



WHEN THE SUN RISES  
WE WORK HARD TO DELIVER

# PRESENTATION ON TO NATIONAL COUNCIL OF PROVINCES ON FINANCIAL STATE OF MUNICIPALITIES

27 OCTOBER 2020

# STATUS QUO ASSESSMENT

## PURPOSE

To provide a report on the Financial Performance of Municipalities in Mpumalanga as at 31 August 2020

# KEY OBSERVATIONS

- The non-submission of the data strings distorts the status of municipal finances for the province.
- **Eight municipalities** budgets found to be **unfunded for 2020/21 financial year.**
- **Following the Special Adjustment budget process and Provincial Treasury engagements, only two municipalities budgets remained unfunded. Emalahleni and Dipaleseng.**
- Actual **billings** amounted to R16 billion or **86** percent against the adjusted budgets for 2019 / 20 financial year.
- The total aggregate **Operating expenditure** amounted to R16, billion or **74%** percent against the total adjusted budget of R21,7 billion
- The **Capital expenditure of R2,3 billion or 53 percent** against the **total adjusted budget amount of R4,3 billion** was below the benchmark of 100 percent for period under review.
- The **total creditors** due and payable by municipalities as at the end of June 2020 amounted to **R8 billion** which is understated.
- The total **Eskom Debt** amounts to **R10.3 billion as at end August 2020**
- The total outstanding **Debtors** in the Province amounts to **R5,6 Billion**
- The total outstanding **Government Debt** is an amount of **R1,9 Billion**
- Following the EXCO resolution **Government Department processed** payments amounting to **R504 Million.**

# Audit Outcomes

# State of Financial Viability and Audit Outcomes

Demarcation Description	Indicator 3 - Cash Coverage 1-3 ratio	Indicator 4 - Repairs and maintenance expenditure level 8%	Indicator 8 - Liquidity Ratio 1-3 Ability to meet short term obligations	Indicator 9 - Debtors Days	Indicator 10 - Creditors Days	FINANCIAL DISTRESS	Audit Outcomes
Albert Luthuli	,46	,00%	,09	,00	22,91	-	Unqualified - With findings
Dipaleseng	,13	,00%	,01	135,54	319,81	Financial Distress	Disclaimer of opinion
<b>Govan Mbeki</b>	<b>,34</b>	<b>,00%</b>	<b>,04</b>	<b>49,01</b>	<b>,00</b>	<b>Financial Distress</b>	<b>Outstanding</b>
<b>Lekwa</b>	<b>,18</b>	<b>,60%</b>	<b>,01</b>	<b>188,35</b>	<b>782,93</b>	<b>Financial Distress</b>	<b>Disclaimer of opinion</b>
Mkhondo	,11	,55%	,02	67,75	235,47	Financial Distress	Qualified
Msukaligwa	-,70	1,28%	,03	115,56	598,99	Financial Distress	Adverse opinion
Pixley Ka Seme (MP)	7,44	,00%	1,03	,00	536,92	-	Disclaimer of opinion
Gert Sibande	9,95	2,38%	1,94	,00	389,59	-	Unqualified - No findings
Dr J.S. Moroka	1,42	,00%	,13	,00	295,67	Financial Distress	Outstanding
Emakhazeni	2,11	,47%	,25	132,13	280,90	Financial Distress	Adverse opinion
<b>Emalahleni (MP)</b>	<b>,12</b>	<b>1,77%</b>	<b>,01</b>	<b>525,76</b>	<b>761,76</b>	<b>Financial Distress</b>	<b>Qualified</b>
Steve Tshwete	5,99	1,11%	1,96	9,42	64,80	-	Unqualified - With findings
Thembisile Hani	1,91	1,36%	1,08	33,12	828,43	-	Qualified
Victor Khanye	-,41	,00%	,00	145,62	546,35	Financial Distress	Disclaimer of opinion
Nkangala	20,98	6,51%	8,48	,00	157,72	-	Unqualified - No findings
Bushbuckridge	1,03	,00%	,15	1 388,09	234,95	Financial Distress	Unqualified - With findings
City of Mbombela	,12	,00%	,06	32,37	310,17	Financial Distress	Qualified
Nkomazi	2,98	1,85%	1,31	48,71	82,32	-	Unqualified - With findings
Thaba Chweu	,76	1,61%	,05	80,74	,00	Financial Distress	Qualified
Ehlanzeni	4,25	1,03%	1,85	,00	135,97	-	Unqualified - With findings

# Audit outcomes

- Two Municipalities improved their audit outcomes (Nkangala District, Bushbuckridge)
- Ten Municipalities remained the same (Gert Sibande District, Ehlanzeni District, Chief Albert Luthuli, Nkomazi, Steve Tshwete, Emalahleni, Mkhondo, Thaba Chweu, Thembisile Hani, Msukaligwa)
- Six municipalities regressed (City Of Mbombela, Emakhazeni, Dilaleseng, Dr Pixley Ka Isaka Seme, Lekwa, and Victor Khanye)
- Two audit outcomes still outstanding (Govan Mbeki and Dr JS Moroka)
  
- Contributing factors to the regress of audit outcomes can be summarized as follows:
  - Control deficiencies
  - Inadequate assurance providers
  - Lack of reconciliation controls
  - Non-compliance to MSCOA (transacting outside the system)
  - Poor contract Management
  - Non compliance to policies, regulations and Legislation
  - Inadequate record management
  
- Measured against the key financial indicators, 12 Municipalities were categories as distressed municipalities.
- Emalahleni, Lekwa and Govan Mbeki Local Municipalities are categorised as distress municipalities.
- In all three municipalities mandatory FRP were developed and handed over to Councils for implementation.

# GOVERNANCE ISSUES AFFECTING QUALIFIED,DISCLAIMED AND OUTSTANDINGING AUDIT OUTCOMES

## **OUTSTANDING MUNICIPALITIES**

The two outstanding Municipalities, which are Dr. JS Moroka and Govan Mbeki Local Municipalities have functional Audit Committees and capacitated Internal Audit Units.

## **DICLAIMED MUNICIPALITIES**

### **1.Dipaliseng Local Municipality**

The Municipality has a functional Audit Committee and one full time official in the Internal Audit Unit.

### **2.Dr Pixley Isaka Ka Seme Local Municipality**

The Municipality has a functional Audit Committee and one full time official in the Internal Audit Unit.

### **3. Victor Khanye Local Municipality**

The Municipality has a functional Audit Committee and three full time officials within the Internal Audit Unit

### **4. Lekwa Local Municipality**

The Municipality has a functional Audit Committee and only two full time officials within the Internal Audit Unit.

## **ADVERSE MUNICIPALITIES**

### **1.Msukaligwa Local Municipality**

The Municipality has a functional Audit Committee and a capacitated Internal Audit Unit.

### **2.Emakhazeni Local Municipality**

The Municipality has a functional Audit Committee and only two full time officials within the Internal Audit Unit

# GOVERNANCE ISSUES AFFECTING QUALIFIED,DISCLAIMED AND OUTSTANDING AUDIT OUTCOMES

## QUALIFIED MUNICIPALITIES

### 1. Mkhondo Local Municipality

The Municipality has a functional Audit Committee and a capacitated Internal Audit Unit.

