State of Municipalities in the Province Performance monitoring and MFMA Reporting

CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

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SAQA Recognised Professional Body

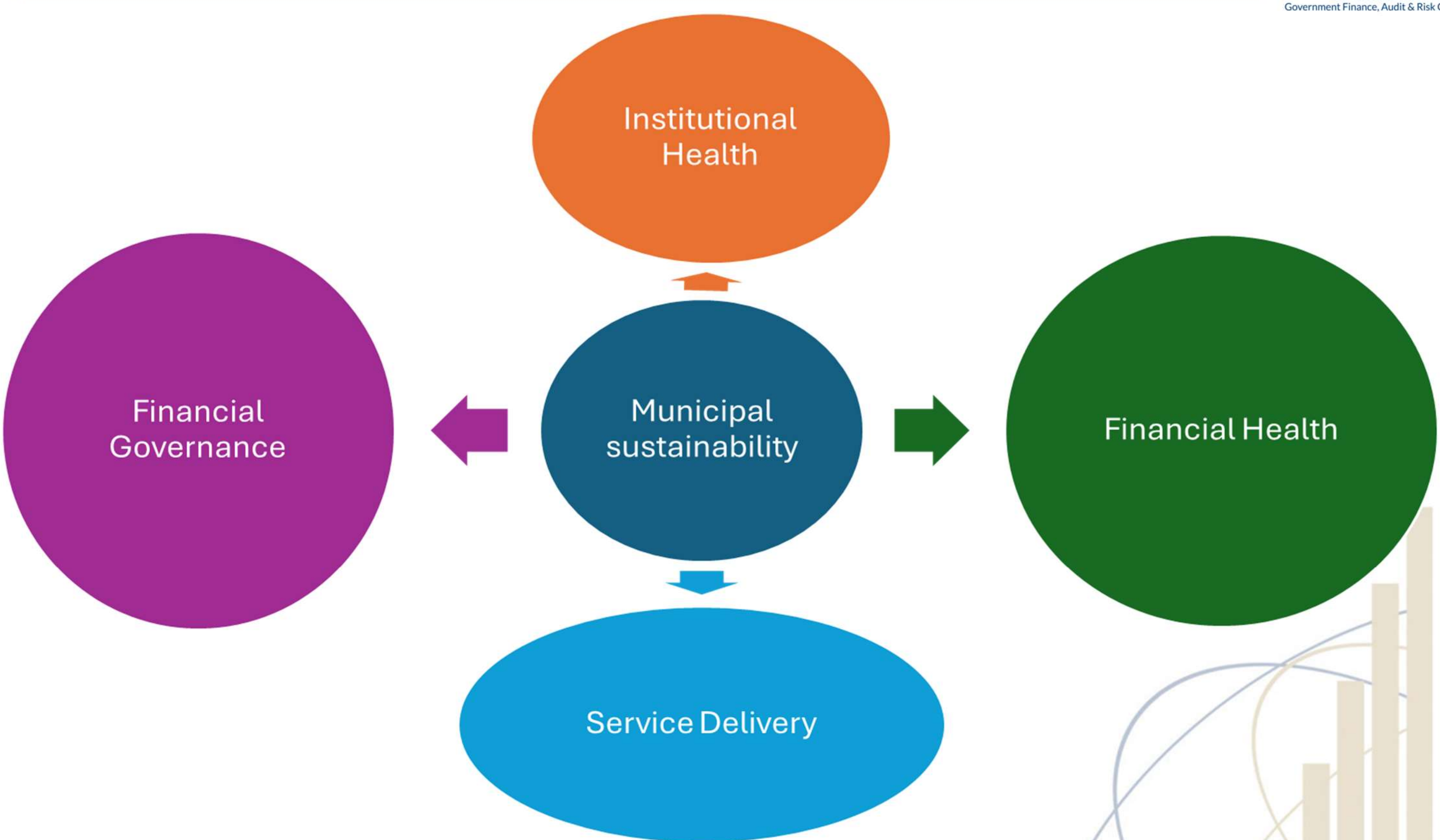
Presentation Outline

- Background
- Key Performance focus Area
- Institutional Health
- Financial Health
- Financial Governance
- Service Delivery
- Compliance Report
- Targeted Audit Improvement

Background

- **Section 71 (7)** of the Municipal Finance Management Act 56 of 2003 (MFMA) requires the Provincial Treasury, after the end of the quarter, to make public a consolidated statement on the state of municipalities' budgets per municipality and municipal entity.
- **Section 72(1)** (a) of the MFMA requires the accounting officer to assess the municipality's performance for the first six months of the financial year by 25 January of each year. This assessment should directly inform the preparation of the municipality's adjustments budget in terms of section 28 of the MFMA.
- Reported performance is as at **31st March 2026.**

Key Performance Focus areas



Institutional Health

Main	Focus Area	Observations	Impact on Service delivery and Financial Management	Affected Municipalities
Institutional Health	Spatial strategies	Limited evidence on Traditional Authorities release of land for development	Constricted development leading to slow quality of life and financial unstainable municipalities	Blouberg, Lepelle-Nkumpi; Ephraim Mogale; Thulamela; Thabazimbi, Lephalale, Mogalakwena, and Modimolle-Mookgophong,
	Council Stability	Councils are generally stable with no major issues identified	Enables strategic decision making	All municipalities within the province, however there are signs of instability in Thabazimbi where the Mayor was recalled and were unable to sit within the set legitative timeframes to conside the 2025/26 MTREF Tabled budget
	Planning ,Budget and reporting Alignment	There is misalignment between the budget implementation and reporting on the NT Database (GoMuni)	Incomplete and inaccurate reporting to Council and Stakeholders leading to poor decision making that has dire financial implications	Blouberg, Lepelle-Nkumpi, Molemole and Capricorn; Tzaneen; Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Makhuduthamaga, and Sekhukhune DM; Collins Chabane, Makhado, Musina, Thulamela and Vheme; Thabazimbi, Lephalale, Mogalakwena, and Modimolle-Mookgophong.
	Municipal Staff Regulations	There are municipalities who have not yet cascaded the regulations to junior level staff members	Inability to hold each official accountable in their areas of responsibility	Ephraim Mogale; Collins Chabane, Makhado, Musina, Thulamela and Vhembe; Belabela, Greater Letaba, Lephalale, Mogalakwena, Modimolle-Mookgophong, Thabazimbi and Waterberg.

Financial Health

Main	Focus Area	Observations	Impact on Service delivery and Financial Management	List Affected municpalities
Financial Health	Funding of the budget	Underfunded and/or unfunded (midyear)	Increase Financial Risk Exposure	Ba-Phalaborwa, Greater Letaba, Mopani; Fetakgomo-Tubatse; Musina, and Vhembe; Modimolle-Mookgophong, Mogalakwena, Thabazimbi, and Waterberg
		Unfunded mandate (library services, sport and recreation)	Risk of Non-compliance and withholding of Equitable share	Maruleng and Lephalale. Waterberg raised issues relating to Fire Fighting services and environmental management
		Persistent unfunded budgets		Ba-Phalaborwa,Greater Letaba , Mopani; Musina, and Vhembe; Modimolle-Mookgophong, and Mogalakwena.
		Funding Plans		Ba-Phalaborwa, Greater Letaba, Mopani; Fetakgomo-Tubatse; Musina, and Vhembe; Modimolle-Mookgophong, Mogalakwena, Thabazimbi, and Waterberg municipalities have had funding plans adopted by their councils . Whilts there is implementation of the plan, the adjustment budget and the 2026/27 Tabled bdudgets remain unfunded
	Repairs and Maintenance	Inadequate budgeting and spending on repairs and maintenance	Enables strategic decision making	All delegated municipalities did not comply with the budgeting norm of 8 percent of Property Plant and Equipment for the 2025/26 MTREF period, except for Lepelle-Nkumpi. Greater Giyani, Greater Letaba, Elias Motsoaledi, Makhuduthamaga, Sekhukhune, Makhado, and Mogalakwena had a variace of less than 10 percent of spending on the year-to-date budget. (Refer to the next slide for details on Repairs & Maintenance)
	Distribution losses	Electricity and Water Distribution losses are above the norm of (7-10%) and (15 – 30%) due to poor maintenance, sluggish implementation of smart meters	Poor Service Delivery High cost of replacement of dilapidated assets Loss of revenue	Water - Capricorn; Sekhukhune; Vhembe; Belabela; Lephalale, Thabazimbi Electricity - Blouberg, Molemole, Ba-phalaborwa, Greater Letaba, Greater Tzaneen, Musina, Bela Bela, Lephalale, Modimolle-Mookgophong Thabazimbi
	Non-Compliance with Blue and Green drops	Non-compliance with wastewater treatment plant license conditions	Unsustainable service delivery High risk of environmental litigations	Capricorn; Mopani; Sekhukhune; Vhembe; Belabela; Modimolle-Mookgophong, Mogalakwena, Lephalale, Thabazimbi

