MNQUMA

LOCAL MUNICIPALITY

BTO REPORTS TO
~~BTO~~ COUNCIL
FOR THE QUARTER ENDING 30 JUNE 2026

Compiled By:

M. Matomane
Chief Financial Officer

Signed by:

S. Mahlasela
Municipal Manager

Endorsed by:

Cllr. Z. Sobekwa
Portfolio Head: BTO

Recommended by:

Cllr. T. Nkamisa
Executive Mayor

QUARTERLY REPORT FOR THE QUARTER ENDING 30 JUNE 2026

1. PURPOSE

The purpose of the report is to present the implementation of the budget and the financial state of affairs of the municipality for the quarter ending 30 June 2026.

2. LEGAL AND OR STATUTORY REQUIREMENT

In terms of section 52(d) of the Municipal Finance Management Act No. 56 of 2003, the Mayor of a municipality must within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and financial state of affairs of the municipality.

3. BACKGROUND EXPOSITION, FACTS AND OR PROPOSAL

The Municipality adopted the MTREF budget for 2025-2026 on the 29th May 2025, 1st adjustment budget was approved in July 2025 and the 2nd adjustment was approved in January 2026.

The report presents the implementation of the approved budget including the financial performance and financial position of the municipality for the quarter ending 30 June 2026.

The report further gives detail on the implementation of finance related policies as approved by council.

4. REVENUE COLLECTION, DEBT MANAGEMENT AND INDIGENT POLICY IMPLEMENTATION

4.1 REVENUE COLLECTION

Revenue is collected as per the approved policies. The property rates policy, credit control and debt management policy and the indigent policy were adopted by Council and are implemented. Properties are billed according to the 2025-2026 approved tariff structure. All properties are billed as per the values on the general valuation roll 2024. Supplementary valuation roll was performed and completed on 30 April 2026. A notice calling for inspection of supplementary valuation roll was advertised in the Daily Dispatch and Government Gazette on the 18th May 2026. The table below shows comparison of budgeted revenue with actual revenue as at 30 June 2026:

Description R thousands	Adjusted Budget R'000	YearTD actual R'000	YearTD budget R'000	YTD variance R'000	YTD variance %
Revenue					
Exchange Revenue					
Service charges - Waste management	25,000	17,531	25,000	(7,469)	-30%
Sale of Goods and Rendering of Services	16,357	14,856	16,357	(1,501)	-9%
Agency services	2,643	2,378	2,643	(265)	-10%
Interest earned from Receivables	18,000	18,077	18,000	76	0%
Interest from Current and Non Current Assets	20,000	12,255	20,000	(7,745)	-39%
Rental from Fixed Assets	5,710	6,161	5,710	451	8%
Licence and permits	6,879	2,181	6,879	(4,698)	-68%
Operational Revenue	2,581	1,556	2,581	(1,025)	-40%
Non-Exchange Revenue			–	–	
Property rates	120,000	82,917	120,000	(37,083)	-31%
Fines, penalties and forfeits	23,111	25,872	23,111	2,761	12%
Transfers and subsidies - Operational	351,607	348,810	351,607	(2,797)	-1%
Gains on disposal of Assets	2,052	162	2,052	(1,890)	-92%
Other Gains	2,000	–	2,000	(2,000)	-100%
Total Revenue (excluding capital transfers and contributions)	**595,941**	**532,757**	**595,941**	**(63,184)**	**-11%**

Year to date actual revenue is R 532 757 000, which is 11% less than the targeted budget of R 595 941 000 due to the reasons stated below:

Service charges – Waste Management

Year to date actual is sitting at R 17 531 000, which is 30% less than the targeted amount of R 25 000 000. Variance is due to a lower billing base than anticipated.

Agency Services

Year to date actual is sitting at R 2 378 000 which is 10% less than the targeted amount of R 2 643 000. Variance is primarily due to fewer cars registered and licensed than originally anticipated.

Interest from Current and Non Current Assets

Year to date actual is sitting at R 12 255 000, which is 39% less than the targeted amount of R 20 000 000. The variance is due to decrease in prime interest rate and utilisation of cash reserves in construction of municipal offices.

Licence and permits – Revenue from exchange and non-exchange

Year to date actual is sitting at R 2 181 000 which is 68% less than the targeted amount of R 6 879 000. Variance is primarily due to fewer people applying for new driver's licences than originally anticipated.

Operational Revenue

Actual own revenue received amounts to R 1 556 000, which is 40% less than the targeted amount of R 2 581 000. Variance is attributable to the less insurance refunds received than anticipated and the decrease in commissions for third party payments such as AVBOB, Metropolitan and Sanlam as these agreements were terminated.

Property Rates

Year to date actual is sitting at R 82 917 000 which is 31% less than the targeted amount of R 120 000 000. Variance is primarily due to the phasing-in adjustments.

Fines, penalties and forfeits (Fines issued)

Revenue from traffic fines issued is R 25 872 000, which is 12% more than the targeted amount of R 23 111 000. The variance is due to the implementation of the speed camera system.

Gains on disposal of Assets

Year to date actual is sitting at R162 000 which relates to the sale of land. The auctioning of the old furniture could not happen during the year due to the completion of new offices in June 2026 as opposed to April 2026.

Other Gains

Other gains are made up of actuarial gains of valuation of long service award obligation, which will be recognised during the preparation of Annual Financial Statements.

BILLING VERSUS COLLECTION

The table below shows billing, including Interest and collection to date per service:

DESCRIPTION	BILLING FROM JULY 2025 TO DATE	COLLECTION FROM JULY 2025 TO DATE
Rental of facilities and equipment	7 359 797	2 177 499
Rates	95 568 517	53 648 939
Refuse	24 456 751	3 192 159
Traffic Fines	25 667 050	5 517 670
TOTAL	**153 052 115**	**64 536 267**

4.2 GRANTS RECEIVED

The municipality on a yearly basis is allocated funds from the Division of Revenue Act (DoRA) and also receives additional grant funding from various provincial government departments. The DORA grants are paid out in 3 tranches in July, December and March annually. The municipality has received grants amounting to R 475 969 129 as at 30 June 2026. All grants allocated to the municipality have been received in full. Below is the details of grants received to date.

NAME OF GRANT	DoRA Allocation	YTD Actual	Variance
Municipal Infrastructure Grant (MIG)	77,488,000	77,488,000	-
Minerals & Energy (INEP)	13,232,000	13,232,000	-
Equitable share	338,795,000	338,795,000	-
Finance Management Grant (FMG)	1,900,000	1,900,000	-
Expanded Public Works Programme (EPWP)	2,404,000	2,404,000	-
Energy Efficiency and Demand side Management Grant	3,000,000	3,000,000	-
Name of the Grant	**Department Allocation**	**YTD Actual**	**Variance**
Local Government Sector for Education and Traning Authority (LGSETA)	1,738,129	1,738,129	-
Municipal Disaster Relief	36,548,000	36,548,000	-
Department of Sport, Recreation, Arts and Culture (DSRAC)	864,000	864,000	-
TOTAL	**475,969,129**	**475,969,129**	**0**

4.3 DEBTORS

The municipality is implementing Credit Control and Debt Management Policy. Statements are sent to customers on a monthly basis via SMS, emails and are hand delivered. On debtors outstanding for more than 30 days notices are issued. Summons are prepared internally for defaulting debtors. A maximum of 50% discount is offered to debtors on settlement of historical debt or current debt depending on negotiations with the Chief Financial Officer. With the Government departments in arrears the municipality has made payment arrangements and statements and age analysis are sent monthly. Application for default judgements is done on debtors who have not responded to summons issued to them. The municipality has also been granted eviction orders for illegal occupants in flats. Below is the summary of processes followed per area for:

INSTITUTION NAME	TOTAL NUMBER OF PROPERTIES	DEBTORS WITH ARRANGEMENTS	URGENT NOTICES ISSUED	FINAL NOTICES ISSUED	SUMMONS SIGNED BY COURT	RETURN OF SERVICE - SUMMONS	DEFAULT JUDGEMENT NOT GRANTED BY COURT	WARRANT OF EXECUTION / EVICTIONS GRANTED	DEBTORS PAYING
Municipal Flats	520	271	520	520	0	0	0	360	29
Reservior Hill	43	3	16	14	0	0	0	0	2
Residential Cuba	709	90	483	453	205	179	210	0	74
Residential - Extension 2	132	17	134	134	52	52	29	0	33
Residential -Extension 24	222	59	227	133	99	32	0	0	40
Residential - Extention 6	203	25	186	158	111	109	68	0	66
Residential - Extension 7	102	16	92	83	53	50	35	2	24
Residential - Ibika	682	125	706	674	215	219	116	0	39
Residential - New Rest	274	14	329	308	169	106	79	0	9
Residential - Centane	873	23	821	672	139	130	116	0	22
Residential - Coloured	205	29	160	128	60	34	22	0	20
Residential-Mchubakazi	915	110	900	849	118	113	102	0	49
Residential - Extension 15	256	91	259	214	113	86	52	1	47
Residential - Msobomvu	885	116	775	766	81	81	0	0	80
Residential - Nqamakwe	135	3	55	23	3	1	0	0	17
Residential - Vulli Valley	260	42	235	131	126	70	57	0	61
Residential - Zizamele	747	81	478	469	36	0	0	0	37

INSTITUTION NAME	TOTAL NUMBER OF PROPERTIES	DEBTORS WITH ARRANGEMENTS	URGENT NOTICES ISSUED	FINAL NOTICES ISSUED	SUMMONS SIGNED BY COURT	RETURN OF SERVICE - SUMMONS	DEFAULT JUDGEMENT NOT GRANTED BY COURT	WARRANT OF EXECUTION / EVICTIONS GRANTED	DEBTORS PAYING
Business Butterworth	316	122	312	289	91	91	73	1	95
Business - Nqamakwe	23	8	16	16	0	0	0	0	6
Business - Centane	42	16	27	25	0	0	0	0	14
ECDC	489	0	0	0	0	0	0	0	3
Provincial Public Works	384	0	0	0	0	0	0	0	28
National Public Works	23	0	0	0	0	0	0	0	13
Walter Sisulu University	1	0	0	0	0	0	0	0	1
Rural Development and Land Reform	38	0	0	0	0	0	0	0	19
Councillors	12	3	0	0	0	0	0	0	12
Ward Committee Members	13	3	0	0	0	0	0	0	3
Municipal Employees	24	16	0	0	0	0	0	0	16
Church	69	0	0	0	0	0	0	0	1
Farms	67	0	0	0	0	0	0	0	1
Centane Rural Area	20	0	0	0	0	0	0	0	0
Gcuwa Rural Area	5	0	0	0	0	0	0	0	0
Ngqamakwe Rural Area	1767	0	0	0	0	0	0	0	0
Unregistered State Properties - Government	23	0	0	0	0	0	0	0	0
TOTAL	**10479**	**1283**	**6731**	**6059**	**1671**	**1353**	**959**	**364**	**861**

Age analysis per service type

The total outstanding debtors as at 30 June 2026 is R 307 829 895. Debtors payable over 90 days amount to R 288 648 010 which is 94% of the total debtor's balances. A significant amount of R 210 982 985 of the outstanding debtors is for property rates

Below is the debtors age analysis per service type.

TYPE OF SERVICE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	180 DAYS	TOTAL
RATES	4 805 667	3 764 024	3 638 356	5 470 412	4 662 865	3 554 283	185 087 377	210 982 985
REFUSE	2 223 569	1 971 145	1 924 267	1 921 939	2 339 040	1 818 317	65 323 071	77 521 348
RENTALS	623 568	498 725	493 429	476 937	487 979	473 349	17 032 441	20 086 428
ADVANCE PAYMENT	-760 866	0	0	0	0	0	0	-760 866
TOTAL	**6 891 938**	**6 233 894**	**6 056 053**	**7 869 287**	**7 489 885**	**5 845 948**	**267 442 889**	**307 829 895**

Age analysis of debtors by institution

Below is the debtors age analysis by institution and out of R 307 829 895 , households are owing a significant amount of R 219 833 043 which constitutes 71% of the total debtor's balance

INSTITUTION	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	180 DAYS	TOTAL
GOVERNMENT	1 682 906	1 018 500	1 031 904	1 009 842	990 236	1 033 708	36 081 065	42 848 162
BUSINESS	597 325	584 913	527 243	577 752	923 606	558 507	41 379 344	45 148 690
HOUSEHOLD	4 611 707	4 630 481	4 496 906	6 281 693	5 576 043	4 253 733	189 982 480	219 833 043
TOTAL	**6 891 938**	**6 233 894**	**6 056 053**	**7 869 287**	**7 489 885**	**5 845 948**	**267 442 889**	**307 829 895**

Age analysis for debt owed by staff and councillors

In terms of the Section 9.1 of the Credit Control and Debt Management Policy, it states:
"A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than three months and a municipality may deduct any outstanding amounts from staff member's salary after this period."

In terms of Section 12A of the Municipal Systems Act, 2000, it states:
"A councillor may not be in arrears to the municipality for rates and service charges for a period of longer than 3 months"

Below is the list of account balances for municipal staff and councillors owing for more than 90 days as of 30 June 2026. Payment arrangements have been signed by the staff and councillors owing the municipality.

Account Balances	June -26
HOD's	-
Municipal Staff Accounts > 90 days	75 306
Councillors Account > 90 days	7 407
TOTAL	**82 713**

Municipal Staff Accounts		
Staff Accounts	**%**	**June - 26**
90 Days	5%	3 849
120 Days	5%	3 758
150 Days	5%	3 755
180 Days	85%	63 944
TOTAL BALANCE	**100%**	**75 306**

Councillors Accounts		
Staff Accounts	**%**	**June - 26**
90 Days	5%	400
120 Days	5%	400
150 Days	5%	400
180 Days	85%	6 207
TOTAL BALANCE	**100%**	**7 407**

Below is the list of municipal staff owing the municipality more than 90 days

ACCOUNTID	ACCOUNTNAME	SUM OF 90 DAYS	SUM OF 120 DAYS	SUM OF 150 DAYS	SUM OF 180 DAYS	SUM OF BALANCE	DURATION OF AGREEMENT	ACKNOWLEDGEMENT SIGNED/NOT SIGNED
9929	Nokuthula Pupuma	567	567	567	3 186	4 887	until balance is paid up	Signed
9956	Maureen Gwavu	200	200	200	6 548	7 148	25-07-2026	Signed
11193	Bongo Ntamo	203	202	201	19 071	19 677	current charge	Signed
11257	Nophumlani Tyafu	88	0	0	0	88	current charge	Signed
11630	Lulama Lilian Mayezana	720	719	719	15 811	17 968	current charge	Signed
11682	Pinky Banya	248	246	245	913	1 653	current charge	Signed
12108	Vuyiseka Khalipha	79	79	79	256	493	25-07-2026	Signed
12220	Nompumelelo Dlova	200	200	200	4 253	4 853	current charge	Signed
12846	Zelna Zukelwa Mtikitiki	1 261	1 261	1 261	10 766	14 548	current charge	Signed
12982	Thandisizwe Masabalala	283	283	283	3 141	3 991	current charge	Signed
Grand Total		**3 849**	**3 758**	**3 755**	**63 944**	**75 306**		

Below is the list of councillors owing the municipality more than 90 days

ACCOUNTID	ACCOUNTNAME	90 DAYS	120 DAYS	150 DAYS	180 DAYS	BALANCE	DURATION OF AGREEMENT	ACKNOWLEDGEMENT SIGNED/NOT SIGNED
2754	Mandisa Dali	200	200	200	4 294	4 894	Current	Signed
4255	Nomfundiso Tshona	200	200	200	1 914	2 514	Current	Signed
Grand Total		**400**	**400**	**400**	**6 207**	**7 407**		

Below is the outstanding debtor's summary report per institution from the debtor's age analysis as at 30 June 2026. The total amount outstanding from debtors is **R 307 829 895**

Institution name	Amount
Butterworth Business	37 235 964
Centane Business	3 666 276
Centane Rural Area	6 863 902
Church	2 190 259
Councillors	9 310
Department of Rural Development and Land Reform	5 497 751
Eastern Cape Development Corp	5 738 058
Farms	6 392 687
Gcuwa Rural Area	124 483
Mnquma Municipality	708 010
Municipal Employees	92 509
Municipal Flats	23 409 109
Municipal Properties	45 410
National Public Works	1 542 137
Ngqamakhwe Rural Area	695 868
Nqamakwe Business	4 246 450
Provincial Public Works	29 605 337
Reservoir Hill	403 412
Residential - Cuba	24 482 620
Residential - Extension 15	11 350 808
Residential - Extension 2	9 955 533
Residential - Extension 24	6 800 899
Residential - Extension 6	8 706 823
Residential - Extension 7	6 440 053
Residential - Ibika	23 214 448
Residential Centane	7 899 346
Residential Coloured	3 388 231
Residential -mchubakazi	24 049 332
Residential Msobomvu	27 256 221
Residential New Rest	1 764 622
Residential Nqamakwe	2 071 520
Residential Vulli - Valley	10 934 475
Residential Zizamele	8 531 666
Unregistered State Properties	1 847 342
Walter Sisulu University	464 879
Ward Committee Member	204 144
Grand Total	**307 829 895**

4.4 Indigent Policy Implementation

Indigent policy as approved by Council for the 2025-2026 financial year provides that the outstanding balance on the account of an approved indigent be written off against the provision for bad debts. These write-offs are reported to Indigent Steering Committee and Council on a quarterly basis. Free basic services subsidized monthly by the municipality are Property Rates and Refuse Removal.

Indigent register currently has 7836 indigents beneficiaries. As per Credit Control and Debt Management Policy. Arrear debt balances for all new indigent applications approved by the indigent steering committee in June 2026 were written off.

