



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

**State of municipal finances including S71 reports for the period ending
31 December 2019**

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All information in this report is based on:

- Mid-year assessments performed by Limpopo Provincial Treasury and engagements held with the municipalities; and*
- Section 71 MFMA reports that each Municipal Manager and Chief Financial Officer was required submit to National Treasury. Therefore, any queries on the budget, revenue or expenditure figures reflected in the report must be referred to the relevant Municipal Manager or Chief Financial Officer.*

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Acronyms

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
CFO	Chief Financial Officer
CoGHSTA	Department of Cooperative Governance, Human Settlement and Traditional Affairs
DCoG	Department of Cooperative Governance and Traditional Affairs
DM	District Municipality
FMCMM	Financial Management Capability Maturity Model
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
IDP	Integrated Development Plan
LM	Local Municipality
LPT	Limpopo Provincial Treasury
LED	Local Economic Development
MFMA	Municipal Finance Management Act
MFIP	Municipal Finance Improvement Programme
MIG	Municipal Infrastructure Grant
MISA	Municipal Infrastructure Support Agency (MISA)
MM	Municipal Manager
MTREF	Medium Term Revenue and Expenditure Framework
mSCOA	Municipal Standard Chart of Accounts
NT	National Treasury
PT	Provincial Treasury
SCM	Supply Chain Management
UIF`	Unauthorised, Fruitless and Wasteful expenditure

1 Introduction

The National Treasury has delegated 26 of 27 municipalities to Limpopo Provincial Treasury to carry out its functions stated out in the MFMA. In terms of section 5, Chapter 2 of Municipal Finance Management Act of 2003, National Treasury must:

- (a) Fulfill its responsibilities in terms of Chapter 13 of the Constitution and this Act;
- (b) Promote the object of this Act as stated in section 2-
 - (i) Within the framework of co-operative government set out in Chapter 3 of the Constitution; and
 - (ii) When coordinating intergovernmental financial and fiscal relations in terms of the Intergovernmental Fiscal Relations Act, 1997 (ActNo.97 of 1997), the annual Division of Revenue Act and the Public Finance Management Act; and
- (c) Enforce compliance with measures established in terms of section 216 (1) of the Constitution, including those established in terms of this Act.

The Municipal Finance Chief Directorate is responsible for providing support on risk management, internal audit, supply chain management, internship Programme and other MFMA related matters to municipalities and municipal entities. The Chief Directorate's function is to provide direction, support and guidance to enable municipalities to implement and maintain effective systems of risk management, Internal audit function, supply chain management, internship Programme and general compliance with the MFMA.

2 Purpose

The purpose of this report is to provide an overview of the state of municipal finances. This report includes the activities performed by the department in the quarter under review and actual information from the municipal In-Year financial monitoring system (i.e. section 71 reports).

3 Background

Section 154 (1) of The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) provides for national and provincial spheres of government to support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.

Section 72(1) (a) of the Municipal Finance Management Act (MFMA) Act of 2003 (Act 56 of 2003) requires the accounting officer to assess the municipality's performance for the first six months of the financial year by 25 January of each year. The assessment inform the preparation of the municipality's adjustments budget in terms of section 28 of the MFMA. The outcome of the assessment is submitted via a report, in the format prescribed as per the Municipal Budget and Reporting Regulations, to the Mayor of the municipality, the National Treasury (NT) and the relevant provincial treasury.

Section 5 (3) of the MFMA further provides for the provincial treasuries to resume the oversight responsibility of monitoring and supporting municipalities on financial management related matters.

The NT institutionalized a process to comprehensively assess municipalities' and municipal entities' mid-year performance to give effect to the constitutional monitoring and oversight responsibilities of a treasury. This process, referred to as the "Mid-year Budget and Performance Assessment Visit" is an annual strategic engagement undertaken by both NT and provincial treasuries to strengthen the quality and oversight of municipal budgeting and performance.

4 Brief Discussion of Monitoring Process (Techniques)

The primary reason for municipal mid-year performance assessments is to review the municipalities' and municipal entities' mid-year performance for the first six months of a particular financial year. These assessments are important in performance monitoring and decision making regarding future focus of various programmes and support mechanisms by various stakeholders.

The mid-year budget and performance assessment engagements were scheduled to take place over thirteen days, from the 11th to 26th February 2019 as per approved programme which was discussed with Department of Cooperative Governance, Housing and Traditional Affairs (CoGSHTA) in the province. Project site visits were planned from the 27th January 2020 and 4th February 2020 in conjunction with CoGSHTA. The mid-year performance assessment result are based on focus areas aligned to the assessment template used for individual assessment.

5 Mid-year assessment

Provincial Treasury assessed mid-year performance for municipalities. The review focused on, amongst other things, the annual report outcome and key achievements for the previous year, the current year performance as measured against priorities in the Integrated Development Plan (IDP) and the targets set in the Service Delivery Budget Implementation Plan (SDBIP), spending on all national and provincial grants and progress made in achieving grant conditions. The preparation of the adjustments budget and inputs thereto, the status of the forthcoming budget preparation process as approved by Council, financial management issues such as the institutional arrangements in the Budget and Treasury Office, MFMA Issues, Section 139 interventions, etc. and risk management within the municipality. The process included infrastructure site visits.

5.1 Logistical arrangements

5.1.1 Project site visits dates and projects

Table 1: Project site visit schedule

Project site visit schedule – January 27, 2020 to February 4, 2020
Provincial Treasury Mid-year assessment programme

Date	Group 1	Group 2	Group 3
January 27	<p>Musina</p> <ul style="list-style-type: none"> Nancefield multipurpose centre Nancefield storm water channel phase 2 <p>Vhembe</p> <ul style="list-style-type: none"> Mutshedzi Regional Water Scheme 	<p>Blouberg</p> <ul style="list-style-type: none"> Senwabarwana internal streets & storm water phase 7&8 Senwabarwana sports complex phase 2 Kroomhoek internal street & storm water <p>Molemole</p> <ul style="list-style-type: none"> Nthabiseng internal streets Capricorn Park internal streets 	<p>Ephraim Mogale</p> <ul style="list-style-type: none"> Letebejane/Ditholong Bus Route Mmakgatle internal street Mashemong / Mooihoek internal street Malebitsa internal streets
January 28	<p>Makhado</p> <ul style="list-style-type: none"> Tshikwarani to Zamekomstie road phase 3 Waternal sports facility phase 2 &3 Valdezia to Xitacini to Jiweni access road <p>Vhembe</p> <ul style="list-style-type: none"> Mashau and surrounding villages 	<p>Thabazimbi</p> <ul style="list-style-type: none"> Raphuti internal street in ward 4 Northam extension internal street phase 1 & 2 (ward 7) Northam rehabilitation of sports facility. 	<p>Elias Motsoaledi</p> <ul style="list-style-type: none"> Kgapamadi construction of bus road, bridge and stormwater control Hlogotlou/Monterius upgrading of Stadium Groblerdal Land fill site Tambo / watter sisulu access road Zaaplaas construction of JJ road
January 29	<p>Thulamela</p> <ul style="list-style-type: none"> Makonde Sports Facility Gwagwatini low level river crossing <p>Vhembe</p> <ul style="list-style-type: none"> Increasing the capacity of Vondo WTW & upgrading of water related infrastructure in the area. 	<p>Mogalakwena</p> <ul style="list-style-type: none"> Moordkoppie/Phafola Cluster mini water scheme Seema / Mapila mini water scheme 25 Water scheme 13: Ramosesane / Kgopeng / Diphichi Mmahogo roads and storm water Mabuela roads and storm water 	<p>Fetakgomo Tubatse</p> <ul style="list-style-type: none"> Mapodile Sports Complex Leboeng Access Road Motodi Sports complex Magotwaneng access bridge and access road Thokwane access road <p>Sekhukhune</p> <ul style="list-style-type: none"> Lebalelo South connector pipes Lebalelo South phase 3 Malekana regional water scheme

Project site visit schedule – January 27, 2020 to February 4, 2020

Provincial Treasury Mid-year assessment programme

Date	Group 1	Group 2	Group 3
January 30	<p>Collins Chabane</p> <ul style="list-style-type: none"> Nwamatatani ring road Mtsetweni to Njakanjaka ring road <p>Vhembe</p> <ul style="list-style-type: none"> Vuwani to Vyeboom and construction of reservoir 	<p>Ba-Phalaborwa</p> <ul style="list-style-type: none"> Selwane Sport Complex. Mashishmale Sport Complex Tshelang gape to R71 road Refurbishment of Namakgale Sports Complex 	<p>Lephalale</p> <ul style="list-style-type: none"> Thabo Mbeki Sewer Network Melvel access road Ga-Seleka and Witpoort regional water scheme Mokurunyane access road
January 31	<p>Greater Tzaneen</p> <ul style="list-style-type: none"> Mafarana to Burgersdorp upgrading of road Mulati access road Khujwana to Lenyenye access road Mopye high school access road <p>Mopani</p> <ul style="list-style-type: none"> Tours Water Scheme Bulk Lines refurbishment and Reticulation Thapane bulk water scheme Jopie Mawa to Ramotshinyali Lenyenye Sewerage works 	<p>Greater Giyani</p> <ul style="list-style-type: none"> Homu 14Ato 14B Upgrading from gravel to tar Giyani section F paving Development of Mageva sports centre 	<p>Bela Bela</p> <ul style="list-style-type: none"> Sunfa stadium, Road paving ext4, 6,7&8, Mile street bridge Spa park storm water
February 3	<p>Makhuduthaba</p> <ul style="list-style-type: none"> Makgwabe to Mphane Access Road Phase 1&2 Ga Mampane construction of access road phase 4 Marishane / Phaahla internal street Glen Cowie to Moloi access road <p>Sekhukhune</p> <ul style="list-style-type: none"> Ga Mogashoawater reticulation NSD07 regional water scheme Construction of concrete resevoirs 	<p>Maruleng</p> <ul style="list-style-type: none"> The Oaks Internal Street Calais Sports Field Madeira access road Maruleng indoor sports centre Lorraine access road <p>Mopani</p> <ul style="list-style-type: none"> Hoedspruit bulk water supply 	<p>Greater Letaba</p> <ul style="list-style-type: none"> Lebaka Sports complex Madumeleng Sports complex Thakgalane Sports Complex Jokong street paving Manningburg street paving <p>Mopani</p> <ul style="list-style-type: none"> Sefototse to Ditshosine Bulk Water Supply/Ramahlati Bulk and Reticulation

Date	Group 1	Group 2	Group 3
February 4	<p>Capricorn</p> <ul style="list-style-type: none"> Mphahlele Regional Water Scheme (Botatjane, Phalalwane, Makurung & Dithabeng water supply) Groothoek Regional Water supply /Letowekgoma bulk water supply. Selene Water Supply Sephale Mokoqu water supply 	<p>Medimole-Mookgophong</p> <ul style="list-style-type: none"> Landfill site, Leseding Paving, Mookgophong sewer outfall and joint connections Development of Lesedingetl sport facility 	<p>Legale-Nkumpi</p> <ul style="list-style-type: none"> Upgrading of Hweleshaneng access road Upgrading of Kiphuvel access road Ga-letwabe community hall Ga-Molepo community hall Hweleseng access road

5.1.2 Engagements dates

Table 2: Schedule of mid-year engagements

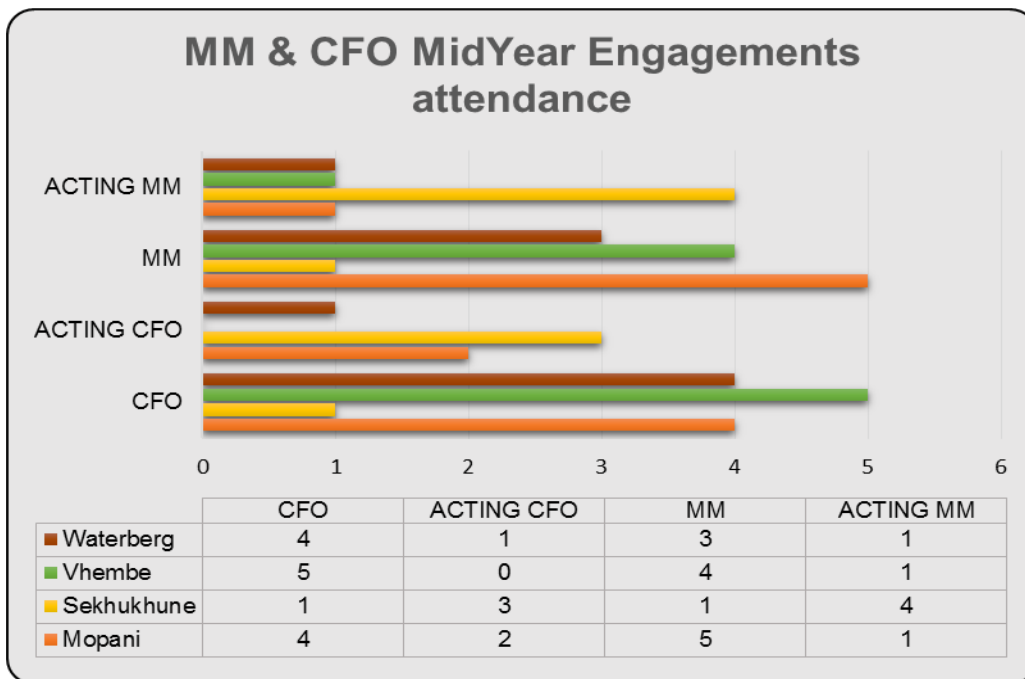
No.	Name of the municipality	Date	Time
1	Elias Motsoaledi	06/02/2020	09h00 - 12h00
2	Ephraim Mogale	06/02/2020	13h00 - 16h00
3	Sekhukhune	07/02/2020	09h00 - 12h00
5	Makhuduthamaga	07/02/2020	13h00 - 16h00
4	Thulamela	10/02/2020	08h00 - 11h00
6	Musina	10/02/2020	11h30 - 14h00
7	Makhado	10/02/2020	15h00 - 18h00
8	Vhembe	11/02/2020	09h00 - 12h00
9	Collins Chabane	11/02/2020	13h00 - 16h00
10	Fetakgomo-Tubatse	12/02/2020	09h00 - 12h00
11	Mopani	12/02/2020	13h00 - 16h00
12	Capricorn	13/02/2020	09h00 - 12h00
13	Molemole	13/02/2020	13h00 - 16h00
14	Lepelle Nkumpi	14/02/2020	09h00 - 12h00
15	Mogalakwena	14/02/2020	13h00 - 16h00
16	Blouberg	17/02/2020	11h00 - 13h00
17	Maruleng	18/02/2020	08h00 - 11h00
18	Ba-Phalaborwa	18/02/2020	11h30 - 14h00
19	Tzaneen	18/02/2020	15h00 - 18h00
20	Giyani	19/02/2020	08h00 - 11h00
21	Letaba	19/02/2020	11h30 - 14h00
22	Modimolle	20/02/2020	08h00 - 11h00
23	Lephalale	20/02/2020	11h30 - 14h00
24	Waterberg	20/02/2020	14h00 - 18h00
25	Bela-Bela	21/02/2020	08h00 - 12h00
26	Thabazimbi	21/02/2020	13h00 - 16h00

5.1.3 Mid-Year Budget Performance Assessments

The good attendance by municipal officials of these mid-year engagements shows how serious they are to ensuring effectiveness and efficiency with the ability to perform municipal delegated responsibilities for the benefit of communities. Unfortunately, Fetakgomo-Tubatse was the only municipality to be sent back and not proceed with the engagements on their set date because municipality was not prepared and their delegation consisted of only three people led by the acting director of the regional office in Apel. This action was taken by Provincial Treasury to demonstrate the importance of the engagements on the mid-year budget performance.

It is essential that high levels of cooperation exist between Provincial Treasury, CoGHSTA and Municipalities in order to ensure effective service delivery. Effective IGR structures are important to the developmental role of municipalities. This role can only be fulfilled through the active involvement of all stakeholders in the setting of priorities, resource allocation and development planning. The strategic objective of IGR is to support good governance and accountability between the two departments and municipalities through effective intergovernmental relations. Municipal Managers and Chief Financial Officers together with other 56 managers are considered critical to the effectiveness of these engagements. Graph 1 below summarises the attendance by MMs and CFOs per district:

Graph 1: MM and CFO attendance



Source: Mid-year engagements

5.2 Key Focus Areas of the Mid-Year Engagement

The 2019/20 municipal mid-year engagements focused on the four pillars, namely

- Institutional arrangements focusing on institutional gaps that impede performance, structural impediments and business processes;
- Financial health with focus on revenue and expenditure performance and conditional grant performance;
- Financial governance which emphasised on audit outcomes, repeat audit findings, UIF and consequence management;
- Service delivery which included high Level performance per Services – (Water, Sanitation, Roads, Electricity, and Housing) with main focus on DP Objective, Project description, performance indicator as well as the budget/costing and project visits.

5.2.1 Institutional Arrangements

Municipalities must, within their administrative and finance capacity, establish and organise their administration so as to be responsive to the needs of local communities. Section 51 of the Municipal Systems Act identifies the various institutional objectives applicable to municipalities. The objectives are linked to the particular needs of the municipality and necessitate the implementation of appropriate organisational structures. Municipalities need to ensure that procedures are adopted to guide institutional transformation and ensure capacity development and that all posts are filled by competent staff.

The Municipal Manager as the accounting officer at the municipality is the implementer of approved Council policies. “As head of administration the municipal manager of the municipality is subject to the policy directions of the municipal council, responsible and accountable for”. A municipal council, after consultation with the municipal manager, appoints a manager directly accountable to the municipal manager. It is important to have these key managerial positions filled in a municipality, as it has a direct impact on ensuring effective and efficient organisation with the ability to perform its delegated responsibilities. Table 3 below indicate the status as at midyear:

Table 3: Senior Management Composition

Municipality	Filled Posts/Vacant (Male/Female)						
	Municipal Manager	Chief Financial Officer	Corporate Services	LED & Planning	Community Services	Infrastructure Development	Electrical Services
Blouberg	Filled	Filled	Filled	Filled	Filled	Vacant	N/A
Lepelle-Nkumpi	Vacant	Vacant	Vacant	Vacant	Filled (Male)	Filled (Male)	N/A
Molemole	Filled	Filled	Filled	Vacant	Filled	Filled	N/A
Capricorn	Filled	Filled	Filled	Filled	Vacant	Filled	N/A
Ba-Phalaborwa	Filled(Female)	Filled(Male)	Filled(Female)	Filled(Male)	Filled(Male)	Filled (Male)	N/A
Giyani	Filled(Male)	Filled(Male)	Filled(Male)	Filled(Female)	Filled(Male)	Filled(Male)	N/A
Letaba	Filled(Male)	Filled(Female)	Filled(Female)	Filled(Female)	Filled(Male)	Filled(Male)	N/A
Maruleng	Filled(Male)	Vacant	Filled(Male)	Vacant	Vacant	Filled(Male)	N/A
Tzaneen	Filled(Male)	Filled(Female)	Filled(Male)	Filled(Male)	Filled(Male)	Filled(Male)	N/A
Mopani	Filled(Male)	Vacant	Filled(Male)	Filled(Female)	Filled(Male)	Filled(Male)	N/A
Elias Motsoaledi	Filled (Female) Suspended	Vacant	Filled (Male)	Filled (Male)	Filled (Female)	Filled (Female)	N/A
Ephraim Mogale	Filled (Female) Suspended	Vacant	Filled (Male)	Vacant	Filled (Male)	Filled (Male)	N/A
Fetakgomo-Tubatse	Vacant	Vacant	Vacant	Filled (Female)	Filled (Female)	Filled (Male)	N/A
Makhuduthamaga	Filled (Female)	Filled (Male)	Filled (Female)	Filled (Male)	Filled (Female)	Filled (Male)	N/A
Sekhukhune	Vacant	Filled (male)	Filled (Male) Suspended	Filled (Female)	Filled (Male)	Vacant	N/A
Makhado	Filled (Male)	Filled (Male)	Vacant	Vacant	Vacant	Vacant	N/A
Musina	Filled (Male)	Filled (Male)	Filled (Male)	Filled (Male)	Filled (Male)	Filled (Male)	N/A
Collins Chabane	Vacant	Filled (Female)	Filled Male	Filled Male	Filled (Male)	Filled (Female)	N/A
Thulamela	Filled (Male)	Filled (Male)	Filled (male)	Filled (Male)	Filled Male	Filled (Female)	N/A
Vhembe	Filled (Female)	Filled (Female)	Vacant	Filled (Male)	Filled (Male)	Vacant	N/A
BelaBela	Filled (Male)	Filled (Male)	Filled (Female)	Filled (Male)	Filled (Male)	Filled (Female)	N/A
Lephalale	Vacant	Vacant					N/A
Mogalakwena	Filled (Female)	Filled (Male)	Filled (Female)	Filled (Male)	Vacant	Vacant	Vacant
Modimolle-Mookgophong	Vacant	Filled	Filled	Filled	Vacant	Filled	N/A
Thabazimbi	Filled (Male)	Filled (Male)	Filled	Filled	Filled	Vacant	N/A
Waterberg	Vacant	Filled (Female)	Filled	Filled	Filled	Filled	N/A

There were 157 senior manager positions (including Municipal Manager) approved across all municipalities. However, municipalities are having challenges filling positions, generally most of them recognised the need to fast track filling of vacant positions especially those which may affect conditional grants roll-overs when required spending for the year is not attained. As can be seen

from Table 3 above, Out of the total approved posts, 119 posts were filled, while 38 posts were vacant. All municipalities with vacant posts have made arrangements to have temporarily appointed officials in an acting capacity to perform the responsibilities of a section 56 manager.