Budget Funding – Adjustment and Tabled Budget

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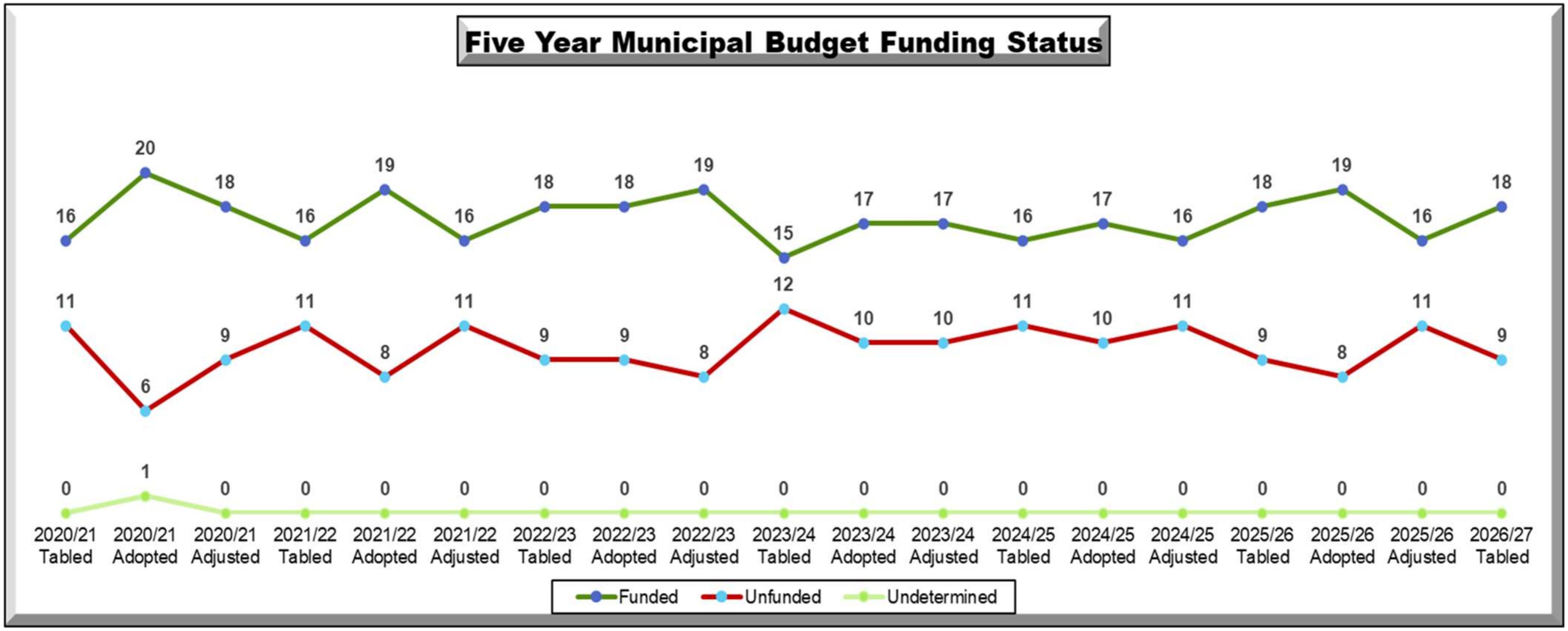

The following municipalities adopted an unfunded adjustment budgets namely, Fetakgomo-Tubatse, Greater Letaba, Ba-Phalaborwa, Makhado, Mopani, Musina, Vhembe, Thabazimbi, Mogalakwena, Modimolle-Mookgophong and Waterberg. For the 2026/27 table budgets only 9 municipalities adopted unfunded excluding Makhado and Fetakgomo-Tubatse.

Key Observations - Collection Rate

Collection Rate Assessment				
Aggregate Collection	Summary - Quarter 3			Q3
	Billing	Collection	R - Billing not collected	
1.Collection: **Property Rates**	1 675 529 604	1 070 991 834	604 537 770	64%
2.Total average collection: **Electricity** (Municipal supplied areas)	2 580 787 789	2 513 183 875	67 603 914	97%
3.Total average collection: **Water**	851 073 551	237 871 400	613 202 151	28%
4.Total average collection: **Wastewater**	173 605 736	82 707 385	90 898 351	48%
5.Total average collection: **Refuse**	242 401 106	135 735 358	106 665 748	56%
6.Total average collection: **Interest**	-	-	-	0%

The reported information on Go-Muni indicates that only electricity revenue collected is above the set norm. This is due prepaid and smart meters being used for this revenue stream, whilst the other streams system have not yet been improved to ensure adequate collection.

As a result, municipalities are likely to plunge into cash flow crisis and ultimately financial distress should technological methods to manage the services not be prioritised and budgeted for adequately.

Key Observations – Financial Health - Operating Revenue

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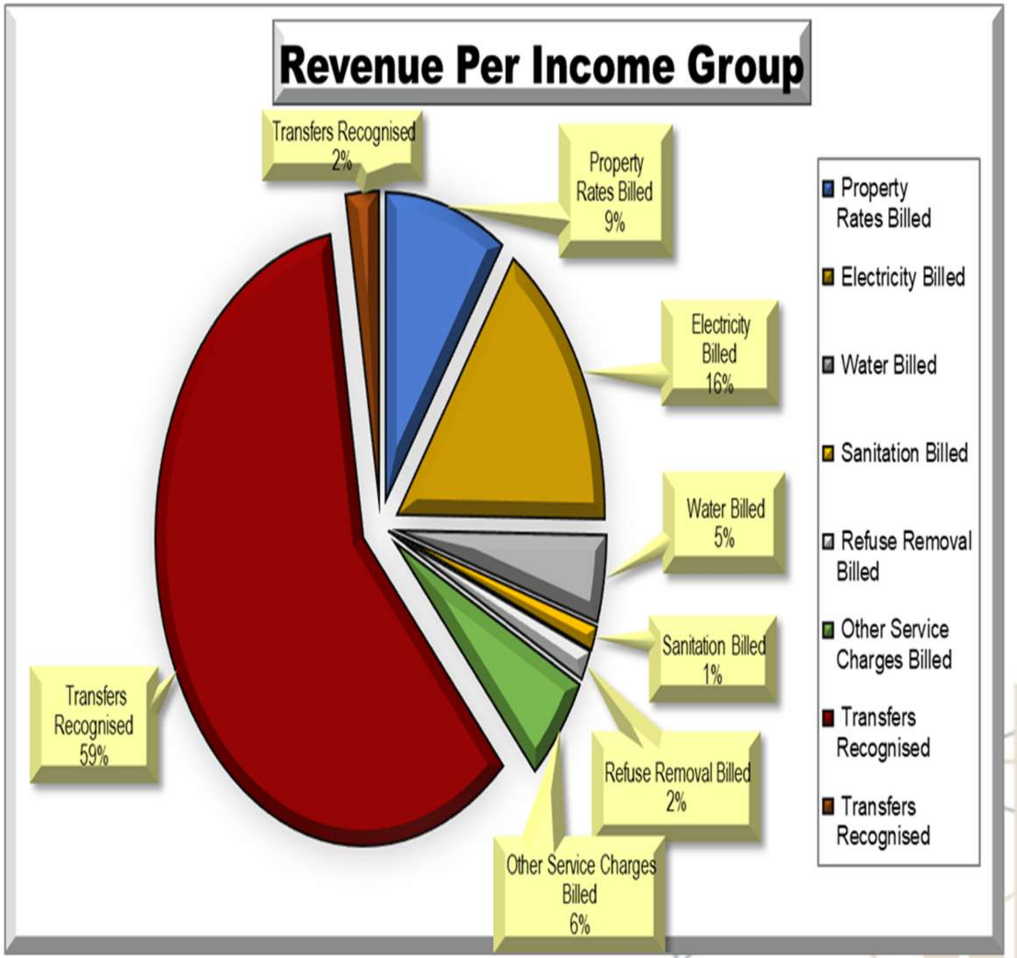
Rating	Revenue Source	R thousands	Percent
1	Transfers Recognised	14 423 209	59%
2	Electricity Billed	3 842 143	16%
3	Property Rates Billed	2 302 743	9%
4	Other Service Charges Billed	1 376 942	6%
5	Water Billed	1 106 411	5%
6	Other Services-Non Exchange	617 866	3%
7	Refuse Removal Billed	385 464	2%
8	Sanitation Billed	307 310	1%
	Totals	24 362 089	100%



