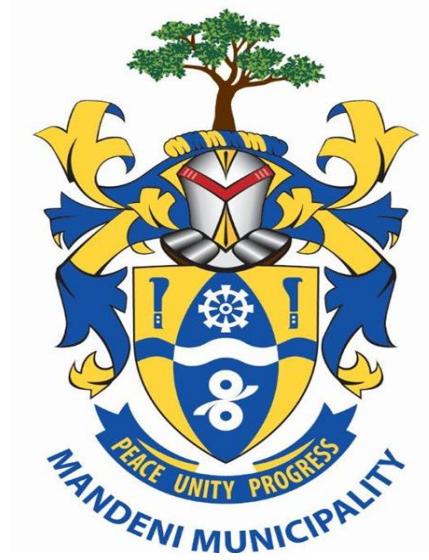


# **MANDENI MUNICIPALITY (KZN 291)**



## **MID- YEAR BUDGET AND PERFORMANCE ASSESSMENT (mSCOA) 2025/26 FINANCIAL YEAR**

**JULY– DECEMBER 2025**

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## **1.1 MAYORS' FOREWORD**

**Attached**

## **1.2 COUNCIL RESOLUTION**

### **Resolution No: C**

*Refer to the recommendations contained in this report.*

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## **1.3 EXECUTIVE SUMMARY**

### **LEGAL REQUIREMENTS**

In terms of Section 72 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (hereinafter referred to as the MFMA), the accounting officer of a municipality must by 25 January of each year-

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

Thereafter, the mayor must, in terms of Section 54. (1)

- (a) Consider the report;
- (b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
- (c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following

the approval of an adjustments budget;

(d) Issue any appropriate instructions to the accounting officer to ensure-

- (i) That the budget is implemented in accordance with the service delivery and budget implementation plan; and
- (ii) That spending of funds and revenue collection proceed in accordance with the budget;

(e) Identify any financial problems facing the municipality, including any emerging or impending financial problems; and

(f) Submit the report to the council by 25 January of each year.

The application of sound financial management principles for the compilation of Mandeni Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The municipality has reinforced implementation cost containment regulations and Circular 97, a critical review was also undertaken of expenditures on noncore and „nice to have” items.

The Municipality has also embarked on implementing a range of revenue collection strategies to optimize the collection of debts owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring people lead government.

### **1.3.1 DISCUSSION**

After the accounting officer has assessed the performance of the first half of the financial year it became apparent that the budget and performance is adjusted accordingly.

The discussion includes the 2025/26 Mid-Year Performance Report, it is imperatives to focus on mid-year budget performance reports, because it shows the performance of the municipality in the first six months of the financial year, in terms of the delivery of services to communities, institutional governance. This report is also crucial for compliance legislation and for political oversight through the Office of the Political Head (Mayor) and other Government Sector Departments such as National and Provincial Treasuries, Provincial and National COGTA.

This report will further assist the Municipality to provide intervention strategies where challenges were encountered through the implementation of IDP and Budget for 2025/26 first half of Financial Year and it shall be further used for accountability to the communities of Mandeni in terms of progress on implementation of IDP.

### **1.3.2 FINANCIAL PERFORMANCE**

#### **BUDGET SUMMARY**

The following table represents an executive summary for the 1<sup>st</sup> half of the financial year ended 31<sup>st</sup> December 2025:

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>Total Revenue (excluding capital transfers and contributions)</b>	<b>430,705</b>	<b>454,622</b>	—	<b>96,746</b>	<b>287,799</b>	<b>227,311</b>	<b>60,488</b>	<b>27%</b>	<b>454,622</b>
<b>Total Expenditure</b>	<b>474,482</b>	<b>487,944</b>	—	<b>59,185</b>	<b>238,647</b>	<b>243,972</b>	<b>(5,325)</b>	<b>-2%</b>	<b>487,944</b>
<b>Surplus/(Deficit)</b>	<b>(43,776)</b>	<b>(33,322)</b>	—	<b>37,561</b>	<b>49,152</b>	<b>(16,661)</b>	<b>65,813</b>	<b>-395%</b>	<b>(33,322)</b>
Transfers and subsidies - capital (monetary allocations)	47,668	46,017	—	3,400	21,727	23,008	(1,281)	-6%	46,017
Transfers and subsidies - capital (in-kind)	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>3,892</b>	<b>12,694</b>	—	<b>40,962</b>	<b>70,879</b>	<b>6,347</b>	<b>64,532</b>	<b>1017%</b>	<b>12,694</b>
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
<b>Surplus/ (Deficit) for the year</b>	<b>3,892</b>	<b>12,694</b>	—	<b>40,962</b>	<b>70,879</b>	<b>6,347</b>	<b>64,532</b>	<b>1017%</b>	<b>12,694</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>126,192</b>	<b>130,596</b>	—	<b>9,723</b>	<b>43,334</b>	<b>68,495</b>	<b>(25,160)</b>	<b>-37%</b>	<b>130,596</b>
Capital transfers recognised	42,242	40,058	—	2,953	19,528	20,029	(501)	-2%	40,058
Borrowing	0	—	—	—	—	—	—	—	—
Internally generated funds	83,950	<b>90,538</b>	—	<b>6,769</b>	<b>23,806</b>	<b>45,269</b>	<b>(21,463)</b>	<b>-47%</b>	<b>90,538</b>
<b>Total sources of capital funds</b>	<b>126,192</b>	<b>130,596</b>	—	<b>9,723</b>	<b>43,334</b>	<b>65,298</b>	<b>(21,964)</b>	<b>-34%</b>	<b>130,596</b>

As can be seen from the table above, Actual surplus for the period ended 31<sup>st</sup> December 2025 is more than the Budgeted Surplus. Monthly budget statement summary (Table C1), for the period ending 31 December 2025 (year to date actual), shows a surplus of R70.9million against YTD budget of R6.3million which reflects an over performance of more than 100%.

The municipal state of finance remains healthy as the municipality continues to realize more returns on investments hence the municipality will be able to redirect these returns towards service delivery.

#### **The items below will be considered during preparation of adjustment budget for 2025/25**

- During the verification of the 2025/26 Approved Budget mSCOA data string to the Council Approved Budget (A Schedule), based on assessment by Treasury it was noted that the municipality in some areas did not align the mSCOA data string to the Council Approved Budget. Hence, we were to revise these errors in the mSCOA data string and correct them as necessary during 2025/26 Adjustment Budget.
- The adjustment budget process must therefore be used to correct all the findings noted and ensure that adjustment budget presented to Council does not contain any errors, by further ensuring that B Schedule and the Adjustment Budget mSCOA data string are both produced from the financial system to eliminate any possibility of differences and misalignment.

**1.4 IN- YEAR BUDGET STATEMENT TABLES**

**Table 1**

**Table C1 below provides a summary of the overall performance of the Municipality**

**KZN291 Mandeni - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment**

Description	2024/25	Budget Year 2025/26								
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	63,942	64,913	–	4,999	36,588	32,456	4,131	13%	64,913	
Service charges	77,826	97,399	–	7,803	51,126	48,699	2,426	5%	97,399	
Investment revenue	19,863	25,000	–	1,128	6,794	12,500	(5,706)	-46%	25,000	
<b>Transfers and subsidies - Operational</b>	<b>253,010</b>	<b>254,956</b>	–	<b>82,133</b>	<b>189,132</b>	<b>127,478</b>	<b>61,654</b>	<b>48%</b>	<b>254,956</b>	
Other own revenue	16,064	12,353	–	683	4,160	6,177	(2,017)	-33%	12,353	
	<b>430,705</b>	<b>454,622</b>	–	<b>96,746</b>	<b>287,799</b>	<b>227,311</b>	<b>60,488</b>	<b>27%</b>	<b>454,622</b>	
<b>Total Revenue (excluding capital transfers and contributions)</b>										
Employee costs	160,030	167,901	–	13,438	80,631	83,951	(3,320)		167,901	
Remuneration of Councillors	15,151	17,043	–	1,274	7,563	8,522	(959)		17,043	
<b>Depreciation and amortisation</b>	<b>46,319</b>	<b>36,240</b>	–	<b>3,376</b>	<b>19,972</b>	<b>18,120</b>	<b>1,852</b>		<b>36,240</b>	
Interest	0	3,050	–	–	–	1,525	(1,525)		3,050	
Inventory consumed and bulk purchases	64,650	72,025	–	11,050	36,771	36,013	758		72,025	
<b>Transfers and subsidies</b>	<b>2,450</b>	<b>–</b>	–	<b>1,000</b>	<b>2,050</b>	<b>–</b>	<b>2,050</b>	<b>–</b>	<b>–</b>	
Other expenditure	185,882	191,685	–	29,047	91,661	95,842	(4,181)	-4%	191,685	
<b>Total Expenditure</b>	<b>474,482</b>	<b>487,944</b>	–	<b>59,185</b>	<b>238,647</b>	<b>243,972</b>	<b>(5,325)</b>	<b>-2%</b>	<b>487,944</b>	
<b>Surplus/(Deficit)</b>	<b>(43,776)</b>	<b>(33,322)</b>	–	<b>37,561</b>	<b>49,152</b>	<b>(16,661)</b>	<b>65,813</b>	<b>-395%</b>	<b>(33,322)</b>	
Transfers and subsidies - capital (monetary allocations)	47,668	46,017	–	3,400	21,727	23,008	(1,281)	-6%	46,017	
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–		–	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>3,892</b>	<b>12,694</b>	–	<b>40,962</b>	<b>70,879</b>	<b>6,347</b>	<b>64,532</b>	<b>1017%</b>	<b>12,694</b>	
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–	
<b>Surplus/ (Deficit) for the year</b>	<b>3,892</b>	<b>12,694</b>	–	<b>40,962</b>	<b>70,879</b>	<b>6,347</b>	<b>64,532</b>	<b>1017%</b>	<b>12,694</b>	
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>126,192</b>	<b>130,596</b>	–	<b>9,723</b>	<b>43,334</b>	<b>68,495</b>	<b>(25,160)</b>	<b>-37%</b>	<b>130,596</b>	
Capital transfers recognised	42,242	40,058	–	2,953	19,528	20,029	(501)	-2%	40,058	
Borrowing	0	–	–	–	–	–	–		–	
Internally generated funds	<b>83,950</b>	<b>90,538</b>	–	<b>6,769</b>	<b>23,806</b>	<b>45,269</b>	<b>(21,463)</b>	<b>-47%</b>	<b>90,538</b>	
<b>Total sources of capital funds</b>	<b>126,192</b>	<b>130,596</b>	–	<b>9,723</b>	<b>43,334</b>	<b>65,298</b>	<b>(21,964)</b>	<b>-34%</b>	<b>130,596</b>	
<b>Financial position</b>										
Total current assets	255,323	178,561	–		291,098				178,561	
Total non current assets	793,896	805,344	–		817,259				805,344	
Total current liabilities	86,164	88,340	–		74,423				88,340	
Total non current liabilities	22,198	25,770	–		22,198				25,770	
Community wealth/Equity	<b>940,858</b>	<b>869,795</b>	–		<b>1,011,737</b>				<b>869,795</b>	
<b>Cash flows</b>										
Net cash from (used) operating	(94,577)	62,299	–	67,176	91,157	31,149	(60,007)	-193%	62,299	
Net cash from (used) investing	126,192	(144,685)	–	(9,723)	(49,834)	(72,343)	(22,509)	31%	(144,685)	
Net cash from (used) financing	–	–	–	–	–	–	–		–	
<b>Cash/cash equivalents at the month/year</b>	<b>261,803</b>	<b>9,822</b>	–	<b>57,454</b>	<b>173,221</b>	<b>51,015</b>	<b>(122,206)</b>	<b>-240%</b>	<b>–</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 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>	
<b>Debtors Age Analysis</b>										
Total By Income Source	13,572	7,290	6,561	5,848	16,567	1,459	16,221	209,308	276,826	
<b>Creditors Age Analysis</b>										
Total Creditors	–	–	–	–	–	–	–	–	–	

**Table 2**

**Table C2 provides the statement of financial performance by standard classification**

KZN291 Mandeni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Mid-Year Assessment										
Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		<b>339,132</b>	<b>342,170</b>	—	<b>87,802</b>	<b>229,202</b>	<b>171,085</b>	58,117	34%	<b>342,170</b>
Executive and council		—	8,365	—	—	—	4,182	(4,182)	-100%	8,365
Finance and administration		339,132	333,805	—	87,802	229,202	166,902	62,299	37%	333,805
Internal audit		—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>		<b>6,994</b>	<b>6,128</b>	—	<b>385</b>	<b>2,743</b>	<b>3,064</b>	(321)	-10%	<b>6,128</b>
Community and social services		5,270	5,719	—	383	2,528	2,860	(331)	-12%	5,719
Sport and recreation		1,707	—	—	—	204	—	204	0%	—
Public safety		17	408	—	2	10	204	(194)	-95%	408
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		<b>51,516</b>	<b>52,717</b>	—	<b>3,917</b>	<b>25,234</b>	<b>26,359</b>	(1,124)	-4%	<b>52,717</b>
Planning and development		47,129	48,740	—	3,680	19,128	24,370	(5,242)	-22%	48,740
Road transport		4,387	3,977	—	237	6,106	1,988	4,117	207%	3,977
Environmental protection		—	—	—	—	—	—	—	—	—
<b>Trading services</b>		<b>80,731</b>	<b>99,623</b>	—	<b>8,042</b>	<b>52,347</b>	<b>49,812</b>	<b>2,536</b>	5%	<b>99,623</b>
Energy sources		66,249	83,081	—	6,589	43,766	41,540	2,225	5%	83,081
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		14,482	16,543	—	1,453	8,582	8,271	310	4%	16,543
<b>Other</b>	<b>4</b>	—	—	—	—	—	—	—	—	—
<b>Total Revenue - Functional</b>	<b>2</b>	<b>478,373</b>	<b>500,638</b>	—	<b>100,147</b>	<b>309,526</b>	<b>250,319</b>	<b>59,207</b>	24%	<b>500,638</b>
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		<b>244,373</b>	<b>240,817</b>	—	<b>32,270</b>	<b>117,146</b>	<b>120,408</b>	(3,262)	-3%	<b>240,817</b>
Executive and council		66,501	79,879	—	5,636	35,274	39,940	(4,666)	-12%	79,879
Finance and administration		177,872	160,937	—	26,634	81,872	80,469	1,404	2%	160,937
Internal audit		—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>		<b>57,060</b>	<b>51,805</b>	—	<b>5,654</b>	<b>29,490</b>	<b>26,302</b>	3,188	12%	<b>51,805</b>
Community and social services		41,974	36,398	—	3,957	22,234	18,599	3,635	20%	36,398
Sport and recreation		13,472	13,045	—	1,689	6,891	6,522	369	6%	13,045
Public safety		1,462	2,148	—	—	327	1,074	(747)	-70%	2,148
Housing		152	214	—	8	37	107	(69)	-65%	214
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		<b>83,973</b>	<b>92,410</b>	—	<b>8,071</b>	<b>43,597</b>	<b>46,146</b>	(2,549)	-6%	<b>92,410</b>
Planning and development		23,562	26,477	—	2,315	11,003	13,499	(2,496)	-18%	26,477
Road transport		55,834	60,311	—	5,303	29,964	30,156	(192)	-1%	60,311
Environmental protection		4,577	5,622	—	453	2,631	2,491	140	6%	5,622
<b>Trading services</b>		<b>88,785</b>	<b>102,391</b>	—	<b>13,192</b>	<b>48,350</b>	<b>57,832</b>	<b>(9,482)</b>	-16%	<b>102,391</b>
Energy sources		72,643	75,903	—	11,678	41,204	40,256	948	2%	75,903
Water management		—	—	—	—	—	—	—	—	—
Waste water management		3,063	3,048	—	257	1,524	1,524	(0)	0%	3,048
Waste management		13,078	23,440	—	1,257	5,622	16,052	(10,430)	-65%	23,440
<b>Other</b>		<b>292</b>	<b>522</b>	—	—	<b>64</b>	<b>261</b>	<b>(197)</b>	<b>-76%</b>	<b>522</b>
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>474,482</b>	<b>487,944</b>	—	<b>59,185</b>	<b>238,647</b>	<b>250,950</b>	<b>(12,303)</b>	<b>-5%</b>	<b>487,944</b>
<b>Surplus/ (Deficit) for the year</b>		<b>3,892</b>	<b>12,694</b>	—	<b>40,962</b>	<b>70,879</b>	<b>(631)</b>	<b>71,509</b>	<b>-11337%</b>	<b>12,694</b>

**Table 3 Monthly Budget Statement – Financial Performance and expenditure by municipal vote**

KZN291 Mandeni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Mid-Year

Vote Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and council		–	8,365	–	–	–	4,182	(4,182)	-100.0%	8,365
Vote 2 - Finance and administration		339,132	333,805	–	87,802	229,202	166,902	62,299	37.3%	333,805
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		5,287	6,128	–	385	2,538	3,064	(525)	-17.1%	6,128
Vote 5 - Sport and Recreation		1,707	–	–	–	204	–	204	0.0%	–
Vote 6 - Public safety		–	–	–	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		47,129	48,740	–	3,680	19,128	24,370	(5,242)	-21.5%	48,740
Vote 9 - Road transport		4,387	3,977	–	237	6,106	1,988	4,117	207.1%	3,977
Vote 10 - Energy sources		66,249	83,081	–	6,589	43,766	41,540	2,225	5.4%	83,081
Vote 11 - Waste Management		14,482	16,543	–	1,453	8,582	8,271	310	3.8%	16,543
Vote 12 - Environmental Protection		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
<b>Total Revenue by Vote</b>	2	<b>478,373</b>	<b>500,638</b>	–	<b>100,147</b>	<b>309,526</b>	<b>250,319</b>	<b>59,207</b>	<b>23.7%</b>	<b>500,638</b>
<b>Expenditure by Vote</b>										
	1									
Vote 1 - Executive and council		66,501	79,879	–	5,636	35,274	39,940	(4,666)	-11.7%	79,879
Vote 2 - Finance and administration		177,872	160,624	–	26,634	81,872	80,312	1,560	1.9%	160,624
Vote 3 - Internal audit		–	313	–	–	–	157	(157)	-100.0%	313
Vote 4 - Community and social services		41,974	36,398	–	3,957	22,234	18,599	3,635	19.5%	36,398
Vote 5 - Sport and Recreation		13,472	13,045	–	1,689	6,891	6,522	369	5.7%	13,045
Vote 6 - Public safety		1,462	2,148	–	–	327	1,074	(747)	-69.5%	2,148
Vote 7 - Housing		152	214	–	8	37	107	(69)	-65.0%	214
Vote 8 - Planning and Development		23,854	26,998	–	2,315	11,066	13,760	(2,694)	-19.6%	26,998
Vote 9 - Road transport		58,897	63,359	–	5,560	31,487	31,680	(192)	-0.6%	63,359
Vote 10 - Energy sources		72,643	75,903	–	11,678	41,204	40,256	948	2.4%	75,903
Vote 11 - Waste Management		13,078	23,440	–	1,257	5,622	16,052	(10,430)	-65.0%	23,440
Vote 12 - Environmental Protection		4,577	5,622	–	453	2,631	2,491	140	5.6%	5,622
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
<b>Total Expenditure by Vote</b>	2	<b>474,482</b>	<b>487,944</b>	–	<b>59,185</b>	<b>238,647</b>	<b>250,950</b>	<b>(12,303)</b>	<b>-4.9%</b>	<b>487,944</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>3,892</b>	<b>12,694</b>	–	<b>40,962</b>	<b>70,879</b>	<b>(631)</b>	<b>71,509</b>	<b>-11337.0%</b>	<b>12,694</b>

**Table 4 Monthly Budget Statement - Financial Performance (functional classification) - Mid-Year Assessment**

The following table provides information on the planned revenue and operational expenditures against the actual results for the period ending 31<sup>st</sup> December 2025.

