



SECTION 71 REPORT FOR THE MONTH OF OCTOBER 2025

DISTRIBUTION:

Executive Mayor:	Cllr Mareen Magubane
Municipal Manager:	Dr. Elphas Dladla
Chief Financial Officer:	Mr. Ntando Duma
Sector Departments:	Mpofana Local Municipality

Contents

- 1. Purpose3
- 2. Background3
- 3. Executive summary4
- 4. Budget performance overview5
 - 4.1 Operating Revenue by Source10
 - 4.2 Operating Expenditure by Type11
 - 4.3 Capital expenditure12
 - 4.4 Cashflows12
- 5. In-year budget statement tables14
- 6. Debtors' Analysis14
- 7. Creditors' Analysis15
- 8. Investment portfolio analysis15
- 9. Allocation and grant receipts and expenditure16
- 10. Councillor allowances and employee benefits16
- 11. Material variances to the service delivery and budget implementation plan18
- 12. Capital programme performance19
- 13. Other supporting documents.19
- 14. Conclusion19
- 15. Annexure A: C-schedules19
- 16. Annexure B: Compliance with the conditions for Municipal Debt Relief20
 - 16.1 MFMA Circular 124 – Municipality Compliance Self-Assessment20
 - 16.2 Municipal Debt Relief Performance across the period of debt relief participation20
 - 16.4 MFMA Circular 124 – Condition 6.6 & 6.722
 - 16.5 MFMA Circular 124 - Condition 6.8 (Completeness of the revenue base).....23
 - 16.5.1 MFMA Circular 124 – Condition 6.8 (Completeness of the revenue base)....25
 - 16.6 MFMA Circular 124 – Condition 6.3 and Condition 6.12 27
- 17. Municipal Manager's quality certification.....30
- 18. Recommendations.....30

PART 1: IN-YEAR REPORT FOR THE PERIOD ENDING 31 OCTOBER 2025

TO: THE EXECUTIVE MAYOR

FROM: THE DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE

1. Purpose

To inform the council of financial performance and financial position of the municipality as required by section 71 of the Municipal Finance Management Act (MFMA).

2. Background

In terms of Section 71 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (hereinafter referred to as a MFMA), requires the Accounting Officer of a Municipality must by no later than 10 working days of after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on state of the municipality's budget reflection the particular for the month and for the financial year up to the end of that month:-

- (a) Actual revenue, per revenue source
- (b) Actual borrowings
- (c) Actual expenditure per vote
- (d) Actual capital expenditure per vote
- (e) The amount of any allocations received.
- (f) Actual expenditure on those allocations excluding expenditure on
 - (i) Its share of local government equitable share and
 - (ii) Allocation exempt by annual Division of Revenue Act from compliance with this paragraph
- (g) When necessary an explanation of
 - (i) Any material variance from the municipality's projected revenue by source and from the municipality's expenditure projections per vote.
 - (ii) any material variance from the service delivery implementation plan and
 - (iii) any remedial or corrective steps taken or to be taken to ensure that the projected revenue and expenditure remain within the municipality's approved budget.

3. Executive summary

The application of sound financial management principles for the compilation of Mpofana Local Municipality's financial plan is essential and critical to ensure that the municipality recovers from the financial distress without compromising the service delivery and core competencies of the municipality. The communities are still expecting high quality of service more especially the basic services.

This informed by the assessment that was done by KZN Provincial Treasury on the adopted budget. MFMA section 23(1) b states that the municipal council must consider any views of the national treasury, the relevant provincial treasury and any provincial or national organ of the state or municipalities which made submissions on the budget.

The main challenges experienced during the implementation for the 2025/26 MTREF can be summarized as follows:

- The municipality does not have cash reserves to fund its budget;
- Low collection levels of outstanding debtors;
- High indigent rate and inability of the municipality to fund indigent.
- Local economic deficiency and lack of municipality ability to attract adequate investment.
- Aging and poorly maintained infrastructure with regards to payment of municipal services such as electricity.
- Capital projects can only be funded from grants, no internal funds;
- Long outstanding creditors more specifically the Eskom account; and
- Challenges in the implementation of the *mSCOA*.

4. Budget performance overview

The MFMA S71 monthly statement format incorporates the monthly debt relief reporting requirements as required in the respective National Treasury debt relief approval letter, as well as MFMA Circular 124".

The municipality's application for municipal debt relief was approved with effect 1 October 2023.

The 2025/2026 MTREF Budget was assessed by KZN PT as unfunded, and a Funding Plan was subsequently developed and has been adopted by Council on 30 May 2025.

For consideration for Budget funding plan for the month for October 2025 is:

(a) The Revenue Trend Analysis Report for October 2025, was compiled by the revenue unit in October 2025. The purpose was to report on Debtors management (Analysis of Debtors); Credit Control (Status of Cut-offs, Revenue protection, Electricity Losses & Collection rate); Revenue training received by the revenue unit; Status quo on Reconciliations to date; and making recommendations accordingly. **Attachment 1**

Current status of municipal affordability

The period between April 2023 – September 2025, was chosen, and necessary data analysed from applicable C schedules, payment & expenditure reports, to document the value of municipal Electricity Bulk purchases, amounts billed, as well as cash collected.

It was observed that from the total value of bulk purchases of **R 195 437 896**, a significant portion from bulk purchases **R 81 937 646 (42%)** is not billed, which automatically hampers the municipal's ability to receive adequate revenue to pay the bulk purchases in full.

Furthermore, the total billed for electricity is **R 113 500 250**, and total cash collection is **R 95 259 326 (i.e. 84%)**. The impact of the low collection rate of **84%**, in relation to Bulk Purchases, is that cash collected is insufficient, and further impacts the municipal's ability to adequately maintain the bulk purchases in full.

In addition, the municipality was unable to make payment of **R 1 500 000** in September 2025.

It has also been observed that when fixed costs (employee costs, fuel & repairs & maintenance) are considered, it equates to **R 45 656 004**. Repairs & Maintenance comprises R 27 062 974 (**i.e. 59%**) of total fixed costs. This represents an average of **R 902 099** per month over **30** months, which clearly indicates the poor state of electricity infrastructure. It is evident that the fixed costs are significant, which places extremely high pressure on cash flow commitments of the municipality.

For September 2025, the electricity losses in units were **4 670 421**, which equates to electricity losses of **R 12 995 011**. The above further illustrates the municipal's inability to maintain the current account to Eskom.

The additional impact is that the municipality is simply unable to afford the Interest charges raised of **R 67 547 066**, as the municipality does not have the financial means to at a minimum adequately maintain the bulk purchases in full.

The Mpofana LM's Annual budget for 2024/25 & 2025/26 was assessed as unfunded, which indicates the financial distress it faces, and requires the application of sound financial management principles for the implementation of the Budget Funding Plan.

In terms of the aged debtors from the C schedule, September 2025, it indicates that the total amount of debtors owing the municipality is **R 177 879 m**. The impact of the high debtors outstanding, significantly impacts the municipality's ability to pay creditors, and also maintain the current account with Eskom.

After considering all of the factors outlined above, the municipality is therefore not in a position to adequately maintain the current account, as at **September 2025**.

Electricity Losses

The following provides an overview of Electricity Losses for October 2025

OCTOBER 2025 ELECTRICITY LOSSES						
	KW - UNITS					
	Purchases for 25/26	Sold to Conventional	Sold to Prepaid	Electricity Loss	Sale per unit	Rand Value Lost R
Energy Peak	2 237 042,84	555 122,33	0	1 681 920,51	5,37	9 038 682,85
Energy Std	4 835 512,12	1 025 724,33	3 186 171,60	623 616,19	2,90	1 809 665,13
Energy Off	4 594 587,88	1 116 836,33	0	3 477 751,55	1,47	5 123 684,41
	11 667 142,84	2 697 683,00	3 186 171,60	5 783 288,24		15 972 032,39

Key Observations:

- Total Units purchased is 11 667 142
- Total Units sold – Conventional 2 697 683 **(i.e. 23%)**
- Total Units sold – Prepaid 3 186 171 **(i.e. 27%)**
- Total electricity loss in Units – **5 783 288 (i.e. 50 %)**

For a detailed overview of the Budget performance, refer to Annexure A – C Schedules, and for compliance to conditions of Municipal Debt relief

For a detailed overview of the Budget performance, refer to Annexure A – C Schedules, and for compliance to conditions of Municipal Debt relief

Description	Summary for Financial Period ended September 2025				
	Full Year Budget Adopted 2025/26	Pro Rata Budget October 2025	YTD Actual October 2025	YTD Variance Amount October 2025	YTD percentage
Total Revenue:	R 209,053,554	R 48,586,396	R 62,109,073	R -13,522,677	74.09%
Revenue - Operational	R 192,888,454	R 43,198,028	R 54,718,560	R -11,520,532	28.37%
Revenue - Capital	R 16,165,100	R 5,388,368	R 7,390,513	R -2,002,145	45.72%
Total Expenditure:	R 200,352,646	R 66,784,248	R 90,360,240	R -23,575,992	107.96%
Expenditure - Operational	R 186,369,733	R 62,123,276	R 81,368,964	R -19,245,688	43.66%
Expenditure - Capital	R 13,982,913	R 4,660,972	R 8,991,276	R -4,330,304	64.30%
Surplus/(Deficit)	R 8,700,908	R -18,197,852	-28,251,167	10,053,315	

The above table gives the consolidated overview of the Budget Projections and Actual Performance on Operating Revenue of R54,7 million or 28% of Operational revenue and Capital revenue of R7,3 million or 45% of Budgeted Capital Revenue.

The municipality has incurred Operational Expenditure of R81,3 million or 43% and Capital expenditure of R8,9 million or 64% as at month ending 31 October 2025.

4.1 Operating Revenue by Source

KZN223 Mpfana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October										
Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		54,021	65,535	-	3,420	19,738	21,845	(2,107)	-10%	65,535
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		5,473	6,513	-	509	2,035	2,171	(136)	-6%	6,513
Sale of Goods and Rendering of Services		1,147	250	-	39	92	59	32	55%	250
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		(175)	2,636	-	-	(3)	879	(882)	-100%	2,636
Interest from Current and Non Current Assets		559	616	-	30	188	205	-	-	616
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		192	196	-	12	100	65	35	53%	196
Licence and permits		4,858	5,429	-	752	1,639	1,810	(171)	-9%	5,429
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		1,099	9,088	-	28	85	3,020	(2,934)	-97%	9,088
Non-Exchange Revenue										
Property rates		13,477	26,719	-	1,553	6,094	(12,158)	18,252	-150%	26,719
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4,545	8,371	-	-	946	2,790	(1,844)	-	8,371
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		61,367	57,724	-	488	23,804	19,241	4,562	-	57,724
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	9,810	-	-	-	3,270	(3,270)	-	9,810
Other Gains		31	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		146,592	192,888	-	6,831	54,719	43,198	11,521	27%	192,888

Revenue by Source

Actual revenue vs Approved budgeted revenue – The total approved Operational Revenue budget is R192,8 million. The municipality recognized a monthly actual revenue of R6,8 or 4% and YTD of R54,7 million or 28% of budgeted operational revenue for the month ending 31 October 2025.

4.2 Operating Expenditure by Type

KZN223 Mpofana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		71,211	62,010	-	6,027	23,510	20,670	2,840	14%	62,010
Remuneration of councillors		3,537	4,057	-	377	3,722	1,352	2,370	175%	4,057
Bulk purchases - electricity		81,004	71,910	-	5,857	33,014	23,970	9,044		71,910
Inventory consumed		11,033	8,800	-	220	369	2,933	(2,564)		8,800
Debt impairment		(4,467)	8,757	-	-	-	2,919	(2,919)	-100%	8,757
Depreciation and amortisation		14,865	10,894	-	-	-	3,631	(3,631)	-100%	10,894
Interest		23,459	-	-	2,629	10,283	-	10,283	#DIV/0!	-
Contracted services		24,734	6,435	-	470	4,354	2,145	2,210	103%	6,435
Transfers and subsidies		64	-	-	-	-	-	-		-
Irrecoverable debts written off		-	-	-	-	-	-	-		-
Operational costs		34,401	13,507	-	879	5,899	4,502	1,397	31%	13,507
Losses on Disposal of Assets		5,901	-	-	-	-	-	-		-
Other Losses		116	-	-	-	-	-	-		-
Total Expenditure		265,857	186,370	-	16,458	81,152	62,123	19,029	31%	186,370

Operating Expenditure by type

- Actual expenditure vs Approved budget expenditure – the municipality incurred monthly expenditure of R16,4 million or 9% and YTD of R81,1 million or 43% of the budgeted expenditure as at end of 31 October 2025.

4.3 Capital expenditure

KZN223 Mpfana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M04 October										
Vote Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital Expenditure - Functional Classification										
Governance and administration		202	-	-	31	248	-	248	#DIV/0!	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		202	-	-	31	248	-	248	#DIV/0!	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		13,575	332	-	623	1,850	111	1,739	1574%	332
Community and social services		12,627	-	-	623	1,850	-	1,850	#DIV/0!	-
Sport and recreation		948	332	-	-	-	111	(111)	-100%	332
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		9,281	11,116	-	1,558	7,111	3,705	3,405	92%	11,116
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		9,281	11,116	-	1,558	7,111	3,705	3,405	92%	11,116
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	2,535	-	-	-	845	(845)	-100%	2,535
Energy sources		-	2,535	-	-	-	845	(845)	-100%	2,535
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	23,058	13,983	-	2,212	9,208	4,661	4,547	98%	13,983
Funded by:										
National Government		22,856	13,983	-	2,181	7,887	4,661	3,226	69%	13,983
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		22,856	13,983	-	2,181	7,887	4,661	3,226	69%	13,983
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		107	-	-	31	1,321	-	1,321	#DIV/0!	-
Total Capital Funding		22,963	13,983	-	2,212	9,208	4,661	4,547	98%	13,983

- Monthly actual of R2,2 or 2% and YTD of R9,2 million or 70% of budgeted capital expenditure has been spent as at the end of 31 October 2025.

4.4 Cash Flow Statement October 2025

CASH FLOW STATEMENT OCTOBER 2025					
Balance b/f	3,075,137.14	3,895,338.84	1,852,644.40	2,136,681.55	1,432,244.52
Receipts					
Operating Receipts	2,806,209.70	970,409.53	1,457,157.95	1,688,010.06	2,580,286.78
Capital Receipts	-	-	-	1,580,000.00	-
	2,806,209.70	970,409.53	1,457,157.95	3,268,010.06	2,580,286.78
Payments					
Critical operating payments	- 863,899.31	- 2,386,557.49	- 1,173,120.80	- 3,972,447.09	- 2,349,537.58
Current contracted Capital payments	-1,122,108.69	-626,546.48	-	-	-761,570.80
	- 1,986,008.00	- 3,013,103.97	- 1,173,120.80	- 3,972,447.09	- 3,111,108.38
Balance (after critical & contracted payments)	3,895,338.84	1,852,644.40	2,136,681.55	1,432,244.52	901,422.92
Balance (after all payments)	3,895,338.84	1,852,644.40	2,136,681.55	1,432,244.52	901,422.92
Balance c/f					
	3,895,338.84	1,852,644.40	2,136,681.55	1,432,244.52	901,422.92

- Municipality has the positive cash balance of R901 422 thousand from the Primary bank in October 2025.

5. In-year budget statement tables

KZN223 Mpfana - Table C1 Monthly Budget Statement Summary - M04 October									
Description	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	13,477	26,719	-	1,553	6,094	(12,158)	18,252	-150%	26,719
Service charges	59,494	72,048	-	3,929	21,773	24,016	(2,243)	-9%	72,048
Investment revenue	559	616	-	30	188	205	(17)	-8%	616
Transfers and subsidies - Operational	61,367	57,724	-	488	23,804	19,241	4,562	24%	57,724
Other own revenue	11,696	35,781	-	831	2,859	11,893	(9,034)	-76%	35,781
Total Revenue (excluding capital transfers and contributions)	146,592	192,888	-	6,831	54,719	43,198	11,521	27%	192,888
Employee costs	71,211	62,010	-	6,027	23,510	20,670	2,840		62,010
Remuneration of Councillors	3,537	4,057	-	377	3,722	1,352	2,370		4,057
Depreciation and amortisation	14,865	10,894	-	-	-	3,631	(3,631)		10,894
Interest	23,459	-	-	2,629	10,283	-	10,283		-
Inventory consumed and bulk purchases	92,037	80,710	-	6,077	33,383	26,903	6,480		80,710
Transfers and subsidies	64	-	-	-	-	-	-		-
Other expenditure	60,685	28,699	-	1,349	10,254	9,566	687	7%	28,699
Total Expenditure	265,857	186,370	-	16,458	81,152	62,123	19,029	31%	186,370
Surplus/(Deficit)	(119,265)	6,519	-	(9,627)	(26,434)	(18,925)	(7,508)	40%	6,519
Transfers and subsidies - capital (monetary allocations)	28,149	16,165	-	1,792	7,223	5,388	1,835	34%	16,165
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	(91,116)	22,684	-	(7,835)	(19,211)	(13,537)	(5,674)	42%	22,684
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	(91,116)	22,684	-	(7,835)	(19,211)	(13,537)	(5,674)	42%	22,684
Capital expenditure & funds sources									
Capital expenditure	23,058	13,983	-	2,212	9,208	4,661	4,547	98%	13,983
Capital transfers recognised	22,856	13,983	-	2,181	7,887	4,661	3,226	69%	13,983
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	107	-	-	31	1,321	-	1,321	#DIV/0!	-
Total sources of capital funds	22,963	13,983	-	2,212	9,208	4,661	4,547	98%	13,983
Financial position									
Total current assets	244,517	155,362	-		248,120				155,362
Total non current assets	218,988	302,601	-		228,196				302,601
Total current liabilities	758,425	563,683	-		790,453				563,683
Total non current liabilities	91,257	35,347	-		91,257				35,347
Community wealth/Equity	(386,182)	(141,067)	-		(405,393)				(141,067)
Cash flows									
Net cash from (used) operating	692,074	7,520	-	12,995	102,667	127,565	24,897	20%	7,520
Net cash from (used) investing	47,233	(16,157)	-	(2,212)	(9,208)	5,386	14,594	271%	(16,157)
Net cash from (used) financing	-	-	-	-	-	-	-		-
Cash/cash equivalents at the month/year end	741,555	(4,802)	-	10,783	101,886	136,785	34,899	26%	-
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	4,345	4,175	878	1,657	1,883	1,180	7,688	154,467	176,274
Creditors Age Analysis									
Total Creditors	7,127	10,893	14,618	3,084	31,298	7,788	55,807	563,408	694,021

6. Debtors' Analysis

KZN223 Mpfana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October												
Description	NT Code	Budget Year 2025/26									Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total		
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	1,587	1	5	-	-	-	124	1,718	129	-
Receivables from Non-exchange Transactions - Property Rates	1400	1,365	1,038	1,042	979	1,280	693	4,533	45,938	56,867	53,422	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	544	514	489	490	435	435	3,004	29,007	34,918	33,371	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	14	10	(952)	21	4	4	48	1,097	246	1,174	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	(1)	(3)	(11)	(15)	(15)	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-
Other	1900	2,421	1,026	298	163	164	49	106	78,312	82,540	78,794	-
Total By Income Source	2000	4,345	4,175	878	1,657	1,883	1,180	7,688	154,467	176,274	166,875	-
2024/25 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	2200	-	-	-	-	-	-	-	-	-	-	-
Commercial	2300	-	-	-	-	-	-	-	-	-	-	-
Households	2400	-	-	-	-	-	-	-	-	-	-	-
Other	2500	4,345	4,175	878	1,657	1,883	1,180	7,688	154,467	176,274	166,875	-
Total By Customer Group	2600	4,345	4,175	878	1,657	1,883	1,180	7,688	154,467	176,274	166,875	-

- Debtors age analysis as at 31 October 2025 has a balance of R 176,2 million.

7. Creditors' Analysis

KZN223 Mpfana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M04 October											
Description	NT Code	Budget Year 2025/26									Prior year totals for chart (same period)
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	7,969	11,125	13,205	6,784	25,380	7,552	52,846	562,713	687,573	687,573
Auditor General	0800	-	-	-	-	18	19	1,143	-	1,180	1,180
Other	0900	(842)	(232)	1,414	(3,700)	5,900	217	1,818	695	5,268	5,268
Medical Aid deductions	0950	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	7,127	10,893	14,618	3,084	31,298	7,788	55,807	563,408	694,021	694,021

- The municipality has an outstanding Creditors balance of R 694 million as at 31 October 2025 of which 93% of creditors belongs to Eskom bulk electricity.

10. Councillor allowances and employee benefits.

Remuneration of councillor October

Employee 12 Month Report - Totals

Defcode	Jul 2025	Aug 2025	Oct 2025	Total
SALARY	332,169.49	341,138.07	341,138.07	1,355,583.70
CELL_ALLO_COUNC	36,000.00	36,000.00	36,000.00	144,000.00
BACKPAY_100	1,364,295.34	853,554.02	-	2,217,849.36
*TOT:EARN	1,732,464.83	1,230,692.09	377,138.07	3,717,433.06
SDL	16,011.79	11,918.07	3,154.42	34,238.70
UIF	1,771.20	1,771.20	1,771.20	7,084.80
MED_AID_LAHEALT	2,431.20	2,431.20	-	4,862.40
*TOT:CC	20,214.19	16,120.47	4,925.62	46,185.90
Total	1,752,679.02	1,246,812.56	382,063.69	3,763,618.96

- The municipality has incurred the monthly remuneration of councillors of R382 thousand and YTD of R3,7 million as at end of October 2025.

