



MID-YEAR ASSESMENT REPORT

REPORT IN TERMS OF SECTION 72 OF THE MFMA NO.56 OF 2003

MID-YEAR ENDED 31 DECEMBER 2025

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ABBREVIATIONS

AG/AGSA	:	Auditor General of South Africa
DORA	:	Division of Revenue Act of 2025
FMG	:	Finance Management Grant
IHLM	:	Ingquza Hill Local Municipality
MDRG	:	Municipal Disaster Recovery Grant
MFMA	:	Municipal Finance Management Act No. 56 of 2003
MIG	:	Municipal Infrastructure Grant
mSCOA	:	Municipal Standard Chart of Accounts
MTREF	:	Medium Term Revenue and Expenditure Framework
SCM	:	Supply Chain Management
SDBIP	:	Service Delivery and Budget Implementation Plan
INEP	:	Integrated National Electrification Programme

PART 1 IN-YEAR REPORTING

1. Mayor's Report

The Ingquza Hill Local Municipality is tasked with providing services to its residents, which encompasses the towns of Flagstaff and Lusikisiki, made up of 32 Wards in terms of the Municipal Demarcation. Before the start of the 2025/26 financial year, the council approved the Reviewed Integrated Development Plan and the 2025/26 Annual Budget and the Medium-Term Revenue Framework, which was followed by the approval of the Service Delivery and Implementation Plan for the same year by the Mayor.

These guiding documents were then implemented from the 1st of July 2025, with performance reviews and monitoring done on a monthly, quarterly, and half-year basis. This is done in compliance with the relevant legislation that governs local municipalities.

We are at mid-term of the 2025/26 financial year, and section 72 of the Municipal Finance Management Act requires that the accounting officer must assess the performance of the municipality for the first half of the financial year, taking into account the section 71 reports of the first six months, the service delivery performance for the first half of the financial year, and past year's annual report, indicating progress in resolving issues raised in the annual report. This report must then be submitted to the Mayor, the National Treasury, and the relevant Provincial Treasury.

In terms of the section 71 reports, and now the section 72 report, the municipality has implemented the 2025/26 Annual Budget and the MTREF, as well as the SDBIP for the same period. During this time, variances have been noted, with reasons stated for under achievement of targets. This mid-term assessment report intends to give a detail of such, and remedial actions that need to be implemented where variances have been noted.

A detail will be presented in this report about how the municipality achieved an overall percentage of 81% was achieved as the mid-term of the 2025/26 financial year.

2. Executive Summary

2.1 Overview

Section 72 of the Municipal Finance Management Act No.56 of 2003 requires the accounting officer of the municipality, by 25 January of each year, to assess the performance of the municipality for the first half of the financial year. In performing this assessment, the accounting officer must consider the monthly budget statements that are prepared in terms of section 71 of the same act, for the first half of the financial year, the municipality's service delivery performance for the first six months of the financial year, and the past year's annual report, and progress in resolving problems identified in the annual report.

The management of the municipality has compiled quarterly performance reports for each of the departments within the municipality for the first half of the financial year. The quarterly performance reports were tabled to the committees and ultimately to council for consideration. The performances reported in these reports were supported by portfolios of evidence and subjected to internal audit processes. These reports give an indication as well as to whether there will be a requirement for a budget adjustment, and adjustments to the SDBIP at mid-term.

The budget will require to be adjusted taking into consideration the following that have occurred during the financial year:

- After an assessment of the performance of the municipality in terms of the Municipal Disaster Grant, there has been an indication that the municipality will receive additional funding in order to deal with infrastructure maintenance for assets that were damaged by heavy rains that resulted in floods.

- There are errors that may have been identified during the budget implementation for the first half of the financial year. It is at this point that an opportunity is available to do those corrections.
- The performance reports that have been tabled also indicate, in some instances that funds would have to be moved from some projects and reprioritised to others..

It is important to note that, except for the conditional grant funds, there are no new funds that have become available, and as such the municipality will have to work within the available resources to ensure that the adjusted budget remains fully funded. The revenue sources will likely be revised downwards when the performance for the first half of the financial year is reviewed.

The Budget and Treasury Office, in its strategic review, must consider the matter of the improvement in the performance against the approved procurement plan, ensuring that it is aligned to the IDP and SDBIP. The implementation of the procurement plan is intended to ensure that goods and services are delivered efficiently and effectively and that means they are different at the correct quantities and quality.

2.2 Political Oversight

The municipality has functional political oversight, where various responsibilities are tasked to various committees. The municipality has an Executive Committee, led and chaired by the Mayor, Honorable Councilor N Pepping. This committee ensures that all matters discussed and dealt with in various standing committees are presented to council for decision making.

The Budget and Treasury Office also has a functioning committee, chaired by Honorable Councilor B.J. Nkani. This committee also ensures that there is financial health and stability within the municipality, and compliance with the laws and regulations is maintained.

2.3 Administration

In ensuring that the IHLM's strategic goals are achieved, management and council need to ensure that there are sufficient personnel to implement those strategies. Some strides have been made in ensuring that there is stability at senior management level with the appointment of Senior Manager: Technical Services. This means that at mid-term, the management had a full complement of senior managers, which is expected to contribute positively to the achievement of set targets.

There has been a noticeable improvement in the recruitment of personnel to critical positions within the municipality, ensuring that all departments are sufficiently resourced to carry out their duties as expected. Management has developed a recruitment plan to ensure that even the remaining vacancies are filled.

2.4 Implementation of mSCOA

The municipality implemented mSCOA from July 01, 2017, as per the National Treasury's requirements. Although the implementation started at that time, the municipality has not achieved 100% implementation. This is evidenced by the fact that not all modules are fully implemented in the system, and some modules are partially implemented to varying percentages. Management is in the process of ensuring that all modules are implemented per the requirements of mSCOA.

In implementing mSCOA and ensuring that all modules are active, the municipality also activated the asset module which was implemented for the first time from the 2023/24 financial year. Management has experienced challenges with the calculations performed by the module, evidenced by the findings raised by the Auditor General in the audit of the 2024/25 financial period. These findings will be addressed as part of the audit action plan developed by management.

2.5 The Audit Action Plan

The IHLM prepared annual financial statements in terms of section 122(1) of the MFMA No. 56 of 2003. These annual financial statements were submitted to the Auditor General for auditing in terms of section 126(1)(a) of the MFMA No.56 of 2003. Section 126(3)(c) of the MFMA No 56 of 2003 requires

that the Auditor General (AG) must submit an audit report to the accounting officer of the municipality within three months of the receipt of the statements.

The AG issued the audit report on November 30, 2025, indicating a Qualified Audit opinion, which meant a stagnation from the previous financial period. In terms of the MFMA, management must develop an audit action plan to address the issues raised by the AG. It is worth noting that although the audit opinion has remained stagnant, the number of paragraphs that affect the audit report have been reduced to one. The following is issue raised: -

- The municipality did not account for Property, Plant and Equipment in accordance with GRAP 17, Property, Plant and Equipment. The prior year depreciation expense was not calculated correctly resulting in an understatement of depreciation and overstatement of Property, plant and equipment.
- Assets were not assessed for impairment in the current and prior year and resulted in impairment loss not being recorded in the annual financial statements.

Management is compiling an audit action plan to address the issue above and other issues raised by the AG detailed in the Detailed Audit Findings. The audit action plan is compiled on the National Treasury's Web Enabled platform, where the finding is captured, audit action plans to address the findings are developed, with specific time frames for implementation. These actions are approved by management and implementation thereof can be reviewed and monitored by management and oversight structures like the audit committee.

3. Organizational and Departmental Performance

Ingquza Hill Local Municipality has prepared this Mid-year performance assessment report starting from 1st July 2025 to 31 December 2025. The Mid-Year report is done in compliance with Section 72 of the Municipal Finance Management Act, 2003. It is then submitted to the Mayor, Executive Committee and the council for consideration and adoption.

This mid-year report is based on un-evaluated, un-audited information and includes a preliminary assessment of the organizational service delivery budget and implementation plan. A detailed assessment of the mid-year report is available for inspection with Portfolio of Evidence (POE).