### 2. Emalahleni Local Municipality

The Municipality has a functional Audit Committee and a capacitated Internal Audit Unit.

### 3. Thembisile Hani Local Municipality

The Municipality has a functional Audit Committee and a capacitated Internal Audit Unit.

### 4. Thaba Chweu Local Municipality

The Municipality has a functional Audit Committee and a capacitated Internal Audit Unit.

### 5. City of Mbombela

The Municipality has a functional Audit Committee and a capacitated Internal Audit Unit.



# Audit Support

- By December 2019 early indicators show that twelve municipalities in the Province might receive negative audit outcomes.
  - These municipalities are Mkhondo, Govan Mbeki, Msukaligwa, Dipaleseng, Lekwa, Dr Pixley Ka Isaka Seme, Emalahleni, Victor Khanye, Emakhazeni, Thaba Chweu, Bushbuckridge and Dr JS Moroka.
1. Provincial Treasury supported by COGTA, SALGA the District Municipalities and National DCOG held sessions with these 12 municipalities on 11 and 12 December 2019. The aim was to discuss with them the Root causes which contributed to these findings and to identify specific needs for support to address these challenges.
  2. All municipalities attended, but not all were able to address the actual root causes or to identify areas of support.
- Following the release of the audit outcomes 8 municipalities were earmarked for specific support as identified during above sessions. (Dipaleseng, Victor Khanye, Dr JS Moroka, Emakhazeni, Govan Mbeki, Lekwa, Dr Pixley Ka Isaka Seme and Msukaligwa)
  - Three teams were identified that consist of all disciplines in the Provincial Treasury, i.e. Accounting Services, Asset Management, Supply Chain Management, Liabilities Management, Provincial Risk Management, Provincial Internal Audit, Municipal Finance and Information Technology.
  - Team leaders and Deputy Team Leaders were nominated and all disciplines nominated team members.

# Approach on Audit Action Plans

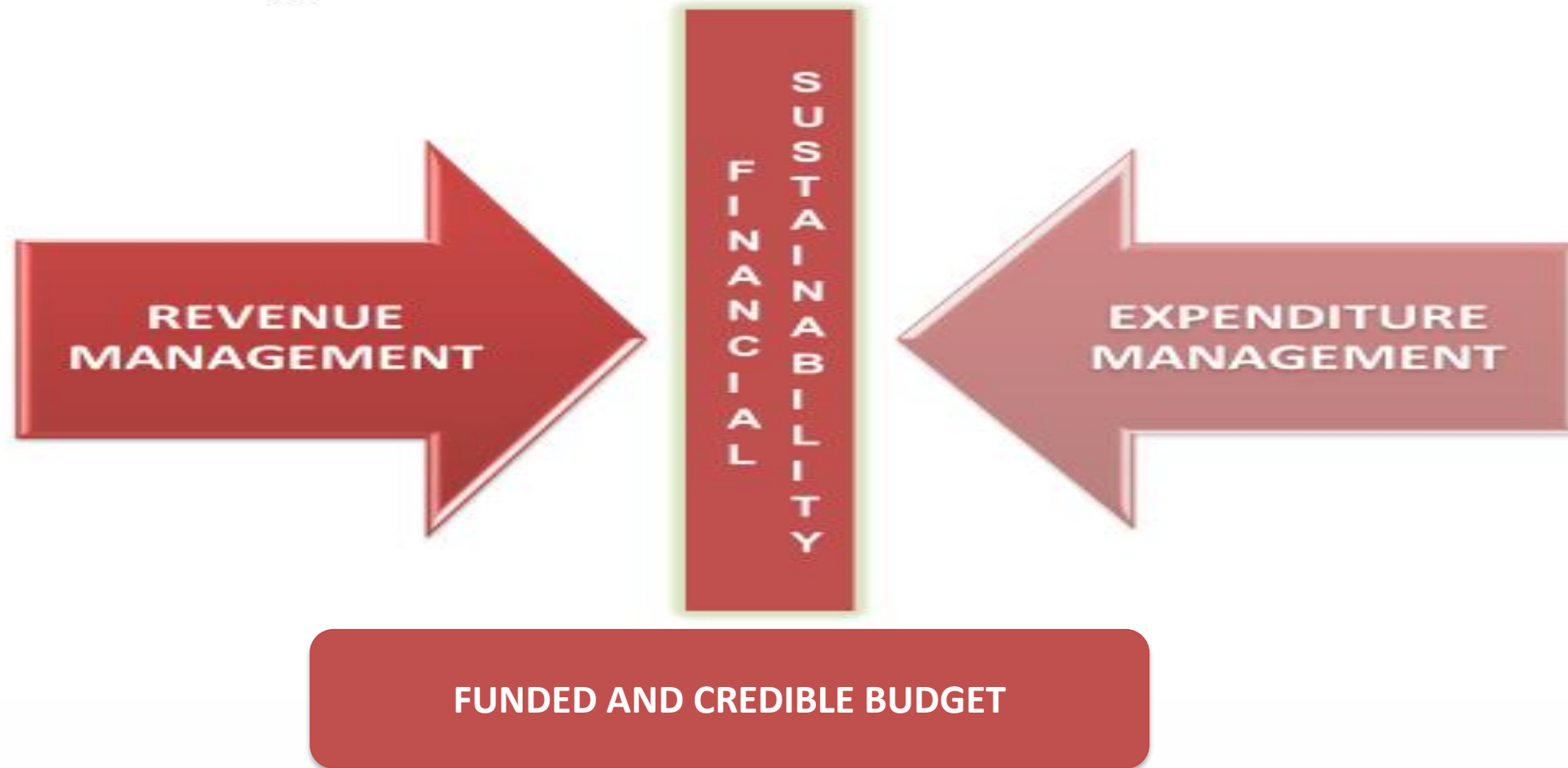
- PT analysed the audit action plans according to the audit report findings and identified gaps per Municipality in terms of root causes, actions to be taken and activities to be undertaken to operationalize the actions and due dates.
- The findings of the teams per audit finding and per Municipality were summarized and have been used to compile support plans for the affected Municipalities.
- PT submitted the support plans to municipalities for further inputs. Detail Action Plan can be shared
- Un-going engagements with regard to the implementation of the reviewed audit action plans are taking place.
- PT, COGTA and the District Municipalities are further supported by SCOPA during session with municipalities engaging on their UIF&W issues.
- Two financial advisors were placed in Lekwa and Govan Mbeki to assist with improvement of financial management.
- Four more municipalities, Nkomazi, Chief Albert Luthuli, Dr Pixley Ka Isaka Seme and Dipaleseng received support through the placement of SCM advisors.

