O. R. TAMBO DISTRICT MUNICIPALITY

OFFICE ADDRESS:
O.R. Tambo District Municipality House Nelson Mandela Drive

O.R. TAMBO DISTRICT MUNICIPALITY

TEL: (047) 501 6400
(047) 501 7000

FAX: (047) 532 4166

MONTHLY REPORTING (S71) EXECUTIVE SUMMARY FOR DECEMBER 2025

PURPOSE

The purpose of this report is to submit monthly budget statement of the municipal council, to the honourable executive mayor, as contemplated in section 71 of the Municipal Finance Management Act, Act 56 of 2003, for the month of December 2025.

BACKGROUND

The Local Government Municipal Finance Management Act, Act 56 of 2003 requires the accounting officer of a municipality to submit, to the mayor, provincial treasury, national treasury (non-delegated), by no later than 10 working days after the end of each month, on the state of the municipality's budget reflecting **inter alia** the following particulars.

- Actual revenue, per revenue source;
- Actual borrowings;
- Actual expenditure per vote;
- Actual capital expenditure;
- The amount of any allocations received.

The monthly section 71 has been prepared in terms of the Municipal Budget and Reporting Regulations.

DELIBERATIONS

An explanation is required of any material variances from the municipality's projected revenue by source and from the municipality's expenditure projections by vote. Any material variances from the SDBIP, and any remedial or corrective steps taken to ensure that projected revenue and expenditure remain within the municipalities approved budget.

RECOMMENDATIONS

It is recommended that the executive mayor acknowledges receipt of the report and deal with it in accordance with the relevant prescripts of the legislation.

Mayor's Report

The mayor's report accompanying an in-year monthly budget statement must provide –

a) A summary of whether the municipality's budget is being implemented in accordance with the service delivery and budget implementation plan and any service delivery agreements with municipal entities;
b) A summary of any financial problems or risks facing the municipality or any such entity: and
c) Any other information considered relevant by the mayor.

Implementation of the budget in terms of the SDBIP

There are no deviations from the service Delivery and Budget Implementation Plan and the budget is implemented according to the plan. The municipality is not facing any financial risk at the present moment.

REVENUE

Revenue by Source

Discription	Original Budget	Adjustment Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
Service Charges	445 686 301	445 686 301	154 960 277	129 564 272	9 700 542	24 841 185	15 140 643	156,08%
Interest on Investment	55 500 000	55 500 000	27 163 059	39 995 019	3 017 900	8 869 779	5 851 879	193,91%
Interest on Outstanding Debtors	23 774 945	23 774 945	11 636 040	22 536 646	1 292 800	4 018 118	2 725 318	210,81%
Grants : Operating	1 187 018 438	1 217 018 438	898 600 191	955 116 778	7 468 097	422 556 022	415 087 925	0,00%
Grants : Capital	1 232 925 000	1 232 925 000	728 572 873	859 535 079	10 833 333	181 736 837	170 903 504	1577,57%
Other revenue	2 042 429	2 042 429	371 214	207 050	61 869	42 687	(19 182)	-31,00%
Total	**2 946 947 113**	**2 976 947 113**	**1 821 303 654**	**2 006 954 844**	32 374 541	**642 064 628**	**609 690 087**	1883,24%

Service charges (water and sanitation) – Projected collections amounted to R9.7 million whilst actual collections amounted to R24.8 million resulting in a positive variance of 156.08%, caused by improved collection from government departments, business and households. The following has been introduced to encourage payment of services:

- Incentive scheme for households and businesses; and
- Introduction of Easy Pay – this assist the consumers to easily assess their accounts.

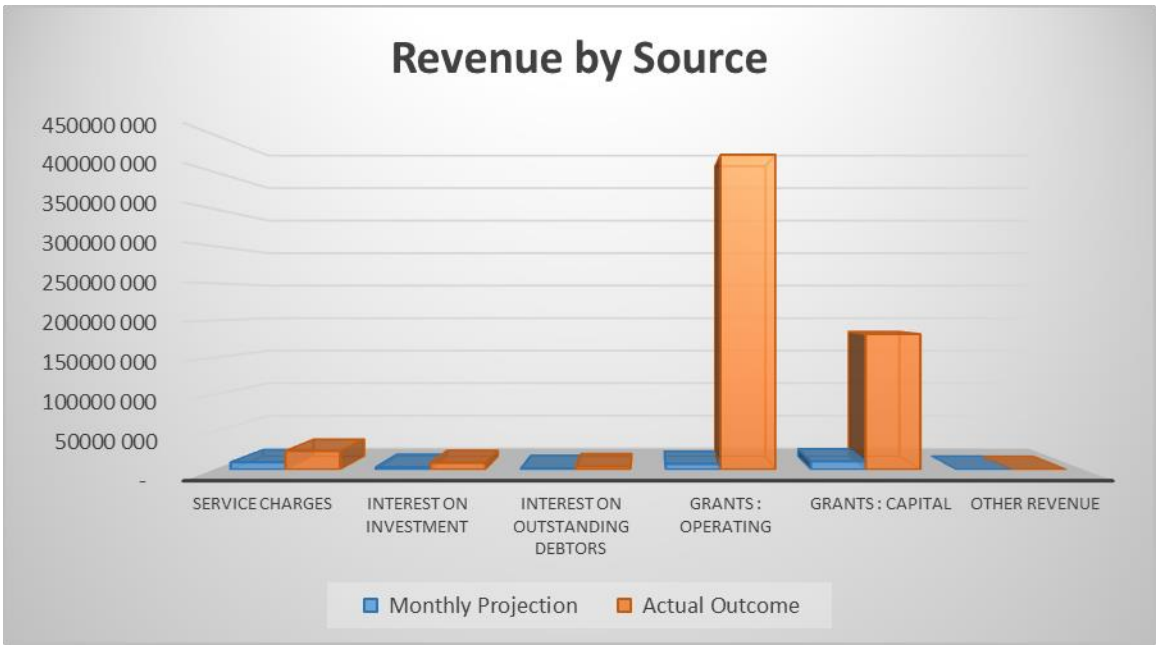
Interest on Investment – Projection is R3 million whilst the actual interest is R8.8 million resulting in R5.8 million positive variance. This is caused by the fact that the municipality has invested in high earning interest.

Interest on Outstanding Debtors – Projected at R1.3 million whilst actual interest on debtors is R4 million resulting in R2.7 million negative variance.

Grants Transfers – Operating – Projected R7.5 million and received R422.5 million for Equitable share R422.2 million and R333 311.63 for SETA. The payment schedule is not always static.

Grants Transfers – Capital – Projected R10.8 million and received R106.2 million. The amounts received are for MIG R175.9 million and Human Settlements grant R5.7 million.

Other Revenue - Projection amounted to R61 869 whilst actual revenue amounted to R42 687 resulting in a negative variance of R19 187. The variance is caused mainly by commission on handling fees in the current month.



