



# LIMPOPO

PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

## PROVINCIAL TREASURY

Enq: Mulenga S

Date: 7 May 2009

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

**Fax: (012) 315 5230**

Attention: Mr. J. Hattingh

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

1. In terms of section 71(6) of the MFMA the Provincial Treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement in the prescribed format on the state of the municipalities' budgets, per municipality and per municipal entity.
2. Attached please find the Limpopo Provincial Treasury's MFMA section 71(6) consolidated statements and a related narrative report as at 31 March 2009.

Mr RWN Tooley

HEAD OF DEPARTMENT

DATE: 08/05/2009 .

**LIMPOPO PROVINCIAL TREASURY**  
**Municipal Budget Performance**  
**Consolidated Statement as at 31 March 2009**  
**(3<sup>rd</sup> Quarter)**

**Introduction**

This consolidated budget statement and report covers the financial performance of municipalities for the quarter ending 31 March 2009.

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

**Legislative Framework**

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

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

## MFMA IMPLEMENTATION RELATED MATTERS

### Compliance to submission of s71 on due date

The table below indicates the dates and type of s71 reports that the municipalities submitted for the 3<sup>rd</sup> quarter ending 31 March 2009. S71 (4) of the MFMA states that the statement to the provincial treasury must be in the format of a signed document and in electronic format.

Table 1 below shows the trend of submission of the s71 reports by municipalities for the 3<sup>rd</sup> quarter. It is clear from the table that some municipalities are finding it difficult to comply with legislation which impacts on the provincial treasuries processes of reporting. A matter of concern is that none of the municipalities sent a signed copy (Quality certificate), this can open a way for disputes on the ownership of the contents in the report by a municipality.

Table 1 S71 Submission

Municipality	Jan - 09		Feb - 09		March - 09	
	Electronic/signed copies	Date of submission	Electronic/signed copies	Date of submission	Electronic/signed copies	Date of submission
DC 35 - CAPRICORN	Electronic	13.02.09	Electronic	No Submission	Electronic	16/4/09
NP 351 – BLOUBERG	Electronic	13.02.09	Electronic	10.03.09	Electronic	15/04/09
NP352 – AGANANG	Electronic	13.02.09	Electronic	No Submission	Electronic	16/04/09
NP 353 - MOLEMOLE	Electronic	No Submission	Electronic	13.03.09	Electronic	8/4/2009
NP 354 - POLOKWANE	Electronic	13.02.09	Electronic	10.03.09	Electronic	7/4/2009
NP 355 - LEPELLE-NKUMPI	No Submission	No Submission	No Submission	No Submission	No Submission	No Submission
DC - 47 - GREATER SEKHUKHUNE	Electronic	13.02.09	Electronic	No Submission	Electronic	2/4/2009
NP 03a2 - MAKHUDUTHAMAGA	No Submission	No Submission	Electronic	17.03.09	No Submission	No Submission
NP 03a3 - FETAKGOMO	Electronic	No Submission	Electronic	No Submission	No Submission	No Submission
NP 03a4 - MARBLE HALL	Electronic	12.02.09	Electronic	09.03.09	Electronic	14/4/2009
NP 03a5 - ELIAS MOTSOALEDI	Electronic	10.02.09	Electronic	09.03.09	Electronic	9/4/2009
NP 03a6 - GREATER TUBATSE	Electronic	No Submission	Electronic	11.03.09	No Submission	No Submission
DC 33 - MOPANI	Electronic	13.02.09	Electronic	11.03.09	No Submission	No Submission



Municipality	Jan - 09		Feb - 09		March - 09	
	Electronic/ signed copies	Date of submis sion	Electronic/si gned copies	Date of submissio n	Electroni c/signed copies	Date of submission
					on	
NP 331 - GREATER GIYANI	Electronic	No Submission	Electronic	No Submission	No Submission	No Submission
NP 332 - GREATER LETABA	Electronic	13.02.09	Electronic	No Submission	No Submission	No Submission
NP 333 - GREATER TZANEEN	Electronic	13.02.09	Electronic	13.03.09	Electronic	16/04/09
NP 334 - BAPHALABORWA	Electronic	13.02.09	Electronic	10.03.09	No Submission	No Submission
NP 335 - MARULENG	Electronic	No Submission	Electronic	No Submission	No Submission	No Submission
DC 36 - WATERBERG	Electronic	13.02.09	Electronic	13.03.09	Electronic	9/4/2009
NP 361 - THABAZIMBI	Electronic	18.02.09	Electronic	No Submission	No Submission	No Submission
NP 362 - LEPHALALE	Electronic	19.02.09	Electronic	No submitted	No Submission	No Submission
NP 364 - MOOKGOPONG	Electronic	17.02.09	Electronic	13.03.09	No Submission	No Submission
NP 365 - MODIMOLLE	Electronic	12.02.09	Electronic	13.03.09	Electronic	16/04/09
NP 366 - BELA-BELA	Electronic	10.02.09	Electronic	12.03.09	Electronic	15/04/09
NP 367 - MOGALAKWENA	Electronic	13.02.09	Electronic	12.03.09	Electronic	8/4/2009
DC 34 - VHEMBE	Electronic	18.02.09	Electronic	10.03.09	No Submission	No Submission
NP 341- MUSINA	Electronic	13.02.09	Electronic	12.03.09	Electronic	16/04/09
NP 342 - MUTALE	Electronic	13.02.09	Electronic	09.03.09	Electronic	8/4/2009
NP 343 - THULAMELA	Electronic	17.02.09	Electronic	17.03.09	No Submission	No Submission
NP 344 - MAKHADO	Electronic	18.02.09	Electronic	10.03.09	Electronic	16/04/09

## Capital and Operating Budgets

Table 2 below shows the performance by the five districts on capital for the 3<sup>rd</sup> quarter ending 31 March 2009. The column headed actual to date indicates spending performance for the 3<sup>rd</sup> quarter ending 31 March 2009.