Staff cost October 2025

Employee 12 Month Report - Totals

Defcode	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Total
SALARY	3,608,064.03	3,630,362.59	3,664,403.92	3,660,903.92	14,563,734.46
OTIME_1_5	87,263.48	96,274.38	99,020.75	96,621.15	379,179.76
OTIME_2_0	71,395.21	106,892.55	94,786.76	119,286.49	392,361.01
EXTRA_SALARY	8,000.00	8,000.00	8,000.00	8,000.00	32,000.00
DIRT_ALLOW	3,150.00	2,750.00	2,400.00	3,100.00	11,400.00
CAR_TRAVEL_80	88,491.28	88,491.28	88,491.28	88,491.28	353,965.12
CAR_TRAVEL_100	43,000.00	43,000.00	43,000.00	43,000.00	172,000.00
UNPAID_LEAVE	-	-	-	(6,200.45)	(6,200.45)
REIMB_KM_NONTAX	11,417.94	16,247.42	25,319.26	28,913.81	81,898.43
STANDBY_NORM	175,669.40	199,120.08	201,129.80	171,333.65	747,252.93
CELL_TELE_ALLOW	1,000.00	1,000.00	1,000.00	1,000.00	4,000.00
ACTING_ALLOW	-	-	1,740.09	6,518.66	8,258.75
BACKPAY_100	-	-	1,393.36	-	1,393.36
ANNUAL_BONUS	129,414.08	228,715.12	337,808.55	272,321.24	968,258.99
HOUSING_742	15,157.16	15,157.16	15,157.16	15,157.16	60,628.64
HOUSING_5000	35,445.61	35,445.61	35,445.61	35,445.61	141,782.44
LONGSERVICE_TAX	-	-	43,947.98	126,549.44	170,497.42
DANGER_ALLOW	6,650.00	6,650.00	6,650.00	6,650.00	26,600.00
SHIFT_ALLOWANCE	54,568.78	54,568.78	54,568.78	54,568.78	218,275.12
VH_TAX_80	825.69	825.69	825.69	825.69	3,302.76
LONGSERVICE_NT	-	20,130.53	-	-	20,130.53
*TOT:EARN	4,339,512.66	4,553,631.19	4,725,088.99	4,732,486.43	18,350,719.27
SDL	43,233.05	45,089.07	46,868.90	46,868.92	182,059.94
UIF	23,698.54	23,796.99	23,876.59	23,778.76	95,150.88
PENS_SUPE_28_25	176,009.53	176,009.53	184,450.54	187,678.25	724,147.85
PROV_FD_CC_9_75	2,126.38	2,126.38	2,126.38	2,126.38	8,505.52
MED_AID_LAHEALT	215,084.66	214,655.06	216,534.86	216,534.86	862,809.44
MED_AID_BONITAS	12,590.95	11,455.37	10,088.75	12,590.95	46,726.02
PENS_RETA_53_37	7,555.03	7,555.03	7,555.03	7,555.03	30,220.12
PENS_SALA_DB_20	168,838.35	168,838.35	169,563.13	169,563.13	676,802.96
SALGA_LEVY	1,720.80	1,732.75	1,732.75	1,732.75	6,919.05
MED_AID_KEYHEAL	9,211.80	9,211.80	9,211.80	9,211.80	36,847.20
MED_AID_SAMWUME	84,266.90	84,338.90	81,911.30	76,076.95	326,594.05
MED_AID_HOSMED	7,135.15	7,135.15	7,604.95	7,135.15	29,010.40
PENS_SALA_DC_20	202,642.79	202,642.79	203,927.65	203,927.65	813,140.88
PENS_SALA_DC_18	50,839.48	50,839.48	50,839.48	50,839.48	203,357.92
PROV_FD_CC_975	2,126.38	2,126.38	2,126.38	2,126.38	8,505.52
PROV_FD_C_18	80,120.83	84,134.57	81,649.63	81,649.63	327,554.66
*TOT:CC	1,087,200.62	1,091,687.60	1,100,068.12	1,099,396.07	4,378,352.41
TOTAL	5,426,713.28	5,645,318.79	5,825,157.11	5,831,882.50	22,729,071.68

- The municipality has incurred monthly expenditure of R5,8 million and YTD of R22,7 million on municipal staff cost as at 31 October 2025

11. Material variances to the service delivery and budget implementation plan

- Not yet a quarter

12. Capital programme performance

Capital Project expenditure Report September 2025			
Project Name	Budget	Expenditure	Balance
Mzilanyoni	5,011,011.11	- 1,278,659.66	3,732,351.45
Penning dale	7,550,527.43	- 4,152,760.24	3,397,767.19
Bruntville Sport fied	381,263.39	-	381,263.39
Phumlas /Townview Internal Road	222,293.07		222,293.07
EEDSM Project Mpofana	3,000,000.00	-	3,000,000.00
Burntville Raod		- 1,234,584.90	- 1,234,584.90
	16,165,095.00	- 6,666,004.80	9,499,090.20

- Capital project Budget is R16,1 million,
- Expenditure for October 2025 is R6,6 million and
- The balance unspent R9,4 million.
 - Mzilanyoni R1,2 million
 - Penning dale R4,1 million
 - Bruntville Road R1,2

13. Other supporting documents

N/A

14. Conclusion

In terms of MFMA Circular 124: Condition 6.9 reporting the mitigation factors and risks associated are as follows:

- i) The mitigating factors;
 - The Finance Recovery Committee must be resuscitated to ensure that revenue is enhanced and revenue is curtailed.
 - Interim Finance Committee is responsible to approve requisitions and avoid all unnecessary expenditure
- ii) The risks associated
 - Financial Viability as the Municipality might become worse as there are no indications of ability to curtail expenditure or enhance the revenue.
 - The Municipality might not be pay its liabilities when they fall due
 - The Municipality might not be able to collect all the anticipated revenue with the implementation of the municipality's Budget Funding Plan

15. Annexure A: C-schedules

- Budget statement C schedule for 31 October 2025 will be attached as:
Attachment 2

16. Annexure B: Compliance with the conditions for Municipal Debt Relief

16.1 MFMA Circular 124 – Municipality Compliance Self-Assessment for October 2025.

- **Attachment 3.** Municipality’s signed self-assessment for October 2025.

16.2 Municipal Debt Relief Performance across the period of debt relief participation

The table below shows the municipality’s overall relief compliance across the months of its debt relief participation since the National Treasury debt relief approval effective date of 01 October 2023 to June 2024.



Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

KZN		
Code	District	Code Description
KZN223	uMgungundlovu	Mpofana

Monthly Performance Report																																										Month applicable						
Municipal Details		Part A				Part B				Part C		Part D				Part E				Part F																												
Month	Code Descr	Code	Eskom And Bulk water current account				Compliance with a funded MTRF				FRP/BFP & Tariff Assessment		Electricity and water as collection tools				Quarterly collection of property rates and services charges				Maximization of Revenue Base				Oversight								Score	Compliance Status														
			C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41					
1.July	Mpofana	KZN223																																												0%	Non Compliance	Yes
2.August	Mpofana	KZN223																																												0%	Non Compliance	Yes
3.September	Mpofana	KZN223																																												0%	Non Compliance	Yes
4.October	Mpofana	KZN223	N/A	N/A	N/A	No	No	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	N/A	N/A	76%	Non Compliance	Yes		
5.November	Mpofana	KZN223	N/A	N/A	N/A	No	No	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Non Compliance	Yes		
6.December	Mpofana	KZN223	N/A	N/A	N/A	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Non Compliance	Yes		
7.January	Mpofana	KZN223	N/A	N/A	N/A	No	No	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Non Compliance	Yes		
8.February	Mpofana	KZN223	N/A	N/A	N/A	No	No	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Non Compliance	Yes		
9.March	Mpofana	KZN223	N/A	N/A	N/A	No	No	Yes	No	No	No	Yes	No	N/A	No	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	Yes	No	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	51%	Non Compliance	Yes		
10.April	Mpofana	KZN223	N/A	N/A	N/A	No	No	Yes	No	No	No	Yes	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Non Compliance	Yes		
11.May	Mpofana	KZN223	N/A	N/A	N/A	No	No	Yes	No	No	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	59%	Non Compliance	Yes		
12.June	Mpofana	KZN223	N/A	N/A	N/A	Yes	Yes	No	No	No	No	No	No	N/A	No	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	59%	Non Compliance	Yes		
Comments/Motivation																																																
HOD Name:																																																
Signature of HOD:																																																
Date:																																																

Note – If the official is signing on behalf of the Head of the Provincial Treasury (HOD), the written procurator of the HOD must be attached as an Annexure to this Certificate of Compliance.

The table below is Provincial Treasury issued Compliance certificate as from July 2024 to June 2025

National Treasury		Province	
Municipal Debt Relief MFMA Circular No. 124		KZN	
Municipal Finance Management Act No. 56 of 2003		Code	District
		KZN223	uMgungundlovu
			Code Description
			Mpofana

Monthly Performance Report																																																						
Municipal Details			Part A					Part B					Part C		Part D				Part E				Part F																															
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Rating	Compliance Status								
1.July	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	74%	Moderate compliance	on Compliance							
2.August	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	78%	Moderate compliance	on Compliance				
3.September	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	78%	Moderate compliance	on Compliance				
4.October	Mpofana	KZN223	N/A	N/A	N/A	No	No	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance	on Compliance			
5.November	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Moderate compliance	on Compliance			
6.December	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Moderate compliance	on Compliance		
7.January	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	79%	Moderate compliance	on Compliance		
8.February	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Moderate compliance	on Compliance	
9.March	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance
10.April	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance
11.May	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance
12.June	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance

Comments/Motivation	
HOD Name:	
Signature of HOD:	
Date:	

** Note -- If the official is signing on behalf of the Head of the Provincial Treasury (HOD), the written procurator of the HOD must be attached as an Annexure to this Certificate of Compliance.

The table below is Municipality's self-assessment certificate for October 2025

National Treasury		Province	
Municipal Debt Relief MFMA Circular No. 124		KZN	
Municipal Finance Management Act No. 56 of 2003		Code	District
		KZN223	uMgungundlovu
			Code Description
			Mpofana

Monthly Performance Report																																																								
Municipal Details			Part A					Part B					Part C		Part D				Part E				Part F																																	
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Rating	Compliance Status										
15.July25	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	No	No	No	No	N/A	No	No	No	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	0%	Not completed	Not completed						
26.August25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	88%	Moderate compliance	on Compliance			
27.September25	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	86%	Moderate compliance	on Compliance		
30.October25	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	79%	Moderate compliance	on Compliance	
15.November25	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Not completed	Not completed		
30.December25	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Not completed	Not completed
31.January26	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Not completed	Not completed	
12.February26	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Not completed	Not completed	
13.March26	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Not completed	Not completed
24.April26	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Not completed	Not completed
15.May26	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Not completed	Not completed
16.June26	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Not completed	Not completed
17.July26	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Not completed	Not completed
18.August26	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Not completed	Not completed
19.September26	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Not completed	Not completed
40.October26	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No																																													



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

Provincial Treasury MFMA Circular 124

Municipal Debt Relief Report

Mpofana Municipality

September 2025

DISTRIBUTION:

Municipal Manager: **Dr. E.H. Dladla**

Chief Financial Officer: **Mr. N Duma**

Sector Departments: **National Treasury Email: RevenueManagement@treasury.gov.za**

Email: mohamed@mfip.gov.za

Parallel: Upload the PT PDF submission and the PT excel submission to the NT GoMuni portal



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

DIRECTORATE: HEAD OF DEPARTMENT

PO. Box 3613, PIETERMARITZBURG, 3200
Treasury House, 145 Chief Albert Luthuli Street, Pietermaritzburg, 3200
Tel: 033 897 4307/4583 Fax: 033 342 2486
Email address: carol.coetzee@kzntreasury.gov.za
Directorate: HEAD OF DEPARTMENT

Ref: 11/6/13/16
Enquiries: Mr. F Cassimjee
24 October 2025

Ms. O. Gaarekwe
Deputy Director-General
Intergovernmental Relations
National Treasury
40 Church Square
PRETORIA
0001

Dr. E.H Dladla
Municipal Manager
Mpofana Local Municipality
PO Box 47
MOOI RIVER
3300

Email: RevenueManagement@treasury.gov.za; mohamed@mfip.gov.za;
mm.office@mpofana.gov.za; sli.buthelezi@mpofana.gov.za; cfo.office@mpofana.gov.za;

Dear Ms. O. Gaarekwe and Dr. E.H. Dladla

MPOFANA MUNICIPALITY – MONTHLY DEBT RELIEF REPORT – SEPTEMBER 2025

National Treasury approved the debt relief application of Mpofana Municipality with effect 01 October 2023. September 2024 constituted the 12th month of the municipality's first 12-month debt relief compliance cycle. September 2025 constitutes the 12th month of the municipality's second 12-month debt relief compliance cycle.

In terms of Municipal Debt Relief Circular No. 124, the Provincial Treasury must monthly certify the compliance of every delegated municipality with the conditions for municipalities as part of the Provincial Treasury's report to National Treasury by no later than 20 working days after the end of each month.

KZN Provincial Treasury monitored and assessed the municipality's compliance with the debt relief conditions during September 2025. This report **highlights the areas of compliance and non-compliance** for the month of September 2025, the support measures instituted by KZN Provincial Treasury, and the actions taken by the municipality in the month of October 2025.



Condition 6.1: Municipality non-compliance

In terms of the National Treasury (NT) approval, the municipality must comply with conditions 6.1 – 6.14 of MFMA Circular 124 read together with the additional conditions specific to the municipality set-out in its National Treasury debt relief approval letter.

From the Provincial Treasury's assessment, the municipality achieved a 56% average compliance with the MFMA Circular 124 conditions during September 2025 – refer to the performance sheet in the table below that shows the municipality's debt relief compliance performance for September 2025.

Considering the municipality's overall debt relief performance since 01 October 2023, and that the conditions carry equal weighting, the municipality is unlikely to qualify for the one third (1/3) debt write-off applicable to their first debt relief compliance cycle, which ended on 30 September 2024, nor the second third (2/3), which ended on 30 September 2025 unless the outstanding non-compliance issues are addressed.

National Treasury issued a final warning to the municipality on 17 December 2024 for non-compliance with conditions of the municipal debt relief programme, particularly with respect to non-payment of the current Eskom account. The municipality had until 17 March 2025 to rectify the situation, which includes settlement of the new arrear debt, since approval to the programme, of R85 384 804 (as per Eskom's S41 reports as at 31 October 2024).

The National Treasury will only request Eskom to write-off a municipality's arrear debt, if the municipality demonstrates to the National Treasury's satisfaction, that the municipality complied with the aforementioned conditions for a consecutive period of 12 months. During the previous months of the debt relief cycle (October 2023 – August 2025), the municipality did not fully adhere to all the conditions of MFMA Circular 124. The specific condition(s) to which Mpofana Municipality did not comply during September 2025 are discussed in more detail below.



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

KZN 223 Mpofana Municipality's overall debt relief performance for the period 01 July 2025 up to and including 30 September 2025:



National Treasury
Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

Province		
KZN		
Code	District	Code Description
KZN223	uMgungundlovu	Mpofana

Monthly Performance Report																																														
Municipal Details			Part A						Part B					Part C			Part D				Part E						Scoring and Rating																			
			Eskom And Bulk water current account						Compliance with a funded MTREF					FRP/BFP & Tariff Assessment			Electricity and water as collection tools				Quarterly collection of property rates and services charges								Maximization of Revenue Base		Oversight															
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Rating	
25.July25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	66%	Moderate compliance	
26.August25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	68%	Moderate compliance
27.September25	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	No	No	N/A	No	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	58%	Moderate compliance
28.October25	Mpofana	KZN223																																											0%	Not completed
29.November25	Mpofana	KZN223																																										0%	Not completed	
30.December25	Mpofana	KZN223																																										0%	Not completed	
31.January26	Mpofana	KZN223																																										0%	Not completed	
32.February26	Mpofana	KZN223																																										0%	Not completed	
33.March26	Mpofana	KZN223																																										0%	Not completed	
34.April26	Mpofana	KZN223																																										0%	Not completed	
35.May26	Mpofana	KZN223																																										0%	Not completed	
36.June26	Mpofana	KZN223																																										0%	Not completed	
37.July26	Mpofana	KZN223																																										0%	Not completed	
38.August26	Mpofana	KZN223																																										0%	Not completed	
39.September26	Mpofana	KZN223																																										0%	Not completed	
40.October26	Mpofana	KZN223																																										0%	Not completed	
41.November26	Mpofana	KZN223																																										0%	Not completed	



Condition 6.2: Application-based supported by Council's resolution

As at the date of this report there is no application related information remaining as outstanding from the municipality that was due within 10 working days of the NT approval letter.

Condition 6.3: Maintaining the Eskom current account

The municipality has not made a payment towards the August 2025 invoice (R14.9 million) which was due and payable on 22 September 2025.

The municipality does not have an approved repayment plan in place for the arrear debt. The municipality was assisted by the MFIP advisor to prepare the supporting documentation for the repayment arrangement. The municipality indicated that the proposed repayment agreement was submitted to Eskom in May 2025. The municipality is awaiting feedback from Eskom.

Eskom indicated in its Section 41 report for September 2025 that the municipality is not complying with the debt relief conditions and that the payment arrangement is still not concluded. National Treasury issued a final warning letter to the municipality on 17 December 2024. National Treasury has also indicated in the Debt relief compliance report for August 2025 that the persistent accumulation of arrears directly undermines Mpofana's eligibility for continued participation in the Debt Relief Programme. Non-payment compromises Eskom's willingness to cooperate with the municipality and increases the risk of disconnection.

National Treasury further recommended the consideration of escalation measures including the withholding of conditional transfers if arrear management is not visibly addressed in the next cycle. This concern was discussed with the municipality during the IYM meeting held on 09 September 2025.

The municipality, as highlighted in the Section 71 report, indicated that they are experiencing financial challenges, which consequently rendered them unable to meet their payment obligation for August 2025.

Condition 6.4: Compliance with a funded MTREF

The municipality's 2025/26 Approved Budget was assessed as Unfunded. The main contributor to the unfunded budget for the municipality is the long outstanding debt owed to Eskom as well as unspent conditional grants which are not cash backed. As per the NT funding assessment tool Table A8 reflects a Shortfall of R296.7 million.

KZN Provincial Treasury assessed the Budget Funding Plan that was approved by Council as not being reasonable in relation to the strategies that the municipality intends to embark on in order to improve the budget funding position. The municipality has still not concluded a repayment plan with Eskom in respect of the arrear amount of R213.8 million not covered by the Debt Relief Programme. Furthermore, the debt owed to Eskom has increased by R108.6 million, or 21.9 percent, from R497 million as at 30 June 2024 to R605.6 million as at 30 June 2025. This confirms that the municipality is not fully complying with the payment of the Eskom current account which is resulting in exponentially increasing the balance owed to Eskom.

The 2023/24 audited AFS reflected that the municipality reported electricity losses of R53.2 million or 63.51 percent, as at June 2024 (June 2023: R42.5 million or 47.98 percent). The major concern is that there is no clear strategy included in the Budget funding plan to address the aging of infrastructure and the increase in electricity losses. To ensure the successful implementation of the Budget funding plan,



the municipality was advised to monitor the implementation of the Budget funding plan on a monthly basis.

The municipality has budgeted for a Surplus of R6.5 million. However, the budgeted Surplus appears to be overstated as revenue from Operational revenue and Fines, penalties and forfeits appear to be overstated while the expenditure on Bulk purchases, Debt impairment, Depreciation and asset impairment and Interest appear understated. Therefore, the budgeted Surplus may not be a true reflection of the municipality's budgeted financial performance. Provincial Treasury has advised the municipality to implement the budget controls and closely monitor the performance of the budgeted expenditure line items to ensure that the spending is within the approved budgeted amounts to avoid incurring unauthorised expenditure.

The municipality has made a provision for Debt impairment of R8.8 million or 9.7 percent as a percentage of total billable revenue. However, as per the Budget funding assessment tool the average collection rate is 85.8 percent and hence Debt impairment should be budgeted to at least R16.5 million (R116 million multiplied by 14.2 percent). The budgeted amount may be understated.

The municipality has budgeted for Depreciation and amortisation of R10.9 million in the 2025/26 budget year which is a decrease of 26.9 percent from the 2024/25 Adjusted budget and a 26.4 percent decrease from the 2023/24 audited AFS. The municipality indicated on page 21 of the budget document that the budgeted amount is informed by the municipality's Asset management policy and the current depreciation as per the audited AFS.

However, the budgeted amount appears to be significantly understated when compared to the expenditure of R14.8 million in the 2023/24 audited AFS. Furthermore, Table A9 reflects Total asset register summary of R253.4 million which is an increase of 16.3 percent of total PPE value of R217.9 million in the 2023/24 audited AFS. Therefore, the decrease of 26.9 percent in the budgeted Depreciation and amortisation does not appear to be reasonable. The municipality should provide a realistic budget for Depreciation and amortisation in the Adjustments Budget.

The cash flow projections were not accurately estimated for the 12 months of the financial year as the budgeted cash flows were spread evenly over the 12-month period in the 2025/26 Approved Budget.

The municipality does not have a FRP. An MFIP advisor has been deployed to the municipality to provide budget management support.

Condition 6.5: Cost reflective tariffs

The municipality has completed a tariff tool, based on the 2025/26 final budget, with the assistance of the NT MFIP Advisor assigned to the municipality, and has thus been marked as compliant. The tariff setting tools using the final 2025/26 budgeted figures have also been uploaded on the GoMuni portal. Per the Tariff setting tool using the final 2025/26 budgeted figures, the Electricity tariff is not cost reflective from year 1 to 3 (R35 746 419 shortfall in year 1, R29 843 470 deficit in year 2, and R25 113 490 deficit in year 3) whilst the Solid waste tariff is not cost reflective from year 1 to 3 (R8 311 165 shortfall in year 1, R7 885 494 deficit in year 2, and R7 685 539 deficit in year 3).



The PT has identified the gaps on the completed tariff tool using the final budget for the 2025/26 financial year which needs to be addressed going forward. These gaps are as follows:

- 1) Governance and Administration has been allocated most of the revenue budget from the component of Transfer and Subsidies – Operational.
 - ✓ Year 1: R52.614 Million (M) (91.15%) of R57.7239M
 - ✓ Year 2: R53.022M (93.26%) of R56.8539M
 - ✓ Year 3: R55.377M (93.26%) of R59.376M.

Equitable share needs to be allocated to trading services to cater for cost of free basic services.

- 2) Most functions are budgeted for a deficit, which might be caused by a failure to allocate Equitable Share correctly.
- 3) Employee related costs allocated to services (Electricity and Refuse) appear to be understated per allocation below:
 - ✓ Year 1: Employee Cost of R7.130 M (11.50%) of total Employee cost of R62M
 - ✓ Year 2: Employee Cost of R7.490M (11.79%) of total Employee cost R63.488M
 - ✓ Year 3: Employee Cost of R7.766M (11.70%) of total Employee cost R66.329M
- 4) Understatement of debt impairment expenditure for Electricity Services Function:
 - ✓ Year 1: R0 allocation of a total of R8.757M
 - ✓ Year 2: R0 allocation of a total of R6.447M
 - ✓ Year 3: R0 allocation of a total of R4.710M
- 5) Understatement of depreciation expenditure for Electricity Services Function:
 - ✓ Year 1: R276K (2.5%) allocation of a total of R10.893M
 - ✓ Year 2: R290K (2.5%) allocation of a total of R11.4M
 - ✓ Year 3: R304K (2.5%) allocation of a total of R11.920M

The Municipality's budget narratives for the final 2025/26 budget, did not include any phasing-in strategy for non-cost reflective tariffs.