Key Observations – Financial Health - OPEX

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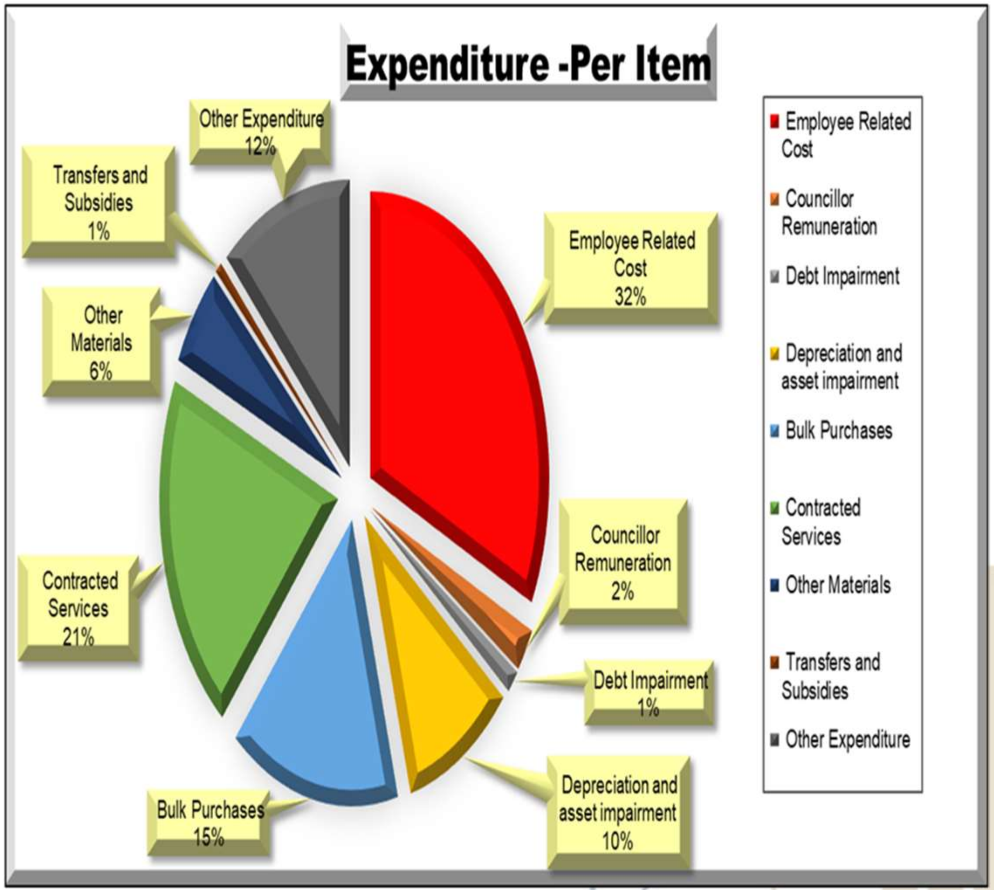
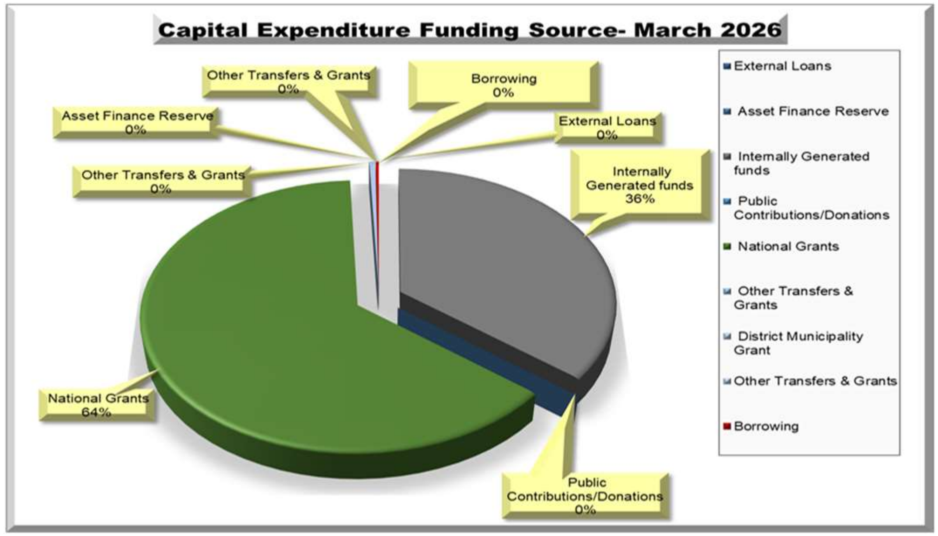
Rating	Expenditure Item	R thousands	Percent
1	Employee Related Cost	6 191 025	32%
2	Contracted Services	3 945 090	21%
3	Bulk Purchases	2 962 597	15%
4	Other Expenditure	2 310 059	12%
5	Depreciation and amortisation	1 918 975	10%
6	Inventory Consumed	1 087 411	6%
7	Councilor Remuneration	472 961	2%
8	Debt Impairment	251 960	1%
9	Transfers and Subsidies	124 116	1%
10	Irrecoverable debt written off	90 685	0%
Totals		**19 264 194**	**100%**



Key Observations – Financial Health - CAPEX

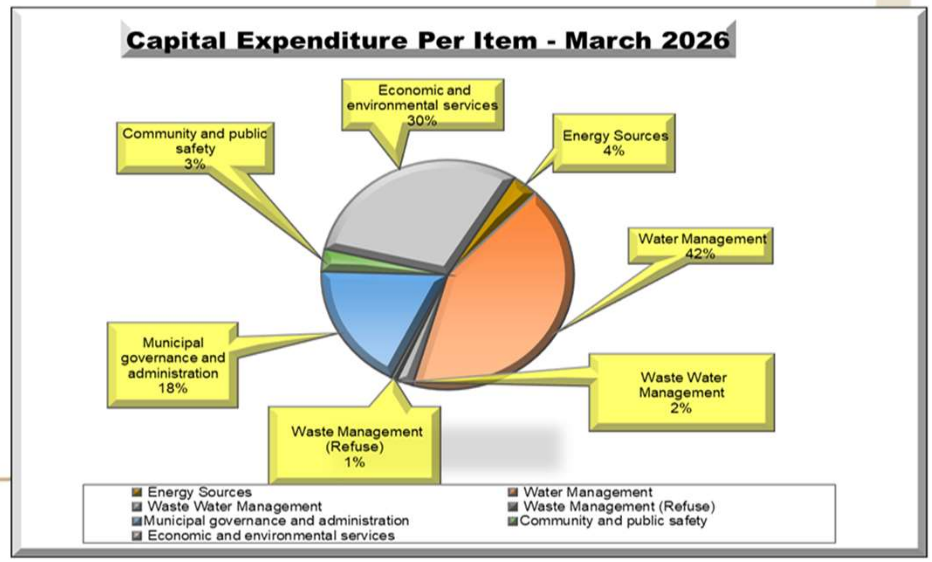
Capital Sources of Finance per District - M09 March 2026