TEAMS	MUNICIPALITIES
<b>Team A</b> <b>Mr W Ngoma (Team Leader)</b> <b>Mr N Hlabane (Deputy Team Leader)</b>	Dipaleseng Victor Khanye Govan Mbeki
<b>Team B</b> <b>Ms C Ruthven (Team Leader)</b> <b>Mr P Pasha (Deputy Team Leader)</b>	Dr JS Moroka Emakhazeni
<b>Team C</b> <b>Mr C Sago (Team Leader)</b> <b>Ms F Shithelana (Deputy Team Leader)</b>	Lekwa Dr Pixley Ka Isaka Seme Msukaligwa

# Financial Management

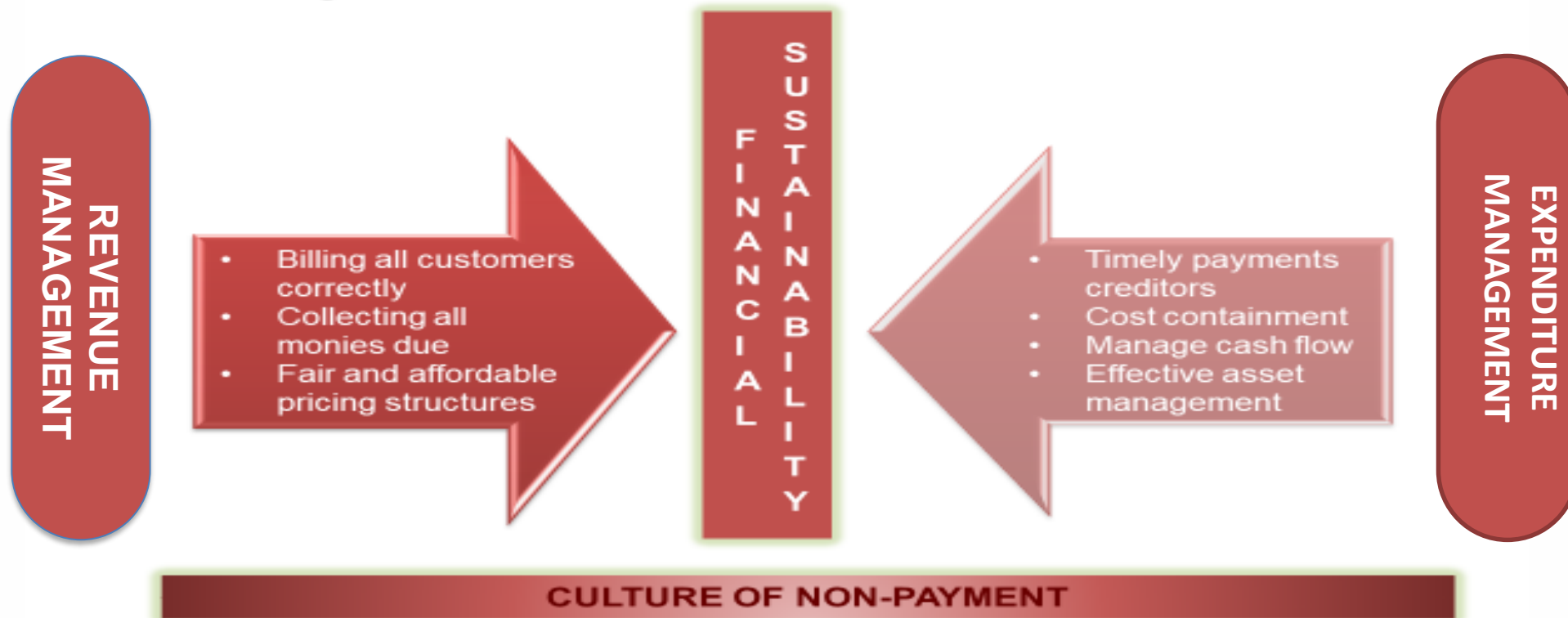
# Integrated Approach and Balancing Act

## Balancing Act



# Integrated Approach and Balancing Act

## The key issues to be addressed



# Uploading of Data Strings (MSCOA)

The non-submission of the data strings distorts the status of municipal finances for the province.

- The credibility of the information contained in the mSCOA data strings is a concern as **some municipalities** (Chief Albert Luthuli, Dipaleseng, Dr JS Moroka, **Emalahleni**, Gert Sibande District, **Lekwa**, Dr Pixley Ka Isaka Seme, Thaba Chweu and Victor Khanye)
- **are not budgeting, transacting and reporting directly from the core financial system** and this results in negative figures, incomplete information, inaccurate rounding offs, misallocation of expenditure, expenditure without budget allocations, overstated budgets for internally generated funds and understated operating expenditures finally **misstatements in Financial Statements**.

## mSCOA Implementation Challenges (at municipal level)

- Municipalities still dependant on the system vendors for day to day operation of the financial system
  - Lack of controls for monitoring month end cycles – Sub systems not integrating to core systems.
  - Not all key modules used.
  - Data strings credibility still a challenge, high indication of incomplete records e.g. payroll figure not integrated, Depreciation not raised, not raising creditors on receipt of invoice resulting in direct payment used (cash basis instead of accruals)
- Provincial Treasury is providing ongoing training and engage system vendors with municipalities in order to improve the compliance by municipalities.
- Provincial Treasury is in a process to support some municipalities by providing funding towards the procurement of systems modules for municipalities towards improving the current status.

# SUBMISSION OF DATA STRINGS

Mpumalanga (MP)		2020			2021								Non compliance letters issued	Roadmap in place	Other action taken	
Municipality		M12	MCUM	PAUD	TABB	PRTA	ORGB	PROR	ADJB	PRAD	M01	M02				MCUM
Albert Luthuli	<a href="#">MP301</a>													Non compliance letters were issued for M12 data strings.	None of the municipalities in the province have constant challenges with mSCOA implementation	Continuous follow-ups are done to ensure submission and correction of errors.
Bushbuckridge	<a href="#">MP325</a>															
City of Mbombela	<a href="#">MP326</a>															
Dipaleseng	<a href="#">MP306</a>															
Dr J.S. Moroka	<a href="#">MP316</a>															
Ehlanzeni	<a href="#">DC32</a>															
Emakhazeni	<a href="#">MP314</a>															
Emalahleni	<a href="#">MP312</a>															
Gert Sibande	<a href="#">DC30</a>															
Govan Mbeki	<a href="#">MP307</a>															
Lekwa	<a href="#">MP305</a>															
Mkhondo	<a href="#">MP303</a>															
Msukaligwa	<a href="#">MP302</a>															
Nkangala	<a href="#">DC31</a>															
Nkomazi	<a href="#">MP324</a>															
Pixley Ka Seme	<a href="#">MP304</a>															
Steve Tshwete	<a href="#">MP313</a>															
Thaba Chweu	<a href="#">MP321</a>															
Thembisile Hani	<a href="#">MP315</a>															
Victor Khanye	<a href="#">MP311</a>															

## Common Findings Across All/Most Municipalities

- Although most areas indicated green we are aware that certain Municipalities still process certain transactions outside the system and therefor are not complying in the real sense of the word. breakdown budget for employee related costs to all items levels
- Municipalities have not budgeted for Covid-19 as per Circular 9 guidelines.
- Municipalities still reliant on system vendors for their day to day operations.
- Payroll integration and cashflow reconciliation (mapping)

# Funded Budgets

Eight municipalities developed unfunded budgets for the 2020/21 financial year.

**Msukaligwa, Mkhondo, Lekwa, Dipaleseng, Govan Mbeki, Emalahleni, Thaba Chweu and City of Mbombela**

The contributing factors are:

- **Arrear creditors (Bulk water and Electricity Debt)**
- **Inability to bill and collect revenue from all consumers**
- **Cost reflective tariff structures**
- **Distribution losses**

The reworked budgets reflect a funded status on the cash flow to honor current year obligations. Only two municipalities remained with unfunded budgets after special adjustment budgets were adopted by councils. Emalahleni and Dipaleseng

Both these municipalities developed Financial Recovery Plans ( Dipaleseng developed discretionary FRP with support from National Treasury Financial Recovery Services and Emalahleni developed a Mandatory FRP) and part of the plan is to reprioritize the budgets and moving closer to a funded budget.