EXPENDITURE

Operating Expenditure by type

Description	Original Budget	Adjustment Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
Employee Costs	789 233 358	789 233 358	394 617 690	380 891 478	65 769 615	62 190 355	3 579 260	5,44%
Councillor Remuneration	28 104 544	28 104 544	14 052 312	11 228 750	2 342 052	1 862 994	479 058	20,45%
Inventory consumed	194 823 199	194 823 199	54 550 008	53 322 078	9 091 668	10 817 050	-1 725 382	-18,98%
Contracted Services	109 869 081	109 869 081	58 434 706	71 305 359	8 572 451	16 887 796	-8 315 345	-97,00%
Grants and Subsidies	80 063 447	80 063 447	40 031 730	43 364 225	6 671 955	4 331 990	2 339 965	35,07%
Other Expenditure	527 148 226	527 148 226	263 574 462	114 451 601	43 929 077	35 836 269	8 092 808	18,42%
Total	**1 729 241 855,00**	**1 729 241 855,00**	**825 260 908**	**674 563 491**	**136 376 818**	**131 926 455**	**4 450 363**	3,26%

Employee costs - Projection amounts to R65.7 million whilst actual outcome amounts to R62.1 million result in the positive variance of R3.6 million. The variance is caused by savings on overtime and pension on the non-pensionable allowance.

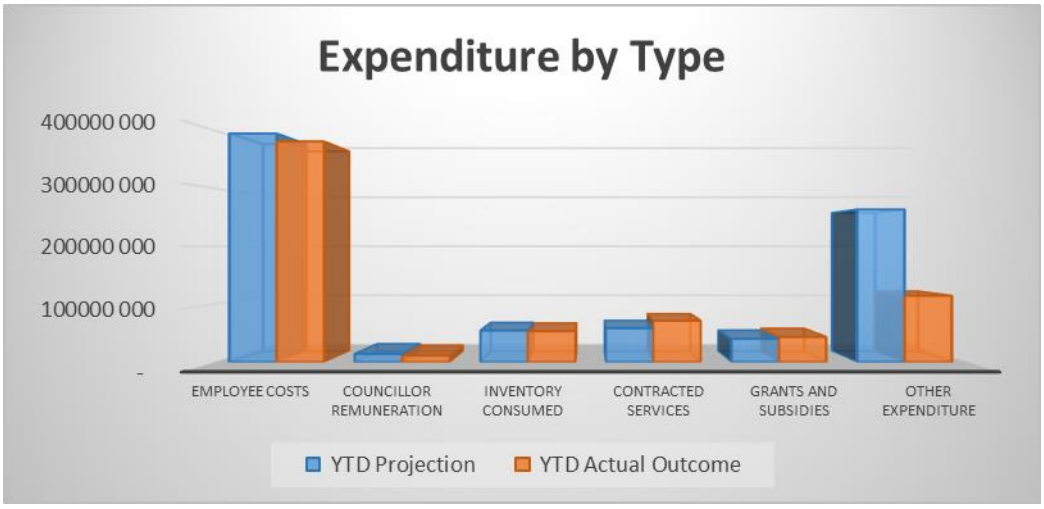
Council remuneration – Projection amounts to R2.3 million whilst actual outcome amounts to R1.8 million results in the positive variance of R479 058

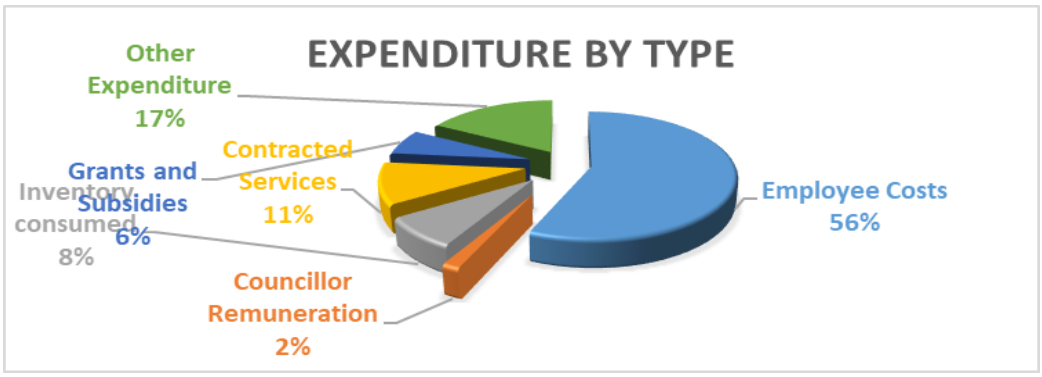
Bulk Purchases/Inventory consumed – This line item is dependent on the invoices DWA has submitted. Projections amounted to R9.1 million whilst the actual amounted to R10.8 million resulting in a R1.7 million “negative variance”.

Contracted Services – Projected at R8.5 million and actual outcome amounted to R16.8 million resulting in a negative variance of R8.3 million.

Grants and Subsidies – Projection amounts to R6.6 million whilst actual amounted to R4.3 million resulting in positive variance of R2.3 million.

Other Expenditure - Projection amounts to R43.9 million whilst actual amounted to R35.8 million results in a positive variance of R8.1 million. This caused by the fact that some invoices have not yet been received.