The table below shows the list of approved indigent beneficiaries per ward and the type of service / relief received per ward:

Ward No	No. of Indigent approved per ward	No. of Indigent Registered for FBE	No. of Indigent benefiting from Rates & Services
1	13	10	3
2	255	232	23
3	161	133	28
4	107	93	14
5	126	115	11
6	123	119	4
7	379	374	5
8	363	363	
9	227	227	
10	294	294	
11	377	377	
12	271	271	
13	242	242	
14	185	185	
15	104	104	
16	16	16	
17	79	79	
18	223	223	
19	54	54	
20	294	294	
21	328	328	
22	64	64	
23	257	257	
24	294	294	
25	236	236	
26	443	443	
27	155	155	
28	224	224	

Ward No	No. of Indigent approved per ward	No. of Indigent Registered for FBE	No. of Indigent benefiting from Rates & Services
29	70	70	
30	250	249	1
31	236	236	
32	319	319	
10	13	13	
11	79	79	
12	9	9	
13	10	10	
14	42	42	
15	2	2	
18	47	47	
2	3	3	
20	16	16	
22	38	38	
23	83	83	
24	1	1	
26	149	149	
27	19	19	
28	108	108	
29	94	94	
3	6	6	
30	145	145	
31	122	122	
32	92	92	
4	6	4	2
5	7	6	1
6	2	1	1
7	3	3	
8	8	8	
9	4	4	
Grand Total	**7836**	**7743**	**93**

FBE claims received from Eskom for the quarter is as follows:

April 2026	May 2026	June 2026
2632 Households	2637 Households	2600 Households

SUMMARY OF EXPENDITURE INCURRED AS AT 30 JUNE 2026

Description R thousands	Adjusted Budget R'000	YearTD actual R'000	YearTD budget R'000	YTD variance R'000	YTD variance %
Expenditure By Type					
Employee related costs	257,540	231,121	257,540	(26,419)	-9%
Remuneration of councillors	28,078	27,566	28,078	(512)	-2%
Inventory consumed	6,638	4,975	6,638	(1,663)	-25%
Debt impairment	43,636	–	43,636	(43,636)	-100%
Depreciation and amortisation	424,516	184,567	424,516	(239,949)	-57%
Interest	2,324	24	2,324	(2,300)	-99%
Contracted services	76,036	56,170	76,036	(19,866)	-26%
Transfers and subsidies	15,540	10,714	15,540	(4,826)	-31%
Irrecoverable debts written off	1,000	2,898	1,000	1,898	190%
Operational costs	84,982	68,320	84,982	(16,662)	-20%
Losses on Disposal of Assets	63,971	17,035	63,971	(46,936)	-73%
Other Losses	403	33	403	(370)	-92%
Total Expenditure	**1,004,666**	**603,423**	**1,004,666**	**(401,243)**	**-40%**

YTD actual expenditure totalling R 603 420 000 was incurred as at 30 June 2026, which is 40% less than the YTD budget of R 1 003 409 000. Variances are explained below.

Employee-related costs:

YTD actual expenditure on Employee-Related-Costs is R231 121 000. This is 11% lower than the YTD budget of R258 564 000, with the variance attributed to employee terminations and reduced overtime due to threshold limits.

Inventory consumed:

YTD actual expenditure on Inventory consumed is R4 975 000. This is 25% lower than the targeted budget of R6 638 000. Variance is due to end-users requesting fewer inventory items than anticipated.

Debt impairment:

Impairment will be calculated during preparation of Annual Financial Statements.

Depreciation and asset amortization:

YTD actual expenditure on Depreciation and Asset amortization is R184 567 000. This is 57% lower than the YTD budget of R424 516 000. Variance is due to impairment that has not been calculated. Physical verification is in progress and it will determine the impairment and June depreciation not yet progressed pending finalisation of Fixed Assets Register review.

Finance charges:

No interest on overdue accounts has been incurred, as the municipality is committed to ensuring that all creditors are paid within 30 days. Actuarial interest will be recognized, once the employee benefit obligation report is received from the actuaries. YTD amount of R 24 000 relating to interest charges has been incurred which relates to interest on finance leases.

Contracted services:

YTD actual expenditure on contracted services is R56 170 000. This is 26% lower than the YTD budget of R76 036 000. The variance is attributed to the implementation of cost-containment measures, and the suspension of procurement due to cash flow constraints.

Transfers and subsidies:

YTD actual on Transfers and subsidies expenditure is R10 714 000. This is 31% lower than the YTD budget of R15 540 000. The variance is attributed to the suspension of procurement due to cash flow constraints.

Irrecoverable debts written off:

YTD actual expenditure on Irrecoverable debts written off is R2 898 000 which is 190% more than the YTD budget of R 1 000 000. Variance is primarily due to bad debts written off which was provided for but not yet reallocated against the provision for impairment of debt raised.

Operational Costs:

YTD Other expenditure is R68 320 000. This is 20% lower than the YTD budget of R84 982 000. The variance is attributable suspension of procurement due to cash flow constraints and the delayed delivery of protective clothing, which was scheduled for June but is now expected to be delivered in the following financial year. As a result, the related expenditure will be recognised in the following reporting period.

Losses on Disposal of Assets and Other Losses

YTD expenditure is R 17 035 000. This is 73% lower than the YTD budget of R63 971 000. Losses on disposals are expected to increase after the completion of verification of assets.

Other Losses

YTD expenditure is R 33 000. This is 92% lower than the YTD budget of R403 000. Other losses relate to obsolete inventory. As at the end of June 2026, there was no obsolete inventory recorded compared to the amount anticipated in the budget.

COUNCILOR ALLOWANCES AND EMPLOYEE BENEFIT

In terms of section 66 of the MFMA, the accounting officer of a municipality must, in a format and for periods as may be described, report to the council on all expenditure incurred by the municipality on staff salaries, wage, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure. The table below depicts the actual expenditure on employee-related costs for the quarter ending 30 June 2026:

EXPENDITURE	APRIL	MAY	JUNE	TOTAL
Salaries	14 021 907	14 074 186	14 044 925	42 141 018
Salaries Councillors	1 550 505	1 550 505	1 550 505	4 651 515
Traditional Leaders	7 545	7 545	7 545	22 634
Unpaid leave	-9 751	-9 751	-15 870	-35 372
Wages (EPWP Casuals)	510 510	497 380	511 550	1 519 440
Wages (Ward Committee)	479 226	481 790	480 000	1 441 016
Bonus	716 640	1 089 726	1 496 335	3 302 702
Long Service Bonus	20 262	36 739	78 337	135 338
Leave Pays	-	211 357	78 632	289 989
Overtime	44 197	151 587	99 623	295 407
Housing Subsidy	36 277	38 618	38 618	113 512
Travel	144 542	144 542	144 542	433 627
Data Card:Employees	68 781	68 952	68 800	206 533
M/Vehicle	507 943	507 943	507 943	1 523 830
Other Allowance:				-
Salgbc	5 359	5 346	5 359	16 064
Acting Allowance	24 883	54 905	109 682	189 470
Secondment Allowance	32 048	32 048	32 048	96 144
Shift Allowance	120 329	120 329	142 733	383 390
Night Allowance	41 900	39 305	58 843	140 047
Standby Allowance	26 072	31 603	39 372	97 047
Sms Allowance	2 400	2 400	2 400	7 200
Cell phone Allowance	196 355	195 212	194 384	585 952
Cllrs Cellphone Allow	223 200	223 200	223 200	669 600
Cllrs Data Card Allowance	19 654	19 654	19 654	58 962
Tel Traditional leaders	3 139	3 139	3 139	9 417
Pension Allowance	134 748	134 748	134 748	404 245
Medical Aid Allowance	19 302	19 302	19 302	57 907
Laptop Allowance	2 116	2 116	2 116	6 349
Reimbursive Travel Allowance (IT)	19 414	8 175	15 088	42 677
Reimbursive Travel Allowance (Excl)	14 282	16 266	10 197	40 744
Subsistance Allowance (Excl)	6 760	5 400	22 920	35 080
Pension	2 365 599	2 371 773	2 367 239	7 104 611
Med. Aid	1 147 502	1 158 372	1 171 884	3 477 758
Uif	82 129	82 222	82 206	246 557
Sdl	175 975	181 782	186 708	544 465
Total	**22 761 750**	**23 558 419**	**23 934 707**	**70 254 876**
				-
Payrollrun Report	**22 761 750**	**23 558 419**	**23 934 707**	**70 254 876**
Variance	-	-	-	-

EMPLOYEE BENEFITS AND ALLOWANCES

Salaries and benefits of councillors and employees for quarter ending 30 June 2026 are detailed below:

EMPLOYEE BENEFITS AND ALLOWANCES	APR-26	MAY-26	JUN-26	YEAR TO DATE
Remuneration of Municipal Manager				
Basic Salary	94 353	94 353	94 353	**283 058**
Travelling Allowance	25 946	25 946	25 946	**77 838**
Cellphone Allowance	8 650	8 650	8 650	**25 950**
Pension Allowance	28 306	28 306	28 306	**84 917**
Reimburssive allowance	4 206	-	1 049	**5 255**
Subsistence Allowance	900	-	450	**1 350**
	162 360	**157 254**	**158 754**	**478 367**
Remuneration of Chief Financial Officer				
Basic Salary	77 926	77 926	77 926	**233 779**
Travelling Allowance	21 399	21 399	21 399	**64 197**
Cellphone Allowance	6 510	6 510	6 510	**19 531**
Pension Allowance	16 916	16 916	16 916	**50 748**
Medical Aid Allowance	7 126	7 126	7 126	**21 377**
Reimburssive allowance	1 111	1 099	-	**2 210**
Subsistence Allowance	300	300	-	**600**
	131 288	**131 276**	**129 877**	**392 441**
Remuneration of Director of Corporate Services (Mviko)				
Basic Salary	114 072	114 072	114 072	**342 217**
Travelling Allowance	15 805	15 805	15 805	**47 414**
Reimburssive allowance	-	3 594	-	**3 594**
Subsistence Allowance	2 110	450	4 760	**7 320**
	131 987	**133 921**	**134 637**	**400 545**

EMPLOYEE BENEFITS AND ALLOWANCES	APR-26	MAY-26	JUN-26	YEAR TO DATE
Remuneration of Director of Infrastructure				
Basic Salary	77 926	77 926	77 926	**233 779**
Travelling Allowance	23 220	23 220	23 220	**69 660**
Cellphone Allowance	6 870	6 870	6 870	**20 611**
Pension Allowance	21 860	21 860	21 860	**65 581**
Reimburssive allowance	-	-	1 049	**1 049**
Subsistence Allowance	-	-	1 050	**1 050**
	129 877	**129 877**	**131 977**	**391 731**
Remuneration of Director of Community Services				
Basic Salary	77 926	77 926	77 926	**233 779**
Travelling Allowance	24 895	24 895	24 895	**74 685**
Cellphone Allowance	6 061	6 061	6 061	**18 184**
Pension Allowance	20 994	20 994	20 994	**62 983**
	129 877	**129 877**	**129 877**	**389 632**
Remuneration of Director of Local Economic Development				
Basic Salary	113 613	113 613	113 613	**340 838**
Travelling Allowance	16 265	16 265	16 265	**48 794**
Reimburssive allowance	-	8 138	-	**8 138**
Subsistence Allowance	-	750	-	**750**
	129 877	**138 765**	**129 877**	**398 520**
Remuneration of Director of Strategic Management				
Basic Salary	81 501	81 501	81 501	**244 504**
Travelling Allowance	14 818	14 818	14 818	**44 454**
Cellphone Allowance	6 167	6 167	6 167	**18 500**
Pension Allowance	18 414	18 414	18 414	**55 242**
Medical Aid Allowance	8 977	8 977	8 977	**26 931**
Reimbursive Travel Allowance (IT)	1 049	-	-	**1 049**
Subsistance Allowance (Excl)	300	-	-	**300**

EMPLOYEE BENEFITS AND ALLOWANCES	APR-26	MAY-26	JUN-26	YEAR TO DATE
	131 227	129 877	129 877	390 981
Remuneration of Municipal Employees				
Basic Salary	13 384 589	13 436 868	13 407 607	**40 229 064**
Basic EPWP	510 510	497 380	511 550	**1 519 440**
Pension Fund (Employer)	2 252 590	2 261 360	2 256 827	**6 770 777**
Bonus	716 640	1 089 726	1 491 527	**3 297 894**
Medical Aid (Employer)	1 150 702	1 161 572	1 175 084	**3 487 358**
Cellphone Allowance	162 096	160 954	160 954	**484 004**
Sms Allowance	2 400	2 400	2 400	**7 200**
Data Card employees	68 781	68 952	68 800	**206 533**
Provident Fund (Employer)	141 266	138 670	138 670	**418 606**
Leave Pay	-	211 357	78 632	**289 989**
Skills Development Levy (SDL)	151 845	157 627	162 571	**472 043**
Standby, Night & Shift Allowance	188 300	191 237	240 947	**620 484**
Unemployment Insurance Fund (UIF) (Employer)	82 129	82 222	82 206	**246 557**
Long Service Bonus	20 262	36 739	78 337	**135 338**
Housing Subsidy	36 277	38 618	38 618	**113 512**
Overtime	44 197	151 587	99 623	**295 407**
Travelling Allowance	2 195	2 195	2 195	**6 584**
Bargaining Council Levy (Employer)	5 359	5 346	5 359	**16 064**
Unpaid Leave	- 9 751	- 9 751	- 15 870	**- 35 372**
Acting Allowance	24 883	54 905	109 682	**189 470**
Secondment Allowance	32 048	32 048	32 048	**96 144**
Reimbursive Allowance	27 330	8 172	10 197	**45 699**
Subsistence Allowance	3 150	3 600	14 560	**21 310**
	18 997 799	**19 783 785**	**20 152 522**	**58 934 106**
Remuneration of Councillors				

EMPLOYEE BENEFITS AND ALLOWANCES	APR-26	MAY-26	JUN-26	YEAR TO DATE
	Apr-26	May-26	Jun-26	Year to Date
Executive Mayor				
Basic Salary	63 221	63 221	63 221	**189 662**
M/vehicle Allow. Councillors	21 074	21 074	21 074	**63 221**
Telephone Allowance Councillor	3 600	3 600	3 600	**10 800**
Data Card Allowance	317	317	317	**951**
Subsistence Allowance	-	-	300	**300**
Skills Development Levy (SDL)	726	726	726	**2 177**
	88 937	**88 937**	**89 237**	**267 110**
Chief Whip				
Basic Salary	47 416	47 416	47 416	**142 247**
M/vehicle Allow. Councillors	15 805	15 805	15 805	**47 416**
Telephone Allowance Councillor	3 600	3 600	3 600	**10 800**
Data Card Allowance	317	317	317	**951**
Remburssive Allowance	-	-	4 920	**4 920**
Subsistence Allowance	-	-	450	**450**
Skills Development Levy (SDL)	549	549	549	**1 647**
	67 687	**67 687**	**73 057**	**208 431**
Council Speaker				
Basic Salary	50 577	50 577	50 577	**151 730**
Backpay	-	-	-	**-**
M/vehicle Allow. Councillors	16 859	16 859	16 859	**50 576**
Telephone Allowance Councillor	3 600	3 600	3 600	**10 800**
Data Card Allowance	317	317	317	**951**
Remburssive Allowance	-	-	1 049	**1 049**
Subsistence Allowance	-	-	300	**300**
Skills Development Levy (SDL)	584	584	584	**1 753**
	71 937	**71 937**	**73 286**	**217 159**

EMPLOYEE BENEFITS AND ALLOWANCES	APR-26	MAY-26	JUN-26	YEAR TO DATE
Mayoral Committee Members				
Basic Salary	284 494	284 494	284 494	**853 481**
M/vehicle Allow. Councillors	94 831	94 831	94 831	**284 494**
Telephone Allowance Councillor	21 600	21 600	21 600	**64 800**
Remburssive Allowance	-	3 435	4 920	**8 356**
Subsistence Allowance	-	300	450	**750**
Data Card Allowance	1 902	1 902	1 902	**5 706**
Skills Development Levy (SDL)	3 437	3 437	3 437	**10 310**
	406 264	**409 999**	**411 634**	**1 227 897**
Other Councillors(Ward Comm and Traditonal leaders)				
Basic Salary	1 591 569	1 594 134	1 592 343	**4 778 046**
M/vehicle Allow. Councillors	359 374	359 374	359 374	**1 078 123**
Telephone Allowance Councillor	193 939	193 939	193 939	**581 817**
Data Card Allowance	16 801	16 801	16 801	**50 403**
Laptop Allowance	2 116	2 116	2 116	**6 349**
Remburssive Allowance	-	-	2 099	**2 099**
Subsistence Allowance	-	-	600	**600**
Skills Development Levy (SDL)	18 834	18 861	18 842	**56 536**
	2 182 634	**2 185 225**	**2 186 114**	**6 553 973**

Overtime

Overtime	**Apr-26**	**May-26**	**Jun-26**	**Year to Date**
Percentage salary budget				
Analysis by Municipal Classification				
Close Protection	-	26 102.64	15 225.16	**41 327.80**
Security	44 196.78	96 110.00	67 702.00	**208 008.78**
Solid Waste	-	29 374.00	16 696.00	**46 070.00**
Office of the CFO	-	-	-	-
	44 196.78	**151 586.64**	**99 623.16**	**295 406.58**

Overtime	**Apr-26**	**May-26**	**Jun-26**	**Year to Date**
Total Cost of Overtime	44 196.78	151 586.64	99 623.16	**295 406.58**
Percentage salary budget	**0.03%**	**0.03%**	**0.03%**	**0.03%**
Analysis by Municipal Classification:	44 196.78	151 586.64	99 623.16	**295 406.58**
Community Services	**0.03%**	**0.03%**	**0.03%**	**0.03%**

CREDITORS AGE ANALYSIS

The municipality aims to pay all invoices which are not in dispute with the relevant creditors within 30 days. Out of 661 invoices received for the quarter, 582 invoices were paid within 30 days and 79 invoices were still outstanding but are still within 30 days.
Trade and other payables line item on the Statement of Financial Position includes trade creditors payable during the year. Other creditors include Retentions, Department of Transport and Hall deposits. These creditors are not paid out within 30 days but as per the set conditions in their respective contract agreements in so far as retentions is concerned and municipal policies for hall deposits. Amount owed by the municipality to creditors as at 30 June 2026 amounts to **R17 122 302.48**

Below is the list of creditors per category:

CATEGORY	AMOUNT OWED
Trade creditors	4 334 755.23
Retentions	12 781 452.25
Hall deposits	6 095.00
TOTAL	**17 122 302.48**

All the financial registers (Invoice tracking registers, payments registers, direct debits registers and fruitless and wasteful expenditure registers) were prepared and reviewed for submission. All the reconciliations (Creditors, Department of Transport, Retentions, Hall Refunds, Payroll, Vat and Reconciliation against the supplier statements) were prepared and reviewed for submission for June 2026.

