

UMHLABUYALINGANA LOCAL MUNICIPALITY



MID-YEAR BUDGET & PERFORMANCE ASSESSMENT REPORT FOR 2025/2026 FINANCIAL YEAR

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PART 1

1.1 Corporate statement

Vision

To be a people centered premier socio-economic development and environmentally service delivery municipality

Mission

Creating an enabling environment and sustainable development which promotes quality life

Core Values

**Integrity
Quality Service
Good Governance
Benchmarking
Leadership
Honesty
Commitment
Interpersonal Skills
Responsibility
Accountability
Transparency
Learning
Dialogue and Diversity
Partnership
Professionalism
Consultation/Participation**

2. Strategic Objectives

<ul style="list-style-type: none"> • To attract and retain qualified and experienced staff across the staff establishment • To provide the optimal institutional structure to render effective and efficient services 	KPA 1. Municipal Transformation and Institutional Development
<ul style="list-style-type: none"> • To facilitate bulk infrastructure development in support of economic development initiative • To develop long term infrastructure development plans • To facilitate an improvement in access to community/public facilities to minimum standards • To provide access and facilitate vehicular movement in UMhlabuyalingana • To facilitate delivery of basic service to RDP Standard • To comply fully with all municipal legislations • Improved Access to Basic Services 	KPA 2. Basic service delivery and infrastructure development
<ul style="list-style-type: none"> • To create an environment conducive for investment and economic growth • To promote and support ecotourism as a means to increase market share • To create safe, healthy and sustainable living environment 	KPA 3. Social and Economic Development
<ul style="list-style-type: none"> • To develop and maintain systems and procedures for effective and sound management of municipal finances • To improve revenue generation by 5% per annum over the next 5 years • To be 100% compliant with SCM Regulations 	KPA 4. Financial viability and financial management
<ul style="list-style-type: none"> • To run the municipality in an open, transparent and accountable manner • To develop and maintain systems and procedures and sound management of municipal finances • To communicate with stakeholders using print and electronic media • To provide for an effective involvement of the public in municipal affairs • To comply fully with all municipal legislation 	KPA 5. Good Governance, Public Participation
<ul style="list-style-type: none"> • To promote productive, harmonious and sustainable land use • To run the municipality in an open, transparent and accountable manner • To create functional structure for effective development and delivery of services 	KPA 6. Cross Cutting Interventions

Introduction

The Accounting Officer of the municipality is required by Section 72 of the Municipal Finance Management Act to assess the performance of the municipality during the first half of the financial year by 25 January of each year.

The mid-year report is a critical stage in the in-year reporting cycle of a municipality. As part of the review, in terms of Section 72(3) of the Municipal Finance Management Act, the Accounting Officer needs to make recommendations as to whether Service Delivery and Implementation Plans and both capital and operating budgets need to be adjusted.

Section 54(1) of the Municipal Finance Management Act requires the Mayor to consider and then submit the mid-year report to council by 25 January of each year.

It must be noted that Section 52, Quarterly Budget Monitoring Report is incorporated in this report. Therefore, the requirements of Section 52 (f) of the Municipal Finance Management Act have been met in this mid-year Budget and Assessment report.

1.3 Mayor's Foreword

I am pleased to present the 2025/2026 Mid-Year Performance Report, which reflects the Municipality's progress in implementing the approved Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP), and Council priorities for the current financial year. This report is prepared in terms of the Municipal Systems Act and the Municipal Finance Management Act, and it serves as an important accountability instrument to Council, communities, and all stakeholders on the performance of the Municipality during the first half of the financial year.

The period under review was characterized by both achievements and challenges. Notwithstanding financial and operational constraints, the Municipality continued to focus on improving basic service delivery, strengthening institutional capacity, and enhancing good governance, while corrective measures were initiated in areas where performance targets were not fully achieved.

This Mid-Year Performance Report further enables Council and Management to assess the effectiveness of strategies, review performance trends, and take informed decisions to ensure that the Municipality remains on course to meet its annual targets. Where underperformance has been identified, management has developed and is implementing remedial actions to accelerate service delivery during the second half of the financial year.

I wish to express my sincere appreciation to the Municipal Manager, senior management, councillors, and all municipal employees for their commitment and dedication during the reporting period. I also thank our communities and stakeholders for their continued cooperation and engagement. Together, we remain committed to building a responsive, accountable, people centered premier socio-economic development and environmentally service delivery municipality.

Councillor TS Khumalo

Mayor: uMhlabuyalingana Municipality

1.4 Resolution



UMHLABUYALINGANA MUNICIPALITY

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Enquiries: Mr. NPE Myeni

Reference: UMHC 38 2025/26

Date: 23/01/2026

TRUE EXTRACT OF MINUTES

This is a true extract from the minutes of the Ordinary Council meeting of Umhlabuyalingana Municipality held on the 23rd of January 2026 (10h00) at Umhlabuyalingana Council Chamber/Via Microsoft Teams Media Platform (Hybrid) whereby the resolutions as stated below were taken by Umhlabuyalingana Executive Committee.

UMHC 38: 2025/2026 MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT (SECTION 72)

Councillor S.M. Manukuza thereafter moved, seconded by Councillor T.S. Myeni the recommendation following, which it were;

RESOLVED;

1. The Council resolved that the Mid-Year Performance Assessment submitted in terms of section 72 of Municipal Finance Management Act (Act 56 of 2003) be noted for onward submission to National and Provincial Treasury.
2. The Council resolved that Departments re-align the Mid-Year Review to Monthly Projections of expenditure on the Operational and Capital Budget based on the Mid-Year assessed SDBIP's.
3. The Council resolved that the Mid-Year Budget Review (as presented by the Mayor/Manager) and the Mid-year performance assessment, and the recommendation contained therein be approved for preparation of an Adjustment budget for the 2025/2026 and the review of the SDBIP's accordingly.

THIS EXTRACT OF THE COUNCIL RESOLUTION IS CERTIFIED AS CORRECT

Signed by: NKOSINATHI MTENI

Signature: NPE

Print Name

Designation: Municipal Manager

Date: 23 / 01 / 2026

1.5 Executive summary

Below is the table with the summary of the budget performance for the past six months of the 2025/2026 financial year.

EXECUTIVE SUMMARY			
DESCRIPTION	Original Budget	Actual performance	%
Financial performance			
Property rates	27 842 156	13 538 404	49%
Service charges	490 631	234 977	48%
Investment revenue	12 957 231	3 638 345	28%
Transfers and subsidies - operational	249 957 521	187 784 964	75%
Other own revenue	17 257 038	7 662 577	44%
Total revenue-excluding capital transfers and contributions	308 504 577	212 859 267	69%
Employee related costs	119 614 140	48 380 493	40%
Remuneration of councillors	17 362 630	8 166 460	47%
Depreciation and amortisation	27 268 495	17 141 103	63%
Interest	995 202	216 963	22%
Inventory consumed	2 262 250	338 618	15%
Transfers and subsidies - expenditure	16 838 084	5 783 697	34%
Other expenditure	120 044 164	52 659 331	44%
Total operating expenditure	304 384 965	132 686 665	44%
Capital expenditure and fund sources			
Transfers and subsidies - Capital	38 379 546	12 110 458	32%
Capital expenditure and fund sources	1 213 044	641 338	53%
Total sources of capital funds	39 592 590	12 751 796	32%

Total operational revenue collection including conditional grant for the past six months of the 2025/2026 financial year is R212 859 267 or 69% of the total operational revenue budget. Operating grants include conditional grants amounting to R6 450 964 and Equitable share of R181 334 000. Capital grants amount to R12 110 458 for MIG. Total operating expenditure for the past six months of 2025/2026 financial year is R132 686 665 or 44% of the total operating budget. Capital expenditure for the past six months of the 2025/2026 financial year is R12 751 796 or 32% of the total capital budget exclusive of VAT.

3. In-year budget statement tables

6.1 Table 1 – C1 monthly budget statement summary

KZN271 Umhlabuyalingana - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment									
Description	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	28 494	27 842	-	2 225	13 538	13 921	(382)	-3%	27 842
Service charges	470	491	-	39	235	245	(10)	-4%	491
Investment revenue	11 656	12 957	-	510	3 638	6 479	(2 840)	-44%	12 957
Transfers and subsidies - Operational	251 088	249 958	-	82 069	187 785	124 979	62 806	50%	249 958
Other own revenue	16 230	17 257	-	473	7 663	8 629	(966)	-11%	17 257
Total Revenue (excluding capital transfers and contributions)	307 938	308 505	-	85 316	212 859	154 252	58 607	38%	308 505
Employee costs	95 092	119 614	-	10 089	48 380	59 807	(11 427)		119 614
Remuneration of Councillors	15 597	17 363	-	1 306	8 166	8 681	(515)		17 363
Depreciation and amortisation	40 477	27 268	-	2 496	17 141	13 634	3 507		27 268
Interest	469	995	-	180	217	498	(281)		995
Inventory consumed and bulk purchases	2 178	2 262	-	8	339	1 131	(793)		2 262
Transfers and subsidies	21 358	16 838	-	689	5 784	8 419	(2 635)	-31%	16 838
Other expenditure	143 158	120 044	-	10 832	52 659	60 022	(7 363)	-12%	120 044
Total Expenditure	318 328	304 385	-	25 601	132 687	152 193	(19 506)	-13%	304 385
Surplus/(Deficit)	(10 390)	4 120	-	59 715	80 173	2 059	78 113	3793%	4 120
Transfers and subsidies - capital (monetary)	40 768	44 096	-	3 687	12 168	22 048	(9 880)	-45%	44 096
Transfers and subsidies - capital (in-kind)	-	-	-	-	77	-	77	#DIV/0!	-
Surplus/(Deficit) after capital transfers & contributions	30 378	48 216	-	63 402	92 417	24 107	68 310	283%	48 216
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	30 378	48 216	-	63 402	92 417	24 107	68 310	283%	48 216
Capital expenditure & funds sources									
Capital expenditure	46 364	39 593	-	3 032	12 353	19 796	(7 443)	-38%	39 593
Capital transfers recognised	23 246	38 380	-	2 956	12 110	19 190	(7 079)	-37%	38 380
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	16 301	1 213	-	426	641	607	35	6%	1 213
Total sources of capital funds	39 547	39 593	-	3 382	12 752	19 796	(7 045)	-36%	39 593
Financial position									
Total current assets	129 144	247 334	-	-	247 923	-	-		247 334
Total non current assets	436 927	447 207	-	-	432 538	-	-		447 207
Total current liabilities	67 123	26 046	-	-	89 096	-	-		26 046
Total non current liabilities	-	4 862	-	-	-	-	-		4 862
Community wealth/Equity	498 947	663 633	-	-	591 365	-	-		663 633
Cash flows									
Net cash from (used) operating	452 508	70 312	-	72 832	111 486	69 298	(42 188)	-61%	70 312
Net cash from (used) investing	39 547	(45 381)	-	(3 382)	(12 752)	(22 691)	(9 939)	44%	(45 381)
Net cash from (used) financing	-	-	-	-	-	-	-		-
Cash/cash equivalents at the month/year end	590 999	228 428	-	182 121	206 502	250 105	43 602	17%	-
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	2 255	2 029	2 167	2 080	2 142	1 996	7 395	65 681	85 747
Creditors Age Analysis									
Total Creditors	980	1 888	(485)	(475)	626	(130)	239	(297)	2 346

The above table shows the municipality's summary of financial performance, capital expenditure, financial position, cash flow, debtor's balances, and creditor's balances as at 31 December 2025.

Financial performance of the municipality as at 31 December 2025 is sitting at a surplus of R92,4 million. Whereby the total revenue excluding capital transfers is R212,8 million, total operating expenditure is R132,6 million and capital transfers is R12,7 million

Capital expenditure as at 31 December 2025 is R12,5 million, funding sources of this capital expenditure are as follows:

- Capital transfers from National Government is R12,1 million, and
- internally generated funds is R641 338

Financial position as at 31 December 2025 shows that the municipality's current assets are R247,9 million, non-current assets are R432,5 million, current liabilities are R89,1 and community wealth/equity is R591,3 million.

Cash flow balances as at 31 December 2025 are as follows:

Net cash from operating activities is R111,4 million,
Net cash from investing activities is (R12,7) million, and
Cash and cash equivalents at the end of the period is R206,5 million

Debtors' balance as at 31 December 2025 is R85,7 million and
Creditors' balance as at 31 December 2025 is R2,3 million

6.2 Table 2 – C2 monthly budget statement – Financial Performance (functional classification)

2025- 2026 MID-YEAR BUDGET & PERFORMANCE

ASSESSMENT REPORT

KZN271 Umhlabuyalingana - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Mid-Year Assessment										
Description	Ref	2024/25			Budget Year 2025/26					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Government and administration		284 809	285 118	–	83 475	199 773	142 559	57 215	40%	285 118
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		284 809	285 118	–	83 475	199 773	142 559	57 215	40%	285 118
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		4 850	2 594	–	562	2 555	1 297	1 258	97%	2 594
Community and social services		4 849	2 594	–	562	2 322	1 297	1 025	79%	2 594
Sport and recreation		1	–	–	–	233	–	233	#DIV/0!	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		46 809	51 959	–	4 926	17 142	25 979	(8 837)	-34%	51 959
Planning and development		2 511	3 914	–	961	3 343	1 957	1 386	71%	3 914
Road transport		44 297	48 045	–	3 965	13 799	24 023	(10 223)	-43%	48 045
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		12 238	12 882	–	39	5 633	6 441	(808)	-13%	12 882
Energy sources		11 768	12 391	–	–	5 398	6 196	(787)	-13%	12 391
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		470	491	–	39	235	245	(10)	-4%	491
Other	4	–	48	–	–	–	24	(24)	-100%	48
Total Revenue - Functional	2	348 706	352 601	–	89 002	225 104	176 300	48 804	28%	352 601
Expenditure - Functional										
Government and administration		190 885	172 161	–	12 147	78 197	86 081	(7 883)	-9%	172 161
Executive and council		55 934	56 936	–	3 098	22 874	28 468	(5 594)	-20%	56 936
Finance and administration		131 670	112 268	–	7 837	51 550	56 134	(4 584)	-8%	112 268
Internal audit		3 281	2 957	–	1 211	3 773	1 478	2 295	155%	2 957
Community and public safety		41 931	49 965	–	3 425	19 838	24 982	(5 144)	-21%	49 965
Community and social services		41 931	49 507	–	3 425	19 838	24 753	(4 915)	-20%	49 507
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	257	–	–	–	128	(128)	-100%	257
Housing		–	–	–	–	–	–	–	–	–
Health		–	201	–	–	–	101	(101)	-100%	201
Economic and environmental services		68 906	72 402	–	10 022	31 421	36 201	(4 780)	-13%	72 402
Planning and development		32 664	35 784	–	2 953	11 682	17 892	(6 210)	-35%	35 784
Road transport		36 242	36 618	–	7 069	19 739	18 309	1 430	8%	36 618
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		16 606	9 857	–	7	3 228	4 929	(1 701)	-35%	9 857
Energy sources		12 429	7 435	–	–	494	3 717	(3 223)	-87%	7 435
Water management		385	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		3 792	2 422	–	7	2 733	1 211	1 522	126%	2 422
Other		–	–	–	–	3	–	3	#DIV/0!	–
Total Expenditure - Functional	3	318 328	304 385	–	25 601	132 687	152 193	(19 506)	-13%	304 385
Surplus/ (Deficit) for the year		30 378	48 216	–	63 402	92 417	24 107	68 310	283%	48 216

6.3 Table 3 –C3 monthly budget statement – Financial performance by municipal vote

2025- 2026 MID-YEAR BUDGET & PERFORMANCE

ASSESSMENT REPORT

KZN271 Umhlabuyalingana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Mid-Year Assessment										
Vote Description	Ref	2024/25			Budget Year 2025/26					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - Finance and Admin	1	284 809	285 118	-	83 475	199 773	142 559	57 215	40,1%	285 118
Vote 2 - Executive and council		-	-	-	-	-	-	-	-	-
Vote 3 - Community and social services		4 849	2 594	-	562	2 322	1 297	1 025	79,0%	2 594
Vote 4 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 5 - Waste Management		470	491	-	39	235	245	(10)	-4,2%	491
Vote 6 - Energy Sources		11 768	12 391	-	-	5 398	6 196	(797)	-12,9%	12 391
Vote 7 - Planning and Development		2 511	3 914	-	961	3 343	1 957	1 386	70,8%	3 914
Vote 8 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 9 - Roads		41 367	45 635	-	3 706	12 413	22 817	(10 405)	-45,6%	45 635
Vote 10 - Sport and Recreation		2 932	2 410	-	259	1 619	1 205	414	34,4%	2 410
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	348 706	352 553	-	89 002	225 104	176 276	48 828	27,7%	352 553
Expenditure by Vote										
Vote 1 - Finance and Admin	1	130 924	112 068	-	7 837	51 550	56 034	(4 484)	-8,0%	112 068
Vote 2 - Executive and council		55 934	56 936	-	3 098	22 874	28 468	(5 594)	-19,7%	56 936
Vote 3 - Community and social services		40 468	46 606	-	3 285	19 371	23 303	(3 932)	-16,9%	46 606
Vote 4 - Internal Audit		3 281	2 957	-	1 211	3 773	1 478	2 295	155,2%	2 957
Vote 5 - Waste Management		3 792	2 422	-	7	2 733	1 211	1 522	125,7%	2 422
Vote 6 - Energy Sources		12 429	7 435	-	-	494	3 717	(3 223)	-86,7%	7 435
Vote 7 - Planning and Development		30 328	27 108	-	2 953	11 682	13 554	(1 873)	-13,8%	27 108
Vote 8 - Public Safety		-	174	-	-	-	87	(87)	-100,0%	174
Vote 9 - Roads		24 580	24 753	-	6 056	14 708	12 376	2 332	18,8%	24 753
Vote 10 - Sport and Recreation		16 125	22 826	-	1 013	5 361	11 413	(6 052)	-53,0%	22 826
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	317 860	303 285	-	25 460	132 546	151 643	(19 096)	-12,6%	303 285
Surplus/ (Deficit) for the year	2	30 846	49 268	-	63 542	92 557	24 634	67 924	275,7%	49 268

The above table shows the financial performance of the municipality as at 31 December 2025 per municipal vote

