aganang	750,000	234,133	984,133	28,125	385,312	598,821	39%
NP353	Molemole	500,000	648,791	1,148,791	276,227	1,024,859	123,932	89%
NP354	Polokwane	500,000	3,861,061	4,361,061	3,723,262	4,396,685	(35,624)	101%
NP355	Lepelle-Nkumpi	1,250,000	299,021	1,549,021	57,278	1,131,216	417,805	73%
<b>DC35</b>	<b>Capricon District Municipality</b>	500,000	200,056	700,056	13,752	324,836	375,220	46%
NP361	Thabazimbi	500,000	627,938	1,127,938	-	103,155	1,024,783	9%
NP362	Lephalale	1,000,000	(1,926)	998,074	626,003	1,090,623	(92,549)	109%
NP364	Mookgopong	1,000,000	12,726	1,012,726	264,922	1,020,562	(7,836)	101%
NP365	Modimolle	1,250,000	553,224	1,803,224	(99,311)	1,268,676	534,548	70%
NP366	Bela-Bela	500,000	79,324	579,324	-	603,480	(24,156)	104%
NP367	Mogalakwena	500,000	250,950	750,950	9,523	314,375	436,575	42%
<b>DC36</b>	<b>Waterberg District Municipality</b>	500,000	595,515	1,095,515	361,909	568,428	527,087	52%

It should be noted from the above table that the Greater Tubatse and Greater Giyani municipalities did not disclose the prior year figures on the grant. The spending on the grant significantly increased in the last month of the year as compared to the spending reported during the year

**Conclusion**

The Provincial Treasury will strive to provide feedback to municipalities on time to improve the quality of the reports submitted.

The continuous oversight of the legislature in the monitoring of the municipality will improve compliance, the achievement of clean audits and most importantly service delivery to communities.