



2025/2026

PMS MID-YEAR REPORT (s72)

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HONOURABLE MAYOR'S FOREWORD

It humbles me to present to you the 2025-2026 PMS Mid-Year Report (s72). This has been a year of continued growth and development for our council with many lessons learnt and such growth has not been without challenges.

This financial year began at a time where the Country was faced by the economic meltdown and as a result, we experienced slow economic growth and high level of unemployment, particularly to young people and black communities in general. This has also affected Mpofana as it experiences a continued downsizing of its textile industry, which does not only translate to lost opportunities but reduced income.

Through this document we intend to review the challenges we have faced and highlight the successes we have accomplished. The report aims to provide an accountability on the Municipal Performance throughout the opening quarter of the annual period 2025/2026.

We are a municipality that has developed a culture which embodies a commitment to the implementation of a clean administration championed by good governance, and this has proven to be a winning formula in achieving and maintaining favourable audit outcomes from Auditor General of South Africa.

CLLR TM. MAGUBANE

HON. MAYOR

MUNICIPAL MANAGER'S FOREWORD

Mpofana Local Municipality has performed admirably despite the continued challenges and hardships posed by the economic climate in the last five (5) years. This has been clouded by a complex social hardship's environment in which all Local Governments operate under. This municipality has not been excluded from the hardship since the frustrations of communities regarding matters over which municipalities have control over, such as inadequate National Government Funding for Human Settlement Projects. These are directed to the Local Government Sphere which is at the coalface and closer and most accessible to the communities.

As we submit this PMS Mid-Year Report (s72), I would like to thank all Municipal Officials for their continual strive and initiative throughout the 2025/2026 Financial Year in working hard and achieving the strategy goals of Mpofana Municipality (KZN223) strategically formulated during the recent first of its kind Strategic Planning Session held at the beginning of 2025.

I appeal to management and entire staff to continue to serve Mpofana Municipality Community with endless dedication as they have been doing. It is our obligation to change the narrative that is seen as defining us as the municipality. We need to improve collection and investor confidence.

Performance Management is a process that measures the implementation of an organisation's strategy. It is also a management's tool to Plan, Monitor, Measure, and Report and Review its performance indicators and performance targets to ensure efficiency, effectiveness, and the impact of service delivery by Municipality.

In conclusion, Performance Management therefore provides mechanisms to measure whether performance targets meet strategic goals set by the municipality. This report therefore sets out the details of what was done by the municipality during the quarter under review - 2025/2026, of utmost vitality the report contains the service provider's performance report. It is a fact that the impact of historical challenges of this municipality and our institutional arrangements need more attention and further strengthening to ensure the long-term sustainability of this municipality.

DATE: _____

DR EH. DLADLA

MUNICIPAL MANAGER

ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM

1. LEGISLATIVE REQUIREMENTS

The purpose of this report is to request Council to approve the actual performance of the municipality against the Top Layer SDBIP for the mid-term period ended 31 December 2024.

Executive Summary

Section 72 (1) of the Municipal Financial Management Act (MFMA), Act 56 of 2003, states that the accounting officer of a municipality must by 25 January of each year-

(a) Assess the performance of the municipality during the first half of the financial year taking into account

- (i) The monthly statements referred to in section 71 (of the MFMA) for the first half of the financial year,
- (ii) The municipality's services delivery performance during the first half of the financial year and the service delivery targets and performance indicators as set in the services delivery and budget implementation plan,
- (iii) The past year's annual report and progress on resolving the problems identified in the annual report,
- (iv) The performance of every municipal entity under sole or shared control of the municipality, taking into account the report in terms of section 88 from any entities; and
- (v) Submit a report on such assessments to the Mayor of the municipality, the National Treasury and the relevant Provincial Treasury

Section 72(3) further stipulates that as part of the assessment, recommendation must be made whether an adjustment budget is necessary, taking into consideration the revised projections for revenue and expenditure's extent.

The mid-term budget and performance must be consistent with the monthly budget statements on the implementation of the annual budget in accordance with the Service Delivery and Budget Implementation Plan (SDBIP) for the first half of the financial year and be submitted to the Mayor, National Treasury and relevant Provincial Treasury

The report is in line with the Municipal Budget and Reporting Regulations under schedule C and includes all the required tables, charts and explanatory information. The Regulation

further prescribes the report must be public by placing it on the municipal website within 5 working days.