Repairs and Maintenance

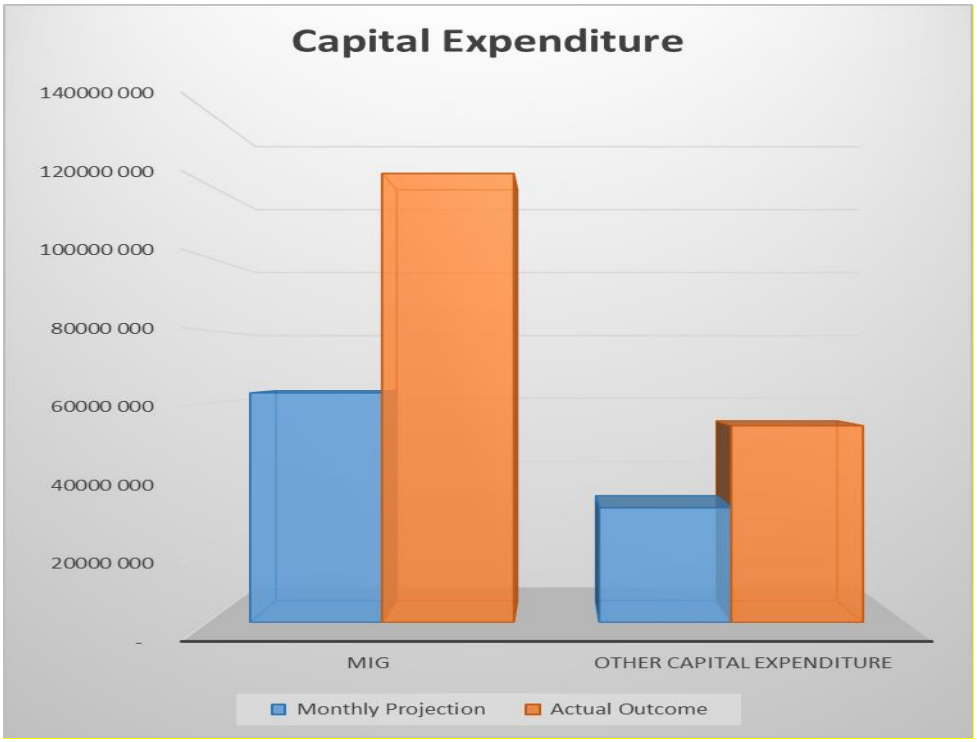
Description	Original Budget	Adjustment Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
Repairs and maintenance Buildings	11 000 000	11 000 000	5 500 000	2 061 425	916 667	454 908	461 758	50,37%
Repairs and maintenance Support to Strategic Roads	-	-	-	-	-	-	0	0,00%
Repairs and maintenance Motor Vehicles	6 665 000	6 665 000	3 332 500	2 043 481	555 417	655 800	-100 383	-18,07%
Bulk water meter - r&m	-	-	-	-	-	-	0	0,00%
Vip sludge sucking	2 088 000	2 088 000	1 044 000	-	174 000	-	174 000	100,00%
Maintenance of pipe leaks	-	-	-	-	-	-	0	0,00%
Water pump stations	-	-	-	-	-	-	0	0,00%
Spring protection	4 000 000	4 000 000	2 000 000	346 062	333 333	131715	201 618	60,49%
Sewerage pump stations	500 000	500 000	250 000	-	41 667	-	41 667	100,00%
Sewerage treatment works	-	-	-	-	-	-	0	0,00%
Materials and stores	25 000 000	25 000 000	12 500 000	13 702 780	2 083 333	1 897 343	185 990	8,93%
Sealing of reservoirs	-	-	-	-	-	-	0	0,00%
Repair of elements on treatment works	10 000 000	10 000 000	5 000 000	4 848 282	833 333	2 471 623	-1 638 289	-196,59%
Survellaince equipment maintenance	150 000	150 000	75 000	104 200	12 500	-	12 500	100,00%
Total	59 403 000	59 403 000	29 701 500	23 106 231	4 950 250	5 611 388	-661 138	-13,36%

Spent R5.6 million on repairs and maintenance in the current month which is more by R661 138 which is 13.36%.

Capital Expenditure

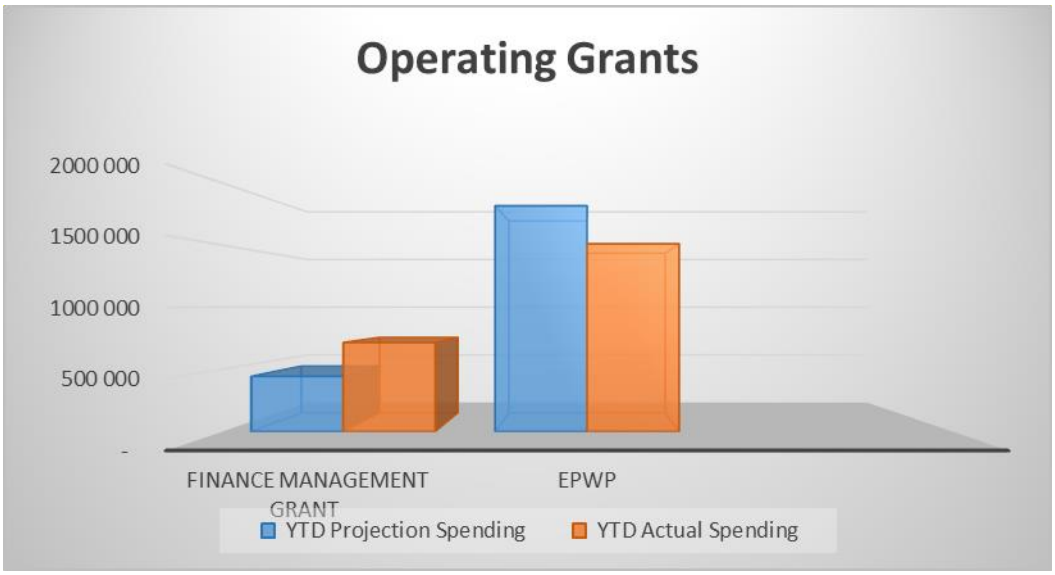
Description	Original Budget	Adjustment Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
MIG	754 481 000	754 481 000	377 240 500	396 503 729	62 873 417	122 981 068	-60 107 651	-95,60%
Other Capital Expenditure	554 155 276	584 155 276	380 909 782	153 513 152	31 434 650	53 866 658	-22 432 008	-71,36%
Total	1 308 636 276	1 338 636 276	758 150 282	550 016 881	94 308 067	176 847 726	-82 539 659	-87,52%

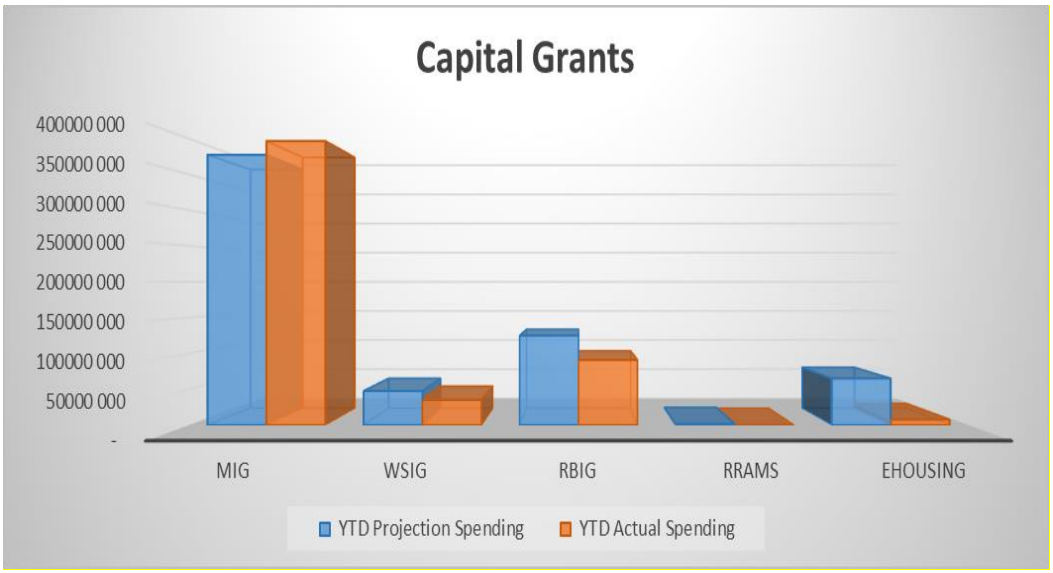
Overspending on the capital expenditure is overspent mainly due to overspending on conditional grants.