Table 2: Summary of municipal Capital Budget for 3<sup>rd</sup> Quarter 2009

Code	Municipality	Capital Budget			Expenditure		Variance	
		Original budget	Adjustments	Adjusted Capital budget	Actual for the month	Actual to date	Adjusted budget vs Actual to date	% Variance
NP03a2	Makhuduthamaga	39,625,000		39,625,000	2,971,309	4,724,587	34,900,413	12%
NP03a3	Fetakgomo	9,273,077		9,273,077	-	1,217,306	8,055,771	13%
NP03a4	Greater marble Hall	23,712,520		23,712,520	-	1,962,290	21,750,230	8%
NP03a5	Greater Tubatse	30,887,000		30,887,000	(1,973,938)	(1,973,938)	32,860,938	-6%
NP03a6	Elias Motsoaledi	82,425,000		82,425,000	4,743,659	12,250,257	70,174,743	15%
DC47	Greater Sekhukhune	513,771,797		513,771,797	95,156,784	95,156,784	418,615,013	19%
	<b>Sekhukhune</b>	<b>699,694,394</b>		<b>699,694,394</b>	<b>100,897,814</b>	<b>113,337,286</b>	<b>586,357,108</b>	<b>16%</b>
NP331	Greater Giyani	33,696,000		33,696,000	12,861,976	18,103,226	15,592,774	54%
NP332	Greater Letaba	41,765,100		41,765,100	14,544,169	32,842,489	8,922,611	79%
NP333	Greater Tzaneen	69,605,000		69,605,000	2,185,632	16,821,389	52,783,611	24%
NP334	Ba-Phalaborwa	20,123,000		20,123,000	-	5,241,250	14,881,750	26%
NP335	Maruleng	38,362,000		38,362,000	-	5,241,250	33,120,750	14%
DC33	Mopani District	488,299,000		488,299,000	17,692,486	25,059,366	463,239,634	5%
	<b>Mopani District</b>	<b>691,850,100</b>		<b>691,850,100</b>	<b>47,284,263</b>	<b>103,308,970</b>	<b>588,541,130</b>	<b>15%</b>
NP341	Musina	13,870,000		13,870,000	3,775,354	7,882,482	5,987,518	57%
NP342	Mutale	10,258,707		10,258,707	1,088,938	6,330,188	3,928,519	62%
NP343	Thulamela	250,124,000		250,124,000	9,848,269	24,245,636	225,878,364	10%
NP344	Makhado	107,539,600		107,539,600	13,668,338	18,949,816	88,589,784	18%
DC34	Vhembe District	885,461,159		885,461,159	-	122,189,069	763,272,090	14%
	<b>Vhembe</b>	<b>1,267,253,466</b>		<b>1,267,253,466</b>	<b>28,380,899</b>	<b>179,597,191</b>	<b>1,087,656,275</b>	<b>14%</b>
NP351	Blouberg	32,487,000		32,487,000	2,516,434	4,440,779	28,046,221	14%
NP352	Aganang	39,686,737		39,686,737	470,743	7,837,623	31,849,114	20%
NP353	Molemole	84,579,684		84,579,684	4,055,823	4,297,703	80,281,981	5%
NP354	Polokwane	1,244,109,000		1,244,109,000	116,133,113	243,088,688	1,001,020,312	20%
NP355	Lepelle-Nkumpi	92,929,186		92,929,186	1,655,263	4,041,938	88,887,248	4%
DC35	Capricorn District	537,791,802		537,791,802	26,648	321,824	537,469,978	0%
	<b>Capricorn</b>	<b>2,031,583,409</b>		<b>2,031,583,409</b>	<b>124,858,024</b>	<b>259,587,776</b>	<b>1,771,995,633</b>	<b>13%</b>
NP361	Thabazimbi	56,696,000		56,696,000	-	5,241,250	51,454,750	9%
NP362	Lephalale	25,504,400		25,504,400	-	412,280	25,092,120	2%
NP363	Mookgophong	31,565,000		31,565,000	1,431,217	3,579,045	27,985,955	11%
NP364	Modimolle	52,768,000		52,768,000	8,357,917	17,672,043	35,095,957	33%
NP365	Bela-Bela	12,478,000		12,478,000	1,624,941	3,783,413	8,694,587	30%
NP366	Mogalakwena	160,120,000		160,120,000	(11,008,237)	(30,250,256)	190,370,256	-19%
DC36	Waterberg District	24,737,000		24,737,000	21,805	891,420	23,845,580	4%
	<b>Waterberg</b>	<b>363,868,400</b>		<b>363,868,400</b>	<b>427,643</b>	<b>(4,324,335)</b>	<b>368,192,735</b>	<b>-1%</b>
	<b>Total</b>	<b>5,054,249,769</b>	<b>-</b>	<b>5,054,249,769</b>	<b>301,848,644</b>	<b>651,506,889</b>	<b>4,402,742,880</b>	<b>13%</b>

For the quarter under review, the performance is R651.5 million spent or 13 per cent of the total adjusted capital budget of R5.054 billion. Expenditure for the quarter shows that there are serious challenges generally in terms of spending by municipalities. Straight line spending shows that municipalities should have spent about 75 per cent of the adjusted budget. Collectively municipalities have under performed by 62 per cent if comparison is with the straight line spending trend. However the results depicted in the table are could be influenced by the inconsistency in submission of s71 reports which are the source of information. The inconsistency is a direct of the poor showing on the performance in by municipalities.



**Table 3: Summary of municipal Capital Budget for 3<sup>rd</sup> Quarter 2009 cont....**

Code	Municipality	Source of financing						Actual for the month	Actual to date
		External loans	Asset financing reserve	Surplus cash	Public contributions/donations	Government Grants and Subsidies	Other		
NP03a2	Makhuduthamaga	-	-	2,971,309	-	-	-	2,971,309	4,724,587
NP03a3	Fetakgomo	-	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	-	-	-	-	-	-	-	-
NP03a5	Greater Tubatse	-	-	-	-	-	-	-	-
NP03a6	Elias Motsaledi	-	-	85,728	-	4,133,531	-	4,219,259	11,725,857
DC47	Greater Sekhukhune	-	-	-	-	94,863,784	293,000	95,156,784	95,156,784
	<b>Sekhukhune</b>	-	-	<b>3,057,037</b>	-	<b>98,997,315</b>	<b>293,000</b>	<b>102,347,352</b>	<b>111,607,228</b>
NP331	Greater Giyani	-	-	-	-	12,252,388	609,588	12,861,976	19,054,114
NP332	Greater Letaba	-	-	-	-	11,087,369	3,456,800	14,544,169	32,842,489
NP333	Greater Tzaneen	1,186,007	-	-	-	999,625	-	2,185,632	6,245,255
NP334	Ba-Phalaborwa	-	-	-	-	-	-	-	-
NP335	Maruleng	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	-
	<b>Mopani District</b>	<b>1,186,007</b>	-	-	-	<b>24,339,382</b>	<b>4,066,388</b>	<b>29,591,777</b>	<b>58,141,858</b>
NP341	Musina	3,202,050	-	-	-	1,349,996	-	4,552,046	8,178,166
NP342	Mutale	-	-	-	-	1,088,938	-	1,088,938	1,088,938
NP343	Thulamela	-	-	4,564,610	-	5,283,659	-	9,848,269	19,004,386
NP344	Makhado	-	36,665	742,668	-	12,889,005	-	13,668,338	21,062,926
DC34	Vhembe District	-	-	-	-	-	-	-	87,103,319
	<b>Vhembe</b>	<b>3,202,050</b>	<b>36,665</b>	<b>5,307,278</b>	-	<b>20,611,598</b>	-	<b>29,157,591</b>	<b>136,437,735</b>
NP351	Blouberg	-	-	-	-	-	-	-	-
NP352	Aganang	-	-	-	-	-	-	-	-
NP353	Molemole	-	-	-	-	2,997,445	1,058,376	4,055,821	4,162,583
NP354	Polokwane	-	115,309,811	-	-	-	-	115,309,811	248,281,614
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-	-
DC35	Capricorn District	-	-	-	-	-	-	-	-
	<b>Capricorn</b>	-	<b>115,309,811</b>	-	-	<b>2,997,445</b>	<b>1,058,376</b>	<b>119,365,632</b>	<b>252,444,197</b>
NP361	Thabazimbi	-	-	-	-	-	-	-	-
NP362	Lephalale	-	-	-	-	-	-	-	1,333,668
NP363	Mookgophong	-	1,076,562	-	-	354,664	-	1,431,226	3,133,262
NP364	Modimolle	-	-	-	-	-	-	-	13,243,000
NP365	Bela-Bela	236,980	-	226,655	-	1,161,306	-	1,624,941	3,541,533
NP366	Mogalakwena	-	(1,480,163)	-	-	(9,523,951)	-	(11,004,114)	(30,246,133)
DC36	Waterberg District	-	-	-	-	21,805	-	21,805	891,420
	<b>Waterberg</b>	<b>236,980</b>	<b>(403,601)</b>	<b>226,655</b>	-	<b>(7,986,176)</b>	-	<b>(7,926,142)</b>	<b>(8,103,250)</b>
	<b>Total</b>	<b>4,625,037</b>	<b>114,942,875</b>	<b>8,590,970</b>	-	<b>138,959,564</b>	<b>5,417,764</b>	<b>272,536,210</b>	<b>550,527,768</b>