In terms of section 71 of the MFMA the following must be reported in the monthly statements:

- Actual revenue per source
- Actual borrowings
- Actual expenditure per vote
- Actual capital expenditure per vote
- The amount of any allocations
- Actual expenditure on those allocations

In addition to the above an explanation should be given if necessary on the following:

- Material variances in projected revenue and expenditure
- Material variances in SDBIP
- Remedial and corrective steps to ensure the projected revenue and expenditure remain within the approved budget

The statement must also include revenue and expenditure projections and the results of the municipal entity should be included.

The accounting officer must also, in terms of section 72 (3) of the MFMA, make recommendations as to whether and adjustments budget is necessary and recommend revised projections for revenue and expenditure to the extent that it might be necessary.

2. INTRODUCTION

Mpofana Local Municipality is committed to promoting a high-performance culture among political structures, political office bearers, councillors and its administration in the interest of ensuring accelerated service delivery to the people of Mpofana.

In the interest of ensuring performance management of the highest degree, Mpofana Local Municipality developed a Performance Management Framework and Policy which offers a platform to implement, assess, monitor, measure, review, manage and reward performance throughout the Municipality, thus committing the Municipality to achieving its stated objectives and performance standards. It seeks to provide a comprehensive systematic planning; design and implementation that will help the municipality manage the process of performance planning and measurement effectively. It also serves to link the IDP, the Budget and a Performance Management System in a cycle of prioritized, affordable and accountable municipal planning and effective service delivery involving all staff and the local community.

The most recent Performance Management Framework and Policy review was on 28 March 2025 per Council Resolution RES 20/03/2025, including review of the Standard Operating Procedure to clarify the processes to collect, collate, verify and store of performance information.

On 1 July 2019 the Department of Cooperative Governance Traditional Affairs issued a revised draft set of indicators with technical indicator descriptions for secondary cities and district municipalities. The draft set of indicators were developed with respect to the provisions of Section 43 of the Municipal Systems Act (MSA) 32 of 2000 which provides for the Minister, after consultation with MEC's for local government and organised local government representing local government nationally, to prescribe and regulate key performance indicators to local government.

The document begins by setting out a summary of the proposed indicators for secondary cities and districts differentiated for the respective categories of municipality respectively. The indicators have used MFMA Circular No. 88 as their point of departure and have been crafted so that they reflect the differential allocation of powers and functions between the two categories of municipalities. The indicators have been organised in terms of the Back-2-Basics Pillars (e.g. Putting People First, Service Delivery, Good Governance, Sound Financial Management and Building Capable Local Government Institutions) and are informed by reporting reforms initiated with metropolitan municipalities and formalised in MFMA Circular No. 88.

Technical indicator description for each of the proposed indicators were provided in draft format and municipalities requested to comment on it. It was imperative for Mpofana Municipality to prepare for readiness of implementation of the performance indicators together with Technical Indicator Descriptions.

The OPMS scorecard (Top Layer service delivery targets of the SDBIP) was subsequently restructured from 2022/2023 financial year in line with the new format by the Department of Cooperative Governance and aligned to the Back-2-Basics Pillars.

Draft Technical Indicator Descriptions were developed for the Top Layer with the following objectives:

- to describe the purpose of each indicator, the collection, calculation and interpretation of data.
- to indicate systems used to generate performance information to report on performance indicators.
- to institute a common understanding on the procedures that must be followed to record, collect, collate, verify
- and report on the actual performance on predetermined objectives outlined in the Top Layer SDBIP.
- to indicate the responsibilities at all organisational levels from the level where the performance information originates, up to the point where it is recorded in the SDBIP quarterly performance reports and the finally in the annual report.
- to ensure an audit trail (supporting evidence); and
- to facilitate effective monitoring and evaluation

The Organisational Performance Management function of Mpofana Local Municipality is delivered by an internal Performance Management Unit within the Office of the Municipal Manager. The Performance Management unit consists of 1 permanent employee, i.e. one post of Manager: IDP/PMS and one vacant post of Senior Clerk: IDP/PMS.

3. ANNUAL ORGANISATIONAL PERFORMANCE INFORMATION

Performance Monitoring underpins the Municipality's Integrated Development Plan in terms of reviewing progress regularly in achieving the priorities and delivering value for money services. Early investigation into variances enables remedial action taken where appropriate.

The Organisational Performance Management System Scorecard/Top layer of the Service Delivery Budget Implementation Plan (Top Layer SDBIP) has been developed in complying with stipulations in terms of Section 41 of the Municipal Systems Act and has been included as an annexure to the Mpofana Local Municipal Integrated Development Plan review.

The Top Layer service delivery targets of the SDBIP included in the PMS Mid-Year Report is therefore the monitoring and reporting mechanism on measurable performance targets detailing developmental priorities and objectives as set out in the Mpofana Municipality's Integrated Development Plan. The Top Layer basic service delivery targets of SDBIP is reporting the achievements of the municipality on a strategic level which is in line with strategic key performance areas directly aligned to the five national key performance areas.