R thousands	Original Budget	Adjusted Budget	Year To Date Budget	YTD Actual	% of Budget	External Loans	Asset Finance Reserve	Internally Generated funds	Public Contributions/Donations	Transfers & Grants				Borrowing
										National Grants	Provincial Grants	District Municipality Grants	Other Transfers & Grants	
Capricorn	1 507 654	1 834 871	806 396	1 163 366	144%	-	-	322 469	-	840 897	-	-	-	-
Mopani	1 412 611	1 524 513	1 062 884	1 601 458	151%	-	-	992 181	-	599 947	-	9 339	-	-
Sekhukhune	1 152 505	1 093 949	844 234	983 455	116%	-	-	223 101	-	603 429	-	16 465	-	12 500
Vhembe	1 598 996	1 706 020	1 117 556	1 075 164	96%	-	-	268 674	-	806 484	-	-	-	-
Waterberg	1 063 258	1 249 406	880 755	629 306	71%	-	-	89 896	-	537 793	-	-	-	-
Total	6 735 024	7 408 759	4 711 826	5 452 748	116%	-	-	1 896 320	-	3 388 549	-	25 804	-	12 500



Capital Expenditure Per District -M09 March 2026

R thousands	Original Budget	Adjusted Budget	Year To Date Budget	YTD Actual	% of Budget	Energy Sources	Water Management	Waste Water Management	Waste Management (Refuse)	Municipal governance and administration	Community and public safety	Economic and environmental services
Capricorn	1 507 654	1 834 871	1 209 869	1 163 366	96%	41 759	618 156	63 814	25 408	64 149	66 194	283 886
Mopani	1 412 611	1 524 513	1 062 884	1 601 458	151%	31 180	351 895	-	10 692	798 528	65 896	343 266
Sekhukhune	1 152 505	1 093 949	844 234	983 455	116%	12 213	483 591	-	87	16 798	3 976	466 790
Vhembe	1 598 996	1 706 020	1 117 556	1 075 164	96%	30 483	575 720	-	3 808	49 581	25 952	389 376
Waterberg	1 063 258	1 249 406	880 755	629 306	71%	73 393	265 000	54 144	5 467	54 525	11 303	165 472
Total	6 735 024	7 408 759	5 115 299	5 452 748	107%	189 028	2 294 362	117 958	45 462	983 581	173 322	1 648 790



Key Observations – Financial Health - DEBTORS

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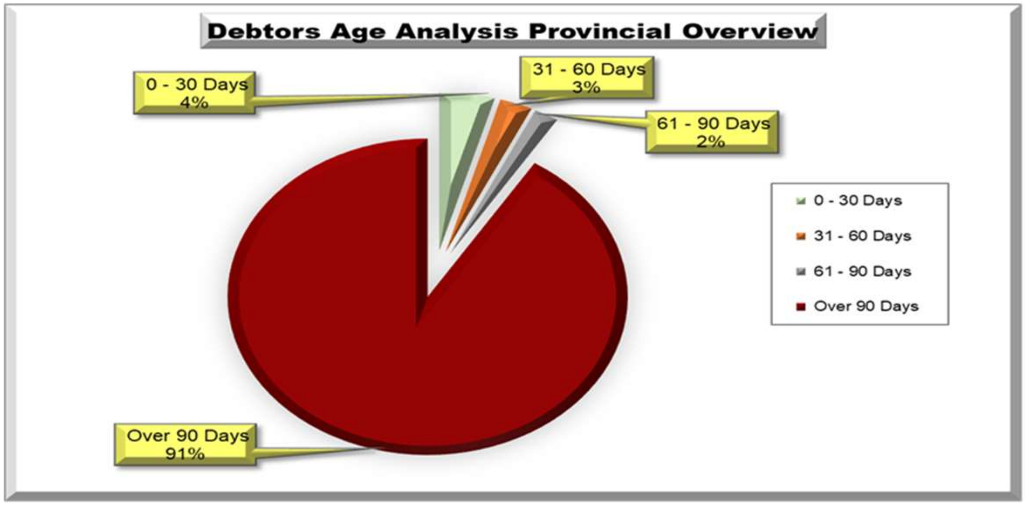
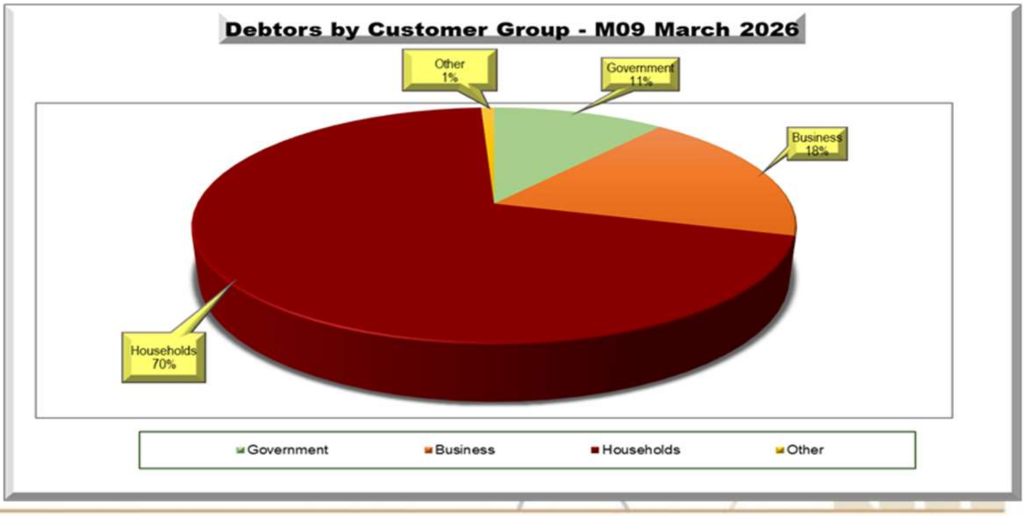
Debtors Detail - M09 March 2026

R thousands	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	Total
Capricorn	237 844	6%	123 379	3%	79 994	2%	3 495 798	89%	3 937 015
Mopani	267 518	4%	160 133	2%	106 631	2%	5 973 222	92%	6 507 504
Sekhukhune	80 073	4%	48 160	2%	39 328	2%	1 811 879	92%	1 979 440
Vhembe	147 001	3%	84 918	2%	90 472	2%	4 562 301	93%	4 884 692
Waterberg	288 239	5%	192 690	3%	143 980	2%	5 366 308	90%	5 991 217
Total	**1 020 675**	**4%**	**609 280**	**3%**	**460 405**	**2%**	**21 209 508**	**91%**	**23 299 868**



Debtors by Customer Group - M09 March 2026

R thousands	Government		Business		Households		Other		Total
	Total	%	Total	%	Total	%	Total	%	
Capricorn	711 428	18%	504 418	13%	2 716 838	69%	4 331	0	3 937 015
Mopani	513 759	8%	1 335 448	21%	4 480 390	69%	177 907	3%	6 507 504
Sekhukhune	271 932	14%	660 866	33%	1 039 158	52%	7 484	0%	1 979 440
Vhembe	569 893	12%	705 703	14%	3 609 096	74%	0	0%	4 884 692
Waterberg	497 898	8%	1 062 572	18%	4 426 965	74%	3 782	0%	5 991 217
Total	**2 564 910**	**11%**	**4 269 007**	**18%**	**16 272 447**	**70%**	**193 504**	**2%**	**23 299 868**