**Capital Revenue: Sources of Finance**

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

For the quarter under review, the performance per source item shows a combined total of R550.5 million collections. These collections by individual items are relatively balanced to the spent in table 1 above. The trend does seem to be distorted considering that municipalities are not consistent in their submission of s71 reports being the main source of information. If all the municipalities were consistent in the submission of s71 reports, the performance would show a very different picture which is far much better than what is being reported.



## Summary of operating Budgets

Table 4: Summary of municipal Operating Budget for 3<sup>rd</sup> Quarter 2009

Code	Municipality	Operating Expenditure						
		Original Budget	adjustments	Adjusted budget	Actual for the month	Actual expenditure to date	Variance Budget - Expenditure	% Variance
NP03a2	Makhuduthamaga	62,619,706		62,619,706		-	62,619,706	0%
NP03a3	Fetakgomo	28,123,149		28,123,149	-	3,952,326	24,170,823	14%
NP03a4	Greater marble Hall	106,764,430		106,764,430	(9,311,482)	(19,672,065)	126,436,495	-18%
NP03a5	Greater Tubatse	142,392,110		142,392,110	(10,580,000)	(10,580,000)	152,972,110	-7%
NP03a6	Elias Motsaledi	109,170,000	2,996,000	112,166,000	(8,501,186)	12,813,027	99,352,973	11%
DC47	Greater Sekhukhune	801,352,682		801,352,682	18,544,352	18,544,352	782,808,330	2%
	<b>Total</b>	<b>1,250,422,077</b>	<b>2,996,000</b>	<b>1,253,418,077</b>	<b>840,915</b>	<b>15,746,871</b>	<b>1,237,671,206</b>	<b>1%</b>
NP331	Greater Giyani	108,670,000		108,670,000		5,514,568	103,155,432	5%
NP332	Greater Letaba	124,555,755	2,525,580	127,081,335	50,003,536	50,003,536	77,077,799	39%
NP333	Greater Tzaneen	413,717,098	14,341,260	428,058,358	33,121,108	33,121,108	394,937,250	8%
NP334	Ba-Phalaborwa	201,820,180		201,820,180	-	-	201,820,180	0%
NP335	Maruleng	43,796,300		43,796,300	-	-	43,796,300	0%
DC33	Mopani District	234,447,076		234,447,076	24,603,423	24,603,423	209,843,653	10%
	<b>Total</b>	<b>1,127,006,409</b>	<b>16,866,840</b>	<b>1,143,873,249</b>	<b>107,728,067</b>	<b>113,242,635</b>	<b>1,030,630,614</b>	<b>10%</b>
NP341	Musina	104,907,000	10,880,000	115,787,000	14,540,245	29,555,430	86,231,570	26%
NP342	Mutale	42,178,794		42,178,794	4,505,227	19,520,412	22,658,382	46%
NP343	Thulamela	222,134,235		222,134,235	(14,431,462)	583,723	221,550,512	0%
NP344	Makhado	339,965,989		339,965,989	21,466,329	59,944,099	280,021,890	18%
DC34	Vhembe District	428,109,722		428,109,722	21,784,913	36,800,098	391,309,624	9%
	<b>Total</b>	<b>1,137,295,740</b>	<b>10,880,000</b>	<b>1,148,175,740</b>	<b>47,865,252</b>	<b>146,403,762</b>	<b>1,001,771,978</b>	<b>13%</b>
NP351	Blouberg	58,253,500		58,253,500	(4,680,584)	(12,659,162)	70,912,662	-22%
NP352	Aganang	38,172,630		38,172,630	1,552,955	6,312,600	31,860,030	17%
NP353	Molemole	52,912,694		52,912,694	(4,385,171)	(10,229,988)	63,142,682	-19%
NP354	Polokwane	1,448,744,600		1,448,744,600	551,837,796	551,837,796	896,906,804	38%
NP355	Lepelle-Nkumpi	80,008,781		80,008,781	20,755,154	28,551,567	51,457,214	36%
DC35	Capricorn District	162,065,492		162,065,492	20,698,578	25,198,859	136,866,633	16%
	<b>Total</b>	<b>1,840,157,697</b>	<b>-</b>	<b>1,840,157,697</b>	<b>585,778,728</b>	<b>589,011,672</b>	<b>1,251,146,025</b>	<b>32%</b>
NP361	Thabazimbi	142,229,236		142,229,236	3,538,153	3,538,153	138,691,083	2%
NP362	Lephalale	162,929,040		162,929,040	10,785,016	30,444,386	132,484,654	19%
NP363	Mookgophong	64,641,000		64,641,000	4,891,890	16,937,565	47,703,435	26%
NP364	Modimolle	148,255,000		148,255,000	8,003,154	24,645,554	123,609,446	17%
NP365	Bela-Bela	122,401,685		122,401,685	8,858,944	20,904,619	101,497,066	17%
NP366	Mogalakwena	322,476,000	14,338,000	336,814,000	(24,766,420)	(54,860,535)	391,674,535	-16%
DC36	Waterberg District	60,822,479		60,822,479	3,592,672	18,951,967	41,870,512	31%
	<b>Total</b>	<b>1,023,754,440</b>	<b>14,338,000</b>	<b>1,038,092,440</b>	<b>14,903,409</b>	<b>60,561,709</b>	<b>977,530,731</b>	<b>6%</b>
	<b>Grand Total</b>	<b>6,378,636,363</b>	<b>45,080,840</b>	<b>6,423,717,203</b>	<b>229,043,557</b>	<b>396,893,835</b>	<b>6,026,823,368</b>	<b>6%</b>

The total operating expenditure budget for quarter 3 is below satisfaction yet again and it is a challenge of not including s71 information from all the municipalities. Generally, spending on a straight line is at 75 per cent and if the information can be relied upon then there is a need for a serious verification of the municipal systems.

The grand spending total for this item as per available information shows a minimal 6 per cent spent for the quarter. At an expected 75 per cent performance in the third quarter, there is 69 per cent under performance.