Most of the municipalities still do not have women managers appointed in senior positions, as most appointments tended to focus on male managers. The appointment of women strives to achieve gender equality and aims to increase the involvement of women in policy formulation and strategic decision making. During the mid-year of the 2019/20 financial year, there were 19 municipalities with women appointed at the senior management level. This positive trend shows that it is not only about the increasing number of municipalities with women in senior position but it is about the municipalities that in greater measure trusted women in management positions.

5.2.2 Political and Administrative Interface

The role of Political Governance is to ensure that democratic principles are upheld and adhered to. The Municipal Council, being the highest authority within a municipality, must focus on legislative, oversight and participatory role and must ensure that the Municipality meets its legislative obligations without partaking in the daily operational side of the municipality. During the mid-year assessments, political governance in most municipalities in the Province was stable. However, during the engagements, it was observed that municipalities have governance structures that are mainly functional but the effectiveness of these structures in a number of municipalities is questionable. The Provincial Executive had to intervene in Mogalakwena Municipality in terms of Section 139 (1) (b) of the Constitution.

During the mid-year performance assessment we observed that Modimolle-Mookgophong, Vhembe, Musina, Mopani, Sekhukhune, Mogalakwena and Fetakgomo Tubatse governance structures especially the political structures are not interfacing well with the administrative governance structures. This is rendering the municipalities non-functional and causes community dissatisfaction towards the municipalities prompting continued service delivery protests. However, though Mogalakwena does not experience sustained and violent community service delivery protests, the municipality poor financial discipline and failure of municipal political oversight over administrative operations have collapsed the municipality at least at service delivery level hence it was placed under intervention as per section 139 (1) (b) of the Constitution of South Africa.

The coalition political governance structures in Modimolle-Mookgophong are not functioning normally and this puts a lot of strain on the administrative governance. The Provincial Executive once intervened through section 139 (1) (b) of the Constitution, but even that did not help turn around the municipality from being dysfunctional. It was observed that in municipalities where political structures were not interfacing well with administrative governance structures, there was a direct negative impact on the ability of the municipality to carry out its duties effectively, thus poor service delivery and poor financial sustainability.

Table 3 reflects the coverage of the filled positions at Senior Management level in all the municipalities. The statistics show that the number of vacant posts outweigh the filled ones implying that there is a lot of acting on section 56 positions, in some instances there are people acting on the acting position. This picture clearly shows that administrative stability is far-fetched. On paper it may seem as if there is stability in some municipalities but with hindsight of the mid-year assessment discussions, Provincial Treasury and CoGHSTA concluded that the 7% vacancy has shown that the municipalities in the province are fairly stable administratively and able to perform their delegated responsibilities.

5.2.3 Administrative Opportunities

A municipality with a stable Administrative Stability brings along Administrative Opportunities such as credible budgeting and planning processes with priority to providing basic services to communities in a sustainable manner; to promote social and economic development; to promote a safe and healthy environment; and to encourage the involvement of communities and community organisations in the matters of the municipality. A good example of how to take advantage of administrative opportunities is Thabazimbi Municipality. This municipality had literally collapsed because both political and administrative governance structures were dysfunctional. The municipality was insolvent and its bank account was attached by creditors. During the mid-year assessments, it was observed that the municipality has been turned around and is showing signs of normalcy to a certain extent. The turnaround was made possible by the good political and administrative relations in the wake of adversity.

5.2.4 Use of Consultants

A municipality or municipal entity may only appoint consultants if an assessment of the needs and requirements confirms that the affected municipality does not have the requisite skills or resources in its full -time employ to perform the function. When consultants are appointed, an accounting officer must - appoint consultants on a time and cost basis with specific start and end dates; where practical, appoint consultants on an output- specified basis, subject to specific measurable objectives and associated remuneration. Contracts with consultants should include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements; ensure the transfer of skills by consultants to the relevant officials of a municipality and develop consultancy reduction plans to reduce the reliance on consultants. It is also a requirement that all contracts with consultants must include a fee retention or penalty clause for poor performance. In the mid-year engagements with municipalities, it was determined that municipalities are generally utilising the services of consultants due to lack of capacity in the following departments;

- Technical Services designs, monitoring and construction of projects
- Planning & LED – Registration of sites, maintenance of the valuation roll and land survey services
- Community Services – Management of Municipal Landfill site.
- Budget and Treasury - Assets management, AFS preparation and Revenue enhancements

The usage of consultants in the areas of engineering is common because a number of municipalities especially the rural set up do not have the financial capacity to attract qualified engineers in their full time employee. More alarming is that over a quarter of the municipalities were assisted with their financial reporting by consultants for 3 to 4 years. Such dependence on consultants has been a challenge for many years and mostly because municipalities depend on consultancy services for financial reporting. Not to disclaim the above, this also speaks to the difficulty municipalities experience in getting specialized management and accounting skills and keeping them for the long term. All 26 municipalities used consultants of one form or another.

6 Financial Health

Financial viability is crucial in determining a municipality's ability to ensure effective service delivery to its citizens. There are two factors that determine the financial viability of all municipalities. The factors are availability of adequate funding and prudent financial management. The following sub-sections provide the financial performance at mid-year for the mid-year period ending 31 December 2019.

6.1 Operational financial performance

6.1.1 Operating Revenue and Expenditure

The following table shows the performance for operating revenue per district and the main revenue items for the financial year Mid-year ending December 2019.

Table 4: Operating Revenue per district

Operating Revenue per District - M06 December 2019

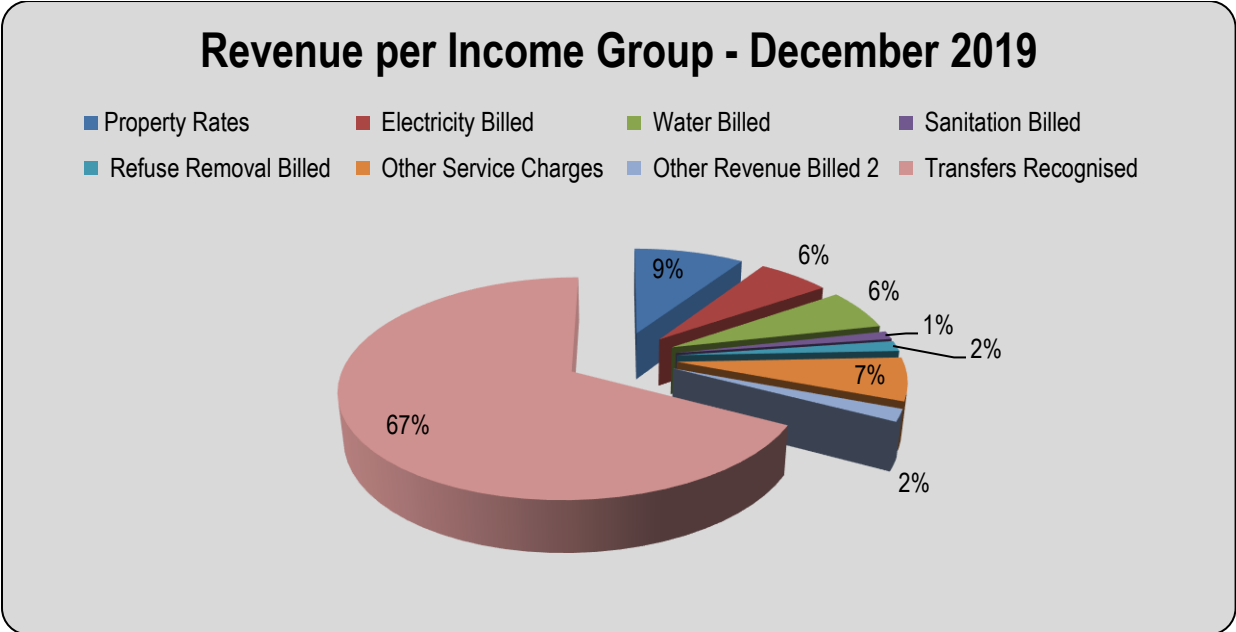
R '000	Original Budget	Adjusted Budget	YTD Budget	YTD Actual	% of year to date	Property Rates Billed ¹	Service Charges					Other Revenue Billed ²	Transfers Recognised
							Electricity Billed	Water Billed	Sanitation Billed	Refuse Removal	Other Service		
Capricorn	5 359 284	5 484 920	2 651 789	2 624 825	99%	287 209	517 239	246 248	54 302	56 717	160 084	10 516	1 292 509
Mopani	3 968 677	4 039 533	2 000 259	2 009 574	100%	219 544	342 327	50 617	6 974	33 011	133 655	11 006	1 212 441
Sekhukhune	3 230 783	2 899 689	1 503 161	1 645 858	109%	120 036	73 281	41 007	6 478	17 692	68 927	7 963	1 310 476
Vhembe	4 148 205	3 701 642	2 051 746	2 445 202	119%	35 040	181 921	79 270	546	10 002	109 637	136 817	1 891 969
Waterberg	3 080 027	3 094 652	1 544 617	1 776 834	115%	241 485	299 295	173 294	51 453	33 923	150 209	10 860	816 315
Total Operating Revenue	19 786 977	19 220 436	9 751 573	10 502 293	108%	903 314	1 414 063	590 434	119 753	151 345	622 512	177 162	6 523 709

Source: LG Database

Table 4 shows the total operating revenue budget for the 2019/20 financial year amounted to R19.2 billion and the budget for the year to December 2019 amounted to R9.8 billion, while the total actual operating revenue for the year ending 31 December 2019 amounted to R10.5 billion (excluding capital transfers and contributions), showing an over collection of R700.0 million in rand terms or 108%. Refer to Appendix 1 for operating revenue per municipality.

Graph 2 below shows revenue per income group. The item Transfers Recognized is the largest contributor to the provincial total at R6.5 billion or 67%. This item includes Equitable Share which is allocated from the National Fiscus. Income from property rates is the largest contributor from among all the own revenue sources in all the municipalities.

Graph 2: Revenue per Income Group



Source: NT LGdatabase

The total operating expenditure budget for the 2019/20 financial year amounted to R18.6 billion and the budget for the year to December 2019 amounted to R11.7 billion, while the total actual operating expenditure for the year ending 31 December 2019 amounted to R5.4 billion, showing an under expenditure of R5.3 billion in rand terms or 46%.

Table shows the operating expenditure for the mid-year ending 31 December 2019.

Table 5: Operating Expenditure per district

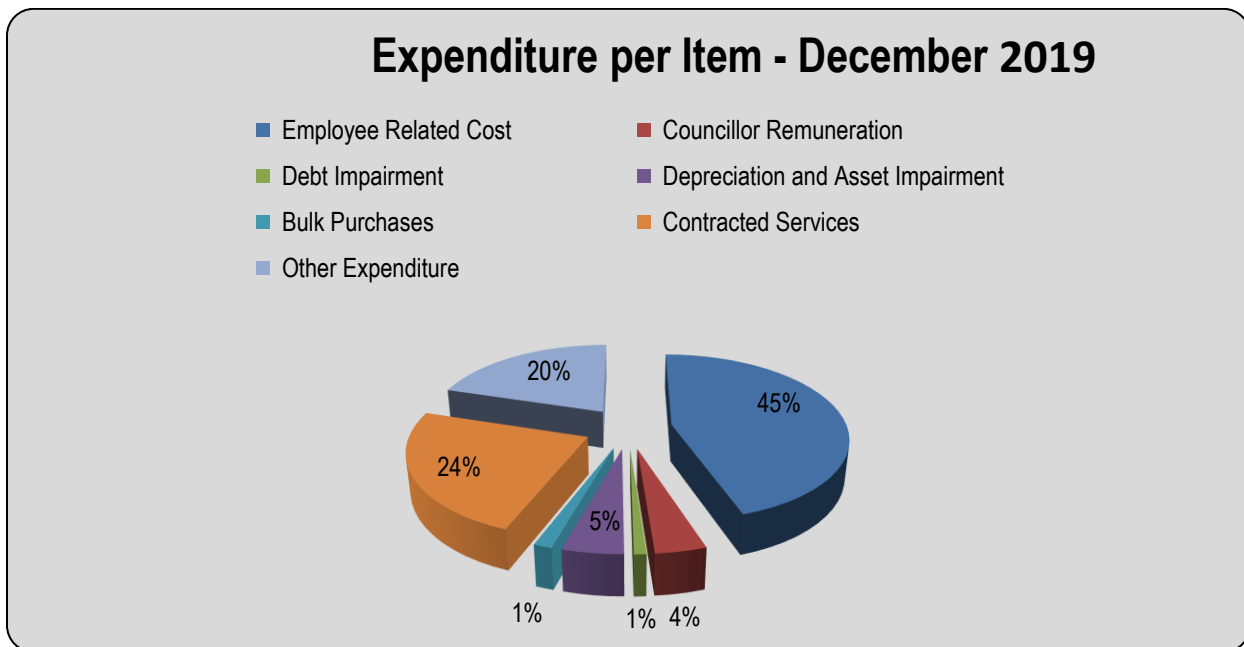
Operating Expenditure per District - M06 December 2019

R'000	Original Budget	Adjusted Budget	YTD Budget	YTD Actual	% of YTD Budget	Employee Related Cost	Councillor Remuneration	Debt Impairment	Depreciation and Asset	Bulk Purchases	Contracted Services	Other Materials	Transfers and Subsidies	Other Expenditure
Capricorn	5 158 199	5 115 922	5 089 714	1 647 974	32%	670 156	40 578	38 499	45 162	32 552	547 884	29 021	2 940	241 182
Mopani	3 547 891	4 039 533	2 000 259	974 500	49%	365 040	49 760	-	78 865	2 659	185 972	24 411	6 364	261 429
Sekhukhune	2 619 154	2 720 138	1 366 521	880 995	64%	428 034	54 623	2 763	56 568	1 242	127 659	20 132	7 661	182 313
Vhembe	3 227 829	3 466 394	1 658 532	897 569	54%	447 713	30 660	9 245	66 214	1 586	96 224	35 460	8 396	202 073
Waterberg	3 309 378	3 213 596	1 594 135	1 041 071	65%	466 673	31 651	(80)	1 053	37 211	308 032	12 428	87	184 017
Total Operating Expenditure	17 862 451	18 555 582	11 709 160	5 442 109	46%	2 377 615	207 272	50 427	247 862	75 250	1 265 771	121 452	25 448	1 071 014

Source: NT Local Government Database

Graph 3 below shows a provincial overview for Actual expenditure item for the period ending December 2019. Employee Related Costs was the highest at 45% or R2.4 billion compared to the year to date budget of R11.7 billion. The assessment report however, indicated that the municipalities will under spend the overall expenditure budget. Refer to Appendix 2 for operating revenue per municipality.

Graph 3: Expenditure per Item



Source: NT LG Database

6.1.2 Capital spending and sources of finance

Actual capital expenditure for the period ending December 2019 amounted to R2.2 billion or 44 per cent of the year to date budget amounting of R4.9 billion. The municipalities' reports as per the schedule sourced from the National treasury Local Government Database indicated, however, that the capital expenditure is going to be under spent at the end of the 2019/20 Financial Year, unless municipalities can accelerate spending on capital projects thereby reducing the possibility of returning unspent Conditional Grants to the National Revenue Fund. Table 6 below shows the summary of expenditure per district. Refer to Appendix 3 for capital expenditure per municipality.

Table 6: Capital Expenditure per district

Capital Expenditure per District - M06 Decemehr 2019

R '000	Original Budget	Adjusted Budget	YTD Budget	YTD Actual	%	Water & Sanitation	Electricity	Housing	Roads, Etc.	Other
Capricorn	2 427 460	2 441 575	1 511 231	556 425	37%	433 847	20 463	-	1 989	100 126
Mopani	1 036 335	1 485 944	853 442	413 705	48%	229 281	24 639	-	40 057	119 728
Sekhukhune	700 374	1 099 729	679 793	327 453	48%	229 281	13 322	-	1 426	83 424
Vhembe	905 842	1 455 276	931 224	454 136	49%	229 281	20 876	1 065	4 659	198 255
Waterberg	1 121 597	1 629 497	944 240	402 562	43%	338 876	12 070	-	-	51 616
Total	6 191 608	8 112 020	4 919 929	2 154 281	44%	1 460 565	91 370	1 065	48 130	553 149

Source: NT Local Government Database

Table 7: Source of Finance for Capital Expenditure

Capital Sources of Finance per District - M06 December 2019

R '000	Original Budget	Adjusted Budget	YTD Budget	YTD Actual	%	External Loans	Asset Finance Reserve	Surplus Cash	Public Contributions /Donations	Transfers & Grants				Leases
										National Grants	Provincial Grants	District Municipality Grants	Other Transfers & Grants	
Capricorn	2 146 102	2 134 700	1 271 941	707 518	56%	-	-	37 856	729	655 343	-	-	-	13 590
Mopani	1 055 934	1 052 951	518 603	315 492	61%	-	-	31 749	-	283 743	-	-	-	-
Sekhukhune	1 054 131	1 065 744	520 191	296 600	57%	-	-	14 055	5 443	273 887	3 214	-	-	-
Vhembe	488 448	1 299 109	430 791	253 915	59%	-	-	55 857	2 434	195 624	-	-	-	-
Waterberg	788 505	947 735	426 696	189 845	44%	-	-	8 458	824	172 693	7 870	-	-	-
Total	5 533 120	6 500 238	3 168 222	1 763 369	56%	-	-	147 975	9 429	1 581 290	11 084	-	-	13 590

Source: NT Local Government Database

Table 7 above indicates that 90 percent of the capital expenditure is funded through national grants. Refer to Appendix 3 for each municipal source of funding information.

6.1.3 Cash Flow

Table 8: Cash Flow

CashFlow - M06 December 2019

R thousands	Cashflow from operating activities			Cashflow from Investing Activities			Cashflow from Financing Activities			Net Increase/(Decrease) in Cash Held	Cash/Cash equivalents at begin of period	Cash/Cash equivalents at the end of period
	Receipts	Payments	Net Cashfrom/(Used from operating Activities)	Receipts	Payments	Net Cashfrom/(Used from operating Activities)	Receipts	Payments	Net Cashfrom/(Used from operating Activities)			
Capricorn	2 332 561	(1 945 999)	386 561	12 750	(576 314)	(563 564)	0	25 223	25 223	(151 781)	215 871	64 091
Mopani	98 364	(1 318 911)	(1 220 547)	358	(69 822)	(69 464)	-	(60 057)	(60 057)	(1 350 068)	169 161	(1 180 906)
Sekhukhune	222 489	(1 898 097)	(1 675 608)	(231 540)	(67 614)	(299 154)	-	(222)	(222)	(1 974 984)	209 773	(1 765 211)
Vhembe	2 073 390	91 180	2 164 570	855	(574 296)	(573 441)	-	(49 699)	(49 699)	1 541 430	(4 961 674)	(3 420 244)
Waterberg	491 758	(1 108 199)	(616 441)	3 792	(82 241)	(78 449)	-	(14 637)	(14 637)	(709 528)	255 232	(454 295)
Total	5 218 562	(6 180 027)	(961 465)	(213 785)	(1 370 287)	(1 584 072)	0	(99 392)	(99 392)	(2 644 929)	(4 111 636)	(6 756 566)

Source: NT LG database

The municipal cash flows continues to be significantly strained mainly due to the high employee related cost, long outstanding unpaid creditors and bulk services which accrue interest consistently. Only Capricorn is showing a positive cash and cash equivalents at the end of the period under assessment. The rest of the districts are showing negative cash and cash flows at the end of December, this is mainly a result credibility of the data imputed in the cash flow. Municipalities do not complete the cash flow correctly and this distorts the cash Flow as can be seen in the Table 7 above. Detailed cash flow is on Appendix 5.

6.1.4 Debt Management

Table 9: Debtors Age Analysis

Debtors Detail - M06 December 2019

R' 000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
Capricorn	245 933	14%	80 497	5%	57 318	3%	1 375 917	78%	1 759 665
Mopani	111 029	6%	51 934	3%	65 052	4%	1 582 625	87%	1 810 640
Sekhukhune	68 231	5%	31 760	2%	26 189	2%	1 204 887	91%	1 331 067
Vhembe	63 405	7%	28 509	3%	24 337	3%	746 944	87%	863 195
Waterberg	102 931	9%	38 684	3%	30 959	3%	994 587	85%	1 167 161
Total	591 529	9%	231 384	3%	203 855	3%	5 904 960	85%	6 931 728

Source: NT Local Government Database

Over 85 percent of the customers have been outstanding for a period of over 90 days. Based on the debtors net days calculated on 2018/19 financial year audited AFS determined that it takes

an average of 211 days to turn debtors into cash. This put municipalities under a huge financial strain.