The allocation and the values of budgeted revenue and budgeted expenditure across the various functions of the municipality needs to be reviewed by the municipality. As this has a direct impact on the outcome of the tool and the assessment of whether tariffs are cost reflective or not. Thus, the results of the tool may not be accurate.

Condition 6.6: Electricity as collection tools

The municipality does issue consolidated bills to consumers, reflecting rates, electricity and refuse services on one invoice.

As per the final 2025/2026 Credit control and debt collection policy, reference is made to the following "If one account is rendered for more than one Municipal service provided, the amount due and payable by a customer constitutes a consolidated debt, and any payment made by a customer of an amount less than the total amount due, will be allocated at the discretion of the Municipality between service debts. Firstly, to property rates and thereafter to refuse removal lastly to electricity."



The municipality does not issue consolidated bills for accounts that are attached to Public Works. Hence the municipality is partially compliant with this condition.

KZN PT requested further engagement with National Treasury regarding Public Works / state-owned properties and the requirement for the consolidation of bills. As this impacts the entire KZN Province and not only municipalities on the debt relief programme.

A meeting was held with NT, KZN PT, CoGTA and Public Works on the 07 June 2024 to determine the way forward. The resolution from the meeting was that NT would consult further internally and will review the institutional arrangements in 2 other Provinces. Thereafter, a follow up engagement will need to be held. To date, no further feedback has been received.

Mpofana LM implemented disconnections of electricity services for defaulting customers other than those registered as indigent in the month of September 2025. The electricity disconnection report for September 2025 has been provided to KZN PT.

The municipality has indicated that they are still compiling the indigent register. Furthermore, a billing / Eskom (FBE) report to confirm the 50 kilowatt electricity provided to registered indigent consumer with the municipality is not attached in their Sec 71 report. **As September is the third month of the 2025/26 financial year, the municipality needs to implement their indigent register as promised.**

The municipality has not utilised the Annexure C – National Treasury template to reflect their monthly indigent information. Thus, this was not included in their S71 report nor was it parallel uploaded to Go Muni. The municipality has indicated that a draft indigent register has been completed and sent to CoGTA for review and that a budget provision for free basic services has been made in the 2025/26 annual budget process. Per National Treasury instruction issued on 14th March 2025, where a municipality has not included this annexure in their Section 71 report, Provincial Treasuries are required to mark the municipality as non-compliant across the entire Condition 6.6. in the debt relief certificate.

Condition 6.7: Maintain a minimum of 85% average quarterly collection of property rates and service charges

The reporting period being September 2025 is the end of a quarter, and therefore, the quarterly collection rate of property rates and service charges is required to be assessed for this reporting month.

The municipality has achieved an 80% average quarterly collection rate (Collection for quarter: R14 030 890/ Billing for quarter: R17 467 464) for property rates and services charges as per their Sec 71 report for Quarter 1 (July, August, and September 2025) which is below the minimum required 85% average quarterly collection as per MFMA Circular 124.

There has been a regression in the collection rate from quarter 4 of the 2024/2025 financial year (88%) to quarter 1 of the 2025/2026 financial year (80%). KZN PT assisted Mpofana LM with the review of the collection rate template during the first quarter of the 2025/2026 financial year. KZN PT will continue to support the LM with the review of the collection rate on a monthly basis.

KZN PT engaged with the Municipality on 8^h October 2025 with regards to the correctness and accuracy of the NT Revenue collection template. Per the status of all documents submissions extracted from GOMUNI for Mpofana Local Municipality on 17th October 2025, it was confirmed the Municipality had uploaded the payment rate per service for month 03 (September 2025).

The municipality utilised the **Annexure D – National Treasury template** to determine their **monthly collection rate**. This was included in their S71 report as well as parallel uploaded to Go Muni. The municipality also shares the electronic excel copies with KZN PT.



The municipality has not made provision for the installation of smart pre-paid meters in the 2024/25 and 2025/26 capital budgets. During the engagement with the municipality on 09 November 2023 and 19 February 2024, the municipality indicated that due to financial constraints; the installation of smart pre-paid meters was not feasible. The municipality would require funding assistance through the smart-meter grant.

The municipality has indicated on page 28 of the Month 03 (September 2025) Section 71 report that it has not made a provision for the installation of pre-paid meters in the 2025/26 MTREF due to financial constraints. The Municipality has however submitted a request to National Treasury to be invited to participate in the Smart Meter Grant programme as they require funding assistance in order to comply.

Condition 6.8: Completeness of the revenue base

For the latest ending quarter (September 2025), the municipality has submitted its completed billing system, GVR and / or interim GVR reconciliations via the GoMuni portal. Thus, the municipality should be compliant with this condition going forward as they have an action plan in place to address variances.

The municipality has completed the NT Valuation roll reconciliation tool with assistance of NT MFIP Advisor assigned to the municipality for September 2025. The reconciliation reflects that billing system is not perfectly aligned to its Council approved General valuation Roll and/ or any subsequent supplementary GVR/s. The municipality has developed an action plan to address the variances identified. The NT Valuation roll reconciliation tool and action plan have been included in the section 71 report and has been uploaded on GoMuni for the latest quarter ending (September 2025).

It must however be noted that the **Municipality has made significant improvement in addressing exceptions on the NT Valuation roll reconciliation tool**. Achievements for September and further work still to be completed is detailed below:

- The financial system vendor CCG is still working on resolving the Market value variance on the billing system for Residential properties. The variance on the market value exception has been reduced from R2 280 495 500 in August 25 to R974 080 000 in September 25. The aim is for the Service Provider to resolve these variances by October 2025 (Refer to table 2 below).
- In terms of the variances in the number of properties on the NT Valuation roll reconciliation tool, there is a few exceptions that still need to be addressed (Refer to table 1 below). Exceptions are expected to be addressed in the month of October 2025.



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

Table 1 below illustrates the trend analysis from July till September 2025 in the differences between the General Valuation (GV) and the Municipal Financial System (MFS) for the number of properties per category, which will be monitored monthly:

GV vs MFS			
Property Categories	Variances in NUMBER		
	Jul-25	Aug-25	Sep-25
Residential	19	1	2
Industrial	0	0	0
Business & Commercial	-1	-1	-1
Agricultural	-2	-2	-2
Mining	0	0	0
State	0	0	0
PSI	0	0	0
PBO	0	0	0
Multi Use	1	1	1
Vacant	-17	0	1
POW	0	0	0
Municipal	0	0	0
Other	0	0	0
TOTAL	0	-1	1

Table 2 below illustrates the trend analysis from July till September 2025 in the differences between the General Valuation (GV) and the Municipal Financial System (MFS) for the Value (R) of properties per category, which will be monitored monthly:

GV vs MFS			
Property Categories	Variances in VALUE		
	Jul-25	Aug-25	Sep-25
Residential	-R 2 231 875 500	-R 2 273 005 500	-R 933 840 000
Industrial	R -	R -	R -
Business & Commercial	R -	R -	R -
Agricultural	-R 7 490 000	-R 7 490 000	-R 40 360 000
Mining	R -	R -	R -
State	R -	R -	R -
PSI	R -	R -	R -
PBO	R -	R -	R -
Multi Use	R -	R -	R -
Vacant	-R 10 100 000	R -	R 120 000
POW	R -	R -	R -
Municipal	R -	R -	R -
Other	R -	R -	R -
TOTAL	-R2 249 465 500	-R2 280 495 500	-R 974 080 000



On 1st and 9th October 2025, the MFIP advisor had a working session and on the job training on GV reconciliation tool for September 2025; including analysis of billing report, sorting and pivot into suitable format, compiling workings and emailed the tool to the Accountant Revenue, Accountant Budget and Acting CFO for consideration. The MFIP Advisor also went through the SOP's developed with the Revenue Unit. Guidance and support will continue to be provided to the municipality to ensure that variances are fully addressed.

Condition 6.9: Monthly S71 reporting

The municipality indicated that the monthly MFMA Section 71 report is tabled to the Finance Portfolio committee and MANCO before it is presented to Council. According to the latest Budget Funding Plan Progress Report provided, the municipality also indicated that the Section 71 reports are monitored through the Financial Recovery committee which meet on a weekly basis.

The municipality has reported a year-to-date (YTD) operational deficit of R15.3 million in the Section 71 Schedule C for Month 03 (September 2025). The municipality has spent 33.9 percent of its Operating budget in Month 03 compared to the straight-line projection of 25 percent. However, discrepancies arise when examining the mSCOA data strings for the same period, which reflects a YTD operational deficit of R14.2 million against the expected YTD budget operating surplus of R1.6 million. This significant variance suggests challenges in the municipality's financial management and reporting processes as well as the poor implementation of the approved Budget Funding Plan.

Furthermore, KZN Provincial Treasury has observed that the municipality's spending is not aligned with the approved budget limits. According to the Section 71 report based on the mSCOA data strings for Month 03 of the 2025/26 financial year, the municipality reported that it had already spent above the Year-to-Date Budget (YTD) on the following expenditure line items: Employee related costs (27 percent), Remuneration of councillors (82.5 percent), Bulk purchases (37.8 percent), Contracted services (45.5 percent) and Operational costs (30.4 percent). Additionally, the municipality also incurred expenditure on the following line items that were not budgeted for: Interest and Internally funded capital expenditure. This variance suggests challenges in the municipality's financial management and poor implementation of the approved Budget Funding Plan. To address these issues, a Municipal Finance Improvement Programme (MFIP) advisor has been deployed to provide budget management support and assist the municipality in strengthening its financial controls and improving the accuracy of its financial reporting.

The MFMA S71 Statement was assessed against the National Treasury MFMA S71 reporting guidance issued to debt relief municipalities on 10 May 2024 read in conjunction with paragraphs 9(i) to 9(xii) of the NT debt relief approval letter. The assessment confirmed that the MFMA S71 narrative statement included the following information tabled below:

MFMA S71 Statement component	Compliance (Yes/No)
1. The Budget Performance Overview (paragraph 4) of the MFMA S71 statement explicitly advised on the municipality's progress in implementing the municipality's budget and (where relevant also the budget funding plan) – where implementation is slow, the statement advised explicitly on progress, challenges and corrective actions.	Yes The municipality included a paragraph on budget performance overview and reported on the progress against the Budget Funding Plan for M03 in the S71 report. However, the municipality has not uploaded the Budget Funding Plan performance report on GoMuni.



MFMA S71 Statement component		Compliance (Yes/No)
2.	The conclusion (paragraph 14) of the MFMA S71 statement explicitly advised as part of the MFMA Circular 124: Condition 6.9 reporting - i. Any risk associated; and ii. The mitigating factors with the implementation of the municipality's Budget Funding Plan and / or Funded Budget.	Yes The municipality has reported on the associated risks and mitigating factors in the S71 report.
3.	Annexure B of the MFMA S71 statement included the following debt relief reporting components-	
3.1.1	The municipality's MFMA Circular 124 self-assessment	Yes
3.1.2	The self-assessment (refer 3.1.1 above) was included in the format of MFMA Budget Circular 128 (Annexure B)	Yes
3.2	The municipality's overall relief compliance across the months of its debt relief participation since its National Treasury debt relief approval effective date	Yes
3.3	The latest Provincial Treasury debt relief compliance certificate and report issued to the municipality	Yes
3.4.1	The municipality's revenue collection performance i. the overall performance graph; ii. Summary worksheet; and iii. Collection per ward indicating who supplies electricity in the ward	Yes
3.4.2	The revenue collection performance information (refer 3.4.2) was included in the format of MFMA Budget Circular 128 (Annexure D) .	Yes
3.5.1	The indigent management information	No
3.5.2	The indigent management information was included in the format of MFMA Budget Circular 128 (Annexure C) .	Not included
3.6.1	The summary of the municipality's property rates reconciliation undertaken in the National Treasury format.	Yes
3.6.2	The municipality's progress during the month against its planned corrective action to address any variances evident from the property rates reconciliation.	Yes
3.7.1	Any Eskom and Water (if the municipality has the Water function) Bulk current account invoice(s) due and payable during the month of reporting	Yes The Eskom statement due and payable in the month of September 2025 (i.e. the August 2025 account) was included in the S71 report.
3.7.2	The municipality's proof of payment of any such Eskom and / or Water Bulk current account invoice(s) during the month of reporting.	No payment was made in September 2025
3.7.3	The municipality's reconciliation statement for electricity and water (if it has the function) aligning to the MFMA S71 mSCOA data strings upload.	Yes A reconciliation was included in the S71 report.



MFMA S71 Statement component		Compliance (Yes/No)
3.8	Recommendations noting explicitly the aforementioned debt relief reporting to the Mayor and / or Mayoral Committee meeting	Yes

It should be noted that a virtual meeting was held with the municipality on 14 May 2024, to take the officials through the S71 reporting guidelines issued by National Treasury on the 10 May 2024 and to assist the municipality to comply with the debt relief reporting requirements and related excel schedules required to be populated.

Ongoing telephonic and email engagement has taken place with the Budget and Treasury Office of Mpfana LM in the months of June 2024 – September 2025, to comply with debt relief reporting requirements.

Furthermore, the NT MFIP Advisor has also had ongoing engagements with the municipality to discuss debt relief compliance and strengthening of S71 report structure. Engagements were held with the municipality on the 12th, 17th, 18th, 19th, 25th, and 26th September 2025, as well as 1st, 2nd, 3rd, 8th, 9th, and 10th October 2025. The debt relief engagements by the MFIP Advisor covered the following:

- Facilitation of working session on Revenue management, including analysis of supporting documents received.
- Compiling Section 71 Trend analysis Report for August 2025; Overview of Revenue and Expenditure, for Capital and Operating budget; Emailed information to Accountant Budget for consideration.
- Facilitated training on the following 2025/2026 policies to the Revenue Unit: Banking, Cash management, Property Rates, Debt Write off, Credit Control and debt collection, Tariff, and Investment.
- Preparation, Review and Facilitated completion of One-on-One training with Expenditure unit on Expenditure analysis and management report writing for the month of August 2025.
- Compiling the Draft and Final Debt Compliance Status Report.
- Performed and facilitated training on the GV reconciliation for August 2025 (Pre and Post bill Test).
- Facilitated Debt relief compliance status meeting with Accountant Budget, using the August 2025 compliance feedback from KZN PT.
- On the job training regarding Compiling Status Report on Debt Relief Compliance.
- Attended and participated in two Revenue meetings to address errors between GV and Billing system/report. The Municipality, Valuer and System service provider also attended these meetings.
- Held discussions with the Municipality regarding the narrative on GV reconciliation tool for September 2025 to be included in September 2025 Section 71 Report.



Condition 6.10: Provincial Treasury certification of municipal compliance

KZN Provincial Treasury has no outstanding compliance assessments and reports for Mpofana LM since its approval effective 01 October 2023. All monthly certificates and compliance reports were compiled and issued to National Treasury and the municipality by the required deadline date.

Condition 6.11: Limitation on Municipal borrowing powers

The limitation on municipality borrowing powers and the prohibition of borrowing during debt relief periods form a dual regulatory framework aimed at ensuring fiscal responsibility. Compliance necessitates meticulous scrutiny of borrowing activities to ascertain adherence to authorized limits and program guidelines. These measures, while promoting sustainable debt management, also stabilize the municipality's financial standing, prevent over-leveraging, and mitigate immediate financial strain. Adhering to these regulations is paramount for maintaining creditworthiness, mitigating financial risks, and safeguarding the municipality's long-term financial health. Thus, robust oversight and adherence to regulatory frameworks are imperative for prudent financial governance and sustained fiscal resilience.

The municipality complied with this condition since its debt relief effective date of 01 October 2023, to date.

Condition 6.12: Management of resources and Condition 6.13: Accounting Treatment

It is noted that during February 2024, the National Treasury: Office of the Accountant General (OAG) issued the Supplementary Guide to MFMA Circular 124 on 21 February 2024. In terms of the guidance, the municipality no longer has to maintain a separate bank account for debt relief purposes as envisaged in MFMA Circular 124 (Condition 6.12), however, irrespective of whether a municipality decides to discontinue a separate bank account, ring-fencing for debt relief purposes must be enabled and demonstrated through the municipality's monthly mSCOA data string submissions.

The municipality has not ring-fenced receipts for electricity sales and equitable share earmarked for free basic services (FBE). However, the municipality has opened a separate bank account to serve this purpose. Ring-fencing can be enabled via transacting in terms of mSCOA.

Condition 6.14: NERSA Licence

By having applied for Municipal Debt Relief, the council of a municipality, that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agreed to make an application to NERSA to voluntarily revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006).

It is noted that this condition will only come into effect if the municipality's participation in the debt relief programme is terminated.



Provincial Treasury Compliance Certification

The Provincial Treasury certifies that it monitored and assessed Mpofana Municipality's compliance against the MFMA Circular 124 conditions and NT debt relief approval letter as set-out below in the PT's compliance certificate for the municipality in relation to the period 01 – 30 September 2025. **The signed compliance certificate is attached as an Annexure to this report.**

The KZN Provincial Treasury's assessment and compliance certificate confirmed that Mpofana Municipality during September 2025 did not fully comply with all the MFMA Circular 124 conditions and was elaborated on above. It is noted that the municipality's September 2025 average compliance of 56% regressed, as compared to the 68% compliance rate achieved during August 2025.

Although, the municipality has made progress, it is noted that the automated performance reports are indicative that the municipality is unlikely to receive a 1/3 Eskom debt write-off, linked to their first 12-month compliance cycle (which ended on the 30 September 2024), nor the 2/3 Eskom debt write-off, linked to their second 12-month compliance cycle (which ended on the 30 September 2025). **National Treasury issued a final warning to the municipality on 17 December 2024 for non-compliance with conditions of the municipal debt relief programme, particularly with respect to non-payment of the current Eskom account.** The municipality is urged to strengthen its implementation of the relief conditions to fully benefit from the relief by a return to basic financial management best practice.

Kind regards

Ms. C. Coetzee
Head of Department
KwaZulu-Natal (KZN) Provincial Treasury

Annexure A2 - Monthly



National Treasury
Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

Kwa-Zulu Natal Provincial Treasury

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period Sept'25

National Financial Year 2025/26

Demarcation Code of Municipality being assessed KZN223

District uMgungundlovu

Demarcation Description Mpfana

I, Ms. Carol Coetzee, hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in **MFMA Circular No. 124** and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:

Municipal Debt Relief Conditions (Monthly reporting)

Choose from drop down list

Condition	6,3 + 6,12	Maintaining the Eskom and bulk water current account – (current account for the purpose of this exercise means the account for a single month's consumption):	
1	6.12.2	- Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.12 .2</i>	Does not have function
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za ?	Does not have function
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	Does not have function
4	6.3.1	- Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.</i>	No
5	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za ?	No
6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	No
6,4		Compliance with a funded MTREF – <i>(choose from drop down list the MTREF assessed)</i>	2025/26 Adopted MTREF
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx ?	No
8	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes
9	6.4.1	- Has the municipality made adequate provision for debt impairment <i>(considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget)</i> on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	No
<p><i>Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (also property rates). If the municipality merely used the debt impairment to 'balance' the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as: "No".</i></p>			

10	6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment (<i>considering its asset register and physical state of assets</i>) on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	No
		<i>Note - If the municipality merely used the depreciation and asset impairment to 'balance' the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as: "No".</i>	
11	6.4.2	- If the municipality's MTREF is not funded , has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	No
		<i>Note - if the municipality has an FRP, a separate budget funding plan is not necessary. However, the PT / NT must assesses whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strengthening.</i>	
12	6.4.2	- If the municipality's MTREF is not funded and it has an FRP per the legislative framework , does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.</i>	N/a
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (<i>For example higher winter Eskom tariffs, lower January collection rates, etc.?</i>)	No
14	6.5	Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?	Yes
	6.6	Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:	
15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	No
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	No
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? <i>Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.</i>	Does not have function
18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? <i>Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the Indigent Information in the required NT format.</i>	No
	6.6	Supporting evidence : The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.	
	6.7	Maintain a minimum average quarterly collection of property rates and services charges –	
19	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	No
		<i>Note - although the norm and standard for collection (MFMA Circular No. 71) is a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.</i>	
	6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of National Treasury the following :	
20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool <u>and</u> that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1;	No
21	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	Does not have function

22	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed <u>and</u> the reason(s) for the failure?	No
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection <u>and</u> only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	No
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	No
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	No
6,8 Municipality's Completeness of the revenue base –			
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	No
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? <i>Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement</i>	Yes
28	6.8.2	- For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://lguploadportal.treasury.gov.za ?	Yes
6,9 Monitor and report on implementation –			
29	6.9.1	- MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? <i>Note - condition 6.9.2 has a typing error and must refer to 6.9.1.</i>	No
31	6.9.3	- Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	No FRP
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za ?	No FRP
<i>Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.</i>			
6.10 Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:			
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	Yes
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za ? <i>Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.</i>	Yes
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No
<i>Note - if the PT failed to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.1.1.</i>			
36	6,11	Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?	No
<i>Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. NT confirms that MFMA Circular No. 124: condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of debt relief approval) as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.</i>			
6,12 For the duration of the Municipal Debt Relief (to ensure proper management of resources):			

37	6.12.1	- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	Yes
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	Yes
<p><i>Note: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3).</i></p>			
39		Supporting evidence : Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	Yes
40	6.13	Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? <i>Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with MSCOA.</i>	Yes
41	6.14	'NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	No
<p><i>Note: By applying for Municipal Debt Relief as set-out in paragraph 3. of MFMA Circular no. 124, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agrees to apply to NERSA to revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such application must be preceded by the relevant processes for appointing an external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's wider support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.</i></p>			

Carol Coetzee

PT: HOD/ NT / MM Name:

Signature of HOD/ NT/ MM:



Date:

24/10/25

**** Note – if the official is signing on behalf of the Head of the Provincial Treasury (HOD) / Municipal Manager, the written procurement of the HOD / MM must be attached as an Annexure to this Certificate of Compliance.**

****Note – The Signed Certificate to be uploaded on Gomuni must not include comments column - comments need to be incorporated into the related PT report**

16.4 MFMA Circular 124 – Condition 6.6 & 6.7

16.4.1 Monthly collection

Collection Rate Monthly Performance – October 2025

4.October - Reporting for September in October				5.November - Reporting for October in November			
Billing For September	Collection in October	R - Billing not collected	% Collection	Billing For October	Collection in November	R - Billing not collected	% Collection
7 831 822	7 593 865	1 091 198	97%	-	-	-	#DIV/0!
7 831 822	7 593 865	1 091 198	97%	-	-	-	#DIV/0!
1 547 668	948 993	598 674	61%	-	-	-	#DIV/0!
5 707 639	6 560 880	0	115%	-	-	-	#DIV/0!
-	-	-	#DIV/0!	-	-	-	#DIV/0!
-	-	-	#DIV/0!	-	-	-	#DIV/0!
576 515	83 992	492 524	15%	-	-	-	#DIV/0!
-	-	-	#DIV/0!	-	-	-	#DIV/0!