Key Observations – Financial Health –

Repairs and Maintenance

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Municipalities' Budgeted Repairs and Maintenance 2025-2026 FY

No.	District	Municipality	Norm	Budgeted Perfpormance	Variance	Status	Repairs	Total PPE	Total PPE	Investment Property
1	Capricorn	Blouberg	8%	0%	8%	Below Norm	3 515 528	1 422 516 518	1 422 516 518	-
2	Capricorn	Capricorn	8%	5%	3%	Below Norm	224 474 000	4 790 462 899	4 790 462 899	-
3	Capricorn	Lepelle-Nkumpi	8%	11%	-3%	Above Norm	86 856 242	793 408 908	793 408 908	-
4	Capricorn	Molemole	8%	3%	5%	Below Norm	13 210 000	483 709 061	483 709 061	-
5	Capricorn	Polokwane	8%	6%	2%	Below Norm	880 511 222	15 372 724 514	15 372 724 514	-
6	Mopani	Ba-phalaborwa	8%	3%	5%	Below Norm	26 083 377	778 830 070	778 830 070	-
7	Mopani	Greater Giyani	8%	5%	3%	Below Norm	61 400 968	1 205 898 116	1 205 898 116	-
8	Mopani	Greater Letaba	8%	2%	6%	Below Norm	32 280 648	1 308 719 589	1 308 719 589	-
9	Mopani	Greater Tzaneen	8%	6%	2%	Below Norm	123 901 612	1 961 199 929	1 911 039 936	50 159 993
10	Mopani	Maruleng	8%	1%	7%	Below Norm	15 300 000	1 431 123 550	1 431 123 550	-
11	Mopani	Mopani	8%	1%	7%	Below Norm	74 784 108	10 004 856 715	10 004 856 715	-
12	Sekhukhune	Elias Motsoaledi	8%	3%	5%	Below Norm	40 687 568	1 493 649 247	1 493 649 247	-
13	Sekhukhune	Ephraim Mogale	8%	3%	5%	Below Norm	28 077 685	1 060 418 759	1 002 415 455	58 003 304
14	Sekhukhune	Tubatse Fetakgomo	8%	3%	5%	Below Norm	72 235 464	2 845 749 796	2 845 749 796	-
15	Sekhukhune	Makhuduthamaga	8%	6%	2%	Below Norm	39 500 000	659 872 139	659 872 139	-
16	Sekhukhune	Sekhukhune	8%	0%	8%	Below Norm	-	5 661 545 219	5 661 545 219	-
17	Vhembe	Makhado	8%	2%	6%	Below Norm	43 000 296	2 008 943 343	2 008 943 343	-
18	Vhembe	Musina	8%	0%	8%	Below Norm	1 336 940	569 841 274	556 672 381	13 168 893
19	Vhembe	Collins Chabane	8%	1%	7%	Below Norm	13 521 500	1 979 170 170	1 979 170 170	-
20	Vhembe	Thulamela	8%	4%	4%	Below Norm	86 913 023	2 339 557 415	2 339 557 415	-
21	Vhembe	Vhembe	8%	7%	1%	Below Norm	548 750 264	7 922 395 979	7 922 395 979	-
22	Waterberg	Bela bela	8%	2%	6%	Below Norm	25 040 000	1 027 850 827	1 027 850 827	-
23	Waterberg	Lephalale	8%	1%	7%	Below Norm	15 281 337	1 570 898 177	1 570 898 177	-
24	Waterberg	Mogalakwena	8%	2%	6%	Below Norm	92 898 828	5 410 017 178	5 410 017 178	-
25	Waterberg	Modimolle-Mookgopo	8%	3%	5%	Below Norm	55 602 492	1 610 371 587	1 610 371 587	-
26	Waterberg	Thabazimbi	8%	2%	6%	Below Norm	18 579 804	970 298 826	970 298 826	-
27	Waterberg	Waterberg	8%	0%	8%	Below Norm	-	73 109 696	73 109 696	-
	Average budget % spending on R& M		**8%**	**3%**	**5%**	**Below Norm**	**2 623 742 906**	**76 757 139 501**	**76 635 807 311**	

Key Observations – Financial Health

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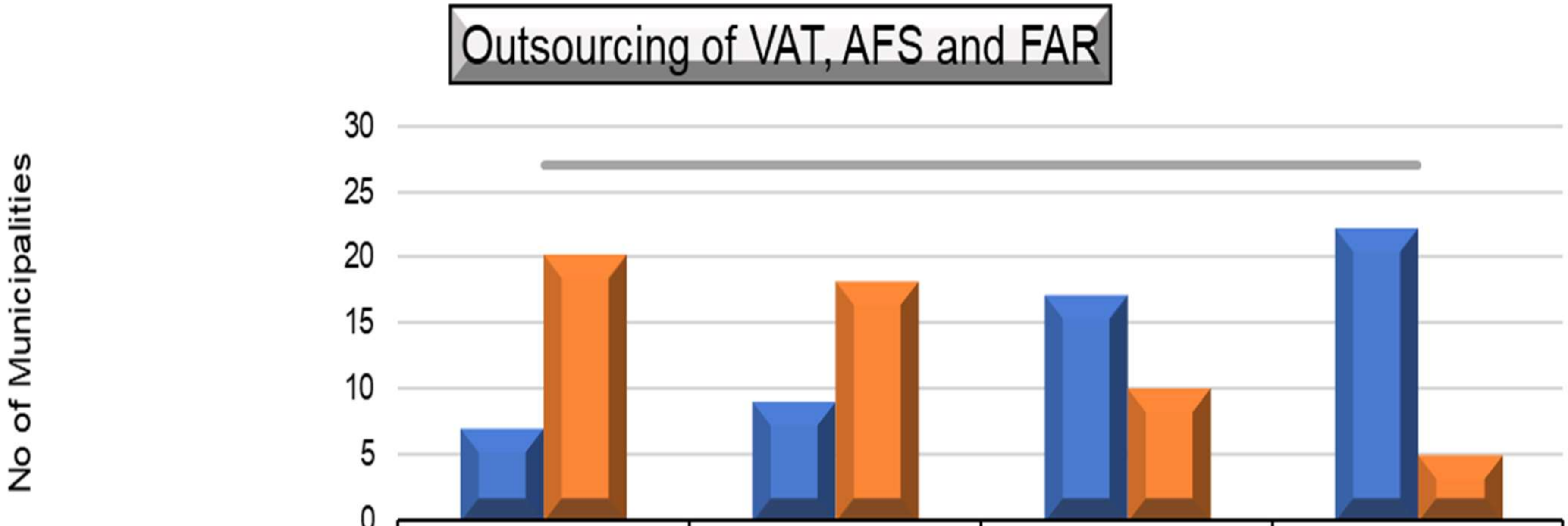
Main	Focus Area	Observations	Impact on Service delivery and Financial Management	List Affected municipalities
Financial Health	mSCOA	Transacting on zero budget items	Increase Financial Risk Exposure	Blouberg, Lepelle-Nkumpi, Molemole Capricorn; Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse; Makhuduthamaga,Sekhukhune; Collins Chabane, Makhado, Musina, Thulamela and Vhembe; Bela Bela, Modimolle-Mookgophong, Mogalakwena, Lephalale Thabazimbi, and Waterberg.
		Poor disclosure of creditors		Elias Motsoaledi, Fetakgomo-Tubatse, Sekhukhune; Makhuduthamaga, Makhado, Thabazimbi, Vhembe; Ba-Phalaborwa, Greater Giyani, Greater Letaba, and Mopani Belabela; Modimolle-Mookgophong, Mogalakwena, Lephalale, Thabazimbi
		Poor disclosure conditional grants spending		None
	Financial Recovery Plans	The current financial recovery plans have not yielded the desired results	Enables strategic decision making	Musina, Thabazimbi, Modimolle-Mookgophong, Mogalakwena, Sekhukhune, Ba-phalaborwa
	Use of consultants	There are municipalities who are still using the VAT consultants, though it was indicated that the contract would be ending in the 2026/27 Financial year	Loss of value for money	Elias Motsoaledi, and Modimolle-Mookgophong, Maruleng and Tzaneen
		Excessive cost in review of AFS		Capricorn, Elias Motsoaledi; Ephraim Mogale, Fetakgomo-Tubatse and Sekhukhune DM; Collins Chabane, Makhado, Modimolle-Mookgophong, Mogalakwena, Vhembe and Thabazimbi.
	Revenue Management	Unreconciled GVRs	Loss of Revenue and Risk of financial unsustainability	Blouberg, Lepelle-Nkumpi, Molemole, Fetakgomo-Tubatse; Ephraim Mogale and Makhuduthamaga; Collins Chabane, Makhado, Musina, Modimolle-Mookgophong, Thulamela, Thabazimbi; Mogalakwena, Lephalale, Ba-Phalaborwa, Greater Giyani, Greater Letaba, Maruleng and Tzaneen.
		Incomplete billing		Blouberg, Lepelle-Nkumpi, Molemole, Fetakgomo-Tubatse, Ephraim Mogale Collins Chabane, Makhado, Musina, Thulamela and Vhembe, Thabazimbi, Modimolle-Mookgophong, Ba-Phalaborwa, Greater Letaba, Maruleng
		High impairment of debtors		Blouberg, Lepelle-Nkumpi, Molemole, Capricorn; Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Sekhukhune; Makhado, Musina, Thulamela, Vhembe, Thabazimbi, Mogalakwena, Ba-Phalaborwa, Greater Giyani, Greater Letaba, Maruleng, Modimolle-Mookgophong and Mopani.
		Inadequate implementation of credit control procedures		Blouberg, Lepelle-Nkumpi, Molemole, Capricorn; Ba-Phalaborwa, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Sekhukhune; Greater Giyani, Greater Letaba, Maruleng, Mopani; Collins Chabane, Musina, Thulamela, and Vhembe; Modimolle-Mookgophong, Mogalakwena and Thabazimbi.
	Indigent management	Incomplete indigent registers	Poor budgeting for provision of basic services to indigent households	Blouberg, Lepelle-Nkumpi, Molemole, Capricorn; Ba-Phalaborwa, Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse, Sekhukhune; Greater Giyani, Greater Letaba, Maruleng, Tzaneen, Mopani; Collins Chabane, Makhado, Musina, Thulamela and Vhembe; Modimolle-Mookgophong, Mogalakwena , Lephalale and Belabela, and Thabazimbi.