# Funded Budgets 2020/21

Demarcation Description	Adopted 20/21 Main Budget PTs assessment tool	Adopted 20/21 Main Budget PTs assessment tool	Status of Adopted Main Budget as per PTs assesment	Special Adjusted 20/21 Budget Municipal Budget	Special Adjusted 20/21 Budget Municipal Budget	Status of 20/21 Ajusted Budget Municipal Budget	Special Adjusted 20/21 Budget PTs assessment tool	Special Adjusted 20/21 Budget PTs assessment tool	Status of Adjusted Budget as per PTs assessment with cash flow to pay current years obligations	Has the municipality developed a strategy/funding plan to assist their turn around?	Does the PT agree with the credibilty of the strategy/plan	Has the stragegy/plan been adopted in council with the adsjuted budget
	A7	A8	Funded / Unfunded	B7	B8	Funded / Unfunded	B7	B8	Funded / Unfunded	Yes / No	Yes / No	Yes / No
	R'000	R'000		R'000	R'000		R'000	R'000				
Albert Luthuli	57 237	3 956	Funded	655 742	485	Funded	189 222	(146 860)	Funded	NO	NO	NO
Msukaligwa	26 266	(193 186)	Unfunded	21 988	(730 506)	Unfunded	26 266	(730 506)	Unfunded	YES	YES	YES
Mkhondo	31 635	(237 802)	Unfunded	35 879	46 652	Funded	28 664	(343 783)	Unfunded	YES	YES	YES
Pixley Ka Seme (MP)	143 962	19 999	Funded	(637 200)	143 962	Funded	143 962	134 134	Funded	YES	YES	YES
Lekwa	675 665	(971 433)	Unfunded	92 405	(1 295 649)	Unfunded	550	(999 017)	Unfunded	YES	YES	YES
Dipaleseng	7 081	(1 798)	Unfunded	68 170	80 396	Funded	(87 286)	(74 969)	Unfunded	YES	YES	YES
Govan Mbeki	59 498	(2 303 052)	Unfunded	59 498	(293 659)	Unfunded	16 473	(2 303 052)	Unfunded	YES	YES	YES
Gert Sibande	258 908	5 891	Funded	1 242	(1 547)	Unfunded	183 882	85 363	Funded	NO	NO	NO
Victor Khanye	4 846	20 225	Funded	34 146	88 301	Funded	8 081	(224 782)	Unfunded	YES	YES	YES
Emalahleni (MP)	4 966	(2 514 663)	Unfunded	29 000	76 977	Funded	(573 667)	(3 132 254)	Unfunded	YES	YES	YES
Steve Tshwete	154 131	3 537	Funded	511 552	460 563	Funded	54 953	177 179	Funded	N/A	N/A	N/A
Emakhazeni	48 241	14 289	Funded	31 724	(68 458)	Unfunded	42 159	65 767	Funded	N/A	N/A	N/A
Thembisile Hani	58 786	2 766	Funded	95 794	56 124	Funded	74 607	10 906	Funded	N/A	N/A	N/A
Dr J.S. Moroka	29 363	72 451	Funded	13 373	(24 120)	Unfunded	182 315	224 972	Funded	N/A	N/A	N/A
Nkangala	560 623	604 379	Funded	703 921	710 999	Funded	240 428	478 053	Funded	N/A	N/A	N/A
Thaba Chweu	14 526	(680 480)	Unfunded	484 947	341 432	Funded	4 574	(70 306)	Unfunded	YES	YES	YES
Nkomazi	301 935	242 524	Funded	222 032	82 710	Funded	65 064	112 523	Funded	N/A	N/A	N/A
Bushbuckridge	178 566	498 874	Funded	N/A	N/A	Funded	N/A	N/A	Funded	N/A	N/A	N/A
City of Mbombela	330 580	(1 119 736)	Unfunded	N/A	N/A	Unfunded	N/A	N/A	Unfunded	YES	YES	YES
Ehlanzeni	83 474	64 287	Funded	50 349	29 533	Funded	55 975	81 865	Funded	N/A	N/A	N/A

# Operating Revenue Performance

- The total Operating Revenue Budget for municipalities was R19,6 Billion.
- The total billing for the same period was R16,8 Billion which translates to 86%
- The best performing municipalities are
  - Steve Tshwete 102%
  - Thembisile Hani 98% (Bulk of revenue Grants)
  - Thaba Chweu 97%
  - Chief Albert Luthuli 95%
  - City of Mbombela 93%
  - Msukaligwa 95%
- Eight Municipalities billed between 60% to 90% of the budget
- All Three Municipalities falls within this category.
- Critical to mention is that all three municipalities are operating with a high level of distribution losses which makes the billing percentage immaterial. (Eg. Govan Mbeki distribution loss between 50 – 60% on electricity.)
- The unacceptable payment rate on the under billing further add to the financial stress on these municipalities.
- This implies that the correctness and credibility of budgets remains questionable

# Operational Revenue Performance

Operating Revenue Ended 30 June 2020

	Adjusted Budget Revenue (000)	Year to Date Revenue (000)	Under / Over against Budget (000)	% Against Adjusted Budget
<b>R thousands</b>				
<b>MPUMALANGA</b>				
Albert Luthuli	526 421	502 109	(24 313)	95
Dipaleseng	258 511	233 466	(25 045)	90
Govan Mbeki	2 241 409	1 779 703	(461 706)	79
Lekwa	827 173	578 416	(248 757)	70
Mkhondo	641 103	550 777	(90 326)	86
Msukaligwa	759 239	719 002	(40 237)	95
Pixley Ka Seme (MP)	365 524	202 398	(163 126)	55
Gert Sibande	333 990	316 795	(17 195)	95
<b>Total Gert Sibande</b>	<b>5 953 371</b>	<b>4 882 666</b>	<b>(1 070 705)</b>	<b>82</b>
Dr J.S. Moroka	618 663	533 256	(85 407)	86
Emakhazeni	300 262	161 147	(139 115)	54
Emalahleni (MP)	3 146 589	2 688 798	(457 790)	85
Steve Tshwete	1 655 844	1 696 970	41 126	102
Thembisile Hani	764 383	746 822	(17 561)	98
Victor Khanye	547 402	457 982	(89 420)	84
Nkangala	392 145	374 047	(18 098)	95
<b>Total Nkangala</b>	<b>7 425 287</b>	<b>6 659 022</b>	<b>(766 265)</b>	<b>90</b>
Bushbuckridge	1 383 665	795 341	(588 324)	57
City of Mbombela	3 074 804	2 853 437	(221 367)	93
Nkomazi	988 218	877 350	(110 868)	89
Thaba Chweu	532 164	514 552	(17 612)	97
Ehlanzeni	267 202	269 718	2 516	101
<b>Total Ehlanzeni</b>	<b>6 246 053</b>	<b>5 310 398</b>	<b>(935 655)</b>	<b>85</b>
<b>Total Mpumalanga</b>	<b>19 624 711</b>	<b>16 852 086</b>	<b>(2 772 625)</b>	<b>86</b>
	10 Municipalities	Billing above 90%		
	7 Municipalities	Billing Between 60 to 90%		
	3 Municipalities	Billing below 60%		



# Operating Expenditure Performance

- The total Operating Expenditure Budget for municipalities was R21,7 Billion.
- The total expenditure for the same period was R16 Billion which translates to 74%
- The best performing municipalities are
  - Msukaligwa 94%
  - Nkomazi 94%
  - Govan Mbeki 91%
- Five Local Municipalities spent between 70% to 90% of the budget
- Nine Local Municipalities spent below 70% of budgeted revenue
- And City of Mbombela overspent budget by 6%
- The spending on OPEX by all three municipalities are between 70 and 85% of the OPEX budget.
- Considering the collection of revenue concerns are that municipalities are overcommitting themselves by spending at this level while collection at a much lower level.

