BUDGET AND TREASURY DIRECTORATE

IMVABA EZEL'INGQAKA
MNQUMA
LOCAL MUNICIPALITY

SECTION 71FINANCIAL REPORT TO EXECUTIVE MAYOR FOR THE MONTH ENDING 31 AUGUST 2025

Compiled By:

M. Matomane
Chief Financial Officer

Signed by:

S. Mahlasela
Municipal Manager

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 month ending 31 August 2025.

2. LEGAL AND OR STATUTORY REQUIREMENT

In terms of section 71 of the Municipal Finance Management Act No. 56 of 2003, the accounting officer of a municipality must by no later than 10 working days after the end of each month, submit a report to mayor of the on the implementation of the municipality and relevant National and provincial treasury, a statement in the prescribed format on the state of the municipality's budget reflecting certain particulars for that month and for financial year up to the end of that month.

3. BACKGROUND EXPOSITION, FACTS AND OR PROPOSAL

The Municipality adopted the MTREF budget for 2024-2025 on the 23rd May 2024, 1st Adjustment budget was approved on the 30th July 2024.

The report presents the implementation of the approved budget including the financial performance and financial position of the municipality for the month ending 31 August 2025.

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 2025-2026 approved tariff structure. All properties are billed as per the values on the General valuation roll that was implemented from the 01st July 2024. Appointment of a substitute Valuer was approved by Council in December 2024. An appeal board meeting is expected to sit to finalise all the objections and appeals submitted.The table below shows comparison of budgeted revenue with actual revenue as at 31 August 2025:

Description	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue						
Exchange Revenue						
Service charges - Waste management	25 000	1 454	2 916	4 167	(1 251)	-30%
Sale of Goods and Rendering of Services	16 357	2 965	3 533	2 726	807	30%
Agency services	2 643	229	484	441	43	10%
Interest earned from Receivables	18 000	1 510	2 839	3 000	(161)	-5%
Interest from Current and Non Current Assets	20 000	1 476	2 923	3 333	(410)	-12%
Rental from Fixed Assets	5 710	598	1 115	952	164	17%
Licence and permits	6 793	174	348	1 132	(784)	-69%
Operational Revenue	1 301	17	35	217	(182)	-84%
Non-Exchange Revenue					–	
Property rates	120 000	2 310	48 515	50 080	(1 565)	-3%
Surcharges and Taxes	–	15	16	–	16	100%
Fines, penalties and forfeits	10 600	1 345	4 932	1 767	3 166	179%
Transfers and subsidies - Operational	350 692	809	142 346	142 418	(72)	0%
Gains on disposal of Assets	2 052	–	–	342	(342)	-100%
Other Gains	2 000	–	–	333	(333)	-100%
Total Revenue (excluding capital transfers and contributions)	**581 149**	**12 902**	**210 001**	**210 908**	**-904**	**0%**

Year-to-date revenue is R 210 001 000, which is equal to the year-to-date budgeted revenue of R 210 908 000 due to the reasons stated below

Service charges – Refuse removal

Year to date actual is sitting at R 2 916 000, which is 30% less than the targeted amount of R 4 167 000. The variance is due to implementation of Supplementary valuation roll which was not taken in taken into consideration when preparing the budget. Budget will be adjusted in January.

Sale of Goods and Rendering of Services

Actual revenue received amounts to R 3 533 000, which is 30% more than the YTD budgeted amount of R 2 726 000. Variance is due to revenue recognised for expenditure incurred on INEP.

Agency services

Actual revenue received amounts to R 484 000, which is 10% more than the targeted budget of R 441 000.Varience is due to increase in number of motor vehicles licensed and is dependent on walk-ins

Interest on outstanding debtors

Actual interest on outstanding debtors amounts to R 2 839 000, which is 5% less than the targeted amount of R 3 000 000.Variance is immaterial

Rental from fixed assets (facilities and equipment)

This revenue item is made up of rentals for Flats, Fingoland Mall and Transkei Quarries. Year to date actual is sitting at R 1 115 000, which is 17% more than the targeted amount of R 952 000.Varience is due to signing of new lease agreements for two new staff houses that were vacant and new development in Ngqamakhwe

Licenses and permits

Actual revenue received amounts to R 348 000, which is 69% less than the targeted amount of R 1 132 000. The variance is due to a decrease in the number of driver's licenses issued and renewed during the term.

Operational Revenue

Actual own revenue received amounts to R 35 000, which is 84% less than the targeted amount of R 217 000. Variance is due to no staff recovery and insurance refunds transactions during the term.

Property Rates

Year to date actual is sitting at R 48 515 000, which is 3% less than the targeted amount of R 50 080 000.

Fines, penalties and forfeits (Fines issued)

Revenue from traffic fines issued is R 4 932 000, which is 179% more than the targeted amount of R 1 767 000. Variance is due to increase in traffic fines issued following the implementation of the new speed camera system; Budget will be adjusted upwards in January.

