

INGQUZA HILL LOCAL MUNICIPALITY



**BUDGET AND TREASURY OFFICE**

**IN-YEAR REPORTING: MFMA SECTION 71 REPORT FOR FEBRUARY 2026**

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## EXECUTIVE SUMMARY

### 1. INTRODUCTION

The Municipality approved the 2025/26 Annual Budget and Medium-Term Revenue and Expenditure Framework (MTREF) in May 2025. An Adjustments Budget was subsequently approved in December 2025 to incorporate approved conditional grant roll-overs. A further Adjustments Budget was approved in February 2026 in terms of Section 28 of the Municipal Finance Management Act (MFMA), Act 56 of 2003, following Council's consideration of the Mid-Year Budget and Performance Assessment. The adjustments were made to the budget, SDBIP, procurement plan, and other supporting documentation as required by the Act.

The purpose of this report, prepared in terms of Section 71 of the Municipal Finance Management Act (MFMA), No. 56 of 2003, is to report on the financial performance of the Municipality against the approved budget. This includes reporting on revenue, expenditure, assets, and liabilities. This report reflects the financial performance of the Municipality for February 2026, being the eighth month of the 2025/26 financial year.

### 2. LEGAL AND OR LEGISLATIVE BACKGROUND

**Section 71** of the Municipal Finance Management Act (MFMA), (Act 56 of 2003) prescribes certain conditions that need to be complied with, in terms of the mentioned Act. This report indicates the performance of the municipality against the approved budget for the period reported on.

The Accounting Officer of the Municipality must report by no later than 10 working days after the end of each month to the mayor and the relevant Provincial Treasury, a statement in the **prescribed format** on the state of the Municipality's budget, that is performance against the set targets.

**Section 66** of the Municipal Finance Management Act further prescribes that all expenditure incurred by the Municipality on staff salaries, allowances and benefits be reported upon in a format and for the prescribed period. It is considered appropriate to report on this section of the Act monthly to coincide with the reporting requirements of Section 71(1) of the Act.

The objectives of the budget format reforms in terms of these regulations are:

- To ensure that the Municipal budget and financial reporting formats support the other financial management reforms introduced by the Municipal Finance Management Act (MFMA).
- To formalize the norms and standards governing Municipal Budget and Financial Reporting formats, to improve the credibility, sustainability, transparency, accuracy, and reliability of budgets and in-year reports.

- To improve the Council’s ability to deliver basic services to all by addressing issues of financial sustainability.
- To facilitate informed policy choices by the Council and medium-term planning of service delivery by aligning targets to achieve backlog elimination.

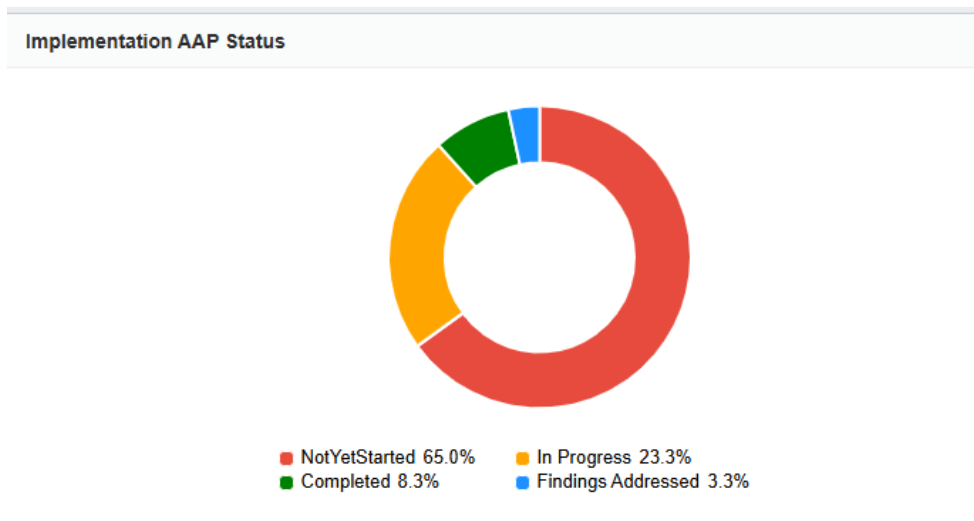
### 3. THE AUDIT ACTION PLAN

The municipality was audited by the Auditor General of South Africa (AGSA) for the 2024/25 financial period, wherein a qualified audit opinion was issued. The MFMA requires that management must develop an audit action plan that will address the issues that have been raised during the audit by the Auditor General.

Management has developed the audit action plan through the National Treasury’s Web-enabled Platform to address issues raised by the Auditor General in the 2024/25 audit cycle. The implementation of this plan will be monitored until all the issues raised have been resolved.

This action plan should identify the finding, the root cause, the completion date for the development of the action plan, the due date for the implementation of the action plan, the responsible official and many other pertinent pieces of information.

The following is the graphic representation of the progress of the implementation of the approved actions:-



In terms of the graphic representation above, there are 60 findings that have been lifted from the detailed audit findings, 11 of which are matters affecting the audit report, and 49 other matters. Action plans have been developed and approved for all the findings. The implementation of the audit action plan indicates that 65% of the actions have not been started, 23,3% actions are in progress, 8,3% actions are completed and 3,3% actions have been confirmed to address the findings raised.

The detailed audit action plan is attached as an annexure at the end of this report.

**IN-YEAR BUDGET STATEMENT**

**4. MONTHLY BUDGET STATEMENT: SUMMARY**

The table below shows the performance of the municipality for the month of February 2026, the eighth month of the 2025/26 financial year. The total revenue for February 2026 amounted to R7,6 million, whilst the expenditure for the same month was R37,9 million, resulting in a surplus for the month of R64,5 million.

**EC153 Ngquza Hills - Table C1 Monthly Budget Statement Summary - M08 - February**

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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	39 803	42 607	42 607	1 296	27 058	28 405	(1 347)	-5%	42 607
Service charges	1 394	1 296	1 396	121	954	964	(10)	-1%	1 396
Investment revenue	24 126	22 000	24 000	1 411	13 107	16 667	(3 560)	-21%	24 000
Transfers and subsidies - Operational	367 753	362 391	362 871	1 106	266 790	242 074	24 716	10%	362 871
Other own revenue	63 931	24 877	32 753	1 948	21 962	24 461	(2 499)	-10%	32 753
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>497 008</b>	<b>453 171</b>	<b>463 628</b>	<b>5 882</b>	<b>329 871</b>	<b>312 570</b>	<b>17 301</b>	<b>6%</b>	<b>463 628</b>
Employee costs	163 510	181 307	190 714	14 368	114 354	130 278	(15 924)	-12%	190 714
Remuneration of Councillors	29 154	31 073	31 073	2 284	18 234	20 715	(2 481)	-12%	31 073
Depreciation and amortisation	56 765	57 500	63 500	4 611	40 026	44 333	(4 308)	-10%	63 500
Interest	4 137	150	4 150	-	-	4 100	(4 100)	-100%	4 150
Inventory consumed and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and subsidies	5 096	7 000	7 164	1 063	3 879	4 831	(951)	-20%	7 164
Other expenditure	213 810	275 347	303 060	10 080	136 331	211 278	(74 947)	-35%	303 060
<b>Total Expenditure</b>	<b>472 471</b>	<b>552 377</b>	<b>599 661</b>	<b>32 407</b>	<b>312 824</b>	<b>415 535</b>	<b>(102 712)</b>	<b>-25%</b>	<b>599 661</b>
<b>Surplus/(Deficit)</b>	<b>24 537</b>	<b>(99 206)</b>	<b>(136 034)</b>	<b>(26 525)</b>	<b>17 047</b>	<b>(102 965)</b>	<b>120 012</b>	<b>-117%</b>	<b>(136 034)</b>
Transfers and subsidies - capital (monetary)	79 404	65 535	66 126	1 714	47 480	44 281	3 199	7%	66 126
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital</b>	<b>103 941</b>	<b>(33 671)</b>	<b>(69 908)</b>	<b>(24 811)</b>	<b>64 527</b>	<b>(58 684)</b>	<b>123 212</b>	<b>-210%</b>	<b>(69 908)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>103 941</b>	<b>(33 671)</b>	<b>(69 908)</b>	<b>(24 811)</b>	<b>64 527</b>	<b>(58 684)</b>	<b>123 212</b>	<b>-210%</b>	<b>(69 908)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>132 372</b>	<b>114 855</b>	<b>113 427</b>	<b>5 504</b>	<b>63 000</b>	<b>75 142</b>	<b>(12 142)</b>	<b>-16%</b>	<b>113 427</b>
Capital transfers recognised	78 327	65 535	66 338	2 067	41 884	44 493	(2 609)	-6%	66 338
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	<b>50 442</b>	<b>49 320</b>	<b>47 089</b>	<b>3 437</b>	<b>21 116</b>	<b>30 649</b>	<b>(9 533)</b>	<b>-31%</b>	<b>47 089</b>
<b>Total sources of capital funds</b>	<b>128 769</b>	<b>114 855</b>	<b>113 427</b>	<b>5 504</b>	<b>63 000</b>	<b>75 142</b>	<b>(12 142)</b>	<b>-16%</b>	<b>113 427</b>
<b>Financial position</b>									
Total current assets	341 544	316 387	273 781		412 427				273 781
Total non current assets	1 624 725	1 741 531	1 745 171		1 665 100				1 745 171
Total current liabilities	96 605	67 059	61 330		143 226				61 330
Total non current liabilities	29 786	32 596	35 596		29 786				35 596
Community wealth/Equity	<b>1 839 879</b>	<b>1 958 263</b>	<b>1 922 026</b>		<b>1 904 515</b>				<b>1 922 026</b>
<b>Cash flows</b>									
Net cash from (used) operating	268 094	81 471	61 379	33 184	278 603	19 594	(259 010)	-1322%	61 379
Net cash from (used) investing	128 891	(137 355)	(145 240)	(6 647)	(91 440)	(99 455)	(8 015)	8%	(145 240)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the month/</b>	<b>664 806</b>	<b>279 097</b>	<b>251 119</b>	<b>-</b>	<b>475 700</b>	<b>255 119</b>	<b>(220 581)</b>	<b>-86%</b>	<b>204 675</b>
<b>Debtors &amp; creditors analysis</b>									
	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dgs</b>	<b>151-180 Dgs</b>	<b>181 Dgs-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	2 293	1 758	1 763	1 739	1 729	1 781	1 575	129 693	142 332
<b>Creditors Age Analysis</b>									
Total Creditors	2 852	-	-	-	-	-	-	-	2 852

5. MONTHLY BUDGET STATEMENT – FINANCIAL PERFORMANCE (FUNCTIONAL CLASSIFICATION)

EC153 Ngquza Hills - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M08 - February

Description	Ref	2024/25	Budget Year 2025/26							
		Audited	Original	Adjusted	Monthly actual	YearTD actual	YearTD budget	YTD	YTD %	Full Year
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		431 134	426 127	431 127	3 807	309 656	289 085	20 571	7%	431 127
Executive and council		1 593	1 716	1 716	145	1 158	1 144	14	1%	1 716
Finance and administration		429 541	424 411	429 411	3 663	308 497	287 941	20 557	7%	429 411
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		114 413	77 396	78 491	2 754	53 658	52 692	965	2%	78 491
Planning and development		3 504	4 647	4 707	396	2 839	3 158	(319)	-10%	4 707
Road transport		110 909	72 749	73 784	2 358	50 819	49 534	1 285	3%	73 784
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		30 866	15 183	20 135	1 035	14 038	15 074	(1 036)	-7%	20 135
Energy sources		20 478	3 660	7 842	-	6 640	6 622	18	0%	7 842
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		10 388	11 523	12 294	1 035	7 398	8 453	(1 055)	-12%	12 294
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	<b>576 413</b>	<b>518 706</b>	<b>529 753</b>	<b>7 596</b>	<b>377 351</b>	<b>356 851</b>	<b>20 500</b>	<b>6%</b>	<b>529 753</b>
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		240 048	303 474	325 101	17 115	165 978	223 943	(57 965)	-26%	325 101
Executive and council		86 899	108 434	113 309	8 733	58 649	77 164	(18 515)	-24%	113 309
Finance and administration		149 548	189 727	206 981	8 010	104 688	143 739	(39 071)	-27%	206 981
Internal audit		3 601	5 313	4 811	371	2 661	3 040	(379)	-12%	4 811
<b>Community and public safety</b>		131	-	-	-	-	-	-	-	-
Community and social services		131	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		104 507	142 266	154 887	7 991	78 448	107 465	(29 017)	-27%	154 887
Planning and development		30 719	39 385	40 415	1 810	18 395	27 286	(8 891)	-33%	40 415
Road transport		73 789	102 881	114 472	6 181	60 053	80 178	(20 125)	-25%	114 472
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		127 785	106 637	119 673	7 300	68 398	84 127	(15 730)	-19%	119 673
Energy sources		32 750	17 010	21 356	796	13 193	15 686	(2 492)	-16%	21 356
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		95 035	89 627	98 317	6 504	55 204	68 442	(13 237)	-19%	98 317
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	<b>472 471</b>	<b>552 377</b>	<b>599 661</b>	<b>32 407</b>	<b>312 824</b>	<b>415 535</b>	<b>(102 712)</b>	<b>-25%</b>	<b>599 661</b>
<b>Surplus/ (Deficit) for the year</b>		<b>103 941</b>	<b>(33 671)</b>	<b>(69 908)</b>	<b>(24 811)</b>	<b>64 527</b>	<b>(58 684)</b>	<b>123 212</b>	<b>-210%</b>	<b>(69 908)</b>

The table above shows the revenue and expenditure per functional classification. The highest revenue has been received at the Finance and Administration, and this is due to the interest on investment accounts followed by road transport which is basically the revenue recognition of conditional grants.

The expenditure for the same period can be attributed to the various departments, with the highest expenditure incurred by the Executive and Council Function at just over

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R8.7 million, followed by the Finance and Administration Function at R8 million and Waste Management Function at R6.5 million.

### 6. MONTHLY BUDGET STATEMENT: FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE)

The table below indicates the revenue and expenditure per municipal vote.

EC153 Ngquza Hills - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M08 - February										
Vote Description	Ref	2024/25	Budget Year 2025/26							
		Audited	Original	Adjusted	Monthly actual	YearTD actual	YearTD budget	YTD	YTD %	Full Year
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Governance and Administration		431 134	426 127	431 127	3 807	309 656	289 085	20 571	7.1%	431 127
Vote 2 - Community Services and Public Safety		10 388	11 523	12 294	1 035	7 398	8 453	(1 055)	-12.5%	12 294
Vote 3 - Economic and Environmental Services		1 474	2 008	2 068	171	992	1 399	(407)	-29.1%	2 068
Vote 4 - Trading Services		20 478	3 660	7 842	-	6 640	6 622	18	0.3%	7 842
Vote 5 - Technical Services		112 939	75 388	76 423	2 583	52 665	51 293	1 372	2.7%	76 423
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>576 413</b>	<b>518 706</b>	<b>529 753</b>	<b>7 596</b>	<b>377 351</b>	<b>356 851</b>	<b>20 500</b>	<b>5.7%</b>	<b>529 753</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - Governance and Administration		240 048	303 474	325 101	17 115	165 978	223 943	(57 965)	-25.9%	325 101
Vote 2 - Community Services and Public Safety		95 166	89 627	98 317	6 504	55 204	68 442	(13 237)	-19.3%	98 317
Vote 3 - Economic and Environmental Services		26 624	36 749	37 779	1 810	18 309	25 529	(7 220)	-28.3%	37 779
Vote 4 - Trading Services		32 750	17 010	21 356	796	13 193	15 686	(2 492)	-15.9%	21 356
Vote 5 - Technical Services		77 883	105 517	117 108	6 181	60 139	81 936	(21 797)	-26.6%	117 108
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>472 471</b>	<b>552 377</b>	<b>599 661</b>	<b>32 407</b>	<b>312 824</b>	<b>415 535</b>	<b>(102 712)</b>	<b>-24.7%</b>	<b>599 661</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>103 941</b>	<b>(33 671)</b>	<b>(69 908)</b>	<b>(24 811)</b>	<b>64 527</b>	<b>(58 684)</b>	<b>123 212</b>	<b>-210.0%</b>	<b>(69 908)</b>