Key Observations – Financial Governance

Main	Focus Area	Observations	Impact on Service delivery and Financial Management	List affected municipalities
Financial Governance	Consequence management	Inadequate strategy to prevent, detect and manage UIFWe	Reputational risk Compromised Service Delivery and financial Management	Blouberg, Lepelle-Nkumpi, and Capricorn; Mopani; Fetakgomo-Tubatse and Elias Motsoaledi, Sekhukhune; Lephalale, Musina, Mogalakwena, Modimolle-Mookgophong and Thabazimbi;
		Limited evidence of corrective measures undertaken for recovery, preventative and punitive measures	Loss of funds through NT withholding process	Blouberg, Lepelle-Nkumpi; Fetakgomo-Tubatse and Sekhukhune Thabazimbi; Belabela, Lephalale, Mogalakwena, Modimolle-Mookgophong; Mopani.
		Municipalities have Audit Committee and MPACs except for Thabazimbi Municipalities, however there is sluggish improvement on the UIFWe	Loss of funds through NT withholding process	All municipalities except Capricorn and Waterberg District Municpality. Refer to the next slide for state of UIFWe
	Audit outcomes	Incomplete Audit action plans on the AAP web based system	Poor monitoring by stakeholders	Blouberg, Lepelle-Nkumpi, Molemole, Capricorn; Mopani; Fetakgomo-Tubatse, Lephalale, Modimolle-Mookgophong; Musina and Thabazimbi.
		Inability to prepare the interim AFS		Musina
	Use of consultants on Infrastructure	Excessive reliance on Infrastructure consultants	Poor designs and implementation of infrastructure projects	All municipalities in the province
			Lack of skills transfer	
	Compliance with minimum competency	Poor submission of POE on compliance with the Minimum competency regulations	Non-Compliance with the regulations which may result in withholding of funds	Blouberg, Lepelle-Nkumpi, Molemole, Capricorn; Ephraim Mogale, Elias Motsoaledi, Fetakgomo-Tubatse; Makhuduthamaga, Sekhukhune; Collins Chabane, Makhado, Musina, Thulamela and Vhembe; Lephalale,Mogalakwena, Modimolle-Mookgophong, Thabazimbi.

Key Observations – Fin Gov - Use of Consultants



	Is the municipality using a VAT consultant	Is the municipality using a consultant for preparation of AFS	Is the municipality using a consultant for the review of AFS	Is the municipality using a consultant to compile an Asset Register
Total Yes	7	9	17	22
Total No	20	18	10	5
Total no of municipalities	27	27	27	27

Key Observations – Short term financial viability risk

Category	Mar-25		Mar-26	
	No	Municipality	No	Municipality
Bankrupt" - Solvency ratio of less than 1:1 (total liabilities exceed total assets)	1	Makhuduthamaga	0	
Insolvent - Liquidity ratio of less than1:1 and unable to pay creditors from available cash and investments	3	Modimolle-Mookgophong, Mopani Thabazimbi	0	
Constraint Liquidity Ratio" - Liquidity ratio of less than 1:1 but sufficient cash and investments available to pay creditors	3	GreaterGiyani, Mogalakwena, Waterberg	5	Ba-Phalaborwa, Collins Chabane, Mopani Musina,Modimolle-Mookgophong,
Solvent - Unable to Pay Creditors - Liquidity ratio above 1:1 but unable to pay creditors from available cash and investments	6	Ba-Phalaborwa, Greater Letaba, Lephalale Makhado, Musina, Vhembe	0	
Short to Medium Term Viability - Liquidity ratio above 1:1 and sufficient cash and investments available to pay creditors	14	Blouberg, Lepelle-Nkumpi, Molemole Polokwane, Capricorn, Maruleng Greater Tzaneen, Elias Motsoaledi Ephraim Mogale, Fetakgomo-Tubatse Sekhukhune, Collins Chabane, Thulamela, Bela Bela	22	Blouberg, Bela Bela, Lepelle-Nkumpi, Molemole Polokwane, Capricorn, Maruleng Elias Motsoaledi, Greater Giyani, Greater Tzaneen Ephraim Mogale, Fetakgomo-Tubatse, Lephalale, Mogalakwena, Sekhukhune Greater Letaba, Makhuduthamaga, Makhado Thulamela, Thabazimbi, Vhembe, Waterberg