The PMS Mid-Year Report (s72) highlights the key performance measures included in the Integrated Development Plan (IDP) review for the 2025/2026 financial year in the newly adopted format. These priority measures constitute the Organisational Performance Scorecard / Top Layer of the SDBIP on basic service delivery targets) for 2025/2026 financial year.

The Annual Performance Report (Tables - Top Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan) should be read in conjunction with the Mpofana Annual Report, including the Annual Financial Statements as well as Auditor General Report on the Annual Financial Statements and Performance on Predetermined Objectives Information for the 2025/2026 financial year.

PMS COMPLIANCE CHECKLIST

No.	DESCRIPTION	DUE DATE	STATUS
1.	Adopted IDP- S25 MSA	30 June 2025	Adopted by Council on the 29 May 2025
2.	Post IDP on Website – S75 MFMA	30 June 2025	Posted on municipal website – 26 June 2025
3.	Submit adopted IDP to MEC – S32 MSA	Within 10 days after adopted of the IDP	Submitted to COGTA on the 08 June 2025
4.	Approved SDBIP – S44 MSA	30 June 2025	Approved by the Mayor 20 June 2025 and adopted by Council on the 26 June 2025
5.	Signed S57 Managers’ Performance Agreement	Submission to COGTA BY 6 th August 2025	Signed on 01 July 2025, advertised 06 August and submitted to COGTA on 06 August 2025
6.	Adopted time schedule outlining key deadlines (IDP/BUDGET/ OPMS Process Plan) – S34 MSA	30 August 2025	Adopted by Council on the 29 August 2025
7.	Mid-year budget and performance assessment submitted to the Mayor – S72 MFMA	25 January 2026	22 January 2025
8.	Changes to targets are approved	Mid-Year – 28 February 2026	26 February 2025
9.	Review PMS Framework and prepare draft PMS Scorecard for inclusion into draft IDP (Ensure draft scorecard indicators are aligned to IDP objectives)	31 March 2026	27 March 2025
10.	Draft 2025/2026 Annual Performance Report – S46 MSA	31 August 2026	28 August 2026

INTERNAL AUDIT ACTIVITIES

Internal Audit Activity is an independent appraisal function to provide Council, Audit Committee and Management with assurance on the adequacy and effectiveness of the Systems of Internal Control as well as to provide consultative and investigation services. Internal Audit Activity makes recommendations to management where deficiencies have been identified in the Internal Control Systems. The Internal Audit is co-sourced with Nkazimulo Consulting who has been given a responsibility of transferring skills to internal staff. A three year has been given and our own assessment indicate that satisfactory progress is achieved on skills transfer.

Internal Audit Activity has based its three-year audit plan on the Mpfana Municipality's Risk Register, which is reviewed on a quarterly basis, in particular on the key risks. Internal Audit Activity has engaged in various assignments comprising internal audit reviews as well as advisory during the financial year. The sampling guide for the execution of these audits ensures coverage of a broad spectrum of business units and departments through the various reviews performed during the year.

Framework

The Internal Audit Activity has adopted an Internal Control Framework as set out by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The value of COSO-based auditing is that it enables effective evaluation of the soft controls while avoiding the faulty, negative findings that can sometimes result from traditional audit methods. Customer-focused and outcome-oriented, this method addresses systemic root causes, avoids placing blame and produces workable solutions.

Authority and Competence

Internal Audit Activity's authority is established by the Internal Audit Charter. The quality of work performed by Internal Audit Activity is continuously assessed by management and at least annually by the Audit Committee. External quality assessments are conducted at least once every five years by a qualified, independent reviewer or review team from outside the Municipality.

ENTERPRISE RISK MANAGEMENT

Risk Management is the identification, evaluation and prioritization of risk followed by coordinated and economical application of resources to minimize, monitor and control the probability or impact of unfortunate events or to maximize the realization of opportunities. Strategies to manage threats (uncertainties with negative

consequences) typically include avoiding the threat, reducing the negative effect or probability of the threat, transferring all or part of the threat to another party, and even retaining some or all of the potential or actual consequences of a particular threat.

Mpofana has in the 2022/2023 in November 2022, financial year taken drastic measures to ensure that the Risk is managed properly. These measures amongst others include:

- Establishment of a Risk Management Unit
- Appointment of a Risk Management Committee
- Appointment of Risk Champions per Department

Mpofana conducted a Risk Assessment for 2022/2023 and the assessment has in the main identifies the following Strategic Risks

1. Non-financial viability
2. Failure to deliver key services to the Community
3. Unavailability of resources and tools for functioning of the Municipality
4. Poor Leadership and Governance
5. Inadequate Information and Communication Technology.