**Table 5: Summary of municipal Operating Budget for 3<sup>rd</sup> Quarter 2009**

Code	Municipality	Operating revenue						
		Original Budget	Adjustments	Adjusted revenue budget	Actual for the month	Actual to date	Variance Budget - Actual	% variance
NP03a2	Makhuduthamaga	62,616,706		62,616,706	-	-	62,616,706	0%
NP03a3	Fetakgomo	28,384,704		28,384,704	-	-	28,384,704	0%
NP03a4	Greater marble Hall	106,780,660		106,780,660	2,885,936	2,885,936	103,894,724	3%
NP03a5	Greater Tubatse	142,392,117		142,392,117	9,458,138	9,458,138	132,933,979	7%
NP03a6	Elias Motsoaledi	191,691,000	3,558,000	195,249,000	6,026,788	6,026,788	189,222,212	3%
DC47	Greater Sekhukhune	803,043,642		803,043,642	21,741,694	21,741,694	781,301,948	3%
	<b>Total</b>	<b>1,334,908,829</b>	<b>3,558,000</b>	<b>1,338,466,829</b>	<b>40,112,556</b>	<b>40,112,556</b>	<b>1,298,354,273</b>	<b>3%</b>
NP331	Greater Giyani	108,670,000		108,670,000		18,827,325	89,842,675	17%
NP332	Greater Letaba	125,739,327	2,525,580	128,264,907	93,171,008	151,321,045	(23,056,138)	118%
NP333	Greater Tzaneen	444,750,986	14,341,260	459,092,246	37,283,998	112,690,983	346,401,263	25%
NP334	Ba-Phalaborwa	208,065,060		208,065,060	-	-	208,065,060	0%
NP335	Maruleng	59,847,300		59,847,300	-	-	59,847,300	0%
DC33	Mopani District	511,189,000		511,189,000	8,799,637	8,799,637	502,389,363	2%
	<b>Total</b>	<b>1,458,261,673</b>	<b>16,866,840</b>	<b>1,475,128,513</b>	<b>139,254,643</b>	<b>291,638,990</b>	<b>1,183,489,523</b>	<b>20%</b>
NP341	Musina	109,907,000	5,880,000	115,787,000	14,880,467	29,416,749	86,370,251	25%
NP342	Mutale	68,866,971		68,866,971	1,131,880	1,131,880	67,735,091	2%
NP343	Thulamela	472,258,560		472,258,560	61,830,626	61,830,626	410,427,934	13%
NP344	Makhado	339,997,819		339,997,819	68,726,928	168,457,925	171,539,894	50%
DC34	Vhembe District	428,109,722		428,109,722	12,385,052	12,385,052	415,724,670	3%
	<b>Total</b>	<b>1,419,140,072</b>	<b>5,880,000</b>	<b>1,425,020,072</b>	<b>158,954,953</b>	<b>273,222,232</b>	<b>1,151,797,840</b>	<b>19%</b>
NP351	Blouberg	90,740,500		90,740,500	6,769,133	43,308,661	47,431,839	48%
NP352	Aganang	38,172,630		38,172,630	3,906,606	6,591,086	31,581,544	17%
NP353	Molemole	6,500,000		6,500,000	1,321,379	2,877,419	3,622,581	44%
NP354	Polokwane	1,448,744,600		1,448,744,600	1,091,137,434	1,091,137,434	357,607,166	75%
NP355	Lepelle-Nkumpi	140,303,015		140,303,015	20,989,039	53,863,407	86,439,608	38%
DC35	Capricorn District	162,065,492		162,065,492	193,946,054	193,946,054	(31,880,562)	120%
	<b>Total</b>	<b>1,886,526,237</b>	<b>-</b>	<b>1,886,526,237</b>	<b>1,318,069,645</b>	<b>1,391,724,061</b>	<b>494,802,176</b>	<b>74%</b>
NP361	Thabazimbi	137,655,619		137,655,619	8,490,203	8,490,203	129,165,416	6%
NP362	Lephalale	162,942,461		162,942,461	8,362,658	34,785,140	128,157,321	21%
NP363	Mookgophong	64,641,000		64,641,000	4,892,098	4,892,098	59,748,902	8%
NP364	Modimolle	148,328,000		148,328,000	6,299,851	12,670,309	135,657,691	9%
NP365	Bela-Bela	122,583,297		122,583,297	9,814,743	9,814,743	112,768,554	8%
NP366	Mogalakwena	439,279,000	13,819,000	453,098,000	21,026,492	76,331,048	376,766,952	17%
DC36	Waterberg District	75,280,800		75,280,800	32,870,833	59,028,901	16,251,899	78%
	<b>Total</b>	<b>1,150,710,177</b>	<b>13,819,000</b>	<b>1,164,529,177</b>	<b>91,756,878</b>	<b>206,012,442</b>	<b>958,516,735</b>	<b>18%</b>
	<b>Grand Total</b>	<b>7,249,546,988</b>	<b>40,123,840</b>	<b>7,289,670,828</b>	<b>1,748,148,675</b>	<b>2,202,710,281</b>	<b>5,086,960,547</b>	<b>30%</b>



Limpopo municipalities originally budgeted to collect R7. 250 billion for the financial year 2008/09; the adjusted budget amounted to R7 .290 billion. By the end of the third quarter, it was expected for municipalities to have collected about 75 per cent of the budget. The information available shows collection at 30 per cent by the end of the third quarter showing an under performance of 45 per cent.