6.4 Table 4 – C4 monthly budget statement – Financial Performance (revenue and expenditure)

KZN271 Umhlabuyalingana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment										
Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		-	-	-	-	-	-	-	-	-
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		470	491	-	39	235	245	(10)	-4%	491
Sale of Goods and Rendering of Services		11 861	12 457	-	2	5 447	6 228	(781)	-13%	12 457
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	-	-	-	-	-	-
Interest from Current and Non Current Assets		11 656	12 957	-	510	3 638	6 479	(2 840)	-44%	12 957
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		422	486	-	30	215	243	(28)	-12%	486
Licence and permits		2 612	2 161	-	212	1 408	1 081	327	30%	2 161
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		1 292	606	-	105	429	303	126	42%	606
Non-Exchange Revenue										
Property rates		28 494	27 842	-	2 225	13 538	13 921	(382)	-3%	27 842
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2 219	1 546	-	124	352	773	(421)	-54%	1 546
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		251 088	249 958	-	82 069	187 785	124 979	62 806	50%	249 958
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		165	-	-	-	-	-	-	-	-
Other Gains		(2 340)	-	-	-	(188)	-	(188)	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		307 938	308 505	-	85 316	212 859	154 252	58 607	38%	308 505
Expenditure By Type										
Employee related costs		95 092	119 614	-	10 089	48 380	59 807	(11 427)	-19%	119 614
Remuneration of councillors		15 597	17 363	-	1 306	8 166	8 681	(515)	-6%	17 363
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		2 178	2 262	-	8	339	1 131	(793)	-70%	2 262
Debt impairment		4 389	9 460	-	-	-	4 730	(4 730)	-100%	9 460
Depreciation and amortisation		40 477	27 268	-	2 496	17 141	13 634	3 507	26%	27 268
Interest		469	995	-	180	217	498	(281)	-56%	995
Contracted services		80 523	65 422	-	8 537	35 059	32 711	2 348	7%	65 422
Transfers and subsidies		21 358	16 838	-	689	5 784	8 419	(2 635)	-31%	16 838
Irrecoverable debts written off		5 235	-	-	145	145	-	145	-	-
Operational costs		52 571	45 162	-	2 150	17 455	22 581	(5 126)	-23%	45 162
Losses on Disposal of Assets		213	-	-	-	-	-	-	-	-
Other Losses		226	-	-	-	-	-	-	-	-
Total Expenditure		318 328	304 385	-	25 601	132 687	152 193	(19 506)	-13%	304 385
Surplus/(Deficit)		(10 390)	4 120	-	59 715	80 173	2 059	78 113	0	4 120
Transfers and subsidies - capital (monetary allocations)		40 768	44 096	-	3 687	12 168	22 048	(9 880)	(0)	44 096
Transfers and subsidies - capital (in-kind)		-	-	-	-	77	-	77	#DIV/0!	-
Surplus/(Deficit) after capital transfers & contributions		30 378	48 216	-	63 402	92 417	24 107			48 216
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		30 378	48 216	-	63 402	92 417	24 107			48 216
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		30 378	48 216	-	63 402	92 417	24 107			48 216
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		30 378	48 216	-	63 402	92 417	24 107			48 216

Revenue Performance – 1 July to 31 December 2025

Total Revenue Recognized:

The municipality recognized a total operating revenue of R212.8 million, excluding capital transfers, for the first six months of the 2025/2026 financial year.

Service Charges – Refuse Removal:

Revenue of R234,977 was collected from refuse removal services, contributing less than 1% of total operating revenue. Currently, the service is billed to 10 key properties, including hospitals, schools, government offices, and commercial centers. Residential refuse removal services are not yet offered due to limited resources. A 4% variance between year-to-date actuals and budget has been noted, and the revenue projection will be adjusted in the adjustment budget.

Sale of Goods and Rendering of Services

Revenue of R5.4 million was recognized from photocopies, building plan approvals, and construction contract income. Revenue from photocopies and building plans exceeded budgeted projections and will be adjusted in the adjustment budget. Construction contract revenue is below budget due to lower spending of INEP grant allocations; no budget adjustment is required for this conditional grant.

Interest from Current and Non-Current Assets

Interest income totalled R3.6 million, contributing 1.7% of total revenue. Performance is 44% below budget due to interest accrued as at 31 December 2025 which is not yet capitalised. Interest accrued is coming from STD bank investment account with R30 million deposit with accrued interest of R1,2 million, Nedbank investment account with accrued interest of R627 973, another Nedbank investment account with accrued interest of R1,2 million and another FNB investment account with accrued interest of more than R620 000.

Rental of Facilities and Equipment:

Revenue of R215,065 was recognized from 79 market stalls and rental of office spaces to IEC and Vodacom. Performance is slightly below the projected budget (12% variance) and will be adjusted in the adjustment budget.

Licenses and Permits

Revenue of R1.4 million was collected, exceeding the budget by 30%. Budget adjustments will be made as the budgeted figures were understated.

Operational Revenue

Revenue of R428,979 was recognized from commissions, photocopying, and insurance refunds. High collection was due to insurance refunds received. The budget for this line item will be adjusted upward as it was understated.

Property Rates:

Revenue of R13.5 million was collected from business, residential, government, vacant land, and agricultural properties. This represents 6.3% of total operating revenue. Revenue is below budget due to the Supplementary Valuation Roll (SVR) being finalized after the budget adoption. Adjustments will be made in the adjustment budget.

Fines, Penalties, and Forfeits:

Revenue of R351,989 was recognized, primarily from traffic fines and library penalties. Collection declined compared to the previous year, especially traffic fines, due to court cancellations. Adjustments will be made in the adjustment budget.

Transfers and Subsidies:

Revenue of R187.7 million was received, including R181 million from Equitable Share and R6.3 million from conditional grants.

Expenditure

Total operating expenditure as at 31 December 2025 is R133,6 million. Expenditure from July to December is 13% below the projected budget for the same period of R152,1 million. The performance is acceptable although there are items where there are no expenditures incurred, such as debt impairment, as well as low spending on interest expenses, because these expenses are calculated at year end.

Employee related costs

The municipality has recognized expenditure of R48,3 million for employee related costs from July to December 2025. Expenditure is less than the projected budget because payment of performance bonuses for senior managers has not been paid yet. This line item will be adjusted in the adjustment budget.

Councilor's remuneration

The municipality has recognized expenditure of R8,1 million against expenditure for remuneration of councilors. Expenditure incurred is less than the projected budget for the period ending 31 December 2025. This line item will be adjusted in the adjustment budget.

Inventory consumed

Expenditure on inventory consumed as at 31 December 2025 is R339 thousand, this expenditure is too low, and it has been discovered that the system is not processing inventory issues correctly, hence inventory consumed is low. The matter has been communicated to the system vendor, and they have promised to fix the problem by the end of January 2025

Debt impairment

There is no expenditure incurred yet for this line item; debt impairment is calculated at year's end.

Depreciation and asset impairment

The municipality has recognized depreciation to the value of R17,1 million against its municipal asset register. Actual performance is more than the projected budget. The municipality is investigating the high performance to confirm there are no errors before there is confirmation to adjust the budget needs to be adjusted upwards.

Interest expense

Interest expense is R216 963 for late payment of accounts such as Telkom, Eskom and SARS penalties charged for payment that did not go through before the 7th of November 2025. Interest expense for landfill sites is recognized at year-end when the municipality has received a report from the experts who specialize in the calculation of provisions for landfill sites.

Inventory consumed

Expenditure on inventory consumed as at 31 December 2025 amounted to R338 618. Monthly inventory reconciliations are conducted to ensure that stock levels are properly monitored and maintained at acceptable levels. The closing balance of inventory assets appears relatively high due to bulk purchases made during November 2025, which had not yet been fully consumed by the end of the reporting period.

Contracted services

Contracted services expenditure as at 31 December 2025 is at R35,0 million. This expenditure includes maintenance of assets like roads and transport assets, consultants used by the municipality in the preparation of AFS, maintenance of financial system and provision of security services. Expenditure is above the projected budget for this period by 7% but the municipality will monitor it so that it does not exceed the total budget by end of the financial year to avoid incurring unauthorized expenditure.

Transfers and subsidies

Transfers and subsidies expenditure as at 31 December 2025 is R5,7 million. This expenditure includes social relief programs, poverty alleviation programs, burial support programs and disaster relief programs, where the municipality will buy and donate food parcels to identified communities as the needy ones and start up kits for families who have lost their household items due to fire disasters or other natural disasters like floods. Expenditure is below the projected budget for this period by 7% however the municipality is not intending to make any adjustment to this line item in the adjustment budget, but the municipality will monitor the budget and ensure that expenditure does not exceed the budget at the end of the financial year.

Operational costs

Operational costs expenditure as at 31 December 2025 was R17,4 million. Expenditure is below the projected budget for this period, but the municipality will have to monitor it so that it does not exceed the budget at the end of the financial year to avoid incurring unauthorized expenditure.

6.4 Table 5 – C5 monthly budget statement – Capital expenditure

2025- 2026 MID-YEAR BUDGET & PERFORMANCE

ASSESSMENT REPORT

KZN271 Umhlabuyalingana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment										
Vote Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Finance and Admin		-	-	-	-	-	-	-	-	-
Vote 2 - Executive and council		-	-	-	-	-	-	-	-	-
Vote 3 - Community and social services		-	-	-	-	-	-	-	-	-
Vote 4 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 5 - Waste Management		-	-	-	-	-	-	-	-	-
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 8 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 9 - Roads		-	-	-	-	-	-	-	-	-
Vote 10 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 1 - Finance and Admin		9 697	474	-	-	166	237	(71)	-30%	474
Vote 2 - Executive and council		-	-	-	-	-	-	-	-	-
Vote 3 - Community and social services		76	-	-	-	-	-	-	-	-
Vote 4 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 5 - Waste Management		6 685	174	-	-	-	87	(87)	-100%	174
Vote 6 - Energy Sources		-	-	-	76	76	-	76	#DIV/0!	-
Vote 7 - Planning and Development		-	435	-	-	-	217	(217)	-100%	435
Vote 8 - Public Safety		-	130	-	-	-	65	(65)	-100%	130
Vote 9 - Roads		29 906	38 380	-	2 956	12 110	19 190	(7 079)	-37%	38 380
Vote 10 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	46 364	39 593	-	3 032	12 353	19 796	(7 443)	-38%	39 593
Total Capital Expenditure		46 364	39 593	-	3 032	12 353	19 796	(7 443)	-38%	39 593
Capital Expenditure - Functional Classification										
Governance and administration		9 697	474	-	-	166	237	(71)	-30%	474
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		9 697	474	-	-	166	237	(71)	-30%	474
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		(6 415)	4 043	-	-	606	2 022	(1 416)	-70%	4 043
Community and social services		76	-	-	-	-	-	-	-	-
Sport and recreation		(6 490)	3 913	-	-	606	1 957	(1 351)	-69%	3 913
Public safety		-	130	-	-	-	65	(65)	-100%	130
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		29 821	34 901	-	2 956	11 505	17 451	(5 946)	-34%	34 901
Planning and development		-	435	-	-	-	217	(217)	-100%	435
Road transport		29 821	34 467	-	2 956	11 505	17 233	(5 728)	-33%	34 467
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		6 442	174	-	426	475	87	388	446%	174
Energy sources		-	-	-	76	76	-	76	#DIV/0!	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		(242)	-	-	350	399	-	399	#DIV/0!	-
Waste management		6 685	174	-	-	-	87	(87)	-100%	174
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	39 547	39 593	-	3 382	12 752	19 796	(7 045)	-36%	39 593
Funded by:										
National Government		23 246	38 380	-	2 956	12 110	19 190	(7 079)	-37%	38 380
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		23 246	38 380	-	2 956	12 110	19 190	(7 079)	-37%	38 380
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		16 301	1 213	-	426	641	607	35	6%	1 213
Total Capital Funding		39 547	39 593	-	3 382	12 752	19 796	(7 045)	-36%	39 593

Capital expenditure as at 31 December 2025 is R12,7 million, where R12,1 million is funded by conditional grants, specifically its MIG funding, and R641 thousand is funded by internally generated funds.

The municipality has managed to spend 32% of the total capital budget as of the end of December 2025. Low spending is a result of SCM delays emanating from the stern warning from Treasury to stop using a panel of service providers when appointing consultants and contractors by all municipalities

Under the governance and administration function, the municipality has spent R166 thousand, which is for the procurement of computer equipment and office furniture. These assets are funded by internally generated funds.

Under community and public safety, the municipality has spent R606 thousand on the construction of the Manguzi Sports field. Low spending is a result of SCM delays because the panel of service providers is no longer allowed by the Treasury.

Under economic and environmental services, the municipality has spent R11,5 million in the construction of 5 road projects. Low spending is a result of SCM delays because the panel of service providers is no longer allowed by the Treasury.

Under trading services, the municipality has spent R475 000 in the procurement of wheelie bins; these assets are funded by internally generated funds

6.5 Table 6 – monthly budget statement – financial position

KZN271 Umhlabuyalingana - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment

Description	Ref	Budget Year 2025/26				
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		113 394	228 428	–	227 528	228 428
Trade and other receivables from exchange transactions		2 280	2 332	–	1 669	2 332
Receivables from non-exchange transactions		8 647	3 906	–	13 069	3 906
Current portion of non-current receivables		–	–	–	–	–
Inventory		767	(110)	–	1 347	(110)
VAT		3 874	12 779	–	4 053	12 779
Other current assets		181	–	–	257	–
Total current assets		129 144	247 334	–	247 923	247 334
Non current assets						
Investments		–	–	–	–	–
Investment property		–	–	–	–	–
Property, plant and equipment		436 927	447 531	–	432 538	447 531
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		–	–	–	–	–
Intangible assets		–	(324)	–	–	(324)
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		436 927	447 207	–	432 538	447 207
TOTAL ASSETS		566 071	694 541	–	680 461	694 541
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		–	–	–	–	–
Consumer deposits		20	–	–	21	–
Trade and other payables from exchange transactions		14 340	22 617	–	6 109	22 617
Trade and other payables from non-exchange transactions		39 626	1 045	–	68 896	1 045
Provision		10 856	–	–	10 856	–
VAT		2 280	2 385	–	3 213	2 385
Other current liabilities		–	–	–	–	–
Total current liabilities		67 123	26 046	–	89 096	26 046
Non current liabilities						
Financial liabilities		–	–	–	–	–
Provision		–	4 862	–	–	4 862
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	–	–	–	–
Total non current liabilities		–	4 862	–	–	4 862
TOTAL LIABILITIES		67 123	30 908	–	89 096	30 908
NET ASSETS	2	498 947	663 633	–	591 365	663 633
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		498 947	663 633	–	591 365	663 633
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	498 947	663 633	–	591 365	663 633

Current assets

Current assets have a balance of R247 923 million which is made out of cash and cash equivalents with a balance of R227 528 million at the end of December 2025.

The balance for trade and receivables is R14,7 million as at 31 December 2025. Inventory has a balance of R1,3 million and Vat receivable is R4 million.

Other assets with a balance of R257 thousand for outstanding deposit by DOT for motor vehicle licensing service that is provided by the municipality on behalf of the department when commission is raised.

Noncurrent assets

The balance on property plant and equipment is R432,5 million

Current liabilities

Total for current liabilities is R89,0 million

6.7 Table 7 – monthly budget statement – Cash flow

KZN271 Umhlabuyalingana - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment										
Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		(14 378)	17 598	-	953	10 822	8 799	2 023	23%	17 598
Service charges		(954)	412	-	54	258	206	52	25%	412
Other revenue		18 405	18 158	-	473	7 851	9 079	(1 228)	-14%	18 158
Transfers and Subsidies - Operational		111 937	249 958	-	84 494	196 431	124 979	71 452	57%	249 958
Transfers and Subsidies - Capital		(23 000)	44 096	-	16 000	39 000	22 048	16 952	77%	44 096
Interest		11 656	12 957	-	510	3 638	6 479	(2 840)	-44%	12 957
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		348 842	(256 082)	-	(29 651)	(146 515)	(110 678)	35 836	-32%	(256 082)
Interest		-	(5)	-	-	-	(3)	(3)	100%	(5)
Transfers and Subsidies		-	(16 779)	-	-	-	8 390	8 390	100%	(16 779)
NET CASH FROM/(USED) OPERATING ACTIVITIES		452 508	70 312	-	72 832	111 486	69 298	(42 188)	-61%	70 312
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		39 547	(45 381)	-	(3 382)	(12 752)	(22 691)	(9 939)	44%	(45 381)
NET CASH FROM/(USED) INVESTING ACTIVITIES		39 547	(45 381)	-	(3 382)	(12 752)	(22 691)	(9 939)	44%	(45 381)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		492 055	24 931	-	69 451	98 734	46 607			-
Cash/cash equivalents at beginning:		98 944	203 497	-	112 670	107 768	203 497			107 768
Cash/cash equivalents at month/year end:		590 999	228 428	-	182 121	206 502	250 105			-

The above table indicates actual cash received from all the sources of revenue for the period from July 2025 to December 2025 as well as the operating expenditure including the payment of suppliers and municipal employees for the same period from July 2025 to December 2025 including capital expenditure from July to December 2025.