The scorecard that is reflected in the subsequent paragraphs, follows along the lines of service delivery budget and implementation plan, and does not have the monthly financial cash-flow projects. The preliminary assessment is done on the reported actual where applicable, with a portfolio of evidence being subjected to an auditing and verification process by the internal audit. This report is subjected to a formal evaluation process being conducted by the Municipal Manager pending an audit process.

Variance on SDBIP is analysed on all departmental scorecards and organisational scorecards with corrective measures where necessary.

- Total KPIs is the number of key performance Indicators (KPI) under each Key Performance Area (KPA).
- KPIs met is a total number of the key performance indicators that were achieved as planned.
- KPIs not met is the total number of KPIs that were projected for the midterm period but were not achieved.

IHLM Section 72 Report – 31 December 2025

KPA	Total KPI's	Achieved	Not achieved	Outstanding Performance above 133%	Significantly Above expectation 101-133%	Fully Effective 100%	Not Fully Effective 70-99%	Unacceptable Performance 0-69%	% Achieved
Technical Services	17	10	8						59%
Corporate Services	8	8	0						100%
Planning and Development	13	12	1						92%
Budget and Treasury	8	6	2						75%
Municipal Managers Officer	11	8	4						73%
Community Services	10	10	0						100%
Total	67	54	15						81%

4. In-Year Budget Statements

4.1 Budget Statement Summary

EC153 Ngguzza Hills - Table C1 Monthly Budget Statement Summary - M06 - Half Year

Description	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	39 803	42 607	42 607	24 465	24 465	21 304	3 161	15%	42 607
Service charges	1 394	1 298	1 298	714	714	648	66	10%	1 298
Investment revenue	24 126	22 000	22 000	10 051	10 051	11 000	(949)	-9%	22 000
Transfers and subsidies - Operational	367 753	362 391	362 871	264 142	264 142	181 675	82 467	45%	362 871
Other own revenue	63 931	24 877	28 059	18 155	18 155	18 620	1 535	9%	28 059
Total Revenue (excluding capital transfers and contributions)	497 008	453 171	457 833	317 628	317 628	231 247	86 281	37%	457 833
Employee costs	163 510	181 307	181 307	84 862	84 862	90 654	(5 792)	-9%	181 307
Remuneration of Councillors	29 154	31 073	31 073	13 671	13 671	15 537	(1 866)	-12%	31 073
Depreciation and amortisation	56 785	57 500	57 500	35 415	35 415	28 750	6 665	23%	57 500
Interest	4 137	150	150	-	-	75	(75)	-100%	150
Inventory consumed and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and subsidies	5 008	7 000	7 000	813	813	3 500	(2 687)	-77%	7 000
Other expenditure	213 810	275 347	280 008	110 486	110 486	142 335	(31 849)	-22%	280 008
Total Expenditure	472 471	562 377	567 039	248 247	248 247	280 850	(39 603)	-13%	567 039
Surplus/(Deficit)	24 537	(99 206)	(99 206)	72 261	72 261	(49 603)	121 884	-246%	(99 206)
Transfers and subsidies - capital (monetary allocations)	79 404	65 535	68 126	43 533	43 533	33 358	10 175	31%	68 126
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	103 941	(33 671)	(33 080)	115 814	115 814	(16 246)	132 059	-813%	(33 080)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	103 941	(33 671)	(33 080)	115 814	115 814	(16 246)	132 059	-813%	(33 080)
Capital expenditure & funds sources									
Capital expenditure	132 372	114 858	114 858	62 971	62 971	67 131	(4 160)	-7%	114 858
Capital transfers recognised	78 327	65 535	66 126	37 876	37 876	33 358	4 518	14%	66 126
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	60 442	49 320	48 432	16 095	16 095	23 772	(8 678)	-37%	48 432
Total sources of capital funds	128 769	114 858	114 858	62 971	62 971	67 131	(4 160)	-7%	114 858
Financial position									
Total current assets	341 544	316 387	311 134	-	443 319	-	-	-	311 134
Total non current assets	1 024 725	1 741 531	1 742 122	-	1 655 276	-	-	-	1 742 122
Total current liabilities	96 605	67 059	61 806	-	113 007	-	-	-	61 806
Total non current liabilities	29 786	32 596	32 596	-	29 786	-	-	-	32 596
Community wealth/Equity	1 839 879	1 868 263	1 958 854	-	1 958 802	-	-	-	1 958 854
Cash flows									
Net cash from (used) operating	268 094	81 471	91 110	261 290	261 290	36 074	(225 216)	-624%	91 110
Net cash from (used) investing	126 691	(137 355)	(137 846)	(77 520)	(77 520)	(69 268)	8 252	-12%	(137 846)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	664 806	279 097	288 145	-	472 305	301 787	(170 620)	-57%	241 700
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dya	151-180 Dya	181 Dya-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	2 315	1 808	1 758	1 861	1 615	17 861	1 856	111 713	140 724
Creditors Age Analysis									
Total Creditors	613	1 966	378	10	-	-	-	-	2 969

The table above gives a summary of the performance of the municipality, in terms of revenue and expenditure, against the approved budgets. The total revenue for the period was just over R317 million against the budgeted R231 million for the same period. This gives a variance of 37%, but this variance can largely be attributable to the receipt of grant funding, in the main equitable share which is received in only 3 transfers in a financial year.

The total expenditure for the period was R245 million whilst the budgeted amount for the same period was R280 million resulting in a 13% variance. Details of how the variances have come about are explained in the subsequent paragraphs.

4.2 Financial Performance by Functional Classification

EC153 Ngquzu Hills - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 - Half Year

Description	Ref	Budget Year 2025/26								
		2024/25 Audited	Original	Adjusted	Mid Year	YearTD actual	YearTD budget	YTD	YTD %	Full Year
R thousands	1									
Revenue - Functional										
Governance and administration		431 134	426 127	426 127	301 723	301 723	213 084	80 660	42%	426 127
Executive and council		1 593	1 716	1 716	869	869	858	11	1%	1 710
Finance and administration		429 641	424 411	424 411	300 855	300 855	212 206	88 649	42%	424 411
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		114 413	77 388	78 431	47 296	47 296	39 733	7 563	10%	78 431
Planning and development		3 604	4 647	4 647	2 053	2 053	2 324	(271)	-12%	4 647
Road transport		110 809	72 749	73 784	45 243	45 243	37 409	7 833	21%	73 784
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		30 866	16 183	19 401	12 043	12 043	11 809	234	2%	19 401
Energy sources		20 478	3 660	7 842	6 640	6 640	6 012	628	10%	7 842
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		10 388	11 523	11 559	5 403	5 403	5 798	(395)	-7%	11 559
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	576 413	618 706	623 989	361 081	361 081	264 606	96 486	36%	623 989
Expenditure - Functional										
Governance and administration		240 048	303 474	303 474	129 987	129 987	161 737	(21 770)	-14%	303 474
Executive and council		66 099	108 434	100 434	46 305	46 305	54 217	(7 912)	-15%	108 434
Finance and administration		149 648	189 727	189 727	81 567	81 567	94 863	(13 297)	-14%	189 727
Internal audit		3 604	6 313	5 313	2 095	2 095	2 650	(641)	-21%	6 313
Community and public safety		131	-	-	-	-	-	-	-	-
Community and social services		131	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		104 607	142 286	142 710	61 872	61 872	71 677	(9 795)	-14%	142 710
Planning and development		30 710	39 385	39 385	13 247	13 247	19 693	(6 446)	-33%	39 385
Road transport		73 769	102 884	103 325	48 626	48 626	51 684	(3 259)	-6%	103 325
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		127 785	106 637	110 855	53 407	53 407	67 536	(4 129)	-7%	110 855
Energy sources		32 750	17 010	21 192	12 080	12 080	12 687	(606)	-5%	21 192
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		95 035	89 627	89 663	41 327	41 327	44 850	(3 522)	-8%	89 663
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	472 471	692 377	697 039	246 247	246 247	280 850	(36 603)	-13%	697 039
Surplus/ (Deficit) for the year		103 941	(33 671)	(33 080)	116 814	116 814	(16 245)	132 059	-81%	(33 080)

In terms of revenue per function, the significant amount of revenue is in finance and administration, and this is mainly because equitable share is received into that function. The revenue relating to equitable share has been received as expected up to mid-year.