Transfers and subsidies

The municipality has received R 142 346 in respect of Grants Transfers and subsidies.

BILLING VERSUS COLLECTION

The table below shows billing inclusive of 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	1 226 539	500 742
Rates	50 552 135	17 691 091
Refuse	3 575 491	449 870
Traffic Fines	4 858 750	1 061 040
TOTAL	**60 212 915**	**19 702 743**

4.1 GRANTS RECEIVED

The municipality on a yearly basis is allocated funds from the Division of Revenue Act (DoRA) and 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 R177 687 313 as at 31 August 2025. All allocations have been received in full as per the amounts allocated to the municipality.

Below is the detail of grants received to date.

Name of the Grant	DoRA Allocation	YTD Actual	Variance
Municipal Infrastructure Grant (MIG)	73 457 000	26 796 000	46 661 000
Minerals & Energy (INEP)	5 954 000	5 954 000	-
Equitable share	340 893 000	141 165 000	199728000
Finance Management Grant (FMG)	1 900 000	1 900 000	-
Expanded Public Works Programme (EPWP)	1 610 000	600 000	1 010 000
Energy Efficiency and Demand side Management Grant	1 200 000	1 200 000	
Name of the Grant	**Department Allocation**	**YTD Actual**	**Variance**
Local Government Sector for Education and Traning Authority (LGSETA)	72 313	72 313	
Office of the Premier	12 991 251		12 991 251
Municipal Disaster Relief	6 472 000		6 472 000
Department of Sport, Recreation, Arts and Culture (DSRAC)	864 000		864 000
TOTAL	**445 413 564**	**177 687 313**	**267 726 251**

4.2 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 and final notices are issued after 14 days from the date of issuing of notice. 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 also 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:

INSTITUTION NAME	NUMBER OF PROPERTIES	DEBTORS WITH ARRANGEMENTS	URGENT NOTICES ISSUED	FINAL NOTICES ISSUED	SUMMONS ISSUED	RETURN OF SERVICE	DEFAULT JUDGEMENTS	WARRANT OF EXECUTION/EVICTIONS	DEBTORS PAYING
Municipal Flats	724	227	527	527	527	527	527	360	55
Reservior Hill	20	5	7	5	1	0	0	0	2
Residential - Cuba	719	63	700	400	364	110	62	0	60
Residential - Extension 15	241	64	238	217	140	65	63	9	43
Residential - Extension 2	147	42	109	109	85	49	25	1	20
Residential - Extension 24	201	44	163	137	135	82	53	0	43
Residential - Extension 6	203	61	186	151	127	71	38	0	51
Residential - Extension 7	103	27	94	73	61	30	21	0	18
Residential - Ibika	697	89	662	546	300	95	85	0	42
Residential - New Rest	248	10	192	187	173	0	0	0	7
Residential - Centane	685	16	582	530	113	12	7	5	17
Residential - Coloured	193	30	114	92	44	35	21	0	20
Residential - Mchubakazi	936	88	816	568	297	63	63	0	54
Residential - Msobomvu	686	99	800	720	307	46	43	0	91
Residential - Nqamakwe	256	5	58	10	10	3	2	1	4
Residential - Vulli Valley	254	36	250	219	192	20	18	4	44
Residential - Zizamele	736	43	742	742	200	0	0	0	20

INSTITUTION NAME	NUMBER OF PROPERTIES	DEBTORS WITH ARRANGEMENTS	URGENT NOTICES ISSUED	FINAL NOTICES ISSUED	SUMMONS ISSUED	RETURN OF SERVICE	DEFAULT JUDGEMENTS	WARRANT OF EXECUTION/EVICTIONS	DEBTORS PAYING
Business - Butterworth	253	94	215	178	136	41	21	1	57
Business - Nqamakwe	23	6	19	19	15	0	0	0	5
Business - Centane	39	8	15	15	12	0	0	0	9
ECDC	507	0	0	0	0	0	0	0	2
Provincial Public Works	377	0	0	0	0	0	0	0	33
National Public Works	22	0	0	0	0	0	0	0	0
Rural Development and Land Reform	38	0	0	0	0	0	0	0	0
Department Of Education	2	0	0	0	0	0	0	0	1
Councillors	4	6	0	0	0	0	0	0	7
Ward Committee Members	11	4	0	0	0	0	0	0	3
Municipal Employees	28	26	0	0	0	0	0	0	46
Church	48	0	0	0	0	0	0	0	0
Farms	49	0	0	0	0	0	0	0	0
Municipal Properties	14	0	0	0	0	0	0	0	1
Centane Rural Area	19	0	0	0	0	0	0	0	0
Gcuwa Rural Area	4	0	0	0	0	0	0	0	0
Ngqamakwe Rural Area	7	0	0	0	0	0	0	0	1
Unregistered State Properties	2	0	0	0	0	0	0	0	0
TOTAL	**8496**	**1093**	**6489**	**5445**	**3239**	**1249**	**1049**	**381**	**756**