6.8 Table SC1 material variance explanations

2025- 2026 MID-YEAR BUDGET & PERFORMANCE

ASSESSMENT REPORT

KZN271 Umhlabuyalingana - Supporting Table SC1 Material variance explanations - Mid-Year Assessment

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	Revenue			
	Service charges - Electricity	0%	This revenue stream is for electricity refunds from market stalls	A journal will be processed to move this money to operational revenue in month 07
	Service charges - Waste management	15%	Variance noted is a result of budget understatement	Budget will be adjusted upwards in the adjustment budget
	Sale of Goods and Rendering of Services	25%	Variance noted is a result of undercollection of revenue on building	Budget will be adjusted downwards in the adjustment budget
	Interest from Current and Non Current Assets	137%	Variance noted is a result of more interest earned from investment	Budget on interest on current accounts will be adjusted upwards in the adjustment budget
	Rental from Fixed Assets	-2%	Variance noted is a result of overstatement of budget for rental of	Budget on rental of facilities will be adjusted downwards in the adjustment budget
	Licence and permits	-1%	Variance noted is a result of undercollection of revenue on licenses	Budget on licensing income will be adjusted downwards in the adjustment budget
	Operational Revenue	456%	Variance noted is a result of insurance claim refunds received that	Budget on operational revenue will be adjusted upwards in the adjustment budget
	Property rates	-13%	Variance noted is a result of budget understatement on property rates	Budget on property rates income will be adjusted downwards in the adjustment budget
	Fines, penalties and forfeits	-3%	Variance noted is a result of underperformance on traffic fines revenue	Budget on traffic fines will be monitored and improve performance going forward
	Transfers and subsidies - Operational	41%	Variance noted is a result of EQS tranches received in July and D	There will be no adjustment on transfers and subsidies since we have
2	Expenditure By Type			
	Employee related costs	-9%	Variance noted is because performance bonuses have not been	Performance bonuses are planned to be paid in Q4 of this financial year
	Remuneration of councillors	-12%	Variance noted is because upper limits for councillors have not been	Upper limits for councillors will be paid in January 2025 salary run
	Inventory consumed	-90%	Variance noted is because of system errors on processing inventory issues and acquisitions	
	Debt impairment	-100%	Variance noted is because debt impairment is calculated at year end	No action will be done
	Depreciation and amortisation	-23%	Variance noted is because of conditional assessment done in the prior year that resulted to the decrease in depreciation rates for some assets as well as asset write off done at 30 June 2024	
	Interest	-100%	Variance noted is because interest charges relating to land fill site has not been calculated. It will be calculated at year end	
	Contracted services	1%	Variance noted is less than the projected budget but the municipality will monitor the budget performance to avoid unauthorised expenditure	
	Transfers and subsidies	6%	Variance noted is more than the projected budget but the municipality will monitor the budget performance to avoid unauthorised expenditure going forward	
	Irrecoverable debts written off	-76%	Variance noted is less because debt write off recorded is less at this reporting period due to that few customers have entered into agreements with the municipality to settle their debts	
	Operational costs	31%	Variance noted is more than projected budget for this period due to that other expenditure incurred and paid in the 1st and 2nd quarter were once off projects to be implemented and finalised by end of quarter 1	
3	Capital Expenditure			
	Governance and administration	-5%	Variance noted is less than the projected budget because other assets have not yet been procured because they were planned to be procured in quarter 3	
	Community and public safety	-100%	Variance noted is less than the projected budget because other assets have not yet been procured because they were planned to be procured in quarter 3	
	Economic and environmental services	4%	Variance noted is more than the projected budget because the municipality had planned to complete some infrastructure projects within 6 months where as the expenditure is being compared against the budget for 6 months.	
	Trading services	-68%	Variance noted is less than the projected budget because there are assets that were planned to be procured in quarter 3 but the budget being compared with is for 6 months ending 31 December 2024	
4	Financial Position			
	Current assets	72%	The value of current assets is more than the budget	It will be corrected in the adjustment budget
	Non current assets	117%	The value of non-current assets is more than the budget	It will be corrected in the adjustment budget
	Current liabilities	427%	The value of current liabilities is more than the budget	It will be corrected in the adjustment budget
	Non current liabilities	0%	The value of non-current liabilities is more than the budget	
5	Cash Flow			
	Property rates	-11%	Variance noted is less than the projected budget for this period because government departments started in quarter 2 to pay for their properties	
	Service charges	92%	Variance noted is more than the projected budget for this period because debtors have paid for their long outstanding debts from prior periods.	
	Other revenue	69%	Variance noted is more than the projected budget for this period but it will be corrected in the adjustment budget	
	Transfers and subsidies - operational	47%	Variance noted is more than the projected budget because we have received more than 70% of the grant allocation for EQS more than 80% for EPWP and and 100%	
	Transfers and subsidies - capital	45%	The variance noted is more than the projected budget because of monies received from MG	
	Interest	137%	The variance noted is more than the projected budget because we have received more interest as a result short term investments made in July	
	Suppliers and employees	-36%	The variance noted is than the projected budget because some programmes have not been implemented yet because they will be implemented in Q3 and Q4 as well as payment of salaries and allowances for councillors as upper limits are due for payment in January	
	Finance charges	100%	The is no expenditure incurred yet because rehabilitation of landfill sites reports are done at year end	
	Capital expenditure	15%	Variance noted is due to vat portion not recognised in the cash flow	
6	Measurable performance			
7	Municipal Entities			

6.9 Table SC2 Monthly budget statement – performance indicators

KZN271 Umhlabuyalingana - Supporting Table SC2 Monthly Budget Statement - performance indicators - Mid-Year Assessment							
Description of financial indicator	Basis of calculation	Ref	2024/25	Budget Year 2025/26			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		0,1%	9,3%	0,0%	0,2%	6,0%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0,0%	0,0%	0,0%	0,0%	0,0%
Safety of Capital							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		10,8%	3,6%	0,0%	12,7%	3,6%
Gearing	Long Term Borrowing/ Funds & Reserves		0,0%	0,0%	0,0%	0,0%	0,0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	192,4%	949,6%	0,0%	278,3%	949,6%
Liquidity Ratio	Monetary Assets/Current Liabilities		168,9%	877,0%	0,0%	255,4%	877,0%
Revenue Management							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		3,6%	0,0%	0,0%	0,0%	0,0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0,0%	0,0%	0,0%	0,0%	0,0%
Creditors Management							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
Funding of Provisions							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
Other Indicators							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2					
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2					
Employee costs	Employee costs/Total Revenue - capital revenue		30,9%	38,8%	0,0%	22,7%	38,8%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		8,6%	5,0%	0,0%	4,2%	5,0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		13,3%	9,2%	0,0%	0,1%	6,0%
IDP regulation financial viability indicators							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure						

6.10 Table SC3 Monthly budget statement – aged debtors

KZN271 Umhlabuyalingana - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment														
Description	NT Code	Budget Year 2025/26									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.Lo Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total				
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	2 176	1 984	1 943	1 862	1 927	1 784	5 969	56 738	74 384	68 280	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Management	1600	45	13	6	6	6	6	25	19	125	61	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	34	32	30	21	21	21	142	749	1 050	954	-	-	
Interest on Arrear Debtor Accounts	1810	-	-	188	192	189	186	1 259	8 175	10 189	10 001	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	(0)	-	-	-	-	-	-	0	(0)	0	-	-	
Total By Income Source	2000	2 255	2 029	2 167	2 080	2 142	1 996	7 395	65 681	85 747	79 296	-	-	
2024/25 - totals only														
Total By Income Source														
Debtors Age Analysis By Customer Group														
Organs of State	2200	1 417	1 416	1 403	1 339	1 403	1 267	2 561	35 878	46 684	42 448	-	-	
Commercial	2300	716	504	650	623	624	614	4 220	29 651	36 601	34 731	-	-	
Households	2400	4	-	-	-	-	-	-	-	4	-	-	-	
Other	2500	117	110	115	118	116	115	615	1 153	2 458	2 116	-	-	
Total By Customer Group	2600	2 255	2 029	2 167	2 080	2 142	1 996	7 395	65 681	85 747	79 296	-	-	

Current year mid-year debtors' balance is sitting at R85,7 million when compared to last year's balance which was R63,1 million.

This balance is made up of the following breakdown:

- Property rates debtors owe R74,3 million
- Refuse removal debtors owes R125 thousand
- Rental debtors owe R1,050 million
- Interest on outstanding debtors is R10,1 million

Government debtors’ balance at mid-year is R46,6 million, Business and commercial debtors’ balance is R36,6 million.

6.11 Table SC 4 Monthly budget statement – aged creditors

KZN271 Umhlabuyalingana - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment												
Description	NT Code	Budget Year 2025/26									Prior year totals for chart (same period)	
		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		
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	(0)	-	-	(0)	(0)
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	507	51	(645)	(782)	626	-	(5)	1	(247)	(247)	(247)
Auditor General	0800	54	-	-	-	-	-	-	-	54	54	54
Other	0900	419	1 837	160	307	-	(130)	243	(298)	2 539	2 539	2 539
Medical Aid deductions	0950	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	980	1 888	(485)	(475)	626	(130)	239	(297)	2 346	2 346	2 346

The municipality is adhering to section 65 of the municipality finance management act, where it is stated that creditors should be paid within 30 days of receipt of the invoice. The municipality has two payments run on the 15th and 30th of the month to settle the liability of submitted invoices. The municipality ensures that payments are made within 30 days since most of our suppliers are within the category of SMME’s this is done to assist them sustain their cash position since they are still small entities.

6.12 SC5 Monthly budget statement investment portfolio

KZN271 Umhlabuyalingana - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Mid-Year Assessment														
Investments by maturity Name of institution & investment ID	Ref	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Municipality														
FNB-62055161146		Months	Call account	No	Variable		N.A	N.A	30 June 2026	2 452	13	(2 000)		465
STD-068824491		Months	Call account	No	Variable		N.A	N.A	30 June 2026	26	1			27
FNB-62266899825		Months	Call account	No	Variable		N.A	N.A	30 June 2026	1 680	46			1 727
FNB-62424086785		Months	Call account	No	Variable		N.A	N.A	30 June 2026	2 588	19	(2 000)		587
FNB-74622621601		Months	Call account	No	Variable		N.A	N.A	30 June 2026	10 219	384	(10 604)		-
NED-7881177756(2)		Months	Call account	No	Variable		N.A	N.A	30 June 2026	32 072	1 334			33 406
NED-7881177756		Months	Call account	No	Variable		N.A	N.A	30 June 2026	29 122	1 055			30 177
FNB-76206468722		Months	Call account	No	Variable		N.A	N.A	30 June 2026	32 442	621			33 063
STD-068824491(2)		Months	Call account	No	Variable		N.A	N.A	30 June 2026	-	-		30 000	30 000
FNB-76211031689		Months	Call account	No	Variable		N.A	N.A	30 June 2026	-	42		10 604	10 645
Municipality sub-total										110 581	3 516	(14 604)	40 604	140 097

The above table reflects the balances held in the municipality’s short-term deposit accounts. The municipality does not have long-term investments; all investments are held in short-term deposits

that are either accessible immediately or can be withdrawn upon giving a 32-day notice. Accrued interest as at 31 December 2025 amounts to more than R2,4 million and its not included in the interest earned reported in table A4 as well as the above table SC5.

6.13 SC 6 Monthly budget statement –transfers and grants receipts

KZN271 Umhlabuyalingana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Mid-Year Assessment

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		3 987	247 552	-	81 644	184 869	123 776	467	0,4%	247 552
EPWP Incentive	-	2 037	2 336	-	1 051	1 635	1 168	467	40,0%	2 336
Finance Management	-	1 950	1 900	-	-	1 900	950	-	-	1 900
Local Government Equitable Share	-	-	241 779	-	80 593	181 334	120 890	-	-	241 779
Municipal Infrastructure Grant	-	-	1 537	-	-	-	768	-	-	1 537
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	-
Provincial Government:		(4 019)	2 406	-	-	(2 299)	(1 203)	(1 096)	91,1%	2 406
KwaZulu-Natal_Capacity Building and Other_Specify (Add grant descr	-	(3 857)	2 406	-	-	(2 299)	(1 203)	(1 096)	91,1%	2 406
KwaZulu-Natal_Infrastructure_Specify (Add grant description)_Receipts	-	(162)	-	-	-	-	-	-	-	-
	4	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	(32)	249 958	-	81 644	182 570	122 573	(629)	-0,5%	249 958
Capital Transfers and Grants										
National Government:		71 349	44 096	-	18 850	48 263	22 048	16 952	76,9%	44 096
Municipal Infrastructure Grant (MIG)	-	45 883	44 096	-	16 000	39 000	22 048	16 952	76,9%	44 096
Integrated National Electrification Programme Grant	-	25 466	-	-	2 850	9 263	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Other capital transfers [insert description]	-	-	-	-	-	-	-	-	-	-
Provincial Government:		5 407	-	-	-	-	-	-	-	-
KwaZulu-Natal_Capacity Building and Other_Capacity Building and Oth	-	5 407	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	76 756	44 096	-	18 850	48 263	22 048	16 952	76,9%	44 096
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	76 724	294 054	-	100 494	230 833	144 621	16 323	11,3%	294 054

The municipality has received a total of R230 833 000 for grants

6.14 SC7(1) Monthly budget statement –transfers and grants expenditure

KZN271 Umhlabuyalingana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment

Description	Ref	2024/25			Budget Year 2025/26					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		4 560	5 773	–	926	4 300	2 886	1 414	49,0%	5 773
Expanded Public Works Programme Integrated Grant	–	2 037	2 336	–	725	2 336	1 168	1 168	100,0%	2 336
Local Government Financial Management Grant	–	1 850	1 900	–	42	1 350	950	400	42,1%	1 900
Municipal Infrastructure Grant	–	673	1 537	–	159	614	768	(154)	-20,1%	1 537
Local Government Financial Management Grant	–	–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant	–	–	–	–	–	–	–	–	–	–
Other transfers and grants [insert description]	–	–	–	–	–	–	–	–	–	–
Provincial Government:		(22 842)	2 406	–	550	2 151	1 203	948	78,8%	2 406
KwaZulu-Natal_Capacity Building and Other_Specify (Add grant description)_Receipts	–	–	–	–	–	–	–	–	–	–
KwaZulu-Natal	–	(22 842)	2 406	–	550	2 151	1 203	948	78,8%	2 406
Other transfers and grants [insert description]	–	–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]	–	–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]	–	–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		(18 282)	8 179	–	1 476	6 451	4 089	2 362	57,8%	8 179
Capital expenditure of Transfers and Grants										
National Government:		68 248	44 096	–	3 600	18 289	22 048	(3 759)	-17,1%	44 096
Integrated National Electrification Programme Grant	–	23 038	–	–	–	6 208	–	6 208	–	–
Municipal Disaster Relief Grant	–	–	–	–	–	3 697	–	3 697	–	–
Municipal Infrastructure Grant	–	45 210	44 096	–	3 600	8 384	22 048	(13 664)	-62,0%	44 096
Other capital transfers [insert description]	–	–	–	–	–	–	–	–	–	–
Provincial Government:		5 814	–	–	87	87	–	87	–	–
KwaZulu-Natal	–	5 814	–	–	87	87	–	87	–	–
Other transfers and grants [insert description]	–	–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]	–	–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		74 061	44 096	–	3 687	18 376	22 048	(3 672)	-16,7%	44 096
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		55 780	52 275	–	5 162	24 827	26 138	(1 310)	-5,0%	52 275

6.15 Table SC7(2) monthly budget statement – expenditure against approved rollovers

The municipality had a roll over for Municipal Disaster Relief Program grant of R3 696 555. The grant rollover application was approved in October 2025 by the National Treasury. The grant has been fully spent as the projects were finalized in August 2025. Currently the balance in that grant is zero.

6.16 Table SC8 Monthly budget statement – councillors and staff benefits

KZN271 Umhlabuyalingana - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Mid-Year Assessment										
Summary of Employee and Councillor remuneration	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1	A	B	C					D	
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		10 338	11 612	-	865	5 438	5 806	(368)	-6%	11 612
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		1 817	1 880	-	153	917	940	(24)	-3%	1 880
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		3 442	3 871	-	288	1 812	1 935	(123)	-6%	3 871
Sub Total - Councillors		15 597	17 363	-	1 306	8 166	8 681	(515)	-6%	17 363
% increase	4		11,3%							11,3%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	5 358	11 040	-	470	3 375	5 520	(2 145)	-39%	11 040
Pension and UIF Contributions		214	591	-	19	113	295	(182)	-62%	591
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		266	1 064	-	-	-	532	(532)	-100%	1 064
Motor Vehicle Allowance		828	828	-	69	414	414	-	-	828
Cellphone Allowance		133	145	-	11	67	73	(6)	-8%	145
Housing Allowances		440	509	-	38	256	255	2	1%	509
Other benefits and allowances		1	1	-	0	0	0	(0)	-4%	1
Payments in lieu of leave		-	676	-	-	-	338	(338)	-100%	676
Long service awards		-	568	-	-	-	284	(284)	-100%	568
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		7 240	15 423	-	607	4 226	7 711	(3 486)	-45%	15 423
% increase	4		113,0%							113,0%
Other Municipal Staff										
Basic Salaries and Wages		61 206	68 831	-	5 610	30 693	34 416	(3 722)	-11%	68 831
Pension and UIF Contributions		9 394	10 790	-	820	4 861	5 395	(534)	-10%	10 790
Medical Aid Contributions		3 493	5 450	-	308	1 845	2 725	(880)	-32%	5 450
Overtime		1 681	2 199	-	84	1 225	1 100	125	11%	2 199
Performance Bonus		4 051	4 503	-	2 096	2 111	2 251	(140)	-6%	4 503
Motor Vehicle Allowance		4 260	4 320	-	344	2 088	2 160	(72)	-3%	4 320
Cellphone Allowance		1 273	1 106	-	103	622	553	68	12%	1 106
Housing Allowances		319	211	-	27	171	105	66	62%	211
Other benefits and allowances		1 067	1 286	-	91	534	643	(109)	-17%	1 286
Payments in lieu of leave		640	5 378	-	-	6	2 689	(2 683)	-100%	5 378
Long service awards		447	118	-	-	-	59	(59)	-100%	118
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		20	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		87 852	104 191	-	9 482	44 155	52 096	(7 941)	-15%	104 191
% increase	4		18,6%							18,6%
Total Parent Municipality		110 689	136 977	-	11 395	56 547	68 488	(11 941)	-17%	136 977
TOTAL SALARY, ALLOWANCES & BENEFITS		110 689	136 977	-	11 395	56 547	68 488	(11 941)	-17%	136 977
% increase	4		23,7%							23,7%
TOTAL MANAGERS AND STAFF		95 092	119 614	-	10 089	48 380	59 807	(11 427)	-19%	119 614

6.19 Table SC9 Monthly budget statement – actual and revised targets for cash receipts

KZN271 Umhlabuyalingana - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - Mid-Year Assessment