VAT

VAT Input as at 30 June 2026 is R 9 233 440.64. VAT output R 158 848.62. The VAT201 for June 2026 has not yet been submitted to SARS and will only be submitted before the 25th July 2026. There has been a great response from SARS in terms of releasing our VAT refunds and there is no outstanding refund.

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE

There was no unauthorized, irregular, fruitless and wasteful expenditure incurred during the quarter.

4. CONDITIONAL GRANTS EXPENDITURE

Unspent conditional grants are reconciled with their respective bank accounts on a monthly basis and the expenditure incurred on grant funding is transferred from the related investment account to the primary account. Revenue is subsequently recognized when the expenditure is incurred. Expenditure on conditional grants is sitting at R 137 383 723 which is 98% of grants received during the year. Unspent funds for DSRAC will be used to procure security fence for Library in the next financial year. Unspent funds for LGSETA will be used in registering finance officials on CPMD and for payment of bursaries awarded to employees.

NAME	OPENING BALANCES	GRANT RECEIVED	EXPENDITURE	GRANTS CLOSING BALANCE	% SPENT
Municipal Infrastructure Grant Investment (MIG)	0	77,488,000	77,488,000	0	100
Finance Management Grant (FMG)	0	1,900,000	1,900,000	0	100
Electrification (INEP)	0	13,232,000	13,232,000	0	100
Expanded Public Works Programme (EPWP)	0	2,404,000	2,404,000	0	100
Local Government Sector for Education And Training (LGSETA)	384,842	1,738,129	730,340	1,392,632	34
Department of Sport, Recreation, Arts and Culture (DSRAC)	1,755,523	864,000	1,061,639	1,557,883	41
Office of the Premier (OTP)	1,019,744	0	1,019,744	0	100
Municipal Disaster Response Grant (MDRG)	0	36,548,000	36,548,000	0	100
Energy Efficiency and Demand Side Management Grant (EDSMG)	0	3,000,000	3,000,000	0	100
TOTAL	**3,160,109**	**137,174,129**	**137,383,723**	**2,950,515**	**98**

5. INVESTMENT PORTFOLIO ANALYSIS - BANK ACCOUNTS BALANCES AS AT 30 JUNE 2026 AMOUNTED TO:

Primary bank balance	1 196 801
Short term deposits	45 178 137
	46 374 938

The municipality had the following bank accounts excluding the primary bank account:

NAME	OPENING BALANCE	DEPOSITS	INTEREST EARNED	INTEREST TRANSFERRED	WITHDRAWALS	CLOSING BALANCE
Municipal Infrastructure Grant (MIG)	49,962	77,488,001	828,779	- 804,718	- 77,551,323	10,701
Finance Management Grant (FMG)	1,917	1,902,000	50,996	- 48,238	- 1,905,492	1,183
Mnquma Call Account	72,746	209,055,570	1,104,989		- 210,229,872	3,434
Electrification (INEP)	1,000	13,232,000	93,664	- 78,414	- 13,247,250	1,000
Expanded Public Works Programme (EPWP)	1,000	2,999,792	26,070	- 19,804	- 3,006,058	1,000
Local Government Sector for Education And Training (LGSETA)	384,842	1,738,129	64,701	- 55,909	- 739,132	1,392,632
Salaries Account	1,373,350	220,000,000	3,682,040		- 221,372,349	3,683,041
ENATIS	1,590		95			1,685
Department of Sport,Recreation,Arts and Culture (DSRAC)	1,764,594	879,818	123,016	- 110,047	- 592,661	2,064,721
Short Term Investment	124,207,989	4,109,194	5,442,552		- 95,769,351	37,990,384
Disaster Grant	1,175	36,898,434	408,121	- 243,719	- 37,037,346	26,665
Energy Efficiency And Demand-Side Management(EDSMG)		3,045,523	8,453	- 33,841	- 3,018,444	1,691
TOTAL	**127,860,166**	**571,348,462**	**11,833,478**	**- 1,394,690**	**- 664,469,279**	**45,178,137**

As at 30 June 2026 the municipality had a total of R 46 374 938 in its bank accounts. These are the grant allocations, own revenue collection and savings.

6. PROJECTION OF CAPITAL EXPENDITURE BY PROJET BROKEN DOWN PER MONTH

R 232 456 000 has been spent on Capital projects as at 30 June 2026. Capital budget is funded through Municipal Infrastructure Grant (MIG), Office of The Premier Grant, Disaster Grant, Electricity Demand Side Management Grant (EDSMG) and Equitable share. Below is a list of capital projects expenditure to date

Vote Description R thousands	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %
Capital Expenditure - Functional Classification					
Governance and administration	**38,249**	**24,487**	**38,249**	(13,761)	-36%
Executive and council	144	–	144	(144)	-100%
Finance and administration	36,122	24,487	36,122	(11,634)	-32%
Internal audit	1,983	–	1,983	(1,983)	-100%
Community and public safety	**74,294**	**66,745**	**74,294**	(7,548)	-10%
Community and social services	600	510	600	(90)	-15%
Public safety	5,091	3,505	5,091	(1,586)	-31%
Housing	68,602	62,730	68,602	(5,872)	-9%
Economic and environmental services	**173,659**	**138,407**	**173,659**	(35,251)	-20%
Planning and development	8,727	301	8,727	(8,427)	-97%
Road transport	164,931	138,107	164,931	(26,825)	-16%
Trading services	**5,888**	**2,816**	**5,888**	(3,072)	-52%
Energy sources	4,958	2,570	4,958	(2,388)	-48%
Waste management	930	246	930	(684)	-74%
Total Capital Expenditure - Functional Classification	**292,089**	**232,456**	**292,089**	**(59,633)**	**-20%**
Funded by:					
National Government	110,704	97,006	110,704	(13,698)	-12%
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	485	110	485	(374)	-77%
Transfers recognised - capital	**111,189**	**97,116**	**111,189**	**(14,072)**	**-13%**
Internally generated funds	180,901	135,340	180,901	(45,561)	-25%
Total Capital Funding	**292,089**	**232,456**	**292,089**	**(59,633)**	**-20%**

7. ACTUAL BORROWINGS

There are no existing borrowings as at 30 June 2026.

8. IMPLEMENTATION OF ASSET, FLEET AND LOGISTICS MANAGEMENT POLICY

8.1 INTRODUCTION AND BACKGROUND INFORMATION

The Asset Management Section of the Municipality is the custodian of the Municipality's Fixed Asset Register and shall ensure that a complete, accurate and up to date asset register is maintained. No amendments to the asset register shall be made other than those authorized by the Manager: Assets, Fleet and Logistics and the Chief Financial Officer.

Ensuring that physical asset verification is conducted quarterly in all areas where Municipal assets are kept is crucial more than the accounting of the assets on the accounting books as this should provide accuracy between the asset register and what is on the floor. To update the asset register upon any event occurring to municipal assets (i.e. acquisition, disposal, theft and/or loss) is also a key duty to the section as it will provide completeness and accuracy of the fixed asset register. The results of this verification must be reported to the Municipal Manager.

8.2 ADOPTION AND IMPLEMENTATION OF AN ASSET MANAGEMENT POLICY

Asset Management Policy was reviewed in the year 2025 and was adopted by the council to be effective on the 01 July 2025.

Asset management section is made up of 8 employees:

- Manager
- 2 x Accountant
- 2 x Junior Accountants
- 3 x Finance Interns

8.3 CLASSIFICATION OF ASSETS

Movable assets can be of two types:

- Tangible Assets; and
- Intangible Assets.

Tangible Assets are those assets that can be identified and also have physical existence or substance. The municipality has got the following classes of assets on tangible assets:

- Machinery and Electrical Equipment
- Furniture and fittings;
- Office Equipment;
- Transport Assets
- Computer equipment

Intangible Assets on the other hand are assets (other than cash and cash equivalents) which can be distinguished separately from other assets of an institution but do not have any physical existence or substance. Examples of the intangible assets would be a goodwill, copyrights, patents, software etc. The municipality also owns infrastructure assets by the following classes:

- Land;
- Roads infrastructure;
- Electrical Infrastructure
- Buildings;
- Investment property;
- Community Assets.

8.4 PHYSICAL VERIFIATION OF MOVABLE AND IMMOVABLE ASSETS

The Asset Management section will be conducting the quarterly verification of movable assets in June 2026, with the verification scheduled to take place from 15 June 2026 to 05 July 2026.

In addition, the Asset Management section commenced the annual verification of immovable assets on 26 January 2026 and the verification was completed.

Verification Status as at 30 June 2026:

Ref #	Asset Category	Opening Balance	Disposed / Lost Assets	Additions	Verified	Not yet verified
1	Movable Assets	2857	-1188	1906	3528	47
2	Intangible Assets	11	-5	5	11	0
3	Heritage Assets	3	0	0	3	0
4	Investment Property	1057	-2	0	1055	0
5	Community Assets	860	-22	19	812	45
6	Electrical Infrastructure	134	0	0	134	0
7	Operational Buildings	350	-2	5	352	1
8	Roads Infrastructure	13126	-865	890	13004	147

8.5 ASSET ADDITIONS

Assets additions include all assets listed on the Annexure for the quarter ending 30 June 2026. These assets include movable assets amounting to **R16 869 889** (Excluding Vat) and infrastructural assets consisting of Roads infrastructure, Operational buildings, and community assets, funded by the Municipal Infrastructure Grant and Own revenue, amounts to **R 55 853 202 (VAT Exclusive)**.

Upon purchase of movable assets, an asset acquisition form is signed by the requester, Head of Department, Asset Management Official and the Chief Financial Officer to give consent of the demand and availability of funding.

The asset is delivered at Asset Management for the asset to be barcoded, recorded on the additions register and delivered to the end-user. The acquisition form is signed by the end user upon delivery of the asset.

8.5 DISPOSAL OF ASSETS

During the financial year, the council approved the reconstruction of roads infrastructural assets for 2026/27 financial year, which will necessitate the disposal of related assets. These assets have a cost of **R41 718 766.52** Accumulated depreciation and Impairment of **R35 359 812.52** and carrying value of **R6 358 950** in the asset register. See Annexure for all the project related disposal list.

8.6 WRITE OFFS

During the quarter, there were assets approved by the council for write-off relating to SANRAL donation projects and disaster related projects which commenced during fourth quarter to the value of R2 339 549. As well as the roads furniture assets that were vandalized or damaged to the value of R4 078 651

8.7 INSURANCE

The municipality has a comprehensive insurance with Simah Risk Advisors (Pty) Ltd effective, 01 April 2025. The contract is for a period of 3 years, reviewed annually and the insurance cover was renewed on 01 April 2026. Additional assets are insured as they are acquired and delivered to the municipality. All municipal assets are insured. Additional assets for the quarter 2026 were insured as they are acquired, these assets amount to **R 176 407 961.79 (excl. VAT)** for the month.

8.8 AUCTION

There were no assets identified for auction during the quarter.

9. REPORT ON FLEET MANAGEMENT

9.1 INTRODUCTION AND BACKGROUND INFORMATION

The Fleet Management Section of the Municipality is the custodian of the Municipality's Fleet Register and shall ensure that a complete, accurate, and up-to-date fleet register is maintained. Amendments to the fleet register is done in conjunction with the Asset Management Section as per the asset register. Any changes that are done by the asset are being communicated to the Fleet Section. Vehicles are assigned to Directorates and are managed by the fleet for repairs and maintenance as well as fair usage. Ensuring that physical inspection is conducted weekly in all Municipal vehicles is crucial more than the accounting of the fleet on the accounting books as this should provide accurate information on the condition of the vehicles. This information also assists in updating the condition in the asset register.

9.2 ADOPTION AND IMPLEMENTATION OF FLEET MANAGEMENT POLICY

Fleet Management Policy was reviewed in 2025 and was adopted by the council to be effective on the 01 July 2025.

Fleet management section is capacitated by 6 personnel:

- Manager
- 2 x Fleet officers
- 3 x fleet Interns

9.3 CLASSIFICATION OF VEHICLES

The municipality maintains and update the Vehicle Register and their classifications. The reconciliation was done between the e-Natis, fleet register and Asset Register.

9.4 PHYSICAL INSPECTION OF VEHICLES

The physical inspection for vehicles is conducted when the vehicle is issued and returned. The purpose of this inspection is to verify if all vehicles have accessories, dents, odometer reading, trip authorities, logbooks and expiry date of license discs. It also assists in verifying the existence of the vehicle. The findings and recommendations are communicated to the Executive management. Physical inspection report is attached as an Annexure 1.

9.5 PHYSICAL INSPECTION PROCESS

The process of the vehicle inspection, is outlined on the inspection procedures, as follows:

- Drafting and Printing of a sufficient number of data-collection sheets;
- Printing of vehicle *listings*. The direction of testing for this is from the listing to the floor

9.6 INSPECTION OF VEHICLE SCHEDULE

A schedule of the inspection is issued to all directorates. This schedule serves as a guideline to the fleet management section of how the routine of the inspection will be conducted and at the same time as a written instruction to the employees to cooperate with the team when it conducts the inspection. The drivers are requested to avail vehicles to fleet management office at as per the schedule.

9.7 LIST OF VEHICLES

NO	REGISRTATION NO	VEHICLE DESCRIPTION	MODEL	MAKE	DIRECTORATE
BAKKIES					
1	JZH725EC	Bakkie	2022	ISUZU D-MAX	COMMUNITY SERVICES / SECURITY
2	JKM321EC	Bakkie	2019	ISUZU D-MAX CREW CAB	STRATEGIC
3	JYL432EC	Bakkie	2022	TOYOTA HILUX GN 136R	STRATEGIC
4	JSJ022EC	Bakkie	2021	ISUZU D-MAX 2.5	STRATEGIC
5	JPC109EC	Bakkie	2020	TOYOTA HILUX LEGEND 50 BAKKIE	INFRASTRUCTURE
6	JYC351EC	Bakkie	2022	TOYOTA LEGEND -40 BAKKIE	INFRASTRUCTURE
7	JZD060EC	Bakkie	2022	ISUZU D-MAX BAKKIE	INFRASTRUCTURE
8	JJP173EC	Bakkie	2019	ISUZU SINGLE CAB	INFRASTRUCTURE
9	JJP179EC	Bakkie	2019	ISUZU SINGLE CAB	INFRASTRUCTURE
10	JZD650EC	Bakkie	2022	TOYOTA HILUX BAKKIE	COMMUNITY SERVICES
11	HML527EC	Bakkie	2015	TOYOTA SINGLE CAB	COMMUNITY SERVICES / TRAFFIC
12	JPC114EC	Bakkie	2020	TOYOTA HILUX	COMMUNITY SERVICES / SECURITY
13	JKM339EC	Bakkie	2019	ISUZU D-MAX	LOCAL ECONOMIC DEVELOPMENT
14	JYC337EC	Bakkie	2022	TOYOTA LEGEND 40	LOCAL ECONOMIC DEVELOPMENT
15	KFH875EC	Bakkie	2023	ISUZU SINGLE CAB	COMMUNITY SERVICES
16	KFH871EC	Bakkie	2023	ISUZU D-MAX 1.9 Ddi DOUBLE CAB 4X2	COMMUNITY SERVICES
17	KMB541EC	Bakkie	2024	ISUZU D-MAX 3.0 Ddi DOUBLE CAB 4X4	INFRASTRUCTURE
18	KMB549EC	Bakkie	2024	ISUZU D-MAX 3.0 Ddi DOUBLE CAB 4X4	COMMUNITY SERVICES