Table 10: Debtors by Customer per district

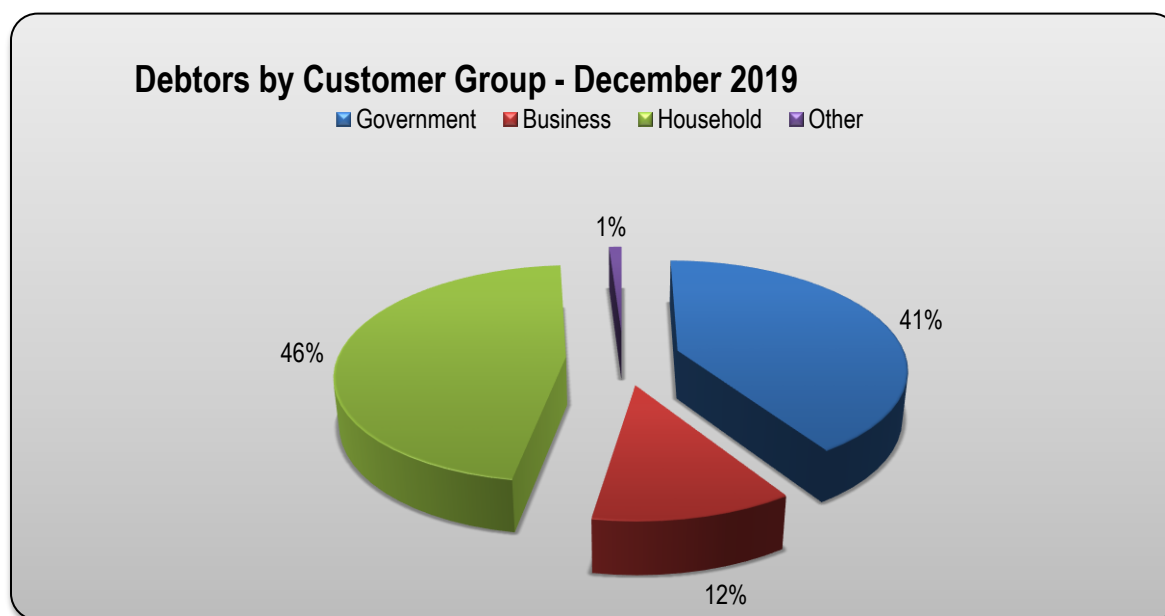
Debtors by Customer Group - M06 December 2019

R '000	Government		Business		Household		Other		Total
	Total	%	Total	%	Total	%	Total	%	
Capricorn	239 532	14%	425 968	24%	1 094 165	62%	-	0%	1 759 665
Mopani	903 341	50%	68 104	4%	747 249	41%	91 946	5%	1 810 640
Sekhukhune	432 249	32%	185 896	14%	732 369	55%	(19 447)	-1%	1 331 067
Vhembe	88 386	10%	137 083	16%	637 726	74%	-	0%	863 195
Waterberg	1 167 101	100%	60	0%	-	0%	-	0%	1 167 161
Total	2 830 609	41%	817 111	12%	3 211 509	46%	72 499	1%	6 931 728

Source: NT Local Government Database

The table above indicates that the total debtors for the 2019/20 financial year categorised by customer group amounted to R6.9 billion. Outstanding debtors in respect of Households are the highest at R3.2 billion or 46 per cent of the total. Water services and property rates are contributing the largest share of the debt. Refer to Appendix 6 and for detailed debtors' age analysis and by customer group respectively.

Graph 4: Debtors by Customer Group



Source: NT LG database

Graph 4 indicates that government entities contribute the second largest share at 41 per cent or R2.8 billion. In this regard, Provincial Treasury and Coghsta formed a Debt Recovery Task team. The Task team was established to facilitate the payment of outstanding government debt owed by the government entities. CoGHSTA facilitates and chairs the provincial debt forum.

Table 11: Creditors Age Analysis per District

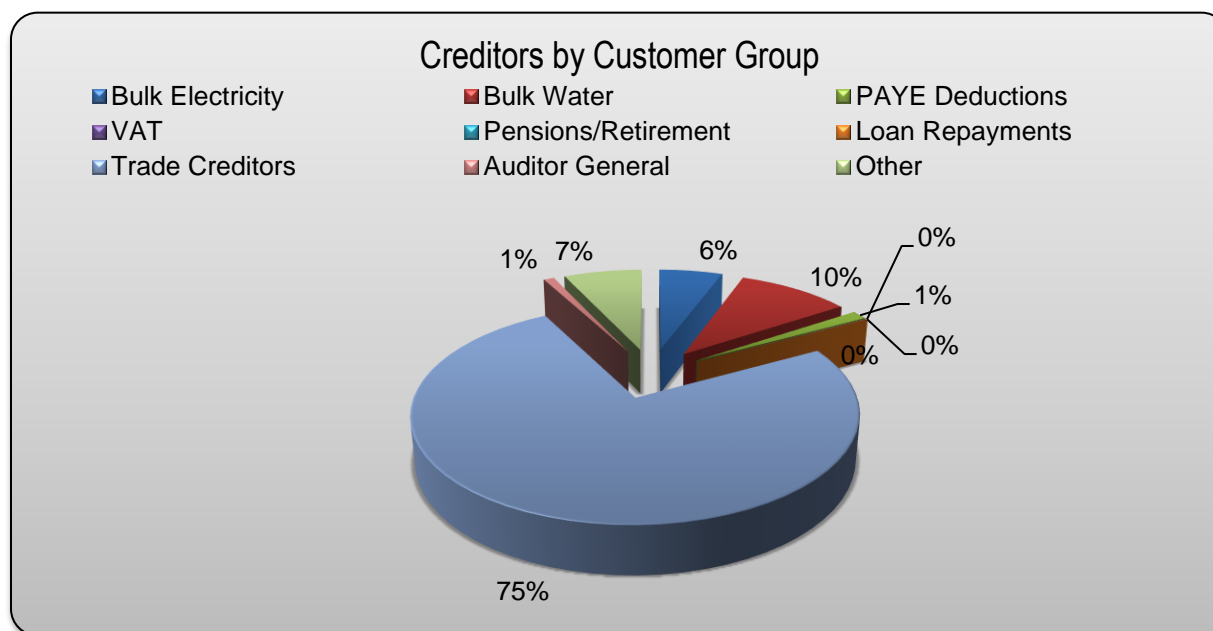
Creditor Age Analysis - M06 December 2019

R' 000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
Capricorn	149 735	81%	7 612	4%	21	0%	26 403	14%	183 771
Mopani	301 529	64%	25 382	5%	16 728	4%	129 530	27%	473 169
Sekhukhune	29 113	0%	17 180	0%	151 245	0%	10	0%	197 548
Vhembe	15 301	55%	1 573	6%	383	1%	10 570	38%	27 827
Waterberg	62 170	9%	11 192	2%	9 007	1%	598 719	88%	681 088
Total	557 848	36%	62 939	4%	177 384	11%	765 232	49%	1 563 403

Source: NT Local Government Database

Table 9 above indicates that the total creditors for the 2019/20 financial year categorised by district amounted to R1.6 billion. Outstanding creditor's overs 90 days are the highest at R765.2 million or 49 per cent of the total. Waterberg district is showing the highest share of the amount the total liability at R598.7 million of 88 per cent. Refer to Appendix 8 for detailed creditors' age analysis.

Graph 5: Creditors by group



Source: NT LG Database

The assessment of the creditor's data as submitted by municipalities to the National Treasury Local Government database revealed that the data is incomplete, thus not credible. Municipalities are completing the schedules incorrectly. Sometimes there is just no information completed at all while it is clear that municipalities are owing creditors.

6.1.5 Performance indicators

All the performance, financial and liquidity indicators show that there was no municipality that was Bankrupt in the 2018/19 financial year. There eight municipalities that (Bela-Bela, Elias Motsoaledi, Makhuduthamaga, Modimolle-Mokgopoong, Musina, Sekhukhune, Thabazimbi and Vhembe) were insolvent implying that it would be difficult to pay creditors from the available cash and investments. In the solvent ratio category, there were eight municipalities (Blouberg, Baphalaborwa, Molemole, Greater Giyani, Greater Letaba, Greater Tzaneen, Mopani and Lephalale). In this category, the liquidity ratio was above 1:1, but the municipalities were still unable to pay creditors from cash and investments available.

Fetakgomo Tubatse was the only municipality in the constraint liquidity ratio; liquidity ratio of less than 1:1, but had sufficient cash and investments to pay creditors. The last category is the short to medium term viability, the liquidity ratio is above 1:1 and there was sufficient cash and investments to pay creditors. There eight municipalities in this category (Collins Chabane, Lepell-Nkumpi, Carpricorn, Maruleng, Ephraim Mogale, Makhado, Thulamela and Water berg)

Table 12: Financial Ratios

	2016/17		2017/18		2018/19	
	Number	Municipality	Number	Municipality	Number	Municipality
Bankrupt* - Solvency ratio of less than 1:1 (total liabilities exceed total assets)	0	None	0	None	0	
Insolvent - Liquidity ratio of less than 1:1 and unable to pay creditors from available cash and investments	8	Mopani, Elias Motsoaledi, Sekhukhune, Musina Vhembe, Belabela, Modimolle-Mokgophong Thabazimbi	10	Mopani, Elias Motsoaledi, Makhuduthamaga, Fetakgomo-Tubatse, Sekhukhune, Musina, Vhembe, Belabela, Modimolle Mookgophong Thabazimbi	8	Belabela, Elias Motsoaledi Makhuduthamaga, Modimolle-Mookgophong Musina, Sekhukhune Thabazimbi, and Vhembe
Solvent - Unable to Pay Creditors - Liquidity ratio above 1:1 but unable to pay creditors from available cash and investments	7	Polokwane, Ba-Phalaborwa, Greater Tzaneen, Fetakgomo-Tubatse, Makhado, Lephhalale Mogalakwena	10	Blouberg, Polokwane Ba-Phalaborwa, Greater Letaba, Maruleng, Greater Tzaneen, M Greater Giyani, Lephhalale, Mogalakwena	8	Blouberg, Ba-Phalaborwa, Molemole Greater Giyani, Greater Letaba, Greater Tzaneen Mopani, Lephhalale
Constraint Liquidity Ratio" - Liquidity ratio of less than 1:1 but sufficient cash and investments available to pay creditors		None	1	Lepelle-Nkumpi	1	Fetakgomo-Tubatse
Short to Medium Term Viability - Liquidity ratio above 1:1 and sufficient cash and investments available to pay creditors	12	Blouberg, Lepelle-Nkumpi, Molemole, Capricorn Giyani, greater Letaba, Maruleng, Ephraim Mogale Makhuduthamaga, Collins Chabane Thulamela Waterberg	6	Molemole, Capricorn, Ephraim Mogale Collins Chabane, Thulamela, Waterberg	8	Collins Chabane, Lepelle-Nkumpi, Capricorn Maruleng, Ephraim Mogale, Makhado Thulamela and Waterberg
Outstanding Audit Opinions		None		None	2	Mogalakwena and Polokwane
	27		27		27	

Source: 2019 Audited AFS

6.1.6 Spending on Conditional Grant

By December 2019, provincial spending on MIG amounted to R1.3 million or 47.6 per cent against the allocation of R2.9 billion. Capricorn District spent 72.3 per cent (R263 million against the allocation of R364.4 million) Lepelle-Nkumpi was the only municipality in the district that performed poorly during the period of six months. Low spending was noted in the following municipalities:

- Mopani district municipality reported expenditure of R116.5 million or 25.6 percent against the allocation of R474.3 million;
- Musina local municipality reported expenditure of R7.9 million or 27.6 percent against the allocation of R29 million;
- Vhembe district municipality reported expenditure of R199.4 million or 38.7 percent against the allocation of R514.8 million;
- Lepelelle - Nkumpi local municipality reported R7.6 million or 14.1 percent against the allocation of R54.1 million.
- Lephalale local municipality reported expenditure of R13.9 million or 32.1 percent against the allocation of 43.6 million; and
- Modimolle – Mokgopoong reported expenditure of R14.5 million or 37.6 percent against the allocation of R38.6 million

Low spending on capital projects will result in municipalities to surrendering the unspent portion of Condition Grants to the National Revenue fund, if the rollover applications are not considered by National Treasury. Furthermore, delays on the implementation of capital projects affect the service delivery which may cause protests in the municipalities.

As at the end of February 2020, municipalities in the province spent R1.9 billion or 64 percent on MIG against the allocation of R2.9 billion. Limpopo Provincial Treasury noted that all municipalities in the province reported different set of figures to National Treasury (R1.8 billion) and CoGHSTA (R1.6 billion). National Treasury takes incorrect decisions based on the incorrect information submitted by provincial municipalities on the LG Database. LPT conducts analysis on quarterly basis and advises the municipalities to submit correct information and improve spending on allocations to avoid surrendering of unspent portion on conditional grants. CoGHSTA hold quarterly session on MIG spending with municipalities to assist with technical challenges that may be faced during the implementation.

Table 13: MIG Conditional Grants

Municipality	2019/2020	Transfers from National	Spent by Municipality	Transfers from National	Percentage spent	
	DORA	TOTAL	TOTAL	Less spent	% of total available	% of total transfers
	R					
		-	-			
Greater Giyani	60 688 000	42 482 000	39 457 146	3 024 854	65,02	92,88
Greater Letaba	57 608 000	40 326 000	40 404 563	-78 563	70,14	100,19
Greater Tzaneen	94 263 000	63 718 000	55 587 237	8 130 763	58,97	87,24
Ba-Phalaborwa	32 026 000	20 271 000	18 215 552	2 055 448	56,88	89,86
Maruleng	26 812 000	19 379 000	17 644 798	1 734 202	65,81	91,05
Mopani	454 295 000	319 857 000	116 473 055	203 383 945	25,64	36,41
District Total	725 692 000	506 033 000	287 782 351	218 250 649	39,66	56,87
Musina	29 016 000	7 273 000	7 996 180	-723 180	27,56	109,94
Thulamela	99 383 000	71 815 000	85 070 821	-13 255 821	85,60	118,46
Makhado	89 577 000	66 664 000	43 051 201	23 612 799	48,06	64,58
Collins Chabane	94 031 000	66 634 000	65 393 434	1 240 566	69,54	98,14
Vhembe	514 768 000	363 010 000	199 371 790	163 638 210	38,73	54,92
District Total	826 775 000	575 396 000	400 883 426	174 512 574	48,49	69,67
Blouberg	44 350 000	31 191 000	22 799 618	8 391 382	51,41	73,10
Molemole	35 151 000	27 887 000	32 597 464	-4 710 464	92,74	116,89
Lepelle-Nkumpi	54 074 000	16 000 000	7 634 573	8 365 427	14,12	47,72
Capricorn	230 788 000	206 117 000	200 320 358	5 796 642	86,80	97,19
District Total	364 363 000	281 195 000	263 352 013	17 842 987	72,28	93,65
Thabazimbi	33 228 000	31 182 000	26 872 143	4 309 857	80,87	86,18
Lephalale	43 643 000	17 309 000	13 998 949	3 310 051	32,08	80,88
Bela Bela	25 911 000	18 277 000	11 094 367	7 182 633	42,82	60,70
Mogalakwena	156 417 000	112 895 000	67 105 880	45 789 120	42,90	59,44
Modimolle-Mookgophong	38 558 000	14 219 000	14 483 102	-264 102	37,56	101,86
		-	-	-		
District Total	297 757 000	193 882 000	133 554 440	60 327 560	44,85	68,88
Ephraim Mogale	33 443 000	24 377 000	14 801 500	9 575 500	44,26	60,72
Elias Motsoaledi	54 921 000	39 444 000	22 559 414	16 884 586	41,08	57,19
Makhuduthamaga	62 122 000	46 655 000	29 646 777	17 008 223	47,72	63,54
Fetakgomo Tubatse	84 369 000	36 705 000	38 362 523	-1 657 523	45,47	104,52
Sekhukhune	475 195 000	325 000 000	200 747 968	124 252 032	42,25	61,77
District Total	710 050 000	472 181 000	306 118 183	166 062 817	43,11	64,83
PROVINCIAL TOTAL	2 924 637 000	2 028 687 000	1 391 690 412	636 996 588	47,59	68,60

Source: NT LG Database

6.1.7 Revenue management

It was noted that during the mid-year engagements all municipalities have revenue collection challenges; however, the response of municipalities to this challenge is halfhearted. LPT observation is that, this is due to lack of capacity in our municipalities. The major causes of revenue collections are multi-pronged, and include the following:

- Dysfunctional infrastructure or infrastructure that is operating far less than optimal which results in both:
 - Poor service delivery, and
 - Absence of critical information required for both billing and planning purposes.

- Poor or non-existent land use management which result in poor or non-existence of critical land information for billing purposes.
- Poor or non-existent customer management.
- Inadequate investment in the internal business processes' capability that carry and process revenue management activity which include:
 - People.
 - Working tools.
 - Technology

These deficiencies translate to the following revenue management issues:

- Poor billing and collection resulting in excessive revenue losses which keep on growing. This is due to poor or sometimes non-existent customer, land and consumption information.
- Excessive water and electricity losses which keep on growing.
- Poor or non-existent demand and consumption data which render revenue planning nearly impossible.
- Poor bulk buying practices that not driven by the demand side but by supply side.
- Poor or non-existent customer education, customer communication and customer interaction practices.
- Poor or non-existent services' cost information which render revenue planning nearly impossible.

Generally, municipal budgets do not reflect an appetite to investment in infrastructure maintenance, land management, end-to-end internal business process, customer management etc to turn around the situation at this stage. This may be understandable as most municipalities are in financial distress, and do not have the financial muscle to make the necessary investment. Interactions between LPT and municipalities identified that municipalities do not have internal capability to address these complex and expensive challenges.

Both Provincial Treasury and COGHSTA advised municipalities to attend to the situation on an urgent basis before the further deterioration which will lead to service delivery challenges. Municipalities should also take advantage of the support provided by other institutions such as MISA and MFIP programme.

6.1.8 Water revenue challenges

Districts Municipalities (DMs), except Waterberg District Municipality are Water Services Authorities as legislation allows. This means they are charged, by law, with the responsibility of delivering water services to respective districts. DMs opted to enter into water provision arrangements with local municipalities. The local municipalities are expected to render certain services which are agreed upon, either through understanding or a signed Service Level Agreement.

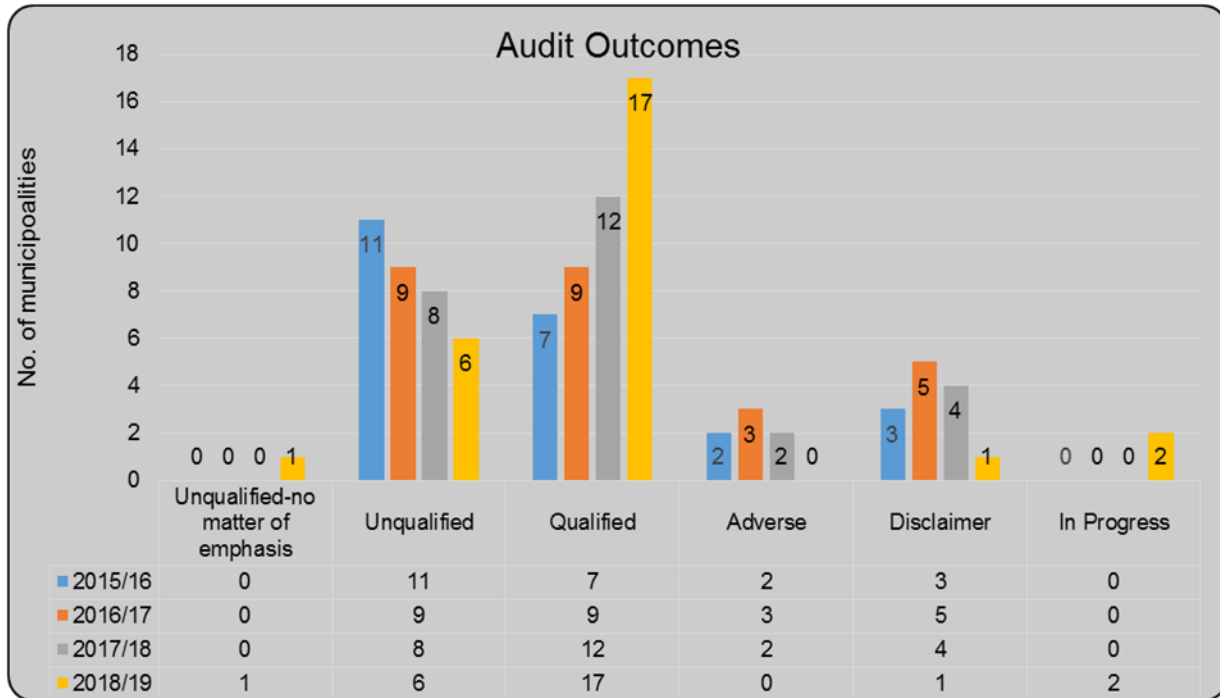
In all cases the understanding is that water services infrastructure is managed by the DM while the local municipality is mainly supposed to bill and collect on behalf of the DM. A management fee is supposed to be paid to LM for their services. This arrangement looks simple and possible, but it is actually operationally complex due to it being multi layered and requires far more significant integration of systems and sophisticated business process to enable proper management of the business that of delivering water services. This is however not the case.

The DMs, with their knowledge, decided to abdicate their responsibilities and did not build sufficient capability to deliver the service and collect revenue for the service DMs should still build infrastructure maintenance capability and fully integrate that with the LMs for billing and collection purposes. There is however little evidence that this is done effectively. The business model, as it stands, is unworkable and tensions have increased between DMs and LMs because LMs argue that the expenses relating provision of water services is expensive; on the other side, LMs do not transferring collected funds to the DMs.