Road transport also accounts for higher revenue as a function because of the recognition of conditional grant funding when conditions are met for the grant. This is recognition of revenue mainly from the Municipal Infrastructure Grant.

4.3 Financial Performance (revenue and expenditure by municipal vote)

The table below shows the revenue and expenditure per municipal vote or function, which can be aligned to departmental performances. The Governance and Administration vote shows a high revenue generated and this is due to the equitable share that is received into this department. Trading Services and Technical Services show also significantly higher revenue generated due to conditional grants that are received by those departments for the implementation of service delivery and infrastructure projects.

EC153 Ngqiza Hills - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 - Half Year

Vote Description	Ref	Budget Year 2025/26								
		2024/25 Audited	Original	Adjusted	Mtd Year	YearTD actual	YearTD budget	YTD	YTD %	Full Year
R thousands										
Revenue by Vote										
Vote 1 - Governance and Administration	1	431 134	426 127	426 127	301 723	301 723	213 064	88 660	41,6%	426 127
Vote 2 - Community Services and Public Safety		10 388	11 523	11 559	5 403	5 403	5 798	(395)	-6,8%	11 559
Vote 3 - Economic and Environmental Services		1 474	2 008	2 008	851	851	1 004	(353)	-35,1%	2 008
Vote 4 - Trading Services		20 478	3 660	7 842	6 640	6 640	6 012	628	10,5%	7 842
Vote 5 - Technical Services		112 939	75 388	76 423	48 644	48 644	38 728	7 915	20,4%	76 423
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	676 413	618 708	623 969	361 061	361 061	264 608	96 466	36,5%	623 969
Expenditure by Vote										
Vote 1 - Governance and Administration	1	240 048	303 474	303 474	129 967	129 967	161 737	(21 770)	-14,3%	303 474
Vote 2 - Community Services and Public Safety		95 166	89 627	89 603	41 327	41 327	44 850	(3 522)	-7,9%	89 603
Vote 3 - Economic and Environmental Services		26 624	36 749	36 749	13 161	13 161	18 375	(5 214)	-28,4%	36 749
Vote 4 - Trading Services		32 750	17 010	21 192	12 080	12 080	12 687	(606)	-4,8%	21 192
Vote 5 - Technical Services		77 683	105 517	105 961	48 712	48 712	53 202	(4 491)	-8,4%	105 961
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	472 471	562 377	557 039	245 247	245 247	280 830	(35 603)	-12,7%	557 039
Surplus/ (Deficit) for the year	2	103 941	(33 671)	(33 080)	115 814	115 814	(16 245)	132 069	-812,9%	(33 080)

4.4 Financial Performance – Revenue and Expenditure

EC153 Ngquza Hills - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 - Half Year

Description	Ref	Budget Year 2023/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Mid Year	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		1 394	1 280	1 280	714	714	648	66	10%	1 280
Sale of Goods and Rendering of Services		20 808	4 270	8 457	8 833	8 833	6 319	514	6%	8 457
Agency services		4 475	6 400	6 400	2 775	2 775	3 200	(425)	-13%	6 400
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		1 020	749	749	502	502	374	128	34%	749
Interest from Current and Non Current Assets		24 126	22 000	22 000	10 051	10 051	11 000	(949)	-9%	22 000
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1 043	1 224	1 224	434	434	612	(178)	-29%	1 224
Licence and permits		115	200	200	33	33	100	(67)	-67%	200
Special Rating Levies		-	-	-	-	-	-	-	-	-
Operational Revenue		143	380	380	226	226	190	36	19%	380
Non-Exchange Revenue										
Property rates		39 803	42 607	42 807	24 485	24 485	21 304	3 161	15%	42 607
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 980	1 552	1 552	1 267	1 267	770	491	63%	1 552
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		307 753	382 391	382 871	264 142	264 142	181 876	82 407	45%	382 871
Interest		9 178	9 097	9 097	4 863	4 863	4 548	315	7%	9 097
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		5 948	1 000	1 000	1 223	1 223	500	723	145%	1 000
Other Gains		19 213	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		497 088	453 171	467 833	317 528	317 628	231 247	86 281	37%	467 833
Expenditure By Type										
Employee related costs		183 510	181 307	181 307	84 882	84 882	90 854	(5 792)	-6%	181 307
Remuneration of councillors		29 154	31 073	31 073	13 671	13 671	15 537	(1 866)	-12%	31 073
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		-	-	-	-	-	5 582	(5 582)	-100%	11 163
Debt impairment		10 071	11 163	11 163	-	-	-	-	-	-
Depreciation and amortisation		56 765	57 500	57 500	35 415	35 415	28 750	6 665	23%	57 500
Interest		4 137	150	150	-	-	75	(75)	-100%	150
Contracted services		87 375	108 909	111 399	48 034	48 034	57 945	(9 911)	-17%	111 399
Transfers and subsidies		5 098	7 000	7 000	813	813	3 500	(2 687)	-77%	7 000
Irrecoverable debts written off		8 735	16 500	16 500	1 017	1 017	8 250	(7 233)	-88%	16 500
Operational costs		107 701	140 775	140 846	81 438	81 438	70 659	(9 123)	-13%	140 846
Losses on Disposal of Assets		(72)	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		472 471	682 377	657 039	245 247	245 247	280 850	(35 603)	-13%	657 039
Surplus/(Deficit)		24 537	(99 206)	(89 206)	72 281	72 281	(49 603)	121 884	-246%	(99 206)
Transfers and subsidies - capital (monetary allocations)		79 404	65 535	66 120	43 533	43 533	33 358	10 175	31%	66 128
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		103 941	(33 671)	(33 080)	116 814	116 814	(16 245)			(33 080)
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Income tax		103 941	(33 671)	(33 080)	116 814	116 814	(16 245)			(33 080)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		103 941	(33 671)	(33 080)	116 814	116 814	(16 245)			(33 080)
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intracompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		103 941	(33 671)	(33 080)	116 814	116 814	(16 245)			(33 080)

The above table details the revenue and expenditure by type for all the municipality:

a) Waste Management

The municipality generated revenue of R714 000 in the first half of the financial year from waste management, versus the R648 000 budgeted for same period. This has resulted in a 10% variance. This is a positive outcome from the source of revenue; however management will continue to ensure that the revenue from this source is complete and accurate, i.e. all that properties that receive the service are billed.

b) Interest From Current and Non-Current Assets

The municipality receives interest from balances in its main and its call accounts. For the first two quarters of the financial year, the municipality generated revenue of just over R10 million, whilst the budgeted amount for the same period was R11million. This results in a variance of -9%. This is attributable to the amounts that are kept by the municipality in the call accounts, and these are funds that are not immediately required for service delivery purposes.

c) Agency Fees

The municipality receives revenue from running the Driver's License Testing Centre on behalf of the Department of Transport and received agency fees for it. For the current financial year, to the end of December 2025, the municipality has generated revenue of R2,7 million. This performance translates to -13% variance as the municipality had targeted to have generated R3,2 million at the end of first half of the financial year.

There have been on-going actions taken by management to ensure that the DLTC is fully functional, including the testing for driver's licenses. The centre has recently been approved for this function, and it is forecast that the revenue generated from this source will be improved.

d) Property Rates

The municipality bills the rateable properties within the municipality for property rates. For the period under review, the municipality generated revenue of R24,4 million of the expected R21,1 million. The variance is caused by the billing method utilised by the municipality, wherein all government properties are billed only once, in July of a financial year. The forecasts that have been made are such that by the end of the financial year there will be no variances.

e) Rental From Fixed Assets

This is the revenue that the municipality generates from leasing properties that it owns. Rental from fixed assets is R434 000 for six month from July to December, and this results in a variance of -29% because the municipality had budgeted to generate R612 000 for the same period.