CONDITIONAL GRANTS

Grant Name	Grant Allocation	Grants Received	YTD Projection Spending	YTD Actual Spending	Spent against allocation	Varience	% Varience
Operating Grants							
Finance Management Grant	2 000 000	2 000 000	444 509	715 939	36%	(271 430)	-61,06%
EPWP	3 628 000	2 540 000	1 814 000	1 509 175	42%	304 825	16,80%
Capital Grants							
Municipal Infrastructure Grant	754 481 000	588 851 000	377 240 500	396 503 729	53%	(19 263 229)	-5,11%
Water Services Infrastructure Grant	95 000 000	59 734 000	47 500 000	35 156 766	37%	12 343 234	25,99%
Regional Bulk Infrastructure Grant	250 000 000	149 213 000	125 000 000	90 810 612	36%	34 189 388	27,35%
Rural Roads Management System	3 444 000	2 410 000	1 722 000	85 000	2%	1 637 000	95,06%
Municipal Disaster Response Grant	30 000 000	30 000 000	18 000 000	11 473 979	38%	6 526 021	0,00%
Emergency Municipal Housing Grant	130 000 000	30 019 949	65 000 000	7 599 053	6%	57 400 947	88,31%





Legislative Services

Description	Original Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
Other operating Expenditure	12 439 421	6 219 711	5 614 301	1 036 618	1 226 945	(190 326)	-18%

The table above indicates that the Legislative Services department has spent R1.2 million on operating expenditure.

Office of Executive Mayor and Executive Mayoral Services

Description	Original Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
Other operating Expenditure	11 406 197	5 703 099	7 363 364	950 516	1 583 903	(633 387)	-67%

The table above indicates that the Office of Executive Mayor has spent R1.5 million on operating expenditure.

Office of the Municipal Manager

Description	Original Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
Other operating Expenditure	20 635 709	10 317 855	10 644 556	1 719 642	3 033 999	(1 314 356)	-76%

The table above indicates that the Office of Municipal Manager has spent R3 million on operating expenditure.

Corporate Services

Description	Original Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
Other operating Expenditure	73 536 648	36 768 324	27 334 251	6 128 054	3 670 503	2 457 551	40%
Capital Expenditure	13 310 075	6 655 038	5 300 814	1 109 173	415 800	693 373	63%

The table above indicates that the Corporate Services has spent R3.6 million on operating expenditure.

Underspent by R693 373 or 63% on capital expenditure during the month.

Budget and Treasury Office

Description	Original Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
Other operating Expenditure	49 618 295	24 809 147	29 505 476	4 134 858	5 710 305	(1 575 448)	-38%
Capital Expenditure	11 500 000,00	5 750 000	3 134 241	958 333	193 600	764 733	80%

The table above indicates that the Budget and Treasury Office has spent R5.7 million on operating expenditure.

Capital Expenditure is underspent by R764 733 or 80% during the month.

Rural Economic and Developmental Planning

Description	Original Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
Other operating Expenditure	78 292 867	39 146 434	43 953 291	6 524 406	4 767 275	1 757 130	27%

The table above indicates that the Rural Economic and Developmental Planning has spent R4.7 million on operating expenditure.

Community Services

Description	Original Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
Other operating Expenditure	95 585 636	47 792 818	35 319 229	7 965 470	6 706 047	1 259 422	16%
Capital Expenditure	6 250 000	3 125 000	-	520 833	-	520 833	100%

The table above indicates that the Community and Social Services has spent R6.7 million on operating expenditure.

Underspent by R520 833 or 100% on expenditure on capital budget

Human Settlements

Description	Original Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
Other operating Expenditure	5 455 615	2 727 808	497 045	454 635	190 280	264 354	58%
Capital Expenditure	130 000 000	65 000 000	7 599 053	10 833 333	3 161 593	7 671 741	71%

The table above indicates that the Human Settlements has spent R190 280 on operating expenditure.

Underspent by R7.6 million or 71% on capital expenditure.

Water and Sanitation Services

Description	Original Budget	Adjustment Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
Other operating Expenditure	532 853 042	532 853 042	266 426 521	121 872 181	44 404 420	40 478 260	3 926 161	9%
Capital Expenditure	1 133 382 200	1 163 382 200	566 691 100	531 580 223	94 448 517	173 686 134	(79 237 617)	-84%

The table above indicates that the Water Services has spent R40.4 million on operating expenditure.

Overspent by R79.2 million on capital budget which constitutes 84%.

Technical Services

Description	Original Budget	YTD Projection	YTD Actual Outcome	Monthly Projection	Actual Outcome	Monthly Variance	Monthly Variance %
Other operating Expenditure	11 665 000	5 832 500	2 157 912	972 083	505 588	466 495	48%
Capital Expenditure	21 444 000	10 722 000	4 854 112	1 787 000	-	1 787 000	100%

The table above indicates that the Technical Services has spent R505 588 on operating expenditure.

Capital expenditure is underspent by R1.7 million which constitutes 100%.

Cash and Cash Equivalent

For the main account, balance as at 31st December 2025 amounted to R34.4 million.
Call and short term investment accounts amounted to R1.41 billion invested in: -
First National Bank – R738.3 million
Standard Bank -- R677.3 million