Over and above that the AG, rightfully so, questions the expenses incurred by LMs in this respect as being fruitless and wasteful as there is no value for money. The budgets of DMs do not reflect the required investment to turn around the situation due to lack of financial muscle to make the necessary investment. It is however advisable for the DMs to review the service level agreements with LMs and ensure that there is a clear business process of provision water, maintenance of related infrastructure and collection of revenue. It is in the interest of both DMs and LMs that process is open and fair and monitored regularly.

7 Financial Governance

Graph 6: Audit Outcomes



Source: AGSA

Graph 7 above shows the audit outcomes over a four year period from 2015/16 to 2018/19 for all the 27 municipalities. One municipality, Capricorn District obtained unqualified opinion with no matters of emphasis, Mogalakwena and Polokwane municipalities audit outcomes we still pending at the reporting date. The unqualified with matters of emphasis decreased by 2 compared to the 2017/18.

Thabazimbi, Mopani, Collins Chabane and Vhembe achieved qualified opinions after 3 consecutive disclaimers and adverse opinions. Meanwhile there were 13 municipalities that stagnated at qualified audit opinion. Modimolle-Mokgoopong still remained at disclaimer audit opinion due the outstanding historical challenges that were exacerbated by inadequate handling issues that arose from merger of the two municipalities.

The table of audit outcomes below is showing the trend analysis which is focusing on whether a municipality improved, regressed or stagnated.

Table 14: Audit Outcomes

Audit Outcome Trend	Audit Opinion				
	2015/16	2016/17	2017/18	2018/19	STATUS
CAPRICORN DISTRICT					
Blouberg	Qualified	Qualified	Qualified	Qualified	↔
Capricorn	Unqualified	Unqualified	Unqualified	Clean	↑
Lepelle- Nkumpi	Qualified	Qualified	Qualified	Qualified	↔
Molemole	Unqualified	Unqualified	Unqualified	Unqualified	↔
Polokwane				In Progress	
MOPANI DISTRICT					
Ba-phalaborwa	Disclaimer	Disclaimer	Qualified	Qualified	↔
Greater Giyani	Qualified	Adverse	Qualified	Qualified	↔
Greater Letaba	Qualified	Qualified	Unqualified	Unqualified	↔
Greater Tzaneen	Unqualified	Unqualified	Qualified	Qualified	↔
Maruleng	Unqualified	Unqualified	Unqualified	Unqualified	↔
Mopani	Adverse	Disclaimer	Adverse	Qualified	↑
SEKHUKHUNE DISTRICT					
Ellias Motswaledi	Qualified	Qualified	Unqualified	Qualified	↓
Ephraim Mogale	Qualified	Qualified	Unqualified	Qualified	↓
Feta-Kgomo Tubatse		Qualified	Qualified	Qualified	↔
Makhuduthamaga	Unqualified	Unqualified	Qualified	Unqualified	↑
Sekhukhune	Unqualified	Unqualified	Unqualified	Qualified	↓
VHEMBE DISTRICT					
Collins Chabane		Qualified	Disclaimer	Qualified	↑
Makhado	Qualified	Adverse	Qualified	Qualified	↔
Musina	Unqualified	Unqualified	Qualified	Qualified	↔
Thulamela	Unqualified	Unqualified	Unqualified	Unqualified	↔
Vhembe	Disclaimer	Disclaimer	Disclaimer	Qualified	↑
WATERBERG DISTRICT					
Bela- Bela	Unqualified	Qualified	Qualified	Qualified	↔
Lephalale	Unqualified	Unqualified	Qualified	Qualified	↔
Modimolle- Mookgopong		Disclaimer	Disclaimer	Disclaimer	↔
Mogalakwena	Adverse	Adverse	Adverse	In Progress	
Waterberg District	Unqualified	Qualified	Qualified	Unqualified	↑
Thabazimbi	Disclaimer	Disclaimer	Disclaimer	Qualified	↑

Source: AGSA

LEGENDS

- Unchanged qualified
- Improved to Clean
- Unchanged unqualified
- Improved to qualified
- Regressed to qualified
- Unchanged Disclaimer

Makhuduthamaga, Waterberg District Municipality improved from qualified to unqualified with findings. Ephraim Mogale, Elias Motsoaledi and Sekhukhune regressed from unqualified to qualified being the only three to have regressed apart from Mogalakwena and Polokwane whose audit opinions were still outstanding at the time of reporting date.

This has been a very uninspiring achievement which was explained by a number of municipalities that vacant posts and lack of capacity in the budget and Treasury office as well as the blatant disregard for SCM regulations played a big role as well as lack of coercive leadership from top administrative management in municipalities that regressed and those that stagnated.

7.1 Monitoring Audit Action Plans

In the engagements, it was collectively reported by all municipalities have developed audit action plans, reviewed policies, procedure manuals and plans including a system of delegations for monitoring. The Action Plans are reviewed by Internal Audit on a weekly basis and feedback is provided to Management on a weekly basis. Feedback to the Audit Committee is provided on a quarterly basis. As management updates progress made in resolving the audit findings, the Internal Audit Unit verifies the submitted evidence and make a presentation to the Executive Management through the meetings that are held on a weekly basis. The Audit Committee reports progress made in implementing the Audit Action Plan on a quarterly basis to Council. Though these processes and actions are taken by municipalities, the audit opinions are not reflecting such measures. There is therefore a need to critically interrogate whether corrective measures put in place are effective to prevent recurrence of audit findings and new ones.

7.2 Progress on the top Ten Risks

The table below shows the top ten risks that were common among the municipalities that presented at the mid-year engagements. A number of municipalities are at risk with a number of risks identified like low revenue collection being the common risk affecting almost all municipalities. Management has mechanisms of identifying and mitigating risks (existing and emerging) and that the risk assessments are conducted during the departmental strategic planning sessions where all employees are involved.

The risk register is prepared and monitored on a quarterly basis through the risk committee and the emerging risk register is compiled on a quarterly basis.

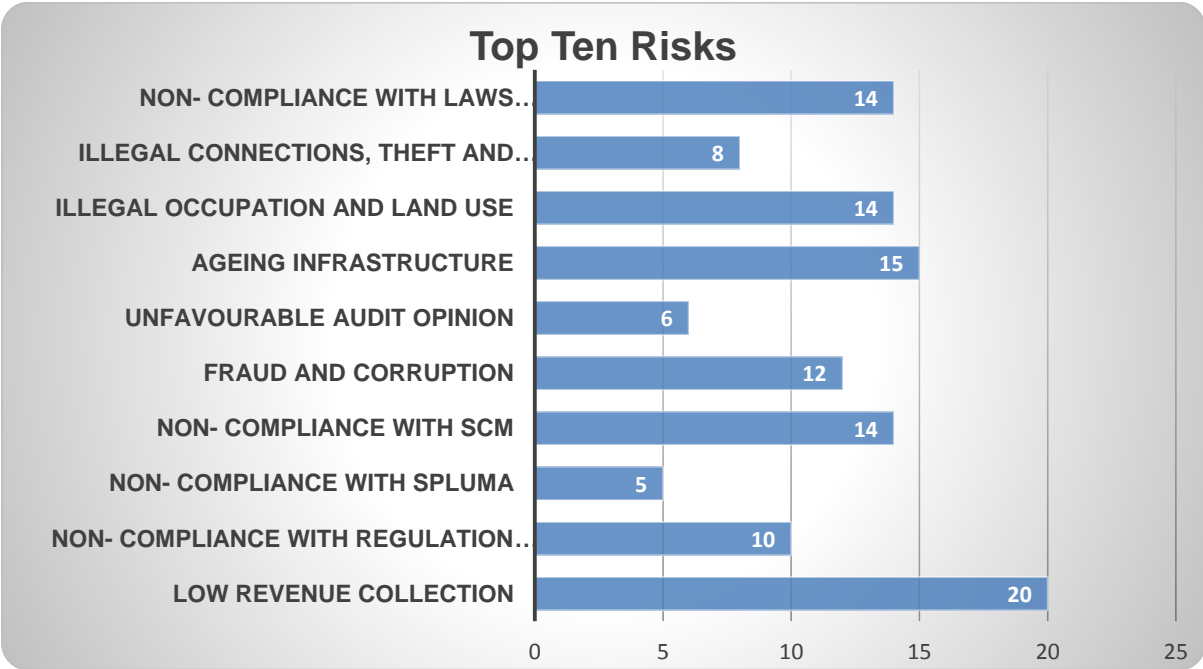
Table 15: Top Ten Risks

Top Ten Risks	Low revenue collection	Non-compliance with regulation mSCOA	Non-compliance with SPLUMA	Non-compliance with SCM	Fraud and corruption	Unfavourable audit opinion	Ageing infrastructure	Illegal occupation and land use	Illegal connections, theft and vandalism	Non-compliance with laws pertaining to fruitless, wasteful and
	1	2	3	4	5	6	7	8	9	10
CAPRICORN DISTRICT										
Blouberg	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes
Capricorn	Yes	No	No	No	No	No	Yes	Yes	No	Yes
Lepelle- Nkumpi	Yes	Yes	Yes	No	No	No	Yes	Yes	No	No
Molemole	Yes	No	Yes	Yes	No	No	Yes	No	No	No
MOPANI DISTRICT										
Ba-phalaborwa	Yes						Yes			
Greater Giyani	Yes	No	No	No	Yes	No	Yes	Yes	No	No
Greater Letaba	Yes	No	No	Yes	Yes	No	Yes	Yes	Yes	Yes
Greater Tzaneen	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes
Maruleng	Yes	No	No	No	No	No	Yes	Yes	No	No
Mopani	Yes						Yes			
SEKHUKHUNE DISTRICT										
Ellias Motswaledi	Yes						Yes			
Ephraim Mogale	Yes	Yes		Yes	Yes		Yes		Yes	
Feta-Kgomo Tubatse	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes
Makhuduthamaga	Yes	No			Yes		Yes			
Sekhukhune	Yes	No	Yes		Yes		Yes	Yes	Yes	
VHEMBE DISTRICT										
Collins Chabane	Yes	Yes	No	Yes	Yes	No	Yes	No	No	Yes
Makhado	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes
Musina	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes
Thulamela	Yes	Yes	No	Yes	Yes	No	Yes	No	Yes	Yes
Vhembe	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes
WATERBERG DISTRICT										
Bela- Bela	Yes	No	No	Yes	No	No	Yes	Yes	No	Yes
Lephalale	Yes						Yes			
Modimolle- Mookgopong	Yes	No	No	Yes	No	Yes	Yes	Yes	No	Yes
Mogalakwena	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Waterberg District	Yes	No	No	Yes	No	No	Yes	No	No	Yes
Thabazimbi	Yes						Yes			
Number of municipalities per risk	26	10	5	15	14	2	26	14	8	14

Source: Mid-year engagements

Table 13 provide high risk areas affecting municipalities’ sustainability. This provide guidance on where effort and financial resources should be focused on. It is also important that as municipalities find ways to improve the situation, partnerships are forged with various stakeholders to develop innovative methods to execute local government mandate. Graph 7 below is a depiction of high risks faced by municipalities within the province.

Graph 7: Top Ten Risks



Source: Mid-year engagements

7.3 Internal Audit

All municipalities reported that they have not outsourced any portion of internal audit and that the unit is fully functional. It was reported that internal audit performed audit on mSCOA implementation and many of the audits did not raise findings. Critical though was that none of the Internal units presented that they performed audit on the infrastructure projects.

7.4 Consequence Management

Most municipalities reported that the Financial Misconduct board was established though a number of them were not effective. Some that were progressing well had established the terms of reference for the disciplinary board. For those Financial Disciplinary boards that were mostly functional reported that no cases were reported to the SAPS during 2018/19.

7.5 mSCOA

Significant progress has been made by municipalities to implement mSCOA. It is however noted that there are still teething problems on implementation of this reform. LPT performed a comparison between the Sec 71 Quarter 2 and the C Schedule for month 6 (M06) for municipalities to test if the two sets of data compare to each other. The focus was on the schedule C4 – Financial Performance, schedule C5 – CAPEX, schedule C6 – Financial Position & and schedule C7 – Cash flow. We succeeded in performing an assessment on 21 of the 27 Municipalities which had C Schedules. It was generally found that municipalities are able to align the schedule C to s71 data strings on at least second attempt. Out of the 21 verifications performed only 4 Municipalities being Blouberg, Elias Motsoaledi, Sekhukhune and Vhembe were found that the C Schedule aligned to the data strings of the Sec 71.

In most cases municipalities struggled with the schedule C5 and schedule C6 although succeeding with the schedule C4 to some extent. The conclusion on this was that the C Schedule was not generated from the core financial system, thus being generated manually. Budgets are not locked on the core financial system as per assessments conducted on the budgets. In all cases the budget was overridden manually, while integration from sub systems such as Pay Roll & Assets expenditure overrode the budget figure without considering the budget amount. Municipalities were found to be transacting against Expenditure Items with a zero amount budget. An excellent example of all of these findings is Collins Chabane (more specific on the overspending of Contracted Services to the amount of R27 million).

Incomplete usage of the mSCOA chart and segments during transactions are still evident and Municipalities were alerted on this anomaly. Integration from sub system such as Pay Roll and Asset Management remains a serious challenge and concern. Several Municipalities were alerted during the engagement about the incomplete data strings on Employee Related Expenses and Depreciation on Assets. These expenses might be on the sub-system but due to the lack of integration the actuals do not appear on the core General Leger and in some cases such as BelaBela, the municipality manually added these actual figures on the C Schedule.

The assessment highlights the challenges that municipalities are experiencing in being fully mSCOA compliant which is contrary to the results of the presentations made by all municipalities during the mid-year engagements. If a municipality has not achieved the level of implementation

as mentioned in Circular 98, then the implementation of *m*SCOA in the municipality should be accelerated. Towards this end:

- A road map must be provided to Provincial Treasury to indicate how the municipality will be become *m*SCOA compliant;
- The municipality's *m*SCOA Project Steering Committee (chaired by the Accounting Officer) must meet at least monthly (if not more often) to track the progress against the road map and take corrective action where required;
- The Provincial Treasury (in the case of delegated municipalities) should be invited to the *m*SCOA Project Steering Committee meeting; and
- Progress against the road map should be presented at the Mid-Year Budget and Performance and Budget Benchmark engagements

The following *m*SCOA sub-sections provide status of the following areas of focus per municipality:

- Systems operations
- Financial system module availability and usage
- Governance structure

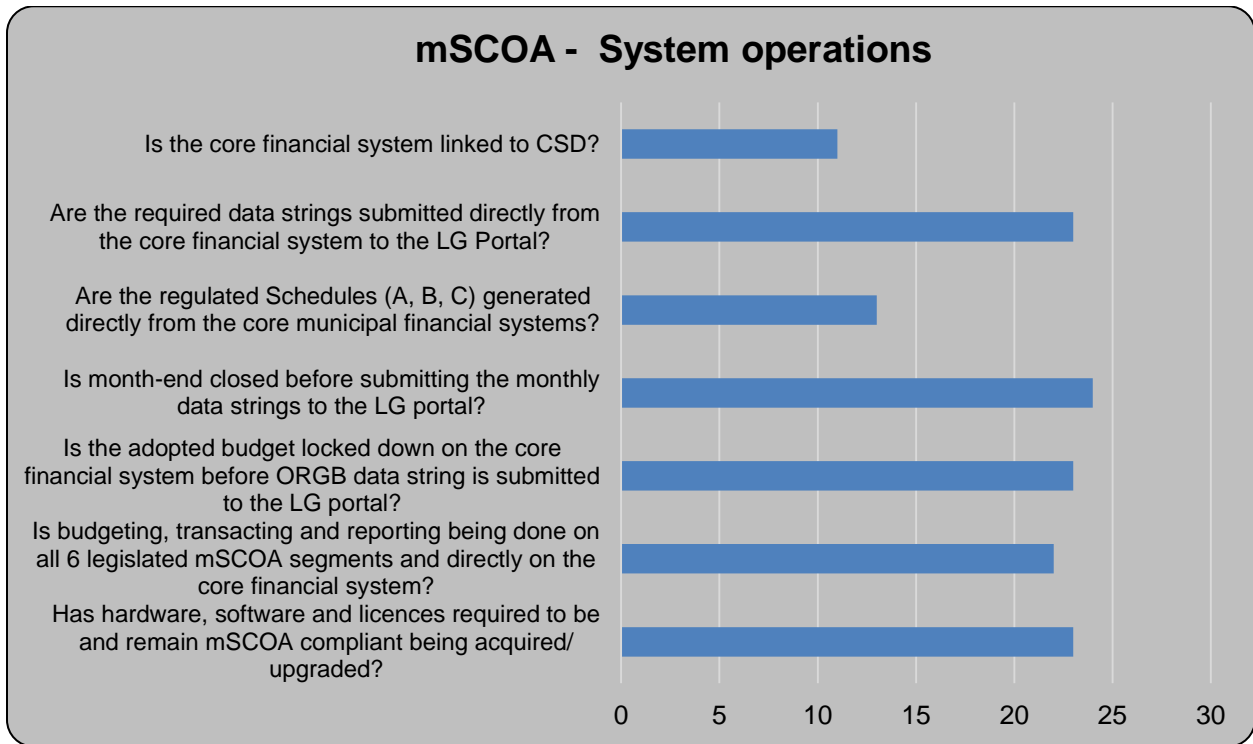
Table 16: Systems Operations

	Financial governance (Systems Operations)	Number of municipalities	Municipality
1	Has hardware, software and licences required to be and remain mSCOA compliant being acquired/ upgraded?	23	All municipalities except Blouberg and Lepelle-Nkumpi
2	Is budgeting, transacting and reporting being done on all 6 legislated mSCOA segments and directly on the core financial system?	22	Boluberg, Molemole, Capricorn, Greater Giyani, Greater Tzaneen, Maruleng, Mopani, Elias Motswaledi, Ephraim Mogale, Fetakgomo Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Thulamela, Makhado, Musina, Bela-Bela, Lephalale, Modimolle-Mokgophong, Mogalakwena, Thabazimbi, Waterberg
3	Is the adopted budget locked down on the core financial system before ORGB data string is submitted to the LG portal?	23	Boluberg, Molemole, Capricorn, Greater Giyani, Greater Letaba, Greater Tzaneen, Maruleng, Mopani, Elias Motswaledi, Ephraim Mogale, Fetakgomo Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Thulamela, Makhado, Musina, Bela-Bela, Lephalale, Modimolle-Mokgophong, Mogalakwena, Thabazimbi, Waterberg
4	Is month-end closed before submitting the monthly data strings to the LG portal?	24	Boluberg, Molemole, Capricorn, Ba-pharaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen, Maruleng, Mopani, Elias Motswaledi, Ephraim Mogale, Fetakgomo Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Thulamela, Makhado, Vhembe, Musina, Bela-Bela, Lephalale, Modimolle-Mokgophong, Mogalakwena, Thabazimbi, Waterberg
5	Are the regulated Schedules (A, B, C) generated directly from the core municipal financial systems?	13	Boluberg, Molemole, Greater Letaba, Maruleng, Mopani, Ephraim Mogale, Makhuduthamaga, Sekhukhune, Collins Chabane, Musina, Bela-Bela, Lephalale, Thabazimbi
6	Are the required data strings submitted directly from the core financial system to the LG Portal?	23	All municipalities except Blouberg and Lepelle-Nkumpi
7	Is the core financial system linked to CSD?	11	Capricorn, Ba-pharaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen, Mopani, Ephraim Mogale, Sekhukhune, Collins Chabane, Thulamela, Makhado, Vhembe, Musina, Lephalale, Waterberg

Source: Mid-year engagements

Table 14 above indicate the state of municipalities' usage of mSCOA and the related reporting. Generally, most municipalities are struggling to directly generate required scheduled from the system and linkage to the CSD. As a result more reliant is still placed on system vendors.

Graph 8: mSCOA system operations



Source: Mid-year engagements

Graph 8 above depicts the summary of systems operations status as at mid-year period. It is concluded that municipalities are making an effort to implement mSCOA reforms whilst it is acknowledged that some municipalities are performing far better than the others.