Management is looking at the issue of leased properties of the municipality to ensure that there are valid contracts for each of the properties, ensuring that rentals for all properties are received, and that no properties are illegally occupied. A comprehensive plan will be developed that looks at where the properties are even optimally utilised currently.

f) Transfers and Subsidies

The municipality receives transfers and subsidies from various government departments, some of which are conditional grants and others unconditional. For transfers and subsidies, the municipality has generated revenue of just over R264 million in the first half of the financial year. This results in a variance of 45%. The variance is mainly caused by timing differences as the allocations are received a different interval, and these differences will even out at the end of the financial year. Management needs to improve the forecasting on the grants revenue as there are payment schedules available and as such receipts from these grants can be predicted more reliably.

g) Interest – Non-Exchange Revenue

The municipality charges interest on overdue accounts. The total interest charged so far for the financial year is just over R4,8 million. The municipality continues to consider the debt collection strategies that would ensure that outstanding is reduced and as such the interest does not contribute to the increasing receivables.

h) Employee Related Costs

The municipality pays employees' salaries and allowances for services rendered as employees of the municipality. The total expenditure on Employee related costs for the first half of the 2025/26 financial year was R84,8 million. This results in a variance of 6% less than what was anticipated to be spent, which was just over R90,6 million. The vacant positions that need to be filled that are contributing to the variance. The Corporate Services department has developed a recruitment plan that seeks to address all the critical vacancies. An assessment will also be made during the budget adjustment as to whether the annual personnel budget will be sufficient and fall within the allowable norm.

i) Remuneration of Councillors

The remuneration of councillors is paid, guided by the gazette on upper limits on the remuneration of political office bearers. For the period covering the first six months of the financial year, the total expenditure incurred for remuneration of councillors is R13,6 million which is a variance of 12% from the budgeted amount. The variance is caused in part by the fact that the gazette on the upper limits for the remuneration of councillors has not been issued for the 2025/26 financial year.

j) Contracted Services

A budget of R57,9 million was set aside for contracted services for the period ending at the second quarter of financial year. An expenditure-to-date of R48 million has been incurred by the municipality, resulting in a -17% variance. This points to a significant under spending on the planned expenditure for the period. The only assumption that can be made at this point is that the set budgets were not realistic. The mid-term is an opportunity to assess the estimates and ensure that they are realistic.

k) Operational Costs

The operational costs incurred by the municipality at mid-term amounted to R61,4 million, resulting in a variance of -13% from the planned expenditure. These costs include expenditure on electricity, wet fuel, advertising, bank charges and other costs.

A review of these operational cost has revealed that there are budget items for which there has been no expenditure for the first six months of the year. An assessment must be made by all departments as to the reasons for the lack of expenditure on these budget items, and necessary adjustments must be done during the budget adjustment so that a realistic budget can be approved.

l) Depreciation And Amortisation

The municipality utilizes the accounting system to calculate depreciation on all its depreciable assets monthly. The depreciation at mid-year was R35,4 million and this results in a variance of 23% and this is likely due to the amount of acquisition that have been made by the municipality recently. However the mid-term point presents management with an opportunity to assess and determine whether the budgeted amount is reasonable, or accurate depreciation has been calculated.

4.5 Capital Expenditure by Municipal Vote

EC153 Ngquzu Hills - Table C6 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 - Half Year

Vote Description	Ref	2024/25			Budget Year 2025/26					
		Audited	Original	Adjusted	Mid Year	YearTD actual	YearTD budget	YTD	YTD %	Full Year
R thousands										
Multi-Year expenditure appropriation	2									
Vote 1 - Governance and Administration		--	--	--	--	--	--	--	--	--
Vote 2 - Community Services and Public Safety		--	--	--	--	--	--	--	--	--
Vote 3 - Economic and Environmental Services		--	--	--	--	--	--	--	--	--
Vote 4 - Trading Services		--	--	--	--	--	--	--	--	--
Vote 5 - Technical Services		--	--	--	--	--	--	--	--	--
Vote 6 -		--	--	--	--	--	--	--	--	--
Vote 7 -		--	--	--	--	--	--	--	--	--
Vote 8 -		--	--	--	--	--	--	--	--	--
Vote 9 -		--	--	--	--	--	--	--	--	--
Vote 10 -		--	--	--	--	--	--	--	--	--
Vote 11 -		--	--	--	--	--	--	--	--	--
Vote 12 -		--	--	--	--	--	--	--	--	--
Vote 13 -		--	--	--	--	--	--	--	--	--
Vote 14 -		--	--	--	--	--	--	--	--	--
Vote 15 -		--	--	--	--	--	--	--	--	--
Total Capital Multi-year expenditure	4,7	--	--	--	--	--	--	--	--	--
Single Year expenditure appropriation	2									
Vote 1 - Governance and Administration		19 592	11 850	11 850	171	171	5 925	(5 754)	-87%	11 059
Vote 2 - Community Services and Public Safety		8 607	7 170	7 170	380	380	3 665	(3 205)	-85%	7 170
Vote 3 - Economic and Environmental Services		505	2 000	2 000	--	--	1 000	(1 000)	-100%	2 000
Vote 4 - Trading Services		9 303	13 000	13 000	2 619	2 619	6 500	(3 881)	-60%	13 000
Vote 5 - Technical Services		94 484	80 835	80 838	49 800	49 800	40 121	9 679	24%	80 838
Vote 6 -		--	--	--	--	--	--	--	--	--
Vote 7 -		--	--	--	--	--	--	--	--	--
Vote 8 -		--	--	--	--	--	--	--	--	--
Vote 9 -		--	--	--	--	--	--	--	--	--
Vote 10 -		--	--	--	--	--	--	--	--	--
Vote 11 -		--	--	--	--	--	--	--	--	--
Vote 12 -		--	--	--	--	--	--	--	--	--
Vote 13 -		--	--	--	--	--	--	--	--	--
Vote 14 -		--	--	--	--	--	--	--	--	--
Vote 15 -		--	--	--	--	--	--	--	--	--
Total Capital single-year expenditure	4	132 372	114 855	114 858	52 971	52 971	57 131	(4 160)	-7%	114 858
Total Capital Expenditure		132 372	114 855	114 858	52 971	52 971	57 131	(4 160)	-7%	114 858
Capital Expenditure - Functional Classification										
Governance and administration		19 592	11 850	11 850	171	171	5 925	(5 754)	-97%	11 850
Executive and council		50	300	300	--	--	150	(150)	-100%	300
Finance and administration		19 542	11 550	11 550	171	171	5 775	(5 604)	-97%	11 550
Internal audit		--	--	--	--	--	--	--	--	--
Community and public safety		8 607	--	--	--	--	--	--	--	--
Community and social services		2 077	--	--	--	--	--	--	--	--
Sport and recreation		2 955	--	--	--	--	--	--	--	--
Public safety		--	--	--	--	--	--	--	--	--
Housing		--	--	--	--	--	--	--	--	--
Health		--	--	--	--	--	--	--	--	--
Economic and environmental services		94 979	82 838	82 838	49 800	49 800	41 121	8 679	21%	82 838
Planning and development		505	2 000	2 000	--	--	1 000	(1 000)	-100%	2 000
Road transport		94 484	80 835	80 838	49 800	49 800	40 121	9 679	24%	80 838
Environmental protection		--	--	--	--	--	--	--	--	--
Trading services		11 978	20 170	20 170	3 000	3 000	10 085	(7 085)	-70%	20 170
Energy sources		9 303	13 000	13 000	2 619	2 619	6 500	(3 881)	-60%	13 000
Water management		--	--	--	--	--	--	--	--	--
Waste water management		--	--	--	--	--	--	--	--	--
Waste management		2 075	7 170	7 170	380	380	3 585	(3 205)	-89%	7 170
Other		--	--	--	--	--	--	--	--	--
Total Capital Expenditure - Functional Classification	3	132 372	114 855	114 858	52 971	52 971	57 131	(4 160)	-7%	114 858
Funded by:										
National Government		70 809	84 835	85 428	37 876	37 876	33 009	4 866	15%	85 428
Provincial Government		7 358	700	700	--	--	350	(350)	-100%	700
District Municipality		--	--	--	--	--	--	--	--	--
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,		--	--	--	--	--	--	--	--	--
Transfers recognised - capital		78 327	85 535	86 128	37 876	37 876	33 358	4 618	14%	86 128
Borrowing	6	--	--	--	--	--	--	--	--	--
Internally generated funds		50 442	40 320	48 432	15 095	15 095	23 772	(8 679)	-37%	48 432
Total Capital Funding		128 769	114 855	114 858	52 971	52 971	57 131	(4 160)	-7%	114 858

The main capital expenditure within the municipality is in the Technical Services Department and is mainly on roads infrastructure. The table below gives a tabulation to this fact, and that a total of just over R52,9 million has been spent on capital expenditure, and that R49,8 million of this relates to road infrastructure.