**7. MONTHLY BUDGET STATEMENT: FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE)**

EC153 Ngquza Hills - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 - February										
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
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity		-	-	-	-	-	-	-	-	-
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		1 394	1 296	1 396	121	954	964	(10)	-1%	1 396
Sale of Goods and Rendering of Services		20 808	4 276	8 457	81	7 011	7 032	(21)	0%	8 457
Agency services		4 475	6 400	6 400	418	3 646	4 267	(621)	-15%	6 400
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		1 020	749	1 049	85	671	799	(128)	-16%	1 049
Interest from Current and Non Current Assets		24 126	22 000	24 000	1 411	13 107	16 667	(3 560)	-21%	24 000
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1 043	1 224	1 224	74	581	816	(235)	-29%	1 224
Licence and permits		115	200	200	19	52	133	(81)	-61%	200
Special Rating Levies		-	-	-	-	-	-	-	-	-
Operational Revenue		143	380	380	11	244	253	(10)	-4%	380
<b>Non-Exchange Revenue</b>										
Property rates		39 803	42 607	42 607	1 296	27 058	28 405	(1 347)	-5%	42 607
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 988	1 552	1 947	409	1 970	1 429	540	38%	1 947
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		367 753	362 391	362 871	1 106	266 790	242 074	24 716	10%	362 871
Interest		9 178	9 097	11 097	852	6 564	8 064	(1 500)	-19%	11 097
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		5 948	1 000	2 000	-	1 223	1 667	(444)	-27%	2 000
Other Gains		19 213	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>497 008</b>	<b>453 171</b>	<b>463 628</b>	<b>5 882</b>	<b>329 871</b>	<b>312 570</b>	<b>17 301</b>	<b>6%</b>	<b>463 628</b>
<b>Expenditure By Type</b>										
Employee related costs		163 510	181 307	190 714	14 368	114 354	130 278	(15 924)	-12%	190 714
Remuneration of councillors		29 154	31 073	31 073	2 284	18 234	20 715	(2 481)	-12%	31 073
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		-	-	-	-	-	-	-	-	-
Debt impairment		10 071	11 163	11 163	-	-	7 442	(7 442)	-100%	11 163
Depreciation and amortisation		56 765	57 500	63 500	4 611	40 026	44 333	(4 308)	-10%	63 500
Interest		4 137	150	4 150	-	-	4 100	(4 100)	-100%	4 150
Contracted services		87 375	106 909	120 098	4 353	58 228	84 462	(26 233)	-31%	120 098
Transfers and subsidies		5 096	7 000	7 164	1 063	3 879	4 831	(951)	-20%	7 164
Irrecoverable debts written off		8 735	16 500	16 500	23	1 889	11 000	(9 111)	-83%	16 500
Operational costs		107 701	140 775	155 299	5 705	76 213	108 374	(32 161)	-30%	155 299
Losses on Disposal of Assets		(72)	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>472 471</b>	<b>552 377</b>	<b>599 661</b>	<b>32 407</b>	<b>312 824</b>	<b>415 635</b>	<b>(102 712)</b>	<b>-25%</b>	<b>599 661</b>
<b>Surplus/(Deficit)</b>		<b>24 537</b>	<b>(99 206)</b>	<b>(136 034)</b>	<b>(26 525)</b>	<b>17 047</b>	<b>(102 965)</b>	<b>120 012</b>	<b>-117%</b>	<b>(136 034)</b>
Transfers and subsidies - capital (monetary allocations)		79 404	65 535	66 126	1 714	47 480	44 281	3 199	7%	66 126
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>103 941</b>	<b>(33 671)</b>	<b>(69 908)</b>	<b>(24 811)</b>	<b>64 527</b>	<b>(58 684)</b>			<b>(69 908)</b>
Income Tax		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>103 941</b>	<b>(33 671)</b>	<b>(69 908)</b>	<b>(24 811)</b>	<b>64 527</b>	<b>(58 684)</b>			<b>(69 908)</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>103 941</b>	<b>(33 671)</b>	<b>(69 908)</b>	<b>(24 811)</b>	<b>64 527</b>	<b>(58 684)</b>			<b>(69 908)</b>
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>103 941</b>	<b>(33 671)</b>	<b>(69 908)</b>	<b>(24 811)</b>	<b>64 527</b>	<b>(58 684)</b>			<b>(69 908)</b>

In the table above the following can be highlighted

**a) Revenue**

**i Waste Management**

The Municipality generated revenue of R121 000 from solid waste removal services for the month of February 2026. This reflects a negative variance of 1% against the budgeted amount, suggesting that revenue billing/collection is largely in line with the approved budget. Management continues to monitor the completeness of billing to ensure that all revenue due is billed and subsequently collected.

**ii Sale of Goods and Rendering of Services**

The revenue source generated a revenue of R81 000 for the month of February 2026. This resulted in a year-to-date amount of R7 million. This includes the services rendered by the municipality by electrifying villages as per the agreement with the Department of Energy (INEP).

**iii Agency Fees**

The Municipality generates revenue from the operation of the Driver's Licence and Testing Centre (DLTC). For February 2026, revenue of R418 000 was generated, resulting in a negative variance of 15% against the budgeted amount. The Municipal DLTC became fully operational in January 2026, which is expected to reduce the variance, improve performance at the centre, and increase revenue going forward.

**iv Interest From Current and Non-Current Assets**

The Municipality earns interest on balances held in its primary bank account and call accounts. For February 2026, interest income of R1.4 million was generated, resulting in a negative variance of 21% against the budgeted year-to-date amount of R13 million. Management will continue to monitor interest earned on available funds and ensure that surplus cash is invested in accounts that maximise returns during periods when the funds are not immediately required for service delivery and other municipal running costs.

**v Property Rates**

The Municipality levies property rates on all rateable properties within its jurisdiction. Billing processed for property rates in February 2026 amounted to just over R1.3 million, resulting in a year-to-date total of R27 million. The negative variance of 3% indicates that billing is in line with the approved budget. The billing of government properties is processed in July each financial year.

**vi Rental From Fixed Assets**

The Municipality generated revenue of R74 000 for February 2026 from the rental of municipal-owned properties, resulting in a year-to-date total of R581 000. Management is currently undertaking a review of all municipal lease agreements to assess the appropriateness of existing rental tariffs and contractual terms. The outcomes of this review will be submitted to Council for consideration and resolution prior to implementation.

**vii Transfers and Subsidies**

The Municipality receives transfers and subsidies from various government departments, comprising both conditional and unconditional grants. During February 2026, operational grant revenue of just over R1.1 million was recognised, bringing the year-to-date total to R266.7 million.

Capital transfers of just over R1.7 million were recognised during the month, primarily attributable to revenue recognised from the Municipal Infrastructure Grant (MIG). This brings the total year-to-date revenue recognised from capital transfers to R47.4 million.

**b) Expenditure**

**i Employee Related Costs**

- The Municipality incurs expenditure on employee salaries and allowances for services rendered. For February 2026, expenditure on Employee Related Costs amounted to R14.3 million, resulting in a negative variance of 12% against the budget. The variance is mainly attributable to funded vacancies that have not yet been filled. The total year-to-date expenditure on Employee Related Costs amounts to R114.3 million.
- The Corporate Services Department has compiled a recruitment plan that intends to deal with the elimination of vacancies, giving attention to the critical positions that have been vacant for a while. There is much progress on the recruitment on the vacant positions in terms of the recruitment plan.
- The adjustment of R9.8 million on employee costs is mostly informed by the release of an updated gazette on the payment of salaries to the municipal managers and managers directly reporting to the municipal manager. The implementation of this gazette has been approved by the council.

**ii Remuneration of Councillors**

The Upper Limits of Remuneration for Municipal Public Office Bearers, as prescribed by Government Gazette, determines the salaries and allowances

payable to councillors. The Municipality remunerates councillors in accordance with the provisions of the applicable Gazette.

In February 2026, expenditure on councillor remuneration amounted to just over R2.2 million, resulting in a negative variance of 12% against the budget. The variance is attributable to the anticipated annual increase not yet being implemented, pending the issuing of the updated Government Gazette.

### **iii Contracted Services**

There was a significant adjustment of R14 million under Contracted Services, mostly for the maintenance of access roads that were eroded by the recent heavy rains in areas around Ingquza Hill Local Municipality. This allocation funded by municipal cash-backed reserves complements funding from the Disaster Relief Grant, which also supports these recovery efforts.

The contracted services for February 2026 amounted to R4.3 million, with an underspending of 21%. Management will continue to monitor the spending patterns by the departments to ensure that all service delivery imperatives are met.

### **iv Operational Costs**

The adjustment of just above R14 million on operational costs relates to Free Basic services subsidy, External audit fees, Fuel & oil for municipal fleet, trainings & workshops and system administration fees that were adjusted for. During the budget review process.

The operational costs incurred by the municipality in February 2026 amounted to R5.7 million. This has resulted in year-to-date expenditure of R76.2 million, resulting in a negative variance of 30% against year-to-date budget.

## **8. MONTHLY BUDGET STATEMENT: CAPITAL EXPENDITURE**

The table below indicates capital expenditure for the month of February 2026 amounting to just over R5.5 million. However, the actual total capital expenditure incurred during the month amounts to just over R6.6 million. Of this amount, R2 million is funded from grant funding, while R4.6 million is funded from internally generated funds. This will be clearly reflected in Table C7 (Cash Flow Statement).

The variance is due to data strings relating to operational buildings that are not pulling through to the C-Schedule. The Financial Management System vendor, Munsoft, is currently investigating the issue in an effort to resolve the error.

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**EC153 Ngquza Hills - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08 - February**

Vote Description	Ref	2024/25				Budget Year 2025/26				
		Audited	Original	Adjusted	Monthly actual	YearTD actual	YearTD budget	YTD	YTD %	Full Year
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	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 -		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	-	-	-	-	-	-	-	-	-
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - Governance and Administration		19 592	11 850	8 880	2 133	2 518	4 930	(2 412)	-49%	8 880
Vote 2 - Community Services and Public Safety		8 507	7 170	9 328	-	1 032	6 938	(5 906)	-85%	9 328
Vote 3 - Economic and Environmental Services		505	2 000	-	-	-	(667)	667	-100%	-
Vote 4 - Trading Services		9 303	13 000	12 499	599	5 395	8 166	(2 771)	-34%	12 499
Vote 5 - Technical Services		94 464	80 835	82 720	2 772	54 056	55 775	(1 719)	-3%	82 720
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	132 372	114 855	113 427	5 504	63 000	75 142	(12 142)	-16%	113 427
<b>Total Capital Expenditure</b>		132 372	114 855	113 427	5 504	63 000	75 142	(12 142)	-16%	113 427
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		19 592	11 850	8 880	2 133	2 518	4 930	(2 412)	-49%	8 880
Executive and council		50	300	300	-	-	200	(200)	-100%	300
Finance and administration		19 542	11 550	8 580	2 133	2 518	4 730	(2 212)	-47%	8 580
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		5 832	-	-	-	-	-	-	-	-
Community and social services		2 877	-	-	-	-	-	-	-	-
Sport and recreation		2 955	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		94 970	82 835	82 720	2 772	54 056	55 108	(1 052)	-2%	82 720
Planning and development		505	2 000	-	-	-	(667)	667	-100%	-
Road transport		94 464	80 835	82 720	2 772	54 056	55 775	(1 719)	-3%	82 720
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		11 978	20 170	21 827	599	6 427	15 104	(8 677)	-57%	21 827
Energy sources		9 303	13 000	12 499	599	5 395	8 166	(2 771)	-34%	12 499
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 675	7 170	9 328	-	1 032	6 938	(5 906)	-85%	9 328
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	132 372	114 855	113 427	5 504	63 000	75 142	(12 142)	-16%	113 427
<b>Funded by:</b>										
National Government		70 969	64 835	65 638	2 067	41 884	44 026	(2 142)	-5%	65 638
Provincial Government		7 358	700	700	-	-	467	(467)	-100%	700
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		78 327	65 535	66 338	2 067	41 884	44 493	(2 609)	-6%	66 338
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		50 442	49 320	47 089	3 437	21 116	30 649	(9 533)	-31%	47 089
<b>Total Capital Funding</b>		128 769	114 855	113 427	5 504	63 000	75 142	(12 142)	-16%	113 427

9. MONTHLY BUDGET STATEMENT: FINANCIAL POSITION

The table below shows the financial position of the municipality as at the end of February 2026. It is the reflection of the total assets of the municipality as well as the total liabilities of the municipality.

The current assets include cash and cash equivalents of R339 million. On the other hand, the Trade and Other Payables from Non-Exchange Transactions include funds currently placed in a suspense account to the value of just over R11 million. These are funds that were received by the municipality from Department of Public Works for properties they own within the municipality. A process of reconciliation is currently underway to confirm the existence of properties paid for.

EC153 Ngquza Hills - Table C6 Monthly Budget Statement - Financial Position - M08 - February						
Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		288 536	279 097	236 491	339 696	236 491
Trade and other receivables from exchange transactions		1 645	5 599	3 599	2 430	3 599
Receivables from non-exchange transactions		9 607	25 362	27 362	30 894	27 362
Current portion of non-current receivables		–	–	–	–	–
Inventory		768	–	–	768	–
VAT		40 987	6 328	6 328	38 639	6 328
Other current assets		(0)	–	–	(0)	–
<b>Total current assets</b>		<b>341 544</b>	<b>316 387</b>	<b>273 781</b>	<b>412 427</b>	<b>273 781</b>
<b>Non current assets</b>						
Investments		–	–	–	–	–
Investment property		787 727	779 523	779 523	787 727	779 523
Property, plant and equipment		836 998	962 008	965 648	877 373	965 648
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		–	–	–	–	–
<b>Total non current assets</b>		<b>1 624 725</b>	<b>1 741 531</b>	<b>1 745 171</b>	<b>1 665 100</b>	<b>1 745 171</b>
<b>TOTAL ASSETS</b>		<b>1 966 269</b>	<b>2 057 917</b>	<b>2 018 952</b>	<b>2 077 527</b>	<b>2 018 952</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Financial liabilities		1 418	–	–	1 418	–
Consumer deposits		–	–	–	–	–
Trade and other payables from exchange transactions		53 235	64 279	58 985	49 469	58 985
Trade and other payables from non-exchange transactions		1 035	–	(1 035)	51 294	(1 035)
Provision		3 336	2 579	3 179	3 336	3 179
VAT		37 581	201	201	37 709	201
Other current liabilities		–	–	–	–	–
<b>Total current liabilities</b>		<b>96 605</b>	<b>67 059</b>	<b>61 330</b>	<b>143 226</b>	<b>61 330</b>
<b>Non current liabilities</b>						
Financial liabilities		2 238	–	–	2 238	–
Provision		27 548	32 596	35 596	27 548	35 596
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	–	–	–	–
<b>Total non current liabilities</b>		<b>29 786</b>	<b>32 596</b>	<b>35 596</b>	<b>29 786</b>	<b>35 596</b>
<b>TOTAL LIABILITIES</b>		<b>126 390</b>	<b>99 655</b>	<b>96 926</b>	<b>173 012</b>	<b>96 926</b>
<b>NET ASSETS</b>	2	<b>1 839 879</b>	<b>1 958 263</b>	<b>1 922 026</b>	<b>1 904 515</b>	<b>1 922 026</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		1 839 879	1 958 263	1 922 026	1 904 515	1 922 026
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>1 839 879</b>	<b>1 958 263</b>	<b>1 922 026</b>	<b>1 904 515</b>	<b>1 922 026</b>

10. MONTHLY BUDGET STATEMENT: CASHFLOW

EC153 Ngquza Hills - Table C7 Monthly Budget Statement - Cash Flow - M08 - February

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
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		31 304	48 227	48 227	903	12 076	32 151	(20 075)	-62%	48 227
Service charges		1 230	2 511	2 611	20	675	1 774	(1 099)	-62%	2 611
Other revenue		6 816	50 664	52 059	3 307	46 541	35 171	11 370	32%	52 059
Transfers and Subsidies - Operational		356 951	362 391	362 427	37 258	301 676	241 630	60 046	25%	362 427
Transfers and Subsidies - Capital		62 145	65 535	65 535	-	59 854	43 690	16 164	37%	65 535
Interest		340	22 000	26 300	1 087	1 511	18 967	(17 455)	-92%	26 300
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		(190 692)	(462 707)	(503 094)	(9 390)	(143 730)	(348 859)	205 128	-59%	(503 094)
Interest		-	(150)	150	-	-	(100)	100	-100%	150
Transfers and Subsidies		-	(7 000)	7 164	-	-	(4 831)	4 831	-100%	7 164
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>268 094</b>	<b>81 471</b>	<b>61 379</b>	<b>33 184</b>	<b>278 603</b>	<b>19 694</b>	<b>(269 010)</b>	<b>-1322%</b>	<b>61 379</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		128 891	(137 355)	(145 240)	(6 647)	(91 440)	(99 455)	8 015	-8%	(145 240)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>128 891</b>	<b>(137 355)</b>	<b>(145 240)</b>	<b>(6 647)</b>	<b>(91 440)</b>	<b>(99 455)</b>	<b>(8 015)</b>	<b>8%</b>	<b>(145 240)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>396 985</b>	<b>(55 883)</b>	<b>(83 862)</b>	<b>26 537</b>	<b>187 164</b>	<b>(79 862)</b>			<b>(83 862)</b>
Cash/cash equivalents at beginning:		267 822	334 981	334 981		288 536	334 981			288 536
Cash/cash equivalents at month/year end:		664 806	279 097	251 119		475 700	255 119			204 675

**SUPPORTING DOCUMENTATION**

**11. DEBTORS AGE ANALYSIS**

The Municipality bills consumers for Property Rates and Solid Waste Removal services, and interest is charged on overdue accounts. It is critical that billed revenue is collected to ensure the Municipality maintains sufficient cash and cash equivalents to meet its financial obligations as they fall due.

Management is implementing a targeted approach, as discussed at the Revenue Committee and the BTO Portfolio Committee, to prioritise collections from commercial properties. This strategy is based on the understanding that commercial properties have a greater capacity to settle their debts due to their business operations. Following this, management will engage closely with government departments, which also have an obligation to settle all outstanding amounts owed to the Municipality.

The table below provides the Debtors Age Analysis as at the end of February 2026.