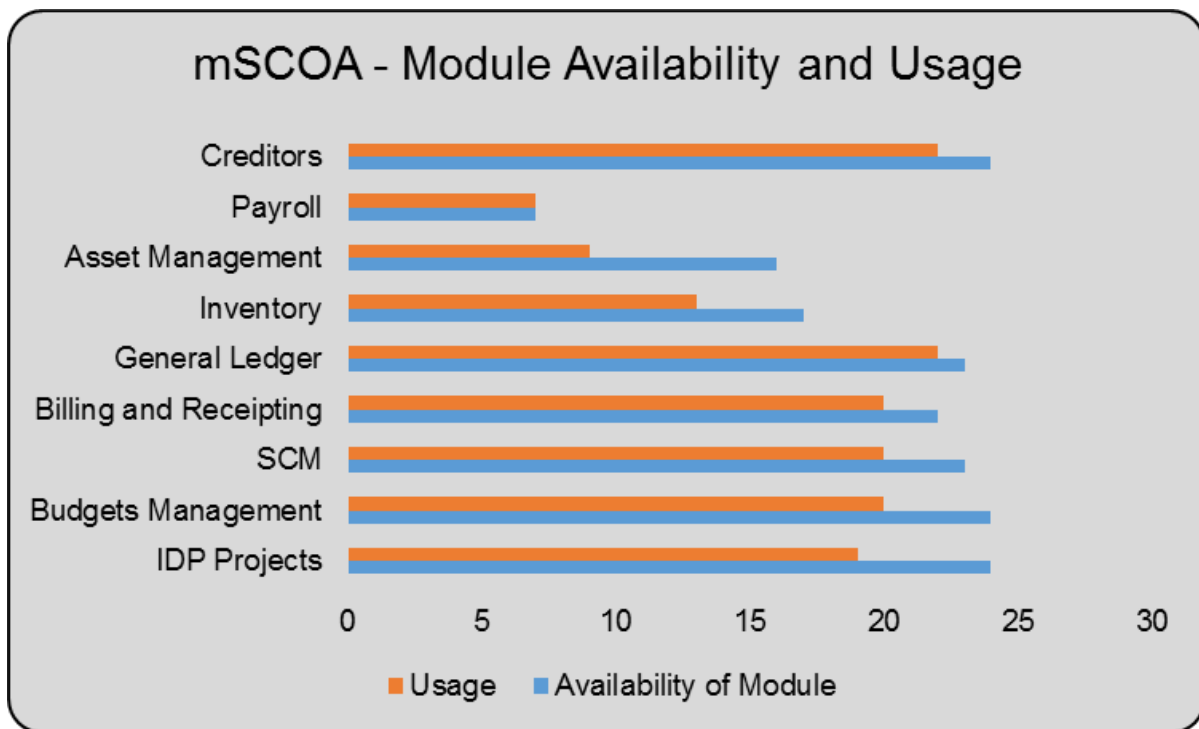
Table 17: Module availability and usage

Core System	Module availability		Module usage	
	Number of municipalities	Municipalities	Number of municipalities	Municipalities
IDP (Projects)	24	Capricorn, Ba-phalaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Makhado, Musina, Thulamela, Vhembe, Bela-Bela, Lephale, Modimolle-Mokgopoong, Mogalakwena, Waterberg, Thabazimbi	19	Blouberg, Capricorn, Molemole, Greater Giyani, Gretaer Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Makhado, Musina, Vhembe, Bela-Bela, Lephale, Modimolle-Mokgopoong, Waterberg, Thabazimbi
Budget management	24	Blouberg, Capricorn, Molemole, Ba-phalaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Makhado, Musina, Thulamela, Bela-Bela Lephale, Modimolle-Mokgopoong, Mogalakwena, Waterberg, Thabazimbi	20	Blouberg, Capricorn, Molemole, Greater Giyani, Gretaer Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Makhado, Musina, Vhembe, Bela-Bela, Lephale, Modimolle-Mokgopoong, Waterberg, Thabazimbi
SCM	23	Blouberg, Capricorn, Molemole, Ba-phalaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Makhado, Musina, Thulamela, Bela-Bela Lephale, Waterberg, Thabazimbi	20	Capricorn, Molemole, Ba-phalaborwa, Greater Giyani, Greater Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Makhado, Musina, Thulamela, Vhembe, Bela-Bela, Lephale, Waterberg
Billing and Receipting	22	Blouberg, Molemole, Ba-phalaborwa, Greater Letaba, Greater Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Makhado, Musina, Thulamela, Vhembe, Bela-Bela, Lephale, Mogalakwena, Waterberg, Thabazimbi	20	Blouberg, Molemole, Ba-phalaborwa, Greater Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Makhado, Musina, Thulamela, Vhembe, Bela-Bela, Mogalakwena, Waterberg, Thabazimbi
General Ledger	23	Blouberg, Capricorn, Molemole, Ba-phalaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen, Maruleng, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Makhado, Musina, Thulamela, Vhembe, Bela-Bela, Lephale, Mogalakwena, Waterberg, Thabazimbi	22	Blouberg, Capricorn, Molemole, Ba-phalaborwa, Greater Giyani, Greater Tzaneen, Maruleng, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Makhado, Musina, Thulamela, Vhembe, Bela-Bela, Lephale, Mogalakwena, Waterberg, Thabazimbi
Inventory	17	Blouberg, Capricorn, Greater Tzaneen, Maruleng, Elias Motsoaledi, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Makhado, Musina, Thulamela, Vhembe, Lephale, Mogalakwena, Waterberg, Thabazimbi	13	Capricorn, Elias Motsoaledi, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Makhado, Musina, Thulamela, Vhembe, Lephale, Mogalakwena, Thabazimbi
Asset Mgt	16	Blouberg, Molemole, Greater Giyani, Greater Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Musina, Thulamela, Lephale, Waterberg, Thabazimbi	9	Molemole, Greater Giyani, Mopani, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Thulamela, Waterberg
Payroll	7	Blouberg, Capricorn, Greater Tzaneen, Makhado, Vhembe, Mogalakwena, Thabazimbi	7	Capricorn, Greater Tzaneen, Elias Motsoaledi, Makhado, Vhembe, Mogalakwena, Thabazimbi
Creditors	24	Blouberg, Capricorn, Molemole, Ba-phalaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Makhado, Musina, Thulamela, Vhembe, Bela-Bela Lephale, Mogalakwena, Waterberg, Thabazimbi	22	Blouberg, Capricorn, Molemole, Greater Giyani, Greater Letaba, Greater Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, Sekhukhune, Collins Chabane, Makhado, Musina, Thulamela, Vhembe, Bela-Bela Lephale, Mogalakwena, Waterberg, Thabazimbi

Source: Mid-year engagements

Performance on Module Usage on mSCOA Core System was reassuring as most of the municipalities responded affirmatively to the nine questions posed as can be observed from Table 15 above. 99 percent of the municipalities reported to be using at least seven modules of the nine. Only Lepelle-Nkumpi reported that it could not comply due to termination of the SEBATA system vendor contract and informed both national and provincial treasuries. The municipality has subsequently contracted a new service provider, Business Connexion which has started with the upgrade of the legacy system to SOLAR to ensure compliance with mSCOA. Graph 9 below shows a sum

Graph 9: mSCOA module availability and usage



Source: Mid-year engagements

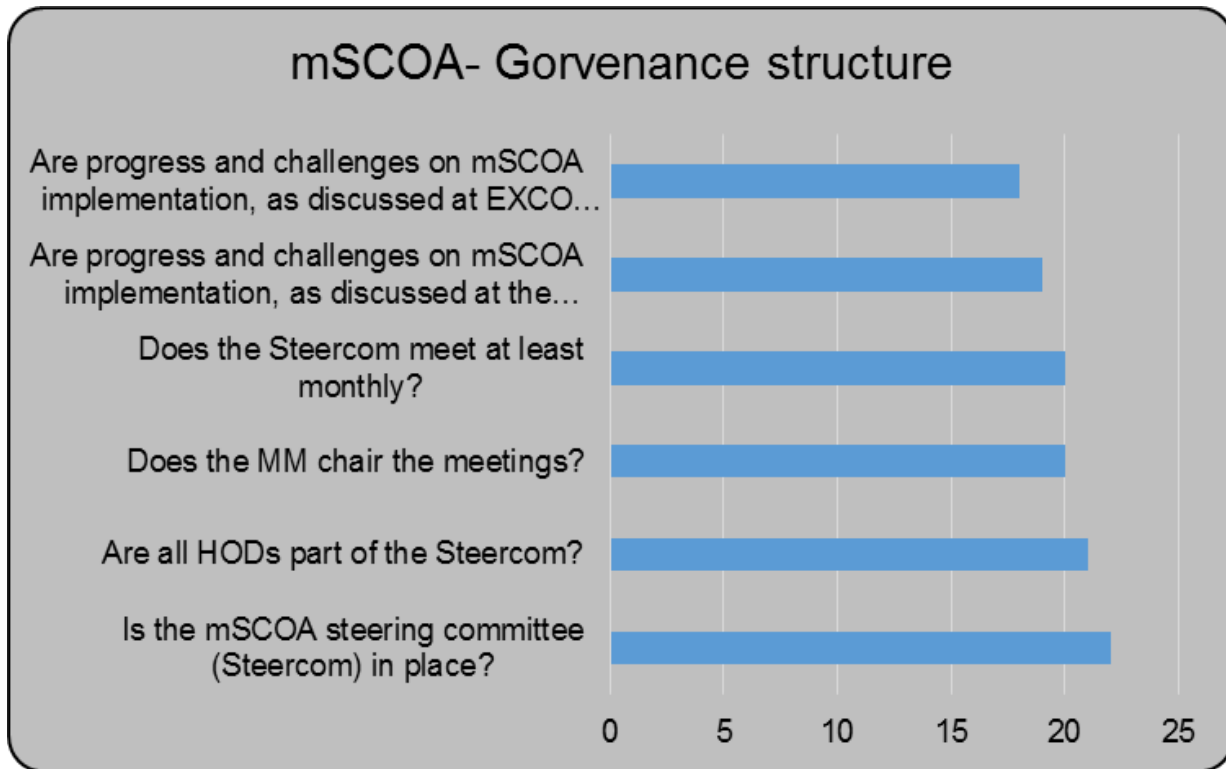
Table 18: mSCOA governance structure

Governance Core System	Number of Municipalities	Municipalities
Is the <i>m</i> SCOA steering committee (Steercom) in place?	23	Blouberg, Capricorn, Molemole, Ba-phalaborwa, Greater Giyani, Greater Letaba, Gretaer Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, Makhado, Musina, Thulamela, Vhembe, Bela-Bela, Lephallale, Modimolle-Mokgopoong, Waterberg, Thabazimbi
Are all HODs part of the Steercom?	21	Blouberg, Capricorn, Molemole, Ba-phalaborwa, Greater Giyani, Greater Letaba, Gretaer Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Makhuduthamaga, Makhado, Musina, Thulamela, Vhembe, Lephallale, Modimolle-Mokgopoong, Waterberg, Thabazimbi
Does the MM chair the meetings?	18	Blouberg, Capricorn, Molemole, Ba-phalaborwa, Greater Giyani, Greater Letaba, Gretaer Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Makhuduthamaga, Makhado, Musina, Thulamela, Lephallale, Modimolle-Mokgopoong, Waterberg
Does the Steercom meet at least monthly?	8	Blouberg, Capricorn, Ba-phalaborwa, Gretaer Tzaneen, Makhado, Bela-Bela, Lephallale, Waterberg
Are progress and challenges on <i>m</i> SCOA implementation, as discussed at the Steercom, presented to EXCO and relevant council committees?	15	Blouberg, Capricorn, Molemole, Ba-phalaborwa, Gretaer Tzaneen, Maruleng, Mopani, Ephraim Mogale, Makhuduthamaga, Collins Chabane, Musina, Bela-Bela, Lephallale, Waterberg
Are progress and challenges on <i>m</i> SCOA implementation, as discussed at EXCO and relevant council committees, presented to Council quarterly?	17	Blouberg, Capricorn, Molemole, Ba-phalaborwa, Gretaer Tzaneen, Maruleng, Mopani, Elias Motsoaledi, Ephraim Mogale, Makhuduthamaga, Collins Chabane, Vhembe, Bela-Bela, Lephallale, Modimolle-Mokgopoong, Waterberg, Thabazimbi

Source: Mid-year engagements

This section of the mSCOA implementation looks at the planning and management of the process. The successful and effective implementation of the mSCOA is largely dependent on this process. It is therefore imperative that a municipality should already have done the following by this time regarding the Project steering committee, the project management team and the management of the mSCOA as whole for the successful implementation of mSCOA. Project governance ensures that mSCOA project is done well and includes policies, regulations, functions, processes, procedures and responsibilities that generally should define the establishment, management and control of projects. In this regard the municipality's mSCOA steering committee play an important role in executing project governance. During the engagements it was shown that most municipalities are on track towards the implementation of the mSCOA project as can be seen from the tabled results below. Lepelle-Nkumpi is the only municipality still lagging behind in the implementation of the mSCOA. A summary of governance structure status is shown in Graph 10 below:

Graph 10: mSCOA Governance structure



Source: Mid-year engagements

8 Service Delivery Performance

8.1 Service Delivery Performance

Municipalities have the responsibility to ensure that all citizens are provided with services to satisfy their basic needs. This has put greater pressure on municipalities to deliver on their mandates and to ensure effective service delivery. The historical backlogs in the provision of basic infrastructure for service delivery require that municipalities establish a delicate balance between delivering and improving current services, maintaining existing infrastructure and extending the infrastructure to eradicate service delivery backlogs. During the mid-year performance engagements, most municipalities reported performance above 50% of the seven standard Key performance Areas. Mogalakwena was the only municipality to have performed below 50% achieving only an average of 48% across the board. Performance on KPAs is an indicator of how a municipality being the closest to communities is tasked primarily with developing and implementing sustainable ways that meets community needs to improve the quality of their lives with the provision of basic services, i.e. water, electricity, sanitation and solid waste. Municipalities are at the forefront of attempts to achieve high levels of service delivery. Service delivery has assumed centre stage across the country, due to highly publicised protests within various communities.

8.2 Service Delivery Backlogs

During the engagements municipalities presented that service delivery backlogs varied from one Municipality to another. Municipalities have backlogs in different locations in the municipal area, especially in farms and privately owned lands. It was reported that while much has been achieved in the rollout of municipal infrastructure over the period, significant work remains to be done, both to eradicate backlogs in access to services and to ensure that services are properly operated and maintained over the long-term. The eradication of service delivery backlogs is a continuous struggle for municipalities. This is exacerbated by the migration patterns and the influx of people into major towns seeking a better life.

This has a direct impact on the delivery of services and the escalating costs of service provision, infrastructure development and maintenance. The increasing number of backyard dwellers, informal settlements, lack of rain and ground water and high electricity costs are some of the challenges with which municipalities are faced.

8.3 Provision of Free Basic Services

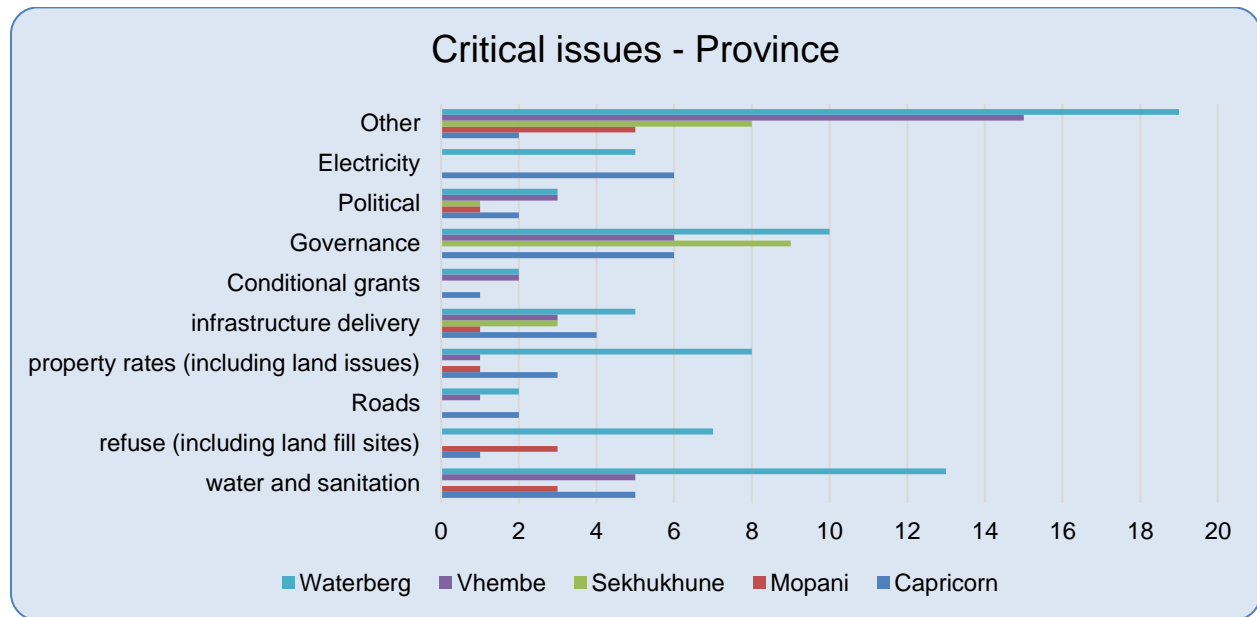
In an attempt to address the plight of the poor and ensure that all citizens have access to basic services, the Free Basic Services Programme was created. The intention was to provide free access to basic services in the fight against poverty. It requires that municipalities adopt indigent policies and draw up registers of indigent households that are within their jurisdiction in order to provide free basic services to those people who had been registered as indigent. For those citizens who are unable to afford basic services, a social package has been put in place for all municipalities' country wide, which provides indigent households with free basic services, which includes 6KL of water, 50 kWh of electricity, free sanitation and a weekly refuse removal.

Municipalities presented that they continued to provide free basic services to registered indigent households within their areas during the 2019/20 mid-year. None of the municipalities reported that it provided services over and above the stipulated standards in their policies. Mogalakwena was the only municipality which reported providing 6kl free basic water across the board and not only to registered indigents.

8.4 Critical Challenges Affecting Sustainability

Provincial Treasury assessed mid-year performance for municipalities. The review focused on, amongst other things, the annual report outcome and key achievements for the previous year, the current year performance as measured against priorities in the Integrated Development Plan (IDP) and the targets set in the Service Delivery Budget Implementation Plan (SDBIP). During the assessment a number of emerging challenging and existing trends, in particular with regard to poor delivery of services to the communities, were identified. The trends are analysed in the consolidated Provincial graphical detail below.

Graph 11: Sustainability challenges at a provincial level



Source: Mid-year engagements

The graphical analysis reflects that the most common challenges were in the category “Other” which included areas such as Low level revenue collection caused by dysfunctional or infrastructure operating below capacity, Basic Service Backlogs (Water, Waste, and Electricity)

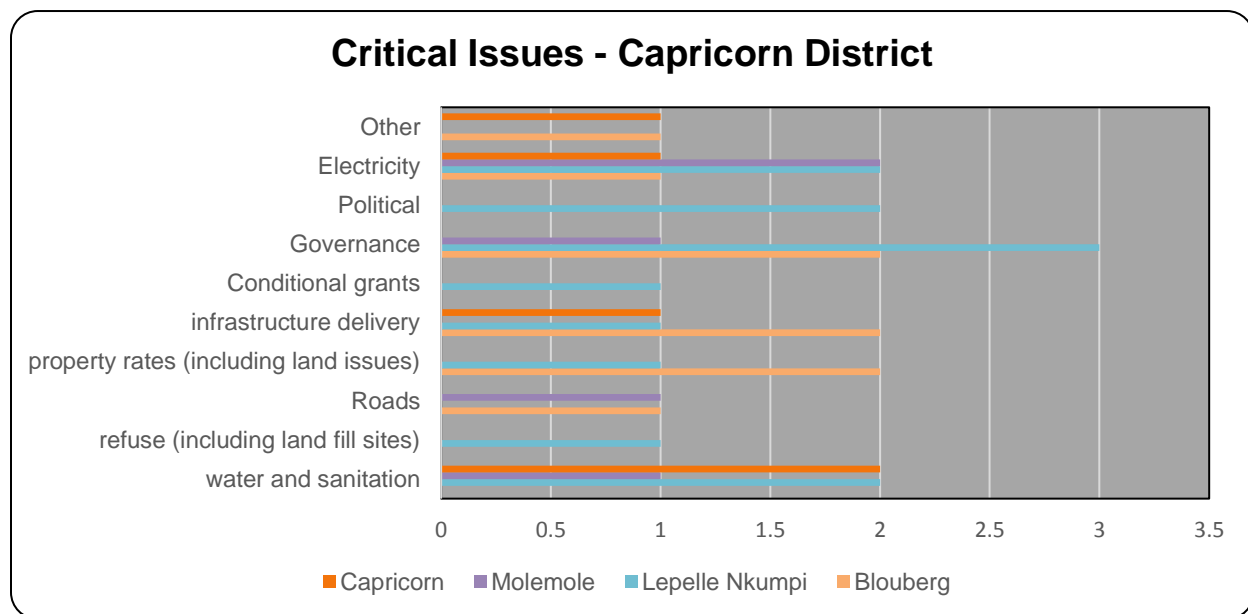
The next common critical issues were Governance, comprising of the increasing irregular, Fruitless and Wasteful expenditure threatening the integrity of the financial governance, enforcement of municipal by-laws, and high vacancy rate at top management, Poor contract Management and Overreliance on consultants.

Waterberg district municipalities highlighted all issues as challenges they are facing in detail as can be seen from the graph. The appetite to reflect challenges can be seen in Vhembe, Mopani, Capricorn and lastly Sekhukhune districts. It was noted that all municipalities that were engaged with during the mid-year engagements have revenue collection challenges which comprises the greater part of the component other in the critical issues on the graph. The major causes of revenue collections are multi-pronged, and include dysfunctional infrastructure or infrastructure that is operating far less than optimal which results in both poor service delivery, and absence of critical information required for both billing and planning purposes. Poor or non-existent land use management which result in poor or non-existence of critical land information for billing purposes. Poor or non-existent customer management and inadequate investment in the internal business

processes' capability that carry and process revenue management activity which include: People, Working tools and Technology.