# Operational Expenditure Performance

## Operating Expenditure Ended 30 June 2020

R thousands	Adjusted Budget Expenditure (000)	Year to Date Expenditure (000)	Under / Over against Budget (000)	% Against Adjusted Budget
<b>MPUMALANGA</b>				
Albert Luthuli	534 002	351 663	(182 339)	66
Dipaleseng	259 181	126 390	(132 791)	49
Govan Mbeki	2 261 496	2 057 484	(204 012)	91
Lekwa	909 558	529 805	(379 754)	58
Mkhondo	753 108	529 347	(223 761)	70
Msukaligwa	846 343	797 881	(48 462)	94
Pixley Ka Seme (MP)	434 445	115 720	(318 725)	27
Gert Sibande	361 109	256 438	(104 671)	71
<b>Total Gert Sibande</b>	<b>6 359 241</b>	<b>4 764 727</b>	<b>(1 594 514)</b>	<b>75</b>
Dr J.S. Moroka	571 818	105 720	(466 098)	18
Emakhazeni	353 929	176 391	(177 538)	50
Emalahleni (MP)	4 235 148	2 640 693	(1 594 454)	62
Steve Tshwete	1 795 266	1 555 228	(240 038)	87
Thembisile Hani	904 390	524 922	(379 468)	58
Victor Khanye	661 886	537 818	(124 069)	81
Nkangala	516 150	445 956	(70 194)	86
<b>Total Nkangala</b>	<b>9 038 587</b>	<b>5 986 727</b>	<b>(3 051 859)</b>	<b>66</b>
Bushbuckridge	1 297 671	220 822	(1 076 848)	17
City of Mbombela	3 225 109	3 431 970	206 860	106
Nkomazi	913 074	855 331	(57 742)	94
Thaba Chweu	698 226	603 214	(95 012)	86
Ehlanzeni	254 843	231 918	(22 925)	91
<b>Total Ehlanzeni</b>	<b>6 388 923</b>	<b>5 343 255</b>	<b>(1 045 668)</b>	<b>84</b>
<b>Total Mpumalanga</b>	<b>21 786 751</b>	<b>16 094 710</b>	<b>(5 692 041)</b>	<b>74</b>

4 Municipalities

Expenditure above 90 % of Budget

6 Municipalities

Expenditure between 70 % and 90 % of Budget

9 Municipalities

Expenditure below 70% of Budget

1 Municipality

Overspending of Budget



# Comparative between Billing and spending

The information indicates that some municipalities expenditure on OPEX exceeds the billing.

- Govan Mbeki
- City of Mbombela
- Msukaligwa
- Emakhazeni
- Victor Khanye
- Thaba Chweu

This is as a result of unrealistic budget projections

Distribution losses

Incomplete billing systems (Not billing all users)

# Comparison between Billing and spending

## Operating Revenue and Expenditure Ended 30 June 2020

	Adjusted Budget Revenue (000)	Year to Date Revenue (000)	Under / Over against Budget (000)	% Against Adjusted Budget	Adjusted Budget Expenditure (000)	Year to Date Expenditure (000)	Under / Over against Budget (000)	% Against Adjusted Budget
<b>R thousands</b>								
<b>MPUMALANGA</b>								
Albert Luthuli	526 421	502 109	(24 313)	95	534 002	351 663	(182 339)	66
Dipaleseng	258 511	233 466	(25 045)	90	259 181	126 390	(132 791)	49
Govan Mbeki	2 241 409	1 779 703	(461 706)	79	2 261 496	2 057 484	(204 012)	91
Lekwa	827 173	578 416	(248 757)	70	909 558	529 805	(379 754)	58
Mkhondo	641 103	550 777	(90 326)	86	753 108	529 347	(223 761)	70
Msukaligwa	759 239	719 002	(40 237)	95	846 343	797 881	(48 462)	94
Pixley Ka Seme (MP)	365 524	202 398	(163 126)	55	434 445	115 720	(318 725)	27
Gert Sibande	333 990	316 795	(17 195)	95	361 109	256 438	(104 671)	71
<b>Total Gert Sibande</b>	<b>5 953 371</b>	<b>4 882 666</b>	<b>(1 070 705)</b>	<b>82</b>	<b>6 359 241</b>	<b>4 764 727</b>	<b>(1 594 514)</b>	<b>75</b>
Dr J.S. Moroka	618 663	533 256	(85 407)	86	571 818	105 720	(466 098)	18
Emakhazeni	300 262	161 147	(139 115)	54	353 929	176 391	(177 538)	50
Emalahleni (MP)	3 146 589	2 688 798	(457 791)	85	4 255 448	2 640 693	(1 594 454)	62
Steve Tshwete	1 655 844	1 696 970	41 126	102	1 795 266	1 555 228	(240 038)	87
Thembisile Hani	764 383	746 822	(17 561)	98	904 390	524 922	(379 468)	58
Victor Khanye	547 402	457 982	(89 420)	84	661 886	537 818	(124 069)	81
Nkangala	392 145	374 047	(18 098)	95	516 156	445 956	(70 194)	86
<b>Total Nkangala</b>	<b>7 425 287</b>	<b>6 659 022</b>	<b>(766 265)</b>	<b>90</b>	<b>9 038 587</b>	<b>5 986 727</b>	<b>(3 051 859)</b>	<b>66</b>
Bushbuckridge	1 383 665	795 341	(588 324)	57	1 207 671	220 822	(1 076 848)	17
City of Mbombela	3 074 804	2 853 437	(221 367)	93	3 225 109	3 431 970	206 860	106
Nkomazi	988 218	877 350	(110 868)	89	913 074	855 331	(57 742)	94
Thaba Chweu	532 164	514 552	(17 612)	97	698 226	603 214	(95 012)	86
Ehlanzeni	267 202	269 718	2 516	101	254 843	231 918	(22 925)	91
<b>Total Ehlanzeni</b>	<b>6 246 053</b>	<b>5 310 398</b>	<b>(935 655)</b>	<b>85</b>	<b>6 388 923</b>	<b>5 343 255</b>	<b>(1 045 668)</b>	<b>84</b>
<b>Total Mpumalanga</b>	<b>19 624 711</b>	<b>16 852 086</b>	<b>(2 772 625)</b>	<b>86</b>	<b>21 786 751</b>	<b>16 094 710</b>	<b>(5 692 041)</b>	<b>74</b>

Performance Above 90 %

Performance between 70 and 90 %

Performance below 70 %

Overspending of Opex budget



# CAPEX Performance

The total Capital Budget amounted to R4,3 billion

The total reported expenditure amounted to R2,3 Billion (53%)

The expenditure performance indicated that:

- Nine municipalities spent below 60% of Capital budgets  
(Chief Albert Luthuli, Dipaleseng, Govan Mbeki, Lekwa, Dr Pixley Ka Isaka Seme, Dr JS Moroka, Emalahleni, Victor Khanye, Bushbuckridge)
- Nine Municipalities spent between 60 to 90%
- Steve Tswhete and Ehlanzeni District spent above 90%
- Contributing to the slow spending is poor planning, slow SCM processes.