## Summary of municipal Debtor's book

Table 6: Summary of municipal Debtor's book 3<sup>rd</sup> Quarter 2009

Code	Municipality	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
NP03a2	Makhuduthamaga	-	-	-	-	-	-	-	-	-
NP03a3	Fetakgomo	-	-	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	2,812,582	753,297	559,347	394,652	-	-	-	-	4,519,878
NP03a5	Greater Tubatse	-	-	-	-	-	-	-	-	-
NP03a6	Elias Motsaedi	3,620,892	872,134	636,472	497,440	4,642,102	-	-	-	10,269,040
DC47	Greater Sekhukhune	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>6,433,474</b>	<b>1,625,431</b>	<b>1,195,819</b>	<b>892,092</b>	<b>4,642,102</b>	-	-	-	<b>14,788,918</b>
NP331	Greater Giyani	1,459,300	2,229,468	2,513,309	2,020,056	1,556,742	3,277,492	7,527,952	41,785,081	62,369,400
NP332	Greater Letaba	63,268	4,952,261	748,359	578,648	1,109,447	31,040,641	-	-	38,492,624
NP333	Greater Tzaneen	1,800	21,843,438	9,024,646	5,376,211	3,754,884	3,891,308	100,780,728	-	144,673,015
NP334	Ba-Phalaborwa	10,124,530	21,797,918	5,168,080	4,723,859	154,362,677	-	-	-	196,177,064
NP335	Maruleng	-	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	3,206,432	3,206,432
	<b>Sub-Total</b>	<b>11,648,898</b>	<b>50,823,085</b>	<b>17,454,394</b>	<b>12,698,774</b>	<b>160,783,750</b>	<b>38,209,441</b>	<b>108,308,680</b>	<b>44,991,513</b>	<b>444,918,535</b>
NP341	Musina	1,383,230	1,135,350	852,746	715,441	20,169,989	-	-	-	24,256,756
NP342	Mutale	-	-	-	-	-	-	-	-	-
NP343	Thulamela	-	0700	Rent Of	-	-	01010700	-	-	-
NP344	Makhado	2,798,086	14,881,713	6,869,440	5,043,734	4,750,563	72,076,491	-	-	106,420,027
DC34	Vhembe District	242,863	169,915	335,263	317,456	3,569,754	-	-	-	4,635,251
	<b>Sub-Total</b>	<b>4,424,179</b>	<b>16,186,978</b>	<b>8,057,449</b>	<b>6,076,631</b>	<b>28,490,306</b>	<b>72,076,491</b>	-	-	<b>135,312,034</b>
NP351	Blouberg	-	-	-	-	-	-	-	-	-
NP352	Aganang	547,839	547,839	547,839	547,839	547,839	1,095,678	547,839	-	4,382,712
NP353	Molemole	512,154	349,665	317,728	12,984,978	-	-	8	-	14,164,533
NP354	Polokwane	22,822,053	19,641,885	17,537,249	8,472,470	140,006,325	-	-	-	208,479,982
NP355	Lepelle-Nkumpi	4,141,750	3,927,454	4,393,283	3,687,674	67,554,135	-	-	-	83,704,296
DC35	Capricorn District	-	-	-	-	-	-	-	24,308,305	24,308,305
	<b>Sub-total</b>	<b>28,023,796</b>	<b>24,466,843</b>	<b>22,796,099</b>	<b>25,692,961</b>	<b>208,108,299</b>	<b>1,095,678</b>	<b>547,847</b>	<b>24,308,305</b>	<b>335,039,828</b>
NP361	Thabazimbi	2,208,577	1,665,883	2,011,695	2,117,860	40,035,508	-	8	-	48,039,531
NP362	Lephalale	8,505,311	2,877,912	1,598,204	1,376,099	20,333,258	-	-	-	34,690,784
NP363	Mookgophong	7,023,402	3,854,166	1,920,926	11,508,527	-	-	-	-	24,307,021
NP364	Modimolle	(3,398,956)	1,502,082	1,207,977	1,054,643	24,292,412	-	-	-	24,658,158
NP365	Bela-Bela	7,150,399	3,364,615	2,452,447	41,754,668	-	-	-	-	54,722,129
NP366	Mogalakwena	24,151,180	5,050,383	3,508,649	137,340,151	-	-	-	-	170,050,363
DC36	Waterberg District	23,267	13,140	20,457	34,573	239,104	-	-	480,068	810,609
	<b>Sub-total</b>	<b>45,663,180</b>	<b>18,328,181</b>	<b>12,720,355</b>	<b>195,186,521</b>	<b>84,900,282</b>	-	<b>8</b>	<b>480,068</b>	<b>357,278,595</b>
	<b>Total</b>	<b>96,193,527</b>	<b>111,430,518</b>	<b>62,224,116</b>	<b>240,546,979</b>	<b>486,924,739</b>	<b>111,381,610</b>	<b>108,856,535</b>	<b>69,779,886</b>	<b>1,287,337,910</b>

The table above reveals the difficulties faced by municipalities in the province in as far as debt collection is concerned. Out of the thirty municipalities, only Waterberg is showing a slightly lower figure of debt owed that is below R1.0 million. The rest of the municipalities are showing figures above R1.0 million putting serious doubt on the credibility of the information. Some municipalities have not submitted the returns and therefore it is difficult to tell the status of the debt book. At the end of the third quarter the debt book is showing an enormous R1.2 billion outstanding balance.

**Table 7: Summary of municipal Debtor's book per District 3<sup>rd</sup> Quarter 2009**

	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Sekhukhune District	6,433,474	1,625,431	1,195,819	892,092	4,642,102	-	-	-	14,788,918
Mopani District	11,648,898	50,823,085	17,454,394	12,698,774	160,783,750	38,209,441	108,308,680	44,991,513	444,918,535
Vhembe District	4,424,179	16,186,978	8,057,449	6,076,631	28,490,306	72,076,491	-	-	135,312,034
Capricorn District	28,023,796	24,466,843	22,796,099	25,692,961	208,108,299	1,095,678	547,847	24,308,305	335,039,828
Waterberg District	45,663,180	18,328,181	12,720,355	195,186,521	84,900,282	-	8	480,068	357,278,595
<b>Total</b>	<b>96,193,527</b>	<b>111,430,518</b>	<b>62,224,116</b>	<b>240,546,979</b>	<b>486,924,739</b>	<b>111,381,610</b>	<b>108,856,535</b>	<b>69,779,886</b>	<b>1,287,337,910</b>

The total debt owed to municipalities in the third quarter stands at R1.2 billion. Out of this debt R96.2 million is current while R69.7 million is aged over one year. The table above further suggests that debt collection still remain a great challenge for most of the provincial municipalities and that the ability to collect current debts seems to be ineffective. The values of debt above need to be verified by way of reconciling documentation, otherwise municipalities will not be able to collect as it presumed these amounts are not credible.



## Summary of municipal Creditors' book

Table 8: Summary of municipal Creditors' Book for 3<sup>rd</sup> Quarter 2009

Code	Municipality	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
NP03a2	Makhuduthamaga	-	-	-	-	-	-	-	-	-
NP03a3	Fetakgomo	-	-	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	-	-	-	-	-	-	-	-	-
NP03a5	Greater Tubatse	649,389	82,698	37,348	308,656	-	-	-	-	1,078,091
NP03a6	Elias Motsoaledi	-	-	-	-	-	-	-	-	-
DC47	Greater Sekhukhune	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>649,389</b>	<b>82,698</b>	<b>37,348</b>	<b>308,656</b>	-	-	-	-	<b>1,078,091</b>
NP331	Greater Giyani	-	-	-	-	-	-	-	-	-
NP332	Greater Letaba	7,655,078	-	-	-	-	-	-	-	7,655,078
NP333	Greater Tzaneen	-	-	-	-	-	-	-	-	-
NP334	Ba-Phalaborwa	-	-	-	-	-	-	-	-	-
NP335	Maruleng	-	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>7,655,078</b>	-	-	-	-	-	-	-	<b>7,655,078</b>
NP341	Musina	122,234	120,069	4,599	126,499	-	-	-	-	373,401
NP342	Mutale	140,857	2,458,639	231,571	312,840	431,678	199,794	-	-	3,775,379
NP343	Thulamela	-	-	-	-	-	-	-	-	-
NP344	Makhado	1,258,286	2,262	4,135	24,122	2,033	-	-	-	1,290,838
DC34	Vhembe District	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>1,521,377</b>	<b>2,580,970</b>	<b>240,305</b>	<b>463,461</b>	<b>433,711</b>	<b>199,794</b>	-	-	<b>5,439,618</b>
NP351	Blouberg	-	-	-	-	-	-	-	-	-
NP352	Aganang	713,203	-	-	-	-	-	-	-	713,203
NP353	Molemole	415,779	-	-	-	-	-	-	-	415,779
NP354	Polokwane	32,882,552	-	-	132,684	-	-	-	-	33,015,236
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-	-	-
DC35	Capricorn District	8,718,780	-	-	-	-	-	-	-	8,718,780
	<b>Sub-total</b>	<b>42,730,314</b>	-	-	<b>132,684</b>	-	-	-	-	<b>42,862,998</b>
NP361	Thabazimbi	10,009,025	-	-	-	-	-	-	-	10,009,025
NP362	Lephalale	2,105,146	341,165	178,364	-	-	-	-	-	2,624,675
NP363	Mookgophong	-	-	-	-	-	-	-	-	-
NP364	Modimolle	17,231,159	-	-	-	-	-	-	-	17,231,159
NP365	Bela-Bela	-	-	-	-	-	-	-	-	-
NP366	Mogalakwena	-	-	-	-	-	-	-	-	-
DC36	Waterberg District	255,361	-	-	-	-	-	-	-	255,361
	<b>Sub-total</b>	<b>29,600,691</b>	<b>341,165</b>	<b>178,364</b>	-	-	-	-	-	<b>30,120,220</b>
<b>Total</b>		<b>82,156,849</b>	<b>3,004,833</b>	<b>456,017</b>	<b>904,801</b>	<b>433,711</b>	<b>199,794</b>	-	-	<b>87,156,005</b>