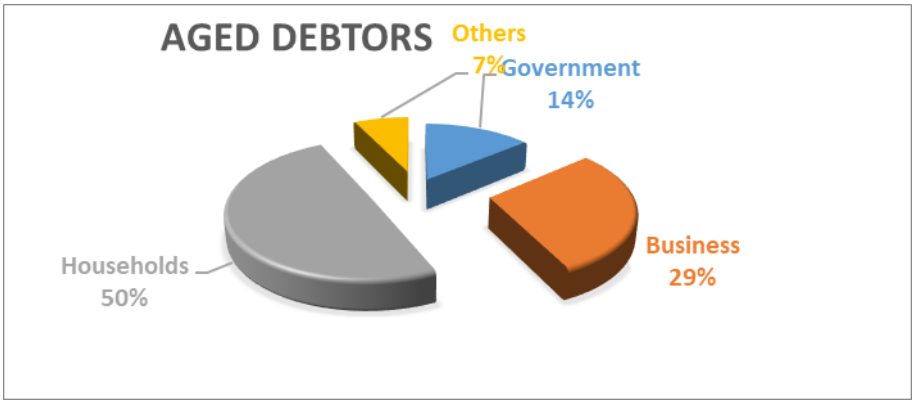
Ratios

PERFORMANCE INDICATOR	NORM	2020/21 AUDIT OUTCOME	2021/22 AUDIT OUTCOME	2022/23 AUDIT OUTCOME	2023/24 AUDIT OUTCOME	2024/25 AUDIT OUTCOME	DEC 2025
Operating Revenue	n/a	2,023,411,613	1,890,111,176	2,284,427,156	2,467,064,869	3,136,875,993	1,725,202,343
Operating Expenditure	n/a	(1,780,063,028)	(1,600,460,325)	(1,733,128,592)	(1,989,987,996)	(2,246,099,673)	(688,905,782)
Operating Surplus / (Deficit) - GRAP	n/a	243,348,585	289,650,851	551,298,564	477,076,873	890,776,320	1,036,296,561
Operating Surplus / (Deficit) Ex. Capital revenue recognised	n/a	-	-	(213,079,386)	(432,381,127)	(218,478,882)	502,266,475
Capital Expenditure	n/a	(570,475,173)	(491,302,262)	(520,827,858)	(624,495,902)	(826,891,262)	(450,236,574)
Cash / Cash Equivalents at the year end	n/a	397,403,054	383,801,357	464,155,458	468,035,695	764,666,192	1,434,993,487
Conditional Grant Performance	100%	77%	75%	87%	100%	100%	65%
Current Ratio	2 : 1	0.69 : 1	0,7 : 1	1.05 : 1	1.58 : 1	1.8 : 1	2.38 : 1
Cash / Cost Coverage Ratio	1 - 3 Months	1 Month	2 Months	3 Months	4 Months	5 Months	20 Months
Collection Rate	95%	75%	54%	57%	50%	66%	67%
Debt to Revenue Ratio	=< 45%	0%	0%	0%	0%	0%	0%
Outstanding Debtors	30 days	195 Days	185 Days	197 Days	150 Days	121 Days	233 Days
Outstanding Creditors	30 days	93 Days	171 Days	107 Days	66 Days	117 Days	177 Days
Debt to Assets Ratio	> 1	1 : 6.8	1 : 8,08	1 : 11.68	1 : 15.77	1 : 12.15	1 : 11.83
Remuneration to Operating Expenditure	25 - 40%	44%	47%	42%	38%	35%	64%
Opex to Revenue (with EQS)		-	-	122%	129%	129%	58%
Opex to Revenue (without EQS)		-	-	467%	473%	415%	289%
Contracted Services % of Total Operating Expenditure	2% - 5%	-	-	10%	7%	6%	10%

Debtors

Category	0 – 30 Days	31 -60 Days	61 -90 Days	91 -120 Days	121 -150 Days	151 - 180 Days	181 - 1 Year	Over 1 Year	Total
Government	18 054 955	7 831 998	3 116 559	2 788 161	4 774 932	1 876 683	27 889 412	44 702 366	111 035 066
Business	16 484 656	5 973 290	4 996 023	4 842 098	5 639 459	4 789 406	66 175 491	122 724 164	231 624 587
Households	20 713 340	10 042 991	10 036 429	9 373 024	11 371 662	7 017 831	107 446 974	218 644 179	394 646 430
Others	8 505 479	2 318 873	2 008 716	1 457 526	1 619 957	1 079 429	16 203 703	23 890 163	57 083 846
Total	**63 758 430**	**26 167 152**	**20 157 727**	**18 460 809**	**23 406 010**	**14 763 349**	**217 715 580**	**409 960 872**	**794 389 929**

Debtors for December 2025 amount to R794.3 million which increased by 0.014% as compared to November 2025 debtors of R783.3 million.



Detailed Debtors

Sector	MONTHS	-	1,00	2,00	3,00	4,00	5,00	6,00	12,00	17,00	
	DAYS	CURRENT	30,00	60,00	90,00	120,00	150,00	180,00	360,00	credit	TOTAL (Rands)
	Debtors Balance as at 31st December 2025										
Domestic		9 976 722,80	9 570 551,50	9 423 533,84	9 418 572,42	8 873 429,77	10 855 199,59	6 894 510,83	69 987 291,17	-9 587 291,64	**385 998 956,01**
Government		7 233 471,33	6 858 695,54	5 779 196,43	1 117 406,26	829 417,20	1 048 250,00	483 116,45	5 256 210,26	-1 624 999,98	**42 339 419,96**
Business		8 938 790,96	7 545 864,94	5 973 289,60	4 996 022,56	4 842 097,60	5 639 458,80	4 789 405,94	42 631 332,56	-2 641 181,53	**231 624 586,61**
Municipality		2 053 957,02	1 908 831,08	2 052 801,98	1 999 152,78	1 958 744,24	3 726 682,08	1 393 566,90	12 302 515,22	-1 533 773,15	**68 695 646,23**
School		5 345 697,21	2 762 656,52	2 107 175,46	1 847 850,02	1 293 487,93	1 445 507,65	945 587,14	9 340 234,54	-457 320,27	**46 172 324,40**
Church		191 282,03	205 844,24	211 697,34	160 865,94	164 037,31	174 449,56	133 842,25	1 736 528,39	-234 284,90	**10 911 522,07**
Indigent		486 385,74	490 885,86	516 512,26	493 346,25	418 873,92	419 794,76	70 657,51	637 344,61	-208 008,41	**5 693 067,54**
Councillor		36 177,40	13 987,09	39 021,08	53 774,50	25 588,59	26 252,67	0,00	0,00	0,00	**194 801,33**
Staff Members		74 028,74	64 600,15	63 923,79	70 736,04	55 131,94	70 415,14	52 662,41	752 921,45	-51 426,95	**2 759 604,97**
GRAND TOTAL		**34 336 513,23**	**29 421 916,92**	**26 167 151,78**	**20 157 726,77**	**18 460 808,50**	**23 406 010,25**	**14 763 349,43**	**142 644 378,20**	**-16 338 286,83**	794 389 929,12

- The debtors balance has increased by R11M when compared to previous Month (November 2025) and increased by R60M from the first quarter of 2025/2026.
- Management implemented the Credit control and Debt collection policy by disconnecting water services. Meetings have been held with different government department and payments been done.
- As part of enhancing implementation of credit control and debt collection policy, categorization of top 200 accounts, other high-risk debtors and staff debtors was done, and they were served with s129 demand letters. Debtors that did not respond to the demand letters had their services disconnected and as a result acknowledgement signing of debtors has increased. Services are reconnected only on completion of arrangement to settle/ and or settlement and payment of reconnection fees. The debt collection is proceeding to the legal processes for those that did not respond to neither letters of demand nor disconnections.
- A settlement agreement for consideration by KSD and ORTDM was presented and signed by both Municipalities. ORTDM has already paid a portion of the outstanding debt as agreed. Supporting documents for payment purposes were submitted in December 2025 to KSDLM and preparations for payment are still in progress
- Revenue Improvement plan was developed and presented to management with the aim of reducing debt. External service providers

have been appointed to assist with debt collection; (water) meter and toilets verification respectively. Meter installation and / or replacement has commenced and still in progress.

- The biggest debt is from households (48.59%), followed by businesses (29.15%).