EC153 Ngquza Hills - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 - February														
Description	NT Code	Budget Year 2025/26										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.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	Total over 90 days			
<b>R thousands</b>														
<b>Debtors Age Analysis By Income Source</b>														
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	1 224	711	718	694	689	742	680	99 988	105 445	102 793	2	-	
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Management	1600	131	113	109	107	106	105	103	11 562	12 335	11 982	(25)	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-	
Interest on Arrear Debtor Accounts	1810	939	934	936	938	935	934	792	18 143	24 551	21 742	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	-	-	-	-	-	-	-	1	1	1	-	-	
<b>Total By Income Source</b>	<b>2000</b>	<b>2 293</b>	<b>1 788</b>	<b>1 763</b>	<b>1 739</b>	<b>1 729</b>	<b>1 781</b>	<b>1 575</b>	<b>129 693</b>	<b>142 332</b>	<b>136 518</b>	<b>(23)</b>	<b>-</b>	
<b>2024/25 - totals only</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Debtors Age Analysis By Customer Group</b>														
Organs of State	2200	195	195	196	195	195	197	60	22 656	23 888	23 303	-	-	
Commercial	2300	1 487	971	964	963	960	1 009	914	65 552	72 820	69 397	-	-	
Households	2400	611	591	604	581	574	575	602	41 486	45 624	43 818	(23)	-	
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total By Customer Group</b>	<b>2600</b>	<b>2 293</b>	<b>1 788</b>	<b>1 763</b>	<b>1 739</b>	<b>1 729</b>	<b>1 781</b>	<b>1 575</b>	<b>129 693</b>	<b>142 332</b>	<b>136 518</b>	<b>(23)</b>	<b>-</b>	

**a) Debt Collection Rate**

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

**February 2026 collection levels:**

The Municipality bills for Property Rates and Solid Waste Removal services, and interest is levied on outstanding accounts. For February 2026, the Municipality generated total billings of just over R1.5 million, of which over R1.2 million was collected. This represents a monthly collection rate of 84% against billed revenue. On a year-to-date basis, total billings amount to just over R31 million, while collections total just over R12 million, resulting in a year-to-date collection rate of 40%.

The year-to-date collection rate remains below the targeted level. As such, engagements with ratepayers need to be intensified, and the planned specialised engagement with commercial property owners should be expedited to improve revenue performance.

<u>Category</u>	<u>February</u>	<u>Year-to-Date</u>
Rates	1 296 141.26	25 180 117.80
Refuse	95 749.15	928 931.15
Interest Levied	936 344.53	7 235 802.19
	<b>2 328 234.94</b>	<b>33 344 856.14</b>
Receipts	<b>-979 485.67</b>	<b>-13 242 811.20</b>
	<b>1 348 749.27</b>	<b>20 102 039.94</b>
<b>Collection Rate</b>	<b>42%</b>	<b>40%</b>

**b. Comments Regarding Government Debt**

There is ongoing engagement with government departments to ensure that all information required to facilitate payment of outstanding bills is provided. All relevant schedules, supporting documentation, and invoices have already been submitted to the departments responsible, particularly the Department of Public Works, which accounts for most of the billed revenue.

**12. CREDITORS AGE ANALYSIS**

The table below presents the creditors' age analysis as at the end of February 2026, reflecting total creditors of R2.8 million in the 0–30-day category. The municipality remains committed to settling all creditor accounts within 30 days, in line with National Treasury requirements.

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EC153 Ngquza Hills - Supporting Table SC4 Monthly Budget Statement - aged creditors - M08 - February												
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												
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	2 852	-	-	-	-	-	-	-	-	2 852	-
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Type</b>	<b>1000</b>	<b>2 852</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 852</b>	<b>-</b>

### 13. CASH AND CASH EQUIVALENTS

The municipality keeps its funds on the primary and other call accounts. The balances in the bank accounts as at the end of February 2026 were just over R339.6 million and can be tabled as follows:

BANK	ACCOUNT TYPE	BALANCE	RECONS
FNB	Cheque account	102 884 790.79	28/02/2026
FNB	Call account	282 219.80	28/02/2026
FNB	Operational Account	76 878 454.57	28/02/2026
FNB	MIG Call Acc	5 470 259.73	28/02/2026
FNB	Plant Call Acc	143 010 739.90	28/02/2026
FNB	Call account	4 843 570.85	28/02/2026
FNB	Call account	2 528 737.66	28/02/2026
FNB	Call account	1 403 467.69	28/02/2026
FNB	Call account	907 142.52	28/02/2026
FNB	Call account	1 485 880.58	28/02/2026
		<b>339 695 264.09</b>	

14. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

a) Grants Receipts for February 2026

The following table reflects the grant receipts for the month of February 2026

EC153 Ngquza Hills - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M08 - February

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
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		352 936	360 096	360 096	36 980	299 801	240 064	59 737	24.9%	360 096
Expanded Public Works Programme Integrated Grant		1 593	1 716	1 716	-	1 201	1 144	57	5.0%	1 716
Municipal Disaster Relief Grant		1 623	8 114	8 114	36 980	36 980	5 409	31 571	583.8%	8 114
Local Government Financial Management Grant	3	3 000	2 800	2 800	-	3 000	1 867	1 133	60.7%	2 800
Municipal Infrastructure Grant		-	2 639	2 639	-	-	1 759	(1 759)	-100.0%	2 639
Equitable Share		346 720	344 827	344 827	-	258 620	229 885	28 735	12.5%	344 827
<b>Provincial Government:</b>		8 638	2 295	2 331	278	4 875	1 566	3 309	211.3%	2 331
Municipal Disaster Relief Grant		6 490	-	-	-	2 434	-	2 434	#DIV/0!	-
Library Grant		1 495	795	831	-	1 531	566	965	170.5%	831
LG Seta Grant		653	1 500	1 500	278	910	1 000	(90)	-9.0%	1 500
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>		361 574	362 391	362 427	37 258	304 676	241 630	63 046	26.1%	362 427
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		81 812	64 635	64 635	-	59 854	43 090	16 764	38.9%	64 635
Municipal Infrastructure Grant		81 812	64 635	64 635	-	59 854	43 090	16 764	38.9%	64 635
<b>Provincial Government:</b>		-	700	700	-	-	467	(467)	-100.0%	700
Library Grant		-	700	700	-	-	467	(467)	-100.0%	700
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>		81 812	65 335	65 335	-	59 854	43 557	16 297	37.4%	65 335
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		443 386	427 726	427 762	37 258	364 530	285 187	79 343	27.8%	427 762

A total of R278 000 relating to LG Seta and R39.9 million for Disaster Relief grant was received in February 2026, bringing year-to-date receipts to R364.5 million. This represents a variance of 27% against the year-to-date budget.

**b) Grant Expenditure for February 2026**

The table below depicts spending on grants as per DORA allocation.

EC153 Ngquza Hills - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M08 - February										
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										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		19 098	15 269	15 713	1 040	7 434	10 623	(3 189)	-30.0%	15 713
Expanded Public Works Programme Integrated Grant		1 593	1 716	1 716	145	1 158	1 144	14	1.2%	1 716
Municipal Disaster Relief Grant		-	8 114	8 558	644	3 339	5 853	(2 514)	-43.0%	8 558
Local Government Financial Management Grant	3	3 000	2 800	2 800	26	1 091	1 867	(776)	-41.6%	2 800
Municipal Infrastructure Grant		2 030	2 639	2 639	225	1 846	1 759	87	4.9%	2 639
Municipal Disaster Recovery Grant		12 475	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		1 935	2 295	2 331	67	711	1 566	(855)	-54.6%	2 331
Municipal Disaster Relief Grant		(0)	-	-	-	-	-	-	-	-
Library Grant		1 282	795	831	-	120	566	(446)	-78.8%	831
LG Seta Grant		653	1 500	1 500	67	591	1 000	(409)	-40.9%	1 500
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>		<b>21 033</b>	<b>17 564</b>	<b>18 044</b>	<b>1 106</b>	<b>8 145</b>	<b>12 189</b>	<b>(4 044)</b>	<b>-33.2%</b>	<b>18 044</b>
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		79 191	64 635	65 226	1 714	47 480	43 681	3 799	8.7%	65 226
Municipal Infrastructure Grant		79 191	64 635	65 226	1 714	47 480	43 681	3 799	8.7%	65 226
<b>Provincial Government:</b>		213	700	700	-	25	467	(442)	-94.7%	700
Library Grant		213	700	700	-	25	467	(442)	-94.7%	700
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>		<b>79 404</b>	<b>65 335</b>	<b>65 926</b>	<b>1 714</b>	<b>47 505</b>	<b>44 148</b>	<b>3 357</b>	<b>7.6%</b>	<b>65 926</b>
<b>TOTAL EXPENDITURE OF TRANSFERS &amp; GRANTS</b>		<b>100 437</b>	<b>82 899</b>	<b>83 970</b>	<b>2 820</b>	<b>55 650</b>	<b>56 337</b>	<b>(686)</b>	<b>-1.2%</b>	<b>83 970</b>

A total of R2.8 million was spent on grants in February 2026, bringing year-to-date expenditure to R55.6 million. This represents a negative variance of 1.2% against the year-to-date budget.

**15. EMPLOYEE RELATED COSTS AND REMUNERATION OF COUNCILLORS**

The detail provided below relates to the expenditure by the municipality for the period of February 2026. This also includes details of the amounts spent on the remuneration of councillors.

**a) PAYROLL MANAGEMENT**

- The municipal salaries are paid on the 15<sup>th</sup> of every month.
- Salaries for the month of February 2026 were processed successfully, and all salary related Journals were processed.
- 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

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ensuring that payroll reconciliations are performed, reviewed and where necessary, required adjustments and corrections are made on a monthly basis.

**EC153 Ngquza Hills - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M08 - February**

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
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		24 317	20 383	20 383	1 813	14 516	13 589	927	7%	20 383
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1 927	6 305	6 305	209	1 613	4 203	(2 590)	-62%	6 305
Cellphone Allowance		2 826	3 758	3 758	251	2 009	2 505	(496)	-20%	3 758
Housing Allowances		84	138	138	12	96	92	4	4%	138
Other benefits and allowances		-	489	489	-	-	326	(326)	-100%	489
<b>Sub Total - Councillors</b>		<b>29 154</b>	<b>31 073</b>	<b>31 073</b>	<b>2 284</b>	<b>18 234</b>	<b>20 715</b>	<b>(2 481)</b>	<b>-12%</b>	<b>31 073</b>
<b>% increase</b>	4		<b>6.6%</b>	<b>6.6%</b>						<b>6.6%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	3	3 537	4 398	7 304	340	2 720	5 838	(3 118)	-53%	7 304
Pension and UIF Contributions		10	13	13	1	7	9	(2)	-18%	13
Medical Aid Contributions		-	308	181	-	-	79	(79)	-100%	181
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		3 144	449	340	(1 487)	503	190	312	164%	340
Motor Vehicle Allowance		918	1 499	1 120	78	634	620	14	2%	1 120
Cellphone Allowance		119	273	273	(88)	(1)	182	(182)	-100%	273
Housing Allowances		-	211	136	-	-	65	(65)	-100%	136
Other benefits and allowances		1	7	7	0	0	5	(5)	-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		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>7 729</b>	<b>7 158</b>	<b>9 374</b>	<b>(1 136)</b>	<b>3 864</b>	<b>6 988</b>	<b>(3 124)</b>	<b>-45%</b>	<b>9 374</b>
<b>% increase</b>	4		<b>-7.4%</b>	<b>21.3%</b>						<b>21.3%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		93 413	103 409	105 360	8 145	64 144	70 890	(6 747)	-10%	105 360
Pension and UIF Contributions		13 959	16 974	17 708	1 325	10 113	12 050	(1 937)	-16%	17 708
Medical Aid Contributions		9 141	17 301	12 381	903	6 716	6 614	102	2%	12 381
Overtime		14 650	8 199	14 182	1 226	9 843	11 449	(1 606)	-14%	14 182
Performance Bonus		4 050	8 254	7 340	1 996	4 450	4 589	(139)	-3%	7 340
Motor Vehicle Allowance		9 684	10 141	12 091	982	7 644	8 711	(1 067)	-12%	12 091
Cellphone Allowance		1 283	1 326	2 691	269	1 696	2 249	(553)	-25%	2 691
Housing Allowances		5 199	5 559	6 011	478	3 758	4 158	(401)	-10%	6 011
Other benefits and allowances		303	450	955	72	574	805	(231)	-29%	955
Payments in lieu of leave		981	231	71	-	-	(6)	6	-100%	71
Long service awards		788	185	225	29	199	163	36	22%	225
Post-retirement benefit obligations	2	1 224	522	1 030	-	696	856	(160)	-19%	1 030
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		1 105	1 380	1 096	78	582	636	(53)	-8%	1 096
In kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>155 781</b>	<b>173 929</b>	<b>181 140</b>	<b>15 504</b>	<b>110 415</b>	<b>123 164</b>	<b>(12 748)</b>	<b>-10%</b>	<b>181 140</b>
<b>% increase</b>	4		<b>11.6%</b>	<b>16.3%</b>						<b>16.3%</b>
<b>Total Parent Municipality</b>		<b>192 664</b>	<b>212 161</b>	<b>221 587</b>	<b>16 653</b>	<b>132 513</b>	<b>150 867</b>	<b>(18 354)</b>	<b>-12%</b>	<b>221 587</b>

**16. TOP TWENTY CREDITORS PAID (JANUARY)**



Code	Creditor Name	Amount
01989	IHEANS TRAVELLING AGENCY	R2,633,962.72
06321	SKY METRO EQUIPMENT	R2,357,831.20
09998	MVUMEZA TRADING ENTERPRISE	R1,386,265.28
01372	ALUTHA HOLDINGS 82	R1,238,152.95
00372	ESKOM	R1,115,787.35
02274	ATHINDURA TRADING	R811,184.68
00102	VITSHA TRADING	R729,928.23
01743	MASILO PROJECTS	R689,051.25
45689	TENTAMOUNT TRADING 68	R595,856.60
04500	MTN Pty Ltd	R409,829.19
00431	MUNSOFT	R395,889.95
01370	IXHANGA TRADING	R376,050.00
01908	PANGWA TRADING ENTERPRISE	R261,897.45
01098	COEGA DEVELOPMENT CORPORATION (PTY) LTD	R258,752.55
02374	EZOKHANYAYO PROJECTS	R248,547.84
00129	NDELA TRADING ENTERPRISE	R236,432.46
02401	MNT GEOMATICS	R172,039.50
01067	TECHSEEDS TELECOMMUNICATIONS	R132,751.34
01493	KWETANE AND SONS ELECTRICAL AND PROJECTS	R108,560.00
01738	SWORD GROUP	R104,600.00
		<b>R14,263,370.54</b>

**17. UIFW EXPENDITURE**

a) **Fruitless & Wasteful Expenditure as of February 2026** - The municipality is making payments within 30 days as required by MFMA section 65(e) to avoid interest and penalties. No fruitless and wasteful expenditure has been identified for the period reported on, which is February 2026. However, following an investigation that was done by the MPAC in cooperation with the Audit Committee regarding the material irregularity on the VAT Contract, fruitless and wasteful expenditure was also identified. These were payments made over and above the percentage commission per the contract. The following is the summary of what is referred to:

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Period	Payee	DocDate	Period	Amount	Disbursements	Amount	Comment	
2021/11	MAXIMUM PROFIT RECOVERY	2021/02/12	Various Periods	- 1 249 817,85	Yes	250 000,00	Analysing and correcting setup on the vote structure on the financial system	
2021/11	MAXIMUM PROFIT RECOVERY	19/11/2021	Sept 2021 and Unspecified period	- 679 445,60	No	374 497,59	Claim from the unspecified period from Report 6	
2022/01	MAXIMUM PROFIT RECOVERY	2022/01/02	2021/10 and 2016/09 to 2021/01 and 2021/11	- 1 023 642,83	Yes	100 000,00		
2022/02	MAXIMUM PROFIT RECOVERY	22/02/2022	2021/12 and 2016/09 to 2021/01	-	651 031,19	Yes	79 900,00	Fees for performing VAT Recovery Assignment - Mid-Year Recon
							78 800,00	Fees for performing VAT Recovery Assignment - Auditor General Support
							92 500,00	Fees for performing VAT Recovery Assignment - Document Management
2022/03	MAXIMUM PROFIT RECOVERY	2022/08/04	Jan-22	-	466 278,95	Yes	78 256,63	Fees for performing VAT Recovery Assignment - Auditor General Support
							52 251,85	Fees for performing VAT Recovery Assignment - Rectification of Invoices
2022/05	MAXIMUM PROFIT RECOVERY	2022/02/06	Feb-22	- 288 478,35	Yes	120 445,00	Fees for performing VAT Recovery Assignment - Responding to Adhoc SARS Queries	
2022/06	MAXIMUM PROFIT RECOVERY	2022/11/07	Apr-22	- 475 071,19	Yes	78 120,32		
2022/09	MAXIMUM PROFIT RECOVERY	22/09/2022	May 2022 and June 2022	- 871 171,16	Yes	92 450,00	Fees for performing VAT Recovery Assignment - Disbursements	
2022/11	MAXIMUM PROFIT RECOVERY	2022/11/11	Jul-22	- 311 085,33	Yes	62 925,00	Fees for performing VAT Recovery Assignment - Disbursements	
						<b>1 460 146,39</b>		

The fruitless and wasteful expenditure will be disclosed as follows until a proper process to deal with it has been followed: -

	<b><u>2025</u></b>	<b><u>2024</u></b>
Opening balance as previously reported	1 524 224	43 293
Add: Fruitless and Wasteful Expenditure - current	-	20 785
Add: Fruitless and Wasteful expenditure - prior period	-	1 460 146
Less: Amount written off	- 64 078	-
<b>Closing balance</b>	<b>1 460 146</b>	<b>1 524 224</b>

**b) Unauthorised Expenditure** - In terms of section 32 of the MFMA, 'unauthorised expenditure' may only be authorised (condoned) by the municipal council in an adjustments budget. Unauthorised expenditure that occurs in the first half of a municipal financial year may be authorised by the council in the main adjustments budget that must be tabled in council before 28 February 2026. There is no unauthorised expenditure incurred to date.