The table above reveals that amount of R87.2 million is owed to the creditors by those municipalities that submitted the creditor's book. About thirteen municipalities are contributing to the amount owed, meaning these thirteen municipalities could not pay their creditors within the stipulated time. Excluded from this analysis are all the municipalities that did not submit the report.

There is a serious challenge of non compliance to the spirit of paying creditors within the stipulated time of 30 days after receiving the invoice. A lot of creditors are being inconvenienced by the delay in payment prompting some creditors taking legal action against the municipality.

### Summary of municipal Cash flow statement

Table 9: Summary of municipal Cash flow statement for 3<sup>rd</sup> Quarter 2009

Descriptions	Month 4 Oct	Month 5 Nov	Month 6 Dec	Q2 Oct - Dec	Month 7 Jan	Month 8 Feb	Month 9 Mar	Q3 Jan - Mar
0100 Opening Cash Balance	605,036,622	695,372,786	770,346,684	605,036,622	617,947,711	589,915,632	1,712,283,150	617,947,711
0200 Add : Receipts								
0300 - Revenue receipts (incl consumer debtors)	174,890,647	166,344,008	165,461,225	506,695,880	163,751,966	141,199,252	140,497,925	445,449,143
0400 - External loans received	567,444	163,125	0	730,569	0	0	0	0
0500 - Grants and subsidies	221,043,304	460,519,587	265,203,352	946,766,243	173,457,055	1,141,478,569	59,631,617	1,374,567,241
0600 - Public donations	0	0	0	0	0	0	0	0
0700 - Investments redeemed	310,533,060	50,516,752	64,054,204	425,104,016	349,896,620	145,390,345	242,019,617	737,306,582
0800 - Consumer deposits	1,299,495	580,002	351,945		442,722	374,801	1,509,345	
0900 - Receipts from long-term debtors	689,997	162,057	167,457	1,019,511	150,421	161,488	205,067	516,976
1000 - Insurance claims	0	0	0	0	0	61,077	91,921	152,998
1100 - Statutory Receipts (incl VAT)	1,698,020	2,588,114	9,835,065	14,121,199	4,732,726	15,577,738	21,782,128	42,092,592
1200 - Other	52,843,296	42,877,876	30,464,495	126,185,667	53,554,465	402,616,572	32,885,375	489,056,412
1300 Sub-Total (Receipts)	763,565,263	723,751,521	535,537,743	2,020,623,085	745,985,975	1,846,859,842	498,622,995	3,089,141,944
1400 Less : Payments								
1500 - Salaries, wages and allowances	139,330,451	128,498,598	139,307,885	407,136,934	144,933,556	128,107,924	107,251,340	380,292,820
1600 - Cash and creditor payments	128,190,374	138,472,848	128,969,333	395,632,555	143,271,263	100,522,716	115,751,097	359,545,076
1700 - Capital payments	208,311,188	211,259,396	270,594,804	690,165,388	132,539,177	174,317,623	354,765,082	661,621,882
1800 - Investments made	120,390,649	60,315,195	61,609,715	242,315,559	280,199,070	272,443,937	108,094,080	660,737,087
1900 - External loans repaid	569,764	19,022	5,923,991	6,512,777	2,240,556	1,526,784	606,681	4,374,021
2000 - Statutory Payments (incl VAT)	7,352,591	7,685,593	8,355,238	23,393,422	8,965,970	10,190,949	6,283,590	25,440,509
2100 - Consumer deposits repaid	118,512	569,409	71,246	759,167	130,031	34,642	844,771	1,009,444
2200 - Other payments	68,965,570	101,957,562	73,104,504	244,027,636	61,738,431	37,347,749	46,639,290	145,725,470
2300 Sub-Total (Payments)	673,229,099	648,777,623	687,936,716	2,009,943,438	774,018,054	724,492,324	740,235,931	2,238,746,309
2400 Closing Balance	695,372,786	770,346,684	617,947,711	615,716,269	589,915,632	1,712,283,150	1,470,670,214	1,468,343,346



The cash flow statement for the municipalities shows positive cash balance of R1.5 billion for the quarter ended 31 March 2009. It seems most municipalities are not spending at all and they keep on accumulating and carrying forward these amounts. This trend of cash management explains why some municipalities are maintaining huge investment reserves.

**Table 10: Summary of municipal actual Cash flow and projection statement for 3<sup>rd</sup> Quarter 2009**

Descriptions	Month 10 Apr	Month 11 May	Month 12 Jun	Q4 Apr - Jun
0100 Opening Cash Balance	1,470,670,214	1,283,099,724	1,179,705,610	1,470,670,214
0200 <i>Add : Receipts</i>				
0300 - Revenue receipts (incl consumer debtors)	105,766,491	99,107,723	103,698,557	308,572,771
0400 - External loans received	0	0	0	0
0500 - Grants and subsidies	30,612,044	24,650,780	29,133,568	84,396,392
0600 - Public donations	0	448,000	0	448,000
0700 - Investments redeemed	12,735,000	63,023,587	10,000,000	85,758,587
0800 - Consumer deposits	1,453,500	778,585	828,500	
0900 - Receipts from long-term debtors	315,000	315,000	315,000	945,000
1000 - Insurance claims	20,000	20,000	20,000	60,000
1100 - Statutory Receipts (incl VAT)	2,000,000	2,000,000	2,000,000	6,000,000
1200 - Other	9,979,969	5,933,632	13,923,058	29,836,659
1300 Sub-Total (Receipts)	162,882,004	196,277,307	159,918,683	516,017,409
1400 <i>Less : Payments</i>				
1500 - Salaries, wages and allowances	65,189,504	63,881,906	64,078,213	193,149,623
1600 - Cash and creditor payments	56,198,258	72,087,351	78,605,346	206,890,955
1700 - Capital payments	111,089,720	125,781,893	160,499,883	397,371,496
1800 - Investments made	81,000,000	1,000,000	1,000,000	83,000,000
1900 - External loans repaid	17,000	17,000	4,304,126	4,338,126
2000 - Statutory Payments (incl VAT)	4,800,000	4,800,000	4,800,000	14,400,000
2100 - Consumer deposits repaid	272,509	262,782	250,000	785,291
2200 - Other payments	31,885,503	31,840,489	38,784,811	102,510,803
2300 Sub-Total (Payments)	350,452,494	299,671,421	352,322,379	1,002,446,294
2400 Closing Balance	1,283,099,724	1,179,705,610	987,301,914	984,241,329

The data in table 10 above shows an overall positive position of municipalities, the projected closing balance for the financial year is R984.2 million. It appears municipalities are having challenges in making realistic projections for the remaining months. However the credibility of this information remains a challenge since municipalities are not completing the statement correctly.