Creditors

Creditors for December 2025 amounted to R35.7 million. For more details, please refer to the summarised creditor's age analysis sheet as at 31st December 2025 below:

		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
0100	BULK ELECTRICITY	-	-	-	-	-	-	-	-	-
0200	BULK WATER	336 407,40	-	-	-	-	-	-	25 011 191,16	25 347 598,56
0300	PAYE DEDUCTIONS	-	-	-	-	-	-	-	-	-
0400	VAT (OUTPUT LESS INPUT)	-	-	-	-	-	-	-	-	-
0500	PENSIONS / RETIREMENT DEDUCTI	-	-	-	-	-	-	-	-	-
0600	LOAN REPAYMENTS	-	-	-	-	-	-	-	-	-
0700	TRADE CREDITORS	8 469 684,62	77 645,70	135 008,99	619 365,67	-	-	-	-	9 301 704,98
0800	AUDITOR GENERAL	1 106 606,97	-	-	-	-	-	-	-	1 106 606,97
0900	OTHER	-	-	-	-	-	-	-	-	-
		9 912 698,99	77 645,70	135 008,99	619 365,67	-	-	-	25 011 191,16	35 755 910,51
		28%		72%						

The top five creditors in this month are:

- Department of Water Affairs R25.3 m;
- KSD Municipality R1.7 m;
- Manco R1.3 m;
- Magna Corp R1,15 m;
- Auditor General R1.1 m;

The biggest creditors are Department of Water Affairs for bulk water and KSD municipality for electricity.
The municipality entered into an incentive scheme offered by DWS in which municipal debt will be written off after the municipality has demonstrated a change in behaviour through paying its current invoices for twelve (12) consecutive months after which one third (1/3) of its arrear debt will be written off. The debt is constantly being serviced on receipt of the invoices.
A settlement agreement for consideration by KSD and ORTDM was presented and signed by both municipalities. ORTDM has already paid a portion of the outstanding debt as agreed. Supporting documents for payment purposes were submitted in December 2025 to KSDLM and preparations for payment are still in progress.

The municipality and ESKOM have entered into an agreement to make payments using debit order so that the municipality is not charged interest.

Summary Section 66

EXPENDITURE	EXPENDITURE DECEMBER 2025	MONTHLY BUDGET	% OF BUDGET SPENT
Salaries and wages	46 532 585,30	48 291 907	96%
Contributions for pensions & medical aid	8 657 606,77	9 175 498	94%
Travel, motor car allowances	3 759 511,13	4 567 484	82%
Housing benefits and allowances	2 094 218,74	2 321 412	90%
Overtime payments	3 791 575,07	2 003 632	189%
Cellphone	537 382,58	532 628	101%
UIF	203 958,43	264 142	77%
SALGBC	12 625,30	14 252	89%
Skills Development Levy	544 678,48	679 800	80%
Group Life insurance	1 829 110,51	1 081 388	169%
Leave Pay	427 942,51	678 554	63%
Post Retirement Benefit	43 462,90	74 031	59%
Long Service	333 734,16	22 286	1497%
Acting Allowance	23 028,00	42 647	54%
Total expenditure	**68 791 419,88**	**69 749 661,50**	**99%**

The municipality has spent 99% of its total budget for December 2025.

Asset management

ASSETS VALUES AS AT 31 DECEMBER 2025

ASSET TYPES	Opening Balance	Additions	Impairment	Depreciation	Closing Balance
TRANSPORT ASSETS	37,673,848.60	2,290,085.47	0.00	-3,693,798.66	36,270,135.41
OFFICE AND FURNITURE EQUIPMENT	7,573,989.87	907,340.00	0.00	-1,015,134.54	7,466,195.33
COMPUTER EQUIPMENT	11,687,108.87	1,592,816.74	0.00	-1,834,988.43	11,444,937.18
MACHINERY AND EQUIPMENT	949,899.30	0.00	0.00	-145,577.64	804,321.66
BUILDINGS	69,293,853.68	0.00	0.00	-1,389,785.93	67,904,067.74
HERITAGE ASSETS	247,025.00	0.00	0.00	0.00	247,025.00
INFRASTRUCTURE ASSETS	7,504,227,934.88	0.00	0.00	-221,539,862.12	7,282,688,072.76
WIP	1,239,128,200.54	299,001,011.27	0.00	0.00	1,538,129,211.81
INTANGIBLE ASSETS	2,185,996.71	0.00	0.00	-489,906.39	1,696,090.32
LAND	13,798,000.00	0.00	0.00	0.00	13,798,000.00
FINANCE LEASE	3,196,480.63	0.00	0.00	-1,104,154.70	2,092,325.93
	8,802,318,040.96	**303,791,253.48**	**0.00**	**-231,213,208.41**	**8,962,540,383.15**

The municipality has both movable and immovable asset registers.

Asset Additions

Office Furniture and 52 laptops were delivered to the municipality.

Assets Verification

Movable Asses

No verification for this month.

Infrastructure Assets

Verification of AG Opening Balance.

WIP AND Completed Projects

No verification for this month.

Asset Losses

No asset losses were reported this month.

Insurance claims

One motor accident was reported this month.

Repairs and Maintenance

There are fifty two (52) vouchers that needs to be inspected to confirm if they are correctly classified.

Asset Reconciliation

The reconciliation of registers and general ledger is performed, and differences are followed up with the relevant official and corrections were made where necessary.

mSCOA Compliance

The municipality has complied in December 2025 with the submission of monthly mSCOA data strings. The actuals, aged debtors and aged creditors, virements, quarterly investments and borrowings were successfully uploaded on the 13th January 2026.

Progress on the audit

AGSA commenced with Audit execution with issuing RFIs on 04th August 2025 and kick off meeting was held on 07th August 2025 at MMs boardroom. For the duration of the audit, there were 90 RFIs issued, 31 COAFs, 3 COAFs for project performance, 1 COAF for ICT, 1 COAF for investigation in Coffee Bay WTW.
During November, AGSA presented a draft audit report which was subsequently signed off on the 29th November 2025. AGSA expressed an Unqualified audit opinion with emphasis of matter. In the audit report, AG emphasised

- Internal control deficiency
- Lack of proper reviews on preparation of AFS
- Not paying creditors within 30 days.
- Low revenue collection resulting in huge write offs.
- Lack of preventing UIFW more especially unauthorised expenditure and fruitless and wasteful expenditure.

Debtors and Indigent

Debtors for December 2025 amounts to R794.3 million.

Indigent Report:

Indigent Register is reviewed on a monthly basis. Indigent Register has **422** certified indigents thus far 30 December 2025. The section has embarked on an exercise to reconcile the Indigent Registers of Local Municipalities with the one from the District.
The district municipality is working with the local municipalities to consolidate the indigent registers. COGTA plays an oversight role for the implementation of the indigent policy. FBS forum for quarter four sat on 18/09/2025. Indigent policies will be reviewed and aligned for all municipalities in the ORTAMBO region so as to be able to develop a district wide register.
A call to invite indigent applications has been done through the municipal social media platform.