The following graphs depict critical issues as observed per district:

Graph 12: Critical Issues – Capricorn District

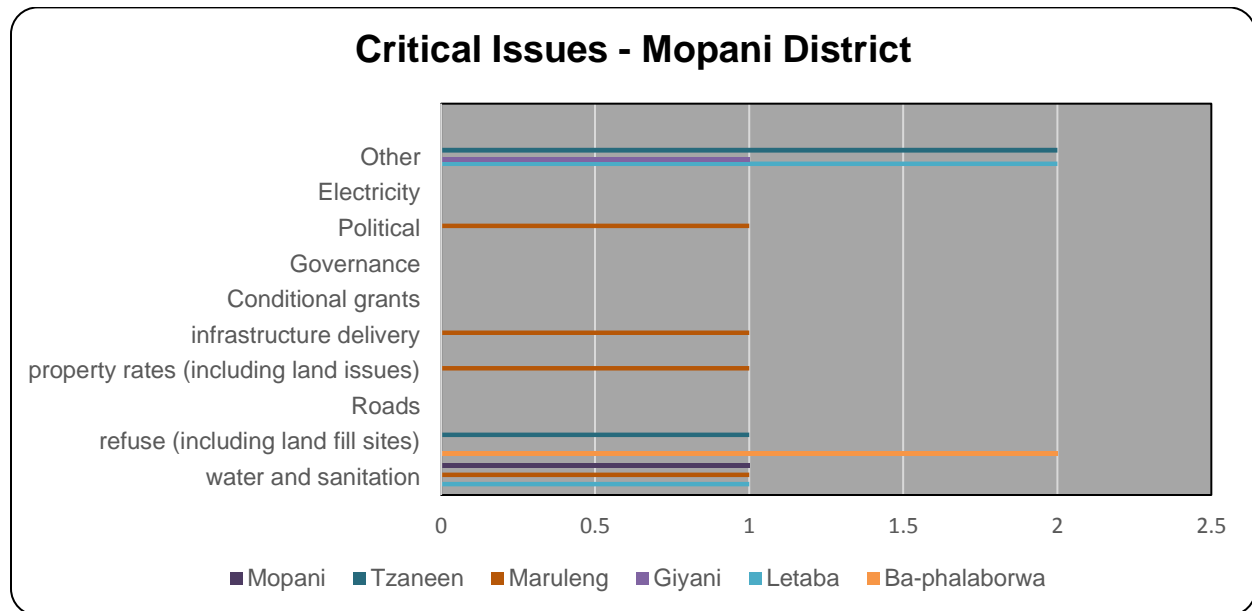


Source: Mid-year engagements

All four Capricorn district municipalities reported critical issues challenging them from being sustainable in the electricity category. While three municipalities except Blouberg raised issues of water and sanitation as being critical. Governance, comprising of the increasing irregular, Fruitless and Wasteful expenditure threatening the integrity of the financial governance, enforcement of municipal by-laws, high vacancy rate at top management, Poor contract Management and Overreliance on consultants, property rates (including land issues) and refuse (including Land fill sites) was raised by Blouberg, Lepelle-Nkumpi and Molemole, while this category was not a challenge in Capricorn district municipality.

Capricorn and Blouberg municipalities reported having revenue collection challenges which is a component “Other” in the critical issues on the graph, while Molemole and Lepelle-Nkumpi did not report this to be an issue, though it is known that all municipalities across the Province are having challenges of low revenue collection.

Graph 13: Critical Issues – Mopani District

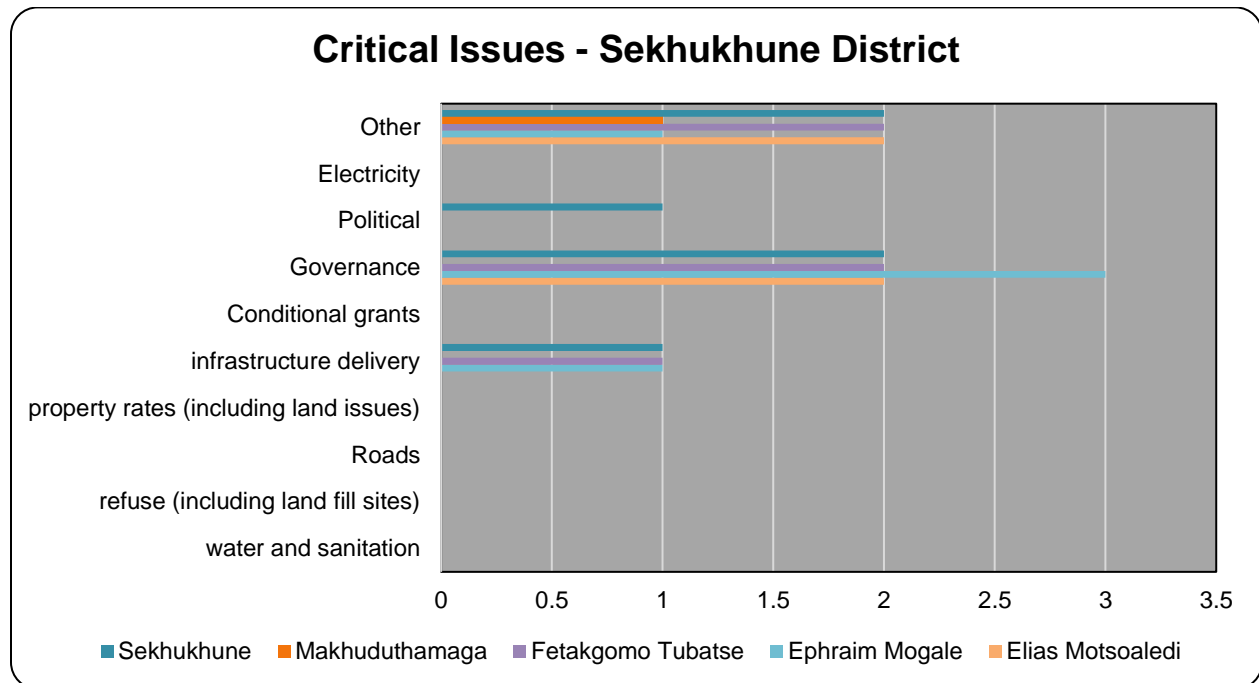


Source: Mid-year engagements

Mopani district municipalities raised the issues of water and sanitation as being critical because this is the common area of community protests. Water challenges are caused by drought, low underground water, boreholes get dry and aging infrastructure.

Also the matter of ineffective agreements and poor relations between local municipalities (service provider) and District municipalities (Water Authority) contributes to the challenges in water and sanitation, which by extension affects revenue collection. Although Mopani district municipalities did not emphasize the issues of revenue collection, we however noted that all municipalities we engaged with during the mid-year engagements have revenue collection challenges. The major causes of revenue collections are generic in municipalities in the Province.

Graph 14: Critical Issues - Sekhukhune District

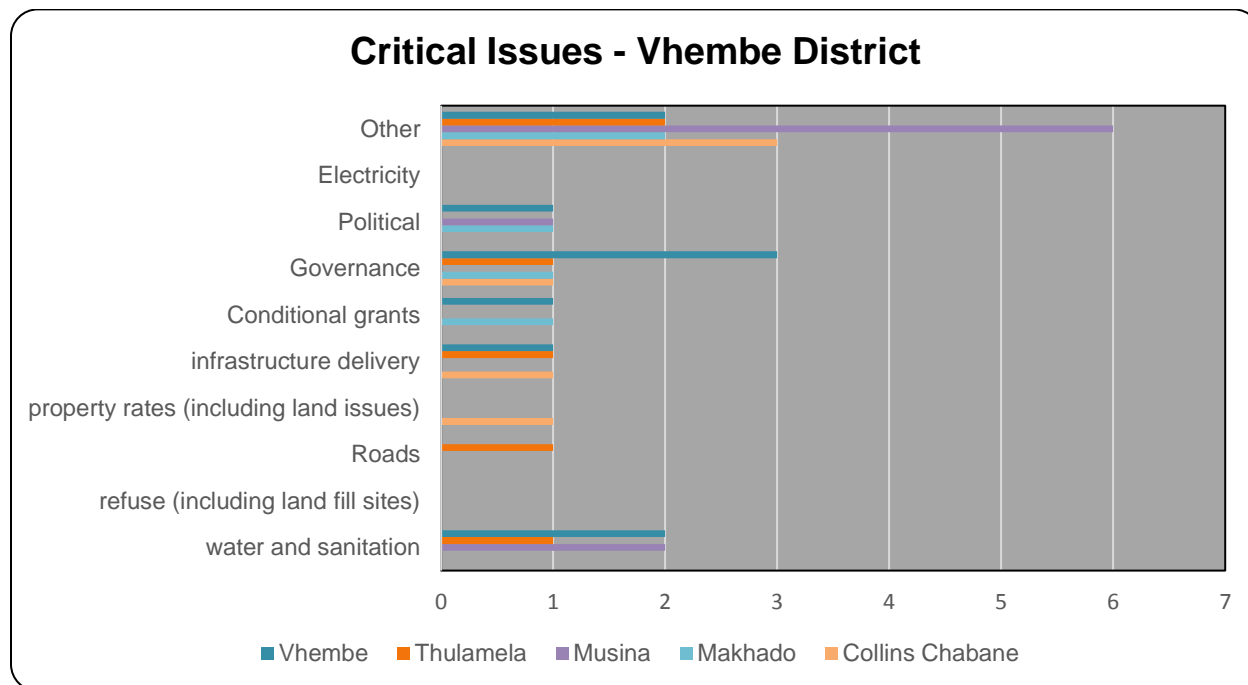


Source: Mid-year engagements

The item “Other” of the critical issues in Sekhukhune was reported by all the five district municipalities. This category included areas such as Low level revenue collection caused by dysfunctional or infrastructure operating below capacity, Basic Service Backlogs (Water, Waste, and Electricity). Water and Sanitation issues did not feature at all in the municipalities reporting, which is peculiar because Sekhukhune district has a critical water scarcity problem. Governance, comprising of the increasing irregular, Fruitless and Wasteful expenditure threatening the integrity of the financial governance, enforcement of municipal by-laws, high vacancy rate at top management, poor contract management and overreliance on consultants, property rates (including land issues) and refuse (including Land fill sites) also featured all the municipalities except Makhuduthamaga.

All the five district municipalities reported having revenue collection challenges which comprises the greater part of the component “Other” in the critical issues on the graph.

Graph 15: Critical Issues - Vhembe District

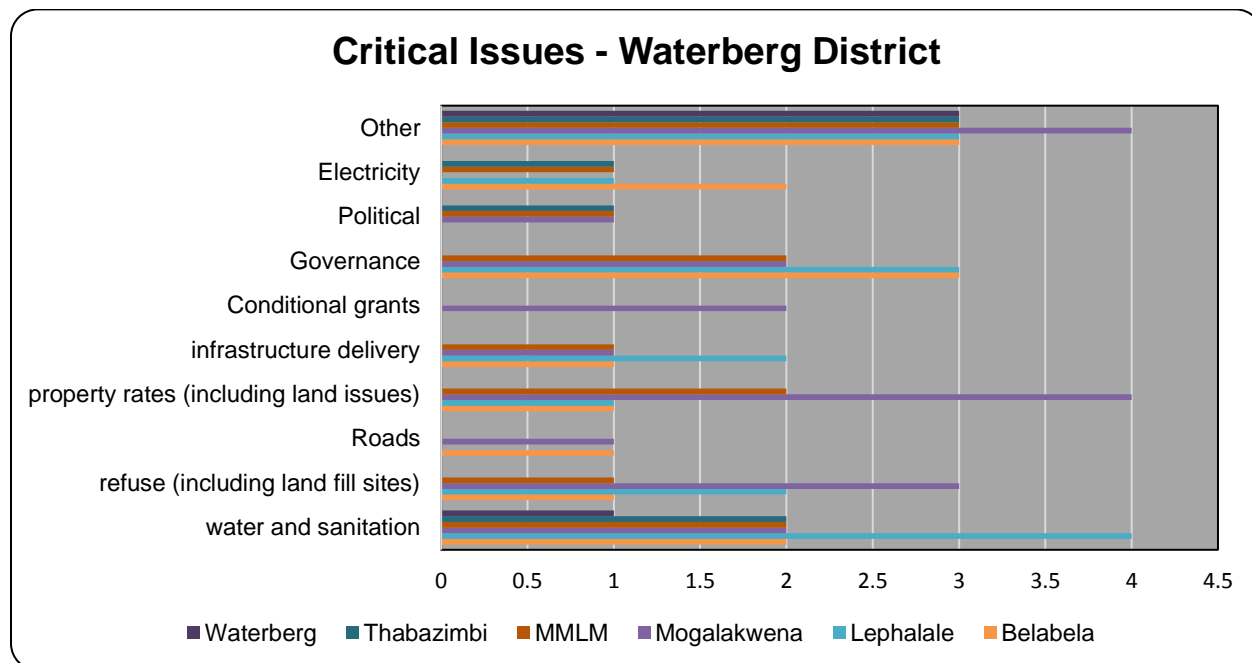


Source: Mid-year engagements

Municipalities in Vhembe district are struggling with issues Low level revenue collection caused by dysfunctional or infrastructure operating below capacity, Basic Service Backlogs (Water, Waste, and Electricity). All the five district municipalities reported having a challenge of providing basic services as a result of the critical issue of low revenue. Vhembe, Thulamela and Musina reported to be experiencing challenges related to Water and Sanitation issues. Makhado and Collins Chabane did not report having water and sanitation issues which is unlikely because water scarcity affected the whole district. There was drought and lack of surface water hence the issue of low revenue collection was high in the reports of the five district municipalities.

Governance, comprising of the increasing irregular, Fruitless and Wasteful expenditure threatening the integrity of the financial governance, enforcement of municipal by-laws, high vacancy rate at top management, Poor contract Management and Overreliance on consultants, property rates (including land issues) and refuse (including Land fill sites) also featured all the municipalities. Vhembe District municipality ranked the highest in this category because of the Irregular, Unauthorised and Fruitless and wasteful expenditure. Musina municipality did not report on the governance issues although it had the worst record of addressing UIFW expenditure. No plan or action was presented to address the UIFW.

Graph 16: Critical Issues – Waterberg District



Source: Mid-year engagements

In Waterberg district, Mogalakwena and Bela-Bela municipalities reported critical issues challenging the municipality from being sustainable in all categories. Modimolle-Mokgopoong reported issues in eight categories, Lephalale reported in seven categories, Thabazimbi reported four categories and Waterberg reported the least in only two categories. It can be seen from the graph that critical challenging areas were mostly in the category “Other” which included areas such as Low level revenue collection caused by dysfunctional or infrastructure operating below capacity, Basic Service Backlogs (Water, Waste, Electricity). Water and Sanitation issues were also prominent in all the six district municipalities.

Governance, comprising of the increasing irregular, Fruitless and Wasteful expenditure threatening the integrity of the financial governance, enforcement of municipal by-laws, high vacancy rate at top management, Poor contract Management and Overreliance on consultants, property rates (including land issues) and refuse (including Land fill sites) also featured all the municipalities reporting averaging two issues.

All the six district municipalities reported having revenue collection challenges which comprises the greater part of the component “Other” in the critical issues on the graph.

9 Summary and Conclusion

Generally, there was an improvement in municipalities' response to the mid-year engagement sessions. This assessment report comprises the progress and accomplishments of Limpopo municipalities as per the 2019/20 mid-year assessment. It also served to examine the advancements made in meeting the needs of communities and enhancing the functioning of municipalities.

Municipal achievements for the period under review included:

- Political and administrative governance in municipalities in the Province was predominantly stable; however, the Provincial Executive had to intervene in 'Mogalakwena by approving a sec 139 (1) (b) intervention.
- Of the 157 senior management positions, 119 posts were filled while 38 positions were vacant

A key priority for the municipalities is the eradication of poverty. In line with this, the priority was placed on the delivery of services to the communities. Basic services (water, electricity, sanitation and refuse removal) are provided by all municipalities. For the period under review, free service delivery was available to all households as per respective municipality's indigent register.

Provincial Treasury identified good governance as a key priority to improve effective functionality of municipalities. The Auditor General's Report for 2019/20 reflected that there were improvements in some of the Municipalities' audit outcomes. Capricorn municipality is the only municipality that received an unqualified audit opinion "clean audit" in the province. Six municipalities received unqualified audits with findings down from 8 in the previous year. Only Modimolle-Mokgopong received a disclaimer compared to four municipalities in the previous year. Mogalakwena and Polokwane audits were still in progress at the time of reporting date. There was relative improvement in the implementation of mSCOA.

At the most basic level, municipalities are expected to:

- a) Put people and their concerns first and ensure constant and effective service to communities
- b) Create conditions for decent living by consistently delivering municipal services to the right quality and standard. This includes planning for and delivery of infrastructure and amenities,

maintenance and upkeep, including the budgeting to do this. Significantly reduce failures in services and, where there are, restore with urgency.

c) Be well-governed and demonstrate good governance and administration – cut wastage, spend public funds prudently, hire competent staff, ensure transparency and accountability.

d) Ensure sound financial management and accounting, and prudently manage resources so as to sustainably deliver services and bring development to communities.

e) Build and maintain sound institutional and administrative capabilities administered and managed by dedicated and skilled personnel at all levels.

This can be achieved through astute attention to the risks and critical areas identified in this document.

Provincial Treasury and CoGHSTA have an important role to play in ensuring well-functioning municipalities. The departments is committed to intensify monitoring and support to municipalities and where there is evidence of dysfunctionality, assistance will be provided in developing a Financial Recovery Plan. Existing structures like Premier, Mayor Intergovernmental Forum, MECs and Mayor Technical Forums and HoDs and Municipal Managers will also be used to monitor and review progress of municipalities.

10 Recommendations

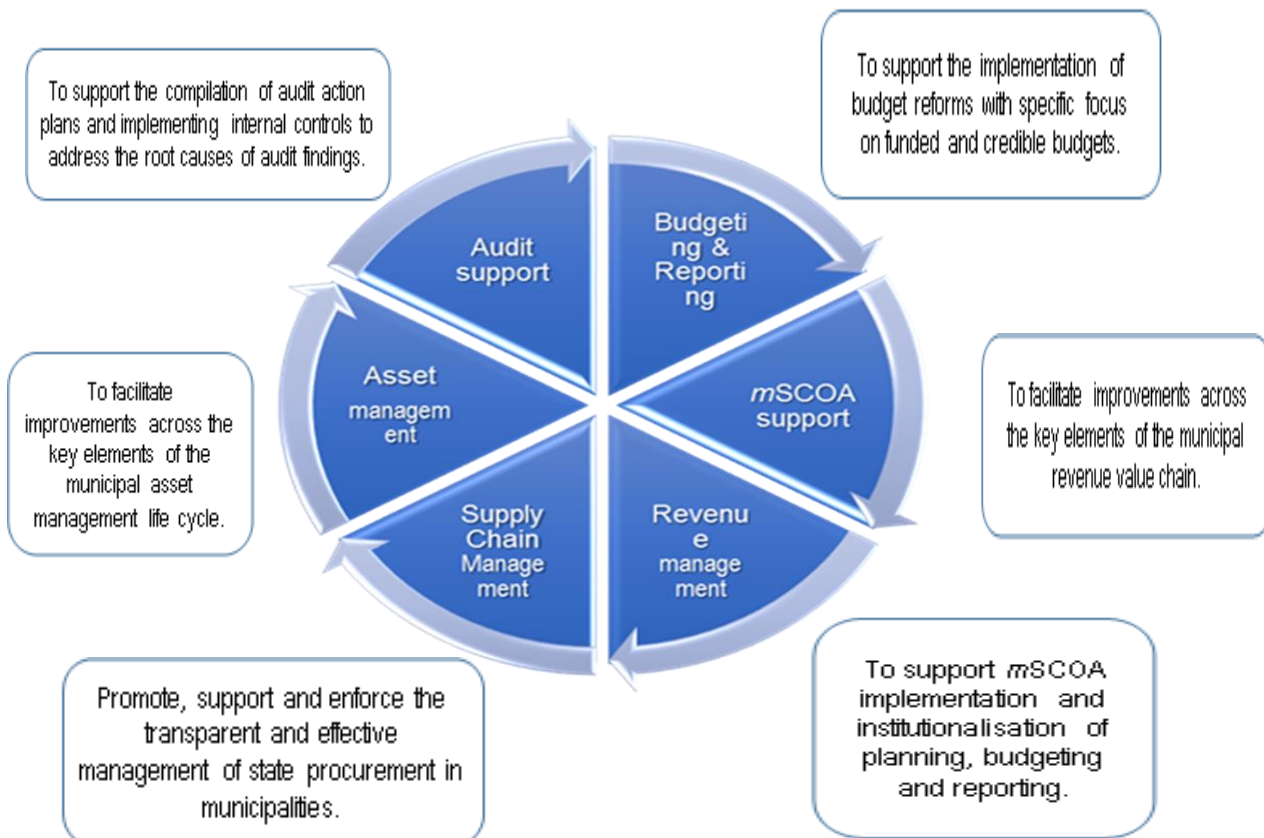
That:

1. The report regarding the 2019/20 Mid-Year Performance and Budget assessment and s71 of the Limpopo Municipalities, be noted.
2. The Legislature to take note of the importance of collaboration between Provincial Treasury and the Department of Cooperative Governance (DCoG) in relation to oversight and enforcement of compliance tools and the back to basics programme to improve municipal sustainability.