This report analyses each major component under following headings.

- Revenue by Source
- Operational Expenditure by Type, and

**KZN 291 Mandeni Municipality 2025/26 Mid-Year Budget Assessment Report (S 72)**

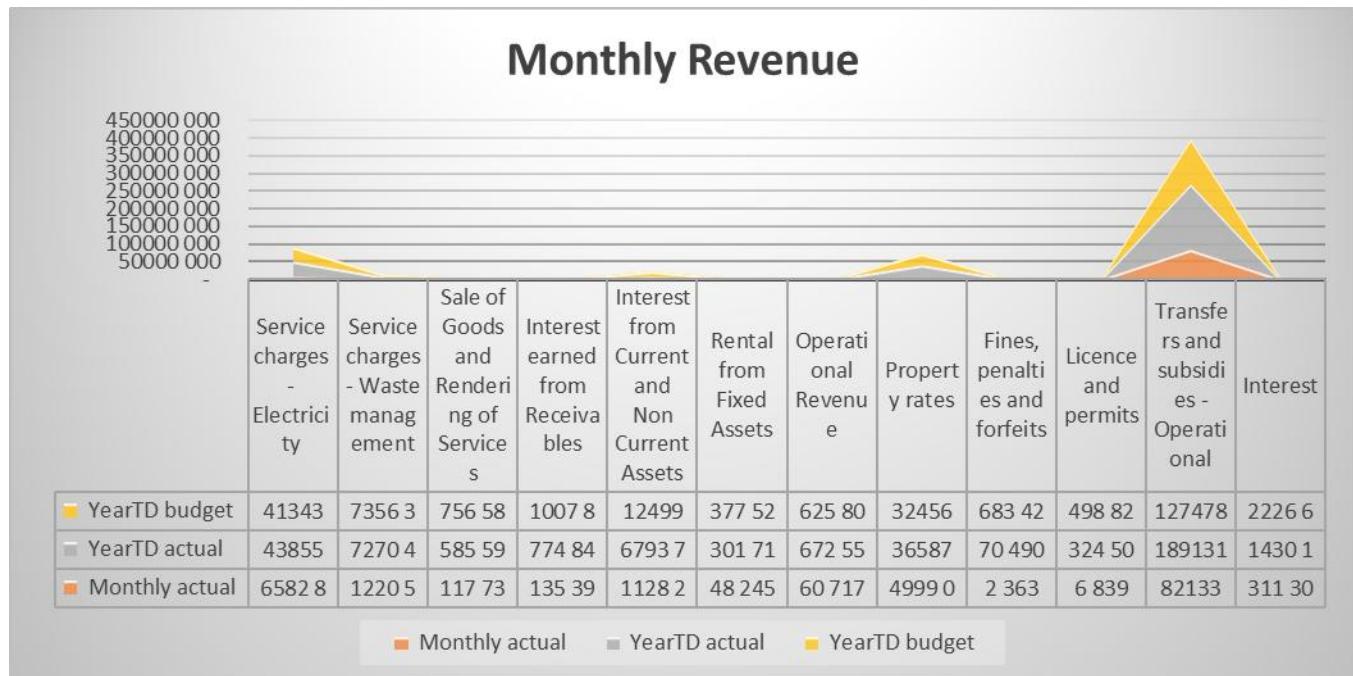
**KZN291 Mandeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment**

Description	Ref	2024/25		Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
<b>R thousands</b>											
<b>Revenue</b>											
Exchange Revenue											
Service charges - Electricity		64,753	82,686	–	6,583	43,855	41,343	2,512	6%	82,686	
Service charges - Water		–	–	–	–	–	–	–	–	–	
Service charges - Waste Water Management		–	–	–	–	–	–	–	–	–	
Service charges - Waste management		13,073	14,713	–	1,221	7,270	7,356	(86)	-1%	14,713	
Sale of Goods and Rendering of Services		2,282	1,513	–	118	586	757	(171)	-23%	1,513	
Agency services		–	–	–	–	–	–	–	–	–	
Interest		–	–	–	–	–	–	–	–	–	
Interest earned from Receivables		1,487	2,016	–	135	775	1,008	(233)	-23%	2,016	
Interest from Current and Non Current Assets		19,863	25,000	–	1,128	6,794	12,500	(5,706)	-46%	25,000	
Dividends		–	–	–	–	–	–	–	–	–	
Rent on Land		–	–	–	–	–	–	–	–	–	
Rental from Fixed Assets		593	755	–	48	302	378	(76)	-20%	755	
Licence and permits		–	–	–	–	–	–	–	–	–	
Special rating levies		–	–	–	–	–	–	–	–	–	
Operational Revenue		1,355	1,252	–	61	673	626	47	7%	1,252	
Non-Exchange Revenue		–	–	–	–	–	–	–	–	–	
Property rates		63,942	64,913	–	4,999	36,588	32,456	4,131	13%	64,913	
Surcharges and Taxes		–	–	–	–	–	–	–	–	–	
Fines, penalties and forfeits		3,569	1,367	–	2	70	683	(613)	-90%	1,367	
Licence and permits		969	998	–	7	325	499	(174)	-35%	998	
Transfers and subsidies - Operational		253,010	254,956	–	82,133	189,132	127,478	61,654	48%	254,956	
Interest		3,570	4,453	–	311	1,430	2,227	(796)	-36%	4,453	
Fuel Levy		–	–	–	–	–	–	–	–	–	
Operational Revenue		–	–	–	–	–	–	–	–	–	
Gains on disposal of Assets		–	–	–	–	–	–	–	–	–	
Other Gains		2,239	–	–	–	–	–	–	–	–	
Discontinued Operations		–	–	–	–	–	–	–	–	–	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>430,705</b>	<b>454,622</b>	–	<b>96,746</b>	<b>287,799</b>	<b>227,311</b>	<b>60,488</b>	<b>27%</b>	<b>454,622</b>	
<b>Expenditure By Type</b>											
Employee related costs		160,030	167,901	–	13,438	80,631	83,951	(3,320)	-4%	167,901	
Remuneration of councillors		15,151	17,043	–	1,274	7,563	8,522	(959)	-11%	17,043	
Bulk purchases - electricity		58,515	66,107	–	10,668	35,854	33,054	2,800	8%	66,107	
Inventory consumed		6,135	5,918	–	382	917	2,959	(2,042)	-69%	5,918	
Debt impairment		24,403	32,077	–	16,039	16,039	16,038	0	0%	32,077	
Depreciation and amortisation		46,319	36,240	–	3,376	19,972	18,120	1,852	10%	36,240	
Interest		0	3,050	–	–	–	1,525	(1,525)	-100%	3,050	
Contracted services		79,982	89,650	–	6,856	37,687	44,825	(7,139)	-16%	89,650	
Transfers and subsidies		2,450	–	–	1,000	2,050	–	2,050	0%	–	
Irrecoverable debts written off		10,696	6,637	–	–	–	3,318	(3,318)	-100%	6,637	
Operational costs		71,100	62,722	–	6,151	37,924	31,361	6,563	21%	62,722	
Losses on Disposal of Assets		965	600	–	–	–	300	(300)	-100%	600	
Other Losses		(1,264)	–	–	2	12	–	12	0%	–	
<b>Total Expenditure</b>		<b>474,482</b>	<b>487,944</b>	–	<b>59,185</b>	<b>238,647</b>	<b>243,972</b>	<b>(5,325)</b>	<b>-2%</b>	<b>487,944</b>	
<b>Surplus/(Deficit)</b>		<b>(43,776)</b>	<b>(33,322)</b>	–	<b>37,561</b>	<b>49,152</b>	<b>(16,661)</b>	<b>65,813</b>	<b>(0)</b>	<b>(33,322)</b>	
Transfers and subsidies - capital (monetary allocations)		47,668	46,017	–	3,400	21,727	23,008	(1,281)	(0)	46,017	
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–	–	–	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>3,892</b>	<b>12,694</b>	–	<b>40,962</b>	<b>70,879</b>	<b>6,347</b>			<b>12,694</b>	
Income Tax		–	–	–	–	–	–	–	–	–	
<b>Surplus/(Deficit) after income tax</b>		<b>3,892</b>	<b>12,694</b>	–	<b>40,962</b>	<b>70,879</b>	<b>6,347</b>			<b>12,694</b>	
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	
<b>Surplus/(Deficit) attributable to municipality</b>		<b>3,892</b>	<b>12,694</b>	–	<b>40,962</b>	<b>70,879</b>	<b>6,347</b>			<b>12,694</b>	
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–	–	–	
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	
<b>Surplus/ (Deficit) for the year</b>		<b>3,892</b>	<b>12,694</b>	–	<b>40,962</b>	<b>70,879</b>	<b>6,347</b>			<b>12,694</b>	

**Table 4.1**

▪ **Total Operating Revenue from (July-December 2025)**

The table below reflects budget vs actual by revenue source for the 1<sup>st</sup> half of the year.



**Revenue:**

- The Year-to-Date (YTD) total revenue amounted to R287.8 million for the period ending 31 December 2025, excluding capital conditional grant income. Against the YTD budget, revenue reflects an overperformance of 27%, mainly attributable to the receipt of second tranche of the Equitable Share.
- As can be seen from the table above that transfers recognized-operational are high due to the municipality receiving second tranche of equitable share at R183.1 million has been received by the municipality. Therefore, the municipality is awaiting the last tranche of R61 million as publicized on DORA. Also, the increase is due to operational grants which conditions have been met as they have been realized as revenue for FMG, EPWP and DIDASTER Grant.

**Exchange Revenue**

**Service Charges: Electricity**

- The actual revenue from Service Charges Electricity as at 31<sup>st</sup> December 2025 is R43.9 million or 6 percent less than the budgeted income of R41.3 million.
- Variance of 6% is mainly attributable to seasonal changes in electricity demand, increased use of air conditioners during warmer periods, and the identification of previously unbilled or inadequate electricity connections at several properties, which led to higher recorded consumption. Further to that the municipality is also providing electricity to Umngeni Water Plant which resulted in the reported performance, the performance also has an impact on bulk purchases expenditure.
- Budget allocated for this item will be adjusted during adjustment budget, based on electricity demand by Umngeni water.

**Service Charges: Refuse**

- The actual revenue from Service Charges Refuse as at 31<sup>st</sup> December 2025 is R7.3 million or 1 percent less than the budgeted income of R7.4 million. The variance is acceptable; the business refuse always increases during the more economically active months. As part of Revenue Enhancement Strategy, the Municipality provides an incentive for consumers who wish to settle their annual refuse collection debt within the 1<sup>st</sup> two months of the financial year. As result we receive a lot of requests for annual refuse billings in this regard. As the months progress the revenue billed will subsequently match the budgeted figures.
- Budget allocated for this item will remain the same during adjustment budget.

### **Sale of Goods and rendering services**

- Sales of Goods and Services amounted to R586 thousand, compared to the year-to-date budget of R757 thousand, resulting in an under-performance of R171 thousand or 23%.
- The variance is influenced by the nature of the revenue items under this vote, which are difficult to project and measure in advance. These include income from tender document sales, town planning fees, clearance certificates, library fines for overdue books, fire service, pounding services and building plan fees. Performance in this category is largely dependent on walk-in customers.
- The municipality has insourced fire services, with this service the municipality's expectation was that this service will contribute towards increased revenue collection. However as at mid-year, there was no performance collected for this service.
- Budget allocated for this item will be during adjustment budget.

### **Interest earned from receivables.**

- Interest earned from receivables amounted to R775 thousand, compared to the year-to-date budget of R757 thousand, resulting in an under-performance of R171 thousand or 23%, variance is based on the outstanding debt billed on refuse and electricity. Interest rate on outstanding debtors is 2% per annum.
- Budget allocated for this item will remain the same during adjustment budget.

### **Interest from Current and Non-Current assets**

- Interest earned on external investments amounts to R6.8million in comparison with the year-to-date budget of R12.5million, thus indicating an under performance by R5.7million or 46percent, this variance is due to the fact that the municipality recognizes interest when investments are maturing.
- External investments interest is only received when investment has reached its maturity or during withdrawal. Currently there are investments amounting to R130 million which have been invested with ABSA which will be reaching its maturity during the 2<sup>nd</sup> half of the financial year.
- Based on performance reported at mid-year, the municipality will remain with the same budget as there are investments which will be maturing during second half of the year. Attached Investment register.
- Further to that the municipality has taken decision to redirect the interest generated from these investments towards service delivery which will also be considered during adjustment budget process.

### **Rental from fixed assets**

Revenue from the Rental of Facilities amounted to R302 thousand, compared to the year-to-date budget of R378 thousand, resulting in an under-performance of R76 thousand or 20%.

- Variance is due to level of demand in the usage of municipal facilities such as (Community Halls, Sports Fields and rental of municipal houses) when comparing to the projections.
- Budget allocated for this item will be adjusted during adjustment budget.

### **Operational Revenue**

- The majority of the Council own funded sources are budgeted under this category.
- The year-to-date operational revenue amounted to R673 thousand against a pro-rata budget of R626 thousand, resulting in a favorable variance of R47 thousand or 7%. The positive variance is attributable to improved collection revenue. This vote comprises collection charges, insurance refunds, and handling fees.
- Budget allocated for this item will remain the same during adjustment budget.

### **Non exchange revenue**

#### **Property Rates**

- The actual revenue from property rates as at 31<sup>st</sup> December 2025 is R36.6 million or 52 percent more than the budgeted income of R32.5 million. The variance of 13%
- Variance is due to Annual Billings raised for Government Departments National and Provincial and Ithala as per the agreement entered to between these stakeholders.
- The property rates budget will remain the same as we anticipate that the projected budget will be met at year end.

#### **Fines, Penalties and forfeits**

- Fines underperformed by 90 percent or R613 thousand, with an actual amount of R70 thousand variance against year-to-date budget projections of R683 thousand. This is mainly due to the culture of non-payment and process followed when fines are issued. Revenue reported to date is on cash basis, as the municipality accounts for fines in terms of iGRAP 1 during year end.

### **Licences and permits**

- Licences and permits have under-performed by 35 percent or R174 thousand with an actual amount of R325 thousand as compared to budget of R499 thousand, variance is due to the level of demand for issuing of licences and permits. Revenue reported has been received from issuing licences and permits by traffic department and trading licences for business within the municipality. Additional contributing factors is due to relocation of DLTC to a new establishment. There were delays from the department of transport in activating services for the new site. However, it should be noted that the municipality is still engaging department to activate services of DLTC.
- Budget allocated will be adjusted during an adjustment budget to ensure realistic budget estimates.

### **Transfers & subsidies**

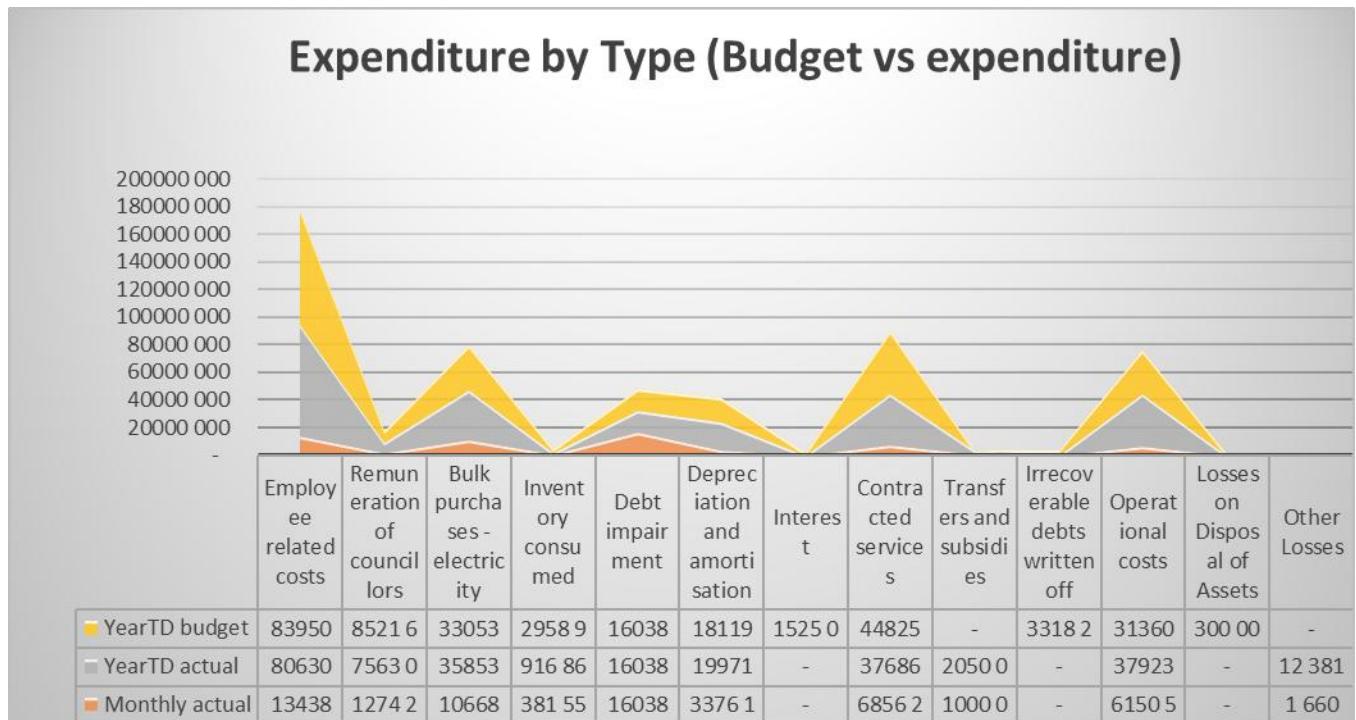
- Transfers and subsidies recognised operational amounts to R189.1 million YTD Actual in comparison with the YTD budget of R127.5 million, thus indicating an over performance by R61.6 million or 48 percent, variance is mainly attributable to the municipality receiving the two trenches of the Equitable Share which totals to R183.1 million and realisation of operational grants spent as conditions have been met for EPWP, FMG and Library Grant.
- Transfers and subsidies capital amounts to R21.7million in comparison with the pro-rata budget of R23.0 million, thus indicating an over performance by R1.3 million variance is mainly attributable by expenditure in from the Rollover Disaster Grant of R4,5 million and MIG of 17,2. (*Detailed report on MIG expenditure has been provided below*)
- Library Grant was gazetted at R4.9 million during original budget, however during mid-year budget, allocation has been revised to R4.8 million which has reduced grant by **R108 thousand**. This reduction will also be considered during the adjustment budget

### **Interest earned from receivables.**

- Interest earned from receivables amounts to R1.4 million in comparison with the year-to-date budget of R2.2 million, thus indicating under performance by R796 thousand or 36 percent, variance is based on the outstanding debtors billed on property rates. Interest rate on outstanding debtors is 2% per annum.
- Based on performance reported for mid-year Interest on outstanding debtors appears to be overstated and it will be adjusted during an adjustment budget.