On the 2021 Auditor-General Road Shows that were done based on the Municipal audit results it was apparent that one of the biggest risk was that Municipalities were at the brink of collapse. Based on our recent assessments it obvious that Mpofana is not an exception to this risk. The continued losses made by the municipality in the recent past, the uncash-backed conditional grants and escalating liabilities are the obvious indicators that the Municipality might not be able to continue in operation for the foreseeable future.

Municipal Management has taken significant steps in trying to address this issue. Such steps have included a strategic planning that seek to establish mechanisms that will ensure that the situation of Mpofana Municipality is turned around. The Risk Management Committee continue to ensure that it monitors the adequate implementation of the following documents that are aimed at turning around this Municipality

- Recovery Plan –
- Strategic
- Audit Action Plan

The Municipality has established a Risk Committee that is responsible to ensure that Risk is managed appropriately. The issue of Risk management has been taken seriously at Mpofana such that each department has appointed a Risk Champion who is responsible to monitor progress on the mitigation of each and every risk falling within a certain department. Mpofana has appointed a Risk Management Committee that is responsible of monitoring the Risk Register and ensuring it continue to reflect the Risk profile of the Municipality. The

Committee is mainly responsible to ensure that all mitigating steps are taken to ensure that risks are minimized and managed as effectively as the Municipality can possibly do.

The following is the synopsis on the progress made in the year under review on the operational risk. The following are the top 10 Risk as identified.

No	Risk Description	Department	Likelihood	Impact	Controls	Movement	Comments
1	Ineffective Council Governance	MM	Major	Certain	Satisfactory	Improved	All Council Meetings sitting in accordance with the Calendar
2	Non credible Integrated Development Plan	MM	Critical	Likely	Satisfactory	Improved	MEC on IDP ratings remains constant
3	Ineffective Financial management	Finance	Major	Certain	Satisfactory	Regressed	Increase in losses, unfunded budgets and liabilities
4	Ineffective implementation of Supply Chain Management	Finance	Moderate	Likely	Satisfactory	Stagnant	UIFW continue to be incurred
5	Inadequate safeguarding and tracking of municipal records	Corporate & Community Services	Major	Likely	Weak	Stagnant	No effective centralised filing system
6	Inadequate provision of security management services	Corporate & Community Services	Critical	Likely	Satisfactory	Improved	Improved in safeguarding of Assets
7	Delays in completion of project within specified timeframes	Technical	Major	Likely	Weak	Regressed	Delays on MIG projects
8	Ineffective waste management processes	Technical	Critical	Certain	Satisfactory	Stagnant	Rehabilitation of Landfill site remains a challenge
9	Inability or failure to recover municipal data and systems in the event of disaster/disruptions to operations.	ICT	Catastrophic	Almost certain	Weak	Stagnant	No adequately managed off-site backup
10	Inability or failure to provide direction on information technology governance processes	ICT	Major	Likely	Good	Improved	Improved effectiveness on ICT Steering Committee

2024/2025 PMS QUARTERLY SCORECARDS

The summary of Performance Management System Quarterly Reports for 2024/2025 financial year is summarized as follows:

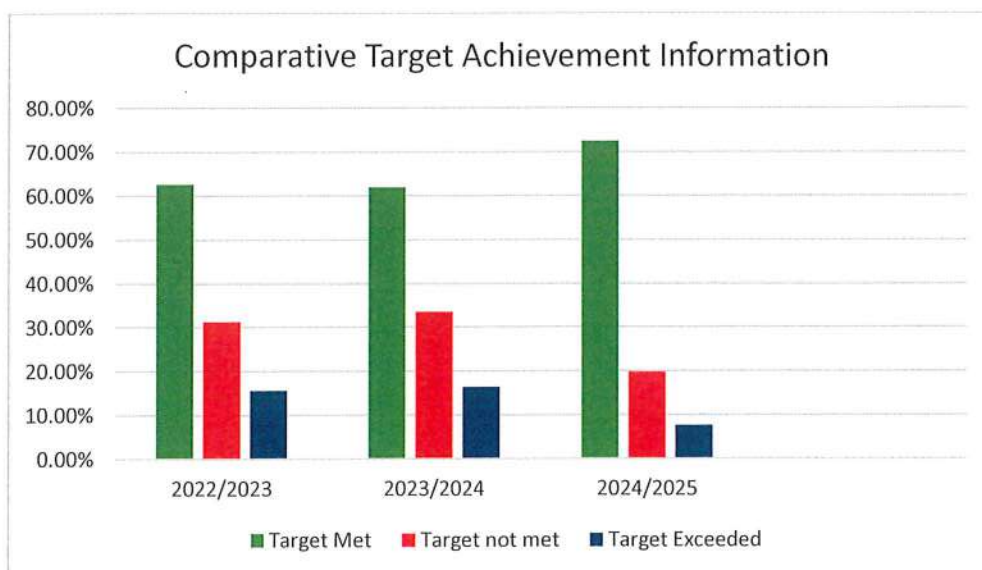
Below is a table showing PMS Scorecards for Financial Year 2024/2025 Quarter 1, Quarter 2, Quarter 3 and Quarter 4.