# Capital Spending up to June 2020

R thousands	Adjusted Budget Expenditure	Year to Date Expenditure	% Spend
<b>MPUMALANGA</b>			
Albert Luthuli	339 720	90 325	26,59
Dipaleseng	145 875	25 184	17,26
Govan Mbeki	142 188	73 351	51,59
Lekwa	69 452	14 759	21,25
Mkhondo	147 358	120 297	81,64
Msukaligwa	137 733	108 382	78,69
Pixley Ka Seme (MP)	70 880	35 563	50,17
Gert Sibande	15 217	12 133	79,73
<b>Total Gert Sibande</b>	<b>1 068 423</b>	<b>479 994</b>	<b>44,93</b>
Dr J.S. Moroka	125 111	39 239	31,36
Emakhazeni	74 107	59 885	80,81
Emalahleni (MP)	554 088	107 318	19,37
Steve Tshwete	472 255	453 008	95,92
Thembisile Hani	199 443	157 965	79,20
Victor Khanye	26 912	14 336	53,27
Nkangala	43 897	36 158	82,37
<b>Total Nkangala</b>	<b>1 495 813</b>	<b>867 909</b>	<b>58,02</b>
Bushbuckridge	601 048	175 200	29,15
City of Mbombela	798 743	504 396	63,15
Nkomazi	321 616	236 066	73,40
Thaba Chweu	76 431	57 851	75,69
Ehlanzeni	22 546	20 756	92,06
<b>Total Ehlanzeni</b>	<b>1 820 384</b>	<b>994 268</b>	<b>54,62</b>
<b>Total Mpumalanga</b>	<b>4 384 619</b>	<b>2 342 172</b>	<b>53,42</b>

9 Municipalities

Spending below 60%

9 Municipalities

Spending between 60 and 90%

2 Municipalities

Spending above 90%



# Movements of Eskom debt from August 2019 to August 2020

# Movements from 31 August 2019 to 31 August 2020

Name of Municipality			
<b>MPUMALANGA</b>			
	August 2019	August 2020	Increase or (decreas
CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY	24 109 973,78	34 433 059	10 323 085,65
DIPALESENG LOCAL MUNICIPALITY	69 580 332,61	62 563 780	-7 016 552,69
EMAKHAZENI LOCAL MUNICIPALITY	42 716 695,98	35 748 750	-6 967 946,05
EMALAHLENI LOCAL MUNICIPALITY	3 246 417 573,75	4 424 955 842	1 178 538 268,46
GOVAN MBEKI MUNICIPALITY	1 488 362 927,45	2 185 442 106	697 079 178,06
LEKWA LOCAL MUNICIPALITY	961 015 123,26	1 220 925 322	259 910 199,23
MBOMBELA LOCAL MUNICIPALITY	387 897 354,26	541 306 455	153 409 100,33
MKHONDO LOCAL MUNICIPALITY	132 357 021,25	209 162 372	76 805 350,84
MSUKALIGWA LOCAL MUNICIPALITY	205 945 140,11	216 245 745	10 300 604,69
THABA CHWEU LOCAL MUNICIPALITY	664 629 815,01	824 954 769	160 324 954,09
VICTOR KHANYE LOCAL MUNICIPALITY	216 817 907,98	308 752 020	91 934 112,37
<b>TOTAL INCREASES</b>	<b>7 439 849 865,44</b>	<b>10 064 490 220</b>	<b>2 624 640 354,98</b>

# Debtors

The total outstanding Debtors in the Province amounts to R5,6 Billion

This total is under stated due to non and incorrect reporting by some municipalities.

Five Municipalities failed to upload debtors age analysis to LGDB

- Dilaleseng
- Mkhondo
- Lekwa
- Emalahleni
- Thaba Chweu

The total outstanding Government Debt is an amount of R1,7 Billion

The Provincial Treasury reported the outstanding government debt as at 31 May 2020 to the Executive Council meeting which was convened on the 22<sup>nd</sup> of July 2020.

Following the presentation, Executive Council resolved that departments pay the outstanding debt to municipalities as follows:

- All invoices outstanding for 0-30 days must be settled by the 27<sup>th</sup> of July 2020 (REMOVE)
- All invoices outstanding for 30-60 days must be settled by the 3<sup>rd</sup> of August 2020
- All invoices outstanding for 60-90 days must be settled by the 10<sup>th</sup> of August 2020
  
- Following the EXCO resolution Government Department processed payments amounting to R504 Million.

# Government Debt

## PROGRESS TO DATE

- EXCO resolved that Departments should pay their outstanding Government Debt by 27 July 2020.
- Provincial Treasury issued a Circular in this regard to all municipalities and monitored the payments from Departments to municipalities.
- Provincial Treasury issued Circular 51 of 2020 by communicating the EXCO resolution to all departments and municipalities.
- Provincial Treasury utilized the BAS system for monitoring of payments made by Departments.
- The total payments processed by Departments up to 30 September 2020 amounts to **R504 Million**.
- Provincial Departments payments amounts to **R232 Million**
- National Departments payments amounts to **R272 Million**
- The remaining outstanding balance on the reported government debt as at 31 May 2020, which was **R1 974 Billion**, is an amount of **R1,788 Billion**.
- It should be noted that the report reflects on all payments processed to municipalities by departments, which included payments with regard to current accounts billed since May 2020.
- Department of Finance, Cooperative Governance and Traditional Affairs, Health and Culture Sport and Recreation therefore reflects what seems to be over payments.
- Provincial Treasury is continuing to monitor and reconcile payments of Government Debt.
- National Treasury issued written instructions to effected National Departments with clear instructions to pay outstanding debt with deadlines.