NO	REGISRTATION NO	VEHICLE DESCRIPTION	MODEL	MAKE	DIRECTORATE
19	KMB534EC	Bakkie	2024	ISUZU D-MAX 3.0 Ddi DOUBLE CAB 4X4	COMMUNITY SERVICES
20	KMB526EC	Bakkie	2024	ISUZU D-MAX 3.0 Ddi DOUBLE CAB 4X4	COMMUNITY SERVICES
21	KPV414EC	Bakkie	2025	ISUZU D-MAX 3.0 Ddi DOUBLE CAB 4X4	BUDGET &TREASURY OFFICE
22	KVD389EC	Bakkie	2026	ISUZU D-MAX 3.0 Ddi DOUBLE CAB 4X4	CORPORATE SERVICES
			TRUCKS		
1	JZD064EC	Truck	2022	ISUZU CHERRY PICKER	INFRASTRUCTURE
2	JWZ050EC	Truck	2021	FUSO TIPPER TRUCK	INFRASTRUCTURE
3	JTR434EC	Truck	2021	FUSO TIPPER TRUCK	INFRASTRUCTURE
4	JTR440EC	Truck	2021	FUSO TIPPER TRUCK	INFRASTRUCTURE
5	JTR438EC	Truck	2021	FUSO TIPPER TRUCK	INFRASTRUCTURE
6	FWR653EC	Truck	2012	MAN LOWBED TRUCK	INFRASTRUCTURE
7	JPZ507EC	Truck	2020	ISUZU MIDIUM TRUCK	COMMUNITY/ NGQAMKWE
8	JPZ493EC	Truck	2020	ISUZU MIDIUM TRUCK	COMMUNITY SERVICES
9	KFR367EC	Truck	2023	POWERSTAR LOWBED	INFRASTRUCTURE
10	JZC488EC	Truck	2022	ISUZU SKIP TRUCK	COMMUNITY SERVICES
11	JPC874EC	Truck	2020	UD TRUCK P9218COMPACTOR	COMMUNITY SERVICES
12	JST133EC	Truck	2021	UD TRUCK COMPACTOR PKE 250	COMMUNITY SERVICES
13	KFV906EC	Truck	2023	FOTON POWERSTAR CAGE	COMMUNITY SERVICES
14	KFV954EC	Truck	2023	POWERSTAR COMPACTOR	COMMUNITY SERVICES
15	KNY724EC	Truck	2025	UD WATER CUTTER	INFRASTRUCTURE
16	KSD783EC	Truck	2025	UD JETTING MACHINE	INFRASTRUCTURE
17	NYR	Truck	2025	UD ROLLBACK- TRUCK	BUDGET & TREASUSY
			TRACTORS		
1	JZH781EC	Tractor	2022	TAFE TRACTOR 7000	LOCAL ECONOMIC DEVELOPMENT
2	JZH787EC	Tractor	2022	TRACTOR LANDIN	LOCAL ECONOMIC DEVELOPMENT
3	JXK523EC	Tractor	2022	TRACTOR LANDINI SOLIS	LOCAL ECONOMIC DEVELOPMENT
4	JXK529EC	Tractor	2022	TRACTOR LANDINI SOLIS 90 4x3	LOCAL ECONOMIC DEVELOPMENT
5	KFR870EC	Tractor	2023	JOHN DEERE TRACTOR	COMMUNITY SERVICES
6	MNQ09844	Tractor	2023	STREET BROOM / ROAD SWEEPER	COMMUNITY SERVICES
7	KKR520EC	Tractor	2024	NEW HOLLAND T6120 TRACTOR	LOCAL ECONOMIC DEVELOPMENT
8	KPV252EC	Tractor	2025	JOHN DEERE TRACTOR	LOCAL ECONOMIC DEVELOPMENT
			PLANT		
1	JPJ594EC	Plant	2020	BELL GRADER 620G	INFRASTRUCTURE
2	JTB649EC	Plant	2021	BELL TLB	INFRASTRUCTURE
3	JTB652EC	Plant	2021	BELL BOMAG ROLLER	INFRASTRUCTURE
4	MNQ07265	Plant	2018	BELL HAULER	INFRASTRUCTURE

NO	REGISRTATION NO	VEHICLE DESCRIPTION	MODEL	MAKE	DIRECTORATE
5	FNN778EC	Plant	2011	JCB VIBROMAX SMOOTH ROLLER	INFRASTRUCTURE
6	MNQ06776	Plant	2009	VOLVO EXCAVATOR	INFRASTRUCTURE
7	KMTPC247CPC083988	Plant	2024	KOMATSU EXCAVATOR	INFRASTRUCTURE
8	KHV594EC	Plant	2024	KOMATSU GRADER	INFRASTRUCTURE
9	KHV598EC	Plant	2024	KOMATSU GRADER	INFRASTRUCTURE
10	KHV603EC	Plant	2024	KOMATSU GRADER	INFRASTRUCTURE
11	KPF650EC	Plant	2025	JOHN DEERE GRADER	INFRASTRUCTURE
12	N/A	Plant	2025	SHANTUI ROLLER	INFRASTRUCTURE
			BUS, FORTUNER, QUANTUM		
1	JHZ640EC	Fortuner	2019	TOYOTA FORTUNER 2.8	STRATEGIC
2	JHZ632EC	Fortuner	2019	TOYOTA FORTUNER 2.8	BUDGET &TREASURY OFFICE
3	JYL422EC	Mini – Bus	2022	TOYOTA QUANTUM 2.8	POOL
4	JZD055EC	Bus	2022	ISUZU NQR500 BUS	POOL
5	FCX279EC	Mini – Bus	2008	TOYOTA QUATUM 2,7	COMMUNITY SERVICES / TRAFFIC
6	KBZ429EC	Fortuner	2022	TOYOTA FORTUNER /WHITE	SPEAKER
7	KJC892EC	Fortuner	2024	FORD EVEREST SUV	MAYOR
8	KVD394EC	Mini – Bus	2026	VW PANEL VAN MINI-BUS	COMMUNITY SERVICES / TRAFFIC
			MOTOR CARS		
1	JPC123EC	Sedan	2020	TOYOTA ETIOS 1.5	BUDGET &TREASURY OFFICE
2	JYC409EC	Sedan	2022	TOYOTA COROLLA 1,8	CORPORATE SERVICES
3	JYC407EC	Sedan	2022	TOYOTA COROLLA 1.8	MM'S OFFICE
4	JZS942EC	Sedan	2022	VOLKSWAGEN GOLF A8	COMMUNITY SERVICES / TRAFFIC
5	KJB995EC	Sedan	2024	VW 27X POLO	COMMUNITY SERVICES
6	KJB981EC	Sedan	2024	VW 27X POLO	COMMUNITY SERVICES
7	KJB986EC	Sedan	2024	VW 27X POLO	COMMUNITY SERVICES
8	KJB990EC	Sedan	2024	VW 27X POLO	COMMUNITY SERVICES
9	KNW654EC	Hatchback	2025	VW POLO VIVO	COMMUNITY SERVICES
10	KNW663EC	Hatchback	2025	VW POLO VIVO	COMMUNITY SERVICES
			TRAILERS		
1	HBN419EC	Trailer	2013	TRAILER	INFRASTRUCTURE
2	FMF933EC	Trailer	2010	FUEL TANKER TRAILER	INFRASTRUCTURE
3	FWR647EC	Trailer	2012	LOWBED TRAILER	INFRASTRUCTURE
4	KBL658EC	Trailer	2024	LOWBED TRAILER	NFRASTRUCTURE
5	MNQ08539	Trailer	2022	TRAILER	LOCAL ECONOMIC DEVELOPMENT
6	MNQ08538	Trailer	2022	TRAILER	LOCAL ECONOMIC DEVELOPMENT

NO	REGISRTATION NO	VEHICLE DESCRIPTION	MODEL	MAKE	DIRECTORATE
7	MNQ09459	Trailer	2021	TRAILER	LOCAL ECONOMIC DEVELOPMENT
8	HFG693EC	Trailer	2014	VENTER - TRAILER	COMMUNITY SERVICES/TRAFFIC
9	KNR794EC	Trailer	2025	FUEL TANKER TRAILER	INFRASTRUCTURE
IMPLIMENTS					
1	MNQ08452	IMPLEMENTS	2022	BOOM SPRAY 800L-10M BOOM WITH PTO SHAFT (PURCHASED WITH LANDINI TRACTORS)	LOCAL ECONOMIC DEVELOPMENT
2	MNQ08469	IMPLEMENTS	2022	BOOM SPRAY 800L-10M BOOM WITH PTO SHAFT (PURCHASED WITH LANDINI TRACTORS)	LOCAL ECONOMIC DEVELOPMENT
3	MNQ08476	IMPLEMENTS	2022	BOOM SPRAY 800L-10M BOOM WITH PTO SHAFT (PURCHASED WITH LANDINI TRACTORS)	LOCAL ECONOMIC DEVELOPMENT
4	MNQ08478	IMPLEMENTS	2022	OFFSET DOUBLE DISC HARROW, 18 DISC – JHB	LOCAL ECONOMIC DEVELOPMENT
5	MNQ08479	IMPLEMENTS	2022	OFFSET DOUBLE DISC HARROW, 18 DISC – JHB	LOCAL ECONOMIC DEVELOPMENT
6	MNQ08486	IMPLEMENTS	2022	OFFSET DOUBLE DISC HARROW, 18 DISC – JHB	LOCAL ECONOMIC DEVELOPMENT
7	MNQ09493	IMPLEMENTS	2022	OFFSET DOUBLE DISC HARROW, 18 DISC – JHB	LOCAL ECONOMIC DEVELOPMENT
8	MNQ09425	IMPLEMENTS	2022	PIKET 2 ROW MAIZE PLANTER (PURCHASED WITH LANDINI TRACTORS)	LOCAL ECONOMIC DEVELOPMENT
9	MNQ08404	IMPLEMENTS	2022	PIKET 2 ROW MAIZE PLANTER (PURCHASED WITH LANDINI TRACTORS)	LOCAL ECONOMIC DEVELOPMENT
10	MNQ09807	IMPLEMENTS	2022	3 FARROW	LOCAL ECONOMIC DEVELOPMENT
11	MNQ10006	IMPLEMENTS	2022	3 FARROW PLATE PLOUGH-DISC PLOUGH	LOCAL ECONOMIC DEVELOPMENT
12	MNQ10007	IMPLEMENTS	2022	3 FARROW PLATE PLOUGH-DISC PLOUGH	LOCAL ECONOMIC DEVELOPMENT
13	MNQ10008	IMPLEMENTS	2024	3 FARROW PLOUGH-WITH THREE HOOKS	LOCAL ECONOMIC DEVELOPMENT
14	MNQ10009	IMPLEMENTS	2024	3 FARROW PLOUGH-WITH THREE HOOKS	LOCAL ECONOMIC DEVELOPMENT
15	MNQ10010	IMPLEMENTS	2024	3 FARROW PLOUGH-WITH THREE HOOKS	LOCAL ECONOMIC DEVELOPMENT
16	MNQ10011	IMPLEMENTS	2024	3 FARROW PLOUGH-WITH THREE HOOKS	LOCAL ECONOMIC DEVELOPMENT

9.8 REPAIRS AND MAINTENANCE

Vehicle Fleet section is responsible for the repairs and maintenance of vehicles. Fleet management is to ensure that all vehicles are timeously repaired and maintained. The driver is responsible for reporting faults or accidents to the fleet management section. The fleet section has to facilitate the repairs by preparing requisition and do follow up at SCM and service provider.
The expenditure for the 4th Quarter-ended June 2026 amounts to **R 1 835 338.81**

Below is the repair expenditure report incurred per directorate for the month:

Directorate	**APRIL-JUNE 2026**
Strategic	87 773.41
Infrastructure	487 808.21
Corporate Services	28 576.77
BTO	200 092.54
LED	23 673.23
Community Services	1 007 414.65
	R1 835 338.81

9.9 FUEL CONSUMPTION REPORT

The fuel consumption report is compiled using the statements received from WesBank and the payments were done for assets with no fuel cards such as grass-cutting machines and concrete cutters. The total expenditure for the 4th Quarter - ended June 2026 amounts to **R2 757 568**

Below is the fuel expenditure report incurred per directorate for the Quarter:

#	**DIRECTORATES**	**APRIL - JUNE 2026**
1	Budget &Treasury Office	60,856.73
2	Community Services	956,323.83
3	Corporate Services	12,465.83
4	Infrastructure	1,494,242.62
5	Local Economic Development	46,054.04
6	Mayor	53,725.92
7	MM's Office	2,787.91
8	Pool	62,587.22
09	Speaker	34,973.80
10	Strategic	33,549.68
	TOTAL	**R 2,757,567.58**

10. LOGISTICS MANAGEMENT

10.1 PURPOSE

The purpose of the report is to present the monthly report on stock-count of Municipal Consumable Inventory items for the quarter ending 30 June 2026.

10.2 LEGAL AND OR STATUTORY REQUIREMENT

The Constitution of the Republic of South Africa, 1996

Municipal Finance Management Act, Act 56 of 2003: section 63(1)

Municipal Systems Act 32 of 2000

Municipal Structures Act 117 of 1998

10.3 BACKGROUND

The municipality has developed a policy to manage inventory items which details the process and procedures. The objective of the Inventory Management policy is to outline effective procedures and processes for the acquisition and control over inventory (stock) items in accordance with the relevant legislations and regulations, other Municipal policies and directives and efficiently minimize inventory losses.

The stock count is performed on monthly basis to determine the quantity of inventory on hand and identify deficiency against theoretical stock. Hence, ensuring accuracy of reported information and minimizing losses.

10.4 ADOPTION AND IMPLEMENTATION OF INVENTORY MANAGEMENT POLICY

Inventory Management Policy was reviewed in April 2025 and was adopted by the council to be effective on the 01 July 2025.

Inventory management section is capacitated by Three (04) personnel:

- 2 x Logistics officers
- 1 x Admin assistance
- 1 x Intern

10.5 STOCK COUNTS

Three (03) stock counts have been conducted for the period of April to June 2026 in line with the policy and inventory count procedures. The stock count is performed on the last working day of each month ensuring that there is no time leg between the stock count date and the month end closure.

10.6 OBSOLETE STOCK

During the stock count there were no inventory items identified as obsolete.

10.7 WRITE-OFF

The inventory items identified as obsolete during the 3rd quarter as approved the council in April, was written off during this quarter which resulted to the disposal loss of R27 417.69

10.8 DISPOSALS

There were no items identified as slow moving and no longer useful during the stock count for April to June 2026.

10.9 GRAP Compliance and Implementation of Inventory control

The stock take is performed monthly. The internal audit section is invited for the year end stock take only. Inventory module is live, and purchases and issues are done on the system. Movement of inventory is captured directly on the system reducing human errors to an acceptable level.

11. IMPLEMENTATION OF RISK REGISTER

Risk register for the directorate has been prepared and is being implemented. Report on progress on actions to improve is prepared monthly. Below is the updated risk register as of 30 June 2026.

KPA	Strategic Objective	IDP Strategy	Risk	Risk Causes	Consequences	Action to Improve Management of the Risk	Progress
BUDGET AND TREASURY OFFICE	To increase municipal own revenue base by June 2027 To increase collection of own revenue by June 2027 To promote and enhance financial viability by June 2027	Implement Financial Recovery Plan Implement credit control policy and financial recovery plan Update registers	1. High rate of bad debt written-off 2. Threat to municipal going concern	1. inadequate revenue collection 2. Non-payment by Debtors 3. Increase in cost of living 4. Culture of non-payment of municipal bills	1. Reduces cashflow and increased bad debts 2. Financial Loss 3. Collapse in Service Deliver	1. Conduct debt collection campaign 2. Implement incentives (e.g 50% settlement discount on historical debt) 3. Send notifications to clients for the outstanding balances via SMS and hand delivery of statements 4. Issue of summons of unpaid debts to customers 5. Operate the revenue call centre (Call clients that qualify for indigent subsidy to apply formally with the Municipality) • Compare prior year indigent list with the current year list • Conduct awareness and indigent registration campaign per ward	1. The debt collection campaign are conducted throughout the year; the calendar has been developed 2. The implementation of the incentives is implemented 3. Notification messages were sent out to clients for outstanding balances 4. The sermons were sent to customers for long overdue debts 5. Revenue call centre has been operating through the period to encourage indigent customers to register

Priority Area	Strategic Objective	Link to Annual Target	Risk	Risk Causes	Consequences	Control Effectiveness	Action to Improve Management of the Risk	Progress
		BUDGET AND TREASURY OFFICE						
Expenditure	To strengthen internal controls, authorization and withdrawal payments of funds by June 2027	Pay 100% of creditors within 30 days of receiving invoice by June 2026	Claims and litigations leading to fruitless and wasteful expenditure	Non-compliance with legislation	1.Adverse Audit Report 2. Financial loss 3. Severely impacts the sustainability of SMMEs	**Good**	1. Payment of creditors within 30 days 2. Prepare Creditors Reconciliation 3. Monitoring of invoice register	1. All creditors are paid within 30 days of receipts of the invoices 2. Credit Reconciliations have been performed for each month 3. The invoice register is monitored regularly to ensure all invoices are paid within the regulated period
Asset Management	To manage municipality's assets for increased accountability and safeguarding by June 2027	Compile fixed asset register by June 2026	1. Loss of assets	1. Unauthorised movement of assets and negligence 2.Theft	1.Inaccurate assets register 2. Loss of resources		1.Implement asset movement control 2. Update assets register 3. Perform monthly reconciliations	1. The movement of assets is monitored, and the movement is recorded 2. Asset register has been updated 3. Reconciliation has been performed through the reporting period

Priority Area	Strategic Objective	Link to Annual Target	Risk	Risk Causes	Consequences	Control Effectiveness	Action to Improve Management of the Risk	Progress
Supply Chain Management	To ensure effective, efficient and transparent SCM processes by June 2027	Implement 2025/2026 BTO Directorate procurement plan by June 2026	Underspending of approved budget	1. Insufficient market research conducted 2. End- users requesting market research that is not reliable from service providers(entrepreneurs) 3. Delays in implementing a procurement 4.Failure by service providers	1. Adverse Audit Report 2.Compromised service delivery		1. Assess the quality of specifications and enforce the market research 2.Conducting awareness training on the new legislative requirements 3. Implement the SCM regulations and policy 4. Implement the procurement plan	1. The specifications are assessed for each request to ensure the quality and to assess if the market research was conducted. 2. There was no training scheduled for this quarter 3. The implementation of the SCM regulations and policy are implemented daily for each procurement requested 4. The procurement plan is implemented as planned
Indigent Support	To provide support to indigent beneficiaries in line with the indigent policy by June 2027	Compile 2025/2026 indigent register with 5000 beneficiaries by June 2026	1. Under/ Overstating our indigent register	1. Inaccurate indigent register 2. Demarcation challenges	1. Overstated debtors 2. Disputes 3. Financial loss		1. Review Indigent register 2. Conduct vetting of beneficiaries 3.Capture indigent register to the EMS system 4. Reconcile the Eskom indigent register with the municipality's register	1. The indigent register is reviewed monthly 2. During the registration the beneficiaries are vet to ensure if they are eligible to receive the grant 3. All indigent customers have been uploaded into the Enterprise Management System 4. The reconciliation was performed each month

Priority Area	Strategic Objective	Link to Annual Target	Risk	Risk Causes	Consequences	Control Effectiveness	Action to Improve Management of the Risk	Progress
Budget; Treasury and Reporting Systems	To develop Medium Term Revenue and Expenditure Framework, monitor implementation and report thereof by June 2027	Prepare and approve 2026/2029 MTREF Budget and submit to Treasury by June 2026	1.Withholding of equitable share 2.Financial distress	Non-compliance	1. Loss of revenue 2. Adverse Audit Report		1. Implementation of the Budget Process Plan	1. The Budget process Plan is implemented as planned

12. Staff Implications

None

13. Financial Implications

This report details the implementation of the approved budget and related policies.