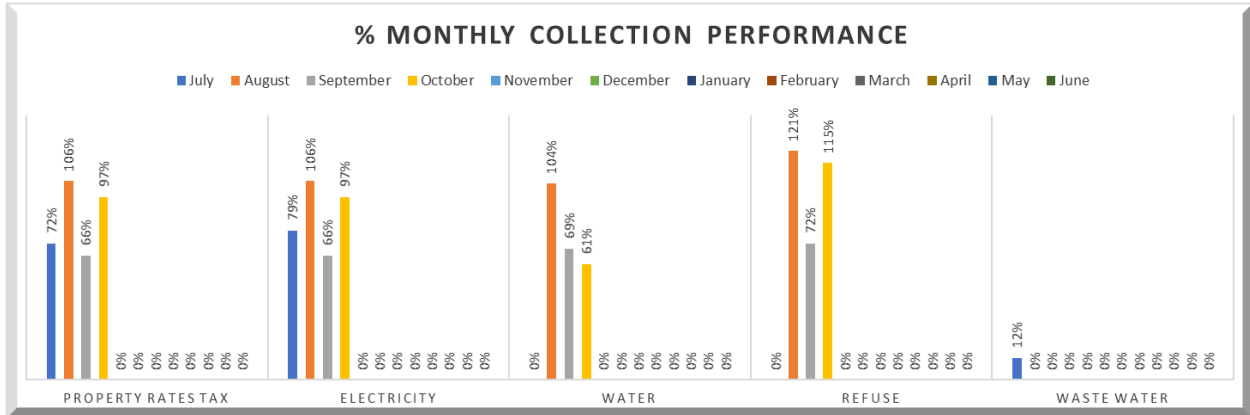
SUMMARY FOR COLLECTION RATE – MONTH 3 OF THE 2025/2026 FINANCIAL YEAR

Collection Rate Assessment										
Aggregate Collection	Summary - Quarter 1				Q1	Summary - Quarter 2				Q2
	Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection	
1.Collection for whole demarcation	17 467 463	14 030 890	3 436 574	80%	80%	7 831 822	7 593 865	237 957	97%	97%
2.Collection excl Eskom supplied areas	17 467 463	14 030 890	3 436 574	80%	80%	7 831 822	7 593 865	237 957	97%	97%
3.Collection: Property Rates	4 366 212	3 586 128	780 084	82%	82%	1 547 668	948 993	598 674	61%	61%
4.Total average collection: Electricity (Municipal supplied areas)	11 435 727	10 214 362	1 221 365	89%	89%	5 707 639	6 560 880	(853 241)	115%	115%
5.Total average collection: Water	-	-	-	#DIV/0!		-	-	-	#DIV/0!	
6.Total average collection: Wastewater	-	-	-	#DIV/0!		-	-	-	#DIV/0!	
7.Total average collection: Refuse	1 665 524	230 400	1 435 125	14%	14%	576 515	83 992	492 524	15%	15%
8.Total average collection: Interest	-	-	-	#DIV/0!	0%	-	-	-	#DIV/0!	

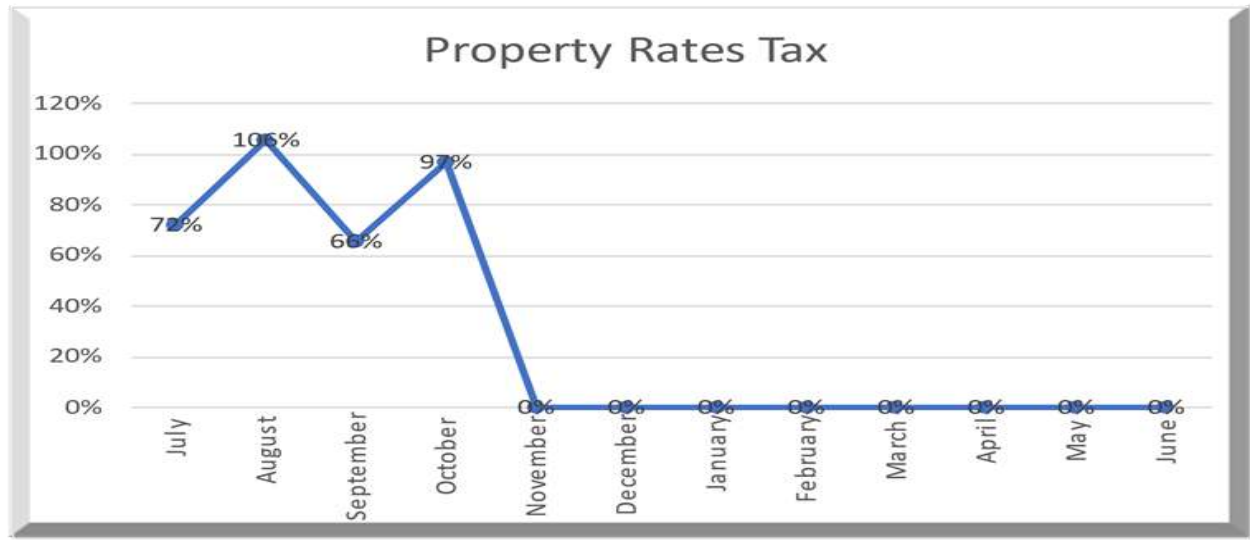
- The collection rate for October 97%.
- Property rates 61%
- Electricity 97%
- Refuse 15%

The following table is breakdown for collection per month.

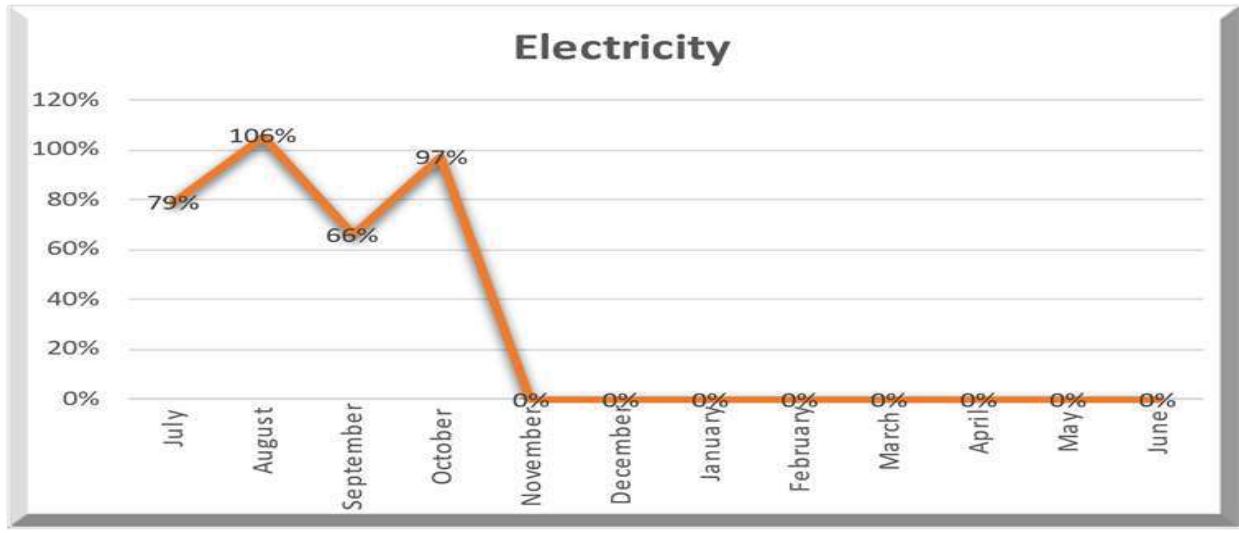
Trend in Collection rate - Total: October 2025 is 97%



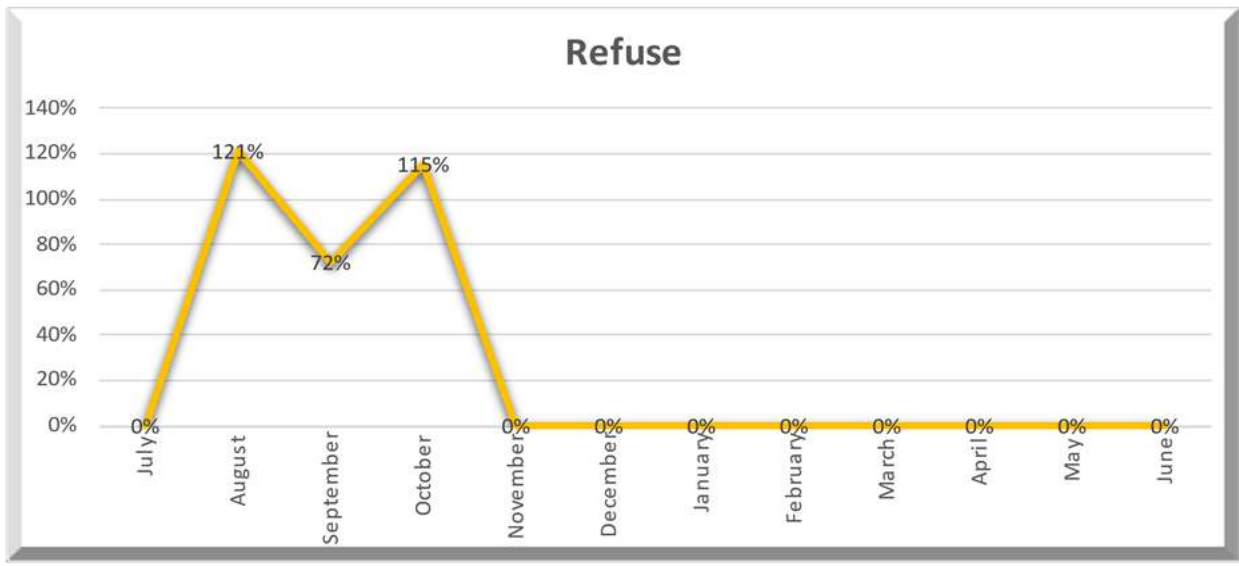
Trend in Collection rate – Property Rates: October 2025 is 61%



Trend in Collection rate – Electricity: October 2025 is 97%



Trend in Collection rate – Refuse: October Refuse is 15%



October 2025 collection percentage

- Property Rates is 61%
- Electricity is 97%
- Refuse is 15%

- Total average collection for October 2025 is 97%

16.4.2 Monthly - Restriction of Free Basic Services to Indigent Households

- The municipality will prioritize implementation of Indigent on 2025/26 Adjustment budget.

16.5 MFMA Circular 124 – Condition 6.8 (Completeness of the revenue base)

16.5. October 2025 Property rates reconciliation.

The GV reconciliation was performed in October 2025, with the following results:

Property Rates Reconciliation						
Province	KZN					
District	Umgungundlovu District					
Type	LM					
Municipal Name	Mpofana					
GV Period	01/07/2021 - 30/06/2026					
Financial Year	2025/2026					
Reconciliation Period	Quarter 2					
Reconciliation Overview						
High Level Reconciliation						
Property Categories	# of Properties			Market Values		
	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	3622	3622	0	1 224 850 500,00	1 224 850 500,00	-
Industrial	21	21	0	75 130 000,00	75 130 000,00	-
Business and Commercial	134	134	0	444 535 000,00	444 535 000,00	-
Agricultural	724	724	0	3 021 575 000,00	3 021 575 000,00	-
Mining	0	0	0	-	-	-
State Owned for Public Purpose	26	26	0	138 340 000,00	138 340 000,00	-
PSI	345	345	0	15 711 000,00	15 711 000,00	-
PBD	36	36	0	125 790 000,00	125 790 000,00	-
Multi Use	19	19	0	-	-	-
Vacant	324	324	0	53 672 000,00	53 672 000,00	-
POW	15	15	0	25 070 000,00	25 070 000,00	-
Municipal	611	611	0	95 008 000,00	95 008 000,00	-
Other	62	62	0	39 880 000,00	39 880 000,00	-
	5939	5939	0	5 259 561 500,00	5 259 561 500,00	-

- The no of properties of **5 939** match, between the General Valuation (Valuer) & the System Generated General Valuation (Billing Report)
- The market value also agrees to the sum of **R 5 259 561 500**.
- Monthly monitoring shall continue for any remedial action

The following illustrates the trend in differences, between General Valuation (GV) & Municipal Financial System (MFS), for Number of Categories, which shall be monitored monthly:

GV vs MFS				
Property Categories	Variances in <u>NUMBER</u>			
	Jul-25	Aug-25	Sep-25	Oct-25
Residential	19	1	2	0
Industrial	0	0	0	0
Business & Commercial	-1	-1	-1	0
Agricultural	-2	-2	-2	0
Mining	0	0	0	0
State	0	0	0	0
PSI	0	0	0	0
PBO	0	0	0	0
Multi Use	1	1	1	0
Vacant	-17	0	1	0
POW	0	0	0	0
Municipal	0	0	0	0
Other	0	0	0	0
TOTAL	0	-1	1	0

The following illustrates the trend in differences, between General Valuation (GV) & Municipal Financial System (MFS), for **Value of Categories**, which shall be monitored monthly:

GV vs MFS				
Property Categories	Variances in VALUE			
	Jul-25	Aug-25	Sep-25	Oct-25
Residential	-R 2 231 875 500	-R 2 273 005 500	-R 933 840 000	R -
Industrial	R -	R -	R -	R -
Business & Commercial	R -	R -	R -	R -
Agricultural	-R 7 490 000	-R 7 490 000	-R 40 360 000	R -
Mining	R -	R -	R -	R -
State	R -	R -	R -	R -
PSI	R -	R -	R -	R -
PBO	R -	R -	R -	R -
Multi Use	R -	R -	R -	R -
Vacant	-R 10 100 000	R -	R 120 000	R -
POW	R -	R -	R -	R -
Municipal	R -	R -	R -	R -
Other	R -	R -	R -	R -
TOTAL	-R2 249 465 500	-R2 280 495 500	-R 974 080 000	R -

16.6 MFMA Circular 124 – Condition 6.3 and Condition 6.12

6.3 Maintenance of Eskom Current account

- No payment has been made towards the Eskom bulk current account for October 2025.
- The municipality has provided Eskom Reconciliation indicating that the balance of R630,6 million however Eskom statement has a balance of R632 million the variance is payment of R1,5 million by the municipality on 29 August 2025.

6.4 Compliance with a Funded MTREF

- The municipality's 2025/26 adopted Budget is unfunded,
- The municipality has budgeted for an operating surplus of R6,5 million.
- The municipality made a provision for debt impairment of R8,7 million of the total billable revenue.
- The municipality has made a provision for Depreciation and asset impairment of R10,8 million

6.5 Cost reflective tariffs

- The municipality has completed a tariff tool, based on the 2025/26 approved budget, with the assistance of the NT MFIP Advisor assigned to the municipality.

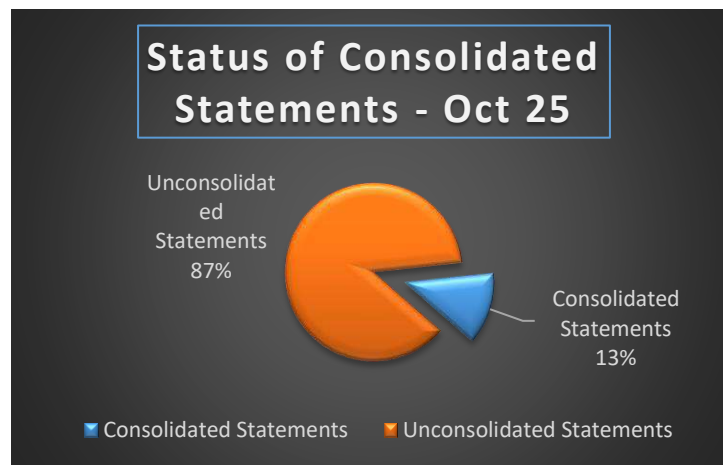
6.6 Electricity as a collection tools

- The municipality does issue consolidated bills to consumers, reflecting rates, electricity and refuse services on one invoice except government debtors.

A resolution was reached in a meeting in September 2025, with system service provider, municipality & MFIP Advisor, regarding the investigation into the debtor's statements that are Consolidated for all services, and debtors accounts which are stand alone.

A Report was extracted in October 2025 from the system, and the following are the findings, for consideration:

Description	No of Debtors	% of Debtors
Consolidated statements	454	13%
Unconsolidated statements	3 028	87%
TOTAL ACCOUNTS ON SYSTEM	3 482	100%



Observations (October 2025)

1. No of statements consolidated are **454**, i.e. 13%.
2. No of statements unconsolidated are **3 028**, i.e.87%

Recommendations

1. The **3 028** debtors whose statements are not consolidated, must be analysed & investigated. The reasons for not being consolidated, must be communicated to the CFO.

Based on the outcome, an implementation plan must be devised to address these accordingly.

2. Monthly monitoring must be performed & reported accordingly

- Customer disconnections is done in October 2025 and will be attached as: **attachment 4**

6.7 Maintaining a minimum of 85% average quarterly collection of Property rates and service charge

- Not yet the quarter however the municipality has achieved an average collection rate of 97% for October 2025.

6.7.2

- The municipality has not made provision for the installation of smart pre-paid meters in the 2025/26, 2026/27 and 2027/28 capital budgets due to financial constraints.
- The municipality has not adopted a policy to install any new electricity connection in the demarcated area with a smart pre-paid meter.

6.8 Completeness of the revenue base

- The municipality has completed a tariff tool, based on the 2025/26 approved budget, with the assistance of the NT MFIP Advisor assigned to the municipality, and prepares the Action plan for variances identified.

6.9 Monitor and report on implementation

- The municipality's monthly MFMA Section 71 report is tabled to the Finance Portfolio committee, and MANCO before it is presented to Council.

6.10 Provincial Treasury certification of municipal compliance.

- KZN Provincial Treasury issued all monthly certificate and compliance report for the municipality.

6.11 Limitation on Municipal borrowing powers.

- The municipality has no borrowings in 2025/26 financial year.

6.12 Management of resources

- National Treasury / OAG issued guidance via a Circular on the 21 February 2024, that state that the municipality does not necessarily need to transfer amounts received from electricity sales into a separate bank account. However, the municipality must ring-fence amounts received from electricity sales to ensure that the municipality is able to make payments towards their Eskom current account. (Ring-fencing can be enabled via transacting in terms of mSCOA).
- Eskom bank statement will be attached. **Attachment 5**

16.6 In terms of the MFMA s.71 narrative statement the following is part – Attachment 6

- i. Eskom Bulk current account invoice(s) due and payable during the month of reporting;
- ii. The municipality's reconciliation statement for electricity aligning to the MFMA S71 mSCOA data strings uploaded.

P/T MONTHLY DEBT RELIEF REPORT AND CERTIFICATE – SEPTEMBER 2025

17. Municipal Manager's quality certification

- Municipal Manager's quality certificate for October 2025 will be attached as:
Attachment 7

18. Recommendations:

It is recommended that that the Mayoral Committee / Mayoral Committee meeting take note of -

1. The monthly budget statement for October 2025
2. The non-compliance emanating from the municipality's debt relief self-assessment as well as the Provincial Treasury's independent assessment set-out in paragraph 16 above;
3. The following remedial actions necessary and / or undertaken to improve the municipality's monthly compliance in terms of the Debt Relief Conditions:
 - a. The municipal urgently starts with Meter auditing and Meter calibration as per the Electricity distribution losses
 - b. The municipality to table Municipal Debt Concession for customers to settle their outstanding account to increase collection on all debt which will enable the municipality to start servicing the Eskom Account.
 - c. The municipality to use the Energy Efficiency and Demand side management grant to improve electricity function as per latest DORA
 - d. To ring fence all electricity Proceeds in the 2025/26 FY;
4. The balance of the Eskom bulk account and the municipality's reconciliation of these accounts as set-out in paragraph 16.6 above.



Mpopana Local Municipality

REPORT TO THE CFO



Report number: 2025/26_(M04)

Author: Billing/Debtors & Credit Control
Designation: Accountants Revenue

SUBJECT: REVENUE TREND ANALYSIS REPORT (October 2025)

DATE: NOVEMBER 2025



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

Table of Contents

1	Introduction	3
2	Report on Debtors Management.....	6
3	Report on Credit Control.....	14
4	Report on Indigent management.....	20
5	Revenue Assessments.....	21
6	Report on Debtors email addresses.....	22
7	Report on Debtors Consolidated Statements	23
8	Report on Customer Care – Queries management	24
9	Revenue Training	25
10	Status of Reconciliations.....	28
11	Recommendations	38



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

1 Introduction

1.1 Background & Purpose

Revenue Management is part of the key deliverables identified in the SDBIP under the CFO responsibility. Status of Revenue is reported monthly via MFMA Section 71 Reports. A Finance Portfolio committee is in place to monitor and optimise efforts in Revenue Analysis and management.