Description	Financial Year (2024/2025) PMS Quarter 1	Financial Year (2024/2025) PMS Quarter 2	Financial Year (2024/2025) PMS Quarter 3	Financial Year (2024/2025) PMS Quarter 4
Approved Targets	84	80	96	104
Targets Met	57	56	70	74
Targets not met	23	21	25	27
Target- Partially Achieved	3	3	1	3
Not Applicable –	1 - There was no activities			

During 2024/2025 financial year, the municipality achieved 67.85% in first quarter whilst in the second quarter increased to 70%. In the third quarter, the municipality achieved increased to 72.91% whilst in the fourth quarter decreased to 71.15%.

Summary performance results for all priorities measures included in the municipal scorecard as follows:

Traffic Light Status	2022/2023 Performance	2023/2024 Performance	2024/2025 Performance
Blue – Exceeded target	15.67%	16.41%	7.63%
Green – Met target	62.68%	61.94%	72.51%
Amber – Missed target by up to 5%	5.97%	4.4%	3.81%
Red – Missed Target by more than 5 %	31.34%	33.58%	24.42%



4. PERFORMANCE MANAGEMENT PROCESSES

The process of managing performance at organisational level in the Municipality involves the stages as set out in the diagram below:



The diagram provides for the cycle of performance management in the Municipality to commence with performance planning followed by performance monitoring, performance measurement, performance analysis, performance reporting and lastly performance review. The outcome of the performance review feeds back into the performance planning process. It is important to note that each of the stages in the cycle is underpinned by Council and community oversight over the performance of the Municipal Executive and Administration.

The following table, based on the legislative framework for performance management and this OPMS framework, provides a summary of the various performance reporting deadlines which apply to the Municipality:

Report	Frequency	Submitted for consideration and/or review to	Source
1. Departmental SDBIP's	Quarterly	Executive Committee	See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor (in consultation with Exco)	See sections 71 and 54 of the MFMA
3. Organizational Scorecard/Top Layer SDBIP	Quarterly	Executive Committee and then in terms of an Exco report to full Council	This OPMS framework (see section 7.5.1 above)
4. Implementation of the budget and financial state of affairs of the Municipality	Quarterly	Council	See section 52 of the MFMA
5. SDBIP mid-year budget and performance assessment	Annually during January of each year	Mayor (in consultation with Exco)	See sections 72 and 54 of the MFMA
6. Annual Performance report	Annually	Council	See section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report (see 7 below)
7. Annual report	Annually	Council	See chapter 12 of the MFMA

5. PERFORMANCE AND SUPPORTING INFORMATION

Key for Performance Rating

<i>Rating</i>	<i>Colour</i>
Target Achieved	
Target Not Achieved	
Target Partially Achieved	

This report includes highlights from the key performance achievement measures included in the 2025/2026 IDP. These priority measures constitute the Municipal Scorecard for 2025/2026. Below is a table showing PMS Mid-Year Report (s72) for the Financial Year 2025/2026.

<i>Financial Year (2025/2026) PMS Mid-Year Report (s72)</i>	<i>Performance Summary</i>
Approved Targets	89
Targets Met	64
Targets not met	15
Target- Partially Achieved	9
Not Applicable –	1

<i>KEY PERFORMANCE AREAS</i>	<i>Target</i>	<i>Actual / Achieved</i>	<i>Partially Achieved</i>	<i>Not Achieved</i>	<i>Percentage Achieved</i>
Municipal Transformation and Organizational Development	12	9	2	1	75%
Basic Service Delivery	10	7	1	2	70%
Local Economic Development	6	6	0	0	100%
Good Governance and Public Participation	20	16	3	1	80%
Municipal Financial Viability and Management	25	14	2	8	56%
Cross Cutting Interventions	16	12	0	4	75%

<i>2025/2026 PMS Mid-Year Report (s72)</i>	<i>Performance Summary</i>
Approved Targets	89
Targets Met	64 (71,91%)
Target not met	15 (16,85%)
Partially Achieved	9 (10,11%)

<i>Department Responsible</i>	<i>Target</i>	<i>Actual/Achieved</i>	<i>Partially</i>	<i>Not Achieved</i>
Municipal Managers Office	18	14	3	1
CFO's Office	25	14	2	8
Infrastructure Development and Maintenance	9	6	1	2
Corporate and Community Services	37	30	3	4

Summary

This report includes highlights from the key performance measures included in the IDP 2025/2026. Those priority measures constitute the Municipal Scorecard 2025/2026.