14. Annexures

1. Schedule of payments from 01 March 2026 to 30 June 2026
2. Withdrawals report from 01 March 2026 to 30 June 2026
3. Additions register for Immovable assets from 01 April 2026 to 30 June 2026
4. Additions register for movable assets from 01 April 2026 to 30 June 2026
5. WIP register from 01 April 2026 to 30 June 2026
6. Retentions register as at 30 June 2026
7. List of infrastructure project related assets for write-off
8. Report on Physical verification of movable assets for 4th quarter
9. Insurance report as at 30 June 2026
10. Report on Physical inspection of Mnquma vehicles from 01 April 2026 to 30 June 2026
11. Stock take report for 01 April 2026 to 30 June 2026
12. Inventory reconciliation as at 30 June 2026

15. Recommendations

- It is hereby recommended that the Council approves the report for the quarter ending 30 June 2026.
- It is hereby recommended that the Council approves the write-off of the project-related disposals with the cost of R41 718 766.52, accumulated depreciation of R35 359 812.52 and carrying amount of R6 358 950.

16. IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY

(As per Regulation 6(2)(a)(i) of the Supply Chain Management Regulations)

16.1 Introduction

In terms of clause 6(1)(3) of the Municipal Supply Chain Management Regulations, 2005, which deals with the Oversight role of council of municipality or board of directors of municipal entity:

(1) *The council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its supply chain management policy.*

(2) *The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality or the board of directors of the municipal entity, as the case may be.*

(3) *In accordance with Regulation 6(2)(a)(i) of the SCM Regulations the Accounting Officer must "within 30 days of the end of each financial year, submit a report on the implementation of the Supply Chain Management Policy of the municipality to the Council of the municipality."*

16.2 SCM Policy & Procedures

16.2.1 Adoption of Policy by Council

- *The council has the hereunder approved Supply Chain Management (SCM) policies:*
    - ***Supply Chain Management Policy for General Goods and Services***
    - ***Supply Chain Management Policy for Infrastructure Delivery Management***
    - ***Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy***
    - ***Unauthorised, Irregular, Fruitless and Wasteful Expenditure Prevention and Reduction Strategy***
    - ***Supply Chain Management Policy for Preferential Procurement***
- **The above supply chain management policies were reviewed and approved by the Council on the 29 May 2025, Council Resolution Number SCM/25/007.1.3.3**

16.2.2 SCM Procedures

Supply Chain Management Procedures with supply chain management checklist are implemented.

16.2.3 Delegations

Supply Chain Management Delegations are detailed in the policy.

16.2.4 Infrastructure Procurement

The Council has adopted the Supply Chain Management policy for Infrastructure Procurement and Delivery Management.

16.3 Functioning of the SCM Unit

16.3.1 SCM Structure:

The Supply Chain Management Unit (SCM) is fully established and functional:

1) SCM Manager (Senior SCM Practitioner)
2) Demand Officer
3) Acquisition Officer
4) Contract Management Officer
5) 07 x Supply Chain Management Practitioners (03 x Practitioners for demand management, 03 x Practitioners for acquisition management and 01 Practitioner for contracts management.
6) 03 Supply chain management trainees

The Supply Chain Magement division operates under the direct supervision of the Chief Finance Officer (CFO). SCM Manager (Senior SCM Practitioner) is responsible for the day-to-day management of the division.

16.3.2 Declaration of Interest:

All SCM Personnel have declared their interests for the financial year 2025/2026.

16.3.3 Code of Conduct for SCM Practitioners:

All supply chain management officials have signed the code of conduct for SCM practitioners.

16.3.4 Training of SCM Personnel

Supply chain management for bid committees, managers, directors and all supply chain management officials were trained by Provincial Treasury on the 12th November 2025.

16.4 Functioning of Bid Committees

- Bid Committees are constituted in line with Regulations 27, 28 &29.
  - Bid Specification Committee (BSC)
  - Bid Evaluation Committee (BEC)
  - Bid Adjudication Committee (BAC)
- Infrastructure Committees are aligned with the standard for Standard for Infrastructure Delivery Management (SPDIM)
- Bid Committee Terms of Reference are in place and included in the committee's reports.

16.5 REPORTING ITEMS

16.5.1 DEVIATIONS

Section 114 of Municipal Finance Management Act No 56, 2003

Approval of tenders not recommended

(1) If a tender other than the one recommended in the normal course of implementing the supply chain management policy of a municipality or municipal entity is approved, the accounting officer of the municipality or municipal entity must, in writing, notify the Auditor-General, the relevant provincial treasury and the National Treasury and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

(2) Subsection (1) does not apply if a different tender was approved in order to rectify an irregularity.

- **In terms of the above Section of the Municipal Finance Management Act, there were no tenders approved outside the normal course of implementing the Supply Chain Management Policy.**

16.5.2 REGULATION 32 (PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE) – TRANSVERSAL CONTRACTS

- There were no transversal contracts awarded during the month of May 2026.

16.5.3 Regulation 36 (Deviation from, and ratification of minor breaches of, procurement processes)

Deviation registers as at end April 2026 has been prepared in compliance with Regulation 36 of Local Government: Municipal Finance Management Act (56/2003) Municipal Supply Chain Management (SCM) Regulations which states that:

The accounting officer may –

(a) Dispense with the official procurement processes established by Mnquma local municipality supply chain management policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only:

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos, nature reserves or game reserves; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature

and;

Sections 16. (c) and 17. (c) of Local Government: Municipal Finance Management Act (56/2003): Municipal Supply Chain Management (SCM) Regulations: Written or verbal quotations and Formal written price quotations:

16.(c) A supply chain management policy must stipulate the conditions for the procurement of goods or services through written or verbal quotations, which must include conditions stating: that if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer.

17.(c) A supply chain management policy must stipulate the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating -that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.

The municipality deviates for the hereunder services due to exceptional cases where it is impractical or impossible to follow the official procurement processes to obtain three written price quotations:

Service Description	Reason for Deviation
Servicing and repairing of municipal machinery, equipment and vehicles	Machinery and equipment of a specialized nature will be serviced and repaired by the manufacturer or an agent appointed by the manufacturer. Therefore, one quotation will be obtained in this regard. Vehicles will be serviced by the manufacturer as this might affect the validity of the warranty and might compromise useful life of the vehicle. Therefore, one quotation will be obtained in this regard. Parts and other consumables relating to vehicles, machinery and equipment of specialized nature will be sourced from the manufacturer or an agent appointed by the manufacturer. Therefore, one quotation will be obtained in this regard. In addition to the above, the municipality deviates to avoid towing fees wherein the vehicle has to be towed to different manufacturers to obtain a written price quotation i.e. to be towed to Toyota in East London, Toyota Gqeberha, and/or to Toyota Durban.
Insurance Excess	In the event where a municipal vehicle, machinery and/or equipment needs to be repaired as a result of an accident or a similar event, the appointed municipal insurance company will appoint an approved panel beater to which the insurance excess will be paid directly to the panel beater by the municipality, therefore one quotation will be sourced in this regard as impractical to obtain three written price quotations.
Advertising	Arena Holding/Daily Dispatch is the only service provider registered on the Central Suppliers Database to offer advertising services in the paper that

Service Description	Reason for Deviation
	is commonly circulated locally. Therefore, that made it impractical to obtain three written price quotations.
Professional Affiliation fees	In these cases, it is impractical or impossible to obtain three quotations as it may be found that the employee is already a registered member in that professional body and it is in line with his/her profession.

The municipality has approved the deviations as at end 30 June 2026.

Summary Analysis:

Service Description	Amount
Emergency	R0.00
Impractical	R1,296,740.99
Single provider	R13,139.75
Total	**R1,309,880.74**

16.5.4 UNAUTHORIZED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE UNAUTHORIZED

In relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—

a) overspending of the total amount appropriated in the municipality's approved budget;
b) overspending of the total amount appropriated for a vote in the approved budget;
c) expenditure from a vote unrelated to the department or functional area covered by the vote;
d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
f) a grant by the municipality otherwise than in accordance with this Act

- **No unauthorized expenditure for this month (June 2026).**

IRREGULAR EXPENDITURE

The National Treasury issued Circular 68 during April 2013, which provides guidance on irregular expenditure, associated registers, and the investigation processes concerning irregular expenditure. This Circular clearly indicates that irregular expenditure is only recognized when the expenditure is paid.

- **No Irregular expenditure incurred in this month (June 2026)**

FRUITLESS & WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

- **No Fruitless & Wasteful expenditure incurred in this month (June 2026)**

16.5.5 Central Suppliers Database *(CSD)*

The municipality is utilizing the Central Suppliers database for all the procurement and there are no challenges in logging on to the system.

16.5.6 Procurement Plan Implementation

Supply Chain Management division coordinated the development of 2025/2026 procurement plan in consultation with end-user directorates through IDP directorate sessions and a procurement plan has been prepared.

The municipal directorates procurement plan is linked to the annual budget, and was consolidated to be the municipal annual procurement plan for 2025/2026 financial year and was approved before the start of the financial year.

16.5.7 REPORT ON IMPLEMENTATION OF PROCUREMENT PLAN FOR FINANCIAL 2025/2026:

The municipality has received 137 procurement requisitions from April 2026 to June 2026; 26 under 3 quotations, 66 deviations, 40 under contracted services, 3 competitive bids, and 2 informal tenders. A total of 12 requisitions were cancelled, 3 under 3 quotations, 7 deviations, 1 under contracted services, and 1 competitive bid.

A total of 125 requisitions had awarded orders, 23 under 3 quotes, 59 deviations, 39 under contracted services, 2 competitive tenders and 2 informal tenders, and the following orders as per thresholds have been issued:

Procurement threshold	***Awarded amounts (Totals)***
R1- R30 000 (3 quotations)	**R283 912.99**
R30 001 - R300 000 (informal tenders)	**R 498 283,43**
Above R300 000	**R 11 957 374.38**

Summary Procurement Plan Implementation Report as at end June 2026

End User Department	Requisitions Received	Projects Awarded	In Progress	Cancelled
Budget and Treasury	3	5	0	3
Community Services	0	3	0	0
Corporate Services	4	4	1	0
Infrastructural Development	0	12	0	0
Local Economic Development	1	0	0	1
Office of the Municipal Manager	0	0	0	0
Strategic Directorate	0	3	0	0
Total Number of Projects	**8**	**27**	**1**	**4**

Cancellations and reasons for cancellations

Directorate	Description	Reason for cancellation
BTO	Supply and delivery of cleaning material for a period three years	Bidders non-responsive
	Service provider for online system property verification search for a period of three (03) years	Bidders non-responsive
	Maintenance of air conditioners	Bidders non-responsive
	Maintenance of Big Screen - LED for a period of three years	Bidders non-responsive

16.5.8 Bids Awarded >R30 000 for the term ending June 2026:

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
1	2025-2026	Supply and delivery of Office Furniture for Butterworth Library	SCM/MLM/26/25-26	Lutak Consulting	R 150 866.20
2	2025-2026	Supply, Delivery and Printing of Branding Material	SCM/MLM/80/25-26	Oneliseka Solutions Pty Ltd	R 53 840.68

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
3	2025-2026	Edit, Design, Layout, Formatting, Printing and Binding Plus Cover of the 2026/2027 IDP	SCM/MLM/81/25-26	Copy World (Pty) Ltd	R 42 320.00
4	2025-2026	Supply and delivery of Groceries for Opening of New Offices	SCM/MLM/82/25-26	Sposine Agencies	R 170 779.55
5	2025-2026	Training of EPWP Beneficiaries on Occupational Health and Safety	SCM/MLM/83/25-26	Trainers without Borders	R 80 477.00
6	2025-2026	Supply and delivery of Road Marking Paint for a period of three years	MNQ/SCM/72/25-26	Latitoes Talu Enterprise	R 22 690.14
7	2025-2026	Appointment of a Service for Provision of Banking Services for a period of five years	MNQ/SCM/74/25-26	FirstRand Bank Limited	R 3 258 590.76
8	2025-2026	Provision of Auction Services for a period of three years	MNQ/SCM/63/25-26	Mozi Auctioneers	Rate Based
9	2025-2026	Provision of Travelling and Accomodation Agency Services for a period of three years	MNQ/SCM/73/25-26	Silver Solution 2840 CC T/A Harvey World East London	Rate Based
10	2025-2026	Appointment of a service provider for the maintenance, servicing and repairs of a standby generator on all Mnquma Local Municipality Premises for a period of Two years	RT57-2022	SNR Electrical CC	R 356 459.40
11	2025-2026	Provision for Internal Audit Software for a period of three years	MNQ/SCM/57/25-26	Wolters Kluwer SA Ltd	R 2 502 071.00
12	2025-2026	Appointment of a Professional Service Provider for Design and Project Management for Refurbishment of Swimming Pool	MNQ/SCM/75/25-26	Afroteam Consultants	R 796 950.00

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
13	2025-2026	Supply and Installation of Alarm System at Butterworth Library for a Period of Three (03) Years	MNQ/SCM/78/25-26	SOV Security Services	R 40 040.00
14	2025-2026	Professional Service Provider for the Development of a Stormwater Management Plan	MNQ/SCM/84/25-26	Newground Projects	R 4 480 572.50
15	2025-2026	Review of LED & Planning Strategy and Spatial Development Framework for a period of three years	MOU(ECSECC)	Eastern Cape Socio Ecomonic Consultative Council	R 500 000.00

16.5.9 Municipal Bid Appeals (if applicable)

There were no bids appeals received during the quarter.

16.5.10 Contract Management

In terms of Section 116.2(b) of the Municipal Finance Management Act (MFMA), the municipality monitors the contracts on monthly basis for the performance of the contractor under the contract or agreement.

Delivery under each contract is being monitored to ensure that it achieves its original objectives and effecting any necessary changes to the contract are done upon receipt of the approved changes. Monitoring of contract includes tracking and auditing of contract terms such as:

- Pricing and discounts
- Timelines of payments and receipts
- Performance in delivering agreed service level or specification of goods and services
    - Amendments

The end-user directorate takes responsibility for the day-to-day management and monitoring of the contract in line with the contractual conditions.

The contract register is maintained and updated when there is an award made.

Commitments Summary Analysis as of end June 2026:

Description	Commitment Amount (R)
Capital	R91 836 311.64
Operational	R42 541 193.41
Total	**R134 377 505.05**

Monitoring the contracts all amounts paid are within terms and conditions of the contract, there are no breaches of conditions or service delivery targets (either party) and there are no significant price variations or other variations in the conditions.

16.5.11 Variations

Variations within 15% or 20% (this can part of contract register)

There were no variation orders less than 15% or 20%.

Variations above 15% or 20% (*Comply with MFMA S116(3)*) (this can be part of contracts register)

There were no variations orders above 15% or 20%

Extension of time

Project name	Bid number	Contractor	Contract Duration	Project Start Date	Project End Date	Anticipated Completion
None						

16.5.12 Supplier Performance Management

In terms of Section (2) (b) of the MFMA — The performance of the contractors under the contract or agreement are monitored on a monthly basis.

	As at end June 2026	Locality
No. of Current Active Contracts	**98**	
No. of contracts awarded to SMMEs within the municipal area (local suppliers)	**1**	• 1 Mnquma • 1 Gauteng • 5 East London • 2 Queenstown • 3 Mthatha • 1 Willowvale • 1 Western Cape • 1 Gqeberha
No. of Contracts about to expire in <6 months	**25**	
No. of Expired Contracts but still in use	**0**	

16.5.13 Unsolicited Bids (if any)

There were no unsolicited bids.

16.5.14 List of Bids advertised

i) Website

ii) E-tender portal

iii) CIDB (on applicable tenders)

iv) Notice Board

(See the attached List of advertised Tenders)

16.5.15 Preferential Procurement Policy Framework Act (PPPFA), Reg. 2017

i. Contracts with Pre-Qualification (Regulation 4)

No contracts with Pre-Qualification advertised in this quarter.

ii. Contracts with Objective Criteria (Section 2(1)(f) PPPF Act)

None

iii. (Contract Participation Goals) (Regulation 4)- Sub Contracting

There were no contracts above R 30 million for this quarter.

16.5.16 Local Content Procurement

No Awarded bid with Local Production and content in this quarter.

17. Fraud Prevention Policy

The municipality has reviewed and adopted the Fraud prevention policy on the 29 May 2025 *and is implemented.*

18. Staff Implications

None

19. Financial Implications

This report details the implementation of the Supply Chain Management policy.