MPOFANA LOCAL MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDDIP) 2025/2026														
National Key Performance Area	Responsible Department	Back to Basics Pillars	IDP Objectives	IDP Ref No.	Strategy	Msooa Project Ref	Project Name (Msooa)	Unit of Measure	SDBIP Indicator Reference No.	Indicator	2025/2026			Annual Target 2025 / 2026
											Demand	Baseline	Backlook	
	Budget and Treasury Office	Sound Financial Management	To increase funding and revenue generation	E1	Develop and implement measures to expand revenue base and generation	E1.1		%	E1.1.1	% Revenue Growth- (Period under review's Total Revenue)	7%			12% Revenue Growth by 30 June 2026
									E1.1.2	% Revenue Growth Excluding capital grants	7%			15% Revenue Growth Excluding capital grants by 30 June 2026
									E1.1.3	% Operating Revenue Budget implementation indicator. $\frac{\text{Actual Operating Revenue}}{\text{Budget Operating Revenue}}$	95% - 100%			95% - 100% Actual Operating Revenue over Budgeted Operating Revenue by 30 June 2026
									E1.1.4	Date valuation roll implemented	01-Jul			Valuation roll implemented by 01 July 2025 on the billing system
	Budget and Treasury Office	Sound Financial Management				E1.2		Number in days	E1.2.1	Number of Net Debtors Days - ((Gross Debtors - Bad debt Provision) / Actual Billed Revenue) x 365	30			30 or < Net Debtors Days by 30 June 2026
									E1.2.2	Number of monthly disconnection report done	12			12 disconnection report (1 per month) by 30 June 2026
									E1.2.3	% Collection Rate - ((Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debt Provision) / Billed Revenue) x 100	93% - 95%			95% - 100% Collection Rate by 30 June 2026
	Budget and Treasury Office	Sound Financial Management				E1.3		Number	E1.3.1	Current Ratio. Number of Current Assets / Current Liabilities	1.5 - 2.1			1.5 - 2.1 Current Asset ratio by 2026
									E1.3.2	Cash / Cost coverage ratio in months. $\frac{\text{Cash} / \text{Cost Coverage Ratio in Months} - ((\text{Cash and Cash Equivalents} - \text{Unspent Conditional Grants} - \text{Overdraft}) + \text{Short Term Investment}) / \text{Monthly Fixed Operational Expenditure}}$	1-3 Months			1 - 3 Cash / Cost Coverage Ratio in Months by 30 June 2026



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

MPOFANA LOCAL MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) 2025/2026

National Key Performance Area	Responsible Department	Back to Basics Pillars	IDP Objectives	IDP Ref No.	Strategy	Msooa Project Ref	Project Name (Msooa)	Unit of Measure	SDBIP Indicator Reference No.	Indicator	2025/2026			Annual Target 2025 / 2026
											Demand	Baseline	Backlog	
FINANCIAL VIABILITY & FINANCIAL MANAGEMENT	Budget and Treasury Office	Sound Financial Management	Improve expenditure and maximise the economies of scale	E2	To control and account for all Municipal expenditure	E2.1			E1.3.3	Number of Monthly cash flow projection report prepared	12			12 Monthly cash flow reports prepared by 30 June 2026
								Number in days	E1.3.4	Number of Creditors Payment Period in days - Trade Creditors Outstanding /Credit	30			30 Creditors Payment days by 30 June 2026
								%	E2.1.1	% Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure x100	0%			0% Irregular, Fruitless and Wasteful and Unauthorised Expenditure incurred by 30 June 2026
									E2.1.2	% staff cost over OPEX incurred - remuneration (Employee Related Costs and Councillors' Remuneration) / Total	25% - 40%			25% -40% staff cost over OPEX incurred by 30 June 2026
									E2.1.2	% Contract Serv incurred over OPEX - Contracted Services / Total Operating Expenditure x 100	2% - 5%			2% - 5% Contract Serv incurred over OPEX by 30 June 2026
									E2.1.3	%CAPEX BUDGET SPENT - Actual Capital Expenditure / Budget Capital Expenditure x 100	95% - 100%			95% -100% CAPEX BUDGET SPENT by 30 June 2026
									E2.1.4	% OPEX Budget Spent - Actual Operating Expenditure / Budgeted Operating Expenditure x100	95% - 100%			95% - 100% OPEX Budget Spent by 30 June 2026
									E2.1.5	% Electricity Grant (INEP) Budget Spent - Actual INEP Expenditure / INEP Budget Expenditure x 100	95% -100%			95% -100% Electricity Grant (INEP) Budget Spent by 30 June 2026
								Number	E2.1.6	Number of budget statement (S71/S72) reports submitted to Treasury	12			12 Budget Statement (S71/S72) reports submitted to Treasury by 30 June 2026
								%	E2.1.7	% of electricity losses to be within the 7% - 10% thresholds	7% -10%			Electricity losses to be within the 7% -10% thresholds by 30 June 2026



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

MPOFANA LOCAL MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) 2025/2026

National Key Performance Area	Responsible Department	Back to Basics Pillars	IDP Objectives	IDP Ref No.	Strategy	Mscosa Project Ref	Project Name (Mscosa)	Unit of Measure	SDBIP Indicator Reference No.	Indicator	2025/2026			Annual Target 2025 / 2026	
											Demand	Baseline	Backlog		
Budget and Treasury Office	Sound Financial Management	To enforce a fair and legislatively compliance SCM policy	E2.2					Number	E2.2.1	Number of report on update contract register submitted to portfolio committee	12			12 reports on contract register updated and submitted to portfolio committee by 30 June 2026	
								Date	E2.2.2	Date SCM Policy reviewed	31-Mar-22			SCM Policy reviewed and adopted by Council by 31 March 2026	
								Number	E2.2.3	Number of Quarterly report on the implementation of SCM policy reported to Council	4			4 Report on the implementation of SCM policy reported to Council by 30 June 2026	
								Date	E2.2.4	Date the Organisational procurement plan approved				Organisational procurement plan approved by the CFO on or before 31 March 2026	
	Sound Financial Management	To budget and report on all Municipal financial transactions according to legislation	E3	Compliance with MFMA	E3.1				Date	E3.1.1	Date Draft Budget tabled approved by Council	31-Mar			Draft Budget tabled approved by Council on or before 31 March 2026
										E3.1.2	Date Final Budget approved by Council	31-May			Final Budget approved by Council on or before 31 May 2026
									Number	E3.1.3	Number of meetings conducted to review the Rates and Tariffs (Budget Road Shows) by 30 June 2026	1			1 Meeting conducted to review the Rates and Tariffs (Budget Road Shows) by 30 June 2026
										E3.1.4	Number of Budget Steering Committee meeting held				2 Budget Steering Committee meetings held by 30 June 2026
									Date	E3.1.5	Date Mid-Year budget review approved by Council	25-Jan			Mid-Year budget reviewed approved by Council on or before 25 January 2026
										E3.1.6	Date Adjustment budget approved	25-Feb			Adjustment budget approved by Council on or before 25 February 2026
										E3.1.7	Date 2024/2025 Financial year AFS submitted to Auditor General	31-Aug			2024/2025 Financial Year AFS submitted to Auditor General on or before 31 August 2025
									%	E3.1.8	% of leased properties with valid lease agreements	100%			100% of leased properties with valid lease agreements by 30 June 2026
									Number	E3.1.9	Number of VAT returns submitted to SARS	12			12 VAT returns submitted to SARS by 30 June 2026

The purpose of the report is on the trend in Revenue to track Revenue performance, measure the Revenue Enhancement initiatives and be able to take remedial action accordingly. To provide status quo on Reconciliations to date.



2 Report on Debtors Management

2.1 Age Analysis vs C schedule

The following represents the comparison for October 2025, between the C schedules & debtors age analysis:

Oct-25					
C schedule		Debtors age analysis		Differences	
Category	Value	Category	Value		
Organs of state	R -	Organs of state	R 10 418 996,64	-R 10 418 996,64	
Commercial	R -	Commercial	R 30 773 543,95	-R 30 773 543,95	
Households	R -	Households	R 119 619 469,53	-R 119 619 469,53	
Other	R -	Other	R 15 435 971,63	-R 15 435 971,63	
TOTAL	R 176 273 607,00		R 176 247 981,75	R 25 625,25	

Key observations & recommendations (October 2025):

- It is observed that there are differences in TOTAL of **R 25 625.25** between the C schedules & Age Analysis.
- C schedules are not being populated for categories State, Commercial & Households; To engage the service provider to ensure alignment



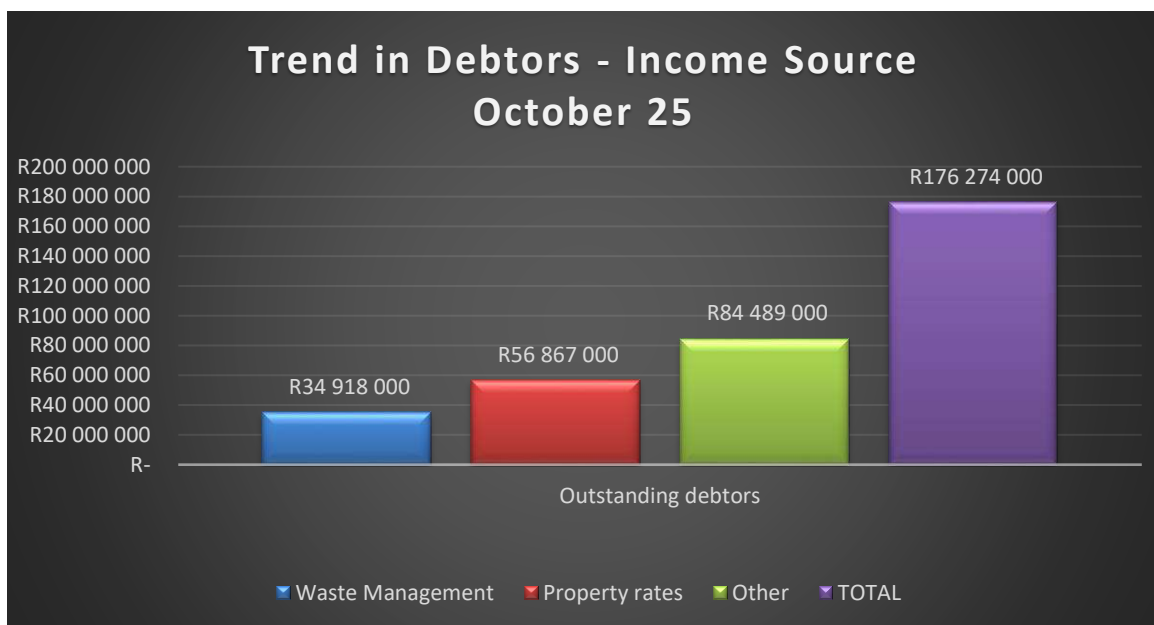
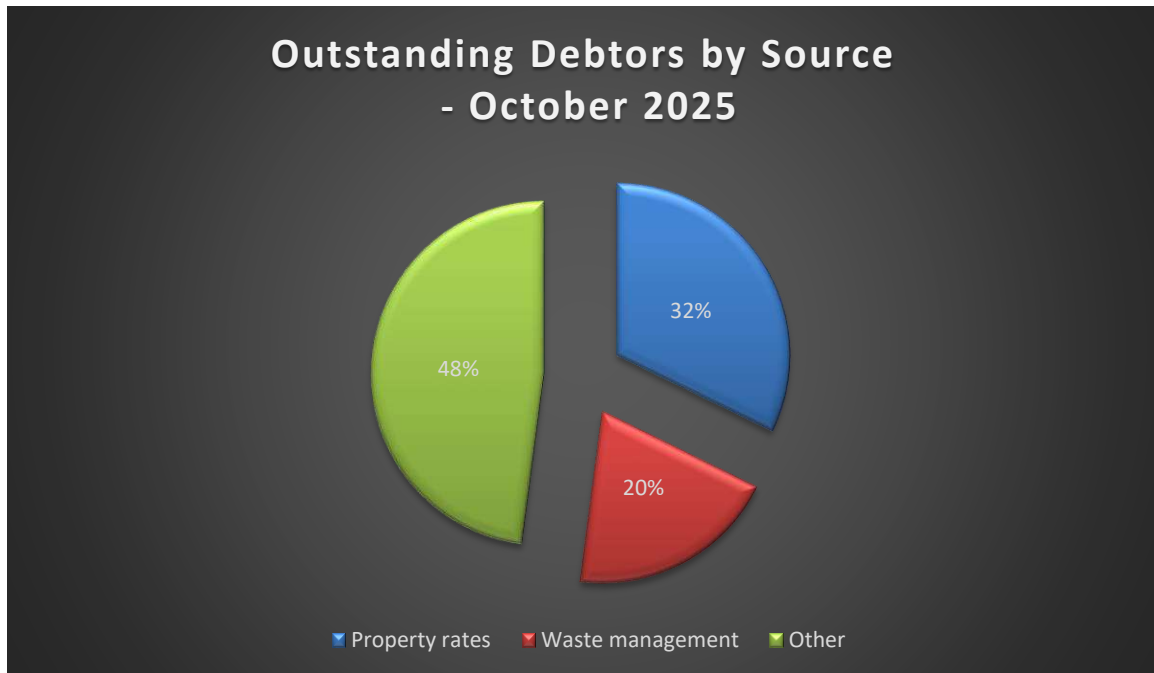
REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

2.2 Analysis of Debtors by Income Source

KZN223 Mpofana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October

Description	NT Code	Budget Year 2025/26									Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr					
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	1 587	1	5	-	-	-	124	1 718	129	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	1 365	1 038	1 042	979	1 280	693	4 533	45 938	56 867	53 422	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Management	1600	544	514	489	490	435	435	3 004	29 007	34 918	33 371	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	14	10	(952)	21	4	4	48	1 097	246	1 174	-	-	
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	(1)	(3)	(11)	(15)	(15)	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	2 421	1 026	298	163	164	49	106	78 312	82 540	78 794	-	-	
Total By Income Source	2000	4 345	4 175	878	1 657	1 883	1 180	7 688	154 467	176 274	166 875	-	-	
2024/25 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200	-	-	-	-	-	-	-	-	-	-	-	-	
Commercial	2300	-	-	-	-	-	-	-	-	-	-	-	-	
Households	2400	-	-	-	-	-	-	-	-	-	-	-	-	
Other	2500	4 345	4 175	878	1 657	1 883	1 180	7 688	154 467	176 274	166 875	-	-	
Total By Customer Group	2600	4 345	4 175	878	1 657	1 883	1 180	7 688	154 467	176 274	166 875	-	-	

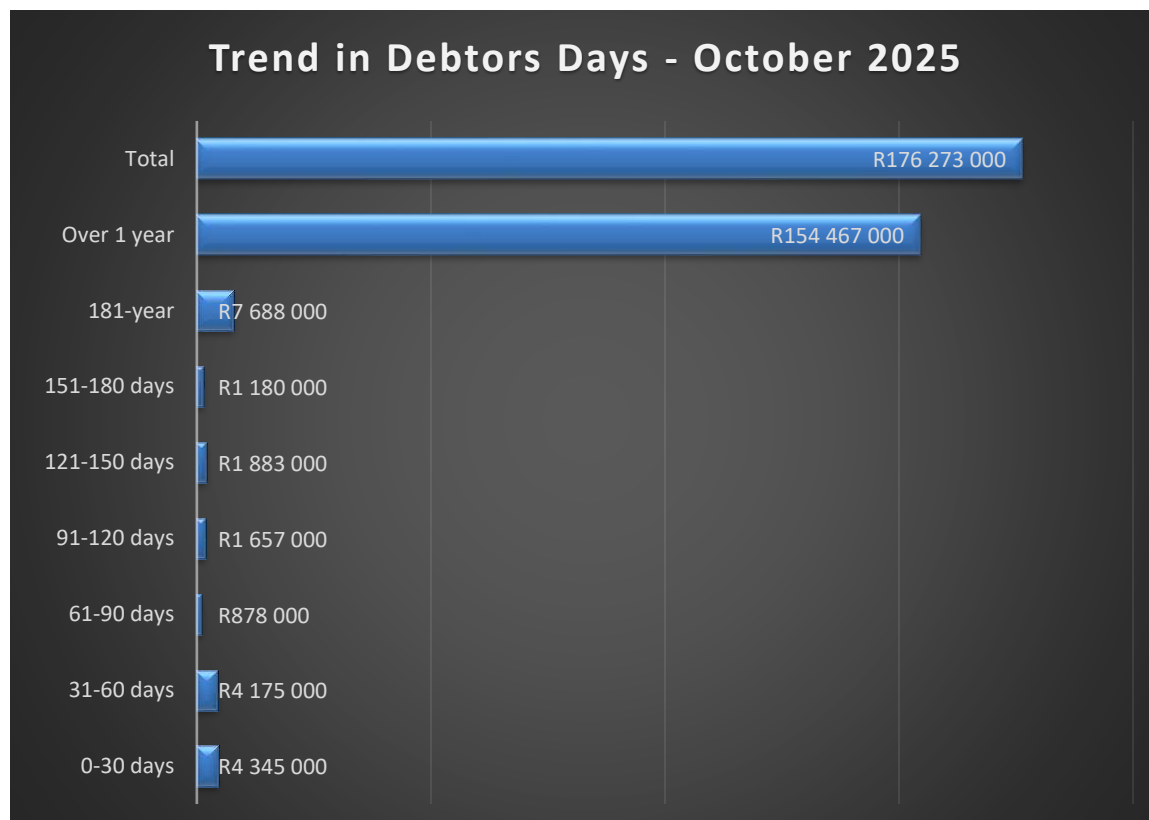


Key observations & recommendations (October 2025):

- It can be clearly seen from the table & illustration above, that when comparing Debtors age analysis by Income Source, the category with the highest debtors is Other **R 84 489 m**, i.e. **48%**
- It is recommended that this category of “Other” is investigated via the accounting system to identify the source of debtors and allocate correctly by Income Source



2.3 Analysis of Debtors by Days outstanding



Key observations & recommendations (October 2025):

- It can be clearly seen from the table above, that when comparing Debtors age analysis by Outstanding days, the category with the highest debtors is Over a year, at **R 154 467 m**, from a total of **R 176 274 m**, which represents **88%**.
- It is recommended that the age analysis be reviewed monthly & to engage the system provider, as it appears the debtors age analysis by customer group is incorrectly classified, as “Other”. Accountant Billing shall engage the service provider accordingly.



REVENUE TREND ANALYSIS REPORT – (October 2025)

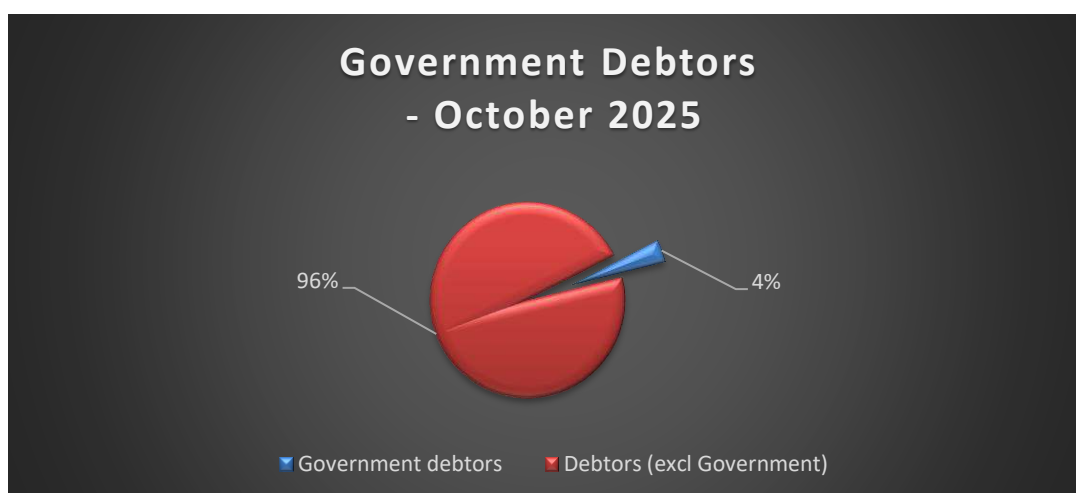
Attachment 1

2.4 Analysis of Debtors – Government

The Debtors age analysis for October 2025, was obtained & analysed. It was sorted from the Master into Government & Non-Governmental debtors. The Non-Governmental Debtors, was further analysed, ranked from highest to lowest, and the TOP 100 Debtors excluding Government identified.

The following illustrates the percentage of Government debtors from overall debtors age analysis:

OVERVIEW OF ALL DEBTORS - Oct 2025		
Government Debtors	R 6 548 231,66	4%
Debtors (excluding GOVT)	R 169 706 896,24	96%
TOTAL	R 176 255 127,90	100%



Key observations & recommendations (October 2025):

- It can be clearly seen from the table and illustration above, that Government debt comprises **4%** of total debt, for an amount of **R 6 548 m**
- These debtors must be included in a Revenue implementation plan, with key deliverables, responsible persons & timelines
- The progress to be reported & monitored on a monthly basis



2.5 Analysis of Debtors – TOP 100

The following illustrates the Overview of TOP 100 debtors (excluding government):

OVERVIEW OF TOP 100 DEBTORS (excl GOVT) - Oct 2025			
No of debtors	Category (excl GOVT)	Total	%
46	Group By Group: 2300 (Business)	R 13 835 292,07	53%
37	Group By Group: 2400 (Households)	R 7 321 315,07	28%
16	Group By Group: 2500 (Other)	R 3 304 223,09	13%
1	Group By Group: Sundry Debtor (Sundry Debtor)	R 1 588 706,93	6%
100		R 26 049 537,16	100%

Key observations & recommendations (October 2025):

- The 2 highest categories from the TOP 100 Debtors are:
 - Business/Commercial (46 Debtors with R 13 835 m owing)
 - Households (37 Debtors with R 7 321 m owing)
- These debtors must be included in a Revenue implementation plan, with key deliverables, responsible persons & timelines
- The progress to be reported & monitored on a monthly basis



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

2.6 Report on Valuation Roll reconciliation

The following reconciliations have been performed: October 2025:

Property Rates Reconciliation						
Province	KZN					
District	Umgungundlovu District					
Type	LM					
Municipal Name	Mogale					
GV Period	01/07/2021 - 30/06/2026					
Financial Year	2025/2026					
Reconciliation Period	Quarter 2					
Reconciliation Overview						
High Level Reconciliation						
Property Categories	# of Properties			Market Values		
	GV	MFS	Variance	GV Market Values	MFS Market Value	Variance
Residential	3122	3627	0	1 224 850 500.00	1 224 850 500.00	-
Industrial	21	21	0	75 130 000.00	75 130 000.00	-
Business and Commercial	134	134	0	444 535 000.00	444 535 000.00	-
Agricultural	724	724	0	3 021 575 000.00	3 021 575 000.00	-
Mining	0	0	0	-	-	-
State Owned for Public Purpose	25	26	0	138 340 000.00	138 340 000.00	-
PSI	345	345	0	15 711 000.00	15 711 000.00	-
PBO	36	36	0	125 790 000.00	125 790 000.00	-
Multi Use	19	19	0	-	-	-
Vacant	324	324	0	53 672 000.00	53 672 000.00	-
POW	15	15	0	25 070 000.00	25 070 000.00	-
Municipal	611	611	0	85 008 000.00	85 008 000.00	-
Other	62	62	0	39 880 000.00	39 880 000.00	-
Total	5930	5938	0	5 259 561 500.00	5 259 561 500.00	-
Detailed Reconciliation						
Property Categories	Monthly Billing			Quarterly		
	GV	MFS	Variance	GV	MFS	Variance
Residential	782 623	508 995	273 628	2 347 609.98	1 526 985.15	820 624.83
Industrial	102 340	102 340	0	307 018.75	307 018.71	0.04
Business and Commercial	317 768	317 769	-	953 305.31	953 305.59	-0.28
Agricultural	356 042	352 927	3 115	1 068 128.76	1 058 779.62	9 349.14
Mining	-	-	-	-	-	-
State Owned for Public Purpose	207 291	207 291	0	621 872.89	621 872.94	-0.05
PSI	1 648	2 354	706	4 943.47	7 062.30	2 118.83
PBO	18 649	18 648	1	58 542.61	58 542.52	0.02
Multi Use	-	-	-	-	-	-
Vacant	40 209	40 209	0	120 627.82	120 628.29	-0.47
POW	-	-	-	-	-	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	R1 626 768.13	R1 550 731.74	R776 037.45	5 460 307.57	4 652 195.22	828 112.35