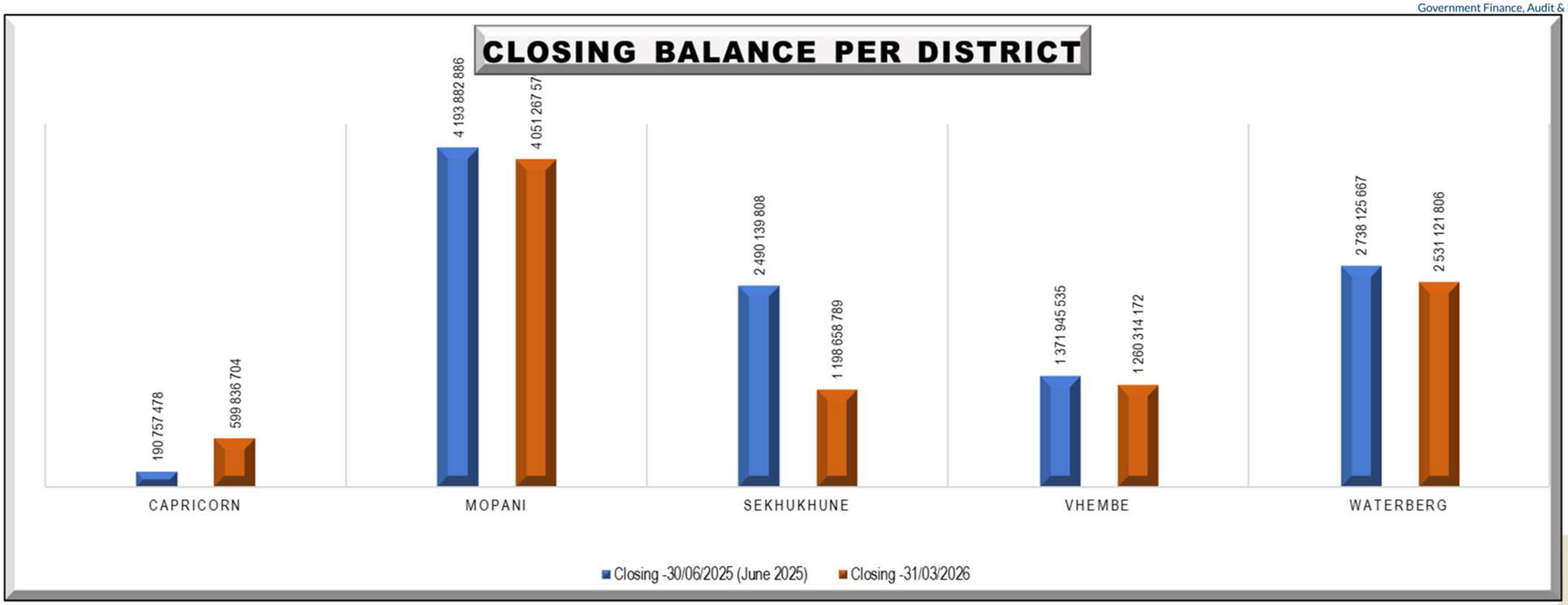
Key Observations – Financial Distress Indicators

Municipality	Code	District	Mar-25	Mar-26
Ba-Phalaborwa	LIM334	Mopani	Financial Distress	Financial Distress
Greater Giyani	LIM331	Mopani	Financial Distress	-
Greater Letaba	LIM332	Mopani	-	-
Greater Tzaneen	LIM333	Mopani	-	-
Maruleng	LIM335	Mopani	-	Financial Distress
Mopani	DC33	Mopani	Financial Distress	Financial Distress
Collins Chabane	LIM345	Vhembe	-	Financial Distress
Makhado	LIM344	Vhembe	Financial Distress	-
Musina	LIM341	Vhembe	-	Financial Distress
Thulamela	LIM343	Vhembe	-	-
Vhembe	DC34	Vhembe	Financial Distress	Financial Distress
Blouberg	LIM351	Capricorn	-	-
Lepelle-Nkumpi	LIM355	Capricorn	-	-
Molemole	LIM353	Capricorn	-	-
Polokwane	LIM354	Capricorn	-	-
Capricorn	DC35	Capricorn	-	-
Bela Bela	LIM366	Waterberg	-	-
Lephalale	LIM362	Waterberg	-	-
Modimolle-Mookgopong	LIM368	Waterberg	Financial Distress	Financial Distress
Mogalakwena	LIM367	Waterberg	Financial Distress	Financial Distress
Thabazimbi	LIM361	Waterberg	Financial Distress	Financial Distress
Waterberg	DC36	Waterberg	Financial Distress	-
Elias Motsoaledi	LIM472	Sekhukhune	-	-
Ephraim Mogale	LIM471	Sekhukhune	-	-
Makhuduthamaga	LIM473	Sekhukhune	Financial Distress	-
Tubatse Fetakgomo	LIM476	Sekhukhune	-	-
Sekhukhune	DC47	Sekhukhune	Financial Distress	Financial Distress
Financially distressed			11	10
Not Financially distressed			16	17
Total number of municipalities			**27**	**27**

Key Observations – Financial Gov UIFWe

No	Municipality	Opening Balance (01/07/2025) - 2025/2026	Movement	Closing Balance 31/03/2026	% of Addressing UIF	Status of UIF
1	Blouberg	102 774 429	- 31 970 001	70 804 428	-31%	Reduced
2	Capricorn	11 298 099	-	11 298 099	0%	No Change
3	Lepelle-Nkumpi	25 335 801	-	25 335 801	0%	No Change
4	Molemole	366 526	- 128 026	238 500	-35%	Reduced
5	Polokwane	50 982 622	441 177 253	492 159 876	865%	Increased
6	Ba-phalaborwa	36 247 631	- 10 775 504	25 472 127	-30%	Reduced
7	Greater Giyani	17 661 459	- 1 440 936	16 220 523	-8%	Reduced
8	Greater Letaba	154 295 614	- 147 160 169	7 135 445	-95%	Reduced
9	Greater Tzaneen	69 850 939	6 561 758	76 412 697	9%	Increased
10	Maruleng	64 368 171	-	64 368 171	0%	No Change
11	Mopani	3 851 459 072	10 199 544	3 861 658 616	0%	Increased
12	Elias Motsoaledi	152 975 622	- 20 664 626	132 310 995	-14%	Reduced
13	Ephraim Mogale	13 622 323	2 246 226	15 868 549	16%	Increased
14	Tubatse Fetakgomo	265 126 402	- 84 015 294	181 111 109	-32%	Reduced
15	Makhuduthamaga	5 978 585	-	5 978 585	0%	No Change
16	Sekhukhune	2 052 436 876	- 1 189 047 326	863 389 551	-58%	Reduced
17	Makhado	62 768 733	- 58 461 550	4 307 183	-93%	Reduced
18	Musina	370 402 569	15 248 793	385 651 362	4%	Increased
19	Collins Chabane	32 323 723	316	32 324 039	0%	Increased
20	Thulamela	183 277 592	- 140 404 063	42 873 529	-77%	Reduced
21	Vhembe	723 172 918	71 985 141	795 158 059	10%	Increased
22	Bela bela	132 387 694	6 910 010	139 297 704	5%	Increased
23	Lephalale	55 984 641	14	55 984 655	0%	Increased
24	Mogalakwena	50 129 360	171 745 176	221 874 536	343%	Increased
25	Modimolle-Mookgopong	889 101 553	377 300 680	1 266 402 233	42%	Increased
26	Thabazimbi	1 610 522 419	- 762 959 741	847 562 678	-47%	Reduced
27	Waterberg	0	-	0	0%	No Change
	Total	10 984 851 374	- 1 343 652 324	9 641 199 050	-12%	Reduced

Key Observations – Financial Gov - UIFWe



Criteria	**Number of municipalities**
Number of municipalities that increased	11
Number of municipalities that No Change	5
Number of municipalties that reduced	11
Total municipalities	**27**

Key Observations –Eskom Debt Relief

No.	Municiopal Code	District	Mun	Date of Approval	Amount Approved (R)
1	LIM361	Waterberg	Thabazimbi	2023/12/19	225 178 965
2	LIM366	Waterberg	Bela Bela	2023/11/23	31 005 378
3	LIM368	Waterberg	Modimolle-Mookgopong	2023/08/30	831 607 462
	Total				1 087 791 805

Municipality	2025						2026			Comment
	July	August	September	October	Novemb	Decemb	January	February	March	
Bela Bela	95%	95%	95%	88%	95%	85%	95%	95%	95%	Debt relief started in August 2023
Modimolle-Mookgopohng	63%	80%	68%	73%	73%	61%	71%	71%	71%	Debt relief started in December 2023
Thabazimbi	63%	80%	88%	85%	85%	68%	78%	85%	85%	Debt relief started in December 2023

The Municipal Debt Relief compliance assessment for March 2025 indicates that the participating Waterberg District municipalities are generally demonstrating **moderate compliance with the conditions** of MFMA Circular No. 124 as monitored under the 2025/2026 financial year.