**Table 4.3**

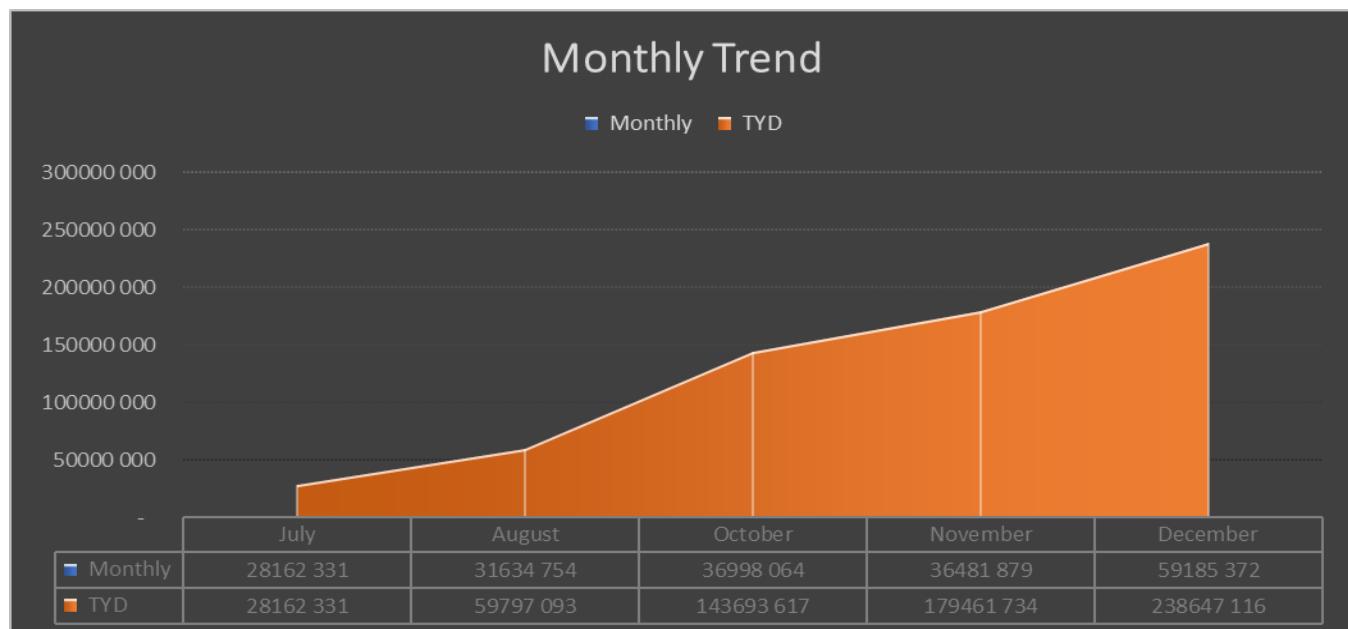
- Total Operating Expenditure from (July- December 2025)**



**Table 4.4**

- Operating Expenditure from July-December 2025**

The table below reflects the trend of monthly expenditure for the 1<sup>st</sup> half of the financial year.



### **Operating Expenditure:**

- The total operational expenditure YTD Actual for the period ending 31<sup>st</sup> December 2025 amounted to R 238.6 million against the planned target of YTD budget is R 243.9 million. Target for 1<sup>st</sup> half of the financial year has been achieved as projected.

### **Employee Related Costs**

- Employee related costs YTD expenditure for the period ending 31<sup>st</sup> December 2025 amounted to R80.6 million while the YTD budget is R84 million, which has resulted in a underspending by 4%. Variance is due to positions that were prioritised in the budget which have not been filled. However, recruitment processes are still underway in ensuring that these positions are filled before year end.
- Further to variance is due to employee bonuses which are being paid to employees on their birth month not in November as it was previously done in the prior years.
- Budget for this item will remain the same during adjustment budget to consider the items listed above.

### **Remuneration of Councilors**

- The expenditure on councilor allowances as at 31<sup>st</sup> December 2025 was under spent R 959 thousand. The YTD Remuneration of Councilor's budget is R7.6 million whilst the actual expenditure incurred results in slightly underspent by 11% YTD expenditure performance.
- The performance reported under Remuneration of Cllrs has considered the approval from COGTA in relation to Cllrs Upper limits as per Gazette No. 53168 dated **14 August 2025**. The upper limits relating to 2024/25 financial year were considered and implemented as per gazette.
- Further to that President has confirmed that Councilors increase to be 4.1 percent, this will be implemented when new upper limits are issued by COGTA.
- This item will remain the same during the budget adjustment as the budget allocated will be sufficient up until year end.

### **Bulk Purchases - Electricity**

- The bulk purchases for Umngeni Water Board and Eskom Purchases reflect an overspending of 8 percent or R2.8 million from the year-to-date budget projections amounting to R28.9 million, variance is due to bulk consumption by umngeni water and increased rate that was approved by NERSA.
- Performance reported is due to level of demand by Umngeni Water plant due to expansion of their plant.
- Based on performance reported during mid-year it appears that budget allocated for this item is understated, so as to ensure that the municipality does not incur an unauthorized expenditure this item will have to be adjusted during an adjustment budget. This adjustment will be supported by adjusted electricity revenue.

### **Inventory Consumed**

- Inventory Consumed are reflecting an underperformance by 69 percent or R2 million from YTD budget of R3 million against the YTD Actual of R917 thousand.
- Budget allocated for this item relates to materials procured by the municipality towards repairs and maintenance which are kept at stores for rendering of services, such as pothole patching materials, workshop stock etc, and these items are demand driven.
- The municipality regularly reviews its repairs and maintenance plan to ensure that the infrastructure of the municipality is regularly monitored for its aging.
- Based on the performance reported on it this item budget will be adjusted during adjustment budget as it was noted during the annual budget that repairs & maintenance budget was below the norm at 4.3 per cent. There is a need to continuously contribute towards repairs of municipal assets.

### **Debt Impairment**

- The provision for debt impairment actual of R16 million versus YTD budget of R16 million is within the budgeted projections. Debt impairment calculation has assumed the method below.
- Budget allocated within this item will remain the same during an adjustment budget.
- The assumption is that you exclude all debtors with credit balances when calculating the provision. Provision for Bad debt is therefore calculated using the collection rate of 65% for debt within 90 days and 20% for any debt older than 90 days for all categories except electricity. With Electricity the assumption is that 90% of the debt older than 90 days is still collectable. This line item will remain the same during an adjustment budget.

### **Depreciation and Asset Impairment**

- Depreciation and asset impairment are reflecting an over performance by 10 percent or R1.9 million against YTD actual of R20 million against the YTD budget of R18 million. The depreciation variance is due to an increase in acquisitions of assets and commissioning of capital projects at year-end. The estimates were made before the later were taken into consideration.
- The budget will have to be adjusted during an adjustment budget.

### **Interest**

- Finance charges reflect an underperformance by 100 percent or R1.5 million against YTD actual of R0 thousand.
- Budget allocated considered interest paid towards Eskom for late payments which have not been incurred during 1<sup>st</sup> half of the year as the municipality has placed internal controls that will ensure that we avoid incurring such expenditure.

- Another contributing factor to finance charges is the reclassification of retirement benefit obligation interest costs in accordance with GRAP 25, this calculation will be done during year end after assessment by Actuarial Report has been completed for the year.
- Based on performance for 2024/25 AFS audited for finance charges of R2.9 million budget allocated will be sufficient at year end.
- This item will remain the same during adjustment budget.

### **Contracted Services**

- Contracted services expenditure reflects an underspending of -16 percent or R7.1 million from YTD budget of R37.7 million against the YTD actual of R44.8million, variance is within the projected budget as planned projects have been implemented as per the approved procurement plan.
- Based on performance reported during mid-year and anticipated activities to be implemented during second half of the year, line item will be adjusted during an adjustment budget so as to ensure realistic estimates.

### **Transfers and Subsidies**

- Transfers and grants expenditure amounting to R2.1million was incurred under this vote with no approved budget, as a correction of audit findings and nature of these transactions, budget for this item was allocated under contracted service. The budget for this vote will be adjusted during the budget adjustment period.

### **Irrecoverable debts written off**

- Irrecoverable debts written off have underperformed by 100% when compared to pro-rata budget of R3.3million. The municipality is in the process of reviewing indigent register, and the indigent list will still be reviewed by ward councilors prior to being tabled Council for approval.
- Budget allocated within this item will remain the same during an adjustment budget.

### **Operational Cost**

- Other expenditure has overspent by 21 percent or R6.6 million from YTD budget of R31.4 million against the YTD actual of R37.9 million, variance is due to activities that took place in the 1st half of the financial year.

Other expenditure - The majority of items are not a straight-line expenditure some are paid where it is needed e.g. printing and stationery, mayoral projects, external services etc. Certain expenditure items are based on a seasonal commitment.

Further to that this line item will be adjusted during an adjustment budget in accordance with projects prioritized under this line item also to avoid unauthorized expenditure.

**Losses on Disposal of Assets**

Budget was not allocated for this item however; during adjustment budget we will prioritize this item as the municipality has planned to dispose of assets during the 2<sup>nd</sup> half of the financial year. Further to that this will assist in ensuring that we avoid unauthorized expenditure.

**Other Losses**

Budget was not allocated for this item as it relates to write off of Inventory items. This item was not budgeted for in an annual budget this will then be adjusted during an adjustment budget and consider actual reported in prior year audited AFS 2024/25.

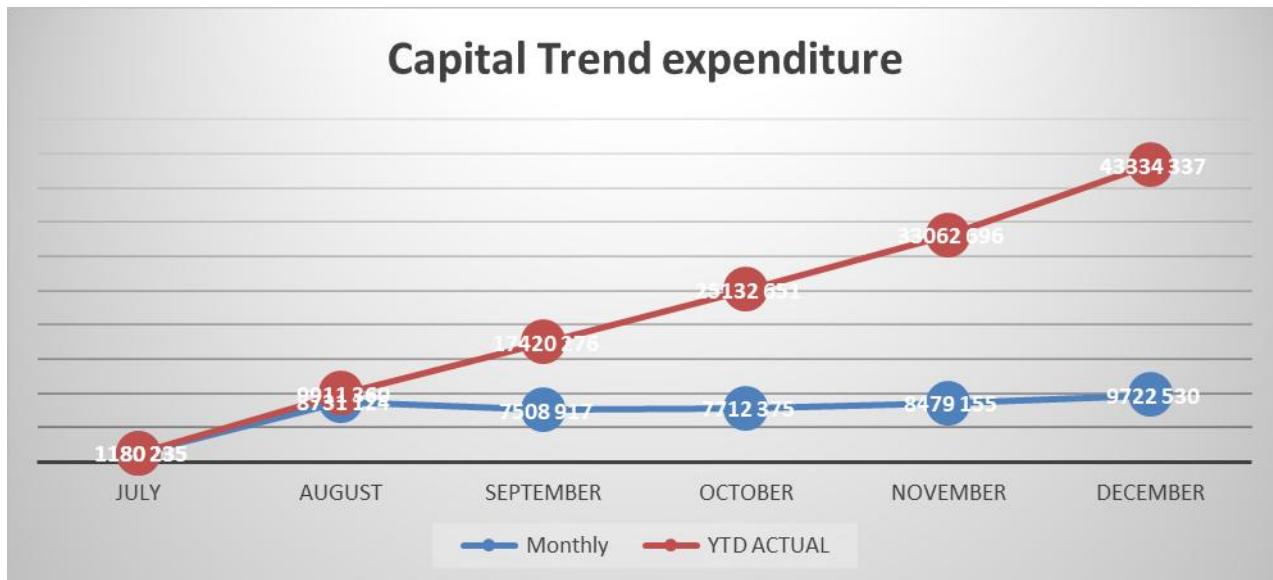
**Table 5**  
**Table C5 Monthly Budget Statement – Capital Expenditure**

KZN291 Mandeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year										
Vote Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Single Year expenditure appropriation</b>	<b>2</b>									
Vote 1 - Executive and council		12,470	30,000	–	3,820	11,040	15,000	(3,960)	-26%	30,000
Vote 2 - Finance and administration		14,806	4,549	–	915	1,457	2,275	(818)	-36%	4,549
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		4,026	17,738	–	292	3,845	8,869	(5,024)	-57%	17,738
Vote 5 - Sport and Recreation		7,487	8,836	–	280	1,554	4,418	(2,864)	-65%	8,836
Vote 6 - Public safety		817	70	–	–	35	(35)	-100%	70	
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		7,313	7,522	–	578	1,566	3,761	(2,195)	-58%	7,522
Vote 9 - Road transport		75,324	55,386	–	3,837	23,476	30,890	(7,414)	-24%	55,386
Vote 10 - Energy sources		2,389	4,869	–	–	–	2,435	(2,435)	-100%	4,869
Vote 11 - Waste Management		1,560	1,626	–	–	397	813	(416)	-51%	1,626
Vote 12 - Environmental Protection		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
<b>Total Capital single-year expenditure</b>	<b>4</b>	<b>126,192</b>	<b>130,596</b>	<b>–</b>	<b>9,723</b>	<b>43,334</b>	<b>68,495</b>	<b>(25,160)</b>	<b>-37%</b>	<b>130,596</b>
<b>Total Capital Expenditure</b>		<b>126,192</b>	<b>130,596</b>	<b>–</b>	<b>9,723</b>	<b>43,334</b>	<b>68,495</b>	<b>(25,160)</b>	<b>-37%</b>	<b>130,596</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>27,275</b>	<b>34,549</b>	<b>–</b>	<b>4,735</b>	<b>12,497</b>	<b>17,275</b>	<b>(4,778)</b>	<b>-28%</b>	<b>34,549</b>
Executive and council		12,470	30,000	–	3,820	11,040	15,000	(3,960)	-26%	30,000
Finance and administration		14,806	4,549	–	915	1,457	2,275	(818)	-36%	4,549
Internal audit		–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		<b>12,330</b>	<b>26,644</b>	<b>–</b>	<b>573</b>	<b>5,399</b>	<b>13,322</b>	<b>(7,923)</b>	<b>-59%</b>	<b>26,644</b>
Community and social services		4,026	8,664	–	292	3,845	4,332	(487)	-11%	8,664
Sport and recreation		7,487	8,836	–	280	1,554	4,418	(2,864)	-65%	8,836
Public safety		817	9,143	–	–	–	4,572	(4,572)	-100%	9,143
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		<b>82,638</b>	<b>62,038</b>	<b>–</b>	<b>4,415</b>	<b>25,042</b>	<b>31,019</b>	<b>(5,978)</b>	<b>-19%</b>	<b>62,038</b>
Planning and development		7,313	7,522	–	578	1,566	3,761	(2,195)	-58%	7,522
Road transport		75,324	54,517	–	3,837	23,476	27,258	(3,783)	-14%	54,517
Environmental protection		–	–	–	–	–	–	–	–	–
<b>Trading services</b>		<b>3,949</b>	<b>7,365</b>	<b>–</b>	<b>–</b>	<b>397</b>	<b>3,682</b>	<b>(3,285)</b>	<b>-89%</b>	<b>7,365</b>
Energy sources		2,389	4,869	–	–	–	2,435	(2,435)	-100%	4,869
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	870	–	–	–	435	(435)	-100%	870
Waste management		1,560	1,626	–	–	397	813	(416)	-51%	1,626
<b>Other</b>		–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Functional Clas</b>	<b>3</b>	<b>126,192</b>	<b>130,596</b>	<b>–</b>	<b>9,723</b>	<b>43,334</b>	<b>65,298</b>	<b>(21,964)</b>	<b>-34%</b>	<b>130,596</b>
<b>Funded by:</b>										
National Government		41,421	39,884	–	2,957	19,264	19,942	(678)	-3%	39,884
Provincial Government		821	174	–	(4)	264	87	177	204%	174
District Municipality		–	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>		<b>42,242</b>	<b>40,058</b>	<b>–</b>	<b>2,953</b>	<b>19,528</b>	<b>20,029</b>	<b>(501)</b>	<b>-2%</b>	<b>40,058</b>
<b>Borrowing</b>	<b>6</b>	<b>0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Internally generated funds</b>		83,950	90,538	–	6,769	23,806	45,269	(21,463)	-47%	90,538
<b>Total Capital Funding</b>		<b>126,192</b>	<b>130,596</b>	<b>–</b>	<b>9,723</b>	<b>43,334</b>	<b>65,298</b>	<b>(21,964)</b>	<b>-34%</b>	<b>130,596</b>

**Capital Expenditure from July – December 2025:**

The YTD capital expenditure budget is R65.3million against YTD actual Capital expenditure amounting to R43.3million resulting in an under performance of 34% or by R22million on capital expenditure. The variance in capital expenditure was due to delays in the implementation of procurement plan and delays experienced with completion of projects (detail report on the progress on all capital projects has been provided below).