Prepared By: Ms K.M. Buthelezi Date: OCT 2025 Reconciliation

Contact Details: _____

Signature: [Signature]

Reviewed By: Mr M.P. Mkhize Date: OCT 2025 Reconciliation

Contact Details: _____

Signature: [Signature]



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

The following illustrates the trend in differences, between General Valuation (GV) & Municipal Financial System (MFS), for **No of Categories**:

GV vs MFS				
Property Categories	Variances in <u>NUMBER</u>			
	Jul-25	Aug-25	Sep-25	Oct-25
Residential	19	1	2	0
Industrial	0	0	0	0
Business & Commercial	-1	-1	-1	0
Agricultural	-2	-2	-2	0
Mining	0	0	0	0
State	0	0	0	0
PSI	0	0	0	0
PBO	0	0	0	0
Multi Use	1	1	1	0
Vacant	-17	0	1	0
POW	0	0	0	0
Municipal	0	0	0	0
Other	0	0	0	0
TOTAL	0	-1	1	0

The following illustrates the trend in differences, between General Valuation (GV) & Municipal Financial System (MFS), for **Value of Categories**:

GV vs MFS				
Property Categories	Variances in <u>VALUE</u>			
	Jul-25	Aug-25	Sep-25	Oct-25
Residential	-R 2 231 875 500	-R 2 273 005 500	-R 933 840 000	R -
Industrial	R -	R -	R -	R -
Business & Commercial	R -	R -	R -	R -
Agricultural	-R 7 490 000	-R 7 490 000	-R 40 360 000	R -
Mining	R -	R -	R -	R -
State	R -	R -	R -	R -
PSI	R -	R -	R -	R -
PBO	R -	R -	R -	R -
Multi Use	R -	R -	R -	R -
Vacant	-R 10 100 000	R -	R 120 000	R -
POW	R -	R -	R -	R -
Municipal	R -	R -	R -	R -
Other	R -	R -	R -	R -
TOTAL	-R2 249 465 500	-R2 280 495 500	-R 974 080 000	R -



3 Report on Credit Control

3.1 Status of Cut Offs

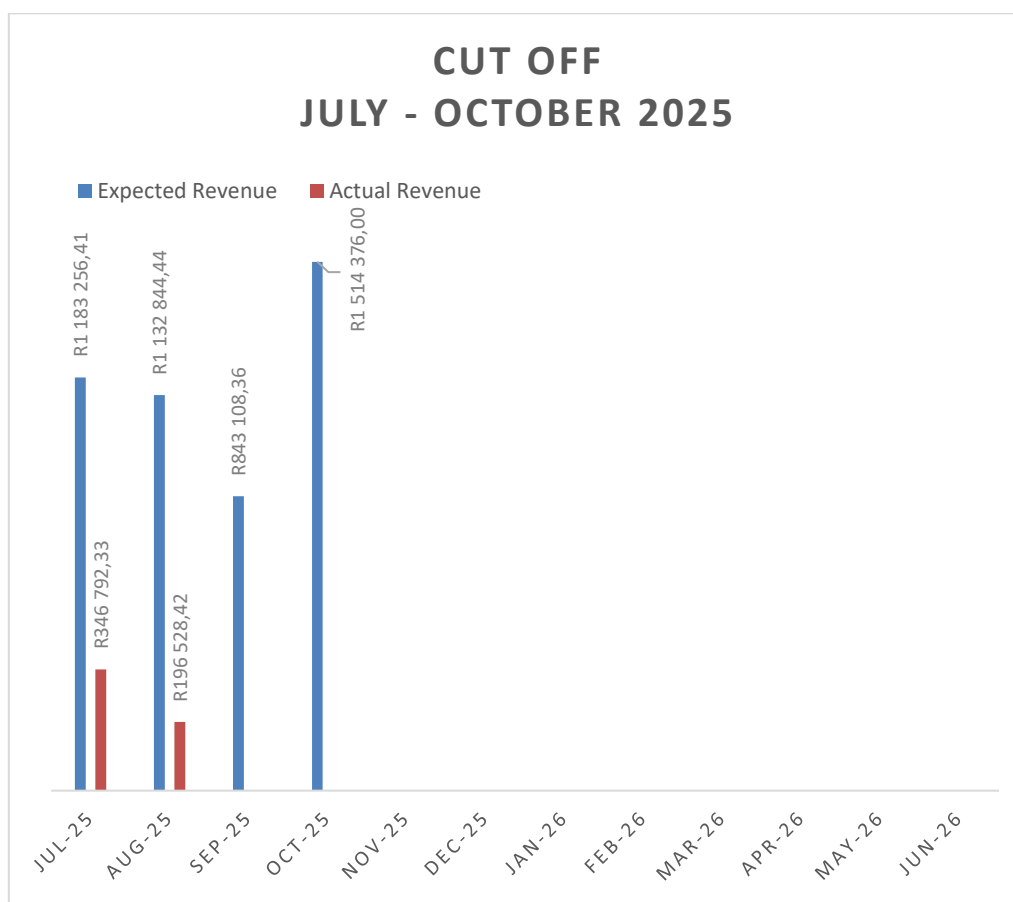
List of Residents Cut Off

Month	No of Residents	Expected Revenue	Actual Revenue Received	Collection rate
July 2025	37	1 183 256.41	346 792.33	29%
Aug 2025	35	1 132 844.44	196 528.42	17%
Sept 2025	21	843 108.36		
Oct 2025	32	1 514 376.00		
Nov 2025				
Dec 2025				
Jan 2026				
Feb 2026				
March 2026				
April 2026				
May 2026				
June2026				



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1



Key observations of Cut-offs (July to October 2025):

- Disconnections are carried out after the due date for invoices, which is the 15th of each month. Prior to disconnection, notices are issued to debtors, allowing them a period of seven (7) days to respond.
- Revenue generated from the disconnections is recorded once the disconnection process has been completed.



REVENUE TREND ANALYSIS REPORT – (October 2025)

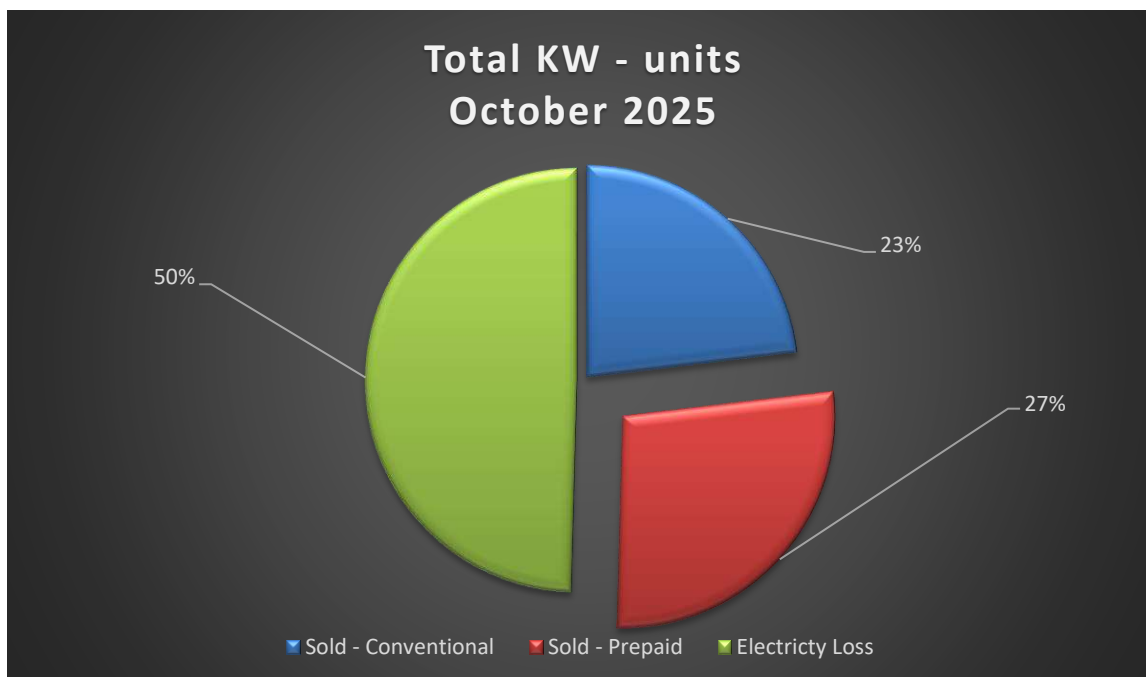
Attachment 1

3.2 Electricity Losses

The following provides an overview of Electricity Losses for October 2025:

25/26 ELECTRICITY LOSSES

	KW - UNITS				Sale per unit	Rand Value Lost R
	Purchases for 25/26	Sold to Conventional	Sold to Prepaid	Electricity Loss		
Energy Peak	2 237 042,84	555 122,33	0	1 681 920,51	5,37	9 038 682,85
Energy Std	4 835 512,12	1 025 724,33	3 186 171,60	623 616,19	2,90	1 809 665,13
Energy Off	4 594 587,88	1 116 836,33	0	3 477 751,55	1,47	5 123 684,41
	11 667 142,84	2 697 683,00	3 186 171,60	5 783 288,24		15 972 032,39
			Loss %	49,57%		



Key Observations:

- Total Units purchased is 11 667 142.84
- Total Units sold – Conventional 2 697 683 (i.e.23%)
- Total Units sold – Prepaid 3 186 171.60 (i.e. 27%)
- Total electricity loss in Units – **5 783 288.24 (i.e. 50%)**

The impact of the above is that the Rand value lost for electricity, for October 2025 is

R 15 972 032.39.



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

3.3 Collection Rate

The table & illustrations below demonstrates the collection ratio and related trends for reporting period October 2025.

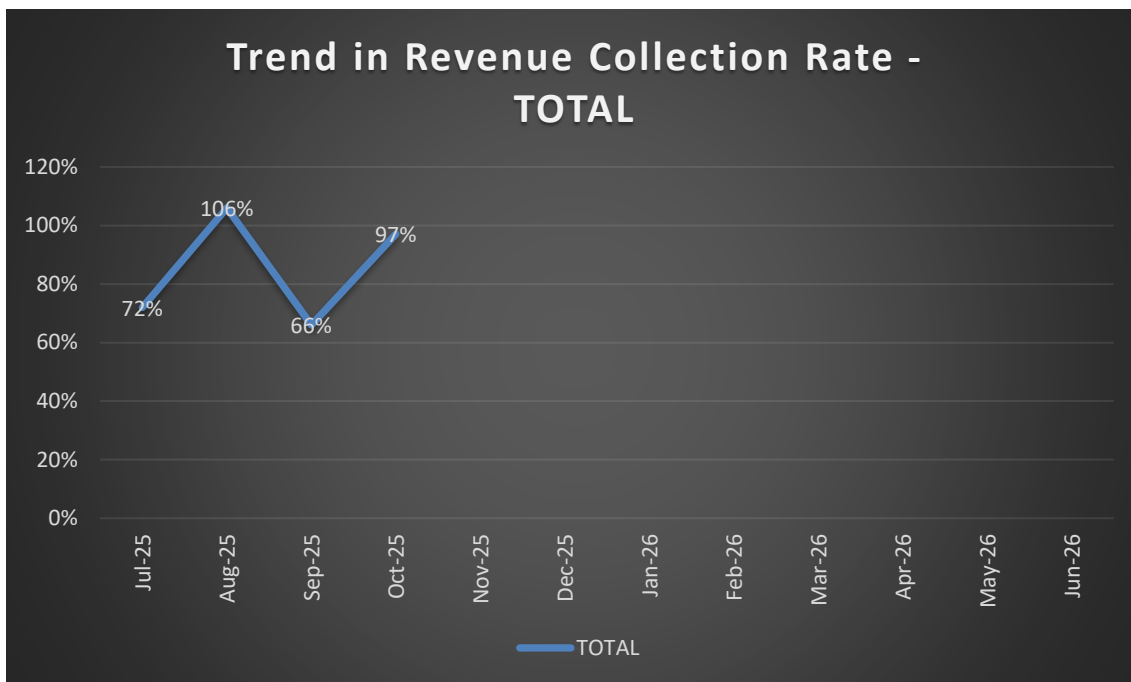
Collection Rate - Overview												
Reporting period	Property Rates			Electricity			Refuse			TOTAL		
	Billed	Received	Collection rate %	Billed	Received	Collection rate %	Billed	Received	Collection rate %	Billed	Received	Collection rate %
Jul-25	R 1 373 054,17	R 991 670,26	72%	R 4 164 960,55	R 3 288 847,90	79%	R 511 345,36	R 59 178,62	12%	R 6 049 360,08	R 4 339 696,78	72%
Aug-25	R 1 497 030,06	R 1 556 829,57	104%	R 3 408 202,95	R 4 136 635,37	121%	R 577 663,58	R 97 182,56	17%	R 5 482 896,59	R 5 790 647,50	106%
Sep-25	R 1 496 127,87	R 1 037 628,28	69%	R 3 862 564,55	R 2 788 878,82	72%	R 576 515,23	R 74 038,49	13%	R 5 935 207,65	R 3 900 545,59	66%
Oct-25	R 1 547 667,69	R 948 993,25	61%	R 5 707 639,27	R 6 560 880,01	115%	R 576 515,23	R 83 991,61	15%	R 7 831 822,19	R 7 593 864,87	97%
Nov-25			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Dec-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Jan-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Feb-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Mar-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Apr-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
May-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Jun-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!



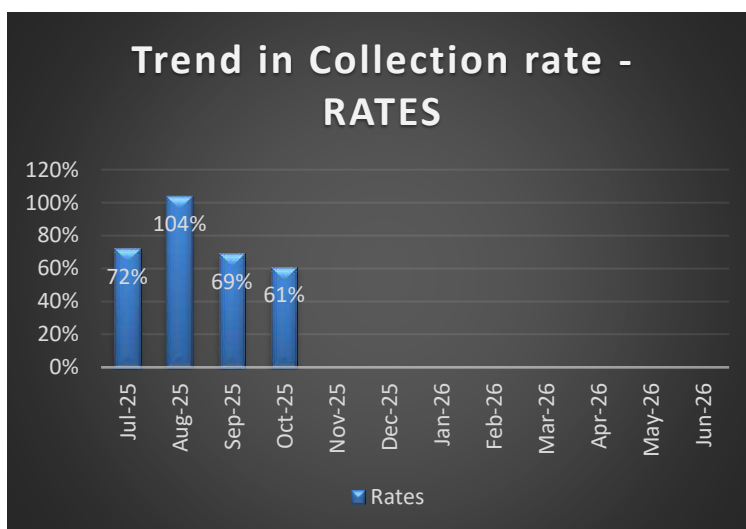
REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

Trend in Collection rate - Total:



Trend in Collection rate - Rates:

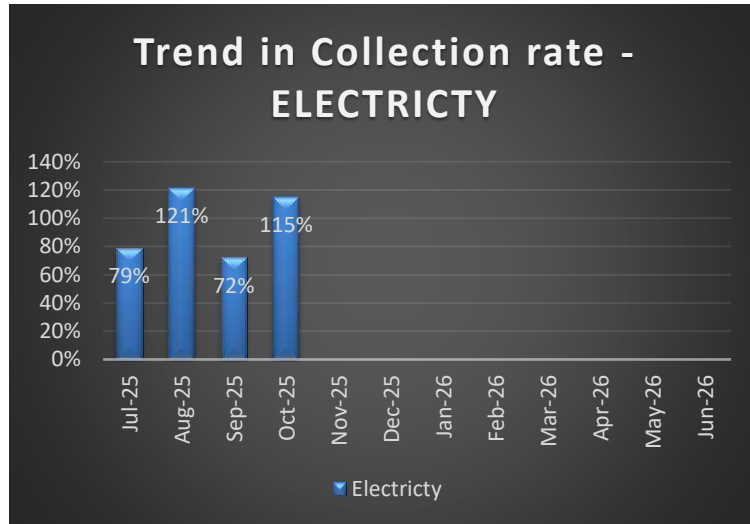




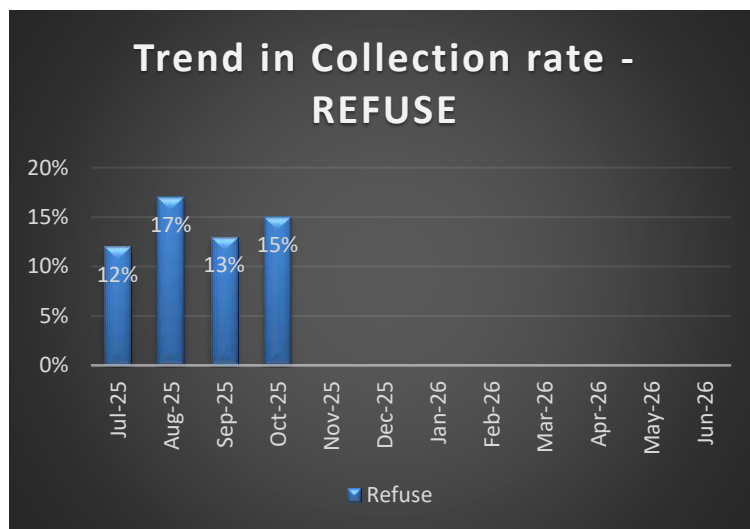
REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

Trend in Collection rate – Electricity:



Trend in Collection rate – Refuse:





4 Report on Indigent management

Legislation & Background:

The Municipal Services Act states that the municipality must develop its indigent policy to target FBS to indigent households. The Act requires the municipality to adopt, maintain, and implement a credit control and debt collection policy, which must make “provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.

The provision of FBS is through the local implementation of municipal indigent policy. According to Stats SA 2016 CS; it was estimated that there were 26919 indigent households identified in RMLM.

Current Status of Indigent Debtors management:

As at the start of the financial year, campaigns have been initiated with public notices to invite the public to apply for Indigent support. As part of the application, and to encourage applicants, it was indicated that those who do not apply, and are Indigent with outstanding balances, shall be disconnected.

Indigent process plan was developed, served to Council & approved. The Draft Indigent register has been completed & sent for review to COGTA.

Currently the Budget provision for free basic services has not been made in the 2025/26 Annual Budget process. However, the indigent register has been approved by council.



5 Revenue Assessments

Background

The Single and Integrated Revenue Management Framework (SIRMF) is a national framework for revenue management, and incorporates an assessment tool that is aligned to the revenue management value chain.

The tool was used to assess the revenue management capacity of **Mpofana Local Municipality**, in August – October 2024, highlight the status quo of revenue management, and generate content that is used to develop a Revenue Management Improvement Programme.

Assessment results

The municipality was assessed overall at **48%**, which indicates an "Average" result. It suggests that the functional areas are performing adequately, but there is room for improvement. Further, illustrates a balanced performance with both strengths and areas that require attention and enhancement.

Recommendations:

For each Revenue Focus area, where questions are rated as Poor, Very Poor, an implementation plan was developed with corrective action.

Since the Revenue Assessment results, monthly Revenue Reports have been compiled by the Revenue unit, and submitted to the ACFO/Accounting Officer/ Municipal Representative on monthly basis for consideration, and necessary oversight.

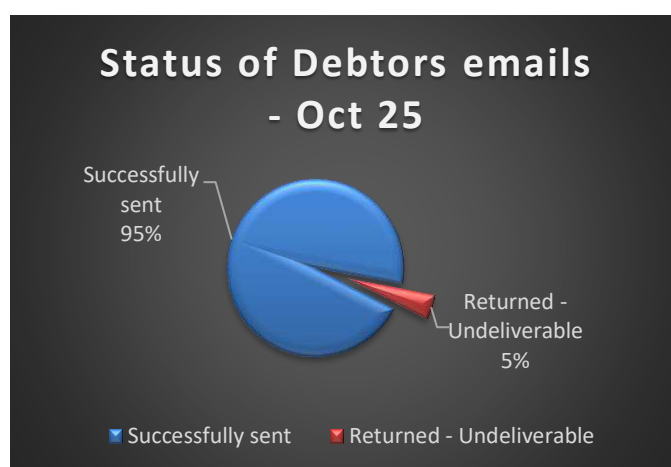


6 Report on Debtors email addresses

A resolution was reached in a meeting in September 2025, with system service provider, municipality & MFIP Advisor, regarding the investigation into the dispatch of rates payers' accounts.

A Report was extracted in October 2025 from the system, and the following are the findings, for consideration:

Description	No of Statements	% of Statements
Emails - Successfully sent	1 402	95%
Emails Returned - undeliverable	67	5%
TOTAL ACCOUNTS CAPTURED (with email addresses)	1 469	100%



Observations (October 2025)

1. No of emails successfully sent to Debtors are **1 402**, i.e. 95%.
2. No of emails returned are **67**, i.e.5%

Recommendations

1. The 67 debtors whose email addresses have been returned as undeliverable, must be contacted via telephone, and/or in person, in order to obtain the correct email addresses.
2. Monthly monitoring must be performed & reported accordingly

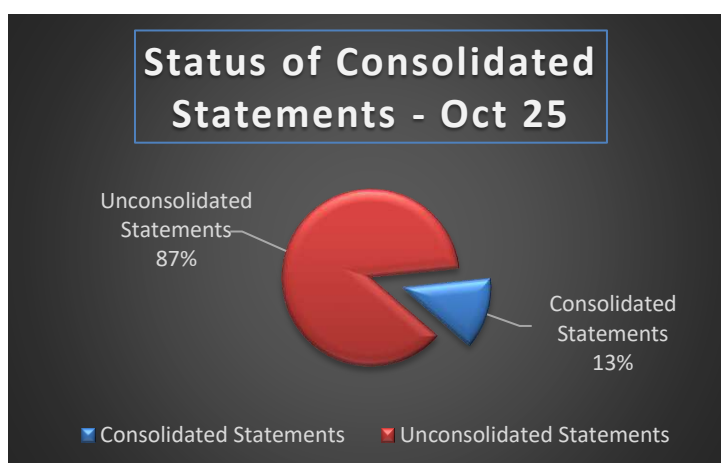


7 Report on Debtors Consolidated Statements

A resolution was reached in a meeting in September 2025, with system service provider, municipality & MFIP Advisor, regarding the investigation into the debtor's statements that are Consolidated for all services, and debtors accounts which are stand alone.