20. Annexures

13. Deviations register from 01 April 2026 to 30 June 2026
14. Contracts and Commitments register as at 30 June 2026
15. Suppliers assessment report from 01April 2026 to 30 June 2026
16. Report on 2025-2026 procurement plan as at 30 June 2026
17. List of advertised tenders from 01 April 2026 to 30 June 2026
18. Related Parties register from 01 April 2026 to 30 June 2026

21. Recommendations

- It is hereby recommended that the Council approves the report on implementation of Supply Chain Management for the quarter ending 30 June 2026.

22. ANNUAL REPORT ON IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY

22.1 PURPOSE

The purpose of the report is to present the implementation of the supply chain management policy for the annual financial year ending 30 June 2026

22.2 LEGAL AND OR STATUTORY REQUIREMENT

The Local Government: Municipal Finance Management Act, No 56 of 2003, (the" MFMA") requires the municipality to have and implement a Supply Chain Management Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

The Municipal Supply Chain Management Regulations published under Notice 868 in Government 27636 of 30 May 2005, inter alia, contains the following:

6. **Oversight role of council of municipality or board of directors of municipal entity**
(2)(i) in the case of a municipality, within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality.

The council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its supply chain management policy.

22.3 BACKGROUND EXPOSITION, FACTS AND OR PROPOSAL

The report presents the implementation of the supply chain management policies for the year ending 30 June 2026 as approved by council.

22.4 Introduction

In terms of clause 6(1) and (2)(i) of the Municipal Supply Chain Management Regulations, 2005, which deals with the Oversight role of council of municipality or board of directors of municipal entity:

(1) *The council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its supply chain management policy.*

(2) *The accounting officer must, within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality.*

22.5 SCM Policy & Procedures

22.5.1 Adoption of Policy by Council

- *The council has the hereunder approved Supply Chain Management (SCM) policies:*
    - ***Supply Chain Management policy for General Goods and Services***
    - ***Supply Chain Management policy for Infrastructure Delivery Management***
    - ***Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy***
    - ***Unauthorised, Irregular, Fruitless and Wasteful Expenditure Prevention and Reduction Strategy***
- **The above supply chain management policies were reviewed and approved by the Council on the 30 May 2023, Council Resolution Number SCM6/22/007.1.2.1 and 24 January 2024, Council Resolution Number OCM/3/24/007.3.2.6**

22.5.2 SCM Procedures

Supply Chain Management Procedures with supply chain management checklist are implemented.

22.5.3 Delegations

Supply Chain Management Delegations are detailed in the policy.

22.5.4 Infrastructure Procurement

The Council has adopted the Supply Chain Management policy for Infrastructure Procurement and Delivery Management.

22.6 Functioning of the SCM Unit

22.6.1 SCM Structure:

The Supply Chain Management Unit (SCM) is fully established and functional:

1) SCM Manager (Senior SCM Practitioner)
2) Demand Officer
3) Acquisition Officer
4) Contract Management Officer
5) 06 Supply Chain Management Practitioners (03 Practitioners for demand management 03 Practitioners for acquisition management and 01 Contracts Management Practitioner).
6) 01 Supply chain management intern and 02 trainees

The Supply Chain Management division operates under direct supervision of the Chief Finance Officer (CFO). SCM Manager (Senior SCM Practitioner) is responsible for the day-to-day management of the division.

22.6.2 Declaration of Interest:

All SCM Personnel has declared their interests for financial year 2025/2026.

22.6.3 Code of Conduct for SCM Practitioners:

All supply chain management officials have signed the code of conduct for SCM practitioners.

22.6.4 Training of SCM Personnel

Supply chain management bid committee members, managers, directors and all supply chain management officials were trained by Provincial Treasury on the 12th of March 2025.

22.7 Functioning of Bid Committees

22.7.1 Bid Committees are constituted in line with Regulations 27, 28 &29.

- Bid Specification Committee (BSC)
- Bid Evaluation Committee (BEC)
- Bid Adjudication Committee (BAC)

22.7.2 Infrastructure Committees are aligned with the standard for Standard for Infrastructure Delivery Management (SPDIM)

22.7.3 Bid Committee Terms of Reference are in place and included in the committee's reports.

22.8 REPORTING ITEMS

22.8.1 DEVIATIONS

Section 114 of Municipal Finance Management Act No 56, 2003

Approval of tenders not recommended

(1) If a tender other than the one recommended in the normal course of implementing the supply chain management policy of a municipality or municipal entity is approved, the accounting officer of the municipality or municipal entity must, in writing, notify the Auditor-General, the relevant provincial treasury and the National Treasury and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

(2) Subsection (1) does not apply if a different tender was approved in order to rectify an irregularity.

- **In terms of the above Section of the municipal finance management act, there were no tenders approved outside the normal course of implementing the supply chain management policy.**

22.8.2 REGULATION 32 (PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE)

There are 22 procurements of goods and services secured to other organs of state as per supply chain management regulation 32.

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
1.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	Kem Knit (Pty) Ltd	R67,217.86
2.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	FG Uniforms	R149,907.12

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
3.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	Carmi Hatters	R94,988.98
4.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	FG Uniforms	R83,214.97
5.	2025-2026	Supply, Installation and Maintenance of Large Reprographic Copier, Production, Desktop Copiers and Heavy-Duty Shredder Machines	RT3-2022	Konica Minolta South Africa	Rate based
6.	2025-2026		RT57-2022	KEY SPIRIT TRADING 218 CC	R3,219,700.01
7.	2025-2026	Supply and Delivery of 5 Ton Truck	RT57-2022	Isuzu Motors South Africa (Pty) Ltd	R929,153.43
8.	2025-2026	Supply and Delivery of Panel Van	RT57-2022	Volkswagen South Africa	R766,879.20
9.	2025-2026	Supply and Delivery of a Double Cab Bakkie	RT57-2022	Isuzu Motors South Africa (Pty) Ltd	R779,496.90
10.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	Lymae Textile	R71,553.00
11.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	Leo Garments	R68,791.86

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
12.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	Metal Badge	R30,399.97
13.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	Aludar Holdings	R237,737.86
14.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	Eza Clothing t/a Sentinel Workwear	R266,205.46
15.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	Roma Tie	R14,904.00
16.	2025-2026	supply and delivery of footwear and leather products to the state	RT59-2022	Dick Whittington Shoes	R43,827.28
17.	2025-2026	supply and delivery of footwear and leather products to the state	RT59-2022	Queen of Sheba Textiles and Design (PTY) LTD T/A QS Safety (PTY) LTD	R13,550.82
18	2025-2026	supply and delivery of footwear and leather products to the state	RT59-2022	Queen of Sheba Textiles and Design (PTY) LTD T/A QS Safety (PTY) LTD	R39,915.72
19.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	Sirdicks	R88,824.05

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
20.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	Alpac Investments	R91,439.21
21.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	Ashwood Holdings	R41,170.74
22.	2025-2026	supply and delivery of clothing on the Transversal Contract RT64-2022 for supply and delivery of clothing to the state	RT64-2022	SupplyCor	R74,136.60

22.8.3 Regulation 36 (Deviation from, and ratification of minor breaches of, procurement processes)

Deviation register as at end June 2026 has been prepared in compliance with Regulation 36 of Local Government: Municipal Finance Management Act (56/2003) Municipal Supply Chain Management (SCM) Regulations which states that:

The accounting officer may –

(a) Dispense with the official procurement processes established by Mnquma local municipality supply chain management policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only:

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos, nature reserves or game reserves; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature
and;
Sections 16. (c) and 17. (c) of Local Government: Municipal Finance Management Act (56/2003): Municipal Supply Chain Management (SCM) Regulations: Written or verbal quotations and Formal written price quotations:
16.(c) A supply chain management policy must stipulate the conditions for the procurement of goods or services through written or verbal quotations, which must include conditions stating: that if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer.

17.(c) A supply chain management policy must stipulate the conditions for
the procurement of goods or services through formal written price quotations, which must include conditions stating -that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.

The municipality deviates for the hereunder services due to exceptional cases where it is impractical or impossible to follow the official procurement processes (to obtain three written price quotations:

Service Description	Reason for Deviation
Servicing and repairing municipal machinery, equipment and vehicles	Machinery and equipment of a specialized nature will be serviced and repaired by the manufacturer or an agent appointed by the manufacturer. Therefore, one quotation will be obtained in this regard. Vehicles will be serviced and repaired by the manufacturer or an agent appointed by the manufacturer as this might affect the validity of the warranty and might compromise the useful life of the vehicle. Therefore, one quotation will be obtained in this regard. Parts and other consumables relating to vehicles, machinery, and equipment of a specialized nature will be sourced from the

	manufacturer or an agent appointed by the manufacturer. Therefore, one quotation will be obtained in this regard. In addition to the above the municipality deviates to avoid towing fees wherein the vehicle must be towed to different manufacturers to obtain written price quotations i.e. to be towed to Toyota in east London, Toyota Gqeberha and/or to Toyota Durban, as well as in emergencies.
Insurance Excess	In the event where a municipal vehicle, machinery and/or equipment needs to be repaired as a result of an accident or a similar event, the appointed municipal insurance company will appoint an approved panel beater to which the insurance excess will be paid directly to the panel beater by the municipality, therefore one quotation will be sourced in this regard as impractical to obtain three written price quotations
Advertising	Arena Holding/Daily Dispatch is the only service provider registered on the Central Suppliers Data Base to offer the advertising services daily as the paper that is commonly circulated locally. Therefore, that made it impractical to obtain three written price quotations
Professional Affiliation fees	In these cases it is impractical or impossible to obtain three quotations as it may be found that the employee is already a registered member in that professional body and it is in line with his/her profession.

The municipality has approved the hereunder deviations as at end 30 June 2026.

Summary Analysis:

Service Description	Amount (R)
Emergency	R 29 900.00
Impractical	R 5 839 909.45
Single provider	R 163 009.24
Total	**R 6 032 818.69**

Please see the attached detailed deviation register as SCM Annexure A

22.8.4 UNAUTHORIZED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE

UNAUTHORIZED

In relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—

a) overspending of the total amount appropriated in the municipality's approved budget;

b) overspending of the total amount appropriated for a vote in the approved budget;

c) expenditure from a vote unrelated to the department or functional area covered by the vote;

d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;

e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or

f) a grant by the municipality otherwise than in accordance with this Act

- **No unauthorized expenditure for the year as at end June 2026.**

IRREGULAR EXPENDITURE

National Treasury issued Circular 68 during April 2013 which provides guidance into irregular expenditure, associated registers and the investigation processes with regard to irregular expenditure. This Circular clearly indicates that irregular expenditure is only recognized when the expenditure is paid.

- **No Irregular expenditure incurred for the year as at end June 2026**

FRUITLESS & WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

- **No Fruitless & Wasteful expenditure incurred for the year as at end June 2026**

22.8.5 Central Suppliers Database *(CSD)*

i) The municipality is utilizing the Central Suppliers database for all the procurement and there are no challenges in logging on to the system.

22.8.6 Procurement Plan Implementation

i) Supply Chain Management division coordinated the development of 2025/2026 procurement plan in consultation with end-user directorates through IDP directorate sessions and a procurement plan has been prepared.

The municipal directorates procurement plan is linked to the annual budget, and was consolidated to be the municipal annual procurement plan for 2024/2025 financial year and was approved before the start of the financial year.

Summary Report on implementation of procurement plan for financial 2025/2026:

The municipality has received 955 procurement requisitions from 1 July 2025 to 30 June 2026; 236 under 3 quotations, 303 deviations, 305 under contracted services, 55 competitive bids, 42 informal tenders, and 14 Transversal contracts.
A total of 159 requisitions were cancelled, 38 under 3 quotations, 43 deviations, 32 under contracted services, 20 competitive bids, and 26 informal tenders.
A total of 796 requisitions had awarded orders, 198 under 3 quotes, 260 deviations, 273 under contracted services, 35 competitive tenders, 16 informal tenders, and 14 transversal contracts, and the following orders as per thresholds have been issued:

Procurement threshold	***Awarded amounts (Totals)***
R1- R30 000	R 2,138,939.18
R30 001-R300 000	R 4 251 492.92
R300 001- R50 000 000	R 220 515 253.56
Above R50 000 000	R 0

Summary Procurement Plan Implementation Report as at end June 2026

End User Department	Requisitions Received	Projects Awarded	In Progress	Cancelled
Budget and Treasury	38	19	1	4
Community Services	20	13	0	2
Corporate Services	28	19	1	8
Infrastructural Development	51	42	0	9
Local Economic Development	48	26	0	22
Office of the Municipal Manager	0	0	0	0
Strategic Directorate	50	43	0	7
Total Number of Projects	**235**	**162**	**1**	**52**

(See the attached Annexure B – Procurement Plan Implementation Report as at end June 2026)

End User Department	Cancelled	Reasons for cancellation
Budget and Treasury	4	Insufficient budget/ Cancelled due to services no longer required
Community Services	2	Insufficient budget/ Terminated unable to complete services
Corporate Services	8	Cancelled due to services no longer required/ Cancelled due to insufficient funds
Infrastructural Development	9	Insufficient budget/Beneficiary withdrew application
Local Economic Development	22	Insufficient funds/ Services no longer needed/non-responsive/Cost containment
Strategic Directorate	7	Cancelled due to Cost containment/ Insufficient funds
Total Number of Projects	**52**	

22.8.7 Bids Awarded above R30 000 for a period ending June 2026:

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
1.	2025-2026	Supply and Delivery of Inputs for Women's Month Programme	SCM/MLM/17/25-26	Tume Construction Enterprise	R42,858.00
2.	2025-2026	Hiring of Décor for Women's Month Programme	SCM/MLM/16/25-26	Nikos Business Connection (PTY) LTD	R29,950.00
3.	2025-2026	Supply and Delivery of Animal Medication for Flock Competition, Babonene Cooperative & Eve Ndabakazi Cooperative and Feed for Babonene Cooperative & Eve Ndabakazi Cooperative	SCM/MLM/46/25-26	Sadlumbe Group	R227,370.00
4.	2025-2026	Supply and Delivery of Oil Press 2-In-1 3 Ton Machine	SCM/MLM/55/25-26	Biks Projects (Pty) Ltd	R77,950.00
5.	2025-2026	Supply and Delivery of Pressure Washer and Hose Pipes	SCM/MLM/50/25-26	Siyaxhathisa Trading CC	R13,799.99
6.	2025-2026	Designing, Printing and Delivery of 2025-2026 Diaries and Desktop Year Planner	SCM/MLM/09/25-26	Liyana Advertising	R54,145.40
7.	2025-2026	Supply, Delivery, Design and Printing of Branding Material	SCM/MLM/08/25-26	Siyaxhathisa Trading CC	R71,088.47
8.	2025-2026	Consolidation of Municipal Erven	SCM/MLM/43/25-26	MNT Geomatics	R72,450.00
9.	2025-2026	Supply and Delivery of Tombstone Equipment and Material for Mabendezole	SCM/MLM/44/25-26	Sadlumbe Group	R275,539.00

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
10.	2025-2026	Supply and Delivery of a Concrete Mixer	SCM/MLM/57/25-26	Bonisipho Trading	R57,079.50
11.	2025-2026	Training of Municipal Officials on Conflict Management	SCM/MLM/35/25-26	Summat Training Instute T/A Summat Institite	R78,200.00
12.	2025-2026	Supply and Delivery of Cleaning Machine – Walk Behind Floor Scrubber Drier	SCM/MLM/48/25-26	Amatola Cleaning Supplies T/A Industoclean-Border	R142,594.25
13.	2025-2026	Beautification of Monument Park	SCM/MLM/41/25-26	Bravo Plex 559 CC	R189,000.00
14.	2025-2026	Supply and Delivery of Inputs for Disability and Albinism Month Programme	SCM/MLM/03/25-26	Siyaxhathisa Trading CC	R38,243.94
15.	2025-2026	Service Provider for Tree Felling Services in Centane	SCM/MLM//61/25-26	Top Summit (Pty) Ltd	R89,010.00
16.	2025-2026	Training of Municipal Officials on Waste Management	SCM/MLM/39/25-26	Ubuhlanti Sances Trading (Pty) Ltd T/A One Vision Academy	R81,999.60
17.	2025-2026	Facilitation of Strategic Planning Session for a period of Three (03) Days	SCM/MLM/51/25-26	Group Afrique Consulting	R89,865.00
18.	2025-2026	Supply and delivery of Inputs to support Children's Orphanage Home	SCM/MLM/14/25-26	Brilliant Trading Enterprise T/A BTE	R31,250.00
19.	2025-2026	Supply and delivery of Inputs for Ikusasa Lolutsha Agricultural Cooperative, Ulutsha Mixed Farming Cooperative	SCM/MLM/45/25-26	Sothozulu Projects (Pty) Ltd	R209,010.00
20.	2025-2026	Supply and Delivery of Inputs for Disability Programme	SCM/MLM/22/25-26	Nokwindla Investments (Pty) Ltd	R90,160.00