The table below reflects trend of expenditure for the period ended 31<sup>st</sup> December of the financial year.

**Table 7**

- Capital grants funded by National Government actual is R19.3 million versus YTD Budget of R19.9 million, expenditure reported has been underspent (3%). Variance is considered immaterial and there will be an adjustment made during the adjustment budget time as there was a rollover of Disaster Grant of R4.5 million and has been fully spent.
- Capital grants funded by Provincial Government actual is R264 thousand versus YT Budget of R174 thousand variance of (204%) reflects and under expenditure on this grant. The variance is due to procurement processes which are still underway relating to Library Operations. Budget to be adjusted during Adjustment budget considering the revised allocation for Library Grant.
- Capital funded Internally actual is R23.8 million versus YTD Budget of R45.3 million variance of 47% reflects and under expenditure on this item.
- During original budget the municipality prioritized rehabilitation of rural roads within 18 wards of mandeni together with planning of constriction for community halls, Bus Shelters and pedestrian bridges. All these projects were allocated consultants to facilitate designs and costing of these projects. However, there were delays in finalizing design and the report from consultants came with higher project cost which in some of the projects there were prioritized in the budget.
- The municipality had to reprioritize scope of work which resulted in delays in procurement processes.

- There are projects which have already started procurement processes, expectation is that awards be concluded by the month of February.
- However, it should be noted that there are ongoing projects which are still in progress in relation to this funding such as Re-gravelling of rural roads, Sizwe road, Mathaba roads (Design Report have been received, and the project is at the procurement stage).
- Budget allocated will be adjusted during adjustment budget as per IDP.

## **SINGLE YEAR EXPENDITURE APPROPRIATION**

**Vote 1 Executive Council** have underspent by (26%) as at December 2025, budget allocated prioritized upgrading of Youth Enterprise centre, however, there has been no movement reported to date due to procurement processes that are still underway. Budget will remain the same as it is anticipated that payment process will be finalised during 3<sup>rd</sup> quarter of the financial year.

**Vote 2 Finance & Administration** have underspent by (36%) as at December 2025, variance is due to procurement processes that are still in progress. Budget will remain the same as it is anticipated that payment process will be finalised during 3<sup>rd</sup> quarter of the financial year. Budget will be adjusted for procurement of stores item, and these funds will be reallocated to another project.

**Vote 4 Community and Social Services** have underspent by (57%) as at December 2025, variance is due to Procurement of fully equipped Fire engine. Procurement processes are still underway as it has to be customized to exact specifications, and it has been awarded.

**Vote 5 Sports & Recreation** have underspent by (65%) as at December 2025, variance is due to Fencing of KwaNgcedomhlophe and Swimming Pool. There were challenges in doing the two projects at the same time and it was resolved to separate them. Further to that it was noted that this project needs to also have approved building plan before project commenced. The two projects are currently at BSC stage of procurement.

Budget for this item will remain the same during adjustment.

**Vote 6 Public Safety** have underspent by (100%) as at December 2025, Procurement of 4 handguns will be done during the second half of the year. Budget will not be adjusted.

**Vote 8 Planning and Development** have underspent by (58%) as at December 2025, budget allocated prioritised Construction of Craft Stalls - Ward 07, where the project is a stage planning stage before construction commence. variance is due to construction of office building where challenges are adverse weather conditions

Further to that this item also considered Mini factories phase 2 which is an ongoing project, and we have since received additional funding of R1 million towards this project.

Budget allocated will be adjusted as the municipality is busy with procurement processes of sourcing service provider for construction.

**Vote 9 Road Transport** have underspent by (24%) as at December 2025, budget allocated prioritised rehabilitation of roads within Mandeni. These roads have been funded from different sources, MIG and Internally generated funds. Completion of these projects will be during 2<sup>nd</sup> half of the financial year. There were delays in finalizing designs and the report from consultants came with higher project cost which in some of the projects there were prioritized in the budget. However

**Vote 10 Energy Sources** have underspent by (100%) as at December 2025, budget allocated prioritised Supply and deliver 4 x RMU, The Consultant has submitted the Detailed Design Report and the process is still undergoing procurement processes.

**Vote 11 Waste Management** have overspent by (51%) as at December 2025, budget allocated prioritised procurement refuse skips. These skips are delivered in phases as and when stock is available, as there was backlog in refuse skips for previous financial year.

Budget will be adjusted during to consider refuse skips for this financial year.

*Detailed explanation of the grants has been provided below under service delivery performance and progress on spending grants.*

The Technical Services Department is currently implementing the following projects as per the Municipality's Integrated Development Plan (IDP):

#### **4.1 Projects under The Municipal Infrastructure Grant (MIG) Funding:**

2025/26 Financial Year MIG Allocation	<b>R48 228 000</b>
<b>Less:</b> Total Expenditure (incl. Retention)	<b>R21 249 256.8</b>
Balance	R26 978 743.2
Expenditure of as a %	R44.06%

#### **4.1 MIG registered projects**

1. Rehabilitation of Quartz Road and Portion of Platinum Road in Ward 4
2. Construction of a Sportsfield in Ward 2, Mandeni
3. Construction of a Sportsfield in Ward 1, Mandeni
4. Construction of Ngqofela Community Hall in Ward 9, Mandeni Municipality
5. Construction of Community Hall in The Machibini Area, Mandeni Ward 12
6. Planning for installation of high masts in ward 1, 2, 6, 7, 13, 14 and 15

#### **4.2 New projects at planning stage**

1. Completion of Extension of Mechanical / Technical Services Building Phase 1: bid has been advertised and awaiting appointment of suitable contractor.
2. Construction of a Community Hall in Ward 3: Consultant has been appointed. Identified site has been identified as belonging to Department of Public Works. Alternative site is to be identified.
3. Construction of a Community Hall in Ward 17: Awaiting appointment of consultant.
4. Establishment of new Emergency Centre: Preliminary report completed and endorsed by the Provincial Disaster Management.
5. Hlomendlini Sportsfield: Cost to completion and repackaging of outstanding works has been concluded and awaiting SCM Procurement Process.

#### **4.3 Projects under construction**

1. Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili Ward 13 Phase 2 and Ward 14 White City Section (Phumla, Indumiso and Malandela).
2. Nyoni Taxi Route Phase 4
3. The Rehabilitation of Bumbanani Road in Sundumbili: Ward 13, 14 & 15 - Phase1
4. Upgrade of Machibini Link Road to Isithebe in Wards 10 and 12 Phase 2
5. Construction of a Sportsfield and Combo Court in Khenana: Ward 10 - Phases 1 & 2
6. Construction of Community Hall in Wangu Area, Ward 8
7. Upgrade of Nhlalonhle, Downtown and Khuthala Roads and Stormwater in Ward 14
8. Main offices master plan and building of the new office block

#### **4.4 Completed projects**

1. Construction of thulas to ematheketheni ward 12 road
2. Construction of Thengela to Nazareth church ward 8
3. Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili, Ward 13 Phase 1 (Mthombothi, Mbabala, Umgakla and Sondeza)
4. Installation of High Mast Lights in Mandeni, Phase 2 (Ward 3, 5, 9, 11 and 12x2)

## **5. PROGRESS ON PROJECTS AND EXPENDITURE**

### **5.1 Municipal Infrastructure Grant**

Completion of Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili Ward 13 Phase 2 and Ward 14 White City Section (Phumla, Indumiso and Malandela).

<b>Project Scope</b>	<b>Construction of 1.23Km with average clear width of 5.5m asphalt road including associated stormwater drainage.</b>
<b>Completion Date</b>	April 2026
<b>Project Budget</b>	R747 378.10
<b>Project Expenditure</b>	R0
<b>Progress to date</b>	Approval of contractual documents
<b>Challenges</b>	N/A
<b>Remedial action</b>	N/A

Rehabilitation of Bumbanani Road in Sundumbili - Wards 13, 14 & 15 Phase 1

<b>Project Scope</b>	<b>Construction of 1km long average clear width 7m width asphalt surface road, associated storm water drainage and sidewalks.</b>
<b>Completion Date</b>	31 July 2025
<b>Project Budget</b>	R 17 553 032.15
<b>Project Expenditure</b>	R 16 631 501.56
<b>Progress to date</b>	Project is at 93% completion. The Municipality imposed penalties from the 1st August 2025. An intention to terminate was issued to the contractor for failure to meet contractual obligation.
<b>Challenges</b>	Poor performance of contractor.
<b>Remedial action</b>	Termination of contractor with cost. Appointment of new contractor to complete outstanding work.

Upgrade of Machibini Link Road to Isithebe in Ward 10 and 12 - Phase 2

<b>Project Scope</b>	<b>Construction of 1.551km long average clear width 6.1m width asphalt surface road, associated storm water drainage.</b>
<b>Completion Date</b>	26 September 2025
<b>Project Budget</b>	R 24 211 799.92
<b>Project Expenditure</b>	R 23 999 969.08
<b>Progress to date</b>	Project has reached practical completion. Contractor attending to identified snag list.
<b>Challenges</b>	N/A
<b>Remedial action</b>	N/A

Construction of a Soccer Field and Combo Court in Khenana Township, Ward 10

<b>Project Scope</b>	<b>Construction of soccer field with outdoor gym, fencing, combo court, guard house and ablution facility</b>
<b>Completion Date</b>	March 2026
<b>Project Budget</b>	R 12 041 989.18
<b>Project Expenditure</b>	R 7 169 874.43
<b>Progress to date</b>	Project is at 56% completion. Performance of the Contractor remains as unsatisfactory with minimal improvements and little progress
<b>Challenges</b>	Poor planning, Slow Progress, Non-Compliance, inadequate resource allocation and incompetence of the Contractor's Key Staff have contributed to the Contractor's continued poor performance. Adverse weather conditions prevent continuation of construction works.

<b>Remedial action</b>	Notices of poor planning resulting in slow progress, non-compliance and inadequate resource allocation and Contractor's Performance have been issued to the Contractor on Monday, 6th October 2025, Monday, 27th October 2025 and Tuesday, 9th December 2025.
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Construction of a Community Hall in the Wangu Area, Ward 8.

<b>Project Scope</b>	<b>Construction of 350 community hall with guard house and ablution facility</b>
<b>Completion Date</b>	March 2026
<b>Project Budget</b>	R 8 461 475.15
<b>Project Expenditure</b>	R 6 027 949.65
<b>Progress to date</b>	Project is at 55% completion. Performance of the Contractor is satisfactory
<b>Challenges</b>	Adverse weather conditions prevent continuation of construction works.
<b>Remedial action</b>	Approval of extension of time claim

Upgrade of Nhlalonhle, Downtown and Khuthala Roads and Stormwater in Ward 14

<b>Project Scope</b>	<b>Upgrade of 1.203km long average clear width 5m width surface road, associated storm water drainage</b>
<b>Completion Date</b>	July 2026
<b>Project Budget</b>	R 14 235 323.65
<b>Project Expenditure</b>	R 5 311 119.04
<b>Progress to date</b>	Project is at 34% completion. Performance of the Contractor is satisfactory

<b>Challenges</b>	Removal and destroying of Surveyor pegs by the community. Water line inside the road reserve on Downtown Road.
<b>Remedial action</b>	N/A

Establishment of new office building at the Municipality's Main Office

<b>Project Scope</b>	<b>Construction of 67 new offices, 146 parking bays , 4 reception areas, 5 boardrooms, 4 public consultation rooms, 5 ablution facilities, 4 storage rooms, 1 server room and 4 canteen/kitchen areas.</b>
<b>Completion Date</b>	November 2027
<b>Project Budget</b>	R139 976 423.4
<b>Project Expenditure</b>	R 26 972 612.77
<b>Progress to date</b>	Project is at 19% completion. Performance of the Contractor is satisfactory
<b>Challenges</b>	Adverse weather conditions prevent continuation of construction works.
<b>Remedial action</b>	Approval of extension of time claim

Extension of Mechanical Workshop and Construction of New Offices

<b>Project Scope</b>	<b>Construction of new mechanical workshop and offices</b>
<b>Completion Date</b>	November 2027
<b>Project Budget</b>	R 18 907 069.16
<b>Project Expenditure</b>	R 16 878 260.41
<b>Progress to date</b>	Project is at 93% completion. Poor performance of contractor. Contractor terminated on the 17 <sup>th</sup> of April 2025.

<b>Challenges</b>	Failure of contractor met contractual obligation which led to termination of contract.
<b>Remedial action</b>	Appointment of new contractor to complete outstanding work.

**INYOINI HOUSING DEVELOPMENT PHASE 4**

<b>Project Scope</b>	<b>Construction of collector roads, bulk sewer, bulk water element and internal roads in ward 10</b>
<b>Completion Date</b>	June 2026
<b>Project Budget</b>	R 19 943 512.04
<b>Project Expenditure</b>	R 13 056 259.54
<b>Progress to date</b>	Project is at 35.9% completion. Poor performance of contractor.
<b>Challenges</b>	Failure of contractor met contractual obligation  Limited management of the project and applying contractual obligations due to existing conditions of contract.
<b>Remedial action</b>	DOHS approves extension of time claims.  Impose penalties on the contract

**5.2 Municipal Disaster Response Grant Funded Projects**

2024/25 Financial Year MIG Allocation	<b>R5 180 500</b>
<b>Less:</b> Total Expenditure (incl. Retention)	R5 180 500
Balance	R0
Expenditure of as a %	<b>100%</b>

Projects under Construction

- The Re-gravelling of Thengela to Nazareth Temple in Ward 8, Mandeni: Completed
- Re-gravelling of Road Thulas to Ematsheketheni road in Ward 12: Completed

**5.3. Municipal Internal Funding:**

**A) CONSTRUCTION OF BUS SHELTERS IN VARIOUS WARDS 3,4,13,14 & 15**

**Project Description**

The main objective of this project is to upgrade the bus shelters in various wards. The existing bus shelters are in deteriorating state and are unsafe for commuters to utilize. The bus shelters need to be upgraded to protect commuters from inclement weather, to provide a safe and comfortable waiting area and for advertising.

**Project Details**

**Name of Consultant:** Baithusi Consulting cc

**Appointment Date:** 2 June 2025

CATEGORY	BUDGET (INCL. VAT)	PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)	EXPENDITURE	BALANCE
<b>Professional &amp; Construction Cost</b>	R 1,500,000.00	R 2,215,523.80	R 153,530.52	R 1,346,469.48

**Project Progress**

The Consultant has submitted the Detailed Design Report and is currently doing the draft tender document.

**B) CONSTRUCTION OF PEDESTRIAN BRIDGES IN VARIOUS WARDS 8, 10, 11 & 17****Project Description**

Design and construction of four pedestrian crossing bridges in wards 8,10,11 and 17. The existing crossings are currently unsafe for the community to use. Proper pedestrian or vehicle structures are required to improve safety for the community.

**Project Details**

**Name of Consultant:** Baithusi Consulting cc

**Appointment Date:** 2 June 2025

CATEGORY	BUDGET (INCL. VAT)	PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)	EXPENDITURE	BALANCE
<b>Professional &amp; Construction Cost</b>	R 2,000,000.00	R 9,360,452.11	R 181,080.00	R 1,818,920.00

**Project Progress**

The Consultant has submitted the Detailed Design Report and is currently doing the draft tender document.

**C) CONSTRUCTION OF GWALA TO KWADLAMINI ROAD (CONCRETE SURFACING)  
WARD 10**

**Project Description**

The project entails the design and construction of Gwala to Kwa Dlamini Road. A section of the road is to be paved using concrete.

**Project Details**

**Name of Consultant:** Morula Consulting

**Appointment Date:** 29 May 2025

CATEGORY	BUDGET (INCL. VAT)	PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)	EXPENDITURE	BALANCE
<b>Professional &amp; Construction Cost</b>	R 1,750,000.00	R 1,976,334.87	R 0.00	R 1,750.000.00

**Project Progress**

The Consultant has submitted the Detailed Design Report, and the project is at the procurement stage.

**D) CONSTRUCTION OF ROAD PASSING VUTHA HIGH SCHOOL (CONCRETE SURFACING) WARD 17**

**Project Description**

The project entails the design and construction of the road passing Vutha high school. A section of the road is to be paved using concrete.

**Project Details**

**Name of Consultant:** Morula Consulting

**Appointment Date:** 29 May 2025

CATEGORY	BUDGET (INCL. VAT)	PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)	EXPENDITURE	BALANCE
<b>Professional &amp; Construction Cost</b>	R 2,000,000.00	R 1,977,708.16	R 0.00	R 2,000,000.00

**Project Progress**

The Consultant has submitted the Detailed Design Report, and the project is at the procurement stage.

**E) CONSTRUCTION OF NGCOBO OJIKAYO ROAD (CONCRETE SURFACING) WARD 06**

**Project Description**

The road upgrade project involves the design and construction of approximately 0,86km of concrete surface roads in Ward 6 of Mandeni Municipality. The project will also include the design and construction of new stormwater infrastructure which will include mainly open drains because of the steep terrain.

**Project Details**

**Name of Consultant:** Elihle Mzansi (Pty) Ltd

**Appointment Date:** 2 June 2025

CATEGORY	BUDGET (INCL. VAT)	PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)	EXPENDITURE	BALANCE
<b>Professional &amp; Construction Cost</b>	R 1,750,000.00	R 9,558,266.38	R 0.00	R 1,750,000.00

### **Progress Report**

The Consultant has submitted the Detailed Design Report and is currently doing the draft tender document.

### **F) CONSTRUCTION OF PEDESTRIAN BRIDGES (LINDAYIPHI & MPOFANA NGAKWA NDUNA BUTHELEZI) WARD 16**

#### **Project Description**

This project entails the design and construction of pedestrian bridges in ward 16. These bridges will facilitate safe passage across rivers that currently pose significant access challenges, especially during the rainy season. The consultant has presented two options, the Bailey steel bridge and the portal culvert. We have chosen the portal culvert as it is more economical.