The figure below shows, the back to basics approach based on five pillars which sets clear benchmarks of municipal performance, namely:



3. The Legislature take note on the sound financial management and accounting pillar, the game changers which intends to focus on initiatives by provincial treasuries in enhancing support to municipalities. These are matters of importance to municipalities across the country and are central to negative audit findings. The diagram below depicts the six game changers and the nature of support each provides to municipalities.



4. The Legislature to utilize the 2019/20 Mid-Year Performance and Budget assessment and s71 of the Limpopo Municipalities, as a basis for future engagements with municipalities with specific emphasis on struggling municipalities like Mogalakwena, Modimolle-Mookgophong, Sekhukhune, Musina, and Mopani.

Appendices

Appendix 1: – Operating Revenue

Appendix 1: Operating Revenue - M06 December 2019													
R thousands	Original Budget	Adjusted Budget	YTD Budget	YTD Actual	% of year to date Budget	Property Rates Billed 1	Service Charges					Other Revenue	Transfers Recognised
							Electricity Billed	Water Billed	Sanitation Billed	Refuse Removal Billed	Other Service Charges Billed		
Blouberg	288 767	269 717	134 859	188 903	140%	23 670	13 169	1 332	368	471	4 790	677	144 425
Capricorn	693 752	737 946	328 548	494 879	151%	-	-	31 201	5 158	-	14 927	294	443 299
Lepelle-Nkumpi	354 367	354 367	177 183	-	0%	-	-	-	-	-	-	-	-
Molemole	227 596	227 596	113 798	131 420	115%	9 929	3 777	527	387	1 100	5 823	836	109 041
Polokwane	3 794 802	3 895 294	1 897 401	1 809 623	95%	253 610	500 293	213 187	48 390	55 146	134 544	8 709	595 745
Capricorn Total	5 359 284	5 484 920	2 651 789	2 624 825	99%	287 209	517 239	246 248	54 302	56 717	160 084	10 516	1 292 509
Ba-phalaborwa	546 994	543 496	258 417	272 414	105%	60 046	54 755	46 893	5 423	8 672	27 336	630	68 660
Giyani	366 373	397 373	198 686	323 011	163%	42 951	-	-	-	3 678	35 921	1 113	239 348
Letaba	366 373	397 373	198 686	220 044	111%	18 812	(284)	952	815	2 021	15 190	3 062	179 477
Tzaneen	1 269 626	1 269 626	634 813	710 381	112%	60 037	287 856	1 319	556	17 071	44 106	1 522	297 914
Maruleng	246 302	258 655	123 151	92 327	75%	37 698	-	1 453	180	1 570	5 337	4 593	41 497
Mopani	1 173 009	1 173 009	586 504	391 396	67%	-	-	-	-	-	5 765	86	385 545
Mopani Total	3 968 677	4 039 533	2 000 259	2 009 574	100%	219 544	342 327	50 817	6 974	33 011	133 655	11 006	1 212 441
Elias Mtsosaledi	501 002	491 692	300 349	281 928	94%	17 813	43 372	-	-	4 202	12 295	616	203 629
Ephraim Mogale	268 627	270 999	134 314	169 091	126%	18 648	29 908	-	-	2 387	8 864	535	108 748
Tubatse Fetakgomo	711 458	651 043	325 522	282 696	87%	63 154	-	-	-	11 039	17 677	502	190 325
Makhuduthamaga	365 083	365 958	182 979	243 805	133%	20 421	-	-	-	63	17 205	3 076	203 040
Sekhukhune District	1 384 613	1 119 997	559 999	668 338	119%	-	-	41 007	6 478	-	12 886	3 233	604 734
Sekhukhune Total	3 230 783	2 899 689	1 503 161	1 645 858	109%	120 036	73 281	41 007	6 478	17 692	68 927	7 963	1 310 476
Makhado	960 894	879 699	458 091	505 271	110%	33 033	121 300	-	4	4 719	27 336	49 027	269 853
Musina	339 055	356 603	169 528	202 044	119%	10 756	60 621	524	524	6 533	9 960	5 248	107 879
Collins Chabane	401 775	431 320	200 888	198 176	99%	(57 264)	-	-	-	(13 029)	9 924	(20 788)	279 332
Thulamela	747 529	759 373	373 764	451 250	121%	48 516	-	-	-	11 779	42 786	8 730	339 439
Vhembe District	1 698 952	1 274 647	849 476	1 088 460	128%	-	-	78 746	19	-	19 631	94 599	895 466
Vhembe Total	4 148 205	3 701 642	2 051 746	2 445 202	119%	35 040	181 921	79 270	546	10 002	109 637	136 817	1 891 969
Bela-bela	430 564	423 249	215 288	213 673	99%	35 133	59 338	16 199	9 053	4 364	20 936	1 798	66 853
Lephalale	540 764	541 964	269 573	260 575	97%	88 260	53 272	18 449	6 538	3 481	40 535	1 013	49 028
Modimolle-Mookgopong	563 794	563 794	281 897	178 849	63%	42 052	41 670	36 376	15 845	9 989	17 886	1 909	13 121
Mogalakwena	1 041 006	1 052 545	526 272	576 970	110%	39 468	125 691	66 663	8 811	8 439	30 995	2 117	294 785
Thabazimbi	362 287	372 288	180 782	441 348	244%	36 572	19 325	35 607	11 205	7 651	35 921	284	294 785
Waterberg district	141 612	140 812	70 806	105 419	149%	-	-	-	-	-	3 937	3 740	97 743
Waterberg Total	3 080 027	3 094 652	1 544 617	1 776 834	115%	241 485	299 295	173 294	51 453	33 923	150 209	10 860	816 315

Source: NT Local Government Database

Appendix 2: – Operating Expenditure

Appendix 2: Operating Expenditure - M06 December 2019

R thousands	Original Budget	Adjusted Budget	YTD Budget	YTD Actual	% of Budget	Employee Related Cost	Councillor Remuneration	Debt Impairment	Depreciation and asset	Bulk Purchases	Contracted Services	Other Materials	Transfers and	Other Expenditure
Blouberg	312 413	313 511	166 755	103 367	66%	53 526	8 226	-	-	-	17 389	937	-	23 289
Capricorn	786 032	742 658	873 206	243 527	28%	144 057	7 172	-	37 115	80	25 251	3 786	-	26 067
Lepelle-Nkumpi	304 275	304 275	304 275	19 768	6%	-	-	-	-	-	-	-	-	19 768
Molemole	205 549	205 549	205 549	86 051	42%	42 122	6 205	3 309	8 033	8	7 155	2 266	-	16 954
Polokwane	3 549 931	3 549 931	3 549 931	1 195 261	34%	430 451	18 976	35 190	15	32 464	498 090	22 032	2 940	155 105
Total	5 158 199	5 115 922	5 089 714	1 647 974	32%	670 156	40 578	38 499	45 162	32 552	547 884	29 021	2 940	241 182
Ba-phalaborwa	541 179	532 421	263 481	193 615	73%	84 244	6 665	-	24 969	130	32 522	119	-	44 968
Giyani	372 191	369 206	184 603	136 413	74%	88 985	15 267	-	-	-	-	3 472	600	28 089
Letaba	313 788	313 788	166 896	163 178	104%	53 686	10 955	-	16 736	-	15 643	5 164	-	60 993
Tzaneen	1 313 897	1 313 897	666 952	335 039	51%	131 808	8 423	-	45	2 450	112 556	11 020	5 764	62 973
Maruleng	220 804	230 917	110 402	35 470	32%	6 317	1 278	-	-	-	-	850	-	27 025
Mopani	786 032	742 658	873 206	110 784	13%	-	7 172	-	37 115	80	25 251	3 786	-	37 380
Total	3 547 891	3 502 888	2 245 539	974 500	43%	365 040	49 760	-	78 865	2 659	185 972	24 411	6 364	261 429
Elias Motsoaledi	482 595	485 305	247 168	158 414	64%	74 881	12 110	-	-	1 173	38 241	8 706	1 262	22 042
Ephraim Mogale	298 375	292 096	149 188	85 877	58%	39 431	6 690	-	-	52	17 484	538	-	21 683
Tubatse Fetakgomo	576 104	616 560	308 279	149 398	48%	87 868	16 562	390	-	17	-	1 330	31	43 199
Makhuduthamaga	337 027	339 028	168 312	84 283	50%	31 847	11 322	-	14 094	-	-	32	3 825	23 163
Sekhukhune District	925 053	987 148	493 573	403 023	82%	194 008	7 939	2 373	42 473	-	71 934	9 526	2 543	72 226
Total	2 619 154	2 720 138	1 366 521	880 995	64%	428 034	54 623	2 763	56 568	1 242	127 659	20 132	7 661	182 313
Makhado	958 974	940 435	479 241	342 275	71%	115 111	10 706	442	30 520	66	94 724	10 376	-	80 330
Musina	339 055	354 808	169 528	18 533	11%	-	-	-	-	1 306	1 500	1 484	198	14 045
Collins Chabane	218 577	349 189	125 670	103 692	83%	53 868	13 051	-	10 711	-	-	4 221	3 460	18 382
Thulamela	676 528	686 588	338 264	80 906	24%	(0)	-	8 803	24 983	-	-	6 753	4 738	35 629
Vhembe	1 034 694	1 135 374	545 829	352 163	65%	278 733	6 903	-	-	214	-	12 627	-	53 687
Total	3 227 829	3 466 394	1 658 532	897 569	54%	447 713	30 660	9 245	66 214	1 586	96 224	35 460	8 396	202 073
Bela-bela	424 047	418 223	212 009	108 077	51%	14 490	624	(45)	216	2 343	60 583	4 370	-	25 496
Lephalale	574 261	539 306	247 687	237 162	96%	81 627	4 431	-	811	29 529	55 411	1 233	(31)	64 151
Modimolle-Mookgopong	704 658	704 658	352 329	168 234	48%	101 930	6 304	13	4	-	30 666	655	-	28 661
Mogalakwena	1 040 177	995 720	497 856	321 733	65%	152 995	10 799	(49)	22	-	115 614	5 110	118	37 124
Thabazimbi	397 250	365 618	196 370	134 180	68%	62 739	4 349	-	-	5 339	45 758	57	-	15 938
Waterberg district	168 985	190 071	87 884	71 685	82%	52 891	5 144	-	-	-	-	1 002	-	12 647
Total	3 309 378	3 213 596	1 594 135	1 041 071	65%	466 673	31 651	(80)	1 053	37 211	308 032	12 428	87	184 017

Source: NT Local Government Database

Appendix – 3: Capital Source

Appendix 3: Capital Source of Finance - M06 December 2019

R thousands	Original Budget	Adjusted Budget	Year To Date Budget	YTD Actual	% of Budget	External Loans	Asset Finance Reserve	Internally Generated funds	Public Contributions/Donations	Transfers & Grants				Borrowing	Other
										National Grants	Provincial Grants	District Municipality Grants	Other Transfers & Grants		
Blouberg	69 533	64 385	32 192	23 221	72%			918	392	21 911	-	-	-	-	-
Capricorn	27 776	377 048	234 870	185 730	79%			-	-	185 730	-	-	-	-	-
Lepelle-Nkumpi	104 166	104 166	52 083	-	0%			-	-	-	-	-	-	-	-
Molemole	55 441	55 441	27 721	31 497	114%			4 224	-	27 274	-	-	-	-	-
Polokwane	1 889 186	1 533 659	925 075	467 069	50%			32 714	336	420 428	-	-	-	13 590	-
Total	2 146 102	2 134 700	1 271 941	707 518	56%			37 856	729	655 343				13 590	-
Ba-phalaborwa	47 225	46 973	19 297	14 494	75%			1 390	-	13 104	-	-	-	-	-
Giyani	104 204	94 105	47 052	28 849	61%			2 219	-	26 630	-	-	-	-	-
Letaba	151 354	151 354	75 677	39 483	52%			20 318	-	19 165	-	-	-	-	-
Tzaneen	142 720	142 720	71 360	36 625	51%			7 181	-	29 444	-	-	-	-	-
Maruleng	46 701	54 069	23 351	28 936	124%			-	-	28 936	-	-	-	-	-
Mopani	563 730	563 730	281 865	167 104	59%			641	-	166 463	-	-	-	-	-
Total	1 055 934	1 052 951	518 603	315 492	61%			31 749	-	283 743				-	-
Elias Mtsaoleli	77 399	113 090	43 864	39 516	90%			-	5 443	34 073	-	-	-	-	-
Ephraim Mogale	34 537	34 537	17 268	13 422	78%			-	-	13 422	-	-	-	-	-
Tubatse Felagomo	155 357	163 092	81 546	35 833	44%			7 518	-	25 101	3 214	-	-	-	-
Makhuduthamaga	77 713	72 752	36 376	24 390	67%			4 047	-	20 343	-	-	-	-	-
Sekhukhune District	709 125	682 273	341 136	183 439	54%			2 491	-	180 948	-	-	-	-	-
Total	1 054 131	1 065 744	520 191	296 600	57%			14 055	5 443	273 887	3 214			-	-
Makhado	95 118	132 620	59 651	16 022	27%			-	-	16 022	-	-	-	-	-
Musina	39 016	39 016	19 508	12 072	162%			-	2 434	9 638	-	-	-	-	-
Collins Chabane	183 931	277 002	126 115	95 098	75%			29 702	-	65 396	-	-	-	-	-
Thulamela	170 383	172 168	85 192	99 738	117%			23 196	-	76 542	-	-	-	-	-
Vhembe	-	678 303	140 325	30 984	22%			2 959	-	28 025	-	-	-	-	-
Total	488 448	1 299 109	430 791	253 915	59%			55 857	2 434	195 624				-	-
Bela-bela	75 615	84 315	37 808	19 935	53%			-	-	19 935	-	-	-	-	-
Lephalale	97 568	153 373	60 182	29 623	49%			3 311	-	26 313	-	-	-	-	-
Modimolle-Mookgopong	59 630	59 630	29 815	15 097	51%			-	-	15 097	-	-	-	-	-
Mogalakwena	515 363	529 936	264 968	109 756	41%			4 906	824	104 026	-	-	-	-	-
Thabazimbi	30 000	111 076	28 560	15 192	53%			-	-	7 322	7 870	-	-	-	-
Waterberg district	10 328	9 405	5 364	2 411	5%			2 411	-	-	-	-	-	-	-
Total	788 505	947 735	426 696	189 845	44%			8 458	824	172 693	7 870			-	-

Source: NT Local Government Database

Appendix – 4: Capital Expenditure

Appendix 4: Capital Expenditure - M06 December 2019

Tr												
R thousands	Original Budget	Adjusted Budget	Year To Date Budget	YTD Actual	% of Budget	Energy Sources	Water Management	Waste Water Management	Waste Management (Refuse)	Municipal governance and administration	Community and public safety	Economic and environmental services
Blouberg	69 533	64 385	32 192	23 221	72%	11 873	-	-	78	369	-	10 902
Capricorn	309 134	683 924	474 160	242 246	51%	-	229 281	-	-	6 338	6 627	-
Lepelle-Nkumpi	104 166	104 166	52 083	-	0%	-	-	-	-	-	-	-
Molemole	55 441	55 441	27 721	31 497	114%	490	-	29 587	-	706	714	-
Polokwane	1 889 186	1 533 659	925 075	467 069	50%	8 100	204 566	138 572	1 912	13 152	11 543	89 225
Total	2 427 460	2 441 575	1 511 231	764 033	51%	20 463	433 847	168 159	1 989	20 564	18 884	100 126
Ba-phalaborwa	203 378	283 166	122 878	32 504	26%	4 857	-	-	272	5 090	406	21 879
Giyani	109 370	98 355	49 177	2 289 224	4655%	12 152	-	-	39 785	2 109 072	128 020	196
Letaba	156 386	156 386	78 193	39 483	50%	448	-	-	-	899	9 487	28 648
Tzaneen	142 720	142 720	71 360	36 625	51%	7 181	-	-	-	-	-	29 444
Maruleng	115 347	121 393	57 673	44 485	77%	-	-	-	-	2 608	2 315	39 561
Mopani	309 134	683 924	474 160	242 246	51%	-	229 281	-	-	6 338	6 627	-
Total	1 036 335	1 485 944	853 442	2 684 566	315%	24 639	229 281	-	40 057	2 124 007	146 855	119 728
Elias Mokoaleedi	95 654	113 090	54 348	48 664	90%	12 856	-	-	626	539	-	34 643
Ephraim Mogale	50 217	50 361	25 108	14 965	60%	467	-	-	-	104	13	14 381
Tubaise Fetakgomo	155 357	163 092	81 546	35 833	44%	-	-	-	800	29 315	249	5 470
Makhuduthamaga	90 013	89 261	44 631	31 743	71%	-	-	-	-	2 813	-	28 930
Sekhukhune District	309 134	683 924	474 160	242 246	51%	-	229 281	-	-	6 338	6 627	-
Total	700 374	1 099 729	679 793	373 451	55%	13 322	229 281	-	1 426	39 110	6 889	83 424
Makhado	203 378	283 166	122 878	32 504	26%	4 857	-	-	272	5 090	406	21 879
Musina	39 016	39 016	122 878	32 504	26%	4 857	-	-	272	5 090	406	21 879
Collins Chabane	183 931	277 002	126 115	111 868	89%	11 161	-	-	3 936	16 556	17 725	62 490
Thulamela	170 383	172 168	85 192	99 738	117%	-	-	-	180	28	7 523	92 007
Vhembe District	309 134	683 924	474 160	242 246	51%	-	229 281	-	-	6 338	6 627	-
DC 18 Total	905 842	1 455 276	931 224	518 860	56%	20 876	229 281	-	4 659	33 102	32 687	198 255
Bela-bela	75 615	84 315	37 808	17 088	45%	4 544	1 568	2 585	-	-	1 581	6 810
Lephalale	98 626	160 616	61 065	29 623	49%	1 582	9 172	7 664	-	1 239	172	9 795
Modimolle-Mookgopong	59 630	59 630	61 065	29 623	49%	1 582	9 172	7 664	-	1 239	172	9 795
Mogalakwena	515 363	529 936	264 968	109 756	41%	3 773	82 952	853	-	-	11 735	10 443
Thabazimbi	63 228	111 076	45 174	34 902	77%	590	6 732	7 870	-	-	4 939	14 771
Waterberg district	309 134	683 924	474 160	242 246	0%	-	229 281	-	-	6 338	6 627	-
DC 18 Total	1 121 597	1 629 497	944 240	463 238	49%	12 070	338 876	26 635	-	8 816	25 226	51 616