**c) Irregular Expenditure** - In terms of section 32 of the MFMA, 'irregular expenditure', the municipality must (a) recover irregular from the person liable for expenditure unless the expenditure(b) in the case of irregular is after investigation by council committee certified by the council as irrecoverable and written off by the council.

No irregular expenditure has been incurred or identified for the period of February 2026. The irregular expenditure that is currently being processed through the committees of council is from the prior years and no resolution has been taken on it yet.

It is important to note that during audit, additional irregular expenditure of just of R4 million was identified by the Auditor General, relating to the procurement through deviations which was judged to be poor planning rather than an emergency or impracticality to follow SCM Processes.

The irregular expenditure as at the end of February 2026 can be summarised as shown in the table below: -

	<b>2026</b>	<b>2025</b>
Opening balance as previously reported	29 111 722	19 842 499
Add: Irregular expenditure - current	-	9 269 223
Add: Irregular expenditure - prior period	-	-
Less: Amount written off	- 19 842 499	-
<b>Closing balance</b>	<b>9 269 223</b>	<b>29 111 722</b>

The details of the irregular expenditure identified to this far are as follows: -

DEPARTMENT	DESCRIPTION	SUCCESSFUL BIDDERS	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	Current Year Expenditure	Total expenditure to date
	Opening Balance															
Planning and De	Security Services - Demolitions	Mafoko Security Patrols	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00	R2 002 356,00	R0,00	R2 002 356,00	R2 002 356,00
Technical Serv	Prof Services for Flagstaff Town Hall phase 2	Red Ants	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00	R1 055 790,07	R1 055 790,07	R0,00	R2 111 580,14	R2 111 580,14
All Departments	SCM - Quotations below R30 000 were not evaluated as required by the PPPF Act	Various Bidders	R590 538,85	R256 207,50	R500 257,40	R977 406,50	R263 121,75	R439 936,75	R631 440,85	R176 650,00	R333 946,95	R264 507,96	R242 396,10	R478 875,78	R5 155 286,39	R5 155 286,39
	<b>TOTAL</b>		<b>R590 538,85</b>	<b>R256 207,50</b>	<b>R500 257,40</b>	<b>R977 406,50</b>	<b>R263 121,75</b>	<b>R439 936,75</b>	<b>R631 440,85</b>	<b>R176 650,00</b>	<b>R333 946,95</b>	<b>R1 320 298,03</b>	<b>R3 300 542,17</b>	<b>R478 875,78</b>	<b>R9 269 222,53</b>	<b>R9 269 222,53</b>

## **OTHER REPORTS**

### **18. STATUS OF MSCOA (MUNICIPAL STANDARD CHART OF ACCOUNTS)**

The municipality is using mSCOA chart for live system and budgeting purposes, all monthly reports are drawn from data strings that are taken straight from the system (Munsoft) and they are imported directly to CaseWare to generated schedule C monthly reports.

The municipality's mSCOA Steering Committee has not convened as required. This was due to the appointments to the committee that had not been made. The appointments have however since been made of all relevant officials into the committee. Training was conducted in the month of May 2025 for management and members of the steering committee.

There have been engagements with the vendor, to establish the extent to which the municipality utilizes the system, and plans have been put in place to ensure that there is ultimately a full implementation of an mSCOA compliant accounting system.

From a National Treasury validation perspective, we do a monthly upload of the financial (and certain non-financial) transactions from the General Ledger, which the National Treasury interrogate for integrity purposes. To date we have successfully uploaded all the required strings. The budget verification between data strings and A-Schedule was done and completed and Ingquza Hill was 100% compliant.

### **19. THE SUPPLY CHAIN MANAGEMENT REPORT**

Tabled below is the report on SCM matters to be reported for the month of February 2026.

The municipality has a procurement plan that was developed and approved by council. This was reviewed with the budget adjustment processes done in December and February and amended as such.

#### **18.1 SCM Policy & Procedures**

##### **18.1.1 Adoption by Council**

The SCM Policy was adopted by Council on May 2025, with the approval of the budget and budget related policies.

##### **18.1.2 SCM Procedures**

The municipality has SCM processes in place, however it is a challenge to source the written document to support the processes that are being implemented. The processes are cascaded from Treasury Procedures.

Management is in the process of compiling the SCM Procedures for implementation within the section.

## 18.2 Delegations

The municipality has a SCM delegation of authority that is reviewed regularly by management and council for alignment with various operational requirements and provisions of applicable legislation.

### 18.3 Functioning of the SCM Unit

#### 18.3.1 SCM Structure

The municipality has an organisational structure that is approved by council. The structure also includes the SCM unit, set up such that there is segregation of duties and accountability at various levels. Management continues to work to ensure that there is adequate filling of all vacant positions in the section.

#### 18.3.2 Declaration of Interest

The SCM officials fill in and sign declaration of interest forms annually. These forms are filed and kept at the SCM offices. The intention is for all employees to declare possible conflicts of interest with service providers that may need to be doing business with the municipality.

#### 18.3.3 Code of Conduct for SCM Practitioners

All SCM Practitioners and officials are made to sign the code of conduct after ensuring that they are aware of the contents thereof.

#### 18.3.4 Training of SCM Personnel

The SCM Manager and Officers attended a workshop on SCM and Bid Committees which was organised and hosted internally. There are continued ad hoc trainings and workshops that are conducted for the officials, including those that relate to processes and procedures in the financial management system.

### 18.4 Functioning of Bid Committees

#### 18.4.1 Constitution of Bid Committees

The Bid Committees are constituted in terms of SCM Regulations 27, 28 and 29. The IHLM SCM Policy is also aligned to these regulations. There has been a significant improvement in the sitting of bid committees after the filling of vacant positions at senior and middle management levels.

#### 18.4.2 Alignment of Infrastructure Committees with Infrastructure Delivery Management System (IDMS)

The municipality has not established the infrastructure committees that would implement the IDMS. Management is working on the implementation of IDMS and establishment of the Infrastructure Committees.

#### 18.4.3 Bid Committee Terms of Reference

The IHLM has developed terms of reference for each of the bid committees that have been appointed.

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### 18.5 Reporting Items

#### a) Deviations

##### 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	None

##### 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
	None							

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### 3. Regulation 36 (Deviation from, and ratification of minor breaches of, procurement processes)

Order Date	Description	Supplier Details	Amount	Deviation Reason	Deviation Type
<b>POLICY RELATED DEVIATIONS</b>					
		<b>February 2026</b>	<b>R 25 274,54</b>		
17/02/2026	Advert	Arena Holdings	3 446,55	Impractical	
17/02/2026	Advert	Arena Holdings	10 339,65	Impractical	
17/02/2026	Advert	Arena Holdings	11 488,50	Impractical	

### 4. Regulation 17 Procurement for the Month (February)

Supplier Name	Amount	Description of Incident	Approved by	Date Approved	Department Responsible	Normal Process	Process Followed	Reason for Section 17
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

#### b) Unsolicited Bids

Description of Goods/services	Amount	Date Submitted to Council	Supported		Date submitted to Provincial Treasury	Supported	
			Yes	No		Yes	No
None	None	None	None	None	None	None	None

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### 18.6 Central Suppliers Database (CSD)

- i The municipality utilises the CSD as its primary database for service providers. This is in line with the regulations and latest amendment gazettes. The accounting system currently utilised by the municipality currently synchronises with the CSD to ensure that the locally available information is updated and aligned.

Challenge	Solution by NT
None	N/A

- ii **Uploading payroll information:** The department of cooperate services is updating the information of newly employees on central database to eliminate the risk of trading with individuals in the service of the state.

### 18.7 Procurement Plan Implementation

- i **Format of Procurement Plan:** The SCM Unit compiled a Procurement Plan contributed into by all directorates. The procurement plan mainly considers procurement that is estimated to be above R300 000 or may be a long-term contract. Management will then report on the plan as it is implemented during the financial year.
- ii **Report on implementation of procurement plans:** The procurement plan is being implemented. There are various challenges in the implementation of the procurement plan. They range from the non-sitting of the Bid Specification Committee up to the late submissions of requisitions by user departments. To mitigate this challenge the supply chain management section prepares a procurement update report on weekly basis to assist departments to realize the importance of monitoring their projects that are in the PP service.

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Also, there has been an identified challenge of misalignment of the procurement to the SDBIP and other municipal strategic documents. This will be addressed by management during the mid-term assessment processes.

### 18.8 Quotations Awarded Below R30 000

FUNCTION: FINANCE								
PROJECT	TRANSACTION DATE	SERVICE DESCRIPTION	SUPPLIER NAME	VALUE	LOCALITY	RACE	GENDER	YOUTH
Workshops, Seminars & Subject Matter Trainings: Training Employees	02/02/2026	Training for 04 municipal employees	Munsoft	13 800,00	Gauteng	Black & White	Male & Female	Not Youth
Municipal Running Cost	06/02/2026	Lunch for 5 BEC members at Wild Coast Sun	Iheans Travelling Agency	10 216,19	Mthatha	Black	Female	Not Youth
Workshops, Seminars & Subject Matter Trainings: Training Employees	10/02/2026	Training for S Mzana	Munsoft	3 450,00	Gauteng	Black & White	Male & Female	Not Youth
Municipal Running Cost	18/02/2026	Catering for 80 people in Flagstaff	Anga Investments	10 400,00	Flagstaff	Black	Male	Not Youth
<b>TOTAL</b>				<b>37 866,19</b>				
FUNCTION-CORPORATE SERVICES & HUMAN RESOURCES								
PROJECT	TRANSACTION DATE	SERVICE DESCRIPTION	SUPPLIER NAME	VALUE	LOCALITY	RACE	GENDER	YOUTH
Municipal Minimum Competency Level: Municipal Competency Level	03/02/2026	Accommodation and meals for S Daniso	Iheans Travelling Agency	26 070,00	Mthatha	Black	Female	Not Youth

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Municipal Minimum Competency Level:Municipal Competency Level	05/02/2026	Accommodation and meals for M Matubatuba in East London	Iheans Travelling Agency	3 953,95	Mthatha	Black	Female	Not Youth
Workshops, Seminars & Subject Matter Trainings:Training Employees	25/02/2026	Accommodation and meals for M Ntotho in Mthatha	Iheans Travelling Agency	4 996,75	Mthatha	Black	Female	Not Youth
Municipal Running Cost	25/02/2026	Procurement of 48 Juta Pocket Statutes for 12 employees	Lithotech Sales East London	16 063,20	East London	Black & White	Male & Female	Not Youth
Workshops, Seminars & Subject Matter Trainings:Training Employees	26/02/2026	Accommodation and meals for Z Ntukuntezi and F Fikeni in Dbn	Iheans Travelling Agency	17 199,00	Mthatha	Black	Female	Not Youth
<b>TOTAL</b>				<b>68 282,90</b>				
<b>FUNCTION: ECONOMIC DEVELOPMENT &amp; PLANNING</b>								
<b>PROJECT</b>	<b>TRANSACTION DATE</b>	<b>SERVICE DESCRIPTION</b>	<b>SUPPLIER NAME</b>	<b>VALUE</b>	<b>LOCALITY</b>	<b>RACE</b>	<b>GENDER</b>	<b>YOUTH</b>
Tourism:Tourism Skills Development:Tourism	03/02/2026	Catering for 50 people in Flagstaff	Emazizi	6 500,00	Flagstaff	Black	Female	Not Youth
Tourism:Tourism Skills Development:Tourism	09/02/2026	Catering for 30 people in Lusikisiki	Li Water Recourses	3 600,00	Lusikisiki	Black	Male	Not Youth
Tourism:Tourism Skills Development:Tourism	10/02/2026	Catering for 30 SMMes in Flagstaff	Nguwemha	3 000,00	Flagstaff	Black	Female	Not Youth
Events and Organisations:LED Programmes	12/02/2026	Hiring of PA system in Flagstaff	Route 7 Trading 200	5 300,00	Lusikisiki	Black	Female	Not Youth
Tourism:Tourism Skills Development:Tourism	12/02/2026	Hiring of 20 tables, chairs, tablecloths and generator in Flagstaff	Yayas Trading	15 120,00	Lusikisiki	Black	Female	Not Youth

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Workshop, Seminar & Subject Matter Training:Workshops	16/02/2026	Accommodation and meals for L Fikeni	Iheans Travelling Agency	5 686,52	Mthatha	Black	Female	Not Youth
Workshop, Seminar & Subject Matter Training:Workshops	16/02/2026	Accommodation and meals for N Nombanga and M Zweni in East London	Iheans Travelling Agency	9 341,75	Mthatha	Black	Female	Not Youth
Workshop, Seminar & Subject Matter Training:Workshops	20/02/2026	Accommodation and meals for H Tshumane in Pretoria	Iheans Travelling Agency	5 686,52	Mthatha	Black	Female	Not Youth
Workshop, Seminar & Subject Matter Training:Workshops	20/02/2026	Flights for H Tshumane	Iheans Travelling Agency	10 596,37	Mthatha	Black	Female	Not Youth
Events and Organisations:LED Programmes	25/02/2026	Hiring of PA system in Flagstaff	McQam Communications	6 300,00	Lusikisiki	Black	Male	Not Youth
<b>TOTAL</b>				<b>71 131,16</b>				
<b>FUNCTION: ROADS INFRASTRUCTURE AND TECHNICAL SERVICES</b>								
<b>PROJECT</b>	<b>TRANSAC TION DATE</b>	<b>SERVICE DESCRIPTION</b>	<b>SUPPLIER NAME</b>	<b>VALUE</b>	<b>LOCALITY</b>	<b>RACE</b>	<b>GENDER</b>	<b>YOUTH</b>
Workshops, Seminars & Subject Matter Trainings:Training Employees	06/02/2026	Accommodation and meals for 5 BEC members at Wild Coast Sun	Iheans Travelling Agency	42 309,44	Mthatha	Black	Female	Not Youth
Buildings:Buildings	09/02/2026	Maintenance of gate at DLTC and gutters at VTS	Sword Group	74 000,00	Flagstaff	Black	Male & Female	51% Youth
Buildings:Buildings	09/02/2026	Fixing of 3 doors and maintenance of 12 air conditioners in Lusikisiki	Sword Group	30 600,00	Flagstaff	Black	Male & Female	51% Youth
<b>TOTAL</b>				<b>146 909,44</b>				

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FUNCTION MUNICIPAL MANAGERS & TOWN SECRETARY								
PROJECT	TRANSACTION DATE	SERVICE DESCRIPTION	SUPPLIER NAME	VALUE	LOCALITY	RACE	GENDER	YOUTH
Municipal Running Cost	03/02/2026	Catering for 20 people in Flagstaff on 02-03 February 2026	Iheans Travelling Agency	11 731,50	Mthatha	Black	Female	Not Youth
Municipal Running Cost	04/02/2026	Advert for cleaning hygiene services	Izimba Projects	2 000,00	Matatiele	Black	Female	Youth
Workshops, Seminars & Subject Matter Trainings: Training Employees	04/02/2026	Accommodation and meals for 4 VIP protectors in East London	Iheans Travelling Agency	25 635,50	Mthatha	Black	Female	Not Youth
Burials: Burials	05/02/2026	Groceries for Tyhala family	Langa Spar	6 594,20	Flagstaff	Black	Female	Not Youth
Workshops, Seminars & Subject Matter Trainings: Training Employees	05/02/2026	Accommodation, meals, flights and car hire for Z Ntukuntezi in Cape Town	Iheans Travelling Agency	32 134,15	Mthatha	Black	Female	Not Youth
Strategic Planning: Plan Development	09/02/2026	Lunch for 115 people at Wild Coast Sun	Iheans Travelling Agency	168 803,25	Mthatha	Black	Female	Not Youth
Strategic Planning: Plan Development	09/02/2026	Venue for 115 people at Wild Coast Sun	Iheans Travelling Agency	152 075,00	Mthatha	Black	Female	Not Youth
Strategic Planning: Plan Development	09/02/2026	Accommodation and meals for 105 people at Wild Coast Sun	Iheans Travelling Agency	1 323 052,50	Mthatha	Black	Female	Not Youth
Municipal Running Cost	11/02/2026	Laundry services for 9 tablecloths, 1 flag banner and 2 backstage banners	Desert Dream	2 000,00	Flagstaff	Black	Male	Not Youth

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Workshops, Seminars & Subject Matter Trainings: Training Employees	11/02/2026	Accommodation and meals for Z Ntukuntezi in Mthatha from 15-19 February 2026	Iheans Travelling Agency	18 868,16	Mthatha	Black	Female	Not Youth
Municipal Running Cost	12/02/2026	Advert for tree felling services	Group Two Media Company	1 998,70	Kokstad	Black	Male	Not Youth
Municipal Running Cost	12/02/2026	Advert for panel of EIA for a period of 36 months	Pondoland Times	1 550,00	Bizana	Black	Male	Not Youth
Burials: Burials	16/02/2026	Groceries for Nako family	Samysivu	7 633,85	Flagstaff	Black	Female	Youth
Workshops, Seminars & Subject Matter Trainings: Training Employees	16/02/2026	Accommodation and meals for T Dlungwana in Mthatha	Iheans Travelling Agency	4 149,48	Mthatha	Black	Female	Not Youth
Municipal Running Cost	17/02/2026	Advert for bulletin notice HR 05/02/2026	Arena Holdings	3 446,55	Gauteng	Black & White	Male & Female	Not Youth
Municipal Running Cost	17/02/2026	Advert for bulletin notice HR 12/02/2026	Arena Holdings	10 339,65	Gauteng	Black & White	Male & Female	Not Youth
Municipal Running Cost	17/02/2026	Advert for bulletin notice HR 12/02/2026	Arena Holdings	11 488,50	Gauteng	Black & White	Male & Female	Not Youth
Municipal Running Cost	18/02/2026	Catering for 20 people in Flagstaff	Iheans Travelling Agency	4 127,75	Mthatha	Black	Female	Not Youth
Moral Re-Generation	18/02/2026	Catering for 100 people	Iheans Travelling Agency	11 405,63	Mthatha	Black	Female	Not Youth
Awareness Campaign: Awareness Campaign	18/02/2026	Catering for 200 people	Iheans Travelling Agency	41 277,50	Mthatha	Black	Female	Not Youth
Municipal Running Cost	24/02/2026	Advert for draft annual report	Pondoland Times	1 500,00	Bizana	Black	Male	Not Youth