A Report was extracted in October 2025 from the system, and the following are the findings, for consideration:

Description	No of Debtors	% of Debtors
Consolidated statements	454	13%
Unconsolidated statements	3 028	87%
TOTAL ACCOUNTS ON SYSTEM	3 482	100%



Observations (October 2025)

1. No of statements consolidated are **454**, i.e. 13%.
2. No of statements unconsolidated are **3 028**, i.e.87%

Recommendations

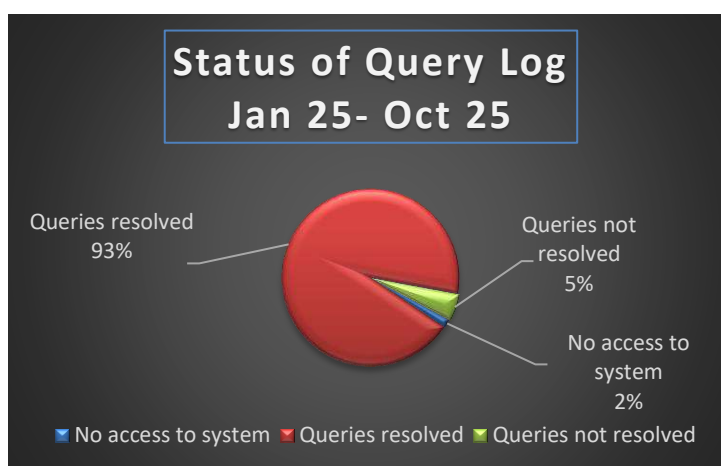
1. The **3 028** debtors whose statements are not consolidated, must be analysed & investigated. The reasons for not being consolidated, must be communicated to the CFO. Based on the outcome, an implementation plan must be devised to address these accordingly.
2. Monthly monitoring must be performed & reported accordingly



8 Report on Customer Care – Queries management

In order to determine whether Customer Care is functioning well at the municipality, the Schedule for Queries was analysed, and the following represents the status quo from January 2025 to October 2025, with the findings, for consideration:

Description	No	%
No access to system	2	2%
Queries resolved	115	93%
Queries NOT resolved	6	5%
TOTAL QUERY LOG	123	100%



Observations (October 2025)

1. No access to system is **2** days, i.e. 2%
2. No of queries resolved are **115**, i.e. 93%.
3. No of queries NOT resolved are **6**, i.e.5%

Recommendations

1. The **6 queries** which have not been resolved, must be referred to the Accountant and or Manager Revenue to resolve.
2. Monthly monitoring must be performed & reported accordingly



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

9 Revenue Training

- A total of **90** training sessions were conducted from July 2024- June 2025, which have been facilitated by the MFIP (Municipal Finance Improvement Programme) Advisor, seconded by National Treasury. All POEs are maintained on file for audit purposes.
- In the month of **October 2025**, a total of **16** training sessions, have been facilitated by the MFIP (Municipal Finance Improvement Programme) Advisor, seconded by National Treasury. All POEs are maintained for audit purposes.
- To date, for 2025/2026 financial year, a TOTAL no of **50** training sessions, facilitated, between July 2025 – October 2025, as follows:

REVENUE TRAINING – 2025/26				
Session	Date	Description of training	Unit	No of people
1	1 July 2025	GV Recon working session - June 25 (Pre-Bill)	Revenue unit	1
2	3 July 2025	Working session/on the job training Cost reflective tariff assessment on FINAL 25/26	Budget unit	1
3	4 July 2025	Debt relief status report - May 25	Revenue unit	1
4	9 July 2025	GV Recon working session - June 25 (Post Bill)	Revenue unit	2
5	10 July 2025	Internal Controls for check between FAR & TB	Asset unit	2
6	11 July 2025	Follow up-Internal Controls for check between FAR & TB	Asset unit	2
7	11 July 2025	Recalculation Retentions & Commitments	Asset unit	2
8	15 July 2025	Comparison of revised GV July 25 to April 25	Revenue unit	1
9	15 July 2025	Performed year end check of Tariffs 24/25	Revenue unit	1
10	18 July 2025	Section 71 Trend Report & analyses - June 2025	Budget unit	1
11	23 July 2025	Facilitated working session Invoice register - July 24 to June 25	Expenditure unit	1
12	23 July 2025	Expenditure monthly report & Management - June 25	Expenditure unit	1
13	23 July 2025	GV Recon working session - July 25 (Pre-Bill)	Revenue unit	1
14	31 July 2025	GV Recon working session - July 25 (Post-Bill)	Revenue unit	1
15	13 Aug 2025	Debt relief status report - June 25	Budget unit	1



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

REVENUE TRAINING – 2025/26				
Session	Date	Description of training	Unit	No of people
16	14 Aug 2025	Working session to address Debtors accuracy	Revenue unit	1
17	14 Aug 2025	Working session to address Age vs GL Debtors accuracy	Expenditure unit	1
18	21 Aug 2025	GV Recon working session - Aug 25 (Pre-Bill)	Revenue unit	2
19	21 Aug 2025	Revenue Report - July 25	Revenue unit	1
20	28 Aug 2025	GV Recon working session - Aug 25 (Post-Bill)	Revenue unit	2
21	28 Aug 2025	Section 71 Trend Report & analyses - July 2025	Budget unit	1
22	29 Aug 2025	Facilitated training on Expenditure Mgt Report - July 25	Expenditure unit	1
23	29 Aug 2025	Facilitated training on Debt Relief Mgt Report - July 25	Budget unit	1
24	5 Sept 2025	Facilitated training on Employee costs recon template - July 25	Expenditure unit	1
25	10 Sept 2025	Facilitated training (revenue recons) - Aug 25	Revenue unit	1
26	12 Sept 2025	Revenue Report - Aug 25	Revenue unit	1
27	17 Sept 2025	Facilitated training on Credit Control & Debt policy -2025/26	Revenue unit	4
28	18 Sept 2025	Facilitated training on Banking, Cash & Invest policy -2025/26	Revenue unit	4
29	18 Sept 2025	Facilitated training on Expenditure mgt Report - Aug 25	Expenditure unit	1
30	19 Sept 2025	Facilitated training on Debt write-off policy -2025/26	Revenue unit	4
31	25 Sept 2025	GV Recon working session - Sept 25 (Pre-Bill)	Revenue unit	1
32	25 Sept 2025	Section 71 Trend Report & analyses - Aug 2025	Budget unit	2
33	26 Sept 2025	GV Recon working session - Sept 25 (Post Bill)	Revenue unit	1
34	26 Sept 2025	Facilitated training on Debt Relief mgt Report - August 25	Revenue unit	2
35	1 Oct 2025	Facilitated training on Rates policy -2025/26	Revenue unit	7
36	1 Oct 2025	GV Recon working session - Sept 25 (Post Bill) - FINAL	Revenue unit	1
37	3 Oct 2025	Facilitated training on Tariff policy -2025/26	Revenue unit	7
38	9 Oct 2025	GV Recon working session - Oct 25 (Pre Bill)	Revenue unit	1
39	15 Oct 2025	Facilitated training on Budget & Virement policy -2025/26	Budget unit	2
40	16 Oct 2025	Facilitated training on Revenue mgt/Report - Sept 25	Revenue unit	3



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

REVENUE TRAINING – 2025/26				
Session	Date	Description of training	Unit	No of people
41	16 Oct 2025	Section 71 Trend Report & analyses - Sept 2025	Budget unit	2
42	23 Oct 2025	GV Recon working session - Oct 25 (Pre Bill)	Revenue unit	1
43	23 Oct 2025	Facilitated training on Debt Relief mgt - Sept 25	Revenue unit	1
44	24 Oct 2025	Facilitated training on Debt Relief report writing - Sept 25	Revenue unit	1
45	24 Oct 2025	Section 71 Trend Report & analyses - Sept 2025	Budget unit	1
46	29 Oct 2025	Debtors' analysis-email addresses - Oct 25	Revenue unit	1
47	29 Oct 2025	Debtors' analysis-Consolidated statements - Oct 25	Revenue unit	1
48	30 Oct 2025	Facilitated training on MFMA Section 75 templates	Budget unit	1
49	31 Oct 2025	GV Recon working session - Oct 25 (Post Bill)	Revenue unit	1
50	31 Oct 2025	Expenditure monthly report & Management - Sept 25	Expenditure unit	1



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

10 Status of Reconciliations

10.1 Summary Status

The following represents the progress on Revenue Reconciliations as of **October 2025**:

List	July 2025	Aug 2025	Sept 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	March 2026	April 2026	May 2026	June 2026
Bank & Investment	Yes	Yes	Yes	Yes								
Interest	Yes	Yes	Yes	Yes								
Unallocated deposits	Yes	Yes	Yes	Yes								
Rates	Yes	Yes	Yes	Yes								
Refuse	Yes	Yes	Yes	Yes								
Sundry – Rental	Yes	Yes	Yes	Yes								



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

10.2 Bank & Investment Reconciliation

The following is documented proof of signed reconciliation for **October 2025**:

Nipofema Municipality
Financial Reporting
31 OCTOBER 2025
Bank Reconciliation



CASHBOOK	PRIMARY BANK ACC	TRAFFIC BANK ACC01	FMG	SPRUIE Town Rehabilitation Account	Municipal Reserve	Housing Project Account	Urban Subsidy Account	Museum Subsidy Account	Disaster Relief Grant Account	Municipal Subst.	ESKOM SAVINGS	Identical House	MIG Grant	TOTAL
SINGLE ACCOUNT NUMBER	IA12150	IA12150	IA13370	IA13370	IA13370	IA13370	IA13370	IA13370	IA13370	IA13370	IA13370	IA13370	IA13370	
BANK ACCOUNT NUMBER	53030039007	4218100004	42054537448	07804510796	02179446660	42287003357	62654134990	02054535790	02054106607	IA11870	IA11168	IA11517	IA11570	
OPENING BALANCE PER CASHBOOK	1 026 117,00													
RECEIPTS AS PER CASHBOOK	11 023 073,00													
LESS PAYMENTS AS PER CASHBOOK	13 355 798,00													
BALANCE AS PER CASH BOOK	901 422,01	219 685,65	3 698,13	5 262,69	46 522,31	40 990,53	2 421,95	3 599,15	6 670,17	12 284,11	8 948,47	2 072 804,66	20 575,01	3 349 504,44
BALANCE AS PER BANK STATEMENT	901 422,02	219 685,65	3 698,13	5 262,69	46 522,31	40 990,53	2 421,95	3 599,15	6 670,17	12 284,11	8 948,47	2 072 804,66	20 575,01	3 349 504,33
DIFFERENCE	0,81													0,11
RECEIPTS NOT RECORDED ON BANK STATEMENTS														
Cashiers shortage														
PAYMENTS ON CASHBOOK NOT ON BANK STATEMENT														
TRANSFERS														
REVERSALS														
SARS														
RECEIPTS REVERSED / DUPLICATED														
CASH SHORTAGE														
CASH BOOK BALANCE AFTER RECONCILING ITEMS	901 422,01	219 685,65	3 698,13	5 262,69	46 522,31	40 990,53	2 421,95	3 599,15	6 670,17	12 284,11	8 948,47	2 072 804,66	20 575,01	3 349 504,44
BALANCE AS PER BANK STATEMENT	901 422,02	219 685,65	3 698,13	5 262,69	46 522,31	40 990,53	2 421,95	3 599,15	6 670,17	12 284,11	8 948,47	2 072 804,66	20 575,01	3 349 504,33
DIFFERENCE	0,81													0,11

Prepared by: P. Khanyika
Date: 7/10/2025
Signature: [Signature]

Reviewed by: M.P. Mkhize
Date: 07 Nov 2025
Signature: [Signature]

Approved by: [Signature]
Date: 12/11/2025
Signature: [Signature]



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

10.4 Unallocated deposits Reconciliation

The following is documented proof of signed reconciliation for **October 2025**:

Mpfana Municipality
Financial Reporting
31 October 2025



Unallocated deposits Reconciliation

SAGE UNALLOCATED D0001/LN00021/F0001/X049/R1324/001/36	-	1 438 453.21
SAGE UNALLOCATED D0001/LN00047/F0001/X049/R1324/001/39	-	113 787.14
SAGE UN-DEPOSIT D0001/IL53935/F0929/X049/R1324/001/39	-	388 620.86
SAGE UN-WID D0001/IL53936/F0929/X049/R1324/001/39	-	827 568.16
OPENING BALANCE PER CASHBOOK	-	885 716.77
DEPOSIT-UNALLOCATED FOR THE YEAR 25/26	-	63 080.63
WIDRAWAL-UNALLOCATED	-	224 632.18
BALANCE AS PER CASHBOOK ACCOUNT	-	724 167.22
BALANCE AS PER REGISTER	-	724 167.22
DIFFERENCE	-	-

Prepared By 

Date 07/10/2025

Reviewed By 

Date 07/10/2025

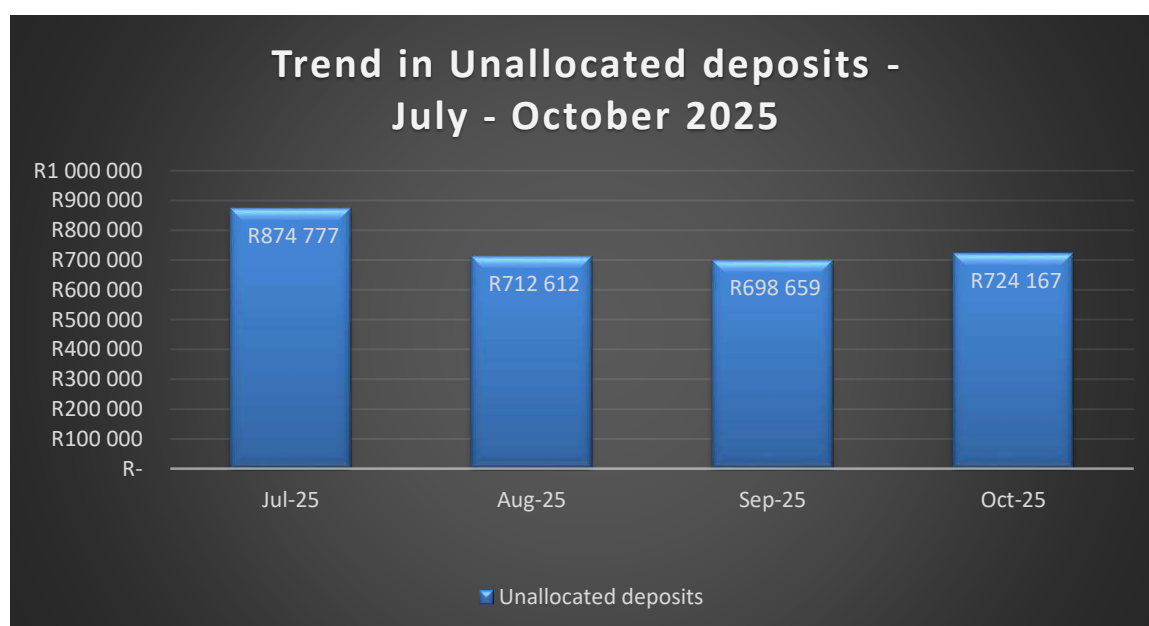


REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

The following is an overview of Unallocated deposits for October 2025, and the trend shall be monitored:

Month	Value of Unallocated deposits
July 2025	874 777.35
Aug 2025	712 611.72
Sep 2025	698 659.37
Oct 2025	724 167.22
Nov 2025	
Dec 2025	
Jan 2026	
Feb 2026	
March 2026	





REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

10.5 Rates Reconciliation

The following shows the reconciliation for **October 2025:**

Mpofana Municipality RATES



OCT 2025		
GL RATES		
Agricultural Properties	O1331-1/IR007145/F2496/X049/R1324/001/39	355 900.70
Business and Commercial Properties	O1331-2/IR007141/F2496/X049/R1324/001/39	314 095.38
Vacant Land	O1331-4/IR007148/F2496/X049/R1324/001/39	41 108.43
Industrial Properties	O1331-6/IR007142/F2496/X049/R1324/001/39	102 339.57
Public Benefit Organisations	O1331-7/IR007146/F2496/X049/R1324/001/39	18 847.54
Residential Properties	O1331-8/IR007144/F2496/X049/R1324/001/39	938 506.50
Public Service Purposes Properties	O1331-9/IR007147/F2496/X049/R1324/001/39	207 290.98
Rebate Residential Properties	O3612/IR007145/F2496/X049/R1324/001/39	427 282.84
Public Service Infrastructure Properties	D0001/IR007149/F2496/X049/R1324/001/39	2 354.10
TOTAL GL		R 1 553 160.39
BILLING REPORT RATES		
Public Benefit Organisations	D0001/IR007149/F2496/X049/R1324/001/39	18 847.54
Agricultural Properties	O1331-1/IR007145/F2496/X049/R1324/001/39	355 900.70
Business and Commercial Properties	O1331-2/IR007141/F2496/X049/R1324/001/39	317 768.53
Vacant Land	O1331-4/IR007148/F2496/X049/R1324/001/39	41 108.43
Industrial Properties	O1331-6/IR007142/F2496/X049/R1324/001/39	102 339.57
Residential Properties	O1331-8/IR007144/F2496/X049/R1324/001/39	917 612.95
Public Service Purposes Properties	O1331-9/IR007147/F2496/X049/R1324/001/39	207 290.98
Rebate/Residential Properties	O3612/IR007145/F2496/X049/R1324/001/39	412 491.05
Public Service Infrastructure Properties	D0001/IR007149/F2496/X049/R1324/001/39	2 354.10
TOTAL BILLING		R 1 550 731.75
VARIANCE BETWEEN GL & BILLING REPORT		
		R 2 428.64
<i>Difference is due to adjustments made to Billing as follows:</i>		
Business & Commercial		3 673.15
Residential		20 803.55
Rebate Residential		14 701.76

Preparer: K. Buthelezi

Date: 2025/11/07

Reviewer: M. Mkhize

Date: 2025/11/07

Handwritten signatures of K. Buthelezi and M. Mkhize



REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

10.6 Refuse

The following shows the reconciliation for **October 2025:**

Mpofana Municipality
REFUSE REMOVAL




OCT 2025

GL REFUSE REMOVAL	D0001/IR00992/F0930/X132/R1325/001/48	502 185.77
BILLING REPORT REFUSE	D0001/IR00992/F0930/X132/R1325/001/48	501 700.85
TOTAL		R 484.92
VARIANCE BETWEEN GL & BILLINGS REPORT		R 484.92

Difference is due to adjustments made to Billing as follows:

Preparer: K. Ruthelezi 

Date: 2025/11/07

Reviewer: M. Mkhize 

Date: 2025/11/07




REVENUE TREND ANALYSIS REPORT – (October 2025)


Attachment 1

10.7 Electricity

The following shows the reconciliation for **October 2025:**

Mpfana Municipality ELECTRICITY		
OCTOBER 2025		
GLELEC	DC001/IR01297/FO928/X035/R1325/001/48	2 453 174.67
TOTAL GL		<u>R 2 453 174.67</u>
BILLING REPORT ELECTRICITY	D0001/IR01297/FO928/X035/R1325/001/48	2 453 174.71
TOTAL BILLING		<u>R 2 453 174.71</u>
VARIANCE BETWEEN GL & BILLINGS REPORT		<u>R (0.04)</u>
<i>Difference is due to adjustments made to GL as follows:</i>		
Roundoff		R0.01

Preparer: K. Buthelezi  Date: 2025/11/07

Reviewer: M. Mkhize  Date: 2025/11/07




REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

10.8 Sundry - Rental

The following shows the reconciliation for **October 2025:**

Mpfana Municipality			
RENTAL			
OCT 2025			
GL RENTAL	D0001/IRO1091/F0046/X046/R1325/001/39		12 029.76
TOTAL GL			R 12 029.76
BILLING REPORT RENTAL	D0001/IRO1091/F0046/X046/R1325/001/39		12 029.76
TOTAL BILLING			R 12 029.76
VARIANCE BETWEEN GL & BILLINGS REPORT			R 0.00

Difference is due to adjustments made to GL as follows:

Preparer: K. Buthelezi

Date: 2025/11/07

Reviewer: M. Mkhize

Date: 2025/11/07

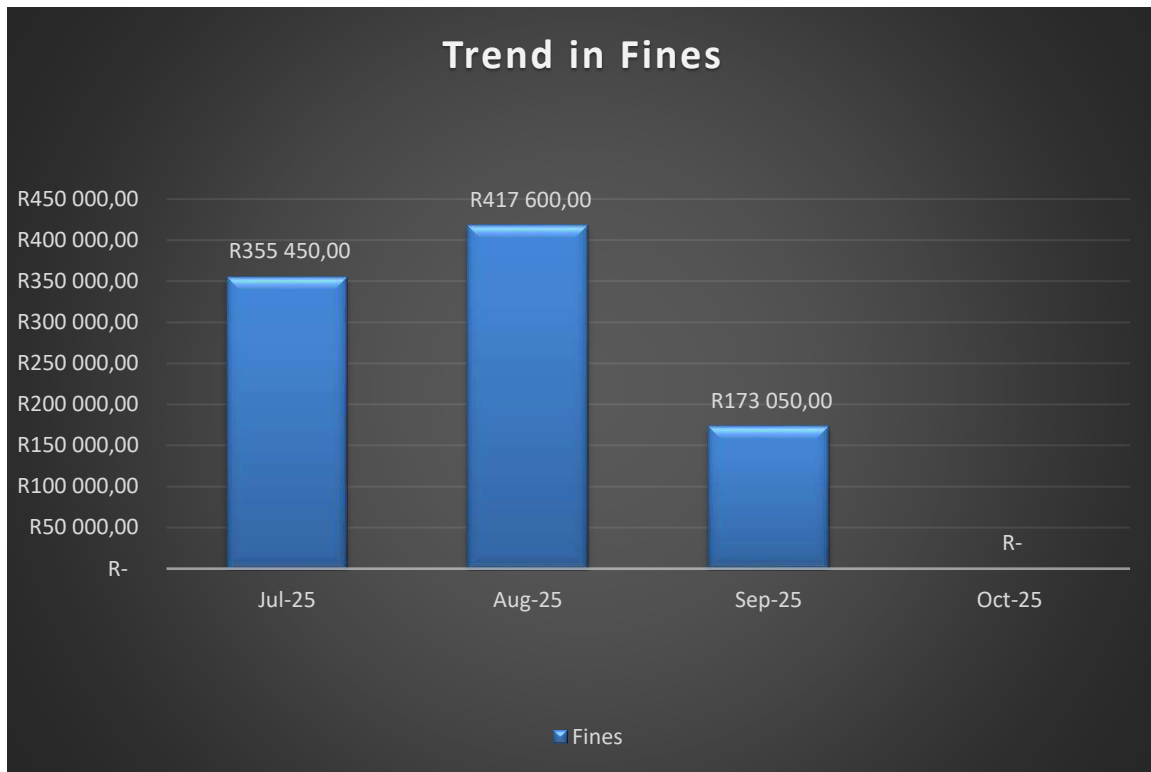


REVENUE TREND ANALYSIS REPORT – (October 2025)

Attachment 1

10.9 Sundry - Fines

The following shows the revenue raised from July to October 2025 for traffic fines.