Description	Ref	Budget Year 2025/26												2025/26 Medium Term Revenue & Expenditure Framework			
		July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28	
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget				
Cash Receipts By Source																	
Property rates		3 688	520	4 415	746	499	953	-	-	-	-	-	6 776	17 588	19 186	20 185	
Service charges - Electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - Water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - Waste Water Management		41	33	18	84	29	54	-	-	-	-	-	154	412	590	604	
Service charges - Waste Mangement		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment		38	40	47	30	31	30	-	-	-	-	-	61	276	584	599	
Interest earned - external investments		-	-	-	-	-	-	-	-	-	-	-	12 957	12 957	-	-	
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		34	27	5	84	79	124	-	-	-	-	-	(105)	247	1 616	1 656	
Licences and permits		277	208	210	267	234	212	-	-	-	-	-	1 059	2 466	2 577	2 642	
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and Subsidies - Operational		86 307	23 331	-	-	2 299	84 494	-	-	-	-	-	53 527	249 958	249 973	259 304	
Other revenue		75	1 160	73	105	4 357	107	-	-	-	-	-	9 292	15 168	10 855	11 127	
Cash Receipts by Source		90 459	25 319	4 768	1 314	7 528	85 974	-	-	-	-	-	70 702	299 082	285 382	296 117	
Other Cash Flows by Source																	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(37 816)	45 816	15 000	-	-	16 000	-	-	-	-	-	5 096	44 096	46 115	47 783	
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds on Disposal of Fixed and Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VAT Control (receipts)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Receipts by Source		52 643	71 135	19 768	1 314	7 528	101 974	-	-	-	-	-	75 799	343 179	331 497	343 900	
Cash Payments by Type																	
Employee related costs		108 215	(125 715)	(9 556)	(9 933)	(10 384)	(15 825)	-	-	-	-	-	182 404	119 205	126 066	130 659	
Remuneration of councillors		-	-	-	-	-	-	-	-	-	-	-	17 363	17 363	18 276	19 137	
Interest		-	-	-	-	-	-	-	-	-	-	-	5	5	5	6	
Bulk purchases - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisitions - water & other inventory		-	-	-	-	-	-	-	-	-	-	-	2 402	2 402	3 680	4 025	
Contracted services		-	-	-	-	-	-	-	-	-	-	-	113 866	113 866	114 775	134 025	
Transfers and subsidies - other municipalities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies - other		-	-	-	-	-	-	-	-	-	-	-	16 779	16 779	10 300	11 219	
Other expenditure		211 302	(246 816)	(13 209)	(17 165)	(11 995)	(17 207)	-	-	-	-	-	143 719	48 628	48 086	49 120	
Cash Payments by Type		319 516	(372 531)	(22 766)	(27 098)	(22 379)	(33 032)	-	-	-	-	-	476 538	318 248	321 190	348 190	
Other Cash Flows/Payments by Type																	
Capital assets		39 189	(43 974)	-	-	-	(3 687)	-	-	-	-	-	53 853	45 381	(44 013)	(50 939)	
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Cash Flows/Payments		3 236	(3 979)	(152)	-	(80)	-	-	-	-	-	-	976	-	-	-	
Total Cash Payments by Type		361 941	(420 485)	(22 918)	(27 098)	(22 459)	(36 719)	-	-	-	-	-	531 367	363 629	277 177	297 251	
NET INCREASE/(DECREASE) IN CASH HELD		414 584	(349 349)	(3 150)	(25 784)	(14 931)	65 254	-	-	-	-	-	(455 569)	(20 451)	54 320	46 649	
Cash/cash equivalents at the month/year beginning:		15 191	429 775	80 425	77 275	51 491	36 560	101 815	101 815	101 815	101 815	101 815	101 815	15 191	(5 260)	49 060	
Cash/cash equivalents at the month/year end:		429 775	80 425	77 275	51 491	36 560	101 815	101 815	101 815	101 815	101 815	101 815	(353 754)	(5 260)	49 060	95 709	

6.20 Table SC10 Monthly budget statement-municipal entity

KZN271 Umhlabuyalingana - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - Mid-Year Assessment

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue										
Exchange Revenue										
Service charges - Electricity								-		
Service charges - Water								-		
Service charges - Waste Water Management								-		
Service charges - Waste management								-		
Sale of Goods and Rendering of Services								-		
Agency services								-		
Interest								-		
Interest earned from Receivables								-		
Interest earned from Current and Non Current Assets								-		
Dividends								-		
Rent on Land								-		
Rental from Fixed Assets								-		
Licence and permits								-		
Special rating levies								-		
Operational Revenue								-		
Non-Exchange Revenue								-		
Property rates								-		
Surcharges and Taxes								-		
Fines, penalties and forfeits								-		
Licences or permits								-		
Transfer and subsidies - Operational								-		
Interest								-		
Fuel Levy								-		
Operational Revenue								-		
Gains on disposal of Assets								-		
Other Gains								-		
Discontinued Operations								-		
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	-	-	-		-
Expenditure By Type										
Employee related costs								-		
Remuneration of councillors								-		
Bulk purchases - electricity								-		
Inventory consumed								-		
Debt impairment								-		
Depreciation and amortisation								-		
Interest								-		
Contracted services								-		
Transfers and subsidies								-		
Irrecoverable debts written off								-		
Operational costs								-		
Losses on disposal of Assets								-		
Other Losses								-		
Total Expenditure		-	-	-	-	-	-	-		-
Surplus/(Deficit)		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (monetary allocations)								-		
Transfers and subsidies - capital (in-kind)								-		
Surplus/(Deficit) after capital transfers & contributions		-	-	-	-	-	-	-		-
Income Tax								-		
Surplus/(Deficit) after income tax		-	-	-	-	-	-	-		-

The municipality does not have entities, that is why this table is not populated.

6.21 Table SC11 Monthly budget statement – municipal entities

KZN271 Umhlabuyalingana - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - Mid-Year Assessment

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Municipal Entity										
<i>Insert name of municipal entity</i>										
Total Operating Revenue	1	-	-	-	-	-	-	-	-	-
Expenditure By Municipal Entity										
<i>Insert name of municipal entity</i>										
Total Operating Expenditure	2	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the yr/period		-	-	-	-	-	-	-	-	-
Capital Expenditure By Municipal Entity										
<i>Insert name of municipal entity</i>										
Total Capital Expenditure	3	-	-	-	-	-	-	-	-	-

The municipality does not have entities, that is why this table is not populated.

6.22 Table SC12 Monthly budget statement – capital expenditure

KZN271 Umhlabuyalingana - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - Mid-Year Assessment

Month	2024/25	Budget Year 2025/26								
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget	
R thousands										
Monthly expenditure performance trend										
July	3 296	3 299	-	(38 740)	(38 740)	3 299	42 039	1274,2%	-98%	
August	3 296	3 299	-	46 508	7 769	6 599	(1 170)	-17,7%	20%	
September	3 296	3 299	-	-	7 769	9 898	2 129	21,5%	20%	
October	3 296	3 299	-	92	7 860	13 198	5 337	40,4%	20%	
November	3 296	3 299	-	1 510	9 370	16 497	7 127	43,2%	24%	
December	3 296	3 299	-	3 382	12 752	19 796	7 044	35,6%	32%	
January	3 296	3 299	-	- 0		23 096	23 096	100,0%	0%	
February	3 296	3 299	-	- 0		26 395	26 395	100,0%	0%	
March	3 296	3 299	-	- 0		29 694	29 694	100,0%	0%	
April	3 296	3 299	-	- 0		32 994	32 994	100,0%	-	
May	3 296	3 299	-	- 0		36 293	36 293	100,0%	-	
June	3 296	3 299	-	- 0		39 593	39 593	100,0%	-	
Total Capital expenditure	39 547	39 593	-	12 752						

The municipality managed to spend 32% of the total operating budget at the end of December 2025. The total capital budget at mid-year is too low due to SCM delays in appointing contractors. Appointments have now been finalized in the month of December 2025, and construction will commence in quarter 3 for other projects.

6.23 Table SC13a Monthly budget statement – capital expenditure on new assets

KZN271 Umhlabuyalingana - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - Mid-Year Assessment

Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		34 798	34 640	-	798	6 133	17 320	11 188	64,6%	34 640
Roads Infrastructure		28 449	34 467	-	722	6 057	17 233	11 177	64,9%	34 467
Roads		28 449	34 467	-	722	6 057	17 233	11 177	64,9%	34 467
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	76	76	-	(76)	-	-
Solid Waste Infrastructure		6 349	174	-	-	-	87	87	100,0%	174
Landfill Sites		5 934	-	-	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		415	174	-	-	-	87	87	100,0%	174
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Community Assets		(6 490)	435	-	-	606	217	(388)	-178,6%	435
Community Facilities		-	435	-	-	-	217	217	100,0%	435
Public Open Space		-	435	-	-	-	217	217	100,0%	435
Nature Reserves		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		(6 490)	-	-	-	606	-	(606)	-	-
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		(6 490)	-	-	-	606	-	(606)	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Computer Equipment		360	130	-	-	166	65	(101)	-155,2%	130
Computer Equipment		360	130	-	-	166	65	(101)	-155,2%	130
Furniture and Office Equipment		249	213	-	-	-	107	107	100,0%	213
Furniture and Office Equipment		249	213	-	-	-	107	107	100,0%	213
Machinery and Equipment		8 715	-	-	-	-	-	-	-	-
Machinery and Equipment		8 715	-	-	-	-	-	-	-	-
Transport Assets		709	-	-	-	-	-	-	-	-
Transport Assets		709	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	38 341	35 419	-	798	6 905	17 709	10 805	61,0%	35 419

6.24 Table SC13b Monthly budget statement –renewal of existing assets

KZN271 Umhlabuyalingana - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - Mid-Year

Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		1 373	-	-	2 234	5 448	-	(5 448)		-
Roads Infrastructure		1 373	-	-	2 234	5 448	-	(5 448)		-
Roads		1 373	-	-	2 234	5 448	-	(5 448)		-
Road Structures		-	-	-	-	-	-	-		-
Road Furniture		-	-	-	-	-	-	-		-
Capital Spares		-	-	-	-	-	-	-		-
Community Assets		(167)	-	-	350	399	-	(399)		-
Community Facilities		(167)	-	-	350	399	-	(399)		-
Other assets		-	130	-	-	-	65	65	100,0%	130
Operational Buildings		-	130	-	-	-	65	65	100,0%	130
Municipal Offices		-	-	-	-	-	-	-		-
Pay/Enquiry Points		-	-	-	-	-	-	-		-
Building Plan Offices		-	-	-	-	-	-	-		-
Workshops		-	-	-	-	-	-	-		-
Yards		-	-	-	-	-	-	-		-
Stores		-	130	-	-	-	65	65	100,0%	130
Total Capital Expenditure on renewal of existing assets	1	1 206	130	-	2 583	5 847	65	(5 782)	-865,1%	130

6.25 Table SC13c monthly budget statement – expenditure on repairs and maintenance

KZN271 Umhlabuyalingana - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - Mid-Year

Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		7 700	7 200	-	4 787	5 269	3 600	(1 669)	-46,4%	7 200
Roads Infrastructure		7 495	7 200	-	4 787	5 089	3 600	(1 489)	-41,4%	7 200
Roads		7 495	7 200	-	4 787	5 089	3 600	(1 489)	-41,4%	7 200
Road Structures		-	-	-	-	-	-	-		-
Road Furniture		-	-	-	-	-	-	-		-
Capital Spares		-	-	-	-	-	-	-		-
Solid Waste Infrastructure		205	-	-	-	180	-	(180)		-
Landfill Sites		205	-	-	-	180	-	(180)		-
Other assets		7 198	2 435	-	-	1 951	1 217	(733)	-60,3%	2 435
Operational Buildings		7 198	2 435	-	-	1 951	1 217	(733)	-60,3%	2 435
Municipal Offices		7 198	2 435	-	-	1 951	1 217	(733)	-60,3%	2 435
Computer Equipment		44	130	-	-	92	65	(27)	-41,5%	130
Computer Equipment		44	130	-	-	92	65	(27)	-41,5%	130
Furniture and Office Equipment		-	-	-	-	-	-	-		-
Furniture and Office Equipment		-	-	-	-	-	-	-		-
Machinery and Equipment		73	741	-	-	366	371	5	1,2%	741
Machinery and Equipment		73	741	-	-	366	371	5	1,2%	741
Transport Assets		11 420	5 000	-	-	1 321	2 500	1 179	47,2%	5 000
Transport Assets		11 420	5 000	-	-	1 321	2 500	1 179	47,2%	5 000
Total Repairs and Maintenance Expenditure	1	26 434	15 506	-	4 787	8 999	7 753	(1 246)	-16,1%	15 506

The above table indicates the expenditure incurred for repairs and maintenance. We have spent 58% of the total budget on repairs and maintenance.

6.26 Table Monthly budget statement – depreciation by asset class

KZN271 Umhlabuyalingana - Supporting Table SC13d Monthly Budget Statement - depreciation by asset class - Mid-Year Assessment

Description	Ref	2024/25			Budget Year 2025/26			YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget			
R thousands	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		17 144	18 903	–	1 276	9 661	9 451	(210)	-2,2%	18 903
Roads Infrastructure		17 085	17 856	–	1 269	9 619	8 928	(691)	-7,7%	17 856
Roads		17 085	17 553	–	1 269	9 619	8 776	(843)	-9,6%	17 553
Road Structures		–	303	–	–	–	152	152	100,0%	303
Road Furniture		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	183	–	–	–	91	91	100,0%	183
Dams and Weirs		–	–	–	–	–	–	–	–	–
Boreholes		–	–	–	–	–	–	–	–	–
Reservoirs		–	–	–	–	–	–	–	–	–
Pump Stations		–	183	–	–	–	91	91	100,0%	183
Solid Waste Infrastructure		59	864	–	7	42	432	390	90,2%	864
Landfill Sites		–	494	–	–	–	247	247	100,0%	494
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		59	370	–	7	42	185	143	77,1%	370
Community Assets		8 012	3 951	–	688	4 185	1 975	(2 210)	-11,9%	3 951
Community Facilities		–	2 792	–	–	–	1 396	1 396	100,0%	2 792
Halls		–	–	–	–	–	–	–	–	–
Centres		–	1 977	–	–	–	989	989	100,0%	1 977
Crèches		–	36	–	–	–	18	18	100,0%	36
Clinics/Care Centres		–	45	–	–	–	22	22	100,0%	45
Libraries		–	80	–	–	–	40	40	100,0%	80
Stalls		–	654	–	–	–	327	327	100,0%	654
Abattoirs		–	–	–	–	–	–	–	–	–
Airports		–	–	–	–	–	–	–	–	–
Taxi Ranks/Bus Terminals		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		8 012	1 159	–	688	4 185	579	(3 606)	-622,4%	1 159
Indoor Facilities		–	–	–	–	–	–	–	–	–
Outdoor Facilities		8 012	1 159	–	688	4 185	579	(3 606)	-622,4%	1 159
Other assets		1 040	1 281	–	119	681	641	(40)	-6,3%	1 281
Operational Buildings		1 040	1 281	–	119	681	641	(40)	-6,3%	1 281
Municipal Offices		1 040	1 281	–	119	681	641	(40)	-6,3%	1 281

2025- 2026 MID-YEAR BUDGET & PERFORMANCE

ASSESSMENT REPORT

Intangible Assets		-	324	-	-	-	162	162	100,0%	324
Servitudes		-	-	-	-	-	-	-		-
Licences and Rights		-	324	-	-	-	162	162	100,0%	324
<i>Water Rights</i>		-	-	-	-	-	-	-		-
<i>Effluent Licenses</i>		-	-	-	-	-	-	-		-
<i>Solid Waste Licenses</i>		-	-	-	-	-	-	-		-
<i>Computer Software and Applications</i>		-	324	-	-	-	162	162	100,0%	324
<i>Load Settlement Software Applications</i>		-	-	-	-	-	-	-		-
<i>Unspecified</i>		-	-	-	-	-	-	-		-
Computer Equipment		707	599	-	73	408	299	(109)	-36,3%	599
Computer Equipment		707	599	-	73	408	299	(109)	-36,3%	599
Furniture and Office Equipment		276	203	-	25	172	102	(70)	-69,0%	203
Furniture and Office Equipment		276	203	-	25	172	102	(70)	-69,0%	203
Machinery and Equipment		2 609	1 191	-	198	1 841	595	(1 245)	-209,2%	1 191
Machinery and Equipment		2 609	1 191	-	198	1 841	595	(1 245)	-209,2%	1 191
Transport Assets		1 273	817	-	117	644	408	(235)	-57,6%	817
Transport Assets		1 273	817	-	117	644	408	(235)	-57,6%	817
Land		-	-	-	-	-	-	-		-
Land		-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-		-
Living resources		-	-	-	-	-	-	-		-
Mature		-	-	-	-	-	-	-		-
<i>Policing and Protection</i>		-	-	-	-	-	-	-		-
<i>Zoological plants and animals</i>		-	-	-	-	-	-	-		-
Immature		-	-	-	-	-	-	-		-
<i>Policing and Protection</i>		-	-	-	-	-	-	-		-
<i>Zoological plants and animals</i>		-	-	-	-	-	-	-		-
Total Depreciation	1	31 061	27 268	-	2 496	17 592	13 634	(3 958)	-29,0%	27 268

Table 6.27 Monthly budget statement – capital expenditure on upgrading of existing assets

KZN271 Umhlabuyalingana - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - Mid-Year

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets		-	3 913	-	-	-	1 957	1 957	100,0%	3 913
Community Facilities		-	-	-	-	-	-	-	-	-
Halls		-	-	-	-	-	-	-	-	-
Centres		-	-	-	-	-	-	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Clinics/Care Centres		-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations		-	-	-	-	-	-	-	-	-
Testing Stations		-	-	-	-	-	-	-	-	-
Museums		-	-	-	-	-	-	-	-	-
Galleries		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria		-	-	-	-	-	-	-	-	-
Police		-	-	-	-	-	-	-	-	-
Purfs		-	-	-	-	-	-	-	-	-
Public Open Space		-	-	-	-	-	-	-	-	-
Nature Reserves		-	-	-	-	-	-	-	-	-
Public Ablution Facilities		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Stalls		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Airports		-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	3 913	-	-	-	1 957	1 957	100,0%	3 913
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	3 913	-	-	-	1 957	1 957	100,0%	3 913
Capital Spares		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living resources		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing assets	1	-	3 913	-	-	-	1 957	1 957	100,0%	3 913

PART 2**Supporting documents****2.1 Debtor's analysis**

The current year mid-year debtors' balance is sitting at R85,7 million when compared to last year's balance, which was R76,6 million.