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
21.	2025-2026	Designing, Editing and Reproduction of the Tourism Brochure and Visitors Book	SCM/MLM/40/25-26	Copy World (Pty) Ltd	R38,860.00
22.	2025-2026	Training of Municipal Officials on Leadership Skills	SCM/MLM/37/25-26	Ubuhlanti Sances Trading (Pty) Ltd T/A One Vision Academy	R67,999.50
23.	2025-2026	Supply and delivery of catering for children's month programme	SCM/MLM/12/25-26	Dabukela Trading	R40,000.00
24.	2025-2026	Hiring of Equipment/Décor for a Children's Month Programme	SCM/MLM/24/25-26	Entire Solutions (Pty) Ltd	R52,800.00
25.	2025-2026	Supply and delivery of Inputs (Seedlings) for Likuwe Inathi Ntsheshe Cooperative, Empilweni Projects, Thunga Mthwaku Cooperative, Malongweni Youth, Ikamva Lethu and Endeavors Primary	SCM/MLM/53/25-26	Oneliseka Solutions Pty Ltd	R76,109.10
26.	2025-2026	Supply and Delivery of Catering Equipment for TG Foods	SCM/MLM/52/25-26	Sposine Agencies	R132,681.60
27.	2025-2026	Hiring of Décor for Elderly Month Programme	SCM/MLM/05/25-26	Nikos Business Connection (PTY) LTD	R84,800.00
28.	2025-2026	Supply and Delivery of Catering for Elderly Month Programme	SCM/MLM/07/25-26	Dabukela Trading	R36,000.00
29.	2025-2026	Supply and Delivery of Inputs for Elderly Month Programme	SCM/MLM/68/25-26	Proud Queens	R66,227.20
30.	2025-2026	Hiring of Decor for 16 days of activism	SCM/MLM/25/25-26	Ezolutsha Trading (Pty) Ltd	R50,076.76

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
31.	2025-2026	Supply, Delivery, and Installation of Five Sign Boards	SCM/MLM/58/25-26	Sadlumbe Group	R99,776.25
32.	2025-2026	Supply and Delivery of Catering for Disability Month Programme	SCM/MLM/04/25-26	Dabukela Trading	R25,950.00
33.	2025-2026	Reviewal of IWMP-Intergrated Waste Management Plan (2025)	SCM/MLM/23/25-26	Linions Investment 2 T/A Ikamva Consulting	R299,000.00
34.	2025-2026	Supply and Delivery of Cleaning Material for Yonza Trading	SCM/MLM/56/25-26	Sadlumbe Group	R130,135.00
35.	2025-2026	Supply and Delivery of School Uniform for Back-to-School Campaign	SCM/MLM/18/25-26	Siposine Agencies	R197,445.00
36.	2025-2026	Supply and Delivery of Barcodes and Acetones	SCM/MLM/66/25-26	Tume Construction Enterprise	R26,960.00
37.	2025-2026	Supply and Delivery of Mix Money Counter	SCM/MLM/29/25-26	Siyanceda Suppliers (PTY) LTD	R14,685.28
38.	2025-2026	Hiring of Unisex Mobile Toilet, 2 Pole Tent, Chairs and Back Up Generator for Debt Collection Campaign	SCM/MLM/67/25-26	Omsinga Investments (Pty) Ltd	R147,400.00
39.	2025-2026	Supply and Delivery of Tools, Equipment and Toolbox	SCM/MLM/10/25-26	Siyanceda Suppliers (PTY) LTD	R71,844.62
40.	2025-2026	Supply and Delivery of Fruit Packs for Roadshows	SCM/MLM/69/25-26	Oyama & Tshepiso Dreamwaiver	R105,896.03
41.	2025-2026	Hiring of Tents, Chairs and Generator for Roadshows	SCM/MLM/72/25-26	See Afrika Consulting and Construction T/A Fiola Hiring Services	R27,000.00

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
42.	2025-2026	Supply and delivery of Office Furniture for Butterworth Library	SCM/MLM/26/25-26	Lutak Consulting	R150,866.20
43.	2025-2026	Supply, Delivery and Printing of Branding Material	SCM/MLM/80/25-26	Oneliseka Solutions Pty Ltd	R53,840.68
44.	2025-2026	Edit, Design, Layout, Formatting, Printing and Binding Plus Cover of the 2026/2027 IDP	SCM/MLM/81/25-26	Copy World (Pty) Ltd	R42,320.00
45.	2025-2026	Supply and delivery of Groceries for Opening of New Offices	SCM/MLM/82/25-26	Sposine Agencies	R170,779.55
46.	2025-2026	Training of EPWP Beneficiaries on Occupational Health and Safety	SCM/MLM/83/25-26	Trainers without Borders	R80,477.00
47.	2025-2026	Appointment of Service Provider for an Integrated Financial Management and Internal Control System, Provision and Deployment of Hosting and Backup Services for A Period of 05 Years-(Amendment of Contract) Applicable annual price escalation	MNQ/SCM/38/20-21	Inzalo Enterprise Management Systems (Pty) Ltd	R 3 921 131.86 Subject to annual price escalation
48.	2025-2026	Appointment of Service Provider for an Integrated Financial Management and Internal Control System, Provision and Deployment of Hosting and Backup Services for A Period of 05 Years-(Amendment of Contract) Applicable annual price escalation	MNQ/SCM/38/20-21	Inzalo Enterprise Management Systems (Pty) Ltd	Rate based & Applicable annual price escalation

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
49.	2025-2026	Panel of Six (06) Professional Services for Occupational Health and Safety for Infrastructural Capital Projects	MNQ/SCM/79/24-25	Imvusa Trading 1832 T/A BK Safety Specialists	Rate based
50.	2025-2026	Panel of Six (06) Professional Services for Occupational Health and Safety for Infrastructural Capital Projects	MNQ/SCM/79/24-25	Nogiwane Construction	Rate based
51.	2025-2026	Panel of Six (06) Professional Services for Occupational Health and Safety for Infrastructural Capital Projects	MNQ/SCM/79/24-25	Aalude She Consulating	Rate based
52.	2025-2026	Panel of Six (06) Professional Services for Occupational Health and Safety for Infrastructural Capital Projects	MNQ/SCM/79/24-25	Mink-Line Consulting	Rate based
53.	2025-2026	Panel of Six (06) Professional Services for Occupational Health and Safety for Infrastructural Capital Projects	MNQ/SCM/79/24-25	Fuelco Enegery t/a Greenserve Consulting	Rate based
54.	2025-2026	Panel of Six (06) Professional Services for Occupational Health and Safety for Infrastructural Capital Projects	MNQ/SCM/79/24-25	Ikamva Ithala Trading	Rate based
55.	2025-2026	Cleaning of the Cluster Six (ibika t/ship, informal settlements and Ibika Industrial Area) in Butterworth	MNQ/SCM/70/24-25	Bhongolwethu Trading CC	R3,812,227.50
56.	2025-2026	Cleaning of the Cluster five (Zizamele, Ext 24, Ext 15, Cuba B and Vuli Valley) in Butterworth	MNQ/SCM/69/24-25	Sonke Solid Waste Primary Co-op	R4,257,576.00
57.	2025-2026	One Solid Waste Service Provider for the Cleaning of the Cluster TWO in Butterworth	MNQ/SCM/66/24-25	Magcina Construction and Cleaning Catering	R3,950,766.35

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
58.	2025-2026	One Solid Waste Service Provider for the Cleaning of the (CBD, Thusong Centre, and Urban Residential Townships) in Centane	MNQ/SCM/71/24-25	Vumba Lenkuleko Multi-Purpose Primary Co-op t/a Dalimba Investments	R6,158,480.00
59.	2025-2026	Cleaning of the Cluster One (Butterworth CBD, R409 from Railway crossing to robots, Gcuwa Dam) in Butterworth	MNQ/SCM/65/24-25	Themba Labafazi Primary Cooperative	R8,204,744.00
60.	2025-2026	Cleaning of cluster three (Msobomvu township, Msobomvu flats, Msobomvu Temporals)	MNQ/SCM/67/24-25	Tulisiwe Trading Enterprise	R4,484,664.20
61.	2025-2026	Cleaning of the CBD in Ngqamakhwe	MNQ/SCM/72/24-25	Mutigen t/a Torchbar Security Services	R5,718,473.21
62.	2025-2026	Cleaning Of the Cluster Four (Mchubakazi, Cuba Township, Informal Settlement Below Nkwezela, EXT 14, 282 Housing, And Cuba Flats) In Butterworth for A Period of Three (03) Years. (Four Days A Week, Including Saturday from 08H00 TO 16H00	MNQ/SCM/68/24-25	Mlibo Trading	R3,264,059.30
63.	2025-2026	Construction of Huku to Njingini Access Road	MNQ/SCM/05/25-26	Vikisync (Pty) Ltd	R8,034,335.58
64.	2025-2026	Construction of Sivangxa, Matshanganeni via Jojweni to Majamaneni Access Road	MNQ/SCM/03/25-26	Kula Afrika Projects CC	R5,667,251.97

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
65.	2025-2026	Paving of Ibika Internal Streets Phase 1 (Surfaced)	MNQ/SCM/08/25-26	Lunika Investments (Pty) Ltd	R15,500,786.42
66.	2025-2026	Construction of Jan Nomjana Access Road (Ward 20)	MNQ/SCM/06/25-26	Tahuti Trading 137 CC	R5,873,341.56
67.	2025-2026	Construction of Nciba Access Road phase 2	MNQ/SCM/01/25-26	Cingani Trading and Projects (Pty) Ltd	R7,008,681.85
68.	2025-2026	Paving of Centane Internal Streets	MNQ/SCM/07/25-26	Ilitha (Pty) Ltd	R8,962,270.28
69.	2025-2026	Construction of Xhibeni via Maqoma Access Road	MNQ/SCM/04/25-26	Zenzile Building and Construction	R7,726,835.61
70.	2025-2026	Erection of Streetslights in Ext 2	MNQ/SCM/19/25-26	Mentolek Projects (Pty) Ltd	R4,823,690.89
71.	2025-2026	Contractor for Electrification of 221 households and 10km link-line upgrade	MNQ/SCM/18/25-26	Siya and Aya Engineering	R12,627,320.79
72.	2025-2026	Contractor for energy efficiency and demand side management	MNQ/SCM/15/25-26	Maboka Contractors	R2,955,477.00
73.	2025-2026	Construction of Link Road from Mambabaleni Meali Land (Ulutshalendalo)	MNQ/SCM/12/25-26	Ubuntu Ndoko Trading (Pty) Ltd	R1,195,078.05
74.	2025-2026	Paving of side parking in Blyth Street	MNQ/SCM/11/25-26	Zandy Tours and Projects CC	R778,211.14
75.	2025-2026	Paving of side parking at King & Merriman streets	MNQ/SCM/10/25-26	Ingelosi Trading 239	R1,582,861.60

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
76.	2025-2026	Paving of ext 15 Ring road (eMatankini)	MNQ/SCM/09/25-26	Maboka Contractors	R8,871,472.13
77.	2025-2026	Rehabilitation of Jojweni to Mzitheni Access Road	MNQ/SCM/02/25-26	Pillar of Joy Trading Enterprise	R8,178,410.58
78.	2025-2026	Panel of six (06) professional services provider for the social facilitation services for Infrastructural capital projects for a period of two years	MNQ/SCM/78/24-25	Uhlaza Environmental Education	Rate based
79.	2025-2026	Panel of six (06) professional services provider for the social facilitation services for Infrastructural capital projects for a period of two years	MNQ/SCM/78/24-25	Bulelamadize Holdings	Rate based
80.	2025-2026	Panel of six (06) professional services provider for the social facilitation services for Infrastructural capital projects for a period of two years	MNQ/SCM/78/24-25	Mazocorp (Pty) Ltd	Rate based
81.	2025-2026	Panel of six (06) professional services provider for the social facilitation services for Infrastructural capital projects for a period of two years	MNQ/SCM/78/24-25	Zanla Consulting (Pty) Ltd	Rate based
82.	2025-2026	Panel of six (06) professional services provider for the social facilitation services for Infrastructural capital projects for a period of two years	MNQ/SCM/78/24-25	Dumalisile Trading (Pty) Ltd	Rate based
83.	2025-2026	Panel of six (06) professional services provider for the social facilitation services for Infrastructural capital projects for a period of two years	MNQ/SCM/78/24-25	Funnel Industries	Rate based

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
84.	2025-2026	Supply and Delivery of Sprinkler Irrigation System Equipment with a Diesel Power Engine Pump for Ulutsha Lwendalo Agricultural Cooperative	MNQ/SCM/91/24-25	Zama Bricks CC	R419,599.35
85.	2025-2026	Design, Editing, Translation (English to Xhosa), Printing and Distribution of the Municipality's External Newsletter	MNQ/SCM/32/25-26	Copyworld (Pty) Ltd	R229,425.00
86.	2025-2026	Supply, Delivery and Installation of Furniture and Fittings for New Offices	MNQ/SCM/21/25-26	Radiof (Pty) Ltd T/A Insight Office furniture	R15,200,000.00
87.	2025-2026	Construction of Ncityana Dipping Tank	MNQ/SCM/46/25-26	Rosibu Holdings (Pty) Ltd	R961,395.80
88.	2025-2026	Upgrading of Cuba Community Hall (External Works)	MNQ/SCM/23/25-26	RBV Trading Enterprise	R985,188.38
89.	2025-2026	Construction of 45m2 house for a physically challenged persion (Ibika Township)	MNQ/SCM/22/25-26	Pillar of Joy Trading Enterprise	R673,485.54
90.	2025-2026	Construction of 45m2 house for an elderly person (Qolora Feni Location)	MNQ/SCM/17/25-26	Libanathi Investments (Pty) Ltd	R600,413.31
91.	2025-2026	Construction of 45m2 house for a physically challenged person (Mnyamanzane Village)	MNQ/SCM/14/25-26	Cingani Trading and Projects (Pty) Ltd	R700,000.00
92.	2025-2026	Installation of Gabions on Bridge Approaches Kunene (ward 17), Ngxalawe (ward 19), and Concrete Deck in Mpahleni Bridge (ward 18)	MNQ/SCM13/25-26	Hebe Hehe Trading (Pty) Ltd	R747,966.97

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
93.	2025-2026	Supply and delivery of Shearing Shed Equipment for Masifuye Shearing Shed, Wool Equipment for Dudumashe Shearing Shed and Woolbale Pressor for Qhumani Shearing Shed	MNQ/SCM/52/25-26	Cyrastyle (Pty) Ltd	R579,448.00
94.	2025-2026	Supply and delivery of 5 Heavy Duty Chainsaws, Two Pole Frunners, Lawn Mowers and 30 Grass Cutting Machines	MNQ/SCM/33/25-26	Shasta Trading 3 (Pty) Ltd	R489,153.75
95.	2025-2026	Supply and Delivery of Direct to Film (DTF) Printing Machine for Libizone Trading	MNQ/SCM/41/25-26	Makhongqo Construction (Pty) Ltd	R209,270.00
96.	2025-2026	Mnquma Cadastral Data Collection	MNQ/SCM/37/25-26	MNT Geomatics	R379,500.00
97.	2025-2026	Formalisation of Human Settlements in Mnquma	MNQ/SCM/38/25-26	MNT Geomatics	R1,925,100.00
98.	2025-2026	24 Hour Toll Free Fraud Hotline Services for Mnquma Local Municipality for a period of Three years	MNQ/SCM/30/25-26	The Vuvuzela Hotline (Pty) Ltd	R117,990.00
99.	2025-2026	Migration of Production Servers, Wide Area Network (WAN), Cyber Security and Voip	MNQ/SCM/43/25-26	Sense – IT (Pty) Ltd	R2,983,502.00
100.	2025-2026	Construction of Masiphumelele Shearing Shed	MNQ/SCM/24/25-26	3L2K Projects	R1,236,087.30
101.	2025-2026	Supply and Delivery of Sewing Equipment for Kwantu Fabrics and Sewing	MNQ/SCM/42/25-26	Sposine Agencies	R331,434.10

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
102.	2025-2026	Rehabilitation of Maxelegwini - Mangondini Access Road and Storm Water	MNQ/SCM/66/25-26	Pillar of Joy Trading Enterprise	R1,794,128.14
103.	2025-2026	Construction of Qhumani Shearing Shed	MNQ/SCM/67/25-26	Isavuma JV Karikubo	R1,289,642.60
104.	2025-2026	Life Guard Services	MNQ/SCM/70/25-26	Entrust Electrical	R320,000.00
105.	2025-2026	Provision of Professional Services for Planning, Design and Project Management of 2026/2027 Financial Year Electrification Programme Within Mnquma Area	MNQ/SCM/64/25-26	Inyusa Group Holdings T/A Vokon Afrika Consulting	R1,426,138.00
106.	2025-2026	Pest Control Services for a Period of Three Years	MNQ/SCM/27/25-26	Mkhonto Wethu Trading (Pty) Ltd T/A Eco Chemicals Solutions	R436,455.04
107.	2025-2026	Clinical Therapeutic service to provide employee assistance programes for Mnquma Local Municipality Employees	MNQ/SCM/35/25-26	Mandisa Psychological Services	Rate based
108.	2025-2026	Hygiene Services for a period of three years	MNQ/SCM/28/25-26	Kempstone Cleaning Solutions T/A Vincemus Investments	R1,190,228.12
109.	2025-2026	Supply and Delivery of Refuse Bags for a Period of Three Years	MNQ/SCM/56/25-26	Zenani Kasali Projects (Pty) Ltd	Rate based
110.	2025-2026	Refurbishment of Main Municipal Building	MNQ/SCM/65/25-26	Express Builders CC	R19,990,000.00