Cost benefit

The municipality has collected R642 million in the month of December 2025 and R33.7 million when excluding interest from debtors and capital and operating grants. The total operating expenditure for December 2025 is R131.9 million of which R33.7 million is funded from own revenue and the remainder of R98.2 million is funded by equitable share. The municipality has an approved cost containment policy which was approved by council in September 2023.

Financial Recovery Plan

On 15 May 2025, MEC approves the migration from Phase 1 (Financial Rescue) to phase 2 (stabilisation phase). The municipality started implementing Phase 2 activities immediately. Institutional out of 151 implementation plan activities, 76 have been completed. A further 62 activities are in progress, while 13 activities haven't commenced. Financial viability pillar status quo as at October 2025-out of 41 Activities its 26 activities completed,13 activities in progress and 2 activities not yet started. On the last meeting the is a resolution that Provincial Treasury must provide critical issues or areas to move to the next phase on FRP. Notably, the O.R. Tambo District Municipality is now recognised as the best-performing municipality among all those placed under the mandatory Financial Recovery Plan nationally.

Unauthorized Expenditure

The Municipality has incurred no unauthorized expenditure during the month of December 2025 including in the current financial year.

Cost Containment

Measures	**Budget**	**December 2025**	**Savings**	
Use of consultants	R11 243 160.00	R753 550.06	R183 379.94	
Vehicle used for political office bearers.	R0	R0	R0	
Travel and Subsistence	R465 000.00	R247 096.36	R0	
Domestic Accommodation	R12 800 540.00	R728 548.87	R338 162.80	
Sponsorships, Events and catering	R17 622 367.00	R2 228 409.86	R0	
Communication	R3 552 000.00	R286 416.00	R9 584.00	
Other related expenditure items	R0	R0	R0	
Total	R45 683 067.00	R4 244 351.15	R531 126.74	

Revenue Management

Billing is done on a monthly basis and credit control and debt collection policy enforced on accounts that are in arrears. The target date being the 4th of each month. December 2025 billing was finalized on 09/01/2026. December billing is based on average reading due to the festive season having less working days

thus affecting the billing cycle. The averages will be reversed in January when the actual reading have been done. Debt book is at **R 794 389 929,12** with a 1.39% increase from November 2025 age analysis and 4% from Q1 closing balance of R **759 524 278,19**.

Billing of Peri-urban

Properties in peri-urban are billed monthly using a flat rate as follows:

Rural - Peri Urban Business	**TARIFF 2025/26**
- **Student Residents**	
- 20 rooms and more	3 650,50
- 10 rooms and more	2 800,00
- Less than 10 rooms	2 200,00
- Hotels/Bread and Breakfast	
- 20 rooms and more	3 000,00
- 10 rooms and more	2 500,00
- Less than 10 rooms	2 000,00
- Brickmaking	2 607,50
- Warehouses	1 564,50
- Car Washes	806,47
- Other	806,47

Due to challenges relating to collection of data, the maximum tariffs for Student Residents and Hotels/ Bead and breakfast, R3650,5 and R3000.00 respectively, are used for billing purposes. Information for student accommodation service providers was requested and submitted by WSU in October 2025 and the municipality is in the process of creating the account and physical verification of the affected properties. Tariffs will be updated on completion of the process

(creation of accounts and verification). Consultative meeting is arranged with peri urban business owners with the aim of enforcing credit control.

PROGRESS ON IMPLEMENTATION OF THE REVENUE IMPROVEMENT PLAN

INTRODUCTION

- The municipality developed a strategy to improve revenue collection.
- The main revenue base of the municipality is water and sanitation (trading services).
- The bulk of the revenue base is in KSD LM and PSJ LM respectively. The other locals contribute an insignificant amount.
- Majority of consumers are in the rural areas and Peri-urban wherein there are illegal and / or unauthorised connections.

AIM

- Strengthen the revenue base.
- Reduce debtors balance and / or age analysis.
- Improve the internal control environment and relations with other stakeholders.

ROLE PLAYERS

- Infrastructure - Partner
- Corporate services - ICT infrastructure and tools of trade
- Community services – Partner to help with more revenue streams (fire levy, by laws)
- Council - Continuous awareness campaigns
- Community - Customers

DATA MANAGEMENT AND INDIGENT

FOCUS AREA	STRATEGY/ACTIVITY	TIMEFRAME	PROGRESS TO DATE	ASSISTANCE REQUIRED
LMs valuation rolls to update and maintain database	• Reconciliations • Appointment of service to conduct physical verification • Deeds verification • Creating accounts • Continuous data cleansing.	Ongoing 3rd quarter (service provider)	• All valuation rolls have been compared with the billing data. • Conducted physical verification based on the exception reports. • Accounts have been created from the exception reports. Verification is still in progress. • Services provider to assist with verification has been appointed. • Where verification has been completed, job cards are prepared to install the	None

			meters	
Indigent register	• Collaboration with LMs (district wide register). • Policy awareness • Collaboration with COGTA	Ongoing 3rd to 4th quarter	• Working with COGTA on all indigent related matters. • FBS District forum sat on 18/09/2025. All local municipalities were in attendance. • Attended indigent committee meetings as follows: 15/07/2025 IHLM 10/09/2025 for KSD LM 18/09/2025 KSD LM (speakers outreach) • Policies for the district and LMs to be reviewed to address misalignment affecting the registers. • Policy awareness is done through customer care drives which were held as	Communications COGTA

			follows: 29/03/2025 Mhlontlo LM 02/04/2025 PSJ LM 24 April 2025 IHLM 23 July 2025 Nyandeni LM	

BILLING

FOCUS AREA	STRATEGY/ACTIVITY	TIMEFRAME	PROGRESS TO DATE	ASSISTAN REQUIRED
Monthly meter readings	• Term contract for water meters • Maintenance plan for water meters • Two additional plumbers • Shorter turnaround time on queries (SOP) • Smart meter pilot	• Ongoing • Ongoing • 4th quarter (2024/25)	• Meters are currently being procured under the existing panel of service providers. • I,W&S is providing plumbers on request. • SOP for Revenue management unit has been reviewed and approved on 29 May 2025 • Meters were procured and delivered on 23 June 2026 . List	Infrastructu

			of replacements has been submitted to infrastructure. Revenue improvement committee has been established to oversee collaboration and cooperation between BTO and infrastructure.	
Monthly billing	• Upgrade of system and servers. • Development of tariffs for other services	2025-26 FY	• Servers have been procured and reconfigured. Reconfiguration was cfompleted June 2025. Data migration started in July 2025, testing was done on 06/09/2025 and went live on 08/09/2025 • Municipal health services, Fire services and Recycling tariffs have been developed and approved by	ICT Community services

			Council for implementation in 2025/26 financial year. • Tariffs were loaded onto the system and are being implemented.	
• Monthly billing of peri-urban Non-billing of RDP houses	• Public participation • Commencement of billing for RDP houses	• 3rd quarter (peri urban);	• Consultation with Peri urban business owners in Zimbane was held on: 19 March 2025 and 05 May 2025 • Data collection and verification for businesses in Zimbane is in progress. In collaboration with WSU to obtain data for Peri-urban businesses • 50% debt write off for businesses in Peri-urban to be tabled to Council for consideration.	Communica

		• 2025-26 FY (RDP houses)	• Consulted with business owners on 16/09/2025 to communicated enforcement of credit control and debt collection policy and handover of accounts that are not serviced. • Consultation for RDP houses has not yet commenced. Plan has been developed and being reviewed for implementation.	