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Workshops, Seminars & Subject Matter Trainings: Training Employees	24/02/2026	Accommodation, meals, flights and car hire for I Mhlabeni in Jhb	Iheans Travelling Agency	23 636,80	Mthatha	Black	Female	Not Youth
Workshops, Seminars & Subject Matter Trainings: Training Employees	24/02/2026	Car hire for 5 councillors	Iheans Travelling Agency	8 603,10	Mthatha	Black	Female	Not Youth
Municipal Running Cost	25/02/2026	Advert for Clinical Psychologist and Occupational Therapist	Pondoland Times	1 550,00	Bizana	Black	Male	Not Youth
<b>TOTAL</b>				<b>1 875 601,77</b>				
<b>FUNCTION: MAYOR AND COUNCIL</b>								
<b>PROJECT</b>	<b>TRANSACTION DATE</b>	<b>SERVICE DESCRIPTION</b>	<b>SUPPLIER NAME</b>	<b>VALUE</b>	<b>LOCALITY</b>	<b>RACE</b>	<b>GENDER</b>	<b>YOUTH</b>
Capacity Building Councillors: Training councillors	02/02/2026	Accommodation and meals for 28 councillors	Iheans Travelling Agency	543 820,20	Mthatha	Black	Female	Not Youth
Municipal Running Cost	02/02/2026	Venue for 33 people	Iheans Travelling Agency	92 331,25	Mthatha	Black	Female	Not Youth
Municipal Running Cost	02/02/2026	Catering for 33 municipal councillors	Iheans Travelling Agency	108 972,60	Mthatha	Black	Female	Not Youth
Capacity Building Councillors: Training councillors	04/02/2026	Accommodation and meals for S.B Vatsha and M.I Nkungu in East London	Iheans Travelling Agency	14 425,40	Mthatha	Black	Female	Not Youth
Capacity Building Councillors: Training councillors	05/02/2026	Accommodation and meals for N Gagai and N Daniso in East London	Iheans Travelling Agency	7 582,03	Mthatha	Black	Female	Not Youth

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Municipal Running Cost	10/02/2026	Catering for 245 people	Vuyelela Trading	29 400,00	Flagstaff	Black	Female	Not Youth
Municipal Running Cost	11/02/2026	Lunch packs for 15 MPAC members	T and L Trading Enterprise	3 600,00	Lusikisiki	Black	Female	Not Youth
Capacity Building Councillors: Training councillors	11/02/2026	Accommodation and meals for P.N Pepping in Mthatha	Iheans Travelling Agency	12 986,13	Mthatha	Black	Female	Not Youth
Capacity Building Councillors: Training councillors	12/02/2026	Accommodation and meals for Chief L Dinwayo and Chief C Sigcau in Mthatha	Iheans Travelling Agency	3 910,50	Mthatha	Black	Female	Not Youth
Capacity Building Councillors: Training councillors	12/02/2026	Accommodation and meals for V Somani in Mthatha	Iheans Travelling Agency	5 865,75	Mthatha	Black	Female	Not Youth
Municipal Running Cost	19/02/2026	Food parcels for 4 families	Nezamahlase	14 220,00	Flagstaff	Black	Female	Not Youth
Municipal Running Cost	19/02/2026	Groceries for 4 families	Khwaloz Trading Enterprise	28 000,00	Lusikisiki	Black	Male	Not Youth
Municipal Running Cost	20/02/2026	Catering for 60 people in Flagstaff	Nkalani Trading Enterprise	6 000,00	Flagstaff	Black	Female	Not Youth
Capacity Building Councillors: Training councillors	20/02/2026	Accommodation and meals for 6 councillors in Jhb	Iheans Travelling Agency	55 952,74	Mthatha	Black	Female	Not Youth
Capacity Building Councillors: Training councillors	24/02/2026	Flights for 6 councillors from Dbn to Jhb	Iheans Travelling Agency	37 671,15	Mthatha	Black	Female	Not Youth
<b>TOTAL</b>				<b>964 737,75</b>				
<b>FUNCTION: GOVERNANCE INTERNAL AUDIT</b>								
<b>PROJECT</b>	<b>TRANSACTION DATE</b>	<b>SERVICE DESCRIPTION</b>	<b>SUPPLIER NAME</b>	<b>VALUE</b>	<b>LOCALITY</b>	<b>RACE</b>	<b>GENDER</b>	<b>YOUTH</b>

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Workshops and Sessions:Strategic Planning Session	23/02/2026	Flights and car hire for Y Rini	Iheans Travelling Agency	15 353,47	Mthatha	Black	Female	Not Youth
<b>TOTAL</b>				<b>15 353,47</b>				
<b>FUNCTION: COMMUNITY SERVICES SOLID WASTE</b>								
<b>PROJECT</b>	<b>TRANSACTION DATE</b>	<b>SERVICE DESCRIPTION</b>	<b>SUPPLIER NAME</b>	<b>VALUE</b>	<b>LOCALITY</b>	<b>RACE</b>	<b>GENDER</b>	<b>YOUTH</b>
Workshops; Seminars and Subject Matter Training:Workshops	03/02/2026	Accommodation and meals for Z Masumpa in Queenstown	Iheans Travelling Agency	3 910,50	Mthatha	Black	Female	Not Youth
Workshops; Seminars and Subject Matter Training:Workshops	04/02/2026	Accommodation and meals for Z Masumpa and P Swana in East London	Iheans Travelling Agency	11 373,04	Mthatha	Black	Female	Not Youth
Sport Development:Marathons; Sport and Recreation:Sport & recreation	06/02/2026	Drinks for athletics club	Protsec	4 500,00	Flagstaff	Black	Female	Not Youth
Workshops; Seminars and Subject Matter Training:Workshops	20/02/2026	Accommodation, meals & flights for A Mvunelo in Jhb	Iheans Travelling Agency	10 759,31	Mthatha	Black	Female	Not Youth
Capital Spares:VTC equipment calibration	20/02/2026	Calibration of VTS equipment	Truvelo Africa Electronics Division	13 806,21	Johannesburg	White	Male	Not Youth
Library Programmes:Library Services	25/02/2026	Transport for learners attending Library Week event	Tedds Projects	4 800,00	Flagstaff	Black	Male	Not Youth
Workshops; Seminars and Subject Matter Training:Workshops	09/02/2026	Accommodation and meals for Z Masumpa in Jhb	Iheans Travelling Agency	6 338,27	Mthatha	Black	Female	Not Youth

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TOTAL				55 487,33			
GRAND TOTAL				3 235 370,01			

### 18.9 Formal RFQ's R30 000.00 – R300 000.00: February

NO	NAME OF CONTRACTOR	MAAA NUMBER	CONTRACT NUMBER	DESCRIPTION OF CONTRACT	DATE OF AWARD	CONTRACT PERIOD	CONTRACT VALUE	LOCALITY	GENDER	YOUTH AND RACE
1.	Ezokhanyayo Projects	MAAA134862	IHLM/124/2025-26/ADMIN	Supply and delivery of stationery	05-Feb-26	Once off	R248 547,84	Bizana	Female and Male Owned	Black and Youth
2.	LTDZOZ	MAAA1345895	IHLM/125/2025-26/MM'S	Supply and delivery of school uniform	10-Feb-26	Once off	R169 168,00	New Germany	Male Owned	Black and Youth
3.	Masakhane Projects & Other Services	MAAA1673985	IHLM/128/2025-26/COMM	Grass Cutting services for 18 soccer grounds	13-Feb-26	Once off	R72 000,00	Lusikisiki	Female owned	Black and Youth
4.	Achumile Amangwane Investments	MAAA1258075	IHLM/129/2025-26/COMM	Supply and delivery of Fuel and Lubricants	18-Feb-26	Once off	R115 000,00	Lusikisiki	Female owned	Black and Youth
5.	LTDZOZ	MAAA1345895	IHLM/111/2025-26/COMM	Repairs & Renovations of Ndimakude Library	25-Feb-26	Once off	R288 920,50	Lusikisiki	Male Owned	Black and Youth
6.	Boinketlo K Investments	MAAA1521479	IHLM/131/2025-26/MM'S	Supply, delivery and installation of signage billboards	25-Feb-26	Once off	R46 000,00	Bizana	Female owned	Black and Not Youth

### 18.10 Bids above R300 000.00

NO	NAME OF CONTRACTOR	MAAA NUMBER	CONTRACT NUMBER	DESCRIPTION OF CONTRACT	DATE OF AWARD	CONTRACT PERIOD	CONTRACT VALUE	LOCALITY	OWNERSHIP	RACE & AGE GROUP
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

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### 18.11 Task Orders : February

NAME OF CONTRACTOR	CONTRACT NUMBER	DESCRIPTION OF CONTRACT	DATE OF AWARD	CONTRACT VALUE
Red Ants Security Relocation & Eviction Services	IHLM/78/2024-25/COMM	Task order for private security services for 90 days	11-Feb-26	<b>R431 070,60</b>

### 18.12 Municipal Bid Appeals (if applicable)

Bid Number	Bidder's name (Lodged Objection)	Date the objection was lodged	Appeal Status
IHLM/117/2022-23/ROADS	Pharaohs QS, Masakhane PM	11/10/2023	Court judgement 28/04/2024

### 18.13 Contracts Register Statistics

No. of Current Contracts	No. of contracts awarded to SMMEs within the municipal area (local suppliers)	No. of Contracts about to expire in <6 months	No. of Expired Contracts but still in use
154 (2023-24) 53 (2024-25) 58 (2025-26)	163	09	03
Commitment amounts as at the <b>28 February 2026 R 99 968 011,66</b>			

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### 18.14 Contracts Expiring in 2026

Contract No.	Contract Description	End Date	Amount
IHLM/2023-24/ROADS	Routine maintenance, repairs and servicing of standby generator for a period of 02 years	27 March 2026	Rate Based
IHLM/78/2024-25/COMM	Provision of Private security Services for a period of 12 months	28 March 2026	Rate Based
IHLM/62/2022-23/LEGAL	Panel of Attorneys for a Period of Three years	06 April 2026	Rate Based
IHLM/111/2023-24/BTO/AFS	Preparation of Annual Financial Statement Review	28 May 2026	R2 523 243,06
IHLM/94/2023-24/ROADS	Panel of Contractors Buildings	06 June 2026	Rate Based
IHLM/93/2023-24/ROADS	Panel of Contractors Electrification	06 June 2026	Rate Based
IHLM//2020-21/BTO	Provision of Banking Services	10 June 2026	
IHLM/124/2023-24/BTO	Auction Services	28 June 26	Rate Based
IHLM/84/2022-23/BTO	Provision of Travel Management Services ( First Contract with Coega Corporate)	30 June 2026	Rate Based
IHLM/122/2023-24/BTO	Provision of tyre supply, fitment, maintenance and repairs	28 August 2026	Rate Based

### 18.15 Long-term Contracts

NO.	DESCRIPTION	NATURE & PURPOSE OF THE AGREEMENT	STATUS	RESPONSIBLE OFFICIALS
1.	Agreement between IHLM and MTN	Cellphone contract for Managers agreement	Cell phone contract has expired on the 31-May-2024	Manager ICT and Admin
2.	Agreement between IHLM and MTN	Cellphone contract for Councilor's agreement	Cell phone contract is expired on the 31-10-2024	Manager ICT and Admin
3.	Agreement between IHLM and Techseeds	Municipal Website Re-Design	The Contract is expired on the 30-06-2024	Manager ICT and Admin

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4.	Agreement between IHLM and Bidvest Steiner	Provision of Hygiene Services	The Contract is expired on the 10-06-2024	Manager ICT and Admin
5.	Agreement between IHLM and Techseeds	ICT Infrastructure Maintenance	Cell phone contract is expiring on the 31-10-2025	Manager ICT and Admin
6.	First National Bank	Provision of Banking Services	The Contract is expiring on the 10-06-2026	Chief Financial Officer
7.	Coega Corporate Travel	Provision of Travel Management Services	Contract Expiring on the 30 June 2026	Budget and Treasury Office
8.	Iheans Trading t/a Iheans Travelling Agency	Provision of Travel Management Services	Contract Expiring on the 05 March 2027	Budget and Treasury Office
9.	Lateral Unison	Insurance Services for a period of 03 years	Contract Expiring on the 28-Jun-27	Manager Asset, Fleet and Expenditure
10.	Riley Auctioneers	Auction Services	Contract Expiring on the 28-Jun-26	Manager Asset, Fleet and Expenditure
11.	Amalande Construction t/a Amalande Tyres	Provision of tyre supply, fitment, maintenance and repairs	Contract Expiring on the 20 August 2026	Manager Asset, Fleet and Expenditure
12.	Sky Metro	Printing services for a period of 36 Months	Contract expiring on the 19 November 2027	Manager ICT and Admin

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13.	Hygiene Hub	Panel for supply and delivery of Refuse Bags for a period of 3 years	Contract expiring on the 25 February 2028	Manager Community Services
14.	Mat Trading Enterprise	Panel for supply and delivery of Refuse Bags for a period of 3 years	Contract expiring on the 25 February 2028	Manager Community Services
15.	N M Merge Projects	Panel for supply and delivery of Refuse Bags for a period of 3 years	Contract expiring on the 25 February 2028	Manager Community Services
16.	Ebhungeni Holdings	Panel for supply and delivery of Refuse Bags for a period of 3 years	Contract expiring on the 25 February 2028	Manager Community Services
17.	Sandu M (PTY)	Panel for supply and delivery of Refuse Bags for a period of 3 years	Contract expiring on the 25 February 2028	Manager Community Services
18.	Sword Group	Panel for supply and delivery of Refuse Bags for a period of 3 years	Contract expiring on the 25 February 2028	Manager Community Services
19.	Samysivu	Panel for supply and delivery of Refuse Bags for a period of 3 years	Contract expiring on the 25 February 2028	Manager Community Services
20.	Vilito Trading	Panel for supply and delivery of Refuse Bags for a period of 3 years	Contract expiring on the 25 February 2028	Manager Community Services
21.	Masinyane and Son	Panel for supply and delivery of Refuse Bags for a period of 3 years	Contract expiring on the 25 February 2028	Manager Community Services
22.	Million Colours Group	Panel for supply and delivery of Refuse Bags for a period of 3 years	Contract expiring on the 25 February 2028	Manager Community Services
23.	Ntlesko Trading	Provision of Cell phone contract for a period of 24 Months	The Contract is expiring on the 10-March-2027	Manager ICT and Admin
24.	Black Space Ultimate	Provision of Microsoft Office 365 E3 Services for a period of 36 Months	The Contract is expiring on the 18-March-2028	Manager ICT and Admin

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25.	Tech Seeds Telecommunications	Provision of Telephone System for 320 users for 36 Months	The Contract is expiring on 18-March-2028	Manager ICT and Admin
26.	MIE Pty Ltd	Provision of Background verification check for a period of 03 Years	The Contract is expiring on 14-April-2028	Corporate Services
27.	Gemini Moon Trading	Provision of electronic document management system for a period of 36 months	The Contract is expiring on 05-May-2028	Manager ICT and Admin
28.	Tech Seeds Telecommunications	Website revamp services for a period of 24 months	The Contract is expiring on 14-May-2027	Manager ICT and Admin
29.	Chartall Creations	Provision of revenue based strategies process and funding prioritisation on risk basis for a period of 36 months	The Contract is expiring on 30-May-2028	Budget and Treasury
30.	Maximum Profit Recovery	Provision of revenue based strategies process and funding prioritisation on risk basis for a period of 36 months	The Contract is expiring on 30-May-2028	Budget and Treasury
31.	Sword Group	Supply, delivery and Minor Maintenance for Municipal Facilities	The Contract is expiring on 03-July-2028	Technical Services
32.	Techi Engineering	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
33.	Mesabiso Civil & Projects	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services

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34.	S. Zoko Consulting	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
35.	Zinzame Consulting Engineers	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
36.	Insika Yethu Pty Ltd	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
37.	Hi-Tec Consulting Engineers	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
38.	Ubuhle Bempisi Consulting Engineers	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
39.	4 Dimension Engineering	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
40.	Bhuku Consulting Engineers	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
41.	Beacon Holdings	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services

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42.	BI Infrastructure Consultants	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
43.	Bonsai Engineering & Construction	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
44.	Leko Engineering	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
45.	Black Mountain Consulting	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
46.	Usiba Iwe Afrika	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
47.	MI Consulting	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
48.	Mlala Emazweni Trading & Projects	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
49.	Engineering Aces	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services

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50.	Afroteam Consultants	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
51.	MBSA Consulting	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
52.	YG Solutions	Panel of Professional Services for Civil and Structural Engineers for a period of 36 months	Contract is expiring on 25 August 2028	Technical Services
53.	Gemin Moon Trading 6 Pty Ltd	Panel of ICT service providers for a period of 36 Months	Contract is expiring on 04 November 2028	Manager ICT and Admin
54.	Techseeds Telecommunication	Panel of ICT service providers for a period of 36 Months	Contract is expiring on 04 November 2028	Manager ICT and Admin
55.	Njilo Technology Systems	Panel of ICT service providers for a period of 36 Months	Contract is expiring on 04 November 2028	Manager ICT and Admin

### 18.16 Variations

For the month of February 2026, the following are the reported variation orders.