11 Recommendations

The following are considerations:

- The analytical results from the observations above to be noted, and to inform management of current status

Prepared by:


Name:	Prudence Maharaj
Designation:	Accountant - Credit Control
Signature:	
Date:	

Name:	Khethiwe Buthelezi
Designation:	Accountant - Billing & Debtors
Signature:	
Date:	

Reviewed by:

Name:	Mfanafuthi Mkhize
Designation:	Manager Risk and compliance
Signature:	
Date:	

Annexure A2 - Monthly



National Treasury
Municipal Debt Relief
MFMA Chapter No. 124
Municipal Finance Management Act No. 56 of 2003

Select Assessor ▼

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period Oct'25 ▼

National Financial Year 2025/26 ▼

Demarcation Code of Municipality being assessed KZD223 ▼

District uMgungundlovu

Demarcation Description Mpofana

I, Ms Guvu Mashileu, hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in MFMA Circular No. 124 and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:

Notes/Comments

Municipal Debt Relief Conditions (Monthly reporting) Choose from drop down list


Condition	6.3+ Maintaining the Eskom and bulk water current account – <small>(insert amount for the purpose of this exercise means the amount for a single monthly consumption)</small>	6.4 Compliance with a funded MTREF – <small>(choose from drop down list the MTREF assessed)</small>	6.5 Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect from the tabling of the 2023/24 MTREF?	6.6 Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:
6.3.2	- Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.3.2.2</i>			
6.3.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://go.muniupload.treasury.gov.za/ ?			
6.3.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?			
6.3.1	- Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "new arrears" (March 2023 and / or subsequent current account(s) up to the date of HT approval of the application.</i>			The municipality has not made a payment towards the August 2025 invoice which was due and payable on 22 September 2025
6.3.2	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://go.muniupload.treasury.gov.za/ ?			No payment has been made to date for the August 2025 invoice due on 22 September 2025.
6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?			No payment has been made to date for the August 2025 invoice due on 22 September 2025.
6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/SuB/finance/Budgeting/BFGLs/ ?			
6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?			The municipality has budgeted for a Surplus of R8.5 million .
6.4.1	- Has the municipality made adequate provision for debt impairment (considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the Budget) on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations? <i>Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (plus property rates), the provision for debt impairment aligning with the historic collection trends should align to 40 per cent of the 2023/24 MTREF revenue projections (plus property rates). If the municipality managed to "balance" the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as "No".</i>			The municipality has made a provision for Debt impairment of R8.8 million or 9.7 percent as a percentage of total billable revenue.
6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment (considering its asset register and physical state of assets) on the A1 Schedule Table A4 - Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations? <i>Note - If the municipality merely used the depreciation and asset impairment to "balance" the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as "No".</i>			The municipality has budgeted for Depreciation and amortisation of R10.9 million in the 2025/26 budget year.
6.4.2	- If the municipality's MTREF is not funded, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - If the municipality has an FRP, a separate budget funding plan is not necessary. However, the PT / NT must ascertain whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strengthening.</i>			
6.4.2	- If the municipality's MTREF is not funded and it has an FRP per the legislative framework, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <i>Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.</i>			
6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (for example higher winter Eskom tariffs, lower January collection rates, etc.)?			
6.5	Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect from the tabling of the 2023/24 MTREF?			The municipality has completed a tariff tool, based on the 2025/26 final budget, with the assistance of the NT MFIP Advisor assigned to the municipality, and has thus been marked as compliant. The tariff setting tools using the final 2025/26 budgeted figures have also been uploaded on the GOMUNI portal. Per the Tariff setting tool https://go.muniupload.treasury.gov.za/
6.6	Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:			
6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?			A resolution was reached in a meeting in September 2025, with system service provider, municipality & MFIP Advisor, regarding the investigation into the debtor's statements that are Consolidated for all services, and debtors accounts which are stand alone.
6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?			Electricity disconnection report for October 2025 will be provided to KZN PT.
6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? <i>Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.</i>			

36	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilo watt electricity and 6 Kilo litres water, respectively? <i>Note - the municipality's monthly MFMA s.71 statement must include as part of the narratives the indigent information in the required NF format.</i>	No	
	6.6	<i>Supporting evidence - The National Treasury and/or provincial Treasury's related budget assessment confirms the municipality's relevant MTREF's related budget pulses and by laws demonstrate compliance with paragraph 6.6</i>		
	6.7	Maintain a minimum average quarterly collection of property rates and services charges –		
39	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal? <i>Note - although the norm and standard for electricity (MFMA Circular No. 72) is a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.</i>	Not yet end of quarter	Not yet the quarter
	6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of National Treasury the following :		
30	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1;	Yes	The Municipality is using legal services to enforce the collectability of services where disconnections are impossible. A data cleansing exercise has been conducted to identify contact details of all customers to ensure that they receive all correspondence from from legal practitioners.
31	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	Does not have function	
27	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed and the reason(s) for the failure?	Yes	The engagements were at very advance stages but the National Treasury has halted the DAA agreements between Municipality and Eskom pending their own internal investigation on the impact of such agreements on Municipalities
33	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	No	The municipality has not made a provision for the installation of pre-paid meters in the 2025/26 MTREF Budget due to financial constraints
34	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	No	The municipality has not adopted a policy to install any new electricity connection in the demarcated area with a smart pre-paid meter
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	No	The municipality has not made a provision for the installation of pre-paid meters in the 2025/26 MTREF Budget due to financial constraints
	6.8	Municipality's Completeness of the revenue base –		
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	Yes	The no of properties of 5 939 match, between the General Valuation (Valuer) & the System Generated General Valuation (Billing Report) The market value also agrees to the sum of R 5 259 591 500
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? <i>Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement</i>	Yes	The municipality has developed an action plan to address the variances identified. Also refer to row above for details.
28	6.8.2	- For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://gpmloadportal.treasury.gov.za/ ?	Yes	
	6.9	Monitor and report on Implementation –		
29	6.9.1	- MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes	The municipality indicated that the monthly MFMA Section 71 report is tabled to the Finance Portfolio committee and MANCO before it is presented to Council. According to the latest Budget Funding Plan Progress Report provided, the municipality is in compliance with the MFMA Section 71 reporting requirements.
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? <i>Note - condition 6.9.2 has a typing error and must refer to 6.9.1.</i>	Yes	
31	6.9.3	- Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	No FRP	
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://gpmloadportal.treasury.gov.za/ ?	No FRP	
	6.10	<i>Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.</i> <i>Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:</i>		
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	Yes	
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://gpmloadportal.treasury.gov.za/ ? <i>Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.</i>	Yes	
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring? <i>Note - if the DT failed to address its failures such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.1.3.</i>	No	
36	6.11	Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme? <i>Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. It confirms that MFMA Circular no. 124, condition 6.11 (Limitation on municipality borrowing powers) will only be referred in relation to new loans taken entered into after the effective date of debt relief approval as envisaged in MFMA section 86. Short term borrowing, including making use of an overdraft for its trading purposes are not considered within the ambit of this condition.</i>	No	
	6.12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):		
37	6.12.1	- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	Yes	
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose? <i>Note - Only if relevant in the specific circumstances, will a request be made to the Ministers of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3)</i>	Yes	
39	6.13	Supporting Evidence: Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue. Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrears debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? <i>Note - to include accounting for any related benefit (e.g. interest suppression, etc) and align/mirror with mSCOA</i>	Yes	Bank statement included in the S71 report.
40			Yes	No debt has been written-off yet. OAG guidance was issued on 21 February 2024.

41	<p>6.14 NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?</p>	<p>No</p>	<p>Not applicable at this stage. Areas of non-compliance to be addressed and NT guidance to be issued in certain areas</p>
----	---	-----------	--

Note: If applying for Municipal Debt Relief as set out in paragraph 3 of MFMA Circular no. 124, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the relief, agrees to apply to NERSA to provide the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such applications must be processed by the relevant provinces for application on national interconnectors as envisaged in Chapter 3 of the Municipal Systems Act, 2003, including the necessary services delivery agreement signed with the Municipal Systems Act, 2003 and Electricity Regulation Act, 2006. In terms of the conditions of Government's wider support to Eskom, Eskom will once again have to reduce its credit control and debt collection policies also in relation to the municipality's services that are the subject of municipal debt relief, etc.

PT: HOD/ IT/ MM Name: Mhlangi Sithole

Signature of HOD/ IT/ MM: 

Date: 14/10/2025

**Note - if the official is signing on behalf of the Head of the Provincial Treasury (HOD) / Municipal Manager, the written procurement of the HOD /MM must be attached as an Annexure to this Certificate of Compliance.


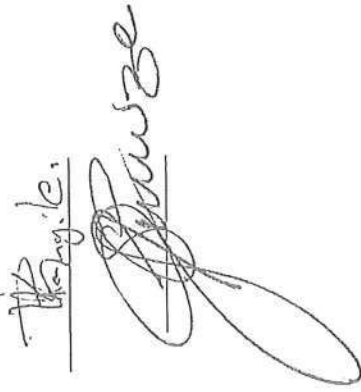
OCTOBER DISCONNECTION NOTES 2025					
ACCOUNT	NAME	BALANCESE			
1019296	EM EMPANGENI MILLING	R131 936.90	OLD MAIN ROAD		
1117867	L LEROPART (PTY)LTD TA SHARP SAVERITE	R9 012.41	39 LAWRENCE ROAD		
1107244	MOOI RIVER TAB	R76 978.08	SHOP 6 BUDHU FAMILY TRUST BUILDING		
1023147	D T DLAMINI	R21 859.30	FLAT NO 2 RAMANS FLATS		
1024182	ABEGAIL T ZACA	R21 229.82	FLAT 1 RAMANS, MOOI RIVER, 3300		
1073250	FAWZIA SALEJEE	R20 503.25	LOT 225 PENNINGDALE, MOOI RIVER		
1075535	N RAMPERSAD	R20 422.17	SULIMANS FLATS PENINDALE		
1076163	M SHEZI	R21 570.22	FLAT NO 6 RAMANS BUILDING		
1076765	R BUNDIPARSAD 0410746337	R17 194.34	FLAT 4 JONVIL FLATS		
1118820	BR MILANZI	R34 134.23	INFORMAL TRADERS MARKET STALL		
1118846	NE DUBE	R29 894.17	STALL 4 INFORMAL TRADERS MARKETSTALLS		
1118859	ZI ZUMA	R33 376.95	STALL 8 - INFORMAL TRADERS MARKETSTALL		
1114666	Chetty Siva Narsimaloo	R65 554.30	25 ALLEXANDRA TERRANCE		
2003474	M HOLIDEYI	R24 277.29	7 RAMANS FLAT PENNINGDALE MOOIRIVER		
1077822	Groenewald Henk Paul	R31 637.84	WESTACRE ROAD		
1108944	Randt Daniel Marinus Du	R34 742.51	68 LAWRENCE ROAD		
1025512	UMHLAHLANDLELA BUJAL SOCIETY	R50 768.87	MOSQUE BUILDING, MARKET ST. MOOIRIVER		
1000214	H Budhu Family Trust-Trustees	R6 862.40	12 MARKET STREET		
1117105	MOBILE TELEPHONE NETWORKS	R32 319.39	STATION ROAD		
1000241	MOOI RIVER INDIAN SCHOOL	R49 560.78	MARKET STREET		
1000738	Engwenyeni Dairies cc	R56 795.10	CLAUGHTON TERRACE		
1000737	Engwenyeni Dairies cc	R62 150.22	CLAUGHTON TERRACE		
1076191	STATION MASTER ARMS (QB TRADING)	R106 842.52	STATION MASTER ARMS		
1108327	MK SMITH TA EAT ON 30 DEGREES EAST	R358 555.51	WOZA WOZA BUILDING		
1116442	MOOI RIVER AND NOTTS BUILD IT	R17 795.35	LAWRENCE ROAD		
1000197	Larkan Keith Richard	R35 720.56	LAWRENCE ROAD		
1000232	Mooi River SR-CC	R83 997.39	37 MARKET STREET		
1000233	Mooi River Indian School Trust	R38 304.00	37 MARKET STREET		
1076345	Ndlovu Miphiliswa Phillip	R17 117.92	127 MARKET STREET		
2003553	MSSRS ESTCOURT FEEDS	R445 461.70	2 market street		
1117027	Estcourt Feeds (Pty) Ltd	R40 808.31	ERF 964 MOOI RIVER		

1073627	K RAMLALL_BOOK 17	19057.47	4 WINGEN HEIGHTS MARKET STR MOOIRIVEF	2025/10/21
		1514376.00		

Prepare by : MN Chonco
Revenue Controler

Reviewed by: P Khanyile
Revenue Accounttant

Approved by: M Mkhize
Mananger Expediture & Income



BBST44 207435
 *MPOFANA LOCAL MUNICIPALITY
 P O BOX 47
 MOOI RIVER
 3300

☒ P O Box 1153
 Johannesburg 2000
Street Address Commercial Account Services Customers
 4 First Place, 6th Floor, Bankcity
Universal Branch Code 250655
 🌐 fnb.co.za
Lost Cards 087-575-9406
Account Enquiries 087-736-2247
Fraud 087-575-9444
Relationship Manager Mlungiseleli Mnyani (031) 581 9765
 ☎ (031) 581-9765

Customer VAT Registration Number Not Provided
 Bank VAT Registration Number 4210102051

Public Sector Cheque Account : 62920117969
 Tax Invoice/Statement Number : 44
 Statement Period : 30 September 2025 to 31 October 2025
 Statement Date : 31 October 2025

Statement Balances		Bank Charges		Interest Rate	
Opening Balance	8,935.01 Cr	Service Fees	0.00	Credit Rate**	3.75%
Closing Balance	8,943.47 Cr	Cash Deposit Fees	0.00	Debit Rate (Non-NCA)	12.50%
# Inclusive of VAT @ 15.00%	2.61 Dr	Cash Handling Fees	0.00		
Total VAT (ZAR)	2.61 Dr	Other Fees	20.00 Dr		

Transactions in RAND (ZAR)

Date	Description	Amount	Balance	Accrued Bank Charges
31 Oct	Int On Credit Balance	28.46Cr	8,963.47Cr	
31 Oct	#Dormant Service Charge	20.00	8,943.47Cr	
Closing Balance			8,943.47Cr	

Turnover for Statement Period

No. Credit Transactions	1	28.46Cr
No. Debit Transactions	1	20.00Dr

Please contact us within 30 days from your statement date, should you wish to query an entry on this statement (incl. card transactions done during this statement period, but not yet reflecting). Should we not hear from you, we will assume that you have received the statement and that it is correct.

For more information on your Pricing Option, please contact us or visit our website.

**For the latest Credit Rates on product, please go to fnb.co.za

First National Bank - a division of FirstRand Bank Limited. Registration Number 1929/001225/06. An Authorised Financial Services and Credit Provider (NCRCP20).

On 1 August 2025, the Prime Lending Rate changed to 10.50%. This may impact the rate on any of your credit facilities.

Branch Number	Account Number	Date	DDA DB/2G/AV/QJ/IT/CL/PC/12/UR/N	FN
8208	62920117969	2025/10/31	PUBLIC SECTOR CHEQUE ACCOUNT	



EASTERN REGION
PRIVATE BAG X16 Westville 3630

CONTACT CENTRE: (0860) 037566Shareca

FAX NO: 0862 437 566

E-MAIL: KwaZuluNatal@eskom.co.za

WEB: WWW.ESKOM.CO.ZA

MPOFANA LOCAL MUNICIPALITY
ATT CHIEF FINANCIAL OFFICER
PO BOX 47
MOOI RIVER
3300

YOUR ACCOUNT NO	5253349658
BILLING DATE	2025-09-19
TAX INVOICE NO	525206523067
ACCOUNT MONTH	SEPTEMBER 2025
CURRENT DUE DATE	2025-10-20
VAT REG NO	4920101682
NOTIFIED MAX DEMAND	15,000.00
UTILISED CAPACITY	15,000.00

CONSUMPTION DETAILS (2025-08-14 - 2025-09-13)

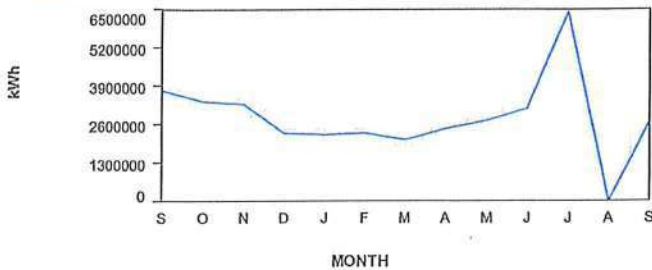
ENERGY CONSUMPTION OFF PEAK kWh	1,029,275.64
ENERGY CONSUMPTION STD kWh	1,108,957.08
ENERGY CONSUMPTION PEAK kWh	532,471.44
ENERGY CONSUMPTION ALL kWh	2,670,704.16
DEMAND CONSUMPTION - OFF PEAK	5,724.58
DEMAND CONSUMPTION - STD	5,917.21
DEMAND CONSUMPTION - PEAK	6,369.76
DEMAND READING - kW/KVA	6,369.76
REACTIVE ENERGY - OFF PEAK	299,122.32
REACTIVE ENERGY - STD	241,929.60
REACTIVE ENERGY - PEAK	101,341.44

PREMISE ID NUMBER 5253349233 TARIFF NAME: Municiflex

06818 330 10 CLAUGHTON TERRACE

Administration Charge @ R19.67 per day for 31 days	R	609.77
TX Network Capacity Charge 15,000 kVa @ R10.54 : = R10.54/kVA	R	158,100.00
Network Capacity Charge 15,000 kVA @ R36.97 : = R36.97/kVA	R	554,550.00
Network Demand Charge 6,369.76 kVA @ R24.67 : = R24.67 /kVA	R	157,141.98
Ancillary Service Charge 2,670,704 kWh @ R0.004 /kWh	R	10,682.82
Generator Capacity Charge 15,000 kVa @ R7.71 : = R7.71/kVA	R	115,650.00
Legacy Charge 2,670,704.16 kWh @ R0.2259 /kWh	R	603,312.07
Low Season Standard Energy Charge 480,393 kWh @ R1.5988 /kWh	R	768,052.33
Low Season Peak Energy Charge 227,255 kWh @ R2.8434 /kWh	R	646,176.87
High Season Off Peak Energy Charge 652,887 kWh @ R1.1421 /kWh	R	745,662.24
High Season Peak Energy Charge 305,216 kWh @ R6.8515 /kWh	R	2,091,187.42
Low Season Off Peak Energy Charge 376,389 kWh @ R1.1421 /kWh	R	429,873.88
High Season Standard Energy Charge 628,565 kWh @ R1.713 /kWh	R	1,076,731.85
Service Charge @ R201.62 per day for 31 days	R	6,250.22
Electrification and Rural Subsidy 2,670,704 kWh @ R0.0502 /kWh	R	134,069.34
Premium Connection Charge R3,611.76	R	3,611.76

TOTAL CHARGES R **7,501,662.55**



PAGE RUN NO	EE 6
BILL GROUP	
BILL PAGE	2 OF 2

Mpofana Municipality
Creditors Reconciliation



Supplier: _ ESKOM

Account Number: 5253349658

Balance as per statement dated : 20/09/2025 R 641 342 280.80

Less: Payments that do not appear on statement R 74 000.00

Date	Cheque Number / EFT Number	Amount
28/06/2019	Direct deposit	R 74 000.00
		R 0.00
		R -

Less: Credit notes not on statement / RFC R 0.00

		R -
--	--	-----

Add: Invoices for R & M services Included In bulk purchase statement by supplier R 129 995.11

Date	P/Order no.	Invoice no	Amount
19/11/2018	Direct deposit		R 129 995.11
			R -

Less: Queries R 0.00

		R 0.00
		R 0.00
		R 0.00

Less: Credit notes / Adjustments R -

--	--	--

R 641 398 275.91

Balance as per statement R 641 398 275.91

Balance as per age analysis 641 398 276.04

Difference R -0.13

Amount due as at the end of: 641 398 275.91

Preparer: N.C. Gouwerlor

Signature: [Signature]

Date: 14/10/2025

Reviewer: S. Sithole

Signature: [Signature]

Date: 14/10/2025

Accounts Payable Age Analysis

MPOFANA LOCAL MUNICIPALITY

Attachment [i]

Exclude Zero Balances Report Date: 2025/09/30

Accounts Payable Age Analysis Page 1 of 1

<u>Supplier</u>	<u>180 Days</u>	<u>150 Days</u>	<u>120 Days</u>	<u>90 Days</u>	<u>60 Days</u>	<u>30 Days</u>	<u>Current</u>	<u>Balance</u>
ESK001 (Eskom)	570 948 203.76	8 033 825.24	7 989 421.63	18 660 806.56	11 564 692.69	13 418 407.46	10 782 918.70	641 398 276.04
Totals:	570 948 203.76	8 033 825.24	7 989 421.63	18 660 806.56	11 564 692.69	13 418 407.46	10 782 918.70	641 398 276.04
% of Balance:	89.02	1.25	1.25	2.91	1.80	2.09	1.68	



OFFICE OF THE MUNICIPAL MANAGER
 MPOFANA MUNICIPALITY-UMASIPALA WASE MPOFANA
 10 CLAUGHTON TERRACE, MOOI RIVER 3300

Enquiries:	Mrs T Cele	Tel : 033-2631221	P.O BOX : 47
Imibuzo :		Ucingo :	Isikhwama sepos : Mooi River
Navrae :		Telefoon :	Privaat Sak : 3300
Reference:	Section 71	Fax : 033-2631127	Date : 14/11/2025
Inkomba :		iFeksi :	Datum :
Verwysing:		Faks :	Usuku :

Municipal manager's quality certificate

I, Dr EH Dladla, Municipal Manager of Mpošana Local Municipality, hereby certify that the section 71 report and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: Elphas Hlulukwenza Dladla

Municipal Manager of Mpošana Local Municipality (KZ223)

Signature:

Date :

14/11/2025