CREDIT CONTROL

FOCUS AREA	STRATEGY/ACTIVITY	TIMEFRAME	PROGRESS TO DATE	ASSISTANCE REQUIRED
Monthly delivery of statements (emails and	• Procurement of ICT working tools	3rd quarter	• Specialized printer will no longer be	Corporate service-ICT Communication

hand delivery) Use of consumer portal Use of easy-pay	(printers) • Upgrade of ICT infrastructure • Renovation of satellite offices • Public awareness (Easy-pay)		procured as the municipality has opted for online services (Portal and Easy-pay). • Statements are physically delivered to Government departments and businesses. • Servers have been procured and reconfigured. Reconfiguration was completed June 2025. Data migration started in July 2025, testing was done on 06/09/2025 and went live on 08/09/2025 • ICT infrastructure (cabling installation) has not been done on satellite	s (public participation)

			offices due state of municipal buildings. • Renovation of satellite offices has been included in the 2025/26 budget and plans are underway • Majority of employees have received laptops. • Easy pay and portal are currently in use for accessing customer statements. • Awareness is done through customer care drives which were held as follows: Mhlontlo LM 29/03/2025 - PSJ LM 02/04/2025 IHLM	

			24 April 2025 Nyandeni LM 23/07/2025 KSDLM 18/09/2025	
Implementation of credit control and debt collection policy	• Appointment of debt collector • Write offs • Incentives/discount schemes • Segmenting of customers • Tracking of current service provider bills • Employees required to make payment arrangements to settle outstanding accounts	3rd quarter	• Debt collector appointed in October 2024. • Handover of arrear debt started on 03 March 2025. Hand over for September 2025 has been done as follows: <90 days debt R629 098 129.59 Collection R5 670 385.58 (still under verification) • Report for write off was developed and approved by Council in June 2025 • Incentives/ discount schemes included in approved	Corporate service-ICT Communications (public participation)

			policies for implementation in 2025/26. • Customer segmenting has been done and categorised according to recoverability • Obtained the contract register and compared with billing database. Linkage was unsuccessful as the billing database does not have companies with active accounts. Consulting with SCM. • All employees whose accounts are in arrears were served (in August 2025) with section 129 demand letters. Arrangements have been done.	

			Disconnections for those who did not honour those accounts nor acknowledge the debts were commenced with in September 2025. • High consumption accounts are monitored on a monthly basis and disconnections are done for the consumers who don't reply to the letters.	

SUMMARY OF ACHIEVED TARGETS

- Procurement of ICT servers
- Appointment of debt collector
- Appointment of service provider for verification of meters
- Review of Policies and SOPs
- Policy awareness/ customer care awareness
- Procurement of meters
- Establishment of Revenue improvement steering committee
- Allocation of laptops to employees

- Review and analysis of age analysis and write offs
- Consultation with Per-urban business owners
- Peri-urban billing and implementation of credit control and debt collection policy
- Continued use of Easy pay and municipal portal
- ICT infrastructure (cabling) in main building

PROGRESS REPORT ON THE MATERIAL IRREGULARITY

During the 2023/24 audit, management submitted exception reports to Auditor General SA (AGSA) resulting from the reconciliations of the local municipalities' valuation rolls and debtors Masterfile as a measure that was been introduced to determine the completeness of billing information. There were gaps that were identified on the correction of exceptions that resulted to a communication of finding on revenue loss.

The

The following has been done (with the aim of ensuring that the ORTDM fully accounts for all the customers that are provided access to water and sanitation as municipal services) to attend to planned correctional steps:

ACTION	DETAILS	START DATE	END DATE	RESOURCES REQUIRED	PRORESS TO DATE
Reconciliation of valuation rolls and billing information	Reconciliation of valuation rolls, Supplementary rolls, and debtors Masterfile.	Started in 2023/24 financial year.	Annually	Internal staff	• Reconciliation between valuation rolls and debtor Masterfile were done. The reconciliations were

					performed for the following municipalities: Nyandeni LM Mhlontlo LM Ingquza Hill LM PSJ LM KSD LM • Exception reports were generated from the reconciliation • Physical verification has been done (Internally-ongoing and external service provider) for local municipalities. • Accounts have been created from the exception reports. Verification is still in progress.
Phasing of data cleansing	Review of Masterfile. Categorization of customer	03 March 2025	23 December 2025	Outsourced	• Masterfile was reviewed with the assistance of the debt

	data and accounts. Tariffs linked to the correct services and debtor type.				collector. • Customers have profiled categorised according to recoverability. • Reconciliation and linkage of accounts is done monthly and is on-going.
Asset and property verification	Property verification per local municipality. Existence and level of servitude. Meter audit.	09 January 2025	07 January 2028	Internal and outsourced	• Physical verification for meter audit, level of servitude has been completed for PSJ LM; Mhlontlo LM; IHLM; KSD and Nyandeni LM. • Accounts have been created from the exception reports. Verification is still in progress.
Update and review of SoP	Review of SoP for relevance.	13 January 2025	30 June 2025	None	• SOPs have been reviewed.

Procurement of water meters	Replacement of faulty meters. New installations.	Started in 2023/24 financial year.	Annually	Outsourced	• Identified faulty meters through billing processes. • Meters were procured and delivered to the municipality on 23/06/2025. • Revenue improvement committee has been established to oversee collaboration and cooperation between BTO and infrastructure. List of meters that need replacement has been submitted to Infrastrucure.
Physical verification	• Property verification, reconciliation of valuation rolls and deeds	Started in 2023/24 financial year.	Annually	Internal and outsources	• Reconciliation of valuation rolls, and Masterfile has been done. The reconciliations were performed for the following

	search.				municipalities: Nyandeni LM Mhlontlo LM Ingquza Hill LM PSJ LM KSD LM • Accounts have been created from the exception reports. Verification is still in progress. • 100% physical verification on billable areas in each LM has been done except for KSD LM - Mthatha
Review of policy	- All revenue policies will be reviewed as part of IDP and budget process. - No	30 May 2025	Annually	Internal	• Policy has been reviewed and approved by Council.

	accounts will be opened without necessary supporting documents.				

SUMMARY OF ACHIEVEMENTS

- Appointment of service for provider for verification of meters, servitude and number of toilets per property
- Reconciliation of Local Municipality valuation reports and generation of exception reports
- Verification of meters, servitudes and number of toilets
- Opening of accounts and billing
- Procurement of meters
- Establishment of Revenue Improvement steering committee
- Review and approval of policies