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
111.	2025-2026	Supply and Delivery of Electrical material for a Period of Three (03) Years	MNQ/SCM/54/25-26	Sadlumbe Group	Rate based
112.	2025-2026	Supply, Delivery, and Maintenance of Folding Machine and Inserting Machine	MNQ/SCM/45/25-26	Lawundini Investments and Trading	R310,000.00
113.	2025-2026	Supply and delivery of Fishing Equipment and Cold Storage Container for Fish and Perishable Items for Noyakana Fishing Co-operative and Qolora Fishing Equipment	MNQ/SCM/69/25-26	Zimimbo Projects	R462,975.00
114.	2025-2026	Supply and Delivery of inputs for Amanzi and poultry Co-op	MNQ/SCM/79/25-26	Zimimbo Projects	R492,682.74
115.	2025-2026	Supply and delivery of Road Marking Paint for a period of three years	MNQ/SCM/72/25-26	Latitoes Talu Enterprise	Rate based
116.	2025-2026	Appointment of a Service for Provision of Banking Services for a period of five years	MNQ/SCM/74/25-26	FirstRand Bank Limited	Rate based
117.	2025-2026	Provision of Auction Services for a period of three years	MNQ/SCM/63/25-26	Mozi Auctioneers	Rate based
118.	2025-2026	Provision of Travelling and Accomodation Agency Services for a period of three years	MNQ/SCM/73/25-26	Silver Solution 2840 CC T/A Harvey World East London	Rate based
119.	2025-2026	Maintenance of Butterworth Library	MNQ/SCM/77/25-26	Empire 0501 Holdings (Pty) Ltd	R614,000.00
120.	2025-2026	Appointment of a service provider for the maintenance, servicing and repairs of a standby generator on all Mnquma Local Municipality	MNQ/SCM/71/25-26	SNR Electrical CC	R356,459.40

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
		Premises for a period of Two years			
121.	2025-2026	Provision for Internal Audit Software for a period of three years	MNQ/SCM/57/25-26	Wolters Kluwer SA Ltd	R2,502,071.00
122.	2025-2026	Appointment of a Professional Service Provider for Design and Project Management for Refurbishment of Swimming Pool	MNQ/SCM/75/25-26	Afroteam Consultants	R796,950.00
123.	2025-2026	Supply and Installation of Alarm System at Butterworth Library for a Period of Three (03) Years	MNQ/SCM/78/25-26	SOV Security Services	R40,040.00
124.	2025-2026	Rehabilitation of Emntla Khothana Access Road Stormwater Facilities	MNQ/SCM/80/25-26	Lika and Kuhle Trading	R432,805.84
125.	2025-2026	Rehabilitation of Mjo Access Road Stormwater Facilities	MNQ/SCM/82/25-26	Ifezekile Trading	R419,568.51
126.	2025-2026	Rehabilitation of Qeqe to Khumalo Access Road Stormwater Facilities	MNQ/SCM/85/25-26	Hebe Hehe Trading (Pty) Ltd	R554,833.14
127.	2025-2026	Rehabilitation of Sidutyini Access Road Stormwater Facilities	MNQ/SCM/89/25-26	Omsinga Investments	R328,487.51
128.	2025-2026	Rehabilitation of Thoboyi Access Road Stormwater Facilities	MNQ/SCM/86/25-26	Vumba Lenkuleko Multi-Purpose Primary Co-op t/a Dalimba Investments	R397,087.98
129.	2025-2026	Rehabilitation of Busila to Zwelandile Access Road Stormwater Facilities	MNQ/SCM/81/25-26	Vikisync (Pty) Ltd	R1,098,928.22

No.	Financial Year	Project name	Bid number	Contractor	Awarded Amount
130.	2025-2026	Rehabilitation of Mthintsilana to Magogogo Access Road Stormwater Facilities	MNQ/SCM/90/25-26	Ncethani Holdings	R738,891.50
131.	2025-2026	Rehabilitation of Tyinirha Access Road Stormwater Facilities	MNQ/SCM/87/25-26	Bulumko Projects & Construction(Pty) Ltd	R547,961.91
132.	2025-2026	Rehabilitation of Nduveni to Xhaxhashimba Access Road Stormwater Facilities	MNQ/SCM/88/25-26	Pillar of Joy Trading Enterprise	R1,007,046.97
133.	2025-2026	Rehabilitation of Xilinxa Access Road Stormwater Facilities	MNQ/SCM/83/25-26	Zandy Tours and Projects CC	R698,126.68
134.	2025-2026	Professional Service Provider for the Development of a Stormwater Management Plan	MNQ/SCM/84/25-26	Newground Projects	R4,480,572.50
135.	2025-2026	Hiring of frame tents, Decor, PA System, Catering Equipment, VIP Mobile Toilets, Mobile Fridge and Chairs for the Opening of New Offices	MNQ/SCM/92/25-26	Da Brains Trading	R399,285.75
136.	2025-2026	Review of LED & Planning Strategy and Spatial Development Framework for a period of three years	MOU(ECSECC)	Eastern Cape Socio Economic Consultative Council	R500,000.00

22.8.8 Municipal Bid Appeals (if applicable)

i) *There were no bids appeals received*

22.8.9 Contract Management

In terms of Section 116.2(b) of the Municipal Finance Management Act (MFMA), the municipality monitors the contracts on a monthly basis for the performance of the contractor under the contract or agreement.

Delivery under each contract is being monitored to ensure that it achieves its original objectives and effecting any necessary changes to the contract are done upon receipt of the approved changes. Monitoring of contract includes tracking and auditing of contract terms such as:

- Pricing and discounts
- Timelines of payments and receipts
- Performance in delivering agreed service level or specification of goods and services
- Amendments

The end-user directorate takes responsibility for day-to-day management and monitoring of contracts in line with the contractual conditions.
Contract register is maintained and updated when there is an award made.

- Commitments as at end June 2026:

Summary Analysis:

Description	Commitment Amount (R)
Capital	R91 836 311.64
Operational	R42 541 193.41
Total	**R134 377 505.05**

Monitoring the contracts all amounts paid are within terms and conditions of the contract, there are no breaches of conditions or service delivery targets (either party) and there are no significant price variations or other variations in the conditions.

(See the attached Annexure - Contracts Register and Commitments Register as at end June 2026)

22.8.10 Variations

i) Variations within 15% or 20% (this can part of contract register)

Contractor/Service Provider	Project name	Variation amount	Variation %
TMT Services and Supplies (Pty) Ltd	Design, supply, installation and commissioning of traffic management system, urban CCTV cameras and equipment for Mnquma Local Municipality	R 619 583.31	14.11%

Variations above 15% or 20% (*Comply with MFMA S116(3)*) (this can be part of contracts register)

Project name	Bid number	Contractor/Service Provider	Contract Duration	Project Start Date	Project End Date	Revised End Date
Municipal Website enhancement	MNQ/SCM/20/20-21	First National Bank, A Division of FirstRand Bank Limited	61 Months	28-Jan-21	27-Jan-26	Month-to-Month
Supply and delivery of Truck Mounted Jetting Unit	RT3-2022	Konica Minolta South Africa	36 Months	01-Dec-22	30-Nov-25	31-May-26
Construction of Sivangxa, Matshanganeni via Jojweni to Majamaneni Access Road	MNQ/SCM/24/23-24	Transtruct Pty Ltd	24 months	16-Oct-23	24-Oct-25	28-Apr-26
Construction of Jan Nomjana Access Road (Ward 20)	MNQ/SCM/72/23-24	Fabulous 2020	24 Months	09-Jul-24	08-Jul-26	Month-to-Month
Paving of Centane Internal Streets	MNQ/SCM/51/24-25	A.K Building Construction	08 Months	06-Mar-25	12-Nov-25	12-Feb-26
Contractor for Electrification of 221 households and 10km link-line upgrade	MNQ/SCM/47/24-25	Vargafon(Pty) Ltd	03 Months	03-Mar-25	02-Jun-25	Month-to-Month
Construction of Link Road from Mambabaleni Meali Land (Ulutshalendalo)	MNQ/SCM/84/24-25	FUMANI HOLDINGS	03 Months	17-Jun-25	16-Sept-25	30-Nov-25
Paving of side parking in Blyth Street	MNQ/SCM/03/25-26	Kula Afrika Projects CC	06 Months	18-Jul-25	17-Feb-26	19-Mar-26
Paving of side parking at King & Merriman streets	MNQ/SCM/06/25-26	Tahuti Trading 137 CC	06 Months	18-Jul-25	17-Feb-26	03-Mar-26

Project name	Bid number	Contractor/Service Provider	Contract Duration	Project Start Date	Project End Date	Revised End Date
Upgrading of Cuba Community Hall (External Works)	MNQ/SCM/07/25-26	Ilitha (Pty) Ltd	06 Months	18-Jul-25	10-Feb-26	05-Mar-26
Supply and delivery of Shearing Shed Equipment for Masifuye Shearing Shed, Wool Equipment for Dudumashe Shearing Shed and Woolbale Pressor for Qhumani Shearing Shed	MNQ/SCM/18/25-26	Siya and Aya Engineering	06 Months	16-Jul-25	01-Mar-26	29-May-26
Construction of Qhumani Shearing Shed	MNQ/SCM/12/25-26	Ubuntu Ndoko Trading (Pty) Ltd	03 months	18-Jul-25	17-Oct-25	18-Nov-25
Paving of side parking in Blyth Street	MNQ/SCM/11/25-26	Zandy Tours and Projects CC	02 months	18-Jul-25	17-Sept-25	02-Oct-25
Paving of side parking at King & Merriman streets	MNQ/SCM/10/25-26	Ingelosi Trading 239	02 months	18-Jul-25	17-Sept-25	08-Oct-25
Upgrading of Cuba Community Hall (External Works)	MNQ/SCM/23/25-26	RBV Trading Enterprise	03 months	26-Jan-26	26-Apr-26	26-May-26
Supply and delivery of Shearing Shed Equipment for Masifuye Shearing Shed, Wool Equipment for Dudumashe Shearing Shed and Woolbale Pressor for Qhumani Shearing Shed	MNQ/SCM/52/25-26	Cyrastyle (Pty) Ltd	02 months	11-Dec-25	10-Feb-26	09-Mar-26
Construction of Qhumani Shearing Shed	MNQ/SCM/67/25-26	Isavuma JV Karikubo	04 months	28-Jan-26	28-May-26	28-Jun-26
Supply and Delivery of Stormwater Pipes	SCM/MLM/85/24-25	Libukhali Holdings (Pty) Ltd	02 Months	23-Jun-25	22-Aug-25	20-Oct-25
Supply, Delivery, and Installation of (01) 6M Container Park Home for Crafters	SCM/MLM/84/24-25	Libukhali Holdings (Pty) Ltd	03 Months	23-Jun-25	22-Sept-25	08-Oct-25
Supply and Delivery of Inputs for Disability Programme	SCM/MLM/22/25-26	Nokwindla Investments (Pty) Ltd	02 Months	17-Nov-25	17-Jan-26	25-Feb-26
Reviewal of IWMP-Intergrated Waste Management Plan (2025)	SCM/MLM/23/25-26	Linions Investment 2 T/A Ikamva Consulting	06 Months	12-Jan-26	11-Feb-26	30-Jun-26

Project name	Bid number	Contractor/Service Provider	Contract Duration	Project Start Date	Project End Date	Revised End Date
Supply and Delivery of Mix Money Counter	SCM/MLM/29/25-26	Siyanceda Suppliers (PTY) LTD	02 Months	27-Feb-26	26-Apr-26	30-Jun-26
Supply and delivery of cleaning material for a period of two years	MNQ/SCM/72/23-24	Fabulous 2020	2 Years	10 July 2024	09 July 2026	Month to Month

22.8.11 Supplier Performance Management

In terms of Section (2) (b) of the MFMA — The performance of the contractors under the contract or agreement are monitored on a monthly basis.

	As at end June
No. of Current Active Contracts	98
No. of contracts awarded to SMMEs within the municipal area (local suppliers)	67
No. of Contracts about to expire in <6 months	25
No. of Expired Contracts but still in use	0

(See the attached supplier's assessment report- Annexure D).

22.8.12 Unsolicited Bids (if any)

There were no unsolicited bids.

22.8.13 List of Bids advertised

i) Website

ii) E-tender portal

iii) CIDB (on applicable tenders)

iv) Notice Board

(See the attached List of advertised Tenders)- Annexure

22.8.14 Preferential Procurement Policy Framework Act (PPPFA), Reg. 2017

22.8.15 Contracts with Pre-Qualification (Regulation 4)

No contracts with Pre-Qualification advertised this year

22.8.16 Contracts with Objective Criteria (Section 2(1)(f) PPPF Act)

None

22.8.17 (Contract Participation Goals) (Regulation 4)- Sub Contracting

There were no contracts above R 30 million.

22.8.18 Local Content Procurement

No contracts awarded with local content procurement

22.8.19 Fraud Prevention Policy

The municipality reviewed and adopted the Fraud prevention policy on the 30 May 2023 and is implemented.

23. Staff Implications

None

24. Financial Implications

This report details the implementation of the Supply Chain Management policy.

25. Recommendations

- It is hereby recommended that the Council approves the annual report on implementation of Supply Chain Management Policy for the period ending 30 June 2026.

26. REPORT ON 1ST ADJUSTMENT BUDGET 2026 – 2027

26.1 Purpose

The purpose of the report is to present the 2026/2027 1st adjustment budget.

26.2 Legal and or statutory requirement

In terms of MFMA Act No. 56 of 2003 section 28:-

"(1) A municipality may revise an approved annual budget through an adjustments budget.

(2) An adjustments budget—

(b) May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;

(e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the council;

(g) may provide for any other expenditure within a prescribed framework."

26.3 Background exposition, facts and or proposal

The Council adopted the MTREF budget for 2026-2027 with a capital budget of R 138 162 007and an operating budget of R 809 423 255 in May 2026.

The 1st adjustment budget aims to address the following:

• Amend the budget to accommodate prior year commitments that will be settled in the current financial year.
• Rollover of unspent funds related to Unspent Conditional Grants as at 30 June 2026.

The municipality made appointments in the last quarter of the financial year, resulting in some services not being delivered by 30 June. Additionally, certain projects could not be completed by year-end. These were not included in the current year's budget, as the municipality did not anticipate having outstanding commitments at the close of the financial year.

As at 30 June 2026 the municipality had commitments of **R 1 672 047** and Unspent Conditional Grants totaling to **R 2 950 515.**

COMMITMENTS AS AT 30 JUNE 2026

The summary below outlines commitments amounting to R4,622,562 as at 30 June 2026. As a result, revenue will increase by R2,950,515 from Unspent Conditional Grants at year-end, comprising LGSETA: R1,392,632 and DSRAC: R1,557,883.

No additional expenditure will be incurred beyond the current approved budget. To accommodate these commitments, the directorates were requested to reprioritise their existing budget by deferring certain projects planned for the current financial year. Consequently, the Municipal SDBIP will need to be revised to align with the adjusted budget.

ITEM	AMOUNT
Order Commitments	1,672,047
Unspent conditional grants	2,950,515
TOTAL COMMITMENTS	**3,622,562**

TOTAL COMMITMENTS PER DIRECORATES

DIRECTORATE	COMMITMENTS
Budget and Treasury Office	748,938
Corporate Services	1,466,769
Community Services	1,646,875
Local Economic Development	97,980
Office of the MM	662,000
TOTAL	**4,622,562**

26.4 SUMMARY OF THE 1ST ADJUSTMENT BUDGET

26.4.1 COMMITMENTS - ORDERS AS AT 30 JUNE 2026

The following table shows the list of orders that were issued as at 30 June 2026 but the services were not yet rendered.

PROJECT DESCRIPTION	CONTRACTOR	AMOUNT
Supply and delivery of Protective clothing to the state for a period of three years	SupplyCor	74,136.60
Supply and delivery of Protective clothing to the state for a period of three years	Carmi Hatters	88,991.97
Supply, Delivery and Installation of Furniture and Fittings for New Offices	Insight Office Furniture	748,938.24
Supply and delivery of Fishing Equipment and Cold Storage Container for Fish and Perishable Items for Noyakana Fishing Co-operative and Qolora Fishing Equipment	Zimimbo Projects	97,980.00
Provision for Internal Audit software for a period of three Years	Wolters Kluwer SA LTD	662,000.00
TOTAL COMMITMENTS		**1,672,046.81**

Below is a list of the projects that were adjusted or deferred, categorized per directorate.

CORPORATE SERVICES

An amount of R 74 136 has been reallocated from the following project to fund uniform and protective clothing for the office assistants.

PROJECTNAME	AMOUNT
16760 Inzalo Hosted	74,136.60
TOTAL ADJUSTMENTS	**74,136.60**

COMMUNITY SERVICES

An amount of R 88 992 has been reallocated from the following project to fund uniform and protective clothing for security services unit and casual workers.

PROJECT NAME	AMOUNT
12057 Uniform; Overall and protective clothing- Traffic	88,991.97
TOTAL ADJUSTMENTS	**88,991.97**

BUDGET AND TREASURY OFFICE

An amount of R 748,938 has been reallocated from the following project to fund remaining office furniture for the new municipal offices.

PROJECT	AMOUNT
16610 Motor Vehicles	748,938.24
TOTAL ADJUSTMENTS	**748,938.24**

LOCAL ECONOMIC DEVELOPMENT

An amount of R 97,980 has been reallocated from the following project to fund inputs for a small business through fishing equipment:

PROJECT	AMOUNT
20293 Implement 2 MOU with ECSECC	97,980
TOTAL ADJUSTMENTS	**97,980**

OFFICE OF THE MM

An amount of R 662 000 has been reallocated from the Internal Audit Software:

PROJECT	AMOUNT
220 S & T Accommodation - Office of MM	100,000
370 Audit Committee - Consumables	20,000
123 Hire of transport - Office of MM	10,000
24 Car rental - Office of MM56	40,000
17856 Online Legal Library	10,000
371 Audit Committee - S&T	16,000
20353 Sheriff payment	280,000
20304 Laptop Bags	6,000
220 S & T Accommodation - Office of MM	30,000
368 Audit Committee - Sitting Allowance	150,000
TOTAL ADJUSTMENTS	**662,000**

27. Staff implications

None

28. Financial implications

None

29. Recommendations

It is hereby recommended that the Council approves the 2026-2027 1st Adjustment Budget.