#### **Project Details**

**Name of Consultant:** Elihle Mzansi (Pty) Ltd

**Appointment Date:** 2 June 2025

CATEGORY	BUDGET (INCL. VAT)	PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)	EXPENDITURE	BALANCE
<b>Professional &amp; Construction Cost</b>	R 1,750,000.00	R 9,329,083.85	R 0.00	R 1,750,000.00

### **Project Progress**

The Consultant has submitted the Detailed Design Report, and the project is at the procurement stage.

### **G) REGRAVELLING OF ACCESS ROAD (NKAZIMULO, DOKODWENI TO MROZA, GUMEDE RD (EZIQUNGWENI), D888, NDUNA CHILLI (KABETHO)-WARD 1**

#### **Project Description**

This project entails the regravelling of access road (Nkazimulo, Dokodweni To Mroza, Gumebe Rd (Eziqungweni), D888, Nduna Chilli (Kabetho) in ward 1.

#### **Project Details**

**Name of Consultant:** Likhanyile Consulting Engineers and Project Managers

**Appointment Date:** 29 May 2025

CATEGORY	BUDGET (INCL. VAT)	PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)	EXPENDITURE	BALANCE
<b>Professional &amp; Construction Cost</b>	R 1,500,000.00	TBC	R 0.00	R 1,500,000.00

### **Project Progress**

The project is at the procurement stage.

### **H) UPGRADE OF BRIDGE (KWADUBE EFALETHU AND EZIHLABATHINI) WARD 02**

#### **Project Description**

This project entails the upgrade of bridge kwadube efalethu and ezihlabathini in ward 2.

#### **Project Details**

**Name of Consultant:** Likhanyile Consulting Engineers and Project Managers

**Appointment Date:** 29 May 2025

CATEGORY	BUDGET (INCL. VAT)	PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)	EXPENDITURE	BALANCE
<b>Professional &amp; Construction Cost</b>	R 1,000,000.00	R 4,025,000.00	R 0.00	R 1,000,000.00

### **Project Progress**

The Consultant is currently doing the draft tender document.

**I) CONSTRUCTION OF KWAOMO ROAD (CONCRETE SURFACING) WARD 04**

**Project Description**

This project entails the construction of gravel road kwaOmo road. A section is to be paved using concrete 0.22 km.

**Project Details**

**Name of Consultant:** SKYV Consulting Engineers (Pty) Ltd

**Appointment Date:** 02 June 2025

CATEGORY	BUDGET (INCL. VAT)	PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)	EXPENDITURE	BALANCE
<b>Professional &amp; Construction Cost</b>	R 1,750,000.00	R 3,944,649.93	R 0.00	R 1,750,000.00

**Project Progress**

We have received the detailed Design Report, and the project is at the procurement stage.

**J) REGRAVELLING OF ACCESS ROAD FROM KWA MATHABA TO KWANELISWA STORE WARD 09**

**Project Description**

The project entails the re-gravelling of the existing 1.5km gravel road which suffered Severe Stormwater Damage. The project's aim is to provide a safe passageway for pedestrians and commuters to their residence.

**Project Details**

**Name of Consultant:** SKYV Consulting Engineers (Pty) Ltd

**Appointment Date:** 02 June 2025

<b>CATEGORY</b>	<b>BUDGET (INCL. VAT)</b>	<b>PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)</b>	<b>EXPENDITURE</b>	<b>BALANCE</b>
<b>Professional &amp; Construction Cost</b>	R 1,500,000.00	R 10,256,204.52	R 0.00	R 1,500,000.00

**Project Progress**

We have received the detailed Design Report, and the project is at the procurement stage.

**K) RE-GRAVELLING OF ACCESS ROAD FROM SIZWE ROAD LEADING TO SWEDISH CHURCH- WARD 03**

**Project Description**

The project entails the re-gravelling of the existing 0.91 km gravel roads which suffered Severe Stormwater Damage. The project's aim is to provide a safe passageway for pedestrians and commuters to their residence.

**Project Details**

**Name of Consultant:** SKYV Consulting Engineers (Pty) Ltd

**Appointment Date:** 02 June 2025

CATEGORY	BUDGET (INCL. VAT)	PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)	EXPENDITURE	BALANCE
<b>Professional &amp; Construction Cost</b>	R 1,500,000.00	R 6,367,833.65	R 0.00	R 1,500,000.00

**Progress**

We have received the Detailed Design Report, and the project is at the procurement stage.

**L) CONSTRUCTION OF EZAKHENI ROAD (CONCRETE SURFACING) PHASE 2- WARD 12**

**Project Description**

This project entails the upgrade of gravel road. A section is to be paved using concrete.

**Project Details**

**Name of Consultant:** BI Infrastructure Consulting

**Appointment Date:** 17 July 2025

CATEGORY	BUDGET (INCL. VAT)	PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)	EXPENDITURE	BALANCE
<b>Professional &amp; Construction Cost</b>	R 1,750,000.00	TBC	R 0.00	R 1,750,000.00

**Progress**

We have received the Detailed Design Report, and the project is at the procurement stage

**M) CONSTRUCTION OF OTHINI TO NTSHONGENI ROAD (CONCRETE SURFACING)**

**WARD 05**

**Project Description**

This project entails the construction of gravel road. A section is to be paved using concrete.

**Project Details**

**Name of Consultant:** BI Infrastructure Consulting (Pty) Ltd

**Appointment Date:** 17 July 2025

CATEGORY	BUDGET (INCL. VAT)	PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)	EXPENDITURE	BALANCE
<b>Professional &amp; Construction Cost</b>	R 1,750,000.00	TBC	R 0.00	R 1,750,000.00

**Progress**

We have received the Detailed Design Report, and the project is at the procurement stage

**N) UPGRADING OF STORMWATER AT UGAGANE, UMVEMVE AND IMBILA ROAD- WARD**

**13**

**Project Description**

This project entails the upgrade of stormwater at ugagane, umvemve and umbila road in ward 13.

**Project Details**

**Name of Consultant:** Urbanru (Pty) Ltd

**Appointment Date:** 17 July 2025

CATEGORY	BUDGET (INCL. VAT)	PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)	EXPENDITURE	BALANCE
<b>Professional &amp; Construction Cost</b>	R 1,000,000.00	TBC	R 0.00	R 1,000,000.00

**Progress**

We have received the Detailed Design Report, and the project is at the procurement stage

**O) CONSTRUCTION OF PATHWAYS IN WARD 14 & 15**

**Project Description**

This project entails the construction of pathways in wards 14 and 15.

**Project Details**

**Name of Consultant:** N/A (Project does not require professional services)

**Appointment Date:** N/A

<b>CATEGORY</b>	<b>BUDGET (INCL. VAT)</b>	<b>PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT)</b>	<b>EXPENDITURE</b>	<b>BALANCE</b>
<b>Construction Cost</b>	R 347,826.09	N/A	R 0.00	R 347,826.09

**Progress status**

Site assessments and measurements have been conducted. Project is currently at documentation stage.

**P) CONSTRUCTION OF SIDE WALKS IN WARD 04**

**Project Description**

This project entails the construction of sidewalks in wards 04.

**Project Details**

**Name of Consultant:** Ongasweli (PTY)(LTD)

**Appointment Date:** 31 October 2025

<b>CATEGORY</b>	<b>BUDGET (INCL. VAT)</b>	<b>EXPENDITURE</b>	<b>BALANCE</b>
<b>Construction Cost</b>	R 897 523.83	R 206,712.50	R 347,826.09

**Progress status**

Site assessments and measurements have been conducted. Project is currently at documentation stage.

**P) CONSTRUCTION OF SIDE WALKS IN WARD 15**

**Project Description**

This project entails the construction of sidewalks in wards 15.

**Project Details**

**Name of Contractor:** Malithuli consulting cc

**Appointment Date:** 31 October 2025

<b>CATEGORY</b>	<b>BUDGET (INCL. VAT)</b>	<b>EXPENDITURE</b>	<b>BALANCE</b>
<b>Construction Cost</b>	R 725 000.00	R 464.300.00	R 260.700.00

**Progress status**

The project is at 80% completion stage

**Table 6**

**FINANCIAL POSITION**

**Table C6 displays the financial position of the municipality as at 31<sup>st</sup> December 2025**

**KZN291 Mandeni - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment**

Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		131,927	9,811	–	173,221	9,811
Trade and other receivables from exchange transactions		56,701	43,899	–	63,217	43,899
Receivables from non-exchange transactions		20,402	44,829	–	8,258	44,829
Current portion of non-current receivables		–	–	–	–	–
Inventory		41,639	41,799	–	41,699	41,799
VAT		4,428	38,224	–	4,478	38,224
Other current assets		225	–	–	225	–
<b>Total current assets</b>		<b>255,323</b>	<b>178,561</b>	–	<b>291,098</b>	<b>178,561</b>
<b>Non current assets</b>						
Investments		–	–	–	–	–
Investment property		44,152	41,913	–	44,152	41,913
Property, plant and equipment		747,620	761,503	–	770,983	761,503
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		–	–	–	–	–
Intangible assets		2,124	1,928	–	2,124	1,928
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>793,896</b>	<b>805,344</b>	–	<b>817,259</b>	<b>805,344</b>
<b>TOTAL ASSETS</b>		<b>1,049,220</b>	<b>983,905</b>	–	<b>1,108,357</b>	<b>983,905</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Financial liabilities		9,025	–	–	9,025	–
Consumer deposits		196	162	–	246	162
Trade and other payables from exchange transactions		56,434	46,847	–	25,638	46,847
Trade and other payables from non-exchange transactions		5,292	2,058	–	21,189	2,058
Provision		5,380	17,141	–	5,380	17,141
VAT		9,837	22,133	–	12,945	22,133
Other current liabilities		–	–	–	–	–
<b>Total current liabilities</b>		<b>86,164</b>	<b>88,340</b>	–	<b>74,423</b>	<b>88,340</b>
<b>Non current liabilities</b>						
Financial liabilities		–	–	–	–	–
Provision		–	–	–	–	–
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		22,198	25,770	–	22,198	25,770
<b>Total non current liabilities</b>		<b>22,198</b>	<b>25,770</b>	–	<b>22,198</b>	<b>25,770</b>
<b>TOTAL LIABILITIES</b>		<b>108,362</b>	<b>114,110</b>	–	<b>96,620</b>	<b>114,110</b>
<b>NET ASSETS</b>	2	<b>940,858</b>	<b>869,795</b>	–	<b>1,011,737</b>	<b>869,795</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		738,186	867,662	–	809,064	867,662
Reserves and funds		202,672	2,133	–	202,672	2,133
Other		–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>940,858</b>	<b>869,795</b>	–	<b>1,011,737</b>	<b>869,795</b>

## **FINANCIAL RATIOS AND NORMS**

**Current ratio:** The municipality's current assets are 4 (three) times that of current liabilities.

The ratio measures the short-term liquidity, that is, the extent to which the current liabilities can be paid from current assets. The higher the ratio, the healthier the situation is. The ratio of 3.91:1 is favorable as it is above the norm of 1:1 normally set for municipalities. This indicates that there is sufficient cash to meet creditor obligations.

**Liquidity ratio:** The cash and cash equivalents are three time of the current liabilities.

**Creditors' system efficiency:** 100 percent of the creditors outstanding are less than 30 days.

**Creditor's payment:** it takes the municipality 0 days to pay its creditors.

**Outstanding debtors:** billing far exceeds the collection on outstanding debt at the rate of 83 percent.

**Collection days:** 329 days it takes the municipality to collect outstanding debt.

**Cost coverage:** on average the municipality has sustained its existence for the period of **4 months** without any grant funding.

**Debtors collection rate: as** at mid-year is **83%**

#### **1.4.4 PERFORMANCE INDICATOR**

**Table 7**

Table C7 below display the Cash Flow Statement for the month ending 31<sup>st</sup> December 2025

**KZN291 Mandeni - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment**

Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		(52,910)	49,972	—	6,840	58,159	24,986	33,173	133%	49,972
Service charges		(63,799)	98,454	—	1,926	15,039	49,227	(34,189)	-69%	98,454
Other revenue		8,768	26,748	—	236	1,955	13,374	(11,419)	-85%	26,748
Transfers and Subsidies - Operational		315,392	254,956	—	96,225	190,303	127,478	62,825	49%	254,956
Transfers and Subsidies - Capital		167,478	46,017	—	3,015	38,000	23,008	14,992	65%	46,017
Interest		—	25,232	—	—	—	12,616	(12,616)	-100%	25,232
Dividends		—	—	—	—	—	—	—	—	—
<b>Payments</b>										
Suppliers and employees		(469,507)	(414,328)	—	(39,754)	(212,299)	(190,121)	22,178	-12%	(436,031)
Interest		—	(3,050)	—	—	—	(1,525)	(1,525)	100%	(3,050)
<b>Transfers and Subsidies</b>		—	—	—	—	—	—	—	—	—
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(94,577)</b>	<b>84,002</b>	—	<b>68,488</b>	<b>91,157</b>	<b>59,044</b>	<b>(32,113)</b>	<b>-54%</b>	<b>62,299</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		126,192	(166,388)	—	(11,181)	(49,834)	(83,194)	(33,359)	40%	(144,685)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>126,192</b>	<b>(166,388)</b>	—	<b>(11,181)</b>	<b>(49,834)</b>	<b>(83,194)</b>	<b>(33,359)</b>	<b>46%</b>	<b>(166,388)</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>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>31,615</b>	<b>(82,386)</b>	—	<b>57,308</b>	<b>41,322</b>	<b>(24,150)</b>			<b>—</b>
Cash/cash equivalents at beginning:		230,188	92,208	—	—	131,899	92,208			131,899
Cash/cash equivalents at month/year end:		261,803	9,822	—	57,308	173,221	68,059			—



**Mandeni Municipality**

**BANK RECONCILIATION STATEMENT FOR DECEMBER 2025**

Main Account :52940480587

**Opening FNB Bank Balance as on DECEMBER 2025** **7 579 741.88** **7 579 741.88**

PLUS: Deposits Banked	10 029 225.39
PLUS: Interest received	27 162.05
PLUS: Transfers In	66 096 537.61
PLUS: Interest received From Call 1	87 686.30
PLUS: Unpaid	-
PLUS: MATURED INVESTMENTS	-
PLUS: SARS REFUND	2 444 707.67
PLUS: GRANTS RECEIVED	99 692 472.01

**Total Deposits** **178 377 791.03** **178 377 791.03**

**Less: Total payments** **- 173 835 068.82** **- 173 835 068.82**

LESS: EFT Payments	- 57 866 645.74
LESS: Bank Charges	- 20 758.50
LESS: Transfers Out	- 85 000 000.00
LESS: NEW INVESTMENTS	- 30 000 000.00
LESS: Debit Orders	- 947 664.58

**Closing FNB Bank Balance as on 31 DECEMBER 2025** **12 122 464.09**

**Cashbook Reconciliation for 31 DECEMBER 2025**

OPENING BALANCE 1/07/2025	2 810 099 045.12
OPENING BALANCE 1/07/2025	96 176 000.00
OPENING BALANCE 1/07/2025	- 2 889 322 530.36
OPENING BALANCE 1/07/2025-INTEREST	1 007 168.74
OPENING BALANCE-1/7/2025 -BANK CHARGES	- 1 660 778.29
<b>TOTAL OPENING BALANCE 1/07/2025</b>	<b>16 298 905.21</b>
Cashbook Balance as on 1 DEC 2025-D0001/IA09567/F0001/X049/R0099/001/FIN	282 667 569.16
Less: Cashbook Balance as on 1 DEC 2025-D0001/IA09850/F0001/X049/R0099/001/FIN	- 291 411 393.88
Corrections to be made (JNL CR)	-
Corrections to be made (JNL DR)	-
PLUS: Deposits Banked for DECEMBER 2025	10 029 225.39
LESS: EFT Payments for DECEMBER 2025	- 57 898 995.74
Plus NOV 2025 outstanding (reconciled )	23 000.00
Less: Bank Charges to date	- 128 387.32
PLUS: Grant received	99 692 472.01
Less : New investment	- 30 000 000.00
Less: Payments not yet paid during DECEMBER 2025	
PLUS: Interest received to date	136 452.44
PLUS: Interest received From Call 1-DECEMBER 2025	87 686.30
PLUS MATURED INVESTMENT	-
PLUS: SARS REFUND	2 444 707.67
PLUS : TRANSFER IN	66 096 537.61
LESS: TRANSFER OUT	- 85 000 000.00
LESS: Debit Orders for -DECEMBER 2025	- 947 664.58

**Closing Cashbook Balance as on 31 DECEMBER 2025** **12 090 114.27** **12 090 114.27**

**32 350.00**

**Reconciling Items** **Amount**

ADD: Journal Debits - on Cashbook not on Bank Statement **32 350.00**

ADJUSTED MONTH END CASHBOOK BALANCE- 31 DECEMBER 2025 **12 122 464.27**

MONTH END BALANCE PER BANK STATEMENT- 31 DECEMBER 2025 **12 122 464.09**

DIFFERENCE **0.18**

Cash and cash equivalent at the beginning of 2025/26 financial year is R131,9 million as per audited AFS and cash and cash equivalent at the end of 31<sup>st</sup> December 2025 is R173,2 million.

Table C7 shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

## **REVENUE**

- Property rates collection rate to date is 49.5% or R28.3 million of the billed revenue as at December 2025. The collection rate is above the budgeted rate of 50% and the municipality will remain the same during an adjustment budget. Further to that the municipality is implementing strategies as per credit control and debt collection policy, which has ensured that there is improved collection.
- Service Charges: electricity is 65% or R39.7 million of billed revenue as at December 2025 collection rate is within the limits of budgeted collection rate. Collection rate budgeted will be met at year end, budget will remain the same during adjustment budget.
- Service Charges: refuse is 27% or R2.1 million of billed revenue as at December 2025, collection rate is below the budgeted collection rate of 45%, however estimated collection rate will be met at year end, budget will remain the same during adjustment budget.
- Other Revenue collected to date is R3.4 million, which is due to collection of rentals of properties, licenses and permits and other sources of revenue. Further to that Other Revenue has also included VAT refunds received for the current financial year an amount of R14 million. Based on performance reported for other revenue and VAT Refunds these items will be adjusted during an adjustment budget.
- Government Operating received to date as at December 2025 is R190.3 million per grants received as publicized in DORA. Equitable Share received to date is R183.1 million, FMG Grant of R1.9 million, EPWP Grant of R1.2 million and Library Grant of R4.8 million.
- Government Capital: received to date R38 million from MIG, this is in accordance with the approved business plan.
- Grant will be adjusted to align with the revised gazette and approved rollovers will be considered during an adjustment budget.