Of this expenditure, R37,8 million is grant funded, whilst just over R15 million of it is funded from internally generated funds.

4.6 Financial Position

The table below shows the financial position of the municipality as at the end of December 2025. It is the reflection of the total assets of the municipality as well as the total liabilities of the municipality.

The municipality had just over R443,3 million worth of current assets at the end of December 2024, R371,3 million of which is cash and cash equivalents.

EC153 Ngquza Hills - Table C6 Monthly Budget Statement - Financial Position - M06 - Half Year

Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		288 536	279 097	273 845	371 339	273 845
Trade and other receivables from exchange transactions		1 645	5 599	5 599	2 147	5 599
Receivables from non-exchange transactions		9 807	25 362	25 362	28 913	25 362
Current portion of non-current receivables		-	-	-	-	-
Inventory		768	-	-	768	-
VAT		40 987	6 328	6 328	40 152	6 328
Other current assets		(0)	-	-	(0)	-
Total current assets		341 644	316 387	311 134	443 319	311 134
Non current assets						
Investments		-	-	-	-	-
Investment property		787 727	779 523	779 523	787 727	779 523
Property, plant and equipment		836 998	962 008	962 598	867 549	962 598
Biological assets		-	-	-	-	-
Living and non-living resources		-	-	-	-	-
Heritage assets		-	-	-	-	-
Intangible assets		-	-	-	-	-
Trade and other receivables from exchange transactions		-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	-	-	-	-
Total non current assets		1 624 725	1 741 531	1 742 122	1 655 276	1 742 122
TOTAL ASSETS		1 966 269	2 057 917	2 053 256	2 098 595	2 053 256
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		1 418	-	-	1 418	-
Consumer deposits		-	-	-	-	-
Trade and other payables from exchange transactions		53 235	64 279	60 098	49 833	60 098
Trade and other payables from non-exchange transactions		1 035	-	(1 071)	20 809	(1 071)
Provision		3 336	2 579	2 579	3 336	2 579
VAT		37 581	201	201	37 711	201
Other current liabilities		-	-	-	-	-
Total current liabilities		96 605	67 059	61 806	113 007	61 806
Non current liabilities						
Financial liabilities		2 238	-	-	2 238	-
Provision		27 548	32 596	32 596	27 548	32 596
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	-	-	-	-
Total non current liabilities		29 786	32 596	32 596	29 786	32 596
TOTAL LIABILITIES		126 390	99 655	94 402	142 793	94 402
NET ASSETS	2	1 839 879	1 958 263	1 958 854	1 955 802	1 958 854
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		1 839 879	1 958 263	1 958 854	1 955 802	1 958 854
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	1 839 879	1 958 263	1 958 854	1 955 802	1 958 854

4.7 Cashflow

The table below gives a detail for the cashflow into and out of the municipality for the period under review. This indicates the sources of cash inflow and outflow. The report shows that, significantly, cash inflows are from transfers and subsidies, which is currently the main source of revenue for the municipality, at R264 million for operations transfers, and R59,8 million for capital transfers

EC153 Nqquza Hills - Table C7 Monthly Budget Statement - Cash Flow - M06 - Half Year

Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		31 304	40 227	40 227	9 952	9 952	24 113	(14 161)	-50%	40 227
Service charges		1 230	2 511	2 511	583	583	1 260	(872)	-54%	2 511
Other revenue		6 016	50 664	50 664	30 802	30 802	26 332	14 470	67%	50 664
Transfers and Subsidies - Operational		358 951	302 391	302 391	204 390	204 390	181 190	83 200	40%	302 391
Transfers and Subsidies - Capital		02 145	05 535	05 535	59 654	59 654	32 768	27 087	83%	05 535
Interest		340	22 000	22 000	412	412	11 000	(10 588)	-90%	22 000
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(100 002)	(462 707)	(462 308)	(113 700)	(113 700)	(238 015)	122 308	-52%	(462 308)
Interest		-	(150)	150	-	-	(75)	75	-100%	150
Transfers and Subsidies		-	(7 000)	7 000	-	-	(3 500)	3 500	-100%	7 000
NET CASH FROM/(USED) OPERATING ACTIVITIES		268 094	81 471	91 110	261 290	261 290	36 074	(228 216)	-624%	91 110
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		128 801	(137 355)	(137 940)	(77 520)	(77 520)	(69 268)	(8 252)	12%	(137 940)
NET CASH FROM/(USED) INVESTING ACTIVITIES		128 801	(137 355)	(137 940)	(77 520)	(77 520)	(69 268)	8 252	-12%	(137 940)
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		396 085	(66 883)	(46 830)	183 770	183 770	(33 194)			(46 830)
Cash/cash equivalents at beginning		287 822	334 004	334 004		280 538	334 004			280 538
Cash/cash equivalents at month/year end		664 808	279 097	288 145		472 308	301 787			241 700

5. Supply Chain Management

The IHLM has an established Supply Chain Management Unit, in terms of the Municipal Finance Management Act No. 56 of 2003, within the Budget and Treasury Office. The unit is responsible for demand, acquisition, logistics and disposals within the municipality.

The council committees have an oversight responsibility on the operations of the section, and to fulfil this requirement, there is consistent and continuous reporting to the standing committee, executive committee, and council.

There is an approved SCM Policy which is utilised as a guiding policy for the municipality, and it is continuously reviewed as it is being implemented.

There are bid committees established as and when they are required, and these committees are gradually being strengthened by the appointment of individuals to some of the positions that have been vacant for a considerable amount of time. The following paragraphs and tables show the listing of procurement from various thresholds and specific types of procurement.

4.1 Section 114 (Approval of tenders not recommended)

Date of Award	Bid No.	Description of Goods/Services/Works	Award Value	BEC Recommendation	BAC Recommendation	Reason for Deviation	Notifications & Dates		
							AG	PT	NT
None	None	None	None	None	None	None	None	None	

4.2 Regulation 32 (Procurement of goods and services under contracts secured by other organs of State)

Date of Award	Contract Description	Award Value	Service Provider	Name of Contract Owner (Department / Municipality)	Consent obtained from Organ of State and Service Provider		Reason for Implementing Reg. 32
					Yes	No	
None	None	None	None	None	None	None	None

4.3 SCM Regulation 17 Procurement – Not possible to obtain 3 Quotes

Supplier Name	Amount	Description of Incident	Approved by	Date Approved	Department Responsible	Normal Process	Process Followed	Reason for Section 17
Quarter One								
MANCOSA	R 39 700,00	Tuition Fees	CFO	Thursday, 17 July 2025	Human Resources	No	One Quotation	Preferred Institution
MANCOSA	R 156 014,00	Tuition Fees	CFO	Tuesday, 26 August 2025	Human Resources	No	One Quotation	Preferred Institution
The Institute of Risk Management South Africa	R 27 887,50	Registration Fees	CFO	Monday, 29 September 2025	Municipal Manager	No	One Quotation	Preferred Institution
	R223 601,50							

Supplier Name	Amount	Description of Incident	Approved by	Date Approved	Department Responsible	Normal Process	Process Followed	Reason for Section 17
Quarter Two								
LEXISNEXIS	R 29 631,77	Procurement of legislation	CFO	Wednesday, 08 October 2025	Community Services	No	One Quotation	Single Provider
NEFFCON ROADTECH	R 29 934,50	Service and Calibration	CFO	Thursday, 09 October 2025	Community Services	No	One Quotation	Single Provider
	R 59 566,27							

4.4 Deviations – Section 36 of the SCM Regulations

Order Date	Description	Supplier Details	Amount	Deviation Reason
POLICY RELATED DEVIATIONS				