This balance is made up of the following breakdown:

- Property rates debtors owe R74,3 million
- Refuse removal debtors owes R125 thousand
- Rental debtors owe R1 050 million

Government debtors' balance at mid-year is R46,6 million, Business and commercial debtors balance is R36,6 million

KZN271 Umhlabuyalingana - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment													
Description	NT Code	Budget Year 2025/26									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.L.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	2 176	1 984	1 943	1 862	1 927	1 784	5 969	56 738	74 384	68 280	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	45	13	6	6	6	6	25	19	125	61	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	34	32	30	21	21	21	142	749	1 050	954	-	-
Interest on Arrear Debtor Accounts	1810	-	-	188	192	189	186	1 259	8 175	10 189	10 001	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(0)	-	-	-	-	-	-	0	(0)	0	-	-
Total By Income Source	2000	2 255	2 029	2 167	2 080	2 142	1 996	7 395	65 681	85 747	79 296	-	-
2024/25 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	1 417	1 416	1 403	1 339	1 403	1 267	2 561	35 878	46 684	42 448	-	-
Commercial	2300	716	504	650	623	624	614	4 220	28 651	36 601	34 731	-	-
Households	2400	4	-	-	-	-	-	-	-	4	-	-	-
Other	2500	117	110	115	118	116	115	615	1 153	2 458	2 116	-	-
Total By Customer Group	2600	2 255	2 029	2 167	2 080	2 142	1 996	7 395	65 681	85 747	79 296	-	-

2.2 Creditor's analysis

The municipality is adhering to section 65 of the municipality finance management act, where it is stated that creditors should be paid within 30 days of receipt of the invoice. The municipality have two payments run on the 15th and 30th of the month to settle the liability of submitted invoice. The municipality ensures that payments are made within 30 days since most of our suppliers are within the category of SMME's this is done to assist them sustain their cash position since they are still small entities

KZN271 Umhlabuyalingana - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment												
Description	NT Code	Budget Year 2025/26									Prior year totals for chart (same period)	
		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		
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	(0)	-	-	(0)	(0)
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	507	51	(645)	(782)	626	-	(5)	1	(247)	(247)	(247)
Auditor General	0800	54	-	-	-	-	-	-	-	54	54	54
Other	0900	419	1 837	160	307	-	(130)	243	(298)	2 539	2 539	2 539
Medical Aid deductions	0950	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	980	1 888	(485)	(475)	626	(130)	239	(297)	2 346	2 346	2 346

2.3 Investment Portfolio analysis

Investments made with the various financial institutions are strictly in compliance with municipal Financial Management Act and the investment Regulations

The balance of investments/short term deposits at mid-year is R140 million, excluding accrued interest which is more than R2,4 million as at 31st of December 2025

KZN271 Umhlabuyalingana - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Mid-Year Assessment														
Investments by maturity Name of institution & investment ID	Ref	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Municipality														
FNB-62055161146		Months	Call account	No	Variable		N.A	N.A	30 June 2026	2 452	13	(2 000)		465
STD-068824491		Months	Call account	No	Variable		N.A	N.A	30 June 2026	26	1			27
FNB-62266899825		Months	Call account	No	Variable		N.A	N.A	30 June 2026	1 680	46			1 727
FNB-62424086785		Months	Call account	No	Variable		N.A	N.A	30 June 2026	2 568	19	(2 000)		587
FNB-74622621601		Months	Call account	No	Variable		N.A	N.A	30 June 2026	10 219	384	(10 604)		-
NED-7881177756(2)		Months	Call account	No	Variable		N.A	N.A	30 June 2026	32 072	1 334			33 406
NED-7881177756		Months	Call account	No	Variable		N.A	N.A	30 June 2026	29 122	1 055			30 177
FNB-76206468722		Months	Call account	No	Variable		N.A	N.A	30 June 2026	32 442	621			33 063
STD-068824491(2)		Months	Call account	No	Variable		N.A	N.A	30 June 2026	-	-		30 000	30 000
FNB-76211031689		Months	Call account	No	Variable		N.A	N.A	30 June 2026	-	42		10 604	10 645
Municipality sub-total										110 581	3 516	(14 604)	40 604	140 097

2.4 Allocation of grant received and expenditure on grants.

- The budget of the municipality is funded by grants including equitable share of which they fund 88% of the budget and the remaining 12% is funded by own revenue.
- Capital grants funding for capital expenditure is 80% of the total capital budget
- Operation revenue funding capital expenditure is 20% of the total capital budget.
- This is and indication that our municipality is grant dependent and it needs to improve in getting other revenue streams to fund its budget for operations and capital projects going forward.

KZN271 Umhlabuyalingana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Mid-Year Assessment

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		3 987	247 552	-	81 644	184 869	123 776	467	0,4%	247 552
EPWP Incentive	-	2 037	2 336	-	1 051	1 635	1 168	467	40,0%	2 336
Finance Management	-	1 950	1 900	-	-	1 900	950			1 900
Local Government Equitable Share	-	-	241 779	-	80 593	181 334	120 890			241 779
Municipal Infrastructure Grant	-	-	1 537	-	-	-	768			1 537
	-									
	-									
	-									
Other transfers and grants [insert description]	-									
Provincial Government:		(4 019)	2 406	-	-	(2 299)	(1 203)	(1 096)	91,1%	2 406
KwaZulu-Natal_Capacity Building and Other_Specify (Add grant descr	-	(3 857)	2 406	-	-	(2 299)	(1 203)	(1 096)	91,1%	2 406
KwaZulu-Natal_Infrastructure_Specify (Add grant description)_Receipts	-	(162)	-	-	-	-	-	-		-
	4									
Other transfers and grants [insert description]	-									
District Municipality:		-	-	-	-	-	-	-		-
[insert description]	-									
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]	-									
Total Operating Transfers and Grants	5	(32)	249 958	-	81 644	182 570	122 573	(629)	-0,5%	249 958
Capital Transfers and Grants										
National Government:		71 349	44 096	-	18 850	48 263	22 048	16 952	76,9%	44 096
Municipal Infrastructure Grant (MIG)	-	45 883	44 096	-	16 000	39 000	22 048	16 952	76,9%	44 096
Integrated National Electrification Programme Grant	-	25 466	-	-	2 850	9 263	-			-
Other capital transfers [insert description]	-									
Provincial Government:		5 407	-	-	-	-	-	-		-
KwaZulu-Natal_Capacity Building and Other_Capacity Building and Oth	-	5 407	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
[insert description]	-									
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]	-									
Total Capital Transfers and Grants	5	76 756	44 096	-	18 850	48 263	22 048	16 952	76,9%	44 096
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	76 724	294 054	-	100 494	230 833	144 621	16 323	11,3%	294 054

KZN271 Umhlabuyalingana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		4 560	5 773	–	926	4 300	2 886	1 414	49,0%	5 773
Expanded Public Works Programme Integrated Grant	–	2 037	2 336	–	725	2 336	1 168	1 168	100,0%	2 336
Local Government Financial Management Grant	–	1 850	1 900	–	42	1 350	950	400	42,1%	1 900
Municipal Infrastructure Grant	–	673	1 537	–	159	614	768	(154)	-20,1%	1 537
Local Government Financial Management Grant	–	–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant	–	–	–	–	–	–	–	–	–	–
Other transfers and grants [insert description]	–	–	–	–	–	–	–	–	–	–
Provincial Government:		(22 842)	2 406	–	550	2 151	1 203	948	78,8%	2 406
KwaZulu-Natal_Capacity Building and Other_Specify (Add grant description)_Receipts	–	–	–	–	–	–	–	–	–	–
KwaZulu-Natal	–	(22 842)	2 406	–	550	2 151	1 203	948	78,8%	2 406
Other transfers and grants [insert description]	–	–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]	–	–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]	–	–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		(18 282)	8 179	–	1 476	6 451	4 089	2 362	57,8%	8 179
Capital expenditure of Transfers and Grants										
National Government:		68 248	44 096	–	3 600	18 289	22 048	(3 759)	-17,1%	44 096
Integrated National Electrification Programme Grant	–	23 038	–	–	–	6 208	–	6 208	–	–
Municipal Disaster Relief Grant	–	–	–	–	–	3 697	–	3 697	–	–
Municipal Infrastructure Grant	–	45 210	44 096	–	3 600	8 384	22 048	(13 664)	-62,0%	44 096
Other capital transfers [insert description]	–	–	–	–	–	–	–	–	–	–
Provincial Government:		5 814	–	–	87	87	–	87	–	–
KwaZulu-Natal	–	5 814	–	–	87	87	–	87	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]	–	–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		74 061	44 096	–	3 687	18 376	22 048	(3 672)	-16,7%	44 096
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		55 780	52 275	–	5 162	24 827	26 138	(1 310)	-5,0%	52 275

2.5 Councilor allowances and employee benefits

Councilor's remuneration/ allowances and employee related expenditure is 42,6% of the total operating expenditure as at 31 December 2025. Remuneration for the councilor's expenditure is 6% below the projected budget at mid-year.

Employee related costs expenditure is also 19% below the year-to-date expenditure for mid-year because performance bonuses have not been paid yet and they are projected to be paid in April of May 2026 as well as the fact that there are few vacancies since the resignation of few employees.

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KZN271 Umhlabuyalingana - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Mid-Year Assessment										
Summary of Employee and Councillor remuneration	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		10 338	11 612	-	865	5 438	5 806	(368)	-6%	11 612
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		1 817	1 880	-	153	917	940	(24)	-3%	1 880
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		3 442	3 871	-	288	1 812	1 935	(123)	-6%	3 871
Sub Total - Councillors		15 597	17 363	-	1 306	8 166	8 681	(515)	-6%	17 363
% increase	4		11,3%							11,3%
Senior Managers of the Municipality										
Basic Salaries and Wages		5 358	11 040	-	470	3 375	5 520	(2 145)	-39%	11 040
Pension and UIF Contributions		214	591	-	19	113	295	(182)	-62%	591
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		266	1 064	-	-	-	532	(532)	-100%	1 064
Motor Vehicle Allowance		828	828	-	69	414	414	-	-	828
Cellphone Allowance		133	145	-	11	67	73	(6)	-8%	145
Housing Allowances		440	509	-	38	256	255	2	1%	509
Other benefits and allowances		1	1	-	0	0	0	(0)	-4%	1
Payments in lieu of leave		-	676	-	-	-	338	(338)	-100%	676
Long service awards		-	568	-	-	-	284	(284)	-100%	568
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		7 240	15 423	-	607	4 226	7 711	(3 486)	-45%	15 423
% increase	4		113,0%							113,0%
Other Municipal Staff										
Basic Salaries and Wages		61 206	68 831	-	5 610	30 693	34 416	(3 722)	-11%	68 831
Pension and UIF Contributions		9 394	10 790	-	820	4 861	5 395	(534)	-10%	10 790
Medical Aid Contributions		3 493	5 450	-	308	1 845	2 725	(880)	-32%	5 450
Overtime		1 681	2 199	-	84	1 225	1 100	125	11%	2 199
Performance Bonus		4 051	4 503	-	2 096	2 111	2 251	(140)	-6%	4 503
Motor Vehicle Allowance		4 260	4 320	-	344	2 088	2 160	(72)	-3%	4 320
Cellphone Allowance		1 273	1 106	-	103	622	553	68	12%	1 106
Housing Allowances		319	211	-	27	171	105	66	62%	211
Other benefits and allowances		1 067	1 286	-	91	534	643	(109)	-17%	1 286
Payments in lieu of leave		640	5 378	-	-	6	2 689	(2 683)	-100%	5 378
Long service awards		447	118	-	-	-	59	(59)	-100%	118
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		20	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		87 852	104 191	-	9 482	44 155	52 096	(7 941)	-15%	104 191
% increase	4		18,6%							18,6%
Total Parent Municipality		110 689	136 977	-	11 395	56 547	68 488	(11 941)	-17%	136 977
TOTAL SALARY, ALLOWANCES & BENEFITS		110 689	136 977	-	11 395	56 547	68 488	(11 941)	-17%	136 977
% increase	4		23,7%							23,7%
TOTAL MANAGERS AND STAFF		95 092	119 614	-	10 089	48 380	59 807	(11 427)	-19%	119 614

2.6 Material variances to the service delivery and budget implementation plan

KZN271 Umhlabyalingana - Supporting Table SC1 Material variance explanations - Mid-Year Assessment				
Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
R thousands				
1	Revenue			
	Service charges - Electricity	0%	This revenue stream is for electricity refunds from market stalls	A journal will be processed to move this money to operational revenue in month 07
	Service charges - Waste management	15%	Variance noted is a result of budget understatement	Budget will be adjusted upwards in the adjustment budget.
	Sale of Goods and Rendering of Services	-25%	Variance noted is a result of undercollection of revenue on building	Budget will be adjusted downwards in the adjustment budget.
	Interest from Current and Non Current Assets	137%	Variance noted is a result of more interest earned from investment	Budget on interest on current accounts will be adjusted upwards in the adjustment budget
	Rental from Fixed Assets	-2%	Variance noted is a result of overstatement of budget for rental of	Budget on rental of facilities will be adjusted downwards in the adjustment budget
	Licence and permits	-1%	Variance noted is a result of undercollection of revenue on licenses	Budget on licensing income will be adjusted downwards in the adjustment budget
	Operational Revenue	456%	Variance noted is a result of insurance claim refunds received that	Budget on operational revenue will be adjusted upwards in the adjustment budget
	Property rates	-13%	Variance noted is a result of budget understatement on property rates	Budget on property rates income will be adjusted downwards in the adjustment budget
	Fines, penalties and forfeits	-3%	Variance noted is a result of underperformance on traffic fines revenue	Budget on traffic fines will be monitored and improve performance going forward
	Transfers and subsidies - Operational	41%	Variance noted is a result of EQS tranches received in July and D	There will be no adjustment on transfers and subsidies since we have
2	Expenditure By Type			
	Employee related costs	-9%	Variance noted is because performance bonuses have not been	Performance bonuses are planned to be paid in Q4 of this financial year
	Remuneration of councillors	-12%	Variance noted is because upper limits for councillors have not been	Upper limits for councillors will be paid in January 2025 salary run
	Inventory consumed	-90%	Variance noted is because of system errors on processing inventory issues and acquisitions	
	Debt impairment	-100%	Variance noted is because debt impairment is calculated at year end	No action will be done
	Depreciation and amortisation	-23%	Variance noted is because of conditional assessment done in the prior year that resulted to the decrease in depreciation rates for some assets as well as asset write off done at 30 June 2024	
	Interest	-100%	Variance noted is because interest charges relating to land fill site has not been calculated. It will be calculated at year end	
	Contracted services	1%	Variance noted is less than the projected budget but the municipality will monitor the budget performance to avoid unauthorised expenditure	
	Transfers and subsidies	6%	Variance noted is more than the projected budget but the municipality will monitor the budget performance to avoid unauthorised expenditure going forward	
	Irrecoverable debts written off	-76%	Variance noted is less because debt write off recorded is less at this reporting period due to that few customers have entered into agreements with the municipality to settle their debts	
	Operational costs	31%	Variance noted is more than projected budget for this period due to that other expenditure incurred and paid in the 1st and 2nd quarter were once off projects to be implemented and finalised by end of quarter 1	
3	Capital Expenditure			
	Governance and administration	-5%	Variance noted is less than the projected budget because other assets have not yet been procured because they were planned to be procured in quarter 3	
	Community and public safety	-100%	Variance noted is less than the projected budget because other assets have not yet been procured because they were planned to be procured in quarter 3	
	Economic and environmental services	4%	Variance noted is more than the projected budget because the municipality had planned to complete some infrastructure projects within 6 months where as the expenditure is being compared against the budget for 6 months.	
	Trading services	-68%	Variance noted is less than the projected budget because there are assets that were planned to be procured in quarter 3 but the budget being compared with is for 6 months ending 31 December 2024	
4	Financial Position			
	Current assets	72%	The value of current assets is more than the budget	It will be corrected in the adjustment budget
	Non current assets	117%	The value of non-current assets is more than the budget	It will be corrected in the adjustment budget
	Current liabilities	427%	The value of current liabilities is more than the budget	It will be corrected in the adjustment budget
	Non current liabilities	0%	The value of non-current liabilities is more than the budget	
5	Cash Flow			
	Property rates	-11%	Variance noted is less than the projected budget for this period because government departments started in quarter 2 to pay for their properties	
	Service charges	92%	Variance noted is more than the projected budget for this period because debtors have paid for their long outstanding debts from prior periods.	
	Other revenue	69%	Variance noted is more than the projected budget for this period	It will be corrected in the adjustment budget
	Transfers and subsidies - operational	47%	Variance noted is more than the projected budget because we have received more than 70% of the grant allocation for EQS more than 80% for EPWP and and 100%	
	Transfers and subsidies - capital	45%	The variance noted is more than the projected budget because of monies received from MIG	
	Interest	137%	The variance noted is more than the projected budget because we have received more interest as a result short term investments made in July	
	Suppliers and employees	-36%	The variance noted is than the projected budget because some programmes have not been implemented yet because they will be implemented in Q3 and Q4 as well as payment of salaries and allowances for councillors as upper limits are due for payment in January	
	Finance charges	100%	The is no expenditure incurred yet because rehabilitation of landfill sites reports are done at year end	
	Capital expenditure	15%	Variance noted is due to vat portion not recognised in the cash flow	
6	Measurable performance			
7	Municipal Entities			

2.7 Financial performance

The municipality has recognized total operating revenue of R212,8 million as at 31 December 2025, which is made up of revenues from property rates income, rental income, removal income, interest from investments, fines, licensing income, transfers and subsidies received and other revenue. Total operating expenditure of R132,6 million has been recognized as at 31 December 2025. Capital transfers of R12,7 million have been recognized as at 31 December 2025. The municipality has recognized a surplus of R92,4 million as at 31 December 2025.

Operating revenue is 38% above the projected budget at mid-year because of equitable share grant that has been received in July and December to the amount of R180 million. Other operating grants revenue is only recognized when its conditions have been met. The municipality has performed poorly in traffic fines, revenue. The municipality must consider adjusting these revenues in the adjustment budget because they did not perform well in the past six months.

Operating expenditure is 13% below the projected budget at mid-year because most operational projects are to be implemented in quarter 3 of this financial year.