## **PAYMENTS**

- Suppliers and employees for cash outflows of R212.3 million do not correspond with table A4 as it has also considered VAT in other line items and payments for prior year creditors of R27.3 million as per the 2024/25 audited AFS which were paid in this current financial year.
- Capital Assets of R64.7 million do not correspond with table A5 due to VAT of R8.4 million as payments are paid with VAT to suppliers.

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 DEBTOR'S ANALYSIS

**Table 8**

KZN291 Mandeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment											
R thousands	Description	NT Code	Budget Year 2025/26								Total over 90 days
			0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys 1Yr	Over 1Yr	
<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	1,913	1,660	1,294	2,051	1,125	123	496	2,759	11,421	6,555
Receivables from Non-exchange Transactions - Property Rates	1400	4,966	4,004	3,821	2,435	15,283	(5)	7,117	104,555	142,175	129,384
Receivables from Exchange Transactions - Waste Water Management	1500	–	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Waste Management	1600	1,420	1,179	977	950	969	916	5,828	61,721	73,961	70,384
Receivables from Exchange Transactions - Property Rental Debtors	1700	34	31	12	7	(1,212)	(5)	(47)	128	(1,052)	(1,130)
Interest on Arrear Debtor Accounts	1810	447	436	470	401	402	418	2,829	34,765	40,168	38,816
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–
Other	1900	4,690	6	6	15	8	11	7	5,409	10,152	5,450
<b>Total By Income Source</b>	<b>2000</b>	<b>13,471</b>	<b>7,316</b>	<b>6,580</b>	<b>5,860</b>	<b>16,574</b>	<b>1,459</b>	<b>16,229</b>	<b>209,337</b>	<b>276,826</b>	<b>249,459</b>
<b>2024/25 - totals only</b>											–
<b>Debtors Age Analysis By Customer Group</b>											–
Organs of State	2200	2,076	1,839	2,425	1,142	162	148	1,357	33,700	42,849	36,509
Commercial	2300	6,482	2,026	1,448	1,254	13,646	130	2,898	27,618	55,501	45,545
Households	2400	4,644	3,311	2,559	3,317	2,562	1,044	11,042	141,911	170,390	159,876
Other	2500	269	140	147	147	204	136	933	6,108	8,085	7,529
<b>Total By Customer Group</b>	<b>2600</b>	<b>13,471</b>	<b>7,316</b>	<b>6,580</b>	<b>5,860</b>	<b>16,574</b>	<b>1,459</b>	<b>16,229</b>	<b>209,337</b>	<b>276,826</b>	<b>249,459</b>

The total Consumer debtors outstanding as 31<sup>st</sup> December 2025 is **R 276 825 654.00**

- Debt book indicates **7%** increase from to 1<sup>st</sup> July 2025 to 31 December 2025, the debt book is very high.
- Debtors collection rate at December 2025 is **83%**
- The persistently high level of debt necessitates a reassessment of debtors and potential impairments.
- Revenue collection in Sundumbili remains particularly challenging, as the Municipality has limited leverage to enforce payment compliance, given that Eskom is the licensed electricity supplier in the area.
- The high debt levels are primarily attributable to non-payment by households in Sundumbili.

- Various interventions have been implemented, which are expected to improve the current situation, as the Municipality continues to apply all reasonable measures to collect and recover outstanding debt.
- The Municipality is currently in the process of categorizing the debtors' book by customer segments, to enable targeted collection efforts once the debt management system becomes fully operational.
- Billing is conducted on a monthly basis, while collections and the issuing of final demand notices are ongoing in an effort to reduce the debtors' book. In addition, several revenue protection and debt collection program are in place, aimed at improving overall collection rates.
- While the Municipality continues to maintain and optimize the collection of current debt, the recovery of historic debt remains the most significant challenge. To mitigate this, tracing mechanisms have been developed and implemented to reduce the impact of historic debt on the overall debtors' book.
- Furthermore, Debt Pack has been appointed to assist the Municipality with debt recovery through telephonic follow-ups, the issuing of Section 29 notices, and final demand letters.
- Outstanding debt in respect of Councilors' accounts as at December 2025 amounts to **R175,375.64**.
- Staff accounts in arrears as at December 2025 amount to **R77,088.94**.
- Monthly deductions are implemented for both staff and councilors to progressively reduce outstanding balances.
- Debt collection measures were strengthened following the review of the Credit Control and Debt Collection Policy, including the issuing of summonses with the intention to attach movable property. However, this process has proven to be slow due to capacity constraints within the Sheriff's office. In many cases, the Sheriff returns a "nulla bona" report, which undermines enforcement efforts. Additionally, many property owners are not permanent occupants of the indebted properties and cannot be traced. Legal proceedings are further constrained, as courts are often reluctant to grant judgments declaring properties specially executable (Section 66), particularly where such properties are occupied by relatives or dependents of the debtor.

## **DATA CLEANSING**

In the previous financial year, the Municipality undertook a customer tracing and profiling exercise aimed at improving the credibility of the debtors' book. The exercise achieved positive outcomes, contributing to more accurate billing by aligning accounts to the correct customers and ensuring that qualifying indigent beneficiaries were appropriately exempted in line with the approved policy.

### **INDIGENT REGISTRATION**

During the year under review, the Municipality implemented a targeted indigent registration outreach program, structured around a Voting District-based approach. This initiative proved effective in identifying previously unregistered and eligible indigent households, thereby expanding access to social support in a structured and controlled manner. The program has contributed positively to the reduction of the debtors' book by preventing the billing of consumers who are genuinely unable to afford municipal services, while ensuring that qualifying beneficiaries are correctly registered in terms of the approved Indigent Policy. The outreach program will continue to be rolled out to reach vulnerable communities, supporting access to both internal municipal services and Eskom's Free Basic Electricity program.

### **METER AUDIT**

The Municipality has initiated a meter audit exercise, in collaboration with Conlog, to ensure full recovery of revenue from electricity supplied and to prevent meter tampering and electricity theft. The program is currently ongoing.

### **INDIGENT REGISTRANDING OVER OF LONG OUTSTANIDNG DEBT TO ATTORNEYS FOR COLLECTION**

*In accordance with section 35 of Credit Control and Debt Management Policy- Legal Action*

- The continued growth of the Municipality's debtors' book remains a significant concern. Over the past few years, Management adopted a softer credit control approach, aimed at encouraging residents to voluntarily honor their service payment obligations. However, this approach has yielded limited improvement in collection levels.
- Given the prevailing conditions and the entrenched culture of non-payment for services, Management is of the view that a more stringent credit control strategy is now required. Accordingly, the Municipality intends to pursue lawful debt collection measures to strengthen revenue recovery and reinforce payment discipline. This approach is aligned with concerns repeatedly raised by the Auditor-General and directly supports the sustainability of the Municipality, particularly in relation to the going-concern assessment.
- Following the anticipated appointment of a panel of attorneys, expected to be finalized before the end of January 2026, Management will act decisively in implementing the legal route for debt collection.

### **Auditor General's matter of emphasis**

- It should be noted that the issue of Material impairments to debtors is one of the factors that affected our audit opinion
- It was also noted that we are having a challenge in identifying and eliminating indigent cheaters
- The audit Further identified the billing discrepancies relating to interest charged for outstanding debt and property rates

- It should be noted if things were to carry on this way this institution is going to lose its credibility and this will subsequently affect its going concern and we will soon be regarded as a grant dependent Municipality
- We should also put an emphasis that this issue is not entirely dependent on the Revenue team but requires a collective effort of each and every member of the Mandeni family to play a meaningful role so as to ensure that we redeem ourselves from these challenges.
- We have formulated a plan of collection going forward and our plan has been highlighted in the AG's management letter
- The plan provided is more operational but we have highlighted that strategic interventions need to be put in place so as to uplift the standard of living of our communities, attract and retain investment.
- Open opportunities for more job creation so as to ensure that we are serving the community that can afford to pay for our services.
- We need to ensure that we deal with the low hanging fruits in as far as basic service delivery is concerned. Fix potholes, streetlights, maintain roads clean our town and collect our waste on time.
- It is the above few things that encourage our people to come forward and assist their Municipality when they can see that their Municipality is working for them.

#### **2025/26 Debt Collection**

- For this financial year, despite the challenges we anticipate to reach our target and collect nothing less than **R40 ml**
- We are determined and resolute that such shall happen judging from the recent collection trends and our projections.

#### **Planned Interventions to Increase Collections (Property rates and Service Charges)**

- On a weekly basis, a list of top 20 debtors (businesses, government and domestic) is extracted from the debtors list.
- Debtors selected are encouraged to come and make arrangements for payment;
- In the event that they still default on payments, these debtors are written final demand letters and if no positive response is received, a process of effecting service disconnections ensues in line with our credit control policy.

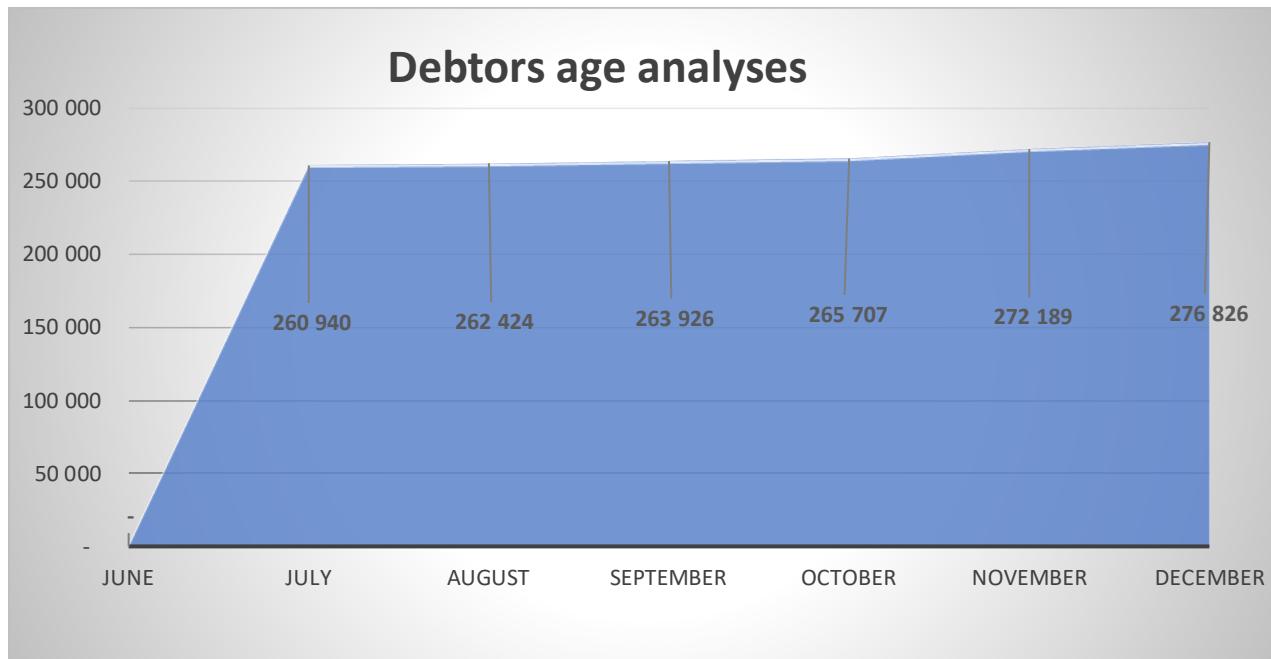
**Table 8.1**

<b>ACCOUNTS WITH LETTERS OF FINAL DEMAND FOR PAYMENT SENT OUT</b>					
<b>ACC. NO.</b>	<b>ADDRESS</b>	<b>ERF NO.</b>	<b>DEBTORS NAME</b>	<b>DEBT TYPE</b>	<b>AMOUNT R</b>
2250300	SUNDUMBILI B	2503	YAKA	RATE/REFUSE	R116 813.18
2250600	SUNDUMBILI B	2506	MPONTSHANE	RATE/REFUSE	R96 553.76
2250800	SUNDUMBILI B	2508	PHUNGULA	RATE/REFUSE	R47 404.78
2250900	SUNDUMBILI B	2509	MKHIZE (DECEASED)	RATE/REFUSE	R82 630.46
2251100	SUNDUMBILI B	2511	SHANDU	RATE/REFUSE	R39 756.28
2251400	SUNDUMBILI B	2514	NSELE	RATE/REFUSE	R130 813.90
2251500	SUNDUMBILI B	2515	MTSHALI	RATE/REFUSE	R41 613.18
2251600	SUNDUMBILI B	2516	NTOMBELA	RATE/REFUSE	R38 371.76
2251700	SUNDUMBILI B	2517	DLAMINI	RATE/REFUSE	R66 820.13
2251800	SUNDUMBILI B	2518	MKONZA (DECEASED)	RATE/REFUSE	R31 790.15
2252000	SUNDUMBILI B	2520	MSWELI	RATE/REFUSE	R30 486.60
2252100	SUNDUMBILI B	2521	NYAWO	RATE/REFUSE	R43 610.45
2252200	SUNDUMBILI B	2522	MGWABA (DECEASED)	RATE/REFUSE	R38 772.84
2252300	SUNDUMBILI B	2523	MTETWA	RATE/REFUSE	R33 956.29
2252600	SUNDUMBILI B	2526	MBATHA	RATE/REFUSE	R19 081.36
2252700	SUNDUMBILI B	2527	ITHALA DEV FIN CORP	RATE/REFUSE	R48 561.17
2253200	SUNDUMBILI B	2532	MBATHA	RATE/REFUSE	R41 045.28
2253500	SUNDUMBILI B	2535	ITHALA LTD -	RATE/REFUSE	R46 699.76
2253600	SUNDUMBILI B	2536	ZIKHALI	RATE/REFUSE	R21 033.53
2253700	SUNDUMBILI B	2537	NDABA	RATE/REFUSE	R33 469.37
<b>TOTAL</b>					<b>R1 049 284.23</b>

**Table 8.2**

DISCONNECTIONS DEC 2025						
NO.	ACCOUNT NO.	TOWN	ADDRESS	NAME	DEBT TYPE	AMOUNT R
1	009900611	MANDINI	9 RICHARD CIRCLE	NAIDOO	RATE/REFUSE	R2 7855.68
2	009904501	MANDINI	9 PATRYS ROAD	DUBE	RATE/REFUSE	R12 808.43
3	009401621	MANDINI	8 RICHARDS CIRCLE	DLAMINI	RATE/REFUSE	R33 183.24
4	009907461	MANDINI	8 IMPUNZI RD	MCHUNU	RATE/REFUSE	R1 860.06
5	009903781	MANDINI	7 TROGON RD	DLAMINI	RATE/REFUSE	R5 771.87
6	009908251	MANDINI	7 SPRINGBOK RD	MTHEMBU	RATE/REFUSE	R2 994.36
7	009901471	MANDINI	7 FARROW RD	NTSHANGASE	RATE/REFUSE	R5 781.14
8	009909122	MANDINI	7 DUBE RD	VENTER	RATE/REFUSE	R3 842.49
9	009900821	MANDINI	60 ANDERSON RD	THABETHE	RATE/REFUSE	R41 782.01
10	008803051	MANDINI	6 JOHNSTON RD	NDLOVU	RATE/REFUSE	R40 268.95
11	009002182	MANDINI	58 KUDU RD	MZIMELA	RATE/REFUSE	R91 521.78
12	009300531	MANDINI	57 PATRYS RD	MINNIE	RATE/REFUSE	R5 781.59
13	008700581	MANDINI	57 KUDU RD	MNQAYI	RATE/REFUSE	R4 485.89
14	009902731	MANDINI	54 GREIG RD	MZIMELA	RATE/REFUSE	R3 550.96
15	009909281	MANDINI	51 PATRYS RD	HLONGWANE	RATE/REFUSE	R9 803.85
16	009902561	MANDINI	5 WATSON RD	ZUNGU	RATE/REFUSE	R14 714.71
17	008400741	MANDINI	45 PATRYS RD	GOVENDER	RATE/REFUSE	R5 366.64
18	009702121	MANDINI	42 IMPUNZI RD	NZIMANDE	RATE/REFUSE	R30 429.35
19	009501791	MANDINI	40 KUDU RD	BUTHELEZI	RATE/REFUSE	R9 243.77
20	0024385.68	MANDINI	40 INYATHI RD	MTHEMBU, NGEMA	RATE/REFUSE	R26 206.94
21	009800611	MANDINI	40 IMPUNZI RD	MOOLMAN	RATE/REFUSE	R14 077.96
22	008803801	MANDINI	4 TROGON RD	NDLELA	RATE/REFUSE	R23 241.90
23	009600971	MANDINI	4 PHILLIP RD	NTULI	RATE/REFUSE	R81 049.85
24	009907442	MANDINI	4 IMPUNZI RD	HIRAMAN	RATE/REFUSE	R74 724.73
25	009903521	MANDINI	37 TROGON RD	MATHONSI	RATE/REFUSE	R30 404.09
26	009200811	MANDINI	37 PATRYS RD	SIBIYA	RATE/REFUSE	R5 389.30
27	008900571	MANDINI	35 KUDU RD	ZUNGU	RATE/REFUSE	R9 425.08
28	009801702	MANDINI	34 GREIG RD	ZULU	RATE/REFUSE	R25 249.18
29	009904701	MANDINI	32 PLOVER CRESCENT	CELE	RATE/REFUSE	R48 713.33
30	009907711	MANDINI	32 KUDU RD	MANQELE	RATE/REFUSE	R14 088.43
31	009903071	MANDINI	31 TALBOT RD	MBUYISA	RATE/REFUSE	R44 180.62
32	008903411	MANDINI	30 PLOVER CRESCENT	RADEBE	RATE/REFUSE	R95 631.87
33	0099999341	MANDINI	30 O'HARA RD	MZIMELA	RATE/REFUSE	R10 929.20
34	002500842	MANDINI	30 GREIG RD	XULU	RATE/REFUSE	R109 477.57
35	009910241	MANDINI	3 ERICA PLACE	QHOSHA	RATE/REFUSE	R38 337.83
36	009910421	MANDINI	3 ARUM PLACE	SIBIYA	RATE/REFUSE	R68 449.76
37	009901561	MANDINI	29 ANDESRON RD	GABELA	RATE/REFUSE	R13 129.79
38	008001121	MANDINI	28 O'HARA RD	MZIMELA	RATE/REFUSE	R32 594.75
39	008902381	MANDINI	28 IMPUNZI RD	ZONDI	RATE/REFUSE	R31 204.77
40	009301131	MANDINI	26 IMPUNZI RD	PILLAY	RATE/REFUSE	R20 024.98
41	009901291	MANDINI	26 FARROW RD	PM ZULU	RATE/REFUSE	R8 184.84
42	009800801	MANDINI	25 INYALA RD	MATHONSI	RATE/REFUSE	R26 792.22
43	008300731	MANDINI	23 PLOVER CRESCENT	MORGAN	RATE/REFUSE	R67 309.42
44	008800871	MANDINI	23 O'HARA RD	XULU	RATE/REFUSE	R19 200.26
45	008400631	MANDINI	22 TEKWANE CRESCENT	XULU	RATE/REFUSE	R5 930.21
46	009701331	MANDINI	22 KUDU RD	THABETHE	RATE/REFUSE	R30 676.19
47	009500781	MANDINI	20 UMSINSI RD	SIBIYA	RATE/REFUSE	R170 852.26
48	008908221	MANDINI	2 TEKWANE RD	DLAMINI	RATE/REFUSE	R54 682.26
49	009900121	MANDINI	2 STRATTEN CIRCLE	ZULU	RATE/REFUSE	R10 207.81
50	009903601	MANDINI	17 SANDPIPER RD	MWANDLA	RATE/REFUSE	R40 630.27
			<b>TOTAL</b>			<b>R1 602 044.44</b>