IHLM Section 72 Report – 31 December 2025

		Quarter One	R 146 089,60	
29/07/2025	Thermal Mugs and Gift Bags	Thangolwethu 92 Pty Ltd	R 83 160,00	Impractical
25/09/2025	Advert	Arena Holdings	R 62 909,60	Impractical

Order Date	Description	Supplier Details	Amount	Deviation Reason
POLICY RELATED DEVIATIONS				
		Quarter Two	R 371 974,45	
17/10/2025	Advert	Arena Holdings	R12 109,50	Impractical
25/10/2025	Advert	Arena Holdings	R 9 573,75	Impractical
07/10/2025	Service and repairs	Belt Equipment Sales South Africa	R315 980,95	Impractical
15/10/2025	Advert	Arena Holdings	R11 643,75	Impractical
16/10/2025	Advert	Arena Holdings	R11 488,50	Impractical
21/11/2025	Advert	Arena Holdings	R11 178,00	Impractical

4.5 Orders between R30 000 to R300 000

NAME OF CONTRACTOR	DESCRIPTION OF CONTRACT	DATE OF AWARD	CONTRACT PERIOD	CONTRACT VALUE	LOCALITY	GENDER	YOUTH AND RACE
Lolweth'uthando	Catering for 800 people attending Launch of Project Owethu on 18 July 2025	17-Jul-25	Once off	R83 000,00	Lusikisiki	Female	Black and Youth
Dede Development Partners	Provision of 62 Minibuses for the launch of Project Owethu on the 18 July 2025	17-Jul-25	Once off	R243 000,00	Flagstaff	Female	Black and Not Youth

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YM Solutions	Supply & delivery of gifts and promotional items for football association season 2024/25	24-Jul-25	Once off	R70 000,00	Lusikisiki	Female	Black and Youth		
Lolwethuthando Pty Ltd	Transport Services for 32 wards	31-Jul-25	Once off	R232 500,00	Lusikisiki	Female owned	Youth and Black		
Mventshane Trading	Catering for 500 people	31-Jul-25	Once off	R142 500,00	Lusikisiki	Female owned	Not Youth and Black		
Dolce n Gabana Trading	Lunch Packs for 500 People at Ntlavukazi on the 01/08/2025	31-Jul-25	Once off	R48 333,33	Flagstaff	Female	Black and Youth		
Dede Development Partners	Hiring of Logistics for closing ceremony at Ntlavukazi Sport Field on the 01 August 2025	31-Jul-25	Once off	R275 200,00	Flagstaff	Female	Black and Not Youth		
Kaj-kai Trading Enterprise	Lunch Packs for 500 People at Ntlavukazi on the 01/08/2025	31-Jul-25	Once off	R43 250,00	Flagstaff	Female	Black and Not Youth		
Likum 14 Trading	Lunch Packs for 500 People at Ntlavukazi on the 01/08/2025	31-Jul-25	Once off	R55 000,00	Flagstaff	Female	Black and Not Youth		
No	NAME OF CONTRACTOR	CONTRACT NUMBER	DESCRIPTION OF CONTRACT	DATE OF AWARD	CONTRACT PERIOD	CONTRACT VALUE	LOCALITY	GENDER	YOUTH AND RACE
1.	Likamva Geomatics	IHLM/55/2025-26/PLANN	Surveying of un-surveyed sites in Flagstaff	01-Oct-25	03 Months	R240 000,00	East London	Female owned	Black and Youth
2.	Likamva Geomatics	IHLM/55/2025-26/PLANN	Surveying of un-surveyed sites in Lusikisiki	01-Oct-25	03 Months	R240 000,00	East London	Female owned	Black and Youth
3.	YM Solutions	IHLM/73/2025-26/MM'S	Hiring logistics for Prayer Day	03-Oct-25	Once off	R112 450,00	Lusikisiki	Female owned	Youth and Black
4.	Faithlwa 01 Pty Ltd	IHLM/79/2025-26/COMM	Events Promoter for Choir Competition	15-Oct-25	Once off	R175 000,00	Flagstaff	Male owned	Youth and Black
5.	Atenoy IT Solutions	IHLM/20/2025-26/ADMIN	Training on COBIT foundation	29-Oct-25	Once off	R199 994,00	Lusikisiki	Male and Woman	Black and Not Youth
6.	Vilo Security	IHLM/77/2025-26/ROADS	Supply and delivery of water for 30 days	29-Oct-25	Once off	R75 000,00	Flagstaff	Male owned	Not Youth and Black
7.	Percy Nokhalipha Trading	IHLM/80/2025-26/ICT	Repairs of laptops and supply of chargers	29-Oct-25	Once off	R36 000,00	Flagstaff	Female owned	Youth and Black
8.	Sword Group	IHLM/81/2025-26/COMM	Supply and delivery of DLTC Stationer	31-Oct-25	Once off	R58 000,00	Flagstaff	Male and Woman	Black 1 youth and 1 not youth

4.6 Above R300 000

NAME OF CONTRACTOR	MAAA NUMBER	CONTRACT NUMBER	DESCRIPTION OF CONTRACT	DATE OF AWARD	CONTRACT PERIOD	CONTRACT VALUE	LOCALITY	OWNERSHIP	RACE & AGE GROUP
JNW Trading Enterprise	MAAA025 2021	IHLM/122/2024-25/ROADS	Re-gravelling of ward 26 access road	03-Jul-25	03 Months	R380 000,00	Flagstaff	Women Owned	Black and not youth
MAT Trading Enterprise	MAAA036 1787	IHLM/137/2024-25/ECON	Installation of Irrigation system for Mamjazi Putane Project	03-Jul-25	03 Months	R297 793,65	Flagstaff	Male Owned	Black and not youth
Chia Trading	MAAA002 8748	IHLM/27/2024-25/BTO	Supply and delivery of paraffin for cluster A	03-Jul-25	02 Months	R823 200,00	Flagstaff	Male Owned	Black and not youth
SV Concepts	MAAA125 9992	IHLM/27/2024-25/BTO	Supply and delivery of paraffin for cluster B	03-Jul-25	02 Months	R760 320,00	Flagstaff	Male Owned	Black and Youth
Mventshane Trading Enterprise	MAAA074 4383	IHLM/27/2024-25/BTO	Supply and delivery of paraffin for cluster C	03-Jul-25	02 Months	R993 000,00	Lusikisiki	Female Owned	Black and not youth
Hoat Coat Construction	MAAA125 9994	IHLM/27/2024-25/BTO	Supply and delivery of paraffin for cluster D	03-Jul-25	02 Months	R852 750,00	Lusikisiki	Male Owned	Black and not youth
Sandu M Pty Ltd	MAAA037 8586	IHLM/27/2024-25/BTO	Supply and delivery of paraffin for cluster E	03-Jul-25	02 Months	R712 380,00	Flagstaff	Male Owned	Black and not youth
Samysivu Pty Ltd	MAAA068 5939	IHLM/27/2024-25/BTO	Supply and delivery of paraffin for cluster F	03-Jul-25	02 Months	R773 892,00	Flagstaff	Female Owned	Coloured and Youth
Monco Consulting	MAAA002 3909	IHLM/27/2024-25/BTO	Supply and delivery of	03-Jul-25	02 Months	R709 900,00	Flagstaff	Male Owned	Black and not youth

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			paraffin for cluster G						
NM Merge	MAAA0910817	IHLM/27/2024-25/BTO	Supply and delivery of paraffin for cluster H	03-Jul-25	02 Months	R830 000,00	Flagstaff	Female Owned	Black and not youth
MAT Trading Enterprise	MAAA0361787	IHLM/27/2024-25/BTO	Supply and delivery of paraffin for cluster I	03-Jul-25	02 Months	R836 713,80	Flagstaff	Male Owned	Black and not youth
We are the Hygiene Hub	MAAA09313330	IHLM/27/2024-25/BTO	Supply and delivery of paraffin for cluster J	03-Jul-25	02 Months	R885 950,00	Flagstaff	Female Owned	Black and Youth
Sword Group	MAAA0447951	IHLM/67/2024-25/ROADS	Supply, delivery and Minor Maintenance for Municipal Facilities	03-Jul-25	36 Months	Rate Based	Bizana	Female and Woman	Black 1 youth and 1 not youth
Red Ants Security Relocation & Eviction Serv		IHLM/78/2024-25/COMM	Task order for private security services for 90 days	29-Jul-25	90 Days	R428 717,70			
NAME OF CONTRACTOR	MAAA NUMBER	CONTRACT NUMBER	DESCRIPTION OF CONTRACT	DATE OF AWARD	CONTRACT PERIOD	CONTRACT VALUE	LOCALITY	OWNERSHIP	RACE & AGE GROUP
Tech Engineering	MAAA0080408	IHLM/103/2024-25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Kempton Park	Male Owned	Black and not youth
Mesabiso Civil & Projects	MAAA0486207	IHLM/103/2024-25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Uvongo	Male Owned	Black and not youth