KZN271 Umhlabuyalingana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment										
Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		-	-	-	-	-	-	-	-	-
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		470	491	-	39	235	245	(10)	-4%	491
Sale of Goods and Rendering of Services		11 861	12 457	-	2	5 447	6 228	(781)	-13%	12 457
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	-	-	-	-	-	-
Interest from Current and Non Current Assets		11 656	12 957	-	510	3 638	6 479	(2 840)	-44%	12 957
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		422	486	-	30	215	243	(28)	-12%	486
Licence and permits		2 612	2 161	-	212	1 408	1 081	327	30%	2 161
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		1 292	606	-	105	429	303	126	42%	606
Non-Exchange Revenue										
Property rates		28 494	27 842	-	2 225	13 538	13 921	(382)	-3%	27 842
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2 219	1 546	-	124	352	773	(421)	-54%	1 546
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		251 088	249 958	-	82 069	187 785	124 979	62 806	50%	249 958
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		165	-	-	-	-	-	-	-	-
Other Gains		(2 340)	-	-	-	(188)	-	(188)	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		307 938	308 505	-	85 316	212 859	154 252	58 607	38%	308 505
Expenditure By Type										
Employee related costs		95 092	119 614	-	10 089	48 380	59 807	(11 427)	-19%	119 614
Remuneration of councillors		15 597	17 363	-	1 306	8 166	8 681	(515)	-6%	17 363
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		2 178	2 262	-	8	339	1 131	(793)	-70%	2 262
Debt impairment		4 389	9 460	-	-	-	4 730	(4 730)	-100%	9 460
Depreciation and amortisation		40 477	27 268	-	2 496	17 141	13 634	3 507	26%	27 268
Interest		469	995	-	180	217	498	(281)	-56%	995
Contracted services		80 523	65 422	-	8 537	35 059	32 711	2 348	7%	65 422
Transfers and subsidies		21 358	16 838	-	689	5 784	8 419	(2 635)	-31%	16 838
Irrecoverable debts written off		5 235	-	-	145	145	-	145	-	-
Operational costs		52 571	45 162	-	2 150	17 455	22 581	(5 126)	-23%	45 162
Losses on Disposal of Assets		213	-	-	-	-	-	-	-	-
Other Losses		226	-	-	-	-	-	-	-	-
Total Expenditure		318 328	304 385	-	25 601	132 687	152 193	(19 506)	-13%	304 385
Surplus/(Deficit)		(10 390)	4 120	-	59 715	80 173	2 059	78 113	0	4 120
Transfers and subsidies - capital (monetary allocations)		40 768	44 096	-	3 687	12 168	22 048	(9 880)	(0)	44 096
Transfers and subsidies - capital (in-kind)		-	-	-	-	77	-	77	#DIV/0!	-
Surplus/(Deficit) after capital transfers & contributions		30 378	48 216	-	63 402	92 417	24 107			48 216
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		30 378	48 216	-	63 402	92 417	24 107			48 216
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		30 378	48 216	-	63 402	92 417	24 107			48 216
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		30 378	48 216	-	63 402	92 417	24 107			48 216

2.8 Capital program performance

Total capital expenditure as at 31 December 2025 is R12,7 million. The municipality has spent R11,5 million on road projects, R606 thousand on construction of sports field and R641 thousand on procurement of other assets.

2025- 2026 MID-YEAR BUDGET & PERFORMANCE

ASSESSMENT REPORT

KZN271 Umhlabuyalingana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment										
Vote Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Finance and Admin		-	-	-	-	-	-	-	-	-
Vote 2 - Executive and council		-	-	-	-	-	-	-	-	-
Vote 3 - Community and social services		-	-	-	-	-	-	-	-	-
Vote 4 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 5 - Waste Management		-	-	-	-	-	-	-	-	-
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 8 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 9 - Roads		-	-	-	-	-	-	-	-	-
Vote 10 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 1 - Finance and Admin		9 697	474	-	-	166	237	(71)	-30%	474
Vote 2 - Executive and council		-	-	-	-	-	-	-	-	-
Vote 3 - Community and social services		76	-	-	-	-	-	-	-	-
Vote 4 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 5 - Waste Management		6 685	174	-	-	87	(87)	-100%	174	
Vote 6 - Energy Sources		-	-	-	76	76	76	#DIV/0!	-	
Vote 7 - Planning and Development		-	435	-	-	-	217	(217)	-100%	435
Vote 8 - Public Safety		-	130	-	-	-	65	(65)	-100%	130
Vote 9 - Roads		29 906	38 380	-	2 956	12 110	19 190	(7 079)	-37%	38 380
Vote 10 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	46 364	39 593	-	3 032	12 353	19 796	(7 443)	-38%	39 593
Total Capital Expenditure		46 364	39 593	-	3 032	12 353	19 796	(7 443)	-38%	39 593
Capital Expenditure - Functional Classification										
Governance and administration		9 697	474	-	-	166	237	(71)	-30%	474
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		9 697	474	-	-	166	237	(71)	-30%	474
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		(6 415)	4 043	-	-	606	2 022	(1 416)	-70%	4 043
Community and social services		76	-	-	-	-	-	-	-	-
Sport and recreation		(6 490)	3 913	-	-	606	1 957	(1 351)	-69%	3 913
Public safety		-	130	-	-	-	65	(65)	-100%	130
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		29 821	34 901	-	2 956	11 505	17 451	(5 946)	-34%	34 901
Planning and development		-	435	-	-	-	217	(217)	-100%	435
Road transport		29 821	34 467	-	2 956	11 505	17 233	(5 728)	-33%	34 467
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		6 442	174	-	426	475	87	388	446%	174
Energy sources		-	-	-	76	76	-	76	#DIV/0!	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		(242)	-	-	350	399	-	399	#DIV/0!	-
Waste management		6 685	174	-	-	-	87	(87)	-100%	174
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	39 547	39 593	-	3 382	12 752	19 796	(7 045)	-36%	39 593
Funded by:										
National Government		23 246	38 380	-	2 956	12 110	19 190	(7 079)	-37%	38 380
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations)		-	-	-	-	-	-	-	-	-
MID-YEAR REPORT 2025-2026										4
Transfers recognised - capital		23 246	38 380	-	2 956	12 110	19 190	(7 079)	-37%	38 380
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		16 301	1 213	-	426	641	607	35	6%	1 213
Total Capital Funding		39 547	39 593	-	3 382	12 752	19 796	(7 045)	-36%	39 593

2.9 OTHER SUPPORTING INFORMATION

2.9.1 BUDGET AND TREASURY OFFICE

FINANCIAL PERFORMANCE OVERVIEW

The Department of Financial Services remains focused on ensuring that expenditure is included within the approved budget while achieving value for money. Strict compliance with applicable legislation continues to be emphasized to prevent irregular, fruitless and wasteful expenditure.

During the 2025/2026 financial year, the Department prioritized the strengthening of systems, controls, and procedures aimed at restoring the Municipality's position towards achieving clean administration, following regression in prior financial years.

Revenue Management

The Municipality's revenue base remains largely grant dependent, with approximately 88% of the budget funded through grants and 12% funded from own revenue. Management recognises the risk associated with limited own revenue and has committed to strengthening revenue collection to ensure long-term financial sustainability. A decision has been taken to revive the Revenue Management Committee, which meets quarterly to address revenue generation, billing accuracy, debt collection, and corrective actions.

Property Rates

Property rates remain a key source of own revenue. The Municipality projected a collection rate of 63% for the financial year. However, as at 31 December 2025, actual collections amounted to 25% of the annual budget. The projection was based on anticipated payments from government debtors, mainly the Provincial Department of Public Works, which historically settles accounts during September, October, and December. Engagements with government departments are ongoing to improve collections.

The historical ITB debts remain a challenge. Management has initiated a process to obtain a legal opinion on the legality of writing off these long-outstanding debts. This process will assist the Municipality in accurately measuring revenue collection performance and assessing the collectability of these accounts.

Traffic Fines

Traffic fines revenue has significantly underperformed. As at mid-year, only 1.7% of the projected annual target had been collected, compared to a projected 15% in terms of Schedule A (SA30). Management will reassess the realism of this revenue source during the Adjustment Budget process.

Business Licensing

An improvement has been recorded in business licensing revenue, mainly as a result of a compliance and awareness campaign conducted in November 2025 in partnership with the Department of Environmental Affairs. Revenue from business licensing remains constrained by non-compliance with the Business Act, as many applications fail to meet minimum requirements.

Interventions include the enforcement of the gazette. Business Licensing By-laws and the issuing of compliance notices to business operators.

Rental of Facilities (Market Stalls and Community Halls)

Market stall rentals achieved a 48% collection rate at mid-year, against a projected 50%. This reflects a marginal underperformance but remains within acceptable limits.

2.9.2 CASH FLOW, DEBTORS AND CREDITORS

Cash Flow

The Municipality remains in a positive cash position, with a cash balance of approximately R111 million at mid-year. The available cash indicates that the Municipality can sustain operations for at least the next six months.

Debtors

The mid-year debtors balance amounts to R85.7 million, compared to R76.6 million in the prior year. Government debtors amount is R46.6 million, while business and commercial debtors amount to R36.6 million. Property rates debtors remain the largest contributor. The

Creditors

The Municipality continues to comply with Section 65 of the MFMA, ensuring that creditors are paid within 30 days. Payment runs are conducted on the 15th and 30th of each month, with consideration given to SMMEs.

Investment Portfolio

Investments and short-term deposits remain fully compliant with the MFMA and Investment Regulations. The investment balance at mid-year amounted to approximately R140 million, reflecting a slight increase compared to the opening balance. Accrued interest as at 31 December 2025 is more than R2,4 million.

Borrowings

The Municipality has **no borrowings**.

2.9.3 SUPPLY CHAIN MANAGEMENT

Procurement Plan

The municipality's annual procurement plan for the 2025/2026 financial year has been approved to ensure an effective system for acquiring goods and services that support strategic goals and operations. The plan has improved timely planning, effective process management, and the

delivery of required commodities and services in appropriate quantities, on budget, and within critical timelines.

Irregular, Fruitless and Wasteful Expenditure

- Fruitless and wasteful expenditure amounted to R185,307, relating mainly to late payments to Eskom, Telkom and one payment made to SARS that couldn't go through.
- Irregular expenditure reported at mid-year amounted to R13.1 million, relating to the opening balance of the arises from 2025 AG audit and the investigation commenced in December 2025 following the MFMA prescripts to ensure that by April 2026 the process should be finalised.

Deviations

Deviations totalling R97,623 were incurred in terms of Section 36 of the Supply Chain Management Regulations, primarily for newspaper advertising. The municipality is in the process of appointing an advertising agency to manage these services.

Competitive Bidding

All goods and services above R200,000 (including VAT) are procured through a competitive bidding process, as outlined in the municipal Supply Chain Management Policy. To enhance efficiency, bid committees—comprising specification, evaluation, and adjudication committees—have been established to effectively manage the competitive bidding process.

Objections

There were no objections received in all tenders awarded.

Allocation of grant received and expenditure on grants

- The budget of the municipality is funded by grants of which they fund 88% of the budget and the remaining 12% is funded by own revenue.
- Capital grants funding capital expenditure is more than 80% of the capital budget

Asset Management

The municipality has asset management policy, asset disposal policy, maintenance policy and asset register to manage the municipal asset. Currently the municipality have spent 32% of the budget for 2025-2026 financial year.

BUDGET AND REPORTING SECTION

MSCOA Implementation

The municipality managed to go live by the 1st of July 2017, meeting the compliance date for the implementation of MSCOA. IDP, BUDGET, and SDBIP are all MSCOA compliant.

We are transacting on the Sage Evolution system, which is mSCOA compliant and supported by CCG Systems. Like any other system we experienced some challenges during the implementation. Below are some of the challenges we encountered.

Challenges

- Misallocation of accounts during the requisition process by departments has decreased a lot when compared to the prior years because of new processes introduced by management to reduce the misallocations and misalignments.
- Functionality of other modules (i.e., costing, grants, and contract management) is not yet implemented fully, but we are 60% on the grants module and 50 % on contract management in terms of implementation.
- The fixed asset register is still manual, which is a huge risk in terms of ensuring the completeness and accuracy of all transactions relating to asset management

COMMUNITY SERVICES DEPARTMENT

Effective waste management is critical for maintaining clean and sustainable municipality. In the first half of the 2025/2026 financial year, significant progress has been made in improving waste collection and disposal. Public environmental awareness campaigns are conducted quarterly to promote sustainable practices.

The municipality faces a shortage of waste management equipment, including excavators, tipper trucks, and compactors, which limits efficient bulk waste transport, prolongs collection times, and affects proper waste disposal practices. There are three waste management sites located in Manguzi, Mbazwana, and Skhemelele. Manguzi and Mbazwana are fully licensed landfill sites. Skhemelele is currently undergoing decommissioning and rehabilitation.

Library Services

Library services contribute to education, literacy, and community engagement. The Municipality operates three library access points (Manguzi, Skhemelele, Mseleni), providing:

- Outreach programs and promotions
- Internet access and basic computer training

- Book exchange services

These services support lifelong learning, equal access to information, and community participation.

Traffic Law Enforcement

This section regulates traffic flow, enforces road safety, and ensures compliance with NRTA 93 of 1996 and related legislation. Functions include:

- Traffic law enforcement
- Drivers' license administration
- Vehicle licensing

In the first half of the year, focus was on improving road safety and ensuring regulatory compliance. The section will continue stakeholder collaboration to reduce accidents and enhance overall traffic management.

Disaster Risk Management (Including Fire and Rescue Services)

In line with the **Disaster Management Act 57 of 2002**, the Municipality develops and implements integrated disaster management plans to prevent, mitigate, and respond to emergencies. Fire services and Occupational Health and Safety fall under this unit.

Currently, no dedicated fire stations exist. ISO standards require five stations to cover the municipality effectively. Officials continue to develop emergency plans, conduct disaster drills, and hold public awareness campaigns and early warning initiatives to ensure preparedness for floods, fires, and other disasters. However, the Municipality remains **vulnerable to natural disasters**, particularly those caused by inclement weather and severe flooding. Limited resources, a shortage of personnel, the absence of a dedicated disaster management centre and insufficient basic support materials constrain the Municipality's ability to respond effectively when disasters occur.

Youth and Special Programs

The Youth Unit, under Community Services, delivers career expos, university registration assistance, and other youth development programs. Special Programs focus on gender and disability awareness campaigns.

By mid-year, two programs were successfully implemented:

- HIV/AIDS awareness campaign

- SALGA Games

These initiatives foster community engagement and awareness.

Ward Committees

The Municipality has established ward committees in all 20 wards, comprising 186 members. Each ward committee meets monthly and functions as an active community governance structure, facilitating citizen participation and oversight in local governance.

TECHNICAL SERVICES

LOCAL ECONOMIC SECTION

Local Economic Development plays a crucial role in fostering economic growth and job creation. Through initiatives such as small business support, skills development, investment promotion, SMME/Cooperatives support, the municipality helps stimulate and attract new businesses.

SMME/Cooperatives Support

This program is designed to assist a startup in its development and growth phase. Also to provide opportunities to achieve sustainability and to create an enabling environment within the community. Through this program the municipality supports its local businesses by identifying potential but struggling entrepreneurs including Co-operatives and informal traders to assist them to become registered and organize training and workshops so as to improve the understanding on how to run successful businesses.

SMME/Cooperatives Incubator Program

The program is designed to monitor the functionality and sustainability of all the supported SMMEs/Cooperatives with either training or workshops but especially with capital investment in their respective enterprises.

Awareness Campaigns on Business Compliance.

The program is designed to ensure that local businesses are given exposure and accurate empowering information for compliance purposes. The notion is to educate before enforcing the law and municipal bylaws.

Compliance and Law Enforcement

There are multi-faceted structures, notably the Integrated Compliance, Regulation and Enforcement Forum (ICOREF) in place that deals with business inspections for upkeeping of compliance, quality management, health and safety issues in local businesses.

PLANNING AND DEVELOPMENT SECTION

To date the municipality is focusing on the ongoing process of formalization of towns, to fast track this process the municipality has prepared the Spatial Development Framework (SDF) and Land Use Management System (LUMS) and as part of the formalization of towns.

Singe land use scheme (Wall to Wall scheme)

In terms of section 24 (1) of the Spatial Planning and Land Use Management Act No. 16 of 2013 (hereinafter refer to as the SPLUMA), a municipality, after public consultation, adopt and approve a single land use scheme for its entire area within five years from the commencement of this act. Schemes are understood to be tools used by Municipalities to guide and manage development rights and give effect to the visions, objectives and broad strategic focus of IDPS. Umhlabuyalingana Municipality compiled and adopted a Single Land Use Scheme in 2017 and reviewed the Scheme in 2024/25 Financial year and has been adopted in June 2025.

Spatial Development framework

The SDF serves as a strategic framework that directs the implementation of the IDP and guides the overall spatial distribution of current and desirable land uses within a Municipality in order to give effect to the vision, goals and objectives of the municipal IDP. The Municipality's SDF represents a long term (+5 years) plan and is revised on an annual basis in line with the IDP 5-year cycles. It is also a primary spatial response to the development context, needs and development vision of the municipality. It is a key land use management tool of the Municipality as it has an important role to play in guiding and managing municipal decisions relating to the use, development and planning of land. In terms of Section 20 of SPLUMA, the SDF is still recognized as part of the IDP, which in terms of the MSA has a varied set of criteria for what an SDF should entail. The current SDF review is being done in-house in conjunction with the IDP and Budget processes with the assistance of key sector departments.

Spatial Planning and Land Use Management Act no. 16 of 2013 (SPLUMA)

SPLUMA aims to develop a new framework to govern planning permissions and approvals, sets parameters for new developments and provides for different lawful land uses in South Africa.

SPLUMA is a framework law, which means that the law provides broad principles for a set of provincial laws that will regulate planning. SPLUMA also provides clarity on how planning law interacts with other laws and policies.

UMhlabuyalingana has gazetted By-Laws and the uMkhanyakude District family of municipalities agreed on a joint MPT which has since through resolution been established. It is now fully operational in line with SPLUMA guidelines. As foregoing, as from March 2018 only development applications done in terms of Spatial Planning and Land Use Management Act no. 16 of 2013 are being acknowledged in uMhlabuyalingana Local Municipality.