During 2023/2024 financial year, the municipality achieved 62.68% whilst in 2024/2025 financial year also achieved 72.51%.

Municipal Transformation and Organizational Development

a) Performance Highlights for Mid-Year (s72) 2025/2026 FY

The overall score for the KPA is 75% achieved for the Mid-Year 2025/2026 financial year. Out of 12 planned indicators and targets only 9 were achieved, 2 partially achieved and 1 was not achieved.

b) Challenges

- Information not submitted on time
- Portfolio of Evidence not submitted on time
- Reasons for non-achievement and corrective measures not provided

c) Improvement noted during the first half of the year (2025/2026 FY)

- Internal Audit reviewed quarterly assessment and audited portfolios of evidence.

Basic Service Delivery

a) Performance Highlights for Mid-Year (s72) 2025/2026 FY

The overall performance score for this National Key Performance Area is 70% for the Mid-Year 2025/2026 financial year. Out of 10 planned indicators and targets only 7 were achieved, 2 partially achieved and 1 not achieved.

b) Challenges

- Late appointment of Consultant Engineers and Constructors.
- Reasons for non-achievement and corrective measures not provided
- Delayed payment to the service provider, which is impeding progress.

c) Improvement noted during the first half of the year (2025/2026 FY)

- Internal Audit reviewed quarterly assessment and audited portfolios of evidence.

Local Economic Development

a) Performance Highlights for Mid-Year (s72) 2025/2026 FY

The overall score for the KPA is 100% for Mid-Year 2025/2026 financial year. Out of the 6 planned indicators and targets 6 were achieved.

b) Challenges

- Late submission of reports and POEs.

c) Improvement noted during the first half of the year (2025/2026 FY)

- Internal Audit reviewed quarterly assessment and audited portfolios of evidence.

Good Governance and Public Participation

a) Performance Highlights for Mid-Year (s72) 2025/2026 FY

The overall performance score for this National Key Performance Area is 80% for Mid-year 2025/2026 financial year. Out of 20 planned projects with targets, 16 were achieved, 3 partially achieved and 1 not achieved.

b) Challenges

- Late submission of Reports and Portfolio of Evidence

c) Improvement noted during the first half of the year (2025/2026 FY)

- Internal Audit reviewed quarterly assessment and audited portfolios of evidence.

Financial Viability and Management

a) Performance a Highlights for Mid-Year (s72) 2025/2026 FY

The overall performance score for this Key Performance Area was 56%. Out of 25 planned projects with targets, 14 were achieved, 2 were partially achieved and 8 were not achieved.

b) Challenges

- Reasons for non-achievement and corrective measure not provided.
- Late submission of Reports and Portfolio of Evidence.

c) Improvement noted during the first half of the year (2025/2026 FY)

- Internal Audit reviewed quarterly assessment and audited portfolios of evidence.

Cross Cutting Interventions

a) Performance Highlights for Mid-Year (s72) 2025/2026 FY

The overall performance score for this Key Performance Area is 75% for Mid-Year 2025/2026 financial year. Out of 16 planned projects with targets, 12 were achieved and 4 were not achieved.

b) Challenges

- Late submission of Reports and Portfolio of Evidence.

c) Improvement noted during the first year half of the year (2025/2026 FY)

- Internal Audit reviewed quarterly assessments and audited portfolios of evidence.

ATTACHED SEPARATELY IN THIS DOCUMENT

2025/2026 PMS MID-YEAR REPORT (s72): PROJECTIONS

6. MEASURES TO BE TAKEN TO IMPROVE PERFORMANCE

- Phasing of the implementation of IPMS Policy to second level from 2025/2026.
- Implementation of PMS Annual Calendar.
- Monthly reporting of the SDBIP is done by Heads of Departments to their respective Portfolio Committees.
- Hold monthly meetings to monitor the SDBIP implementation.
- Ensure that the PMS Unit has support from departments within the municipality.

7. ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

As is the norm at Mpofana Local Municipality, the monitoring of the service provider performance is ensured through the signing of the Service Level agreement. Currently the Service Level Agreements (SLAs) are prepared by user departments. The end user departments provide feedbacks on the performance of service providers. This is done so as to ensure that in the unfortunate event where a Service provider fails to perform, The SCM unit is made aware as quickly as possible and that the necessary steps/ actions are taken which could well include the termination of the contract or cancellation of an order. The Chief Financial Officer continues to play the supervisory role into Supply Chain issues with the assistance of the Supply Chain Manager.

7.1 OUR GLOBAL SUPPLIER RATING SYSTEM

Mpofana Local Municipality's Global Supplier Rating System (GSRS) gives the Municipality insight into its suppliers' performance throughout the Municipality's businesses. It allows the Municipality to identify "best fit" suppliers who add the most value, using objective, measurable criteria.

Supplier rating also provides a way for our suppliers to check their own performance, anywhere and at any time. Data and benchmarks are visible to both parties.

The system supports supplier relationship management, as well as supplier development and quality management. The Municipality and suppliers can work together effectively on problem solving and improvements based on objective performance measurement and feedback.

7.2 RATING

Assessment of the performance of External Service Provider

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Assessment Key	
<i>Good (G)</i>	<i>The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract</i>
<i>Satisfactory (S)</i>	<i>The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract</i>
<i>Poor (P)</i>	<i>The service has been provided below acceptable standards</i>

7.3 RATING CRITERIA

The Rating Criteria based on main three things:

Assessment Key	
<i>Good (G)</i>	<i>The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract</i>
<i>Satisfactory (S)</i>	<i>The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract</i>
<i>Poor (P)</i>	<i>The service has been provided below acceptable standards</i>

7.4 SUPPLIER RATING

The below table shows the list of external service providers which the Municipality engaged with during the first 6 months of 2025/2026. This rating could be employed in future bids received by the Municipality.

Contract no. & Description	Name of Contractor	Date of Supplier performance assessment	Supplier Assessment Compiled		Performance Report	Supplier performance rating
			Yes	No		
MPO/05/2022 Provision of Security Services for 36 months	Siyejabula Security Solutions	03 October 2025	✓			Good ; Satisfactory; Poor
MPO/11/2023 Rehabilitation of Bruntville Sportfield for 36 months	Ntshebebovu Trading & Projects (Pty) Ltd	03 October 2025	✓			
MPO/12/2023 Construction of Mzilanyoni Gravel Road	Yabanathi Trading & Projects	03 October 2025	✓			
MPO/09/2023 Provision of ERP Systems Support Services for 36 months	CCG Systems	03 October 2025	✓			
MPO/01/2025 Provision of Cash Management Services for 36 months	Fidelity Cash Management	03 October 2025	✓			

MPO/02/2025	General Valuation and Preparation of valuation roll for implementation 1 July 2025 and Preparation and Updating of the valuation roll for the period of 01 July 2026 to 30 June 2031	Mill Fitchet	03 October 2025	✓			
MPO/07/2025	Auctioning Services for movable and immovable assets on behalf of the Mpošana Local Municipality for 36 months	Customized Auction	03 October 2025	✓			
MPO/12/2025	Rehabilitation of Alexander Road	Mela Okuhle Trading Enterprise	03 October 2025	✓			
MPO/14/2025	Rehabilitation of Gower Road	Surg Sut (Pty) Ltd	03 October 2025	✓			
MPO/16/2025	Rehabilitation of Weston Road	Nqo and Wanda Trading (Pty) Ltd	03 October 2025	✓			
MPO/19/2025	Rehabilitation of Sterling Terrace	Muna Trading (Pty) Ltd	03 October 2025	✓			
MPO/20/2025	Rehabilitation of Fife Road	ProFound Project Managers	03 October 2025	✓			
MPO/22/2025	Construction of Mzilanyoni Gravel Road (Phase 2)	Amadlaba Trading	05 January 2026				

8. OVERVIEW OF 2025/2026 EXPENDITURE BUDGET TRENDS

Overview of the 2025/2026 expenditure budget trends against strategic outcome orientated goals 2025/2026 Capital Projects

<i>Number</i>	<i>Projects</i>	<i>Amount</i>
1	Phumlas / Townview Internal Roads	222 293 ,07
2	Mzilanyoni Gravel Road	5 011 011,11
3	Peningdale Road	7 550 527,43
4	Bruntville Sportfield	381 263,39
5	Energy Efficiency Demand Side Grant	2 535 000.00

Over and above the Capital Projects that under Basic Service Delivery the Municipality boast having maintained 13 kilometers worth of roads under its Jurisdiction in the first half of the year (2025/2026 FY).