# PROVINCIAL SUMMARY

## PROVINCIAL GOVERNMENT DEBT SUMMARY

### MPUMALANGA CONSOLIDATED- GOVERNMENT DEBT AS AT 31 AUGUST 2020

Name of Department	Total amount outstanding	0-30 Days	30 - 60 Days	60 -90 Days	90 Days and over	Payments received by Municipalities up to July2020	Payments received by the municipality in August 2020	Payments made by Departments in September 2020	Total Payments processed
Office of Premier	36 240	-	511	509	35 220	-	-	-	-
Finance	4 217	(3 217)	7 155	280	-	-65 618	(11 506)	-	77 124
Cooperative Governance and Traditional Affairs	-	-	-	-	-	-74 593	-	-	74 593
Agriculture, Rural Development Land and Environmental Affairs	34 337 497	1 330 256	1 355 125	1 307 965	30 344 151	-2 092 573	(97 797)	(6 586)	2 196 956
Economic Development and Tourism	5 299 312	133 056	135 499	123 004	4 907 753	-132 071	(460 177)	(27 466)	619 714
Education	103 105 449	10 123 491	8 495 924	5 654 488	78 831 546	-2 328 452	(13 293 021)	(187 966)	15 809 439
Public Works, Roads and Transport	709 668 877	31 361 291	28 885 240	21 686 604	627 735 742	-143 891 124	(30 708 878)	(1 334 781)	175 934 783
Community Safety Security and Liaison	610 455	168 713	120 284	26 451	295 007	-1 020 540	(82 871)	-	1 103 411
Health (Clinics)	28 660 526	3 259 107	1 334 497	2 737 548	21 329 374	-28 371 803	(919 706)	-	29 291 509
Health (Hospitals)	9 306 103	6 080 702	1 486 711	659 122	1 079 568	-	(5 012 388)	-	5 012 388
Culture Sport and Recreation	701 417	434 822	31 046	27 601	207 948	-248 549	(354 647)	(37 227)	640 423
Social Development	2 205 989	337 983	313 926	232 928	1 321 152	-1 341 497	(64 630)	(4 839)	1 410 965
Human Settlements	19 624	16 916	1 674	665	369	158 613	(340)	-	158 273
<b>Sub Total</b>	<b>893 955 706</b>	<b>53 243 120</b>	<b>42 167 593</b>	<b>32 457 164</b>	<b>766 087 829</b>	<b>-179 408 207</b>	<b>(51 005 960)</b>	<b>(1 598 866)</b>	<b>232 013 033</b>
SANPARKS(Kruger National Park)	452 038	85 268	74 684	66 068	226 019	-	-	-	-
National Department of Public Works	393 543 540	26 560 035	16 543 098	8 760 157	341 680 251	-	(26 734 764)	(155 018 376)	181 753 140
National Department of Rural Development and Land Reform	500 148 996	25 242 224	21 840 466	13 371 404	439 694 902	-71 904 685	(18 633 994)	-	90 538 679
<b>Sub Total</b>	<b>894 144 574</b>	<b>51 887 526</b>	<b>38 458 247</b>	<b>22 197 629</b>	<b>781 601 172</b>	<b>-71 904 685</b>	<b>(45 368 758)</b>	<b>(155 018 376)</b>	<b>272 291 819</b>
<b>Total</b>	<b>1 788 100 280</b>	<b>105 130 646</b>	<b>80 625 840</b>	<b>54 654 793</b>	<b>1 547 689 001</b>	<b>-251 312 892</b>	<b>(96 374 718)</b>	<b>(156 617 242)</b>	<b>504 304 852</b>

**Emalahleni LM Government Debt report as at 31 August 2020**

Name of Department	Total amount outstanding	0+30 Days	30 + 60 Days	60 +90 Days	90 Days and over	Payments received by the municipality in August 2020	Payments made by Departments in September 2020
Office of Premier	-						
Finance	-						
Cooperative Governance and Traditional Affairs	-						
Agriculture, Rural Development Land and Environmental Affairs	8 502 861	227 072	270 430	195 646	7 809 714	(46 122)	
Economic Development and Tourism	-						
Education	14 217 058	1 935 789	1 027 191	471 817	10 782 260	(1 646 957)	(20 126)
Public Works, Roads and Transport	15 799 726	597 319	899 007	895 573	13 407 826	(130 680)	(115 785)
Community Safety Security and Liaison	-						
Health (Clinics)	3 296 280	(235 425)	85 673	46 965	3 399 067	(203 424)	
Health (Hospitals)	1 669 717	1 663 597	221	215	5 684	(4 035 263)	
Culture Sport and Recreation	-						
Social Development	-						(3 310)
Human Settlements	-						
<b>Sub Total</b>	<b>43 485 643</b>	<b>4 188 352</b>	<b>2 282 521</b>	<b>1 610 218</b>	<b>35 404 552</b>	<b>(6 062 446)</b>	<b>(139 221)</b>
SANPARKS(Kruger National Park)							
National Department of Public Works	6 694 194	869 998	657 626	513 647	4 652 923	(979 388)	(19 672 007)
National Department of Rural Development and Land Reform							
<b>Sub Total</b>	<b>6 694 194</b>	<b>869 998</b>	<b>657 626</b>	<b>513 647</b>	<b>4 652 923</b>	<b>(979 388)</b>	<b>(19 672 007)</b>
<b>Total</b>	<b>50 179 836</b>	<b>5 058 350</b>	<b>2 940 147</b>	<b>2 123 865</b>	<b>40 057 475</b>	<b>(7 041 834)</b>	<b>(19 811 228)</b>
SARS offices	1 324 921	107 289	201 575	150 696	865 360	(83 008)	
Water Board/ affairs	2 633 936	-	-	-	2 633 936		
Other Municipality							
SANRAL	17 527 401	(227 136)	387 226	314 634	15 832 284	-	
Transnet							
National Housing Board	369 674	(53 294)	10 181	9 718	403 069	-	
AND							
<b>Sub Total</b>	<b>21 855 932</b>	<b>(173 141)</b>	<b>598 982</b>	<b>475 049</b>	<b>19 734 649</b>	<b>(83 008)</b>	<b>-</b>
<b>This Should balance to Section 71 Report Totals</b>	<b>72 035 769</b>	<b>4 885 210</b>	<b>3 539 129</b>	<b>2 598 913</b>	<b>59 792 124</b>	<b>(7 124 842)</b>	<b>(19 811 228)</b>

**Govan Mbeki LM Government Debt report as at 31 August 2020**

Name of Department	Total amount outstanding	0+30 Days	30 + 60 Days	60 +90 Days	90 Days and over	Payments received by the municipality in August 2020	Payments made by Departments in September 2020
Office of Premier	-	-	-	-	-	-	
Finance	-	-	-	-	-	-	
Cooperative Governance and Traditional Affairs	-	-	-	-	-	-	
Agriculture,Rural Development Land and Environmental Affairs	-	-	-	-	-	-	
Economic Development and Tourism	-	-	-	-	-	-	
Education	5 807 786	1 484 370	527 278	339 997	3 456 140	-	
Public Works,Roads and Transport	-	-	-	-	-	-	
Community Safety Security and Liaison	206 234	26 617	18 747	6 032	154 837	-	
Health (Clinics)	555 224	200 121	130 256	32 577	192 271	-	
Health (Hospitals)	2 171 011	1 013 870	732 135	70 335	354 672	-	
Culture Sport and Recreation	-	-	-	-	-	-	
Social Development	-	-	-	-	-	-	(33 183)
Human Settlements	-	-	-	-	-	-	
<b>Sub Total</b>	<b>8 740 255</b>	<b>2 724 978</b>	<b>1 408 416</b>	<b>448 940</b>	<b>4 157 921</b>	<b>-</b>	<b>(33 183)</b>
SANPARKS(Kruger National Park)	-	-	-	-	-	-	
National Department of Public Works	5 147 065	5 044 131	66 672	20 495	15 766	-	(25 402 191)
National Department of Rural Development and Land Reform	-	-	-	-	-	-	
<b>Sub Total</b>	<b>5 147 065</b>	<b>5 044 131</b>	<b>66 672</b>	<b>20 495</b>	<b>15 766</b>	<b>-</b>	<b>(25 402 191)</b>
<b>Total</b>	<b>13 887 320</b>	<b>7 769 109</b>	<b>1 475 089</b>	<b>469 436</b>	<b>4 173 687</b>	<b>-</b>	<b>(25 435 374)</b>
SARS offices	-					-	
Water Board/ affairs	-						
Other Municipality	-						
SANRAL	-						
AND	-						
AND	-						
AND	-						
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>This Should balance to SECTION 71 Report Toals</b>	<b>13 887 320</b>	<b>7 769 109</b>	<b>1 475 089</b>	<b>469 436</b>	<b>4 173 687</b>	<b>-</b>	<b>(25 435 374)</b>