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S. Zoko Consulting	MAAA013 9653	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Lusikisiki	Male Owned	Black and not youth
Zinzame Consulting Engineers	MAAA028 0638	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Umthatha	Male Owned	Black and not youth
Insika Yethu Pty Ltd	MAAA033 4583	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Lincoln Meade	Male Owned	Black and not youth
Hi-Tec Consulting Engineers	MAAA015 2134	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Shelley Beach	Male Owned	Black and not youth
Ubuhle Bempisi Consulting Engineers	MAAA033 2460	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Bizana	Male Owned	Black and not youth
4 Dimension Engineering	MAAA067 8005	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a	25-Aug-25	36 Months	Rate Based	Amanzimt oti	Male Owned	Black and not youth

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			period of 36 months						
Bhuku Consulting Engineers	MAAA085 8842	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Mt Atlyf	Male Owned	Black and not youth
Beacon Holdings	MAAA001 1029	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	East London	Male Owned	Black and not youth
BI Infrastructure Consultants	MAAA021 7873	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Pietermaritzburg	Male Owned	Black and not youth
Bonsai Engineering & Construction	MAAA043 9731	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Hillcrest, Durban	Male Owned	Black and not youth
Leko Engineering	MAAA002 1920	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Umthatha	Male Owned	Black and not youth
Black Mountain Consulting	MAAA034 0515	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil	25-Aug-25	36 Months	Rate Based	East London	Male Owned	Black and not youth

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			and Structural Engineers for a period of 36 months						
Usiba twe Afrika	MAAA003 9126	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	East London	Male Owned	Black and not youth
MI Consulting	MAAA109 8730	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Flagstaff	Male Owned	Black and not youth
Mlata Emazweni Trading & Projects	MAAA018 5354	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Uvongo	Male Owned	Black and not youth
Engineering Aces	MAAA017 5260	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	Bloemfontein	Male Owned	Black and not youth
MBSA Consulting	MAAA008 5826	IHLM/103/2024- 25/ROADS	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	25-Aug-25	36 Months	Rate Based	East London	Male Owned	Black and not youth

PART 2 – SUPPORTING DOCUMENTATION

1. Debtors' Analysis

The municipality bills consumers for property rates and solid waste removal. Interest is charged on overdue accounts. The billed revenue must then be collected to ensure that the municipality has enough cash and cash equivalents to meet all its obligations as the fall due. The following is the Debtors Age Analysis at the end of December 2025, and it indicates that the total debt owed to the municipality is over R140 million, R134 million of which is older than 90 days

EC153 Ngquza Hills - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 - Half Year

Description	HT Code	Budget Year 2025/26									
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	161-180 Days	181 Days-1 Yr	Over 1Yr	Total	Total over 90 days
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	1 247	750	711	756	709	10 983	960	83 517	105 620	102 912
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	129	115	110	108	107	105	98	11 438	12 211	11 855
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-
Interest on Arenal Debtor Accounts	1810	839	940	937	937	799	793	791	10 757	22 892	20 076
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	-	-	-	-	-	-	-	1	1	1
Total By Income Source	2000	2 316	1 805	1 758	1 801	1 616	17 861	1 858	111 713	140 724	134 846
2024/25 - totals only											
Debtors Age Analysis By Customer Group											
Organs of State	2200	108	108	100	100	81	10 413	58	8 355	23 673	23 084
Commercial	2300	1 488	1 010	978	1 017	942	912	1 221	64 287	71 854	68 381
Households	2400	633	600	588	588	812	530	574	41 071	45 197	43 370
Other	2500	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	2 316	1 805	1 758	1 801	1 616	17 861	1 858	111 713	140 724	134 846

Debt Collection Rate

The Ratio indicates the collection rate & measures increases or decreases in Debtors relative to annual billed revenue.

December 2025 collection levels:

The municipality bills for Property Rates and Solid Waste Removal. Interest is then levied on outstanding debts. For December 2025, the municipality has a total billing of over R2,3 million, whilst over R1,5 million was collected, and this results in a month collection rate of 67%. On the other hand, the year-to-date billing is just over R29 million and the amount collected is just over R10 million. The results in a year-to-date collection rate of 37%.

This still shows a year-to-date level of collection below the targets on collection, and as such the engagements with the ratepayers need to be intensified, and the planned specialized engagement with the commercial property owners needs to be expedited.

Category	December	Year-to-Date
Rates	1 315 006,26	23 437 162,17
Refuse	136 879,90	821 279,40
Interest Levied	938 682,57	5 365 079,00
	2 390 568,73	29 623 520,57
Receipts	-1 592 250,57	-10 990 325,47
	798 318,16	18 633 195,10
Collection Rate	67%	37%

2. Creditors' Analysis

The table below shows the creditors age analysis as at the end of December 2025. The reflection is that for trade creditors, the municipality has creditors which are over 90 days. This has been as a result of invoices where in documentation to confirm validity were not sufficient, or in the second instance, management has introduced a control where in attendance registers need to be attached to payment vouchers to confirm validity of travel and accommodation expenditure.

EC153 Ngqauza Hills - Supporting Table SC4 Monthly Budget Statement - aged creditors - MD6 - Half Year

Description	NT Code	Budget Year 2026/26								Total	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			
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	613	1 068	370	10	-	-	-	-	-	2 969	-
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	613	1 968	378	10	-	-	-	-	-	2 969	-

3. Investment Portfolio

The municipality does not have an investment portfolio in the strict definition of investments, but rather funds that are currently not required for service delivery are placed on short term deposits, and therefore form part of cash and cash equivalents. The following table shows a summary of those cash and cash equivalents at the end of December 2025, which indicates a total of R381 million: -

BANK	ACCOUNT TYPE	BALANCE
FNB	Cheque account	136 711 936,88
FNB	Call account	279 761,73
FNB	Operational Account	76 145 909,06
FNB	MIG Call Acc	5 418 135,71
FNB	Plant Call Acc	141 713 540,19
FNB	Call account	4 799 636,54
FNB	Call account	2 505 800,38
FNB	Call account	1 390 737,34
FNB	Call account	898 914,16
FNB	Call account	1 472 402,68
		371 336 774,67

4. Transfers and Grants Receipts

This table gives the details of all the grant transfers into the municipality for the first six months of the financial year starting from July 2025

EC153 Nguqza Hills - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 - Half Year

Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		352 936	360 098	360 098	262 621	262 821	160 049	82 773	46,0%	360 098
Expanded Public Works Programme Integrated Grant		1 693	1 716	1 716	1 201	1 201	888	313	40,0%	1 716
Municipal Disaster Relief Grant		1 623	8 114	8 114	-	-	4 067	(4 057)	-100,0%	8 114
Local Government Financial Management Grant		3 090	2 800	2 800	3 000	3 000	1 400	1 600	114,3%	2 800
Municipal Infrastructure Grant		-	2 639	2 639	-	-	1 320	(1 320)	-100,0%	2 639
Equitable Share		346 720	344 627	344 627	268 620	268 620	172 413	88 207	50,0%	344 627
Provincial Government:		6 638	2 295	2 295	4 676	4 675	1 148	3 427	289,7%	2 295
Municipal Disaster Relief Grant		6 490	-	-	2 434	2 434	-	2 434	#DIV/0!	-
Library Grant		1 495	795	795	1 631	1 631	395	1 134	265,2%	795
LG Seta Grant		653	1 600	1 600	610	610	700	(140)	-18,7%	1 600
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants		391 674	362 391	362 391	267 396	267 396	161 196	88 200	47,6%	362 391
Capital Transfers and Grants										
National Government:		81 812	64 635	64 635	69 854	69 854	32 318	27 637	86,2%	64 635
Municipal Infrastructure Grant		81 812	64 635	64 635	69 854	69 854	32 318	27 637	85,2%	64 635
Provincial Government:		-	700	700	-	-	360	(360)	-100,0%	700
Library Grant		-	700	700	-	-	360	(360)	-100,0%	700
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants		81 812	65 335	65 335	69 854	69 854	32 667	27 187	83,2%	65 335
TOTAL RECEIPTS OF TRANSFERS & GRANTS		443 386	427 726	427 726	327 250	327 250	213 863	113 387	81,0%	427 726

5. Transfers and Grants Expenditure

Tabulated here is the expenditure by the municipality on the grants allocations after the conditions have been met.