Contractor & Contract No.	Contract Description	Contract Value	Reasons for Variation	Amount
NONE	NONE	NONE	NONE	NONE

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Variations above 15% or 20% (Comply with MFMA S116(3))

None

**18.17 Supplier Performance Management**

**i The Purpose of Supplier Performance Management**

The purpose of this submission is to appraise the committee on the overall performance of service providers/suppliers contracted by the Municipality for the provision of goods and services. The report covers the contract management activities and performance analysis of all service providers/suppliers/contractors engaged by the Departments across the Municipality. This is a consolidated report and entails a summary of all reports submitted by various Project Managers.

Supply Chain Management Policy requires the accounting officer to establish and implement an effective system of logistics management, which must include the monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for goods or services.

**ii Discussion**

In the execution of its service delivery responsibilities, the Municipality appoints qualifying companies to assist in the implementation of its projects and/or supply of the required goods or services. This then presents the need to ensure that these contracted service providers comply with the contractual conditions in the provision of the required goods and services. This function is performed in terms of Section 116 of the MFMA (Act No. 56 of 2003). It is therefore essential that a service level agreement is signed prior to the commencement of any contract.

**iii Performance monitoring of service providers**

The Contract Management Section of the SCM Unit in conjunction with the relevant Project Managers is responsible for the monitoring of all service providers and contractors' performance. The successful implementation of projects will eventually yield to the realization of the Council's goals and targets as indicated in the Municipality's SDBIP. The focus is on compliance with all applicable legislations in the appointment of these entities with clearly identified project deliverables or scope of works. The Council must realize value for money in all these contracts.

The performance evaluation is an ongoing process within the departments in the municipality; however, the contracts management unit collates the information on a quarterly basis for reporting purposes.

**18.18 Bids advertised (Annexure)**

- i Website: All bids between the range of R30 000 to R300 000 and are advertised on website.
- ii E-tender portal: E-port is working; therefore, all Adverts were uploaded on the website.
- iii CIDB: All bids that require to be advertised on CIDB were advertised and printouts were saved for compliance and audit purposes.
- iv Cancelled bids: None

**18.19 Local Content Reporting**

Contract Description	Designated Sector	% Designated	Award Value	Date of Award	Reporting to DTI
None					

**20. ASSETS AND FLEET MANAGEMENT**

Asset Management is the unit within the Budget and Treasury Department that is responsible for the co-ordination of asset management function throughout the municipality. To ensure that municipal assets are managed, controlled, safeguard and utilized in an efficient and effective manner.

Fleet Management also is the unit within Budget and treasury department that is responsible for the management and effective utilisation of municipal fleet. Expenditure Management is the unit as well within Budget and Treasury section which deals with the payment of suppliers as well as payment of salaries. The following are items that can be highlighted relating to asset and fleet management:

**a. Asset Additions**

During the month of February 2026, moveables to the value of R 2,132,789.26 were acquired.

**WIP additions as of 28 February 2026 are as follows:**

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**INGQUZA HILL LOCAL MUNICIPALITY**  
**WIP REGISTER FOR 2025-2026 FINANCIAL YEAR**  
**01 JULY 2025- 28 FEBRUARY 2026**

No	Project Name	Consultant	Contractor	Class	Opening Balance 01 July 2025	31-Jul-25	31-Aug-25	30-Sep-25	31-Oct-25	30-Nov-25	31-Dec-25	31-Jan-26	28-Feb-26	Closing Balance 28 February 2026	Comments
1	New Municipal Offices Lusikisiki	Uphuhliso Nohlumo	N/A	Other Assets	7,628,949.85	1,769,324.10	1,546,204.42	2,677,260.34	-	-	-	1,740,186.96	-	15,361,925.67	In Progress
2	Flagstaff Municipal Offices	Iqhaya Design Workshop	N/A	Other Assets	5,750,792.80	-	-	-	1,822,384.44	3,946,529.10	1,146,477.42	-	2,553,133.20	15,219,316.96	In Progress
3	Taxi Rank	Leko Consulting	N/A	Community Assets	2,739,544.12	-	-	-	-	-	-	-	-	2,739,544.12	In Progress
4	Flagstaff Town Hall (Phase2)	Iqhaya Design Workshop	Lithubalam Trading	Community Assets	14,693,708.40	1,232,500.00	380,000.00	-	-	-	-	-	-	16,306,208.40	In Progress
5	Lusikisiki Town Hall (Phase 2)	Calliper Consulting	Cece JV Nkanyeni/Athin	Community Assets	11,636,556.02	-	1,302,666.47	401,076.72	1,670,097.00	3,300,242.05	1,000,000.45	567,607.77	705,377.98	20,583,624.46	In Progress
6	Ward 2 Sport Field	Leko Consulting	Brainwave Projects	Community Assets	23,652,420.36	-	-	-	-	-	-	-	-	23,652,420.36	In Progress
7	Ward 26 Sports field	Iqhaya Design Workshop	Vitsha Trading	Community Assets	20,451,352.02	-	-	-	-	-	-	-	-	20,451,352.02	In Progress
8	Facelift Towns (Internal Streets Flagstaff) Phase 2	Zinzame Consulting	MVI Construction	Infrastructure-Road	24,505,425.32	6,277,134.96	720,405.00	1,050,811.59	631,498.01	830,127.75	2,552,196.83	894,050.28	348,254.36	37,809,904.10	In Progress
9	Facelift Towns (Internal Streets Lusikisiki) Phase 3	Uphuhliso Nohlumo	Mvumeza Trading	Infrastructure-Road	25,741,895.66	-	3,818,728.83	2,086,087.40	20,277.77	4,105,431.52	3,151,884.58	21,500.00	1,205,448.07	40,151,253.83	In Progress
10	Construction of Lambasi Driveway	N/A	Vilito JV Vitsha Trading	Infrastructure-Road	2,604,501.42	-	-	-	-	-	-	-	-	2,604,501.42	In Progress
11	Construction of Mtshayazafe Access Road	N/A	Mphumzi and Sons	Infrastructure-Road	4,028,434.18	-	-	-	-	-	-	-	-	4,028,434.18	In Progress
12	Construction of Qhamangweni Access Road	BM Infrastructure	N/A	Infrastructure-Road	272,447.47	-	-	-	-	-	-	-	-	272,447.47	In Progress
13	Construction of Sirhetshe to Sibuthe Access Road	Mlala Emazweni Trading	Tentamount	Infrastructure-Road	251,786.85	-	560,044.22	435,376.25	621,306.79	609,081.12	630,552.60	-	285,206.97	3,393,354.80	In Progress
14	Construction of Nkonyameni Access road & Bridge	Mlala Emazweni Trading	Tswela	Infrastructure-Road	335,676.57	917,612.42	480,080.82	-	-	991,303.17	1,312,780.06	-	-	4,037,453.04	In Progress
15	Supply and Installation of 5 Solar Street Lights	N/A	Magnetic Power	Infrastructure-Electrification	590,944.16	-	-	-	-	-	-	-	-	590,944.16	In Progress
16	Construction of Mtshayelo Access Road	Mlala Emazweni Trading	Pangwa Trading	Infrastructure-Road	268,258.88	892,617.60	505,614.15	1,239,224.45	418,547.56	904,432.52	616,000.78	-	227,736.91	5,072,432.85	In Progress
17	Construction of Zone 5 Sportsfield	SDM Consulting/Zambro	N/A	Community Assets	7,695,367.06	1,556,703.36	-	-	1,274,393.92	-	603,000.00	-	-	11,129,464.34	In Progress
18	Fencing of Lusikisiki Pound	N/A	Vitsha Trading	Community Assets	-	-	-	-	-	265,000.00	-	452,519.00	-	717,519.00	In Progress
19	Construction of High Mast		Masilo Projects	Infrastructure-Electrification	-	-	-	-	-	1,022,007.60	1,597,406.40	2,176,220.70	599,175.00	5,394,809.70	In Progress
				<b>Opening Balance</b>	<b>152,848,061.15</b>	<b>12,645,892.44</b>	<b>9,313,743.91</b>	<b>7,889,836.75</b>	<b>6,458,505.49</b>	<b>15,974,154.83</b>	<b>12,610,299.12</b>	<b>5,852,084.71</b>	<b>5,924,332.49</b>	<b>229,516,910.89</b>	

**b. Asset Verification**

No verification was carried out in February 2026. The planned verification will be carried out in February 2026.

**c. Asset Bar Coding**

The procured assets were bar coded where applicable.

**d. Loss on Assets.**

There has been no loss of assets in the month of February 2026

**e. Insurance**

All municipal assets that have been procured are insured with Lateral Unison. The insurance cover period is from 01 July 2024 to 30 June 2027, as the Municipality has contracted the service provider for a period of thirty-six (36) months. Newly procured assets are added to the insurance policy accordingly.

There are currently two (2) claims that have been registered with the insurance company, as detailed below:

NO	VEHICLE	REGISTRATION NO	DATE OF THE ACCIDENT	PROGRESS REPORT
1	toyota Hilux	KNG164EC	20-Feb-26	A Toyota Hilux assigned to Lusikisiki Security section was involved in a collusion at KwaBhala A/A near Mhату stop. The vehicle struck a child fortunately the child sustained only minor injuries. Damaged to the vehicle was minimal, limited to the corner bumper and the left front headlamp. the insurance claim was subsequently submitted on 20 February 2026.
2	Toyota Fortuner	KMM272EC	22-Jan-26	The parts for the Toyota Fortuner has arrived and they are busy working on it now.

**f. Disposal of Assets**

The Auction of the below Animals was re-scheduled due to Foot and Mouth diseases, and we were advised by the Vet that the Animals have been quarantined for a specific period. Below are the animals that have been quarantined:

**Cows**

- 5 x Imazi zenkomo
- 4x linkabi zenkomo
- 3x Amathokazi enkomo
- 2x linkunzi zenkomo
- 2x Inkunzana zenkomo

**Horses**

- 1x Imbongolo
- 1x Imazi yehashe
- 1x Ithokazi lehashe

**g. Fleet Management (Repairs & Maintenance)**

There were thirteen (13) vehicles that were sent for services and repairs, and these were completed.

NO	VEHICLE	REGISTRATION NO	SERVICE PROVIDER	AMOUNT	SERVICE DESCRIPTION
1	UD Truck	HZF149EC	Thompson Motors	143,133.63	Changed oils, filters, tail light, turbocharger, door lock, control rod, door handles, seals, door stray , battery, repair intercooler, repair wiring.
2	Toyota Fortuner	KMM265EC	Halfway Toyota Shelly Beach	19,563.40	Replaced rear and front disc and disc pads.
3	Toyota Hilux	KNG145EC	UGU Auto Body Refinishers	13,603.46	Loadbody rubberize and fixed side step.
4	Toyota Hilux	KNG157EC	Halfway Toyota Shelly Beach	5,889.06	Replaced front disc and disc pads.
5	Toyota Hilux	KNG171EC	Halfway Toyota Shelly Beach	6,000.61	Replaced front disc and disc pads.
6	Toyota Hilux	KNG139EC	UGU Auto Body Refinishers	13,603.46	Trimmings-Rubberising, fixed side step.
7	Shantui Landfill Compactor	CHSR23	GBK Mechanical Repairs	16,008.18	Service kit - yellow, changed engine oil and grease.
8	Bell Excavator	JTE3160766	Bell Equipment Sales SA Limited	56,082.35	Service kit - yellow, changed oils, and poly v belt.
9	Kobelco Excavator	YN15506573	Bell Equipment Sales SA Limited	38,080.12	Service kit - yellow, changed oils, and poly v belt.
10	Bell 315 Backhoe loader	HTZ035EC	Bell Equipment Sales SA Limited	53,234.60	Service kit - yellow, insert new rim, repaired indicator lamp and changed oils.
11	NewHolland Tractor	KLZ895EC	Tractor World - ACSUPP	19,805.81	Service kit - yellow, changed oils , coolant and grease.
12	Hino 300 915 LWB	JNK075EC	Hino Shelly Beach	41,733.59	Repair central locking, changed battery cable and terminals, replaced battery, changed pin and bushes, stabalized link rod.
13	Beifang Benchi Powerstar	HTZ032EC	Thompson Motors	115,733.11	Service kit- yellow metal, repair electrical, changed oils and fuel cap, exhaust gasket, turbocharger gasket, battery box.
14	Nissan Refuse Truck	JRF313EC	Thompson Motors	99,975.20	Changed oils, filters, sump plug washer, steering fluid, wiper blades, shock front, slack adjusters, battery and body panel-roof.
15	Mitsubishi Fuso	KHD985EC	Union Motors South Coast	63,265.12	Replaced shocks, wiper blades, fender, front lamp, changed oils and alternator.
16	Fuso Truck FJ MY17.1	KHD987EC	NMI Durban South Prospection	13,751.24	Changed oils, air and pollen filters, wiper blade, engine cleaner and service kit.
17	Fuso Truck FJ 26-280CF	KHF005EC	Union Motors South Coast	117,150.30	Replaced alternator and fan belt, changed oils, shocks, fenders, valve, brake drum and spring kit, clean engine.
				<b>836,613.24</b>	

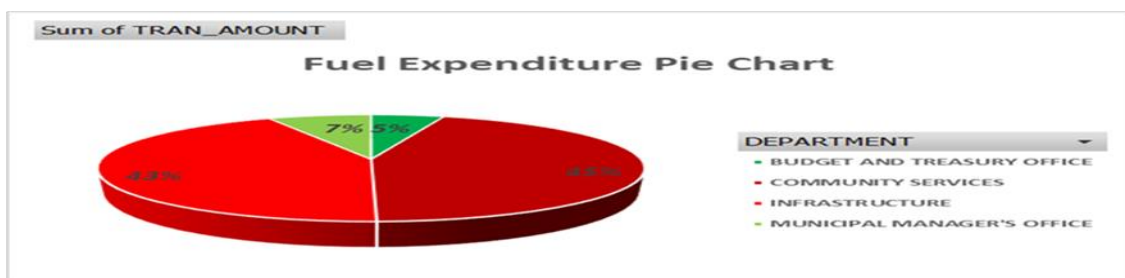
**h. Vehicle Registration**

No registration of vehicles was done in February 2026.

**i. Fuel Expenditure**

The municipality is using Fuel cards for the municipal vehicles. The total fuel expenditure for the month of February 2026 is as follows.

No	January 2026	February 2026	Percentage Change	Reasons for Variance
1	R 1,115,394.86	R 1,112,276.73	2% Decrease	This is due to some plant items were taken for repairs during the month of February 2026.



**21. FREE BASIC SERVICES**

**a. Legal Background**

The Free Basic Services (FBS) Guidelines stipulate that indigent households must be supported at the local sphere of government. Qualifying indigent beneficiaries are to be provided with free basic services, including electricity, alternative energy, water and sanitation, and waste collection, until such time that they improve their socio-economic status and no longer qualify as indigent. At present, the municipality provides electricity and paraffin as alternative energy sources, with a strategic plan to transition to gas in the near future.

These services are funded by Equitable Share which is primarily intended to improve the living conditions of poor and marginalised communities by enabling municipalities to provide these basic services.

**b. Indigent register, Data collection and Data Capturing**

Data collection has been done through Ward Councillors, traditional leaders, CDW’s and ward committees in all the thirty-two wards that are within Ingquza Hill local municipality jurisdiction. Below are ward-based figures to-date:

**c. ESKOM (Electricity)**

On February 2025, we have 2 142 beneficiaries claiming an amount of of **R270 260.98** for people who benefited from free basic electricity (FBE), and each household receives 50 KW units from Eskom.

**d. ALTERNATIVE ENERGY (Paraffin)**

The Free Basic Services (FBS) section appointed ten (10) service providers in July for the 2025/26 financial year. These service providers supplied and delivered paraffin to all thirty-two (32) wards of Ingquza Hill Local Municipality.

Each qualifying household received 60 litres of paraffin, delivered in a sealable container, over a period of two (2) months, namely July and August 2025.

Current discussion at the FBS Steering Committee relate to the type of alternate energy that must be supplied, ranging from solar energy to LP Gas and stoves.

**e. Financial Expenditure for Free Basic Electricity (FBE) and Paraffin:**

<b>2025/26</b>	<b>CURRENT YEAR</b>
Opening Balance February 2026	<b>R2 761,372.52</b>
Expenditure incurred February 2026	<b>(R270 260.98)</b>
Closing balance February 2026	<b>R2 491 111.54</b>

**QUALITY CERTIFICATE**

I, **V.C. Makedama**, Municipal Manager of Ingquza Hill Local Municipality, hereby certify that the Section 71 report and supporting documentation for M08 – February 2026, have been prepared in accordance with Municipal Finance Management Act No 56 of 2003 and the regulations made under that Act.