9. CONCLUSION

In the 2025/2026 Financial Year management will focus on the below as of quarter 3:

- Where targets will not be met, Management must document adequate reasons for non-achievement that are the root cause as to why targets were not achieved. This will enable credible corrective measures to be documented to ensure that targets will be achieved going forward.
- Where targets will not be met, Management must implement action plans that are specific and detailed to achieve the set targets.
- Corrective measures should be documented indicating "who needs to do what by when"
- Management should ensure that targets set are realistic and attainable.
- Adequate planning is required when setting targets.
- Management must ensure that targets are monitored at least on a quarterly basis, preferably on a monthly basis.

2025/2026 PMS MID-YEAR
REPORT (s72): PROJECTIONS

FINANCIAL VIABILITY & FINANCIAL MANAGEMENT

Number in Months	E1.2.2	Calc / Cost Coverage in Months (Calc/Cost Coverage Ratio in Months by 30 June 2026)	1-3 Months	1-3 Months	1-3 Months	1-3 Months	Open Internal	AI	Section 77 Template report	Due to suspect conditional grants that are not cashed backed the Municipality has no cost coverage.
	E1.2.2	Calc / Cost Coverage in Months (Calc/Cost Coverage Ratio in Months by 30 June 2026)	1-3 Months	1-3 Months	1-3 Months	1-3 Months	Open Internal	AI	Section 77 Template report	Due to suspect conditional grants that are not cashed backed the Municipality has no cost coverage.
	E1.2.3	Number of Monthly cash flow projection reports prepared	12	3	3	3	Open Internal	AI	Monthly cash flow projection	
	E1.2.4	Number of Creditors Outstanding / Credit Suppliers Operating and Capital 2026	30	30	30	30	Open Internal	AI	Creditor/Age Analysis	
	E2.1	To control and manage the Municipal expenditure	E2.1				Open Internal	AI	Report to the Independent Commission of supply chain management by section 526	The continuous irregular contracts attract irregular expenditure and failure to settle financial obligations attract interest.
	E2.2	Improve and enhance the economic of scale	E2.2				Open Internal	AI	S71 report 64	
	E2.1	% LF & W U Expenditure on Franchise and Voluntary (Expenditure)/Total Operating Expenditure x100	0%	0%	0%	0%	Open Internal	AI		
	E2.1.2	% staff cost over OPEX incurred by 30 June 2026	25% - 40%	20%-40%	20%-40%	20%-40%	Open Internal	AI	S71 report 64	
	E2.1.2	% Contract Save incurred over OPEX - Contracted Services / Total Operating Expenditure x 100	2% - 5%	2% - 5%	2% - 5%	2% - 5%	Open-Mix sources	AI	S71 report 64	
	E2.1.3	% CAPEX BUDGET SPENT Actual Capital Budget Capital Expenditure x 100	95% - 100%	20% - 25%	20% - 25%	20% - 25%	Open mix sources	AI	S71 report	
	E2.1.4	% OPEX Budget Spent - Actual Operating Expenditure / Budgeted Operating Expenditure x 100	95% - 100%	45% - 50%	45% - 50%	45% - 50%	Open-Mix sources	AI	S71 report	
	E2.1.5	% Electricity Grant (INSP Budget Spent - Actual INSP Expenditure / Budgeted Operating Expenditure x 100)	95% - 100%	45% - 50%	45% - 50%	45% - 50%	Grant INSP	AI	S71 Report	The IPT will be reviewed during the mid-year assessment due to new funding from
	E2.1.6	Number of Budget (S71) reports submitted to Treasury	12	3	3	3	Open-Mix sources	AI	Delivery point / Grant point	
	E2.1.7	% Electricity Issues to be resolved 7% - 10% thresholds by 30 June 2026	7% - 10%	7% - 10%	7% - 10%	7% - 10%	Open Internal	AI	Electricity Issues report	Due to updated infrastructure the Municipality incurs substantial electricity issues.
	E2.2.1	Number of report on compliance submitted to portfolio committee	12	3	3	3	Open Internal	AI	Contract Review / Ministers / portfolio committee	
	E2.2.2	Date SCM Policy reviewed	31-Mar-22	N/A	N/A	N/A	Open Internal	AI	Council Resolution including SCM Policy	
	E2.2.3	Number of Quarterly report on the implementation of SCM policy reported to Council	4	1	1	1	Open Internal	AI	Council Resolution	
	E2.2.4	Date the Organisational procurement plan approved	N/A	N/A	N/A	N/A	Open Internal	AI	Final procurement plan approved by CEO	