Lekwa LM Government Debt report as at 31 August 2020

Name of Department	Total amount outstanding	0-30 Days	30 - 60 Days	60 -90 Days	90 Days and over	Payments received by the municipality in August 2020	Payments made by Departments in September 2020
Office of Premier	-	-	-	-	-		
Finance	-						
Cooperative Governance and Traditional Affairs	-						
Agriculture,Rural Development Land and Environmental Affairs	6 280 249	213 718	184 567	237 223	5 644 740	(20 966)	(6 586)
Economic Development and Tourism	-						
Education	8 140 540	886 172	450 415	331 823	6 472 130	(37 582)	(35 998)
Public Works,Roads and Transport	4 814 316	520 890	334 569	441 592	3 517 265	(675 286)	(157 225)
Community Safety Security and Liaison	-						
Health (Clinics)	134 770	60 707	58 910	15 153		-	
Health (Hospitals)	2 042 035	532 894	522 672	454 715	531 754	-	
Culture Sport and Recreation	-						
Social Development	-						
Human Settlements	-						
<b>Sub Total</b>	<b>21 411 910</b>	<b>2 214 380</b>	<b>1 551 133</b>	<b>1 480 507</b>	<b>16 165 889</b>	<b>(733 834)</b>	<b>(199 809)</b>
SANPARKS(Kruger National Park)	-						
National Department of Public Works	7 162 745	3 051 137	100 317	177 437	3 833 855	(969 023)	(23 501 488)
National Department of Rural Development and Land Reform							
<b>Sub Total</b>	<b>7 162 745</b>	<b>3 051 137</b>	<b>100 317</b>	<b>177 437</b>	<b>3 833 855</b>	<b>(969 023)</b>	<b>(23 501 488)</b>
<b>Total</b>	<b>28 574 655</b>	<b>5 265 517</b>	<b>1 651 450</b>	<b>1 657 944</b>	<b>19 999 744</b>	<b>(1 702 857)</b>	<b>(23 701 297)</b>
SARS offices	4 799	2 167	1 456	89	1 087	(1 919)	
Water Board/ affairs	-						
Other Municipality	-						
SANRAL	74 148	1 570	1 563	1 477	69 537		
AND	-						
AND	-						
AND	-						
<b>Sub Total</b>	<b>78 947</b>	<b>3 738</b>	<b>3 020</b>	<b>1 566</b>	<b>70 624</b>	<b>(1 919)</b>	<b>-</b>
<b>This Should balance to SECTION 71 Report Toals</b>	<b>28 653 602</b>	<b>5 269 255</b>	<b>1 654 469</b>	<b>1 659 510</b>	<b>20 070 368</b>	<b>(1 704 776)</b>	<b>(23 701 297)</b>

# FRP Impact Assessment

# Financial Recovery Plans

- The Provincial Treasury consulted the Minister of Finance for the support through the Financial Recovery Services with the development of the Financial Recovery Plan as prescribed in Sec 139 (1)(a) of the MFMA
- Five municipalities were supported with development and approval of Financial Recovery Plans.
- The approach adopted in the development of the financial recovery plan was a consultative approach as directed in terms of Sec 141 and Sec142 of the MFMA.
- A detailed assessment was conducted on the current status of the municipality and the root causes were identified that contributed to the current status,
- The process included consultation with amongst others Mayoral Committee of the municipality, Management and other staff of the municipality, Organised labour, municipality's principal creditors, Salga, relevant district municipalities, relevant National and Provincial government departments (Provincial Treasury, Mpumalanga Co-operative Governance and Traditional Affairs and National DCoG
- The Financial Recovery Plan for Emalahleni Local Municipality was approved on the 22<sup>nd</sup> of January 2019, in terms of Section 143(2) of the MFMA and is currently being implemented through the support of Provincial Treasury, COGTA and SALGA.
- Msukaligwa, Govan Mbeki and Thaba Chweu Local municipalities financial recovery plans were approved on the 23<sup>rd</sup> August 2019 and Lekwa Local Municipality's financial recovery plan was approved on 14<sup>th</sup> of October 2019 in terms of Section 143(2) of the MFMA
- These plans were officially handed over to these municipalities during special Council sittings and the implementation thereof has commenced
- Handed over to the Municipal Councils on the following dates:
  - Govan Mbeki 08 November 2019
  - Msukaligwa 08 Novemebr 2019
  - Thaba Chweu 21 November 2019
  - Lekwa 27 Novemebr 2019
- All five municipalities are in the implementation phase of the FRP's
- The Provincial Executive through the MEC for Finance are monitoring the implementation of the financial recovery plans and review the progress as prescribed in Sec 147 of the MFMA.



# Financial Recovery Plans

- Review sessions are scheduled for verification of progress made by PT, COGTA, SALGA and the District Municipalities in all municipalities for the month of November 2020.
- As a result of COVID 19 the previous review sessions were cancelled.
- The Municipality's progress reports on the implementation of the FRP looks good on paper.
- PT and COGTA are not sure whether it is true reflection as the impact analysis reflects a regression on financial viability.
- Emalahleni municipality requested PT to present and train the Mayoral Committee Members on the FRP.
- This training is scheduled for the first week in November 2020.



# CHALLENGES

The following challenges have been identified:

- The non-submission of the data strings distorts the status of municipal finances for the province.
- The credibility of the information contained in the mSCOA data strings is a concern as some municipalities are not budgeting, transacting and reporting directly from the core financial system.
- The funding segment is not applied correctly which results in the non-reconciliation of the cash flow to the corresponding data strings, the sources of capital expenditure is also understated.
- Failure by municipalities to implement revenue enhancement strategies and credit control policies which resulted in:
  - ❖ Negative/low cash flow balances
  - ❖ Escalation of debtors' book
  - ❖ Escalating of bulk accounts (Water and Eskom)
  - ❖ Non-payment of creditors within 30 days

# Remedial action required

- Provincial Treasury in process to roll out detail MSCOA training and encourage management in municipalities to avail themselves
- Municipalities to ensure all transactions are done within financial system
- Reconciliation of valuation roll and billing system and deeds office
- Ensure that supplementary valuation are undertaken timeously
- Improve tariff setting using tool/ model – progressive correction – correct baseline information
- Municipalities understand and apply the national indigent policy and that it is correctly implemented
- The generic SOPs are customised to respective municipalities
- Capital budgets must be more inclined to maintaining revenue generating assets

**THANK YOU**



provincial treasury  
MPUMALANGA PROVINCE  
REPUBLIC OF SOUTH AFRICA