**PRINT NAME:**           Velile Castro Makedama          

*Municipal Manager of Ingquza Hill Local Municipality*

**SIGNATURE** \_\_\_\_\_

**DATE** \_\_\_\_\_

**ANNEXURES**

**22. PROGRESS ON THE IMPLEMENTATION OF THE AUDIT ACTION PLAN 2024/25**

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No	Reference	Finding	Action Plan	Implementation Progress to date	Responsible Person	Implementation Due Date
1	AAP87836-2025	COAF 6 of 2025 HR Business Process: Internal Control Deficiencies	1. Management will strengthen the internal control reviews to all the underlying schedules.	This has been corrected and being implemented	Buhle Fikeni, Sikho Mzana	31/Mar/2026
2	AAP87839-2025	COAF 6 1. Planning: Payroll Business Process: HR Plan not reviewed	The HR Plan has been reviewed in the 2025/26 Financial year and was adapted by the Council on the 30 June 2025.	The HR Plan has been reviewed in the 2025/26 Financial year and was adapted by the Council on the 30 June 2025.	Sikho Mzana, Miranda Matubatuba, Thulisile Mpatheni	28/Feb/2026
3	AAP91363-2025	COAF 14 OF 2025 Execution: PPE: Prior year Impairment loss	<p>1. Management will be using the asset verification and conditional assessment report from the verification results of 2024 and 2025.</p> <p>2. Perform a comparison test of the conditions between the 2024 Restated register and 2025 Registers.</p> <p>3. Where discrepancies are identified, update the conditions to reflect the accuracy of the verification results.</p> <p>4. To utilise the developed impairment methodology which will be in line with</p>	<ul style="list-style-type: none"> <li>• Analyzed the FAR of the municipality and established the root cause of the differences in calculations for depreciation and impairment and other findings relating to the PPE</li> <li>• Developed a process to be followed to address all issues raised by the Auditor General, and ensure the IHLM has a GRAP Compliant Asset Register</li> <li>• Workings to address the issues raised compiled, and currently going through review processes. This includes review of methodologies for alignment with GRAP Standards and Municipal Policies</li> </ul>	Sikho Mzana, Buhle Fikeni	30/Apr/2026

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			<p>GRAP Standards to calculate the recoverable amount and compare it with the carrying amount to determine the impairment for 2024 and 2025.</p> <p>5. To Process the adjustments in relation to the impairment and prepare the prior period file (supporting documents).</p>			
4	AAP91386-2025	COAF 20 PPE: Assets incorrectly valued at 30 June 2024	<p>1. To align the original Useful lives in the fixed asset register to the asset management policy of the Municipality.</p> <p>2. Confirm the Remaining useful lives of the assets as at beginning of 2024. This will be done through the recalculation of the remaining useful life using the acquisitions dates.</p>	<ul style="list-style-type: none"> <li>• Analyzed the FAR of the municipality and established the root cause of the differences in calculations for depreciation and impairment and other findings relating to the PPE</li> <li>• Developed a process to be followed to address all issues raised by the Auditor General, and ensure the IHLM has a GRAP Compliant Asset Register</li> <li>• Workings to address the issues raised compiled, and currently going through review processes.</li> </ul>	Sikho Mzana, Buhle Fikeni	30/Apr/2026

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			<p>3.Where discrepancies identified, make the necessary adjustments to make the corrections.</p> <p>4.Recalculate the depreciation for the 2024,2025 and 2026 period. Where the assets are affected by impairment adjustments, factor this in the recalculation.</p> <p>5.Process the above changes into the system and further pass the relevant journals related to the adjustments.</p> <p>6.Prepare the prior period error file, that contains all the relevant schedules supporting the adjustments.</p>	<p>This includes review of methodologies for alignment with GRAP Standards and Municipal Policies</p>		
5	AAP91390-2025	COAF 21 of 2025 PPE: Differences noted between FAR and AFS	1. Management will strengthen the review processes to detect any possible errors found between FAR and AFS.	<ul style="list-style-type: none"> <li>Analyzed the FAR of the municipality and established the root cause of the differences in calculations for depreciation and impairment and other findings relating to the PPE</li> </ul>	Sikho Mzana, Buhle Fikeni	30/Apr/2026

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			<p>2. During the submission Management will ensure the submission of accurate and complete supporting schedules/documentation/ fixed asset register in-line with the submitted AFS.</p>	<ul style="list-style-type: none"> <li>Developed a process to be followed to address all issues raised by the Auditor General, and ensure the IHLM has a GRAP Compliant Asset Register</li> <li>Workings to address the issues raised compiled, and currently going through review processes. This includes review of methodologies for alignment with GRAP Standards and Municipal Policies</li> </ul>		
6	AAP91393-2025	COAF 22 PPE: Differences noted in the depreciation expenses	<p>1. To align the original Useful lives in the fixed asset register to the asset management policy of the Municipality.</p> <p>2. Confirm the Remaining useful lives of the assets as at beginning of 2024. This will be done through the recalculation of the remaining useful life using the acquisitions dates.</p> <p>3. Where discrepancies identified, make the necessary adjustments to make the corrections.</p> <p>4. Recalculate the depreciation for the 2024, 2025 and 2026 period.</p>	<ul style="list-style-type: none"> <li>Analyzed the FAR of the municipality and established the root cause of the differences in calculations for depreciation and impairment and other findings relating to the PPE</li> <li>Developed a process to be followed to address all issues raised by the Auditor General, and ensure the IHLM has a GRAP Compliant Asset Register</li> <li>Workings to address the issues raised compiled, and currently going through review processes. This includes review of methodologies for alignment with GRAP Standards and Municipal Policies</li> </ul>	Sikho Mzana, Buhle Fikeni	30/Apr/2026

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			<p>Where the assets are affected by impairment adjustments, factor this in the recalculation.</p> <p>5.Process the above changes into the system and further pass the relevant journals related to the adjustments.</p> <p>6. Prepare the prior period error file, that contains all the relevant schedules supporting the adjustments.</p>			
7	AAP91439-2025	37. Execution: PPE: Transfers (Completed assets)	<p>1. Management will revisit the Full Work in Progress register to confirm the opening balances between the WIP Register and the Supporting documents.</p> <p>2. Make any necessary adjustments where there are differences to the WIP Register</p> <p>3. Pass All the necessary Journals to the system and</p>	<ul style="list-style-type: none"> <li>• Analyzed the FAR of the municipality and established the root cause of the differences in calculations for depreciation and impairment and other findings relating to the PPE</li> <li>• Developed a process to be followed to address all issues raised by the Auditor General, and ensure the IHLM has a GRAP Compliant Asset Register</li> <li>• Workings to address the issues raised compiled, and currently going through review processes. This includes review of methodologies for alignment with</li> </ul>	Sikho Mzana, Buhle Fikeni	30/Apr/2026

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			keep supporting documentation for Audit Purposes.	GRAP Standards and Municipal Policies		
<b>8</b>	AAP91449-2025	COAF 32 PPE: Differences noted between FAR and AFS	<p>1. Management will ensure that the financial statements are adequately reviewed prior to the submission for AFS.</p> <p>2. Management will further ensure that the financial statements submitted to the auditors are accompanied by accurate and complete supporting schedules/documentation/WIP register</p>	<ul style="list-style-type: none"> <li>Analyzed the FAR of the municipality and established the root cause of the differences in calculations for depreciation and impairment and other findings relating to the PPE</li> <li>Developed a process to be followed to address all issues raised by the Auditor General, and ensure the IHLM has a GRAP Compliant Asset Register</li> <li>Workings to address the issues raised compiled, and currently going through review processes. This includes review of methodologies for alignment with GRAP Standards and Municipal Policies</li> </ul>	Sikho Mzana, Buhle Fikeni	30/Jun/2026
<b>9</b>	AAP91490-2025	COAF 38 Of 2025 PPE WIP: Difference noted between the WIP register and the payment information	<p>1. Management will ensure that the WIP register is thoroughly reviewed against the supporting documents and all figures will be casted and cross casted correctly prior to finalization of the AFS. This will also be as a result of monthly updates and reviews of the</p>	<ul style="list-style-type: none"> <li>Analyzed the FAR of the municipality and established the root cause of the differences in calculations for depreciation and impairment and other findings relating to the PPE</li> <li>Developed a process to be followed to address all issues raised by the Auditor General, and ensure the IHLM has a GRAP Compliant Asset Register</li> <li>Workings to address the issues raised compiled, and currently</li> </ul>	Sikho Mzana, Buhle Fikeni	30/Jun/2026

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			WIP Registers	going through review processes. This includes review of methodologies for alignment with GRAP Standards and Municipal Policies		
<b>10</b>	AAP91801-2025	COAF 45 of 2025 Execution: SCM - Quotations below R30 000 were not evaluated as required by the PPPF Act	Revisit the population of all procurement within the threshold referred to in the finding to establish the listing of all transactions/procurement where the evaluation as required in terms of the PPPFA For the identified transactions, follow the processes in terms of MFMA Circular '68 for the disclosure and treatment of UIFW.	<ul style="list-style-type: none"> <li>The total population of expenditure/procurement below R30 000 has been revisited, a listing that was affected developed.</li> <li>The listing has been included in the reporting to Council for referral to Council Committees for investigation.</li> </ul>	Buhle Fikeni, Asithethi Ntongana	31/Mar/2026
<b>11</b>	AAP91820-2025	COAF 50 of 2025 PPE: Differences identified in note 09 of the AFSs	<p>1. Management will ensure proper alignment of Fixed Asset Register to the Asset management Policy.</p> <p>2. Management will ensure the submission of accurately reviewed supporting schedules/ FAR register.</p>	<ul style="list-style-type: none"> <li>Analyzed the FAR of the municipality and established the root cause of the differences in calculations for depreciation and impairment and other findings relating to the PPE</li> <li>Developed a process to be followed to address all issues raised by the Auditor General, and ensure the IHLM has a GRAP Compliant Asset Register</li> <li>Workings to address the issues raised compiled, and currently going through review processes. This includes review of methodologies for alignment with GRAP Standards and Municipal Policies</li> </ul>	Sikho Mzana, Ayanda Ndabeni, Buhle Fikeni	30/Apr/2026

**Progress on issues in the Management Report:**

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No	Reference	Finding	Action Plan	Implementation Progress to date	Responsible Person	Implementation Due Date
1	AAP87845-2025	COAF 061. Planning: No performance assessment done for employees below the Manager level	<p>The Training for all employees on Performance Management System has been done in September 2025, in terms of cascading to employees below Middle-Managers the performance plans are in progress.</p> <p>The annual performance for Senior Managers has been conducted in December 2025.</p>	The process of cascading to officials below management has commenced and is being implemented in the 2025/26 Financial Year.	Miranda Matubatuba, Thulisile Mpatheni	28-Feb-2026
2	AAP90793-2025	The following issues were identified during the high-level review of AFS:	Management will ensure that opening balance on the statement of changes in equity is the same as the audited amount and account for any restatements after the opening balance.	To be part of the Interim Annual Financial Statements	Ayanda Ndabeni	31-Mar-26
3	AAP91331-2025	Business Process: Use of Consultants-municipality does not have a plan	Management has developed a Consultants Reduction Strategy.	Reduction strategy for Use of Consultants is under development.	Sikho Mzana, Ayanda Ndabeni, Buhle Fikeni	28-Feb-2026

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		to reduce reliance on consultants	The strategy will be reviewed for final approval by the Accounting Officer to determine the exact timeframes for the reduction where it is applicable.			
4	AAP91336-2025	1. Planning: AOPO: KPA 1 - Indicator not measurable	The management will ensure proper implementation of the Project Management Policy. All maintenance projects are measured on activity basis; pothole patching is also measured on activity basis.	The project management policy has been amended to include the process of measuring the maintenance project.  The progress to date is that in Q1-Q2 reports has been aligned with project management policy.	Azabenokanyo Mvovo, Asanda Hlehliso, Thando Njeken	31-Mar-2026
5	AAP91341-2025	1. Planning: AOPO: KPA 3 - Differences between Progress Report and the quarterly report	The municipality will do constant reviews of reports developed for targets in the Service Delivery and Budget Implementation plan, to ensure that achieved targets is clearly defined.	The PMS department has also ensured that there is alignment in terms of the development of the Service Delivery and Budget Implement Plan (SDBIP) with Key Performance Areas. For example, all projects that require construction will be done by technical services.  The departments will ensure a review on a quarterly basis.	Azabenokhanyo Mvovo, Avela Mashaba, Dumisani Mjokovana	31/Mar/2026
6	AAP91345-2025	COAF 09 : Execution: SCM CAATs: Municipality is trading with	1. Management to engage with the affected individuals/officials to establish the exact facts	Submission of Declarations by all Councilors and Employees in progress	Buhle Fikeni, Asithethi Ntongana	31/Mar/2026

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		suppliers with an interest in the Municipality	regarding their statuses with the specific businesses. Where applicable, assist/guide in the deregistration/resignation from of the applicable businesses 2. Ensure that all employees and councilors submit their declarations, with relevant information, in collaboration with Internal Audit			
<b>7</b>	AAP91348-2025	COAF 10 of 2025 Planning: Audit committee - Issues noted on the work of the audit committee	The Internal Audit Function will include the review of the Annual Report in the Internal Audit Plan for each financial year to ensure that it is reviewed by the Audit Committee (AC). The minutes of the AC meeting where the Annual Report was reviewed by the AC will be prepared and approved for future references.	The Special Audit Committee meeting to review the Annual Report for 2024/25 financial year will be held in March 2026.	Samkelisiwe Daniso	30/Jun/2026
<b>8</b>	AAP91354-2025	COAF 10 1. Planning: Internal Audit: Deficiencies noted on the work of the Internal Audit function	The Manager Internal Audit and Risk position has been filled effective from 19 January 2026. Therefore, the Internal Audit Function will ensure that the	The development of the Internal Audit Strategy and reviewal of the Internal Audit Methodology has been started aligned with the Global Internal Auditing Standards and other applicable Legislations. This will be completed by	Samkelisiwe Daniso	30/Jun/2026

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			<p>Internal Audit Methodology is reviewed in line with the new Global Internal Auditing Standards and approved by the Audit Committee. The Manager Internal Audit and risk will then develop the Quality assurance and improvement program that cover all aspects of the Internal Auditing Function. An internal QAR will be conducted after a period of implementation not less than 9 months. Upon closure of gaps identified, the municipality would subject itself to an external QAR. The implementation date will be 30 September 2026.</p>	<p>30 June 2026 and will be presented to Management and the Audit Committee for Approval.</p> <p>The development of the Quality assurance and improvement program that cover all aspects of the Internal Auditing Function will then be developed and aligned to aligned with the Global Internal Auditing Standards and other applicable Legislations.</p>		
9	AAP91358-2025	COAF 12 1. Execution: Cash flow statements difference	Management will ensure that it improves internal review process and ensure that only cash items are	To be dealt with together with the compilation of the Interim Annual Financial Statements.	Ayanda Ndabeni, Buhle Fikeni	30/Jun/2026

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			included in the cash flow statement.			
<b>10</b>	AAP91361-2025	COAF 13 1. Execution: Cash flow statements difference	Management will ensure that all changes in the statement of financial performance and statement of financial position are included in the cash flow statement workings and restatements.	To be dealt with together with the compilation of the Interim Annual Financial Statements.	Ayanda Ndabeni, Buhle Fikeni	30/Jun/2026
<b>11</b>	AAP91368-2025	COAF 16 of 2025 Execution: Deficiencies noted on the Travel-Local expense	<p>All requisitions to be processed within the financial management system, this will address the issue of numbering and sequencing of documents</p> <p>No travelling accommodation arrangements/bookings will be done without the proper authorisation by the applicable official</p> <p>All travelling and accommodation documents to include attendance registers for the meetings or workshops attended</p>	All requisitions from 01 July 2025 captured within the accounting system, preventing the issuing of manual orders.	Buhle Fikeni, Asithethi Ntongana	28/Feb/2026

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<b>12</b>	AAP91372-2025	COAF 16 Travel-Local -Cut-off misstatements and 30 days Compliance	<p>All invoices received are to be date stamped and processed for payment before the 30 days compliance period</p> <p>On-going reconciliations are to be carried out with the travel agents to ensure that there are no long outstanding invoices not settled.</p> <p>User departments to submit attendances registers for meetings/workshops.</p>	On-going implementation of internal controls to achieve the timelines for payments of creditors.	Buhle Fikeni, Asithethi Ntongana	28/Feb/2026
<b>13</b>	AAP91378-2025	COAF 18 of 2025 1) Execution: General expenses – Misstatements identified	1. Management will revisit the full population of expenditure and review all expenditure transactions for accuracy, classification and occurrence through supporting schedules.	Not yet Started	Sikho Mzana, Buhle Fikeni	30/Jun/2026

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<b>14</b>	AAP91397-2025	COAF 24 Presentation and disclosure - Inaccurate and incomplete narrations	Management will ensure that it improves internal control and AFS review process as well as proof-reading	To be dealt with during compilation of Interim AFS.	Ayanda Ndabeni, Buhle Fikeni	30/Apr/2026
<b>15</b>	AAP91400-2025	COAF 24 Housing benefits and allowance incorrectly calculated	The remuneration policy was reviewed to include the housing benefit as contractual to holder in 2025/2026 FY.	This has been included in the policy adopted by the Council on 30 June 2025.	Miranda Matubatuba, Thulisile Mpatheni	30/Jun/2026
<b>16</b>	AAP91442-2025	COAF 28 of 2025  Internal control deficiency identified on overtime payments	The Overtime, Shift, stand-by policy that was reviewed and adopted on the 2025/2026 financial year the provision for time offs has been made.	This has been included in the policy adopted by the Council on 30 June 2025.	Miranda Matubatuba, Thulisile Mpatheni	31/Mar/2026
<b>17</b>	AAP91445-2025	Revenue from rendering of services overstated	Management will do a full population of lease rentals revenue to review all allocation and in line with lease agreements. Management will adjust AFS to account for the revenue in the correct reporting period.	To be dealt with during compilation of Interim AFS	Ayanda Ndabeni	31/Mar/2026
<b>18</b>	AAP91447-2025	COAF 44. Inconsistencies between the APR	Quarterly and monthly reviewal of the reports in preparation of performance information.	The management has reviewed Q1 and Q2 already and the reports reviewed did not have such challenges. However the	Azabenokhanyo Mvovo, Thando Njekeni, Bavuyise Tshitshi	31/Mar/2026