EC153 Nguqza Hills - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 - Half Year

Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		19 098	16 269	16 713	4 995	4 995	8 078	(3 083)	-38,2%	16 713
Expanded Public Works Programme Integrated Grant		1 693	1 716	1 716	669	669	858	11	1,2%	1 716
Municipal Disaster Relief Grant		-	8 114	8 656	1 709	1 709	4 601	(2 792)	-82,0%	8 656
Local Government Financial Management Grant		3 000	2 800	2 800	1 616	1 616	1 400	(394)	-27,4%	2 800
Municipal Infrastructure Grant		2 030	2 639	2 639	1 402	1 402	1 320	82	6,2%	2 639
Municipal Disaster Recovery Grant		12 478	-	-	-	-	-	-	-	-
Provincial Government:		1 935	2 295	2 331	602	602	1 164	(882)	-87,6%	2 331
Municipal Disaster Relief Grant		(9)	-	-	-	-	-	-	-	-
Library Grant		1 262	795	831	111	111	434	(323)	-74,4%	831
LG Seta Grant		653	1 600	1 600	391	391	750	(359)	-47,9%	1 600
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants		21 033	17 664	18 044	6 497	6 497	8 262	(3 769)	-40,6%	18 044
Capital Transfers and Grants										
National Government:		79 191	64 635	65 226	43 633	43 633	32 908	10 628	32,3%	65 226
Municipal Infrastructure Grant		79 191	64 635	65 226	43 633	43 633	32 908	10 628	32,3%	65 226
Provincial Government:		213	700	700	28	28	350	(326)	-92,9%	700
Library Grant		213	700	700	28	28	350	(326)	-92,9%	700
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants		79 404	65 335	65 926	43 658	43 658	33 258	10 300	31,0%	65 926
TOTAL EXPENDITURE OF TRANSFERS & GRANTS		100 437	82 999	83 970	49 056	49 056	42 520	6 536	15,4%	83 970

6. Expenditure on Councillor Allowances and Employee Benefits

The following table shows the detail of the expenditure on employee related costs as well as remuneration of councillors.

EC153 Ngquzu Hills - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 - Half Year

Summary of Employee and Councillor remuneration	Ref	2024/25		Budget Year 2026/26						
		Audited Outcome	Original Budget	Adjusted Budget	Mid Year	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		24 317	20 383	20 383	10 880	10 850	10 101	899	7%	20 383
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1 627	8 305	8 305	1 203	1 203	3 153	(1 950)	-62%	8 305
Cellphone Allowance		2 028	3 758	3 758	1 507	1 507	1 078	(372)	-20%	3 758
Housing Allowances		84	138	138	72	72	69	3	4%	138
Other benefits and allowances		-	489	489	-	-	245	(245)	-100%	489
Sub Total - Councillors		29 164	31 073	31 073	13 671	13 671	18 537	(1 868)	-12%	31 073
% Increase	4		6,6%	6,6%						6,6%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		3 537	4 398	4 398	2 040	2 040	2 199	(159)	-7%	4 398
Pension and UIF Contributions		10	13	13	6	6	6	(1)	-18%	13
Medical Aid Contributions		-	308	308	-	-	154	(154)	-100%	308
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		3 141	449	449	1 636	1 636	225	1 412	628%	449
Motor Vehicle Allowance		918	1 499	1 499	483	483	758	(267)	-36%	1 499
Cellphone Allowance		119	273	273	58	58	138	(78)	-58%	273
Housing Allowances		-	211	211	-	-	105	(105)	-100%	211
Other benefits and allowances		-	7	7	0	0	4	(3)	-94%	7
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		7 729	7 168	7 168	4 222	4 222	3 679	643	18%	7 168
% Increase	4		-7,4%	-7,4%						-7,4%
Other Municipal Staff										
Basic Salaries and Wages		83 413	103 409	103 409	47 970	47 970	51 704	(3 734)	-7%	103 409
Pension and UIF Contributions		13 059	18 974	18 974	7 485	7 485	8 487	(1 002)	-12%	18 974
Medical Aid Contributions		9 141	17 301	17 301	4 919	4 919	8 050	(3 731)	-43%	17 301
Overtime		14 050	8 199	8 199	8 947	8 947	4 069	2 648	69%	8 199
Performance Bonus		4 050	8 254	8 254	1 943	1 943	4 127	(2 164)	-53%	8 254
Motor Vehicle Allowance		8 084	10 141	10 141	5 690	5 690	6 070	618	12%	10 141
Cellphone Allowance		1 283	1 320	1 320	1 238	1 238	653	574	87%	1 320
Housing Allowances		5 189	5 559	5 559	2 805	2 805	2 780	28	1%	5 559
Other benefits and allowances		383	450	450	422	422	225	198	88%	450
Payments in lieu of leave		981	231	231	-	-	115	(115)	-100%	231
Long service awards		788	185	185	34	34	92	(58)	-63%	185
Post-retirement benefit obligations	2	1 224	522	522	696	696	281	435	167%	522
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		1 105	1 380	1 380	415	415	680	(275)	-40%	1 380
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		165 781	173 929	173 929	80 555	80 555	85 564	(5 400)	-7%	173 929
% Increase	4		11,6%	11,6%						11,6%
Total Parent Municipality		192 664	212 161	212 161	98 458	98 458	106 880	(7 623)	-7%	212 161

The total amount spent on the remuneration of councillors of the for the period ending in the second quarter is just over R13,6 million, made up of R10 million for basic wages and the balance going to the allowances as per the gazette on upper limits for the remuneration of councillors. There is an overall variance of 12% for the expenditure on remuneration of councillors.

The total of management salaries for the six months is just over R4,2 million, whereas the total for other staff members is just over R80 million. There is an overall 7% variance on the

management salaries as well as staff salaries respectively, and this is owing in the main to the vacancies that have to be filled.

The municipal salaries and remuneration of councillors are paid on the 15th of every month. The municipality is using Payday system to process salaries and then import the Journals to the Munsoft Financial system. Management is in the process of ensuring that payroll reconciliations are performed, reviewed and where necessary, required adjustments and corrections are made.

Recommendations

1. That the Mid-Year Performance Assessment be 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. In terms of the mid-term assessment performed, a 2025/26 Budget Adjustment be performed and table to Council for approval.
3. That the SDBIP be reviewed in line the adjustment budget and consider the monthly revenue projections and issues raised by AG.
4. 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.
5. That the Budget and SDBIP's be re-aligned to the organizational structure in terms of powers and functions in the 2025/26 financial year, to ensure improved high-level reporting aligned to the budget.
6. 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 2025/26 and the review of the SDBIP's accordingly.
7. 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.
8. Review on the Top layer SDBIP Scorecard be undertaken, and focus be on Strategic KPIs, Legislative KPIs in line with the IDP and Budget.

Quality Certificate

I, V.C. MAKE DAMIA, the Municipal Manager of Ingquza Hill Local Municipality, hereby certify that the mid-year budget and performance assessment for the period July 2025 to December 2025, has been prepared in accordance with the Municipal Finance Management Act, and Regulations made under that Act.

Print Name: V.C. MAKE DAMIA Municipal Manager of Ingquza Hill Local Municipality – EC153

Signature: 

Date: 23/01/2026