

**MAYOR'S REPORT NO: MLM 12002-01-2025**

**SUBMISSION OF MID-YEAR ASSESSMENT REPORT IN COMPLIANCE WITH SECTION 72 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, ACT 56 OF 2003 (MFMA).**

**REPORTING FLOW**

**EXCO**

**COUNCIL**

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## **1. PURPOSE**

The purpose of this report is to submit to Exco and the Council the mid-year Budget Assessment Report in compliance with Section 72 of the Municipal Finance Management Act No. 56 of 2003 (MFMA).

## **2. BACKGROUND**

2.1. Section 72 Of the Municipal Finance Management act of 2003 requires that the accounting officer of a municipality must by the end of January of each year-

(a) Assess the performance of the municipality during the first half of the financial year, taking into account-

- (i) The monthly statements referred to in section 71 for the first half of the financial year
- (ii) The municipality's service delivery performance during the first half of financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan: identified in the annual report: and control of the municipality, taking into account reports in terms of section 88 from any such entities; and
- (iii) The past year's annual report, and progress on resolving problems
- (iv) The performance of every municipal entity under the sole or share.

(b) Submit a report on such assessment to-

- (i) The mayor of the municipality
- (ii) The National Treasury; and
- (iii) Relevant provincial treasury

2.2. The statement referred to in section 71(1) for the sixth month of a financial year as part of the report may be incorporated into the report referred to in subsection (l) (b) of this section.

2.3. The accounting officer must as part of the review

- (a) Make recommendations as to whether an adjustments budget is necessary: and
- (b) Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

2.4. The report herein not only serves to comply with section 72 of the MFMA but serves to enhance public accountability and good governance.

### **3. EXECUTIVE SUMMARY**

Total Revenue allocated for the current financial year is R622.4 million excluding Capital Revenue, revenue to an amount of R344.3 million was realized for the 2<sup>nd</sup> quarter ending December 2024, which reflects 221% of the projected quarterly revenue of R155.6 million and year to date amounts to R574.8. The variance is due to that the municipality received second tranche of the equitable shares.

The original budget for operating expenditure amount to R 722.4 million and expenditure incurred for the 2<sup>nd</sup> quarter ending December 2024 amount to R120.4 million, and the year-to-date expenditure is R252 million. This reflects unfavorable performance 66% of the quarterly projection amount of R180.6 million.

Total Capital Budget allocation for the current financial year is R243.5, expenditure incurred for the 2<sup>nd</sup> quarter ending December 2024 amounts to R77.1 million and year to date is R131.6 million. This reflects 126% of the quarterly projections amount to R60.8 million.

Taking the above into consideration the net operating surplus/ (deficit) forecast for December 2024 amounts to R266.7 million whilst the primary bank balance is R24.1 million and cash equivalent amount to R671.2 million.

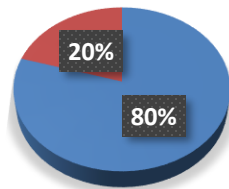
**Mid-term performance (June-December 2024)**

Organisational Unit	Q1				Q2				Q3				Q4			
	Planned	Achieved	Not Achieved	% Achieved	Planned	Achieved	Not Achieved	% Achieved	Planned	Achieved	Not Achieved	% Achieved	Planned	Achieved	Not Achieved	% Achieved
Office of the Municipal Manager	34	26	8	76.47%	30	29	1	96.67%	33	0	33	0.00%	30	0	30	0.00%
Human Resources and Corporate Services	28	15	13	53.57%	27	19	8	70.37%	27	0	27	0.00%	32	0	32	0.00%
Community Development Services	25	17	8	68.00%	23	19	4	82.61%	22	0	22	0.00%	19	0	19	0.00%
Infrastructure Development Services	19	13	6	68.42%	21	15	6	71.43%	21	0	21	0.00%	39	0	39	0.00%
Budget and Treasury Office	12	10	2	83.33%	8	8	0	100.00%	9	0	9	0.00%	10	0	10	0.00%
Local Economic Development and Planning	35	27	8	77.14%	32	26	6	81.25%	31	0	31	0.00%	26	0	26	0.00%
Office of the Mayor	30	24	6	80.00%	31	22	9	70.97%	26	0	26	0.00%	28	0	28	0.00%
Office of the Speaker	6	5	1	83.33%	5	2	3	40.00%	7	0	7	0.00%	5	0	5	0.00%

Organisational Unit	Q1				Q2				Q3				Q4			
	Planned	Achieved	Not Achieved	% Achieved	Planned	Achieved	Not Achieved	% Achieved	Planned	Achieved	Not Achieved	% Achieved	Planned	Achieved	Not Achieved	% Achieved
Office of the Single Whip	5	5	0	100.00%	5	5	0	100.00%	5	0	5	0.00%	6	0	6	0.00%
Percentage Achievement Plan vs Achieved vs not Achieved	194	142	52	73.2%	182	145	37	79.67%	181	0	181	0%	195	0	195	0%

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### Consolidated Performance 2nd Quarter



- Achieved
- Not Achieved

## Consolidated Mid term Performance



It can be deduced from the figures above that the First quarter performance was at 73 % compared to the Second Quarter performance at 80%. Our institution has improved in terms of the Second Quarter performance by 7% compared to the First Quarter performance. The Office of the Municipal Manager will undertake a process towards establishing the underlying reasons for the underperformance by Office of the Speaker.

### RECOMMENDATIONS

1. That the report be noted
2. That an adjustments budget is necessary to address all the issues identified in the detailed Section 72 report.
3. That Mid-Year report be submitted to both the National Treasury and Provincial Treasury.
4. That the Mid-Year report be made public in line with requirements of Section 21(A) of Municipal Systems Act of 2000 within five (5) days of approval by the Council.

## **EXECUTIVE COMMITTEE RECOMMENDATIONS**

1. As recommended
2. That the report be noted
3. That an adjustment budget is necessary to address all the issues identified in the detailed Section 72 report.
4. That Mid-Year report was submitted to both National Treasury and Provincial Treasury.
5. That the Mid-Year report be made public in line with requirements of Section 21(A) of Municipal Systems Act of 2000 within five (5) days of approval by Council.