Source: NT Local Government Database

Appendix – 5: Cash Flow

Appendix 5: Cash Flow - M06 December 2019

R '000	Cashflow from Operating Activities										Cashflow from Investing Activities						Cashflow from Financing Activities					Net Increase/(Decrease) in Cash Held	Cash/Cash equivalents at year begin	Cash/Cash equivalents month/year end	Cash/Cash equivalents month/year end			
	Receipts					Payments					NET CASHFLOW FROM (USED) OPERATING ACTIVITIES	Receipts			Payments			NET CASHFLOW FROM (USED) INVESTING ACTIVITIES	Short term loans	Borrowing long term/financing	Increase (decrease) in consumer deposits					Repayment of borrowing	NET CASHFLOW FROM (USED) FINANCING ACTIVITIES	
	Property Rates	Service Charges	Other Revenue	Transfers & Subsidies - Operational	Transfers & Subsidies - Capital	Interest	Suppliers and Employees	Finance Charges	Transfers	Proceeds on disposal of PPE		Decrease (Increase) in non-current debtors	Decrease (Increase) in non-current receivables	Decrease (Increase) in non-current investments	Capital Assets	Receipts	Payments											NET CASHFLOW FROM (USED) FINANCING ACTIVITIES
Blouberg	-	-	-	-	-	-	(120 883)	-	-	(120 883)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(120 883)	10 654	(110 229)	(89 575)
Capricorn	-	-	-	-	-	-	(308 715)	(80)	-	(308 795)	-	-	-	-	-	-	-	-	(23)	(23)	(308 818)	-	-	-	(308 818)	-	(308 818)	(308 818)
Lepelle-Nkumpi	-	-	-	-	-	-	-	-	-	-	-	12 750	-	12 750	-	-	-	-	-	-	-	-	-	-	12 750	-	12 750	12 750
Molemole	-	-	-	-	-	-	(87 320)	(8)	-	(87 328)	-	-	-	-	-	-	-	-	-	(448)	(448)	(87 776)	19 370	-	(68 406)	(49 037)		
Pookwane	176 327	752 460	83 629	630 253	689 746	146	(1 393 589)	(32 464)	(2 940)	903 567	0	-	-	(576 314)	(576 314)	-	-	0	25 694	25 694	352 947	185 848	-	538 795	724 642			
Total	176 327	752 460	83 629	630 253	689 746	146	(1 910 508)	(32 552)	(2 940)	386 561	0	-	12 750	(576 314)	(563 564)	-	-	0	25 223	25 223	(151 781)	215 871	-	64 091	279 962			
Ba-phalaborwa	-	-	-	-	-	-	(175 351)	(130)	-	(175 480)	-	-	-	-	-	-	-	-	-	-	(175 480)	-	-	-	(175 480)	-	(175 480)	(175 480)
Gijani	-	-	-	-	-	-	(156 677)	-	(600)	(157 277)	-	-	-	-	-	-	-	-	(1 414)	(1 414)	(158 691)	-	-	-	(158 691)	-	(158 691)	(158 691)
Letaba	-	-	-	-	-	-	(147 847)	-	-	(147 847)	-	-	-	-	-	-	-	-	-	-	(147 847)	-	-	-	(147 847)	-	(147 847)	(147 847)
Tzaneen	-	-	-	-	-	-	(365 534)	(2 450)	(5 764)	(363 748)	-	-	358	-	368	-	-	-	-	-	(363 389)	-	-	-	(363 389)	-	(363 389)	(363 389)
Manuleng	-	-	45 317	44 393	8 655	-	(33 013)	-	-	65 351	-	-	-	(47 529)	(47 529)	-	-	-	-	-	-	-	17 822	137 893	155 715	293 608		
Mopani	-	-	-	-	-	-	(447 910)	-	-	(447 910)	-	-	-	(22 293)	(22 293)	-	-	-	(58 643)	(58 643)	(528 846)	31 269	-	(497 578)	(466 309)			
Total	-	-	45 317	44 393	8 655	-	(1 316 331)	(2 580)	(1 220 547)	(1 226 911)	-	-	358	(69 822)	(69 464)	-	-	(60 057)	(60 057)	(1 356 431)	169 161	-	(1 187 270)	(1 018 109)				
Elias Mokoaledi	-	701	6 698	17 028	-	-	(205 077)	(1 173)	(1 262)	(183 084)	-	-	-	(50 034)	(50 034)	-	-	-	(560)	(560)	(233 708)	24 293	-	(209 415)	(185 122)			
Ephraim Mogale	17 588	35 079	9 260	111 758	24 377	-	(95 713)	(52)	-	102 297	-	-	-	(17 580)	(17 580)	-	-	368	368	85 085	127 762	-	-	212 848	340 610			
Tubase Fetakgomo	-	-	-	-	-	-	(189 573)	(17)	(31)	(189 620)	-	-	-	-	-	-	-	-	-	-	(189 620)	89 482	-	(100 139)	(10 657)			
Makhuduthamaga	-	-	-	-	-	-	(130 571)	-	(3 026)	(133 597)	-	-	-	-	-	-	-	-	-	-	(133 597)	-	-	(133 597)				
Sekhukhune	-	-	-	-	-	-	(438 118)	-	-	(438 118)	-	-	(231 540)	-	(231 540)	-	-	-	-	-	(669 658)	(31 754)	-	(701 423)	(733 187)			
Total	17 588	35 780	15 958	128 786	24 377	-	(1 059 051)	(1 242)	(837 804)	(842 123)	-	-	(231 540)	(67 614)	(299 154)	-	-	-	(222)	(222)	(1 141 499)	209 773	-	(931 726)	(721 953)			
Makhado	157 959	139 699	23 653	271 151	42 839	3 209	(304 416)	(66)	-	334 028	-	-	-	(47 565)	(47 565)	-	-	-	(3 568)	(3 568)	282 895	113 075	-	395 970	509 045			
Musina	-	35 961	94 615	47 103	-	451	(18 783)	(1 306)	(39)	158 002	-	855	-	(47 565)	(46 709)	-	-	0	0	111 293	28 341	-	-	139 633	167 974			
Collins Chabane	3 108	657	1	147 804	6 000	-	(130 600)	-	(3 052)	23 918	-	-	-	(125 927)	(125 927)	-	-	-	(603)	(603)	(102 611)	333 367	-	230 756	564 123			
Thulamela	50	-	19 850	-	-	-	(63 020)	-	(553)	(43 672)	-	-	-	(115 846)	(115 846)	-	-	-	(431)	(431)	(159 949)	537 176	-	377 227	914 403			
Vhembe	-	244	92 901	986 134	-	-	(472 701)	(214)	-	606 364	-	-	-	(237 395)	(237 395)	-	-	-	(45 097)	(45 097)	323 873	(5 973 632)	-	(5 649 759)	(11 623 391)			
Total	161 117	176 582	231 021	1 452 192	48 839	3 659	(989 519)	(1 586)	1 082 285	1 078 642	-	855	-	(574 296)	(573 441)	-	-	-	(49 699)	(49 699)	455 501	(4 961 674)	-	(4 506 172)	(9 467 846)			
Bea-Bela	-	2	14 350	90 226	38 000	-	(107 348)	(2 343)	-	32 887	-	-	-	(23 430)	(23 430)	-	-	-	(14 834)	(14 834)	(5 385)	133 031	-	127 645	260 676			
Lephalale	-	-	-	-	-	-	(184 518)	(4 565)	31	(189 052)	-	-	-	-	-	-	-	-	371	371	(188 681)	148	-	(188 533)	(188 385)			
Modimolle-Mokgopong	23 219	64 185	38 406	11 087	7 000	376	(178 118)	-	-	(33 845)	-	-	-	(20 284)	(20 284)	-	-	(20)	(20)	(54 149)	(39 871)	-	(94 020)	(133 891)				
Mogalakwena	-	-	-	-	-	-	(422 666)	-	(118)	(422 784)	-	3 792	-	-	3 792	-	-	-	-	-	(418 993)	(2 682)	-	(421 675)	(424 357)			
Thabazimbi	25 675	56 105	9 022	4 934	-	-	(128 735)	(5 339)	-	(38 339)	-	-	-	(38 024)	(38 024)	-	-	-	(154)	(154)	(76 517)	77 113	-	597	77 710			
Waterberg district	-	-	625	108 545	-	-	(86 812)	-	-	22 358	-	-	-	(4 95)	(4 95)	-	-	-	-	-	21 863	87 494	-	109 357	196 851			
Total	48 895	120 292	62 403	214 792	45 000	376	(1 108 199)	(12 247)	(628 688)	(628 775)	-	3 792	-	(82 241)	(78 449)	-	-	-	(14 637)	(14 637)	(721 881)	255 232	-	(466 629)	(211 397)			

Source: NT Local Government Database

Appendix – 6: Debtors Age Analysis

Appendix 6: Debtors Age Analysis - M06 December 2019

R '000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
Blouberg	2 535	2%	1 131	1%	964	1%	140 732	97%	145 362
Capricorn		0%		0%		0%		0%	-
Lepelle-Nkumpi		0%		0%		0%		0%	-
Molemole	2 752	2%	2 626	2%	2 478	2%	125 233	94%	133 089
Polokwane	240 646	16%	76 740	5%	53 876	4%	1 109 952	75%	1 481 214
Total	245 933	14%	80 497	5%	57 318	3%	1 375 917	78%	1 759 665
Ba-phalaborwa	38 536	5%	18 107	2%	34 061	4%	679 519	88%	770 223
Giyani	9 486	3%	11 715	3%	7 561	2%	330 664	92%	359 426
Letaba		0%		0%		0%		0%	-
Tzaneen	63 007	9%	22 112	3%	23 430	3%	572 442	84%	680 991
Maruleng	-	0%	-	0%	-	0%	-	0%	-
Mopani		0%		0%		0%		0%	-
Total	111 029	6%	51 934	3%	65 052	4%	1 582 625	87%	1 810 640
Elias Motsoaledi	17 379	18%	2 676	3%	2 514	3%	74 285	77%	96 854
Ephraim Mogale	12 838	10%	2 511	2%	2 486	2%	107 770	86%	125 605
Tubatse Fetakgomo	13 099	3%	13 442	3%	8 937	2%	445 722	93%	481 200
Makhuduthamaga	5 996	1%	6 407	2%	6 510	2%	397 277	95%	416 190
Sekhukhune District	18 919	9%	6 724	3%	5 742	3%	179 833	85%	211 218
Total	68 231	5%	31 760	2%	26 189	2%	1 204 887	91%	1 331 067
Makhado	-	0%	-	0%	-	0%	-	0%	-
Musina		0%		0%		0%		0%	-
Collins Chabane	5 673	6%	2 503	3%	2 475	3%	78 495	88%	89 146
Thulamela	24 161	4%	10 347	2%	9 277	2%	497 993	92%	541 778
Vhembe District	33 571	14%	15 659	7%	12 585	5%	170 456	73%	232 271
Total	63 405	7%	28 509	3%	24 337	3%	746 944	87%	863 195
Bela-bela		0%		0%		0%		0%	-
Lephalale	29 186	10%	14 719	5%	8 733	3%	248 287	83%	300 925
Modimolle-Mookgopong		0%		0%		0%		0%	-
Mogalakwena	73 685	9%	23 965	3%	22 226	3%	746 300	86%	866 176
Thabazimbi		0%		0%		0%		0%	-
Waterberg district	60	100%	-	0%	-	0%	-	0%	60
Total	102 931	9%	38 684	3%	30 959	3%	994 587	85%	1 167 161

Source: NT Local Government Database

Appendix – 7: Debtors by Customer Group

Appendix 7: Debtors by Customer Group - M06 December 2019

R '000	Government		Business		Households		Other		Total
	Total	%	Total	%	Total	%	Total	%	
Blouberg	-	0%	-	0%	145 363	100%	-	0%	145 363
Capricorn		0%		0%		0%		0%	-
Lepelle-Nkumpi		0%		0%		0%		0%	-
Molemole	133 088	100%	0	0%	-	0%	-	0%	133 088
Polokwane	106 444	7%	425 968	29%	948 802.00	64%	-	0%	1 481 214
Total	239 532	14%	425 968	24%	1 094 165	62%	0	0%	1 759 665
Ba-phalaborwa	153 220	20%	33 948	4%	500 804.00	65%	82 251.00	11%	770 223
Giyani	69 130	19%	34 156	10%	246 445.00	69%	9 695.00	3%	359 426
Letaba		0%		0%		0%		0%	0
Tzaneen	680 991	100%	0	0%	-	0%	-	0%	680 991.00
Maruleng	0	0%	0	0%	-	0%	-	0%	0
Mopani		0%		0%		0%		0%	-
Total	903 341	50%	68 104	4%	747 249	41%	91 946	5%	1 810 640
Elias Motsoaledi	18 154	19%	41 449	43%	37 251.00	38%	-	0%	96 854
Ephraim Mogale	12 049	10%	79 772	64%	33 784.00	27%	-	0%	125 605
Tubatse Fetakgomo	0	0%	0	0%	481 200.00	100%	-	0%	481 200
Makhuduthamaga	391 584	94%	43 820	11%	233.00	0%	-19 447.00	-5%	416 190
Sekhukhune District	10 462	5%	20 855	10%	179 901.00	85%	-	0%	211 218
Total	432 249	32%	185 896	14%	732 369	55%	-19 447	-1%	1 331 067
Makhado	0	0%	0	0%	-	0%	-	0%	-
Musina	0	0%	0	0%	-	0%	-	0%	-
Collins Chabane	33 304	37%	8 609	10%	47 233.00	53%	-	0%	89 146
Thulamela	25 182	5%	86 217	16%	430 379.00	79%	-	0%	541 778
Vhembe District	29 900	13%	42 257	18%	160 114.00	69%	-	0%	232 271
Total	88 386	10%	137 083	16%	637 726	74%	0	0%	863 195
Bela-bela		0%		0%		0%		0%	0
Lephalale	300 925	100%	0	0%	-	0%	-	0%	300 925
Modimolle-Mookgopong		0%	0	0%	-	0%	-	0%	-
Mogalakwena	866 176	100%	0	0%	-	0%	-	0%	866 176
Thabazimbi		0%		0%		0%		0%	0
Waterberg district	0	0%	60	100%	-	0%	-	0%	60
Total	1 167 101	100%	60	0%	0	0%	0	0%	1 167 161

Source: NT Local Government Database

Appendix – 8: Creditors Age Analysis

Appendix 8: Creditors Age Analysis - M06 December 2019

R '000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
Blouberg	0	0%	-	0%	-	0%	-	0%	-
Capricorn	0	0%	-	0%	21	111%	-2	-11%	19
Lepelle-Nkumpi		0%		0%		0%		0%	-
Molemole	2	2%	-	0%	-	0%	80	98%	82
Polokwane	149 733	82%	7 612	4%	-	0%	26 325	14%	183 670
Total	149 735	81%	7 612	4%	21	0%	26 403	14%	183 771
Ba-Phalaborwa	106	0%	4 096	19%	10 201	46%	7 603	35%	22 006
Greater Giyani	0	0%	-94	-12%	135	17%	739	95%	780
Greater Letaba		0%		0%		0%		0%	-
Greater Tzaneen	1 168	1%	13 578	10%	6 392	4%	121 188	85%	142 326
Maruleng	1	100%	-	0%	-	0%	-	0%	1
Mopani	300 254	97%	7 802	3%	-	0%	-	0%	308 056
Total	301 529	64%	25 382	5%	16 728	4%	129 530	27%	473 169
Elias Motsoaledi	0	0%	-	0%	-	0%	-	0%	-
Ephraim Mogale	0	0%	-	0%	-	0%	-	0%	-
Tubatse Fetakgomo	1 591	28%	4 065	72%	-	0%	10	0%	5 666
Makhuduthamaga	-528	-48%	1 631	148%	-	0%	-	0%	1 103
Sekhukhune District	28 050	15%	11 484	6%	151 245	79%	-	0%	190 779
Total	29 113	15%	17 180	9%	151 245	77%	10	0%	197 548
Makhado	398	50%	-	0%	-	0%	396	50%	794
Musina		0%		0%		0%		0%	-
Collins Chabane	5 345	50%	1 279	12%	332	3%	3 700	35%	10 656
Thulamela	0	0%	-	0%	-	0%	-	0%	-
Vhembe District	9 558	58%	294	2%	51	0%	6 474	40%	16 377
Total	15 301	55%	1 573	6%	383	1%	10 570	38%	27 827
Bela-bela	18 255	35%	-	0%	4 550	9%	28 851	56%	51 656
Lephalale	8 361	46%	57	0%	572	3%	9 374	51%	18 364
Modimolle-Mookgopong	26	0%	169	0%	261	0%	494 218	100%	494 674
Mogalakwena	21 580	100%	-	0%	-	0%	-	0%	21 580
Thabazimbi	13 948	15%	10 966	12%	3 624	4%	66 276	70%	94 814
Waterberg district	0	0%	-	0%	-	0%	-	0%	-
Total	62 170	9%	11 192	2%	9 007	1%	598 719	88%	681 088

Source: NT Local Government Database

Appendix – 9: Creditors by Customer Group

Appendix 9: Creditors by Customer Group - M06 December 2019

R '000	Bulk Electricity		Bulk Water		PAYE deductions		VAT		Pensions/Retirement		Loan Repayments		Trade Creditors		Auditor General		Other		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%		
Blouberg	0	0%	0	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	-
Capricorn	0	0%	0	0%	-	0%	-	0%	-	0%	-	0%	(2)	-11%	-	0%	21	111%	19	
Lepelle-Nkumpi		0%		0%		0%		0%		0%		0%		0%		0%		0%	-	
Molemole	0	0%	0	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	82	100%	82	
Polokwane	247	0%	0	0%	-	0%	-	0%	-	0%	-	0%	178 643	97%	4 780	3%	-	0%	183 670	
DC 16 Total	247	0%	-	0%	-	0%	-	0%	-	0%	-	0%	178 641	97%	4 780	3%	103	0%	183 771	
Ba-phalaborwa	0	0%	0	0%	-	0%	-	0%	-	0%	-	0%	21 923	100%	-	0%	83	0%	22 006	
Giyani	0	0%	0	0%	-	0%	-	0%	-	0%	-	0%	780	100%	-	0%	-	0%	780	
Letaba		0%		0%		0%		0%		0%		0%		0%		0%		0%	-	
Tzaneen	0	0%	31	0%	-	0%	-	0%	67	0%	320	0%	135 852	95%	-	0%	6 057	4%	142 327	
Maruleng	0	0%	0	0%	-	0%	-	0%	-	0%	-	0%	1	100%	-	0%	-	0%	1	
Mopani	0	0%	0	0%	-	0%	2	0%	-	0%	-	0%	303 403	98%	4 651	2%	-	0%	308 056	
Total	-	0%	31	0%	-	0%	2	0%	67	0%	320	0%	461 959	98%	4 651	1%	6 140	1%	473 170	
Elias Motsoaledi	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	
Ephraim Mogale	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	
Tubatse Fetakgomo	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	5 666	100%	-	0%	-	0%	5 666	
Makhuduthamaga	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	1 025	93%	-	0%	77	7%	1 102	
Sekhukhune District	-	0%	154 493	81%	-	0%	-	0%	-	0%	-	0%	36 285	19%	-	0%	-	0%	190 778	
Total	-	0%	154 493	78%	-	0%	-	0%	-	0%	-	0%	42 976	22%	-	0%	77	0%	197 546	
Makhado	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	926	117%	-	0%	(132)	-17%	794	
Musina		0%		0%		0%		0%		0%		0%		0%		0%		0%	-	
Collins Chabane	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	10 656	100%	-	0%	-	0%	10 656	
Thulamela	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	
Vhembe	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	16 377	100%	-	0%	-	0%	16 377	
Total	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	27 959	100%	-	0%	(132)	0%	27 827	
Bela-bela	13 389	26%	1 565	3%	-	0%	-	0%	-	0%	-	0%	36 703	71%	-	0%	-	0%	51 657	
Lephalale	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	4 321	24%	-	0%	14 042	76%	18 363	
Mogalakwena	13 252	61%	3 651	17%	4 093	19%	584	3%	(2)	0%	-	0%	-	0%	-	0%	-	0%	21 578	
Modimolle-Mookgophong	66 556	13%	-	0%	-	0%	-	0%	-	0%	-	0%	428 117	87%	-	0%	-	0%	494 673	
Thabazimbi	84	0%	6 411	3%	18 816	10%	-	0%	-	0%	-	0%	63 680	34%	5 823	3%	94 814	50%	189 628	
Waterberg district	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	
Total	93 281	12%	11 627	1%	22 909	3%	584	0%	(2)	0%	-	0%	532 821	69%	5 823	1%	108 856	14%	775 899	

Source: NT Local Government Database

Appendix – 10: Transfer and Subsidies

Appendix 10: Operating Revenue - M06 December 2019									
R thousands	Original Budget	Adjusted Budget	YTD Budget	YTD Actual	% of year to date Budget	Transfers and contributions			
						Transfers and Subsidies - Capital (National/provincial/district)	Transfers and Subsidies (Nat/Pro/Dept Entities/Household/NPO/P E/PC/HE)	Transfers and Subsidies (allocation in kind)	taxation
Blouberg	210 915	191 915	95 957	144 425	151%	41 191	-	-	-
Capricorn	596 929	641 033	298 375	443 299	149%	202 853	-	-	-
Lepelle-Nkumpi	253 358	253 358	126 679	-	0%	-	-	-	-
Molemole	147 906	147 906	73 953	109 041	147%	31 038	-	-	-
Polokwane	1 039 367	1 113 659	519 684	595 745	115%	479 560	1 043	-	-
Capricorn Total	2 248 475	2 347 871	1 114 647	755 686	68%	754 643	1 043	-	-
Ba-phalaborwa	156 352	156 352	78 176	68 660	88%	12 764	-	-	-
Giyani	293 024	293 024	146 512	239 348	163%	-	-	-	-
Letaba	286 624	286 624	143 312	179 477	125%	30 600	-	-	-
Tzaneen	416 300	416 300	208 150	297 914	143%	41 191	-	-	-
Maruleng	127 505	127 505	63 753	41 497	65%	41 191	-	-	-
Mopani	927 159	927 159	463 580	385 545	83%	86 996	-	-	-
Mopani Total	2 206 964	2 206 964	1 103 482	212 743	19%	212 743	-	-	-
Elias Motsoaledi	272 735	272 735	181 582	203 629	112%	36 926	10 271	-	-
Ephraim Mogale	148 974	148 974	74 487	108 748	146%	41 191	-	-	-
Tubatse Fetakgomo	504 641	420 272	210 136	190 325	91%	30 549	-	-	-
Makhuduthamaga	270 771	270 771	135 386	203 040	150%	41 191	-	-	-
Sekhukhune District	1 249 703	891 189	445 594	604 734	136%	202 853	-	371	-
Sekhukhune Total	2 446 824	2 003 941	1 047 185	362 981	35%	352 710	10 271	-	-
Makhado	361 091	361 091	180 546	269 853	149%	36 219	-	-	-
Musina	146 421	155 881	73 211	107 879	147%	2 458	-	-	-
Collins Chabane	357 891	373 070	178 946	279 332	156%	61 055	-	-	-
T humamela	482 309	480 559	241 155	339 439	141%	62 073	(7)	-	-
Vhembe District	1 519 297	1 028 153	759 649	895 466	118%	202 853	-	-	-
Vhembe Total	2 867 009	2 398 754	1 433 505	364 652	25%	364 658	(7)	-	-
Bela-bela	93 655	93 655	46 828	66 853	143%	14 627	-	-	-
Lephalale	152 983	152 983	76 492	49 028	64%	-	-	-	-
Modimolle-Mookgopong	115 923	115 923	57 961	13 121	23%	15 116	-	-	-
Mogalakwena	452 100	449 600	224 800	294 785	131%	79 684	-	-	-
T habazimbi	97 365	97 365	48 682	-	0%	-	-	-	-
Waterberg district	130 990	130 990	65 495	97 743	149%	-	-	-	-
Waterberg Total	1 043 016	1 040 516	520 258	521 530	100%	109 427	-	-	-

Source: NT Local Government Database