**Table 8.3**

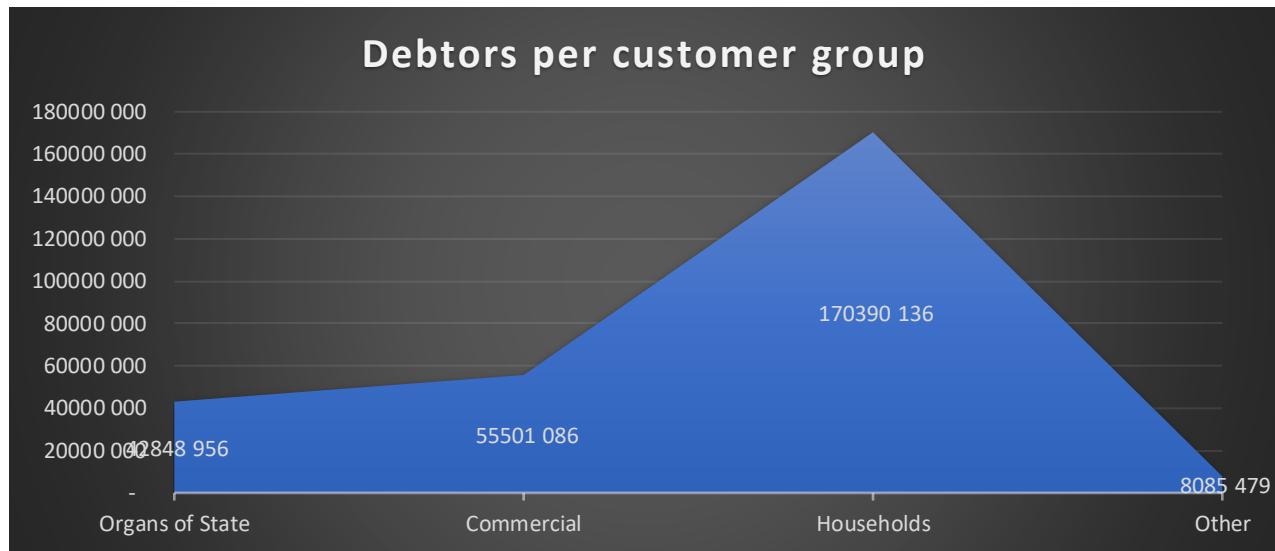


The municipal debtors have increased from R260.9 million to R276.8 million that is from July 2025 until 31 December 2025. This increase is between Household debtors of 62% and it is followed by Business Commercial is 20% and Organ of state at 15% and lastly the other debtors with a percentage of 3%.

▪ **Debtors outstanding per category**



- **Total Outstanding Debtors from July –December**



### **Councilors and Employees in Arrear**

- Debt outstanding on Staff as of 31 December is R.77,088.94
- Councillors Accounts in arrears as of 31 December is R175,375.64
- However, it should be noted that both Councilors and Staff have made arrangement with the municipality to settle these outstanding debts.

## **2.2 CREDITORS ANALYSIS**

**Table 9**

**KZN291 Mandeni - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment**

Description R thousands	NT Code	Budget Year 2025/26									Prior year totals
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120	121 - 150	151 - 180	181 Days -	Over 1 Year	Total	
<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	–	–	–	–	–	–	–	–	–	–
Auditor General	0800	–	–	–	–	–	–	–	–	–	–
Other	0900	–	–	–	–	–	–	–	–	–	–
Medical Aid deductions	0950	–	–	–	–	–	–	–	–	–	–
<b>Total By Customer Type</b>	<b>1000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

- Creditors as at 31<sup>st</sup> December 2025 amounts to **R0**
- 100% of the creditors are paid within 30 days as stipulated in the MFMA.

**2.3 INVESTMENT PORTFOLIO ANALYSIS \_ DECEMBER 2025**

**Table 10**

The following information presents the short-term investments balances broken down per investment type as at 31<sup>st</sup> December 2025

KZN291 Mandeni - Supporting Table SC5 Monthly Budget Statement - investment p										
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Interest Rate <sup>3</sup>	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance	
R thousands		Yrs/Months								
<b>Municipality</b>										
call 1-internal grant		12 moths	CALL ACCOUNT	7.2	–	840	62,588	70,000	7,500	
Call account 2 -HOUSING		12 moths	CALL ACCOUNT	7.2	2,209	65	–	–	2,220	
Call account 3-MIG		12 moths	CALL ACCOUNT	7.2	5,825	332	3,597	15,000	17,302	
Call account 5-TMT		12 moths	CALL ACCOUNT	7.2	568	17	–	1	572	
Call account 6-INEP		12 moths	CALL ACCOUNT	7.2	1	1	–	–	1	
Call account 7-AR		12 moths	CALL ACCOUNT	7.2	1,520	83	–	–	1,528	
Call account 8- Title Deed		12 moths	CALL ACCOUNT	7.2	1,761	61	–	–	1,770	
Call account 9-Disaster Recovery		12 moths	CALL ACCOUNT	7.2	143	62	–	–	144	
ABSA BANK		355 DAYS	INVESTMENT	9.78	–	–	–	–	–	
NEDBANK		125 DAYS	INVESTMENT	7.87	–	1,117	–	–	–	
ABSA BANK		184 DAYS	INVESTMENT	7.92	100,000	3,927	–	–	100,000	
ABSA BANK		90 DAYS	INVESTMENT	7.92	30,000	151	–	–	30,000	
FNB		1 MONTH	INVESTMENT	9	–	136	–	–	161,035	
					142,027	6,794	66,184	85,001	161,035	
									–	
									–	
<b>Municipality sub-total</b>					142,027	6,794	66,184	85,001	161,035	
<b>Entities</b>										
									–	
									–	
									–	
									–	
									–	
<b>Entities sub-total</b>					–	–	–	–	–	
<b>TOTAL INVESTMENTS AND INTERE</b>	2				142,027	6,794	66,184	85,001	161,035	

The cash flow situation is still a critical aspect for the Municipality and is being constantly monitored. However, the liquidity ratios have almost reached the acceptable standard norms but still need to be monitored on a continuous basis.

Closing balance for call investment deposits as at 31<sup>st</sup> December 2025 is R161 million with an interest generated during the 1<sup>st</sup> half of the year of R6.7 million.

In October 2025, investment number 03/7881155450/000038, amounting to R50 million, was withdrawn earlier than agreed date of 10 November 2025, earning total interest of R1.1 million. The proceeds were deposited into the municipal bank account.

In December 2025, a total amount of R30 million was invested with ABSA for a three-month term.

**2.4 ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE**

**Table 13**

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>			<b>273,445</b>	<b>250,223</b>	—	<b>81,400</b>	<b>188,660</b>	<b>124,610</b>	<b>64,050</b>	<b>51.4%</b>	<b>250,223</b>
EPWP Incentive	—		3,784	1,714	—	—	1,200	714	486	68.0%	1,714
Finance Management	—		1,850	1,900	—	—	1,900	792	1,108		1,900
Integrated National Electrification Programme	—		7,200	—	—	—	—	—			—
Local Government Equitable Share	—		243,588	244,198	—	81,400	183,149	122,099	61,050		244,198
Municipal Infrastructure Grant	—		17,023	2,411	—	—	2,411	1,005	1,406		2,411
Other transfers and grants [insert description]											
<b>Provincial Government:</b>			<b>(19,093)</b>	<b>4,933</b>	—	<b>4,825</b>	<b>4,825</b>	<b>2,055</b>	<b>2,770</b>	<b>134.7%</b>	<b>4,933</b>
KwaZulu-Natal_Capacity Building and Other_Spe	—		(19,093)	4,933	—	4,825	4,825	2,055	2,770	134.7%	4,933
Other transfers and grants [insert description]											
<b>District Municipality:</b>											
[insert description]											
<b>Other grant providers:</b>											
[insert description]											
<b>Total Operating Transfers and Grants</b>	5		<b>10,764</b>	<b>255,156</b>	—	<b>89,692</b>	<b>198,559</b>	<b>106,315</b>	<b>71,894</b>	<b>3.1%</b>	<b>255,156</b>
<b>Capital Transfers and Grants</b>											
<b>National Government:</b>			132,244	45,817	—	10,000	35,589	19,090	16,499	<b>86.4%</b>	45,817
Municipal Infrastructure Grant (MIG)	—		128,668	45,817	—	10,000	35,589	19,090	16,499	86.4%	45,817
Integrated National Electrification Programme Gra	—		3,576	—	—	—	—	—			—
Other capital transfers [insert description]											
<b>Provincial Government:</b>			<b>50,633</b>	—	—	—	—	—	—		—
KwaZulu-Natal_Infrastructure_Infrastructure_REC	—		50,633	—	—	—	—	—	—		—
<b>District Municipality:</b>											
KwaZulu-Natal_DC 29 - Ilembe_Infrastructure_Sp	—		—	—	—	—	—	—	—		—
<b>Other grant providers:</b>											
[insert description]											
<b>Total Capital Transfers and Grants</b>	5		<b>182,877</b>	<b>45,817</b>	—	<b>10,000</b>	<b>35,589</b>	<b>19,090</b>	<b>16,499</b>	<b>86.4%</b>	<b>45,817</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5		193,642	300,973	—	99,692	234,148	125,405	108,742	15.8%	300,973

**Grant Receipts Analysis:**

**The total operational YTD grant receipts** as at 31<sup>st</sup> December 2025 is R 199 million, which has been allocated as follows:

- Equitable Share received to date is R183.1 million, with a remaining last trench of R61 million which will be received during the 3<sup>rd</sup> quarter as per DORA schedule.
- FMG of R1.9 million has been fully received as publicized on DORA.
- EPWP received to date is R1.2 million with the remaining last trench of R514 thousand will be received in the 3<sup>rd</sup> quarter as per payment schedule.
- Library Grant of R4.6 million has been received from Department of Arts and culture as publicized on DORA
- RBIG from Ilembe received to date is R5.1 and R5.1 has been fully spent as Municipality act as an agent in this regard.

**The total capital YTD grant receipts** as at 31<sup>st</sup> December 2025 is R 28.7 million which has been allocated as follows:

- MIG receipts of R38 million has been received during the 1<sup>st</sup> half of the financial year, with a remaining balance of R10.2 million as publicized in DORA.
- Library receipts of R174 thousand have been received from Department of Arts & Culture as per gazette.

**Table 12: Transfers and Grant Expenditure**

KZN291 Mandeni - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment											
Description	Ref	2024/25		Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast	
<b>R thousands</b>											
<b>EXPENDITURE</b>											
<b>Operating expenditure of Transfers and Grants</b>											
<b>National Government:</b>		<b>271,476</b>	<b>251,013</b>	–	<b>63,196</b>	<b>197,236</b>	<b>125,507</b>	<b>71,729</b>	<b>57.2%</b>	<b>128,519</b>	
Expanded Public Works Programme Integrated Grant	–	1,815	1,714	–	253	1,423	857	566	66.0%	1,714	
Integrated National Electrification Programme Grant	–	1,850	–	–	–	–	–	–	–	–	
Local Government Financial Management Grant	–	7,200	1,900	–	178	1,296	950	346	36.4%	1,900	
Local Government Equitable Share	–	243,588	244,988	–	62,588	193,411	122,494	70,917	57.9%	122,494	
Municipal Infrastructure Grant	–	17,023	2,411	–	178	1,106	1,206	(99)	-8.2%	2,411	
Other transfers and grants [insert description]									–	–	
<b>Provincial Government:</b>		<b>4,282</b>	<b>4,933</b>	–	<b>345</b>	<b>2,192</b>	<b>2,467</b>	<b>(275)</b>	-11.1%	<b>4,933</b>	
KwaZulu-Natal_Capacity Building and Other_Specify (Add grant description)_Receipts	–	4,282	4,933	–	345	2,192	2,467	(275)	-11.1%	4,933	
KwaZulu-Natal	–								–	–	
Other transfers and grants [insert description]									–	–	
<b>Capital Transfers and Grants</b>		–	–	–	<b>3,467</b>	<b>5,074</b>	–	<b>5,074</b>	-100.0%	–	
<b>KwaZulu-Natal-DC 29 - Ilembe-Infrastructure</b>	–	–	–	–	<b>3,467</b>	<b>5,074</b>	–	<b>5,074</b>	-100.0%	–	
KwaZulu-Natal_DC 29 - Ilembe_Infrastructure_Specify (Add grant description)_RECEIPTS									–	–	
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–	
<i>[insert description]</i>									–	–	
<b>Total operating expenditure of Transfers and Grants:</b>		<b>275,758</b>	<b>255,946</b>	–	<b>67,009</b>	<b>204,501</b>	<b>127,973</b>	<b>76,528</b>	59.8%	<b>133,452</b>	
<b>Capital expenditure of Transfers and Grants</b>											
<b>National Government:</b>		<b>135,667</b>	<b>45,817</b>	–	<b>3,418</b>	<b>21,723</b>	<b>22,908</b>	<b>(1,185)</b>	-5.2%	<b>45,817</b>	
Integrated National Electrification Programme Grant	–	2,553	–	–	–	–	–	–	–	–	
Municipal Disaster Recovery Grant	–	15,556	–	–	–	4,511	–	4,511	-100.0%	–	
Municipal Infrastructure Grant	–	117,558	45,817	–	3,418	17,213	22,908	(5,696)	-24.9%	<b>45,817</b>	
Other capital transfers [insert description]									–	–	
<b>Provincial Government:</b>		<b>44,303</b>	–	–	–	–	–	–	–	–	
KwaZulu-Natal	–	<b>44,303</b>	–	–	–	–	–	–	–	–	
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–	
<b>KwaZulu-Natal-DC 29 - Ilembe-Infrastructure</b>	–	–	–	–	–	–	–	–	–	–	
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–	
<b>Total capital expenditure of Transfers and Grants</b>		<b>179,970</b>	<b>45,817</b>	–	<b>3,418</b>	<b>21,723</b>	<b>22,908</b>	<b>(1,185)</b>	-5.2%	<b>45,817</b>	
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>455,728</b>	<b>301,763</b>	–	<b>70,427</b>	<b>226,225</b>	<b>150,882</b>	<b>75,343</b>	50%	<b>179,269</b>	

### **Grant Expenditure Analysis:**

The total operational YTD grant expenditure as at 31<sup>st</sup> December 2025 is R 226.2 million which has been split between conditional and unconditional grants. Conditional Grants YTD expenditure as 31<sup>st</sup> December is R27.7 million with a remaining unspent of R22.1 million which we anticipate it will be fully spent by year end.

- FMG expenditure year to date is R1.3 million at (83%) with the remaining unspent balance of R604 thousand. FMG expenditure for mid-year is on track as we are implementing projects approved as per FMG support plan, grant will be fully spent by year end.
- EPWP expenditure year to date is R1.4 million at (65%) with the remaining unspent balance of R292 thousand. Expenditure towards this grant has exceeded projected budget as per mid-year performance, this is due to wages paid towards epwp beneficiaries which is in accordance

with EPWP MOU. Further to that it should be noted that the municipality have co-funded this project with a budget of R1 million as the municipality has a commitment with the epwp beneficiaries based on their contract, budget allocated by Department of Public Works is not sufficient to cover the full year and PPE.

- Library expenditure to date is R2.2 million at (44%) with the remaining unspent balance of R2.6 million. Library Expenditure is reflecting an underspending as at midyear, however there are commitments that have been made on this grant which will ensure that grant is fully spent by year end.
- MIG operational expenditure (PMU) to date is R1.1 million (44%) with a remaining balance of R1,2 million. Expenditure reported to date below the budgeted projection, however it is anticipated that grant will be fully spent by year end.