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		and the completion certificate		issues has been resolved and its being monitored o quarterly basis by PMS.		
<b>19</b>	AAP91458-2025	COAF 34 - 1) General expenses – Payments made after 30 days	1. Management will strengthen the internal controls and perform necessary reviews. 2. Prepare monthly reconciliation and ensure that all valid and confirmed invoices are paid within 30 days.	<ul style="list-style-type: none"> <li>• Internal Controls are implemented to avoid payment beyond 30 days</li> <li>• Reconciliations are prepared on a monthly basis.</li> </ul>	Sikho Mzana, Buhle Fikeni	30/Apr/2026
<b>20</b>	AAP91462-2025	COAF 36 Execution: Payables from exchange: Misstatement in trade payables	1. Management will improve internal controls and ensure that all Invoices will be raised to the period that they relate to in order to deal with the issue of cut-off, classification, accuracy and occurrence.	Management has commenced with the review/revisiting the total population of payable to determine the impact and adjustments to be processed where applicable.	Sikho Mzana, Buhle Fikeni, Asithethi Ntongana	30/Jun/2026
<b>21</b>	AAP91475-2025	COAF 37 Contingencies: Personal information disclosed on the AFS Note 41 is not in line with POPI Act regulations	Will revisit the contingency register and ensure that the issue or probability of re imbursement is disclosed in each and every matter	To be dealt with during compilation of Interim AFS	Ayanda Ndabeni, Buhle Fikeni, Mandisi Zukulu	30/Jun/2026

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22	AAP91510-2025	COAF 39 of 2025 1) Execution: Payables from exchange: Misstatement in retentions	1. Management will revisit the whole population and ensure regular reviews are done and reconciliation of all retention in-line with the supporting is also conducted.	Management has commenced with the review/revisiting the total population of payable to determine the impact and adjustments to be processed where applicable.	Sikho Mzana, Buhle Fikeni	30/Jun/2026
23	AAP91515-2025	COAF 40 Of 2025 47. Investment property: Internal control deficiency	1. Management will ensure that the investment property register includes all the key information as required by the asset management policy and GRAP Standards. 2. Management will also improve the system of internal control for internal reviews.	<ul style="list-style-type: none"> <li>• Analyzed the FAR of the municipality and established the root cause of the differences in calculations for depreciation and impairment and other findings relating to the PPE</li> <li>• Developed a process to be followed to address all issues raised by the Auditor General, and ensure the IHLM has a GRAP Compliant Asset Register</li> <li>• Workings to address the issues raised compiled, and currently going through review processes. This includes review of methodologies for alignment with GRAP Standards and Municipal Policies</li> </ul>	Sikho Mzana, Buhle Fikeni	30/Jun/2026
24	AAP91528-2025	COAF 41 of 2025 Contract management: The contracts and SLAs do not define performance monitoring criteria	Management will develop standard service level agreements that will ensure that all the contracts concluded with the service providers contain the performance measurement criteria to enable identification of the suppliers who are not performing in terms of the contract or agreement in order to impose accountable and	Not Yet Started	Buhle Fikeni, Asithethi Ntongana	28/Feb/2026

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			compliance as requirement by MFMA, Act 56 of 2003			
<b>25</b>	AAP91538-2025	COAF 41 of 202550. Contract management: Contracts were not monitored on a monthly basis.	All payment vouchers to include progress reports, with the rating of service providers before the payments are settled.	All payment vouchers now include progress reports with the assessment of performance of service providers.  Signed monthly reports together with measurement of monthly performance of service providers, as part of monitoring ongoing projects.	Buhle Fikeni, Miranda Matubatuba, Avela Mashaba, Asithethi Ntongana, Bavuyise Tshitshi, Mangwane Masumpa	28/Feb/2026
<b>26</b>	AAP91551-2025	COAF 41 Of 2025 Contract management: The variation orders were not corroborated, and reasons could not be assessed.	Management will ensure that bill of quantities and other supporting documents are attached to the Variation Order.	Currently the performance rating of service providers is accompanied by the progress report which shows the progress on site.	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026
<b>27</b>	AAP91635-2025	Procurement and contract management: Deviations - Deviation Not Justified in Terms of Regulation 36(1) of the SCM Regulations	Review all deviations for the 2024/25 FY to determine whether there are any other transactions that do not meet the requirements to qualify as deviations Follow the processes of disclosure of procurement that has been processed in contravention of the applicable laws and regulations- SCM Regulations - Possible Irregular expenditure	The identified transactions have been included in the reports to council so that they are referred to council committees for investigation.	Buhle Fikeni, Avela Mashaba, Asithethi Ntongana	30/Jun/2026

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			Report to Council for investigation and resolution - in terms of MFMA Circular 68 – UIFW.			
<b>28</b>	AAP91644-2025	COAF 44 of 2025 Accrued Leave pay incorrectly calculated	<p>1. Management will revisit the whole population and recalculate using the 250 average days for consistency.</p> <p>2. Management will improve internal controls and ensure proper reviews are done prior to the submission of AFS and the underlying schedules.</p>	This will be address as part of the restatement which will be presented to AG during planning.	Sikho Mzana, Miranda , Thulisile Mpatheni	30/Apr/2026
<b>29</b>	AAP91798-2025	COAF 45 of 2025  59. Execution: SCM: Award made to supplier that did not score the highest points	<p>Revisit the total population to determine whether no other bid was affected by the issue raised by the AG of not awarding to the bidder acquiring the highest points</p> <p>Strengthen the processes followed in the sitting of the bid committees, including the development of a checklist to ensure that all requirements are</p>	Not yet started	Buhle Fikeni, Asithethi Ntongana	31/Mar/2026

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			met			
<b>30</b>	AAP91805-2025	COAF 47 of 202563. Incomplete disclosure of contingent liabilities	Will revisit the contingency register and ensure all the cases form part and parcel of the litigation register appear.	To be attended to during the compilation of the Interim Annual Financial Statements	Ayanda Ndabeni, Mandisi Zukulu	31/Mar/2026
<b>31</b>	AAP91810-2025	COAF 48 of 2025 66. Allowance for impairment and gross balances incorrectly calculated	Management will ensure that impairment is calculated using full year payment report and in line with municipal policy and methodology, municipality will review policy and methodology to include government debtors in the calculation of impairment as per methodology.	<ul style="list-style-type: none"> <li>Analyzed the FAR of the municipality and established the root cause of the differences in calculations for depreciation and impairment and other findings relating to the PPE</li> <li>Developed a process to be followed to address all issues raised by the Auditor General, and ensure the IHLM has a GRAP Compliant Asset Register</li> <li>Workings to address the issues raised compiled, and currently going through review processes. This includes review of methodologies for alignment with GRAP Standards and Municipal Policies</li> </ul>	Ayanda Ndabeni	31/Mar/2026
<b>32</b>	AAP91815-2025	COAF 49 of 2025 ICT Prior year issues	IT Security Management Update antivirus, raise awareness for users to connect to the LAN in order for the antivirus to update on the laptops. Skills and Capacity Conduct Trainings quarterly, so far the team has been trained on Cyber security, COBIT 19 AND ITIL 4	Anti-virus has been updated, awareness has been raised through emails and policy roadshows for users to connect to the LAN.	Mawaka Mfingwana, Miranda Matubatuba, Babalwa Mbathani	31/Mar/2026

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<b>33</b>	AAP91824-2025	COAF 51. Difference between commitment register and the payment certificate	Review the Commitments Register as at 30 June 2025 for the specific issue raised by the AG, as well as other differences that may be there Process a correction on the Contracts Register Submit the corrected version to Financial Planning and Report for incorporation into the AFS Prior Year Adjustment Disclosures Review the Contracts Register monthly.	<ul style="list-style-type: none"> <li>Supporting Schedule has been updated with accurate information</li> <li>Adjustment to be processed with the Interim Annual Financial Statements</li> </ul>	Buhle Fikeni, Asithethi Ntongana	31/Mar/2026
<b>34</b>	AAP91828-2025	COAF 53 - 1) Non-compliance findings on Skills, capacity and capability under organisational structure	The organogram and HR Plan were reviewed and adopted by Council on the 30 June 2025	The organogram and HR Plan were reviewed and adopted by Council on the 30 June 2025	Miranda Matubatuba, Thulisile Mpatheni	31/Mar/2026
<b>35</b>	AAP91836-2025	COAF 54 - Use of consultants	Review and assess the performance of the consultants for the period under review. Where poor performance is identified, remedial actions/consequence	Not yet started	Sikho Mzana, Ayanda Ndabeni, Buhle Fikeni	31/Mar/2026

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			management in terms of the contract are to be implemented.			
<b>36</b>	AAP91863-2025	Performance Auditors COAFs - COAF PA 01 of 2025  Non submission of requested information	Management will ensure that the information required is readily available and submitted on time.	The information that was requested by Auditors was recuperated and is kept safe at the same as part of improving the records management, the municipality is currently implementing the EDRMS (Electronic Document Records Management Systems)	Asanda Hlehliso, Thando Njkeni, Bavuyise Tshitshi	30/Jun/2026
<b>37</b>	AAP91870-2025	COAF PA 02 of 2025 - Assessment of the landfill sites at Ingquza Hill local Municipality	<p>1. Assessment and development of Bill of Quantities for Fencing and basic infrastructure - 18 February 2026.</p> <p>2. Management will ensure that funding for Fencing and basic infrastructure at Lusikisiki Landfill site will be done during budget adjustment - End April 2026 Commencement of the Procurement Process until appointment - 30 May 2026</p> <p>3. Implementation of Fencing and basic</p>	<p><b>Planning &amp; Economic Development</b></p> <p>In a virtual meeting held with DEDEAT on the 27<sup>th</sup> of February 2026, DEDEAT gave the municipality a go ahead to fence the Lusikisiki landfill site.</p> <p>Assessment and development of Bill of Quantities for Fencing and basic infrastructure – 18 March 2026.</p>	Mangwane Masumpa, Sibonile Dakwa, Avela Mashaba, Andisiwe Jordaan	30/Nov/2026

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			<p>infrastructure - 30 June 2026</p> <p>4. Development of Terms of Reference for the Rehabilitation Plan - 30 June 2026.</p>			
<b>38</b>	AAP91874-2025	COAF PA 03 of 2025 - Deficiencies identified on Payments certificates and cession agreements.	<p>Finding (a) - Management will ensure that all paid fee accounts are copied and filed, the fee accounts will be made available on request,</p> <p>Finding (b) - Management will ensure that all paid payment certificates are copied and filed, the fee accounts will be made available on request.</p> <p>Finding (c) - Management will ensure that Bill of quantities for building projects are kept as soft copy due to the magnitude and will be made available on requests. For other projects such as roads, electrification and bridges, bill of quantities is attached to each payment certificate.</p>	<p>The department has started to do reconciliations in terms of checking previous payments and current payments. Therefore, if there are differences, the report will be presented to the relevant committees.</p> <p>Currently the payment vouchers are accompanied by BOQs and kept them as soft copies especially for the bigger projects.</p>	Asanda Hlehliso, Thando Njkeni, Bavuyise Tshitshi	30/Jun/2026

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			<p>Finding (d) - Management will improve on the management of contracts, where the contractor is not adhering to the contract termination will be affected.</p> <p>Finding (e) - Management will ensure that all cession agreements have a detailed scope of works or services that are going to be rendered.</p> <p>Finding (f) - Management will ensure that all cession agreements with invoices are filed and will be made available on request. Management will revisit the whole population of payments made on this project and will reconcile with the scope of works, any differences confirmed will be recovered from the affected service providers. Management will also ensure that all the payments for the projects are reconciled on quarterly basis</p>			
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<b>39</b>	AAP91877-2025	5.3.2 Issues identified on Variation order applications	<p>Management will ensure that the managers and Senior manager give clear instructions on the scope of the professional service provider,</p> <p>Management will send a request for contract management training for all Technical Services officials involved in managing projects, managers and senior manager to Senior Manager Corporate Services</p>	The department will ensure that there is thorough planning before the start of the project.	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026
<b>40</b>	AAP91880-2025	5.3.3 Project incurred significant delays without valid extension of time and penalties charged.	Compile a report to establish the facts relating to the findings raised by the Auditor General, including sourcing all documentation that relates to the project. Based on the information gathered, recommend on the way forward which could be further investigation to assist management and	The department has established investigation on this current project as to why the valid extension of time and penalties were not charged.	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026

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			council to arrive at a resolution of the matter.			
<b>41</b>	AAP91882-2025	Commissioning and Utilization - 5.4.1. The infrastructure is not utilized	Management will ensure that all the snags have been attended by the contractor and ensure that phase 2 of the project commences during 2026/2027 financial year to avoid the utilization of the facility/infrastructure	The management had acknowledged that, the progress was implemented in phasis which was phase1, and the phase two which will include the pitch will be done 2027/2028 financial as the expenditure carried was for phase 1.  Moving forward Management will clearly define the phases of the project in all the planning documents	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026
<b>42</b>	AAP91883-2025	COAF PA 04 of 2025 - Flagstaff Town Hall	Management will ensure that the planning documents are requested from the Principal Agent and will be made available. For future projects all the planning documents will be requested, filed and made available when the need arises. Management will ensure that the available documentation is kept and also captured on EDRMS to ensure that the documentation is not lost.	The information that was requested by Auditors was recuperated and is kept safe at the same as part of improving the records management, the municipality is currently implementing the EDRMS (Electronic Document Records Management Systems)	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026

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43	AAP91884-2025	Time management 5.3.1.1 Project proceeded without valid Extension of Time (EOT)	Management will ensure that all EOT's submitted by the principal agent are checked, reviewed and approved. Management will also make sure that the principal agent is using the relevant engineering contract on the analysis of the EOT claim. The management will develop a monitoring tool for principal agent	Management agreed that penalties were not imposed because there is letter of extension of time.  The submission of letter of extension of time was delayed and not accepted by AGSA, going forward submission of information will be adhered to.	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026
44	AAP91886-2025	5.3.2 Cost Management - Payment certificates not supported by Bill of Quantities (BOQ) breakdown	Finding 1 and Finding 2 - Management will get all payments for Lithubalam and save all the soft copies of BOQ's,  Finding 3 - Management will ensure that all payment certificates with soft copies of BOQ's are available	Currently the payment vouchers are accompanied by BOQs and kept them as soft copies especially for the bigger projects.	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026
45	AAP91889-2025	5.3.2.3 Various issues identified on the Variation orders (VOs) for Lithubalam Projects.	Finding 2 - Management will ensure that the tender document together with the bill of quantities are reviewed.  Finding 3 - During the project implementation the security services for the project are made as an	The department has started to do reconciliations in terms of checking previous payments and current payments. Therefore, if there are differences, the report will be presented to the relevant committees.	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026

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			<p>allowance on the BOQ and the contractor hires security. During project completion management will allocate security services or someone to use the asset in order to avoid vandalism</p> <p>Finding 4 - Risk analysis in terms of pricing will be done during the sitting of bid committee.</p> <p>Finding 5 - Management will ensure that documents are reviewed through gateway reviews</p>	<p>Currently the payment vouchers are accompanied by BOQs and kept them as soft copies especially for the bigger projects.</p>		
<b>46</b>	AAP91892-2025	Replacement contractor appointed for the same scope of work which was performed by the terminated contractor.	Compile a report to establish the facts relating to the findings raised by the Auditor General, including sourcing all documentation that relates to the project. Based on the information gathered, recommend on the way forward which could be further investigation to assist management and council to arrive at a resolution of the matter	The report on establishment the facts raised on the current projects has already been started by the department. The draft report will compiled before end March 2026.	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026

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<b>47</b>	AAP91894-2025	<p>5.3.3 Project Management</p> <p>5.3.3.1 Progress meetings not held frequently, and contractor not monitored against the construction programme – Lithuba Lam Projects</p>	Management will ensure that meetings for other and future projects are held monthly and contractor monitored frequently to ensure good workmanship.	Currently sites visits are conducted, meeting held with contractors, consultants and stakeholders and minutes are compiled for each meeting.	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026
<b>48</b>	AAP91896-2025	5.3.3.2 CIDB requirement not stipulated on the tender advert for the appointment of ZZK. Trading	Management will ensure that the request for service provider is submitted together with the CIDB of the awarded service provider when utilizing the panel of contractors.	The CIDB grading is only required when advertising for panel and on appointment you only issue RFQ of the relevant Grade.	Buhle Fikeni, Asanda Hlehliso, Asithethi Ntongana, Thando Njekeni, Bavuyise Tshitshi.	30/Jun/2026
<b>49</b>	AAP91897-2025	<p>5.3.6 Commissioning and utilization</p> <p>5.3.6.1 Electricity not connected at the facility.</p>	Management will ensure that applications are done during the project implementation phase and also ensure that the application documentation to Eskom is made available. Management will follow up on the application made for Flagstaff Town Hall.	The connection was done on the asset of the municipality and Eskom is aware.	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026

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