## Accounting Issues

### Debtors

Supporting documents were obtained from 15 Municipalities, the IGFR made presentation to CFO's of departments on the status of their debts during the PTCFO's forum held in March 2009, an agreement was reached to prepare a schedule of meetings between municipalities and sector departments to settle outstanding debts,

These are some of the Departmental debts:

<b>Department</b>	<b>Amount R</b>
Department of Education	23,002,186
Department of Agriculture	266,866
Department of Labour	54,482
Department of Public Works	11,538,045
Department of Transport	862,837
Department of G C I S	976
Department of Health/Welfare	2,543,488
Department of Defence	31,991
Department of Local Govern & Housing	93,349
Department of Water affairs	1,247,554
Parliament Buildings	19,301
Correctional Services	195,869
<b>TOTAL</b>	<b>39,856,944</b>

The schedule of meetings with departments and municipalities will commence by handing over documents to respective departments and subsequently pursued by bilateral meetings, this would facilitate the process of verification by departments to check the documents for correctness prior to scheduled meetings, due to inadequate time to address all issues on single day meeting.

### **Challenges**

- Departments disagreed with debts without proper validation and scrutiny
- Department has raised a concern that the municipalities are not sending statements to them and for those who are receiving statements some of the information is incorrect (i.e. incorrect stand number )
- Ownership of the properties cannot be verified between the municipalities and departments
- Lack of communication between departments and municipalities

### **Bank Reconciliation**

The municipalities are required to submit Bank Reconciliations on monthly basis to ensure that there is a proper month-end closer that will easily enable the municipality to compile Annual Financial Statements. The unit has assisted 9 municipalities with the compilation of the bank reconciliation. Currently, out of the 30 municipalities 14 municipalities are submitting Bank Reconciliations,

### **Challenges**

- Some of the municipalities Bank Reconciliation are not up-to-date, and
- Their financial systems are not interfacing.

### **GRAP Implementation plan**

Out of the 30 municipalities, 24 municipalities has converted to GRAP (these includes some of the low capacity municipalities). From 6 remaining municipalities that have not converted to GRAP two are medium and four are low capacity municipalities.

The Provincial Treasury has assisted three municipalities to compile GRAP implementation plans and currently municipalities have submitted. The PT has appointed Akhile consultant to assist other municipalities to convert.

### **Challenges**

- Capacity – Budget and Treasury office is under staffed
- Skills and knowledge – based on the area demarcation the municipalities are unable to attract qualified personnel.

### **Action plans to address audit queries**

Municipalities were requested to submit their Action Plans within 90 days after receiving the Audit Report.

Currently ,13 municipalities submitted their action plan to address issues raised on the audit reports, 11 municipalities have not submitted their action plan and 5 municipalities' have not received their Audit report

### **Challenges**

- Municipalities are not implementing Action Plans developed to assist in addressing audit queries,
- Some of the municipalities are not submitting Action Plans.
- Other municipalities received Audit reports late and its delaying the process of developing an Action Plan, which also affect the implementation.

### **Investment Registers**

The municipalities has been advised to develop and maintain investment registers, some municipalities have been assisted.

## **MFMA COMPLIANCE**

### **Introduction**

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

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

### **Annual Returns**

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

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



**MFMA Implementation Plan (IP)**

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

**Half Yearly Returns****Competency level Return**

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

**Quarterly Returns****MFMA Municipal entity (ME)**

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

**Borrowing monitoring (BM)**

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

**MFMA - long term contracts (LTC)**

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

**MFMA - implementation priorities (IP)**

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

## Submission of the Returns

The following municipalities did not submit the returns as at 30 April 2009:

No.	Municipality's name	Return not submitted	Period outstanding
1	Ba phalaborwa municipality	MFMA Municipal Entity	Quarter 1
		MFMA Implementation Priorities	Quarter 2
2	Bela -bela municipality	Borrowing monitoring	Quarter 1 & 2
		Long term contracts	Quarter 1 & 2
		MFMA Municipal Entity	Quarter 4
		Competency levels	Semester 1
		Municipal entity	Quarter 1 & 2
3	Elias motsoaledi municipality	Competency levels	Semester 1
4	Fetakgomo municipality	Competency levels	Semester 1
5	Greater Giyani municipality	Competency levels	Semester 1
6	Capricorn District municipalities	Competency levels	Semester 1
		Budget evaluation check list	Annual
		MFMA Long Term Contracts	Quarter 2
		MFMA Implementation Priorities	Quarter 1
7	Greater Letaba municipality	Competency levels	Semester 1
8	Greater Tubatse municipality	MFMA Municipal Entity	Quarter 1 & 2
		Budget evaluation check list	Annual
		Competency levels	Semester 1
		MFMA Implementation Priorities	Quarter 1 & 2
		Borrowing monitoring	Quarter 1 & 2
9	Greater Tzaneen municipality	Borrowing monitoring	Quarter 4
		MFMA Long Term Contracts	Quarter 3 & Quarter 4
		MFMA Municipal Entity	Quarter 4
10	Lepelle Nkumpi municipality	Competency levels	Semester 1
11	Makhado municipality	Competency levels	Semester 1
12	Makhuduthamaga municipality	Competency levels	Semester 1
13	Maruleng municipality	Competency levels	Semester 1
14	Mogalakwena municipality	Borrowing monitoring	Quarter 2
		Competency levels	Semester 1
		MFMA Long Term Contracts	Quarter 2
		MFMA Implementation Priorities	Quarter 1 & 2
		MFMA Municipal Entity	Quarter 2
15	Molemole municipality	Competency levels	Semester 1

No.	Municipality's name	Return not submitted	Period outstanding
16	Mookgopong municipality	Budget Evaluation Checklist	Annual
		Competency levels	Semester 1
		MFMA Implementation Priorities	Quarter 2
17	Mopani municipality	Competency levels	Semester 1
18	Lephalale municipality	Competency levels	Semester 1
19	Musina municipality	Competency levels	Semester 1
20	Greater sekhukhune municipality	Budget Evaluation Checklist	Annual
		Competency levels	Semester 1
		MFMA Implementation Priorities	Quarter 1 & 2
21	Mutale municipality	Competency levels	Semester 1
		Borrowing monitoring	Quarter 1
		MFMA Long Term Contracts	Quarter 1
		MFMA Municipal Entity	Quarter 2
		MFMA Implementation Priorities	Quarter 1 & 2
22	Blouberg municipality	Budget Evaluation Checklist	Annual
		Borrowing monitoring	Quarter 1
		Competency levels	Semester 1
		MFMA Long Term Contracts	Quarter 1
		MFMA Implementation Priorities	Quarter 1
		MFMA Municipal Entity	Quarter 1
23	Polokwane municipality		
		MFMA Implementation Priorities	Quarter 2
		MFMA Municipal Entity	Quarter 2
24	Thabazimbi municipality	Competency levels	Semester 1
25	Thulamela municipality	Competency levels	Semester 1
26	Vhembe municipality	Competency levels	Semester 1
		Budget evaluation checklist	Annual
27	Waterberg municipality	Competency levels	Semester 1