**The total capital YTD grant expenditure** as at 31<sup>st</sup> December 2025 is R 17.9 million which has been split as follows:

- MIG capital expenditure to date is R17.8 million (39%) with the remaining unspent balance of R27.8 million. Performance reported as at mid-year is below the set limit of 50% of the approved implementation plan; the municipality has then developed MIG acceleration plan which will assist in ensuring that there is improvement in terms of spending before year end. Challenges that we experienced in relation to this grant have been outlined under capital expenditure.
- Disaster Relief Grant Rollover of R4.5 million that was approved by COGTA has been fully spent at 100%)
- Library capital Expenditure to date is R174 thousand has been fully spent 100%

**3.COUNCILORS AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS**

**Table 13**

KZN291 Mandeni - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Mid-Year Assessment

Summary of Employee and Councillor remuneration	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands										%
	1	A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		13,079	14,319	—	1,098	6,517	7,159	(643)	-9%	14,319
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		452	702	—	39	237	351	(114)	-32%	702
Cellphone Allowance		1,493	1,754	—	126	746	877	(131)	-15%	1,754
Housing Allowances		126	269	—	11	63	134	(71)	-53%	269
Other benefits and allowances		—	—	—	—	—	—	—	—	—
<b>Sub Total - Councillors</b>		<b>15,151</b>	<b>17,043</b>	—	<b>1,274</b>	<b>7,563</b>	<b>8,522</b>	<b>(959)</b>	<b>-11%</b>	<b>17,043</b>
% increase	4		12.5%							12.5%
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages		8,755	5,833	—	496	3,401	2,916	484	17%	5,833
Pension and UIF Contributions		—	11	—	—	—	5	(5)	-100%	11
Medical Aid Contributions		268	153	—	17	127	76	50	66%	153
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		570	399	—	—	—	200	(200)	-100%	399
Motor Vehicle Allowance		716	909	—	60	358	454	(96)	-21%	909
Cellphone Allowance		342	281	—	29	171	141	30	22%	281
Housing Allowances		170	292	—	14	85	146	(61)	-42%	292
Other benefits and allowances		482	485	—	40	241	243	(2)	-1%	485
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	2	5,617	3,923	—	—	—	1,961	(1,961)	-100%	3,923
<b>Entertainment</b>		—	—	—	—	—	—	—	—	—
<b>Scarcity</b>		—	—	—	—	—	—	—	—	—
<b>Acting and post related allowance</b>		—	—	—	—	—	—	—	—	—
<b>In kind benefits</b>		—	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Municipality</b>		<b>16,920</b>	<b>12,285</b>	—	<b>656</b>	<b>4,382</b>	<b>6,142</b>	<b>(1,760)</b>	<b>-29%</b>	<b>12,285</b>
% increase	4		27.4%							27.4%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		96,503	105,238	—	8,918	52,606	52,619	(12)	0%	105,238
Pension and UIF Contributions		15,787	17,150	—	1,360	8,224	8,575	(351)	-4%	17,150
Medical Aid Contributions		7,748	7,271	—	675	4,129	3,635	494	14%	7,271
Overtime		4,129	3,191	—	266	1,923	1,596	327	21%	3,191
Performance Bonus		8,019	5,711	—	655	3,863	2,856	1,008	35%	5,711
Motor Vehicle Allowance		4,999	6,161	—	403	2,529	3,080	(551)	-18%	6,161
Cellphone Allowance		758	832	—	66	406	416	(10)	-2%	832
Housing Allowances		340	405	—	27	174	202	(29)	-14%	405
Other benefits and allowances		2,185	1,052	—	229	1,437	526	911	173%	1,052
Payments in lieu of leave		3,327	2,798	—	128	667	1,399	(732)	-52%	2,798
Long service awards		439	1,498	—	57	290	749	(460)	-61%	1,498
Post-retirement benefit obligations	2	(1,123)	4,310	—	—	—	2,155	(2,155)	-100%	4,310
<b>Entertainment</b>		—	—	—	—	—	—	—	—	—
<b>Scarcity</b>		—	—	—	—	—	—	—	—	—
<b>Acting and post related allowance</b>		—	—	—	—	—	—	—	—	—
<b>In kind benefits</b>		—	—	—	—	—	—	—	—	—
<b>Sub Total - Other Municipal Staff</b>		<b>143,111</b>	<b>155,617</b>	—	<b>12,782</b>	<b>76,249</b>	<b>77,808</b>	<b>(1,560)</b>	<b>-2%</b>	<b>155,617</b>
% increase	4		8.7%							8.7%
<b>Total Parent Municipality</b>		<b>175,181</b>	<b>184,944</b>	—	<b>14,712</b>	<b>88,194</b>	<b>92,472</b>	<b>(4,279)</b>	<b>-5%</b>	<b>184,944</b>
			5.6%							5.6%
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>175,181</b>	<b>184,944</b>	—	<b>14,712</b>	<b>88,194</b>	<b>92,472</b>	<b>(4,279)</b>	<b>-5%</b>	<b>184,944</b>
% increase	4		5.6%							5.6%
<b>TOTAL MANAGERS AND STAFF</b>		<b>160,030</b>	<b>167,901</b>	—	<b>13,438</b>	<b>80,631</b>	<b>83,951</b>	<b>(3,320)</b>	<b>-4%</b>	<b>167,901</b>

## **4. EXPENDITURE MANAGEMENT**

### **4.1 LEGAL FRAMEWORK**

As part of the mid-year performance report the analysis of expenditure pattern and the cash flow is highlighted.

The reflection is critical on issues that impact unauthorized expenditure, irregular expenditure and fruitless and wasteful expenditure. Circular 97 gives guidance and caution to practices that might lead to these expenditure categories.

As we give details to these categories it is important to briefly give proper meaning of the terms to avoid misinterpretation. And to provide appropriate corrective measures.

## **5. COST CONTAINMENT MEASURES**

In terms of Cost Containment Regulation and Circular 97 on Cost containment measured must be implemented to eliminate wasteful expenditure, reprioritize spending and ensure savings on various focus areas including events, advertising and sponsorship.

We have identified quite a number of areas that require urgent attention if we are to remain financially stable;

- S & T and Accommodation
- Catering services
- Plant Hire
- Insurance Premiums
- Transportation
- Excessive use of consultants
- Unbudgeted requests from community & government agencies
- Unfunded mandates

## **6. ASSET MANAGEMENT MID-YEAR REPORT**

### **6.1 OVERVIEW SUMMARY**

As of 31 December 2025, the total consolidated value of all assets as per the Fixed Asset Register is sitting at **R 1 151 217 246.33** and the nett book value is sitting at **R 816 340 380.44**

### **6.2 NEW ACQUISITIONS**

The acquisition of non-current assets amounted to **R 1 161 737.37** for the first half of 2025-2026. The following assets per asset type were purchased from 1<sup>st</sup> of July 2025 up to 31 December 2026.

<b>Asset Type</b>	<b>Cost</b>
<b>COMPUTER EQUIPMENT Total</b>	349 826.25
<b>FURNITURE AND OFFICE EQUIPMENT Total</b>	497 817.98
<b>MACHINERY AND EQUIPMENT Total</b>	126 593.14
<b>ROADS INFRASTRUCTURE Total</b>	187 500.00
<b>Grand Total</b>	<b>1 161 737.37</b>

### **Construction Work-in-Progress**

During the period up to 31 December 2025, the following payments were made. The total payments per project for the six months period ending 31 December 2025 amounts to **R 41 253 831.73** excluding VAT. The breakdown of cumulative expenditure per project is as follows.

Project Name	Main Contractor	Consulting Engineer	Addition
CONSTRUCTION OF AMAJUBA ROAD SIDEWALKS I	MALUTHULI CONSULTING	-	464 300.00
CONSTRUCTION OF BUS SHELTERS AND WALKWAY	-	BAITHUSI CONSULTING CC	133 504.80
CONSTRUCTION OF CONCRETE SURFACING OF EZA	-	BI INFRASTRUCTURE CONSULTANTS	172 919.36
CONSTRUCTION OF CONCRETE SURFACING OF GW	-	MORULA CONSULTING ENGINEERS AND	112 388.67
CONSTRUCTION OF CONCRETE SURFACING OF KW	-	S K Y V CONSULTING ENGINEERS	208 471.26
CONSTRUCTION OF CONCRETE SURFACING OF OT	-	BI INFRASTRUCTURE CONSULTANTS	164 271.43
CONSTRUCTION OF CONCRETE SURFACING OF RO	-	MORULA CONSULTING ENGINEERS AND	126 401.90
CONSTRUCTION OF LINDAYIPHI PEDESTRIAN BRID	-	ELIHLE MZANSI	430 152.21
CONSTRUCTION OF NEW OFFICE BLOCK	HIGH END GENERAL CONSTRUC	DLV Projects (PTY) LTD	10 994 372.95
CONSTRUCTION OF NGCOBO OJIKAYO ROAD	-	ELIHLE MZANSI	124 324.21
CONSTRUCTION OF PEDESTRIAN BRIDGES IN VARI	-	BAITHUSI CONSULTING CC	157 460.87
CONSTRUCTION OF ROAD THULAS INK ROAD	AMATHOKOZAMAHLE TRADING	FDKL ENGINEERING CONSULTANTS (PTY)	1 931 353.94
CONSTRUCTION OF SIDEWALKS IN WARD 04	ONGASWELI	-	206 712.50
DISASTER MANAGEMENT CENTRE	-	NZAMAKHUZE HOLDINGS	521 739.00
HLOMENDLINI SPORTSFIELD	SIHAWUSETHU TRADING(PTY)	SIYAZENZELA CONSULTING (PTY) LTD	462 519.48
INYONI ROADS PHASE 4	ZIBANDLELA TRADING 10 CC	BVI CONSULTING ENGINEERS KWAZULU-	923 195.66
MANDENI DLTC ADDITIONS	SIYARORO TRADING	NZAMAKHUZE HOLDINGS	397 220.10
MINI-FACTORIES PHASE 2	CHASHAZA (PTY) LTD	FDKL ENGINEERING CONSULTANTS (PTY)	1 044 387.30
REGRAVELLING OF ACCESS ROAD FROM SIZWE RG	-	S K Y V CONSULTING ENGINEERS	208 686.65
REGRAVELLING OF ACCESS ROAD FROM KWAMAT	-	S K Y V CONSULTING ENGINEERS	213 186.20
REGRAVELLING OF THENGELA TO NAZARETH ROAD	MUSA AND SON'S TRADING EN	LIBEKO (PTY)LTD	1 832 049.08
REHABILITATION OF BUMBANANI ROAD	IQHAWE ELIHLE TRADING	KUKHANYA PROJECTS	2 303 394.26
REHABILITATION OF MTHOMBOTHI, MBABALA, U	BIG O TRADING 298	DLV Projects (PTY) LTD	899 878.42
REHABILITATION OF NHLALONHLE, DOWNTOWN	PROGRESSIVE CHOICE	NGEJA CONSULTING ENGINEERS	3 096 392.25
UPGRADE MACHIBINI & ISITHEBE LINK ROAD	SILO CONSTRUCTION SA (PTY)	URBANRU (PTY) LTD	9 216 168.46
WARD 10 KHENANA SPORTSFIELD	NIKERESA CONSTRUCTION	IMPUMELELO CONSULTING ENGINEERS	1 365 577.61
WARD 8 COMMUNITY HALL	SIYARORO TRADING	GIBB	3 542 803.16
			<b>R41 253 831.73</b>

The total additions of all assets for the 6-month period ending 31 December 2025 amounted to **R 42 415 569.10**. A detailed listing of all acquisitions and additions to the fixed assets register is contained in the attached **Annexure A**.

### 6.3 DEPRECIATION

Cumulative depreciation as at 31 December 2025 per the system generated report amounts to **R 19 971 568.54** The breakdown per asset type is as follows.

<b>Class Level 3</b>	<b>Depreciation for Period</b>
COMMUNITY ASSET Total	1 906 327.19
COMPUTER EQUIPMENT Total	519 841.43
ELECTRICAL INFRASTRUCTURE Total	580 426.45
FURNITURE AND OFFICE EQUIPMENT Total	389 543.42
INTANGIBLE ASSET Total	0.00
INVESTMENT PROPERTY Total	0.00
LAND Total	0.00
MACHINERY AND EQUIPMENT Total	1 207 525.55
OTHER ASSET Total	1 001 823.69
ROADS INFRASTRUCTURE Total	9 252 662.00
STORM WATER INFRASTRUCTURE Total	1 523 686.78
TRANSPORT ASSET Total	3 589 732.03
	<b>19 971 568.54</b>

## **6.4 INSURANCE CLAIMS REPORT**

### **REPORTED CLAIMS**

The following six (6) claims were reported during the six months ending in December 2025

<b>CLAIM DESCRIPTION</b>	<b>VEHICLE REG./ REF.</b>	<b>MAKE OR MODEL</b>	<b>RESPONSIBLE OFFICIAL</b>	<b>INCIDENT DATE</b>
CLLR LS ZUNGUS LAPTOP WAS STOLEN FROM HIS VEHICLE	02947	DELL LATITUDE 3420	CLLR LS ZUNGU	08/12/2025
CLLR SP NAICKER LAPTOP WAS STOLEN DURING BREAK-IN AT HIS HOME	02957	DELL LATITUDE 3420	CLLR SP NAICKER	24/11/2025
A LAPTOP WAS STOLEN AT YOUTH OFFICER'S OFFICE	03930	LAPTOP LENOVO THINKBOOK 20VE00Q8	W MDAKANA	27/08/2025
UD TRUCK (BS18FM-ZN) COLLIDED WITH A VW POLO	BS18FM-ZN	UD QUESTER 330GW	Z SOKHELA	12/09/2025
UD TRUCK (BG49TGZN) OVERTURNED WHILE OFFLOADING	BG49TGZN	UD QUESTER 330GW	BMC NTULI	11/07/2025
S SITHOLE'S CAR COLLIDED WITH MUNICIPAL CLEAR VIEW GATE		CLEARVIEW GATE	S SITHOLE	18/08/2025

## **FINALIZED CLAIMS**

The following claims eight (7) were concluded and finalized during the six-month period ending 31 December 2025

CLAIM DESCRIPTION	REGISTRATION/ MODEL	INCIDENT DATE	DATE SETTLED	STATUS
COMPUTERS WERE STOLEN AT SUNDUMBILI LIBRARY	VARIOUS	2023/11/21	2025/07/09	SETTLED
UD TRUCK (BG49TGZN) OVERTURNED WHILE OFFLOADING	BG49TGZN	11/07/2025	2025/12/19	SETTLED
ISUZU DMAX (BJ09PK-ZN) REVERSED ON TO TOYOTA COROLLA (NZ13569)	NZ13569	31/03/2025	2025/11/10	SETTLED
COMPUTERS, AIRCONS, KITCHEN EQUIPMENT STOLEN AT ISITHEBE LIBRARY	VARIOUS	05/04/2025	2025/08/29	SETTLED
A LAPTOP WAS STOLEN AT YOUTH OFFICER'S OFFICE	03930	27/08/2025	2025/10/22	REJECTED
ISUZU DMAX (BJ09PK-ZN) REVERSED ON TO TOYOTA COROLLA (NZ13569)	BJ09PK-ZN	31/03/2025	2025/08/19	SETTLED
A STONE HIT CC21MP-ZN WINDSCREEN	CC21MP-ZN	04/05/2025	2025/07/11	SETTLED

## **OUTSTANDING CLAIMS**

The following six (4) claims remain outstanding as of 31 December 2025.

CLAIM DESCRIPTION	INCIDENT DATE	STATUS REPORT	REMARKS
S SITHOLE'S CAR COLLIDED WITH MUNICIPAL CLEAR VIEW GATE	18/08/2025	INSURER HAS REQUESTED THE REASON FOR LATE NOTIFICATION AS THIS INCIDENCE OCCURRED IN AUGUST 2025	FILE OPEN
UD TRUCK (BS18FM-ZN) COLLIDED WITH A VW POLO	12/09/2025	12.01.2026 - THE MATTER IS BEING HANDLING BY THE INSURER'S LAWYERS. THE INSURER IS IN CONTACT WITH THE 3RD PARTY INSURANCE.	FILE OPEN
CLLR SP NAICKER LAPTOP WAS STOLEN DURING BREAK-IN AT HIS HOME	24/11/2025	12.01.2026 - KMRS SENT THE REPLACEMENT QUOTE FOR APPROVAL. EXCESS INVOICE WILL BE FORWARDED IN DUE COURSE.	FILE OPEN
CLLR LS ZUNGU'S LAPTOP WAS STOLEN FROM HIS VEHICLE	08/12/2025	07.01.2026 - AWAITING FOR CLLR LS ZUNGU TO SEND A FORMAL REPORT TO THE MUNICIPALITY	FILE OPEN

## **6.6 PHYSICAL ASSET VERIFICATIONS**

### **ACTIVITIES**

During the first and the second quarter of the financial year ending 30 June 2026 the following sites were visited;

- Main Offices
- Technical Services
- Public Safety offices
- Beaches
- Mandeni and Ndulinde Libraries
- Sundumbili Stadium

Activities undertaken during physical asset verification included the following;

- Issuing of notice to all staff advising them of the physical asset verification for the first quarter.
- Updating of locations and the custodian's information per office.
- Physically verifying all movable assets in the civic centre and public safety offices using the scanner.
- Ensuring that movable assets are bar-coded and assigning new barcodes assets if required.
- Indicating the condition of each asset  
1. Very good, 2. Good, 3. Fair, 4 Poor, 5. Very Poor
- Printing of inventory sheets per location, conducting quality assurance of information from each inventory list and obtaining a sign-off from the occupant or appointed responsible person for controlling the asset.
- Following up and resolving discrepancies as identified during the asset verification process.
- Obtaining a Site or Departmental sign-off Certificate per site from the Asset Controllers on completion of the verification process.
- Uploading of scanning results onto the AMS360 system and approving the project.
- Ensuring that the verification system (AMS360) integrates.

### **ASSET DISPOSALS**

There was no disposal of assets during the first half of 2025-26 Financial year. The next auction is planned for the 3<sup>rd</sup> or last quarter of the financial year.

### **7. REPORTING (ANNUAL FINANCIAL STATEMENTS)**

The municipality has planned to start preparing its Annual Financial Statements internally, by issuing interim AFS as at 31<sup>st</sup> January 2026 which will be issued in February 2026. This will ensure that annual financial statements are reviewed and reconciled to their line items to ensure completeness and accuracy. This will further assist in reducing material misstatements at year end, as errors will be identified earlier and corrected.

Furthermore, to that the municipality has adhered to MFMA and mSCOA regulation by ensuring that Section 71 reports and mSCOA data strings are submitted and tabled to Council and relevant treasuries within the legislated framework (monthly & quarterly) during the 1<sup>st</sup> half of the financial year.

**8. Municipal Manager's Quality Certificate**

I **S.G KHUZWAYO**, municipal manager of Mandeni Municipality, hereby certify that the:

**▪ Section 72 Mid-Year Budget and performance Assessment**

has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act,

Print Name **Mr S.G. Khuzwayo**

Municipal manager of Mandeni Municipality (KZN 291)

Signature: \_\_\_\_\_

Date: **23 January 2026**