OFFICE OF THE MUNICIPAL MANAGER

Communication Strategy

In line with Chapter 4 of the Municipal Systems Act, the Promotion of Access to Information Act, 2000, and the White Paper on Local Government, uMhlabuyalingana Municipality promotes effective community participation and access to information. The Council adopted a Communication Strategy in June 2025, reviewed annually, to guide engagement with internal and external stakeholders. Key communication channels include national and local radio stations to ensure that communities are informed about municipal programmes and services. We have also adopted the use of social media platforms and virtual platforms for communicating with external stakeholders.

Internal Audit

The Internal Audit Unit provides independent assurance that the Municipality's risk management, governance, and internal control processes are operating effectively. Audits are conducted on a risk-based approach, with 75% of the approved Internal Audit Plan completed as at mid-year.

Audit Committee

The Audit Committee plays a key oversight role in ensuring compliance with applicable laws and regulations. It provides oversight into financial reporting, internal controls, and risk management. The Committee operates under a Council-approved Charter and is required to meet quarterly. In the first half of the year, the Committee has met twice.

Municipal Public Accounts Committee (MPAC)

MPAC strengthens municipal oversight and accountability. Its functions are clearly distinguished from administrative operations, in line with Sections 5(b) and 103 of the MFMA (Act 56 of 2003). Two MPAC meetings were held during the first half of the financial year.

IDP/Budget Process Plan

The Council adopted the 2026/2027 IDP Process Plan in August 2025, which guides the planning, review, and implementation of the IDP and Budget. The Municipality is currently in Phase 3, focusing on project prioritization and implementation strategy.

Risk Management

The municipality has established a Risk Management Unit through which key strategic risk management documents have been developed to ensure a structured and systematic approach to risk management across the institution. The overall risk profile of uMhlabuyalingana Local Municipality remains within the medium risk range. The risk management process is currently at a moderate level of maturity, with ongoing efforts aimed at strengthening the risk management culture throughout the municipality. The formal maturity level rating is pending finalisation of the national risk maturity assessment tool by National Treasury and SALGA.

Management has developed a Risk Management Implementation Plan, the implementation of which has reached 100% completion at mid-year. In addition, risk mitigation action plans have been established and are monitored monthly to ensure effectiveness and accountability.

Continuous progress is being recorded across all departments through regular reporting on risk mitigation measures to the Risk Management Committee, Audit Committee, Executive Committee (EXCO), and Council. During the mid-year period, the Risk Management Committee convened two meetings, held on 05 August 2025 and 18 November 2025, in line with its approved terms of reference.

CORPORATE SERVICES DEPARTMENT

Human Resource Management (HRM) is a strategic approach to managing an organization's workforce, focusing on recruitment, development, and retention to achieve organizational goals. Human resources Management plays a critical role in enhancing organizational performance by optimizing the management of human capital. Engaged and well-managed employees contribute

significantly to the successes of the organization, making Human Resources Management a vital component.

The Human Resources Section performed number of key functions for the last six months from July 2025 to December 2025. We facilitated number of trainings and development programmes to improve skills and knowledge to ensure that employees can meet current and future demands. The Human Resource Section did ensure that employee compensation structures and benefits packages, which are crucial for attracting and retaining talent. This includes salary, health insurance, retirement plans, and other perks.

The section also maintained positive relationships between employees and management, addressing grievances, and ensuring a healthy workplace culture by creating and enforcing policies that ensure a safe working environment for all employees. In the next six months the department will focus on Staffing Strategies, A staffing Strategy is the technique used by an organization to place the right person in the right position. In their purest form, these strategies are categorized as either internal or external. A modification of an internal strategy is the work force pool.

IT SECTION:

From July 2025 to December 2025, the Information Technology focused on the Integrated of Information and communication Technologies in libraries and Information centres. It aims to enhance the creation, organization, storage, maintenance access, retrieval and transfer of information and documents. This section developed core areas to address various aspects of Information Technology in librarianship, including cybersecurity. All expertise and data management, additionally, it plans to produce a skill and engage members through various opportunities.

SERVICE DELIVERY PERFORMANCE ANALYSIS

PERFORMANCE FRAMEWORK

Regulation 7(1) of the Local Government Municipal Planning and Performance Management Regulations, 2001 states that “A municipality’s Performance Management System entails a framework that describes and represent how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players.”

This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

The municipality adopted a Performance Management Framework that was approved by Council.

IMPLEMENTATION OF PERFORMANCE MANAGEMENT

Performance management is not only relevant to the organization as a whole, but also to the individuals employed in the organization as well as the external service providers.

Explanatory Table per department

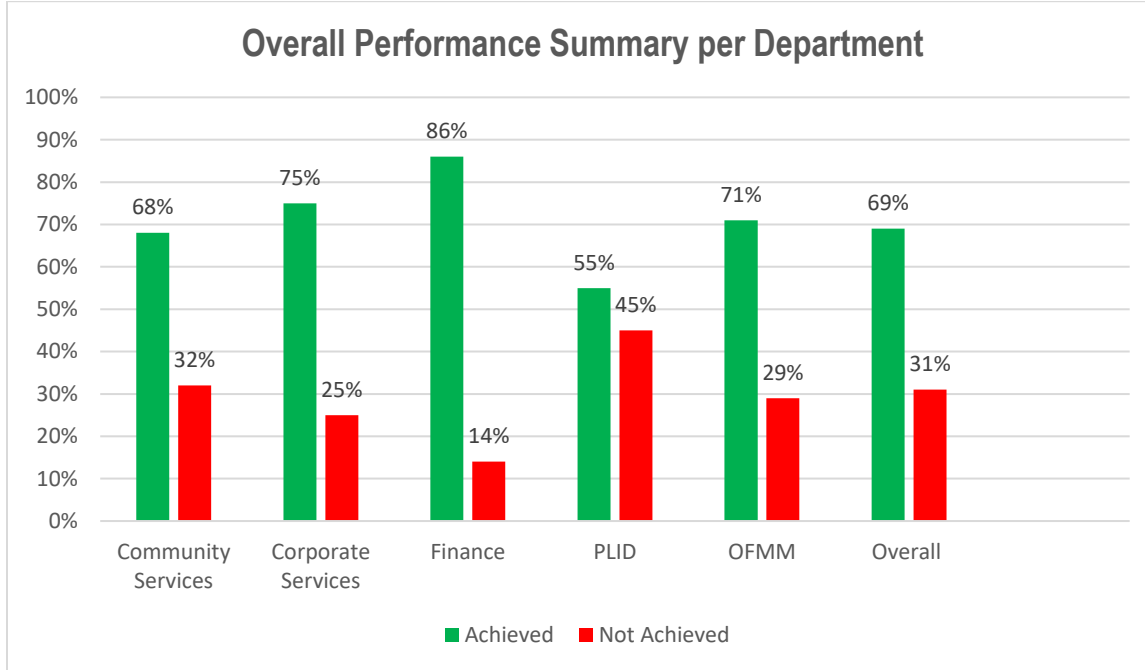
COLOUR CODING

	Targets achieved
	Targets not achieved

Department	Planned Q1 Targets	Targets Not Reported	Targets Achieved	Targets Not Achieved	Achievement Percentage
Community Services	41	0	28	13	68%
Corporate Services	28	0	21	7	75%
Finance	29	0	27	2	93%
PLID	44	0	24	20	55%
Office of the MM	21	0	15	6	71%
Total	163	0	115	50	70%

Notes: •

The table above indicates Quarter 1 and Quarter 2 performance per department. The overall performance for the institution as of 31 December 2025 is at 70%.



Community Services Department

Performance highlights

- Maintained refuse removal services in serviced areas in accordance with the approved collection schedule.
- Facilitated clean-up campaigns in partnership with community stakeholders
- Supported waste minimization initiatives including awareness on illegal dumping.
- Supported literacy promotion programs, including school support initiatives and reading campaigns.
- Conducted routine traffic law enforcement operations focusing on speeding, unroadworthy vehicles, and driver compliance.
- Implemented roadblocks and joint operations in collaboration with SAPS and Provincial Traffic authorities.

Performance Challenges

- Ageing waste collection equipment and limited fleet availability disrupted services delivery in some areas.

. Key Performance Indicator (KPIs) not achieved and measures to improve performance

KPI	Mid-year Target	Mid-year actual	Reasons and measures
a) Number of Individual Performance Agreements and Work Plans signed b) Number of quarterly performance assessment/reviews conducted	a) 45 Performance agreements signed by 30 July 2025 b) Conduct quarterly assessments/reviews for 45 employees	a) 28 Performance agreements signed by 30 July 2025 b) Quarterly assessments/reviews for conducted on 9 employees	Reason: During the time of reporting some employees were still undergoing the IPMS training. Measures: All Performance agreements and performance assessments for both Quarter 1 and Quarter 2 have been submitted to PMS Unit.

Number of Monthly Performance Reports compiled	4 monthly performance reports compiled 31 Dec 2025	3 monthly reports compiled (July, Oct and Nov monthly reports)	Reason: there were delays in submitting August Performance Report Measures: August Performance report have been submitted to PMS Unit.
a) Number of monthly performance reports and POEs submitted to PMS unit on due date b) Number of quarterly reports and POEs submitted to PMS unit on due date"	a) 4 monthly Performance reports and POEs submitted to PMS within 10 working days after last day of each month/quarter up to 31 Dec 2025 b) 2 quarterly Performance reports and POEs submitted to PMS within 10 working days after last day of each month/quarter up to 31 Dec 2025	a) 3 monthly reports and POEs to PMS unit within 10 working days after the end of the month (Oct and Nov monthly reports) b) Quarterly report and POEs to PMS unit within 10 working days after the end of the quarter (Q1 report)"	Reason: there were delays in submitting August Performance Report Measures: August Performance report have been submitted to PMS Unit.
Number of Portfolio committee agendas issued to Portfolio committee members 5 days before the meeting	6 Portfolio committee agendas issued to Portfolio committee members 5 days before the meeting up to 31 Dec 2025	0 agendas issued to portfolio committee 5 days before the meeting (July, Aug, Sept, Oct, Nov, Dec)	Reason: delays were caused by the late submission of Performance reports. Measures: All Portfolio Notices and Agenda Items POEs have been submitted to PMS Unit.
Percentage of Internal Audit Findings resolved on quarterly basis	100% Resolution of Internal Audit findings due within Q4 and Q1 by 31 Dec 2025	0% of Internal Audit findings due within Q4 of 24/25 FY and Quarter 1 of 25/26 resolved	Reason: there were delays in updating Internal Audit Findings Measures: Quarter 1 Internal Audit Findings have been updated and submitted to PMS and Internal Audit Unit
a) Number of updates of council resolution register"	a) 2 updates of council resolution register by 31 Dec 2025	0 updates of council resolution register by 31 Dec 2025	Reason: I agree with finding, during the time of reporting the person responsible for updating council resolution register was on leave. Measures: Council resolution register has been updated for both quarter 1 and quarter 2
Percentage completion of Action Plans relevant to Community Services for each quarter as documented in the strategic risk register	100% completion of Risk action Plans relevant to Community Services due within Q1 and Q2 by 31 Dec 2025	71% of risk action plans due in (Q1) completed 79% of risk action plans due in (Q2) completed"	Reason: following are the reasons for not achieving 100% on Risk register Action Plan <ul style="list-style-type: none"> • Stray animals within the vicinity of municipal roads, • Establish a structured approach of lobbying and training traditional leaders, farmer's association, and community in general to resolve the animal pound challenges. Target is

			<p>reported achieved. Please provide POE.</p> <ul style="list-style-type: none"> To manage waste effectively, the action planned was to monitor compliance of the landfill site and report monthly to departmental meetings and quarterly to external (EDTEA). To implement consequence management. <p>Monitor the implementation of the procurement plan.</p> <p>Measures: Some of the targets on Risk register have since been achieved, some are still on progress and will be achieved in quarter 3.</p>
Number of quarterly reports on performance of service providers	2 quarterly reports on performance of service providers by 31 Dec 2025	1 quarterly report on performance of service providers compiled	<p>Reason: During the time of reporting, we were still waiting for service provider to send back the self-assessment form before we complete the report on performance of service provider.</p> <p>Measures: Performance of service providers report for both Quarter 1 and Quarter 2 have been submitted to PMS Unit</p>
Number of Businesses benefiting from Waste Collection services	12 Businesses benefiting from Waste Collection services at least once per week by 31 Dec 2025	10 Businesses benefited from Waste Collection services	<p>Reason: During the time of reporting in quarter 1 and quarter 2 it was not clear that the businesses collection register must be separated from the free basic of waste services collection register.</p> <p>Measures: The collection register for businesses have been since developed and separated from the one of free basic collection of waste.</p>
Number of Salga Games Coordinated and conducted	Number of Salga Games Coordinated and conducted	Salga games NOT held at local level District SALGA games held on the 1st of November 2025	<p>Reason: Salga games in local Level could not take place in quarter 1, due to clash of dates with other municipal programmes</p> <p>Measures: Both Salga games in Local level and District level were held in Quarter 2. POE has been submitted to PMS unit.</p>
Number of special programs coordinated and implemented	5 special programmes coordinated and implemented by 31 Dec 2025. a) 2 Local Aids Council Meetings b) 2 HIV/AIDS Awareness campaign c) 1 Gender Awareness Campaign	4 special programmes coordinated and implemented by 31 Dec 2025. a) 2 Local Aids Council Meetings b) 1 HIV/AIDS Awareness campaign c) 1 Gender Awareness Campaign	<p>Reason: Quarterly Local Aids Council sits at the beginning of the following quarter for purposes of reporting the previous quarterly matters</p> <p>Measures: Local Aid Council is scheduled to sits on the 23rd of January 2026.</p>
Number of OSS meetings coordinated	2 OSS Meetings coordinated by 31 Dec 2025	0 OSS meetings coordinated by 31 Dec 2025	<p>Reason: Operation Sukuma Sakhe meeting could not sit due unavailability of members (quorum did not Quoried</p>

			Measures: both Quarter 2 and Quarter 3 Operation Sukuma Sakhe Meeting will sit in Quarter 3.
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Corporate Services Department Performance highlights

- Training interventions were facilitated in line with the Work Skills Plan (WSP).
- All ordinary Council and ExCo meetings were successfully coordinated and supported in line with approved council calendar.
- Employee wellness programs, including health awareness initiatives, were implemented during the reporting period.

Performance Challenges

- Manual filing systems poses a risk to document retrieval and compliance.
- Quarterly performance assessments for employees below sec 54/46 were not fully implemented as planned.
- Approved risk mitigation action plans, internal audit action plans were not fully achieved.

Key Performance Indicator (KPIs) not achieved and measures to improve performance

KPI	Mid-year Target	Mid-year actual	Reasons and measures
Number of Portfolio committee agendas issued to Portfolio committee members 5 days before the meeting	6 Portfolio committee agendas issued to Portfolio committee members 5 days before the meeting up to 31 Dec 2025	0 agendas issued to portfolio committee 5 days before the meeting	N/A Measures: N/A
Number of LLF agendas issued to LLF members 5 days before the meeting	6 LLF agendas issued to LLF members 5 days before the meeting up to 31 Dec 2025	0 agendas issued to LLF 5 days before the meeting	N/A Measures: N/A
a) Number of Individual Performance Agreements and Work Plans signed b) Number of quarterly performance assessment/reviews conducted	a) 15 Individual Performance Agreements and Work Plans signed by 30 July 2025. b) 4 Quarterly assessments/reviews conducted for 15 employees by 31 Dec 2025	a)15 Performance agreements signed by 30 July 2025 b) Quarterly assessments/reviews not completed for employees who signed performance agreements	N/A Measures: N/A
Percentage of Internal Audit Findings resolved within the financial year (excluding activities requiring budget)	100% Resolution of Internal Audit findings due within Q1 and Q2 by 31 Dec 2025	67% of Internal Audit findings due within Quarter 4 (2024/2025) resolved 0% of Internal Audit findings due within	N/A Measures: N/A

		Quarter 1 (2025/2026) resolved	
Number of HR and ICT policies reviewed and adopted	Review of 2 HR Policies (Remuneration Policy and Benefits and Allowance Policy) by 31 Dec 2025	0 HR Policies reviewed (Remuneration Policy and Benefits and Allowance Policy)	The policies were not tabled to Council Measures: HR Policies to be reviewed in Q2
Percentage of Action Plans resolved relevant to the Corporate Services Department for each quarter as documented in the strategic risk register	100% completion of Action Plans resolved/completed relevant to the Corporate Services Department per in Q1 and Q2 by 31 Dec 2025	96% of risk action plans due in (Q1) completed by 30 September 2025 78% of risk action plans due in (Q2) completed by 31 Dec 2025	N/A Measures: N/A
Percentage of procurement plan implemented within financial year	100% of procurement plan implemented within Q1 and Q2 as per approved Procurement Plan	113% of procurement plan implemented within a quarter 1 as per approved Procurement Plan 0% of procurement plan implemented within a quarter 2 as per approved Procurement Plan	N/A Measures: N/A

Finance Department Performance highlights

- Monthly Section 71 in-year financial reports were compiled and submitted to the Mayor, Provincial Treasury and National Treasury as required.
- The asset register was maintained and updated to reflect additions and disposals during the period under review.
- Cost coverage ration was at 21 months during the period under review.

Performance Challenges

- Revenue collection constraints
- Implementation of internal audit recommendations and action plans requires improvement to strengthen financial controls and governance.
- Municipality experienced challenges in the implementation of capital projects resulting in low capital infrastructure expenditure.

Key Performance Indicator (KPIs) not achieved and measures to improve performance

KPI	Mid-year Target	Mid-year actual	Reasons and measures
Number of Portfolio committee agendas issued to Portfolio committee members 5 days before the meeting	6 Portfolio committee agendas issued to Portfolio committee members 5 days before the meeting up to 31 Dec 2025	1 agenda issued to portfolio committee 5 days before the meeting (Oct)	N/A
			Measures: N/A
Percentage of Internal Audit Findings resolved on quarterly basis	100% Resolution of Internal Audit findings due within Q2 by 31 Dec 2025	a) 0% Resolution of Internal Audit findings due quarter 1 resolved	N/A
			Measures: N/A
Percentage Capital Infrastructure expenditure of approved projects	50% expenditure	23% expenditure by 31 Dec 2025	<ul style="list-style-type: none"> a) Implementation of infrastructure projects (roads and sports fields) is low because the municipality has been using panels to appoint service providers, and the Treasury has issued a stern warning to stop using panels because it is against the SCM regulations and it will result in irregular expenditure. b) All infrastructure projects had to be re-advertised because of the above reason. c) Procurement plans for other assets indicate that procurement will start in Q2
			<p>Measures:</p> <ul style="list-style-type: none"> a) All 2025/26 capital project has been appointed as end of Q2 b) performance and spending is aligned with the acceleration plan that was developed by Technical Services c) Expenditure movement will increase in Q3
Percentage of collection Rate	95%	14 % billed revenue collected IN Q1 20% billed revenue collected in Q2	N/A The increase in the debtors account is primarily due to the continued growth in uncollected property rates, rental of facilities, and waste collection fees. Contributing factors include the reluctance of certain businesses to pay rates, ongoing financial challenges within government entities leading to unpaid accounts, and the long-outstanding Ingonyama Trust Board (ITB) account. Although various collection efforts have been implemented, they have not yet yielded positive results.
			<p>Measures: N/A</p> <ul style="list-style-type: none"> a) Verify the existence and validity of outstanding debts, including those dating back to 2008. b) Obtain a legal opinion on the legality and compliance of writing off long-outstanding arrear accounts.