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

### **Introduction**

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

The following are the conditions for the LGFMG:

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

### **Submission of the LGFMG report**

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

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

Municipal Code	Municipality	Jan-09		Feb-09		Mar-09	
		Date of submission		Date of submission		Date of submission	
		Electronic	Hard copy	Electronic	Hard copy	Electronic	Hard copy
NP03a2	Makhudutamaga	12/02/2009			11/03/2009		
NP03a3	Fetakgomo	12/02/2009		11/03/2009		09/04/2009	
NP03a4	GraeterMarbel Hall	12/02/2009			11/03/2009	09/04/2004	
NP03a5	Elias Motswaledi					09/04/2009	
NP03a6	Tubatse						
DC47	Graeter Sekhukhune		17/02/2009		12/03/2009		
NP331	Greater Giyani						
NP332	Greater Letaba		10/02/2009		16/03/2009		
NP333	Tzaneen		13/03/2009			14/04/2009	
NP334	Ba-phalaporwa			13/03/2009	10/03/2009	14/04/2009	
NP335	Maruleng						
DC33	Mopani	19/02/2009	19/02/2009				
NP341	Musina			13/03/2009			
NP342	Mutale						
NP343	Thulamela	12/02/2009				09/04/2009	
NP344	Makhado			11/02/2009		15/04/2009	
DC35	Vhembe	12/02/2009					
NP351	Blouberg	12/02/2009		13/03/2009			
NP352	Aganang			13/03/2009			
NP353	Molemole	24/02/2009	24/02/2009		12/03/2009	09/04/2009	
NP355	Lepelle Nkumpi		12/02/2009				
NP354	Polokwane			13/03/2009		09/04/2009	
DC35	Capricorn	02/03/2009	02/03/2009	02/03/2009	10/03/2009	12/03/2009	20/04/2009
NP361	Thabazimbi	24/02/2009					
NP362	Lephalale					17/04/2009	
NP364	Mookgopong	16/02/2009		12/03/2009	12/03/2009	17/04/2009	
NP365	Modimolle	16/02/2009		13/03/2009	13/03/2009		
NP366	Bela-Bela			13/03/2009			
NP367	Mokgalakwena				09/03/2009		
DC36	Waterberg			12/03/2009	12/03/2009	09/04/2009	

**Spending of Local Government Financial Management Grant**

	Name of municipality	Allocations for the current year ending 30/06/2009	Prior year unspent grant	Amount available to the municipality	March Expenditure	Expenditure to date	% of spending to date
NP03a2	Makhuduthamaga	500,000	541,044	1,041,044	-	592,387	57%
NP03a3	Fetakgomo	500,000	400	500,400	18,280	272,338	54%
NP03a4	Greater Marbel Hall	500,000	243,070	743,070	54,301	220,682	30%
NP03a5	Elias Motsoaledi	250,000	579,277	829,277	10,942	293,883	35%
NP03a6	Greater Tubatse	500,000		500,000	-	-	0%
<b>DC47</b>	<b>Greater Sekhukhune District</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>237,823</b>	<b>48%</b>
NP331	Greater Giyani	500,000		500,000	-	-	0%
NP332	Greater Letaba	500,000	23,615	523,615	-	227,141	43%
NP333	Greater Tzaneen	500,000	104,117	604,117	24,225	428,425	71%
NP334	Ba-phalaborwa	500,000	-	500,000	35,499	295,843	59%
NP335	Maruleng	500,000	629,506	1,129,506	-	75,952	7%
<b>DC33</b>	<b>Mopani District</b>	<b>250,000</b>	<b>170,915</b>	<b>420,915</b>	<b>-</b>	<b>118,535</b>	<b>28%</b>
NP341	Musina	1,250,000	(149,215)	1,100,785	-	298,011	27%
NP342	Mutale	500,000	-	500,000	-	269,422	54%
NP343	Thulamela	500,000	-	500,000	46,932	204,089	41%
NP344	Makhado	500,000	101,433	601,433	847,777	1,054,985	175%
<b>CD34</b>	<b>Vhembe District</b>	<b>500,000</b>	<b>175,561</b>	<b>675,561</b>	<b>-</b>	<b>147,000</b>	<b>22%</b>
NP351	Blouberg	500,000	431,760	931,760	-	223,318	24%
NP352	Aganang	750,000	234,133	984,133	-	206,073	21%
NP353	Molemole	500,000	486,667	986,667	68,096	668,041	68%
NP354	Polokwane	500,000	3,861,061	4,361,061	35,624	71,248	2%
NP355	Lepelle-Nkumpi	1,250,000	431,760	1,681,760	-	783,014	47%
<b>DC35</b>	<b>Capricon District</b>	<b>500,000</b>	<b>320,456</b>	<b>820,456</b>	<b>14,296</b>	<b>283,036</b>	<b>34%</b>
NP361	Thabazimbi	500,000		500,000	-	14,000	3%
NP362	Lephalale	1,000,000	(1,926)	998,074	17,502	260,164	26%
NP364	Mookgopong	1,000,000	12,726	1,012,726	76,231	575,310	57%
NP365	Modimolle	1,250,000	553,224	1,803,224	-	639,442	35%
NP366	Bela-Bela	500,000	79,324	579,324	-	297,240	51%
NP367	Mogalakwena	500,000	263,950	763,950	-	259,443	34%
<b>DC36</b>	<b>Waterberg District</b>	<b>500,000</b>	<b>595,515</b>	<b>1,095,515</b>	<b>16,502</b>	<b>163,254</b>	<b>15%</b>



**Conclusion**

From this report, it is evident that there are serious challenges in as far as timeous submissions of reports, and the credibility of the data in these reports is concerned.

The ability of the municipalities to rise against this challenge of inconsistent reporting will ultimately be determined by the quality of their governance and administrative practices. Experience has shown that senior management in most municipalities is unaware of the importance of financial management in their institutions. This is evidenced by the sub standard nature of reports from municipalities which clearly shows that there is no reviewing of reports taking place before they are submitted. The table on compliance to s71 indicates that none of the thirty municipalities submitted a signed hard copy. This is the only piece of document that can prove that at least management is aware of what is being submitted to the public and can own the information.

It is also evident that some of the municipalities are highly dependent on grant funding. Increased funding to any institution can provide the much needed relief, but municipalities should be prepared to display stronger, more participatory governance practices. Councils should provide stable and attractive work environments, because ultimately, councils must provide oversight over their municipalities and make the Mayor accountable for the under performance and non compliance the respective municipality.

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**Head of Department**  
**Provincial Treasury**