Thabazimbi is showing a steady progress in compliance with the conditions, however should the municipality not reach a compliance level of 95 per cent, it is unlikely that the write off would be provided by the end of municipal financial year. Modimolle-Mookgophong is not showing satisfactory progress.

Only **Belabela** is poised to receive a second tranche of write off.

Key Observations –Water debt relief

Municipality	2025						2026			Comment
	July	August	September	October	Novemb	Decemb	January	February	March	
Lephalale		50%	50%	50%	50%	56%	56%	94%	94%	Debt relief started in August 2025
Sekhukhune	N/A	0%	61%	61%	78%	72%	83%	78%	89%	Debt relief started in August 2025
Mopani	N/A	39%	44%	44%	67%	83%	83%	83%	78%	Debt relief started in August 2025

Key Observations – Government Debt

Departments	Oppening Balance as at end of Dec 2025	Closing Balance as at end of March 2026	Amounts Payable to the municipality	Unreconciled Amount	Unregistered Properties	Account incorrectly billed
Provincial: Agriculture	384,564,693.00	402,707,677.00	334,895.00			402,372,782.00
Provincial: Education	98,903,044.00	111,135,141.00	-	19,768,706.51		91,366,434.49
Provincial: Health	19,643,390.00	22,793,188.00				22,793,188.00
Provincial: Housing and Local Government	33,753,018.00	4,151,738.00	-			4,151,738.00
Provincial: Office of the Premier	569,360.00	657,743.00	657,743.00			-
Provincial: Other Departments	327,033,825.00	341,279,737.00	-			341,279,737.00
Provincial: Public Works, Roads and Transport	77,320,253.00	104,207,772.00	26,287,552.43		528,928,247.03	77,920,219.57
Provincial: Social Development	11,709.00	11,709.00	-			11,709.00
Provincial: Sport, Arts and Culture	1,148,130.00	1,257,029.00	467,000.00			790,029.00
Total	**942,947,422.00**	**988,201,734.00**	**27,747,190.43**	**19,768,706.51**	**528,928,247.03**	**940,685,837.06**

Key Observations – Service Delivery

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Main	Focus Area	Observations	Impact on Service delivery and Financial Management	List municipalities
Service Delivery	Waste Management	Landfill sites not compliant with the relevant legislation	Increase Financial Risk Exposure	Blouberg, Lepelle-nkumpi and Molemole, Ephraim Mogale
			Litigations	Thabazimbi, Lephalale, Modimolle-Mookgophong
	Variation orders	High rate of variation orders have been noted on the implementation of capital projects	Enables strategic decision making	Lepelle Nkumpi, Fetakgomo-Tubatse and Sekhukhune District
	Climate Change Resilient infrastructure strategy	Lack of climate change resilient infrastructure strategy	Vulnerable infrastructure to disaster	Blouberg, Lepelle-nkumpi and Molemole, Elias Motsoaledi Fetakgomo-Tubatse, Sekhukhune DM, Ephraim Mogale LM Makhuduthamaga, Collins Chabane, Makhado, Musina, Thulamela and Vhembe,Thabazimbi, Lephalale,Mogalakwena, Modimolle-Mookgophong,
		Low Capital cost of infrastructure with high maintenance costs (Asphalt vs pavement)	Risk of poor maintenance and financial distress	Blouberg, Lepelle Nkumpi and Molemole. Thabazimbi, Lephalale,Mogalakwena, Modimolle-Mookgophong, Belabela
	Non Cash items	Poor provision for cash backed reserved to cover depreciation and future expansions	Inability to provide for future expansions and rehabilitation of infrastructure assets	Blouberg, Capricorn, Lepelle Nkumpi and Molemole, Elias Motsoaledi Fetakgomo-Tubatse, Sekhukhune DM, Ephraim Mogale LM, Collins Chabane, Makhado, Musina, Thulamela and Vhembe, Thabazimbi, Lephalale,Mogalakwena, Modimolle-Mookgophong, Belabela
			Vulnerability to disaster	Collins Chabane, Makhado, Musina, Thulamela and Vhembe
	Water tankering	Unreconciled costs of water tankering and poor reporting	Loss of water resources and funds. Unsustainable service delivery	Capricorn, Sekhukhune, Thabazimbi, Lephalale,Mogalakwena, Modimolle-Mookgophong, Belabela, Vhembe

Key Observations – 2025-26 Compliance Report

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Province	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Eastern Cape	100%	100%	100%	97%	**99%**
Free State	95%	95%	95%	92%	**94%**
Gauteng	97%	96%	94%	84%	**93%**
KwaZulu-Natal	92%	92%	89%	87%	**90%**
Limpopo	86%	75%	65%	61%	**72%**
Mpumalanga	100%	100%	100%	100%	**100%**
North West	87%	88%	78%	52%	**76%**
Northern Cape	96%	89%	81%	73%	**85%**
Western Cape	87%	87%	83%	82%	**85%**

Key Observations – 2026-27 Compliance Report

Municipality - Evaluations Submission - 09 June 2026

	Ba-Phalaborwa	Bela Bela	Blouberg	Capricorn	Collins Chabane	Elias Motsoaledi	Ephraim Mogale	Fetakgomo Tubatse	Greater Giyani	Greater Letaba	Greater Tzaneen	Lepelle-Nkumpi	Lephalale
Quarter 1	100%	36%	91%	95%	100%	14%	95%	100%	91%	100%	23%	100%	100%
Quarter 2	95%	65%	70%	90%	100%	5%	100%	95%	100%	100%	100%	100%	100%
Quarter 3	100%	21%	0%	68%	84%	5%	37%	89%	68%	74%	89%	53%	16%

	Makhado	Makhudutha maga	Maruleng	Modimolle-Mookgophon g	Mogalakwena	Molemole	Mopani	Musina	Sekhukhune	Thabazimbi	Thulamela	Vhembe	Waterberg
Quarter 1	86%	100%	100%	27%	100%	27%	59%	91%	100%	100%	100%	73%	0%
Quarter 2	100%	100%	85%	50%	100%	85%	0%	80%	95%	100%	100%	80%	0%
Quarter 3	89%	0%	74%	89%	79%	0%	0%	63%	11%	84%	89%	95%	0%

Quarter 1 Quarter 2 Quarter 3

Key Observations – Targeted Audit Improvement

Municipality Targeted	Current Opinion		Targeted Opinion
Baphalaborwa Local Municipality	Qualified	↑	Unqualified
Feta-Kgomo Tubatse Local Municipality	Qualified	↑	Unqualified
Thulamela Local Municipality	Qualified	↑	Unqualified
Modimolle-Mookgopong Local Municipality	Qualified	↑	Unqualified
Thabazimbi Local Municipality	Qualified	↑	Unqualified
Mopani District Municipality	Qualified	↑	Unqualified
Vhembe District Municipality	Qualified	↑	Unqualified
Sekhukhune District Municipality	Qualified	↑	Unqualified

Key Observations – Targeted Audit Improvement

Municipality Targeted	Current Opinion		Targeted Opinion
Polokwane Local Municipality	Unqualified	↑	Clean
Molemole Local Municipality	Unqualified	↑	Clean
Lepelle-Nkumpi Local Municipality	Unqualified	↑	Clean
Maruleng Local Municipality	Unqualified	↑	Clean
Greater Tzaneen Local Municipality	Unqualified	↑	Clean
Greater Letaba Local Municipality	Unqualified	↑	Clean

Key Observations – Targeted Audit Improvement

Municipality Targeted	Current Opinion		Targeted Opinion
Bela- Bela Local Municipality	Unqualified	↑	Clean
Lephalale Local Municipality	Unqualified	↑	Clean
Elias Motsoaledi Local Municipality	Unqualified	↑	Clean
Ephraim Mogale Local Municipality	Unqualified	↑	Clean
Makhuduthamaga Local Municipality	Unqualified	↑	Clean
Collins Chabane Local Municipality	Unqualified	↑	Clean
Makhado Local Municipality	Unqualified	↑	Clean

Thank You!

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