Office of the Municipal Manager

Performance highlights

- Performance agreements for Section 54/56 Managers were coordinated, signed, and submitted within prescribed timeframe.
- Supported performance reviews of Section 54/56 Managers, in line with legislative requirements.
- Coordinated the development, monitoring, and reporting of organizational SDBIP.

Performance Challenges

- Delays in the full implementation of risk mitigation measures and internal audit action plans.
- Late submission of performance information by some departments affected timely consolidation and quality assurance of PMS reports

Key Performance Indicator (KPIs) not achieved and measures to improve performance

KPI	Mid-year Target	Mid-year actual	Reasons and measures
Number of IDP Forum meetings held	1 IDP Forum meeting held by 31 Dec 2025	0 IDP Forum meetings held by 31 Dec 2025	N/A Measures: N/A
Number of Strategic planning sessions held, and reports tabled to council	a) 1 Reports on implementation of 2024/2025 Strategic Planning Resolutions by 31 Dec 2025 b) 2 Reports on implementation of 2025/2026 Strategic Planning Resolutions by 31 Dec 2025 c) Hold 2026/2027 Strategic planning session by 31 Dec 2025	a) 0 Report on implementation of 2024/2025 Strategic Planning Resolutions tabled to council b) 0 Reports on implementation of 2025/2026 Strategic Planning Resolutions tabled to council. c) 2026/2027 Strategic planning session NOT held	Reasons: The session could not sit because of the festive commitment however it is set to sit before the end Q3. Measures: Continuously monitor the implementation of 2025/26 Strategic Planning resolution action plans.
Percentage of Internal Audit Findings resolved on quarterly basis	100% of Internal Audit findings due within Quarter 4 and Quarter 1 24/25 resolved	100% Internal Audit findings due within Quarter 4 24/25 resolved 0% Internal Audit findings due within Quarter 1 25/26 resolved	Reasons: The late response to the Internal Audit was a result of internal capacity constraints and delays in consolidating the required information Measures: Management acknowledges this and has put measures in place to ensure that all future audit requests are responded to within the stipulated timelines.

<p>Percentage completion of Action Plans relevant to the office of the MM for each quarter as documented in the strategic risk register</p>	<p>100% completion of risk action plans due in Q1 and Q2 by 31 Dec 2025</p>	<p>93% of risk action plans due in (Q1) completed</p> <p>73% of risk action plans due in (Q2) completed</p>	<p>Reasons: "•Inability to compile a credible IDP, Action Plan for analyzing and addressing MEC Comments were not developed, the municipality has not received the MEC letter from COGTA</p> <p>• Inadequate implementation of strategic Planning resolutions, specifically, strategic plan resolutions were developed, without provision of POEs. Action plans derived from strategic planning resolutions were monitored; however, targets were reported achieved without proper POEs. And recording of resolutions were not recommended, leading to target not achieved. Remedial actions are to ensure that POEs are provided for strategic planning resolutions and target, implementation of a robust recording and tracking system for resolution."</p> <p>Measures: "1. Management will draft an email to do a follow up on the progress/status quo of finalising the MEC comments</p> <p>1. Formalise the new January 2026 date and confirm venue bookings.</p> <p>2. Overall all directorates have updated their action plans but the quality and completeness of the supporting POE remain a concern. The Strategic Planning Unit continues to monitor progress and remains available to receive further information at any time.</p> <p>3.Reactivate the intervention request in early January if departments have not provided satisfactory POE"</p>
<p>a) Number of Risk Management</p>	<p>a) 1 Risk Management</p>	<p>a) 1 Risk Management Implementation Plan tabled</p>	<p>Reasons: The Risk Registers were prepared</p>

<p>Implementation Plans tabled to council b) Number of Reports on the implementation of Risk management plans tabled to council and RMC c) Updated Risk Registers tabled to council and RMC</p>	<p>Implementation Plan tabled to council by 30 September 2025 b) 2 Reports on the implementation of Risk management plans tabled to council and RMC by 31 Dec 2025 c) 2 Updated Risk Registers tabled to council and RMC by 31 Dec 2025</p>	<p>to council on 29 Aug 2025 b) 1 Report on implementation of RMIP tabled to council and RMC (Q4 plan) on 29 Aug 2025 c) 1 Updated Risk register tabled to council on 29 Aug 2025 and RMC (Q4 Register) on 05 Aug 2025 d) 0 Reports on the implementation of Risk management plans tabled to council and RMC (Q1) e) 0 Updated Risk Registers tabled to council and RMC (Q1 Register)</p>	<p>and tabled to RMC on the 18th of November 2025.. Items to be tabled to Council were submitted to Committee Unit but unfortunately the items were differed to the next Council meeting Measures: Management will ensure improved planning and prioritisation to prevent recurrence</p>
<p>Number of Compliance checklists compiled and tabled to council for approval</p>	<p>2 Compliance checklists compiled and tabled to council for approval by 31 Dec 2025</p>	<p>1 Compliance Checklist tabled and approved by council by 31 Dec 2025</p>	<p>Reasons: Items to be tabled to Council were submitted to Committee Unit but unfortunately the items were differed to the next Council meeting Measures: Management will ensure improved planning and prioritisation to prevent recurrence</p>

Planning, LED and Infrastructure Department Performance highlights

- Facilitation and support of community-based economic initiatives, including cooperatives and SMMEs.
- implementation of EPWP related activities, contributing to short-term job creation.

Performance Challenges

- Delays in project implementation due to prolonged SCM processes and lack of funding.

Key Performance Indicator (KPIs) not achieved and measures to improve performance

KPI	Mid-year Target	Mid-year actual	Reasons and measures
a) Number of Individual	a) 14 Individual Performance		N/A

Performance Agreements and Work Plans signed b) Number of quarterly performance assessment/reviews conducted	Agreements and Work Plans signed by 30 July 2025. b) 2 Quarterly assessments/reviews conducted for 45 employees by 31 Dec 2025	a) 14 Performance agreements signed by 30 July 2025 b) Quarterly assessments/reviews for 14 employees in Q1 c) Quarterly assessments/reviews NOT conducted for Q2	Measures: N/A
Number of signed off Quarterly SDBIP reports submitted to the portfolio within 30 days of the last day of each quarter.	2 quarterly progress report on SDBIP submitted to the portfolio within 30 days of the last day of each quarter by 31 Dec 2025	1 (Q4 report) compiled and submitted to the portfolio within 30 days by 31 Dec 2025	N/A
			Measures: N/A
a) Number of monthly performance reports and POEs submitted to PMS unit on due date b) Number of quarterly reports and POEs submitted to PMS unit on due date"	a) 4 monthly Performance reports and POEs submitted to PMS within 10 working days after last day of each month/quarter up to 31 Dec 2025 b) 2 quarterly Performance reports and POEs submitted to PMS within 10 working days after last day of each month/quarter up to 31 Dec 2025	a) 2 Monthly reports and POEs submitted to PMS unit within 10 working days after the end of the month (July and August monthly reports) b) 1 Quarterly report and POEs submitted to PMS unit within 10 working days after the end of the quarter (Q4 report)"	N/A
			Measures: N/A
Number of Portfolio committee agendas issued to Portfolio committee members 5 days before the meeting	6 Portfolio committee agendas issued to Portfolio committee members 5 days before the meeting up to 31 Dec 2025	0 Agendas not issued to portfolio committee 5 days before the meeting by 31 Dec 2025	N/A
			Measures: N/A
Percentage of refurbished Manguzi sports field Phase 2	Q1- Advertising for Appointment of Contractor	Contractor appointed 0% of project progress completed.	The conclusion of the procurement was delayed due to the pronouncement by Treasury and CIDB in relation to the use and model of work allocation for the panel of contractors

	Q2- Appointment of contractor 30% of project progress completed.		Measures: Treasury was engaged and issued guidelines to be followed, procurement was then concluded in the last month of the 2nd quarter, construction work to commence after the December/January sector shutdown.
Number of Manguzi Hospital Road market stalls refurbished	Q1- 80% of project progress completed.	73% of project progress completed.	There has been slow progress by the contractor due to budget challenges on the project
	Q2- 100% of project progress completed.		Measures: Additional funding requesting process has been initiated through Council structures to complete the project
Number of households electrified	Q1- Outages Q2- 55 households electrified by 30 December 2025 (Oqondweni Phase 2)	Outage not done 0 households electrified	Eskom has not issued outages as yet, citing that there is a line that has to be upgraded before the outages can be issued
	Q1- Outages Q2- 133 households electrified by 30 June 2025 (Ndlondlweni Mqhiyama)		Measures: Following the engagements with ESKOM, the line will be upgraded as part of the phase 3 project in the area.
	Q1- Advertising and appointment of contractor and site establishment (Ndlondlweni Mqhiyama Phase 2) Q2- 30% of project progress completed.	Outage not done 0 households electrified (Project 98% complete as at end of November 2025)	ESKOM has not issued outages for all the transformer zones in the project as yet.
		5% of project progress completed. Advertisement done in Q1 Appointment done in Q2"	Measures: The remaining connections will be connected in the 3rd quarter once ESKOM has issued outages on the affected transformer zones
			There was the dispute on the representation of appointed general workers in relation project area which delay the project. Measures: Additional 5 general workers will be appointed in January to balance the representation in relation project area.
Number of Kilometres of gravel roads constructed	2,8Km of Kwashodi-Mahlakwe gravel road completed by 30 September 2025	2,7Km of Kwashodi-Mahlakwe gravel road completed	N/A
			Measures: N/A
Number of kilometres of tarred road constructed.	Q1-80% of project progress completed.	Progress is at 80% as last financial year instead of 100%, this project is facing challenges that	Project is on hold, waiting for approval of additional funding by the Council to complete the project

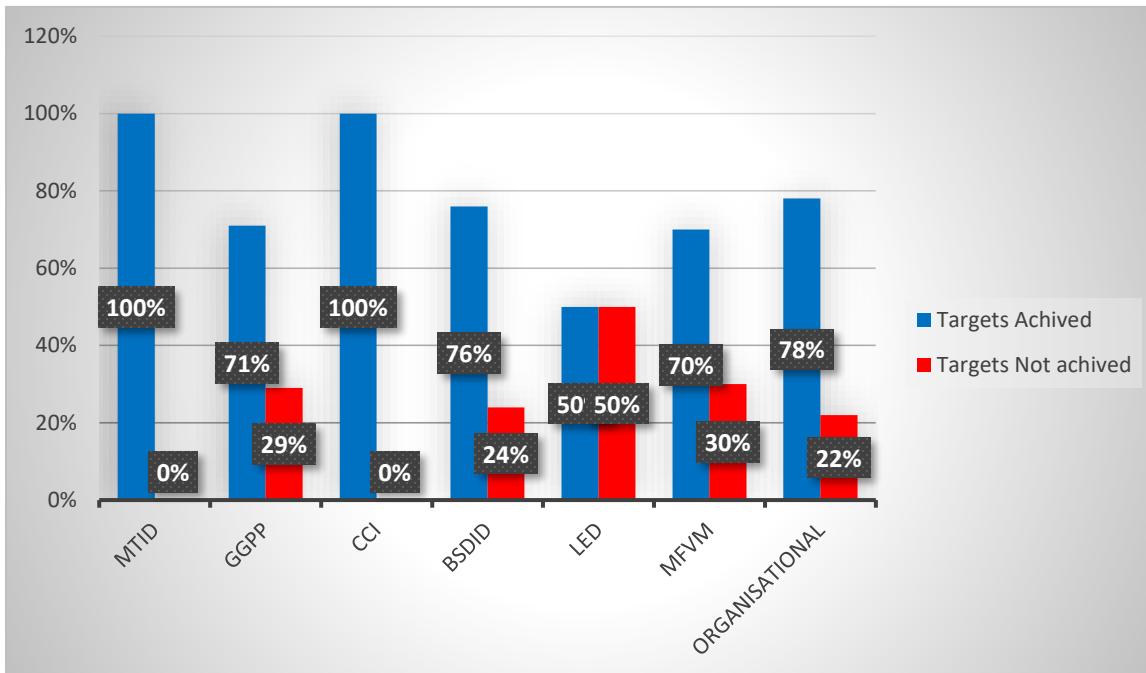
	Q2-90% of project progress completed (Manguzi Internal Road P2)	requires budget appraisal in order to complete the full scope	Measures: Additional funding requesting process has been initiated through Council structures to complete the project
Number of metres of sewer line constructed on Manguzi Market Stalls	a) Advertising and Appointment of contractor b) Site establishment.	a) Advertising and Appointment of contractor NOT done b) Site NOT establishment.	Market response demonstrated that the project would cost higher than the Council approved budget Measures: Project budget will be reconsidered by the Council during the mid-year budget adjustment
Percentage of fleet availability on average per quarter	90% fleet availability per quarter (30% Plant and 60% Pool vehicles) in Q1 and Q2	90% fleet availability per quarter (30% Plant and 60% Pool vehicles) by 30 Sept 2025 a) 0% fleet availability per quarter (0% Plant and 0% Pool vehicles) by 31 Dec 2025	Project is on hold, waiting for approval of additional funding to complete the project Measures: N/A
Percentage of Internal Audit Findings resolved on quarterly basis	100% Resolution of Internal Audit findings due within Q1 and Q2 by 31 Dec 2025	a) 0% Resolution of Internal Audit findings due quarter 4 and 1	N/A Measures: N/A
a) Percentage of council resolutions implemented b) Number of updates of council resolution register	2 updates of council resolution register by 31 Dec 2025	1 updated Council resolution register by 31 Dec 2025	N/A Measures: N/A
Percentage of Action Plans resolved relevant to the PLID Department for each quarter as documented in the strategic risk register	100% completion of Action Plans relevant to the PLID Department due within Q1 and Q2 by 31 Dec 2025	100% of risk action plans due in (Q1) completed 0% of risk action plans due in (Q2) completed	N/A Measures: N/A
Number of Jobs created/maintained through CWP	1500 Jobs created/maintained through CWP by 30 June 2026	1 443 Jobs created/maintained through CWP	Cogta took a decision that participants over 60 years must exit the program. Measures: Waiting directive from Cogta to add participants
Percentage Capital Infrastructure	57,95% expenditure	0% expenditure	The conclusion of the procurement on capital projects was delayed due to

expenditure of approved projects			the pronouncement by Treasury and CIDB in relation to the use and model of work allocation for the panel of contractors Measures: Treasury was engaged and issued guidelines to be followed, procurement was then concluded in the 2nd quarter, for expenditure to pick up from the 3rd quarter.
Percentage of spending on MIG projects as per approved business plan by CoGTA	60% expenditure	10.98% expenditure	The conclusion of the procurement on capital projects was delayed due to the pronouncement by Treasury and CIDB in relation to the use and model of work allocation for the panel of contractors Measures: Treasury was engaged and issued guidelines to be followed, procurement was then concluded in the 2nd quarter, for expenditure to pick up from the 3rd quarter.
Percentage of procurement plan implemented within financial year	100% implementation of Procurement plan in Q1 and Q2 by 31 Dec 2025	0% of procurement plan implemented by 31 Dec 2025	N/A Measures:

Top Level Service Delivery and Budget Implementation Plan (SDBIP)

KPA	Total Number of KPI's for Q1 and Q2	Targets achieved	Targets Not achieved	%
Municipal Transformation and Institutional Development	10	10	0	100%
Good Governance, Public Participation	7	5	2	71%
Cross Cutting Interventions	1	1	0	100%
Basic service delivery and infrastructure development	38	29	9	76%

Local Economic Development	2	1	1	50%
Financial viability and financial management	10	7	3	70%
Total	68	53	15	78%



Acronyms

MTID	Municipal Transformation & Institutional Development
BSDID	Basic Service Delivery and Infrastructure Development
LED	Local Economic Development
GGPP	Good Governance and Public Participation (ward committee system)
FVFM	Financial Viability and Financial Management
CCI	Cross-Cutting Interventions
SED	Social and Economic Development

RECOMMENDATIONS BY THE ACCOUNTING OFFICER

1. That the Mid-Year Performance Assessment submitted in terms of section 72 of Municipal Finance Management Act (Act 56 of 2003) be noted for onward submission to National and Provincial Treasury;
2. That Departments to re-align the Mid-Year Review to Monthly Projections of expenditure on the Operational and Capital Budget based on the Mid-Year assessed SDBIP's;
3. That the Mid-Year Budget Review (as presented by the Mayor/Manager) and the Mid-year performance assessment, and the recommendation contained therein be approved for preparation of an Adjustment budget for the 2025/2026 and the review of the SDBIP's accordingly;
4. That revision on the SDBIP's forming part of the Mid-Year Assessments (where applicable) be approved, and Performance Agreements of section 54/56 employees be amended accordingly.

5. COST CONTAINMENT MEASURES

Measures	Cost Containment In-Year Report Measures						
	Original Budget	Adjustment budget	Q1	Q2	Q3	Q4	Savings
	R'000		R'000	R'000	R'000	R'000	
Use of consultants	8 810		522	4 201			4 086
vehicles use for political office-baeearers	250		-	-			250
Travel and subsitence	2 083		599	1 637			(153)
Domestic accommodation	3 732		524	1 138			2 070
Sponsorships, events and catering	2 387		726	1 492			169
Communication	1 000		45	-			955
Other related expenditures	3 766		174	958			2 633
Total	22 028	-	2 590	9 426	-	-	10 012