Age analysis per service type

The total outstanding debtors as at 30 August 2025 is R 285 875 103. Debtors payable over 90 days amount to R 232 503 365 which is 81% of the total debtor's balances. A significant amount of R 207 838 759 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	5 099 201	33 502 021	7 775 118	3318208	3 204 879	3 135 814	151 803 518	207 838 759
REFUSE	1 982 835	1 961 928	2 271 406	1 801 733	1 774 694	1 787 661	51 458 033	63 038 289
RENTALS	543 256	455 974	465 568	426 964	622 185	391 216	12 778 459	15 683 622
ADVANCE PAYMENT	-685 567	0	0	0	0	0	0	-685 567
TOTAL	**6 939 724**	**35 919 923**	**10 512 091**	**5 546 906**	**5 601 759**	**5 314 691**	**216 040 010**	**285 875 103**

AGE ANALYSIS OF DEBTORS BY INSTITUTION

Below is the debtors age analysis by institution and out of R 285 875 103, households are owing a prevalent amount of R 193 339 944 which constitutes 68% of the total debtor's balance

INSTITUTION	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	180 DAYS	TOTAL
GOVERNMENT	1 491 820	17 968 139	1 954 812	676 885	665 496	662 525	21 828 786	45 248 463
BUSINESS	1 193 485	10 760 038	1 954 297	250 056	325 356	247 756	32 555 710	47 286 697
HOUSEHOLD	4 254 419	7 191 746	6 602 983	4 619 965	4 610 906	4 404 410	161 655 514	193 339 944
TOTAL	**6 939 724**	**35 919 923**	**10 512 091**	**5 546 906**	**5 601 759**	**5 314 691**	**216 040 010**	**285 875 103**

Age analysis for debt owed by staff and councilors

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 councilor 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 at 31 August 2025. Payment arrangements have been signed by the staff and councillors owing the municipality.

Account Balances	**Aug - 25**
HOD's	-
Municipal Staff Accounts > 90 days	132 976
Councillors Account > 90 days	25 061
TOTAL	**158 037**

Municipal Staff Accounts		
Staff Accounts	**%**	**Aug - 25**
0 – 90 Days	26%	34 119
120 Days	5%	6 744
150 Days	5%	6 695
180 Days	64%	85 418
TOTAL BALANCE	**100%**	**132 976**

Councillors Accounts		
Staff Accounts	**%**	**Aug - 25**
0 – 90 Days	13%	3 266
120 Days	2%	411
150 Days	2%	409
180 Days	83%	20 974
TOTAL BALANCE	**100%**	**25 061**

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

AccountId	AccountName	Current days	30 days	60 days	90 days	120 days	150 days	180 days	Balance	Duration of agreement	Acknowledgement signed/not
1275	LUSANDA RWAYI	396	200	200	200	200	200	6 569	7 964	Until the debt is paid up	Signed
5153	NOLOYISO NTUNJA	606	240	238	236	235	233	3 392	5 181	5 Months	Signed
6171	PHILLIP MATOMELA	355	200	200	200	200	200	1 654	3 008	Until debt is paid up	Signed
9929	Nokuthula Pupuma	567	567	567	567	567	567	1 285	4 686	Until the debt is paid up	Signed
9956	MAUREEN GWAVU	488	488	488	488	488	488	10 222	13 152	24 Months	Signed
11193	BONGO NTAMO	722	725	725	725	250	203	17 051	20 400	Current charge	Signed
11257	NOPHUMLANI TYAFU	511	213	214	215	215	213	360	1 939	Current charge	Signed
11547	NOLUVUYO WILI	458	200	200	200	200	200	3 387	4 845	Current charge	Signed
11607	ZUKO NDIKI	468	200	200	200	200	200	1 743	3 211	Until the debt is paid up	Signed
11630	LULAMA LILIAN MAYEZANA	718	721	720	719	722	721	14 477	18 798	Current charge	Signed
11682	PINKY BANYA	467	468	468	468	469	469	5 609	8 417	Current charge	Signed
11836	NOMILILE VERONICA GOBE	200	200	200	200	200	200	238	1 438	Until debt is paid up	Signed
12006	MFUSI TENGWA	221	223	236	218	219	220	1 524	2 861	Current charge	Signed
12108	VUYISEKA KHALIPHA	586	586	586	586	586	586	4 235	7 751	12 Months	Signed
12220	NOMPUMELELO DLOVA	526	525	465	228	227	225	2 986	5 183	Current charge	Signed
12677	NOLUTHANDO NDINISA	262	200	200	159	0	0	0	821	Current charge	Signed
12807	NTOMBIFUTHI JESSICA GUDLA	433	227	227	226	224	223	959	2 518	Current charge	Signed
12810	PHINDISWA KAZIWA	725	405	716	81	80	80	79	2 167	Current charge	Signed
12846	ZELNA ZUKELWA MTIKITIKI	1 261	1 261	1 261	1 261	1 261	1 261	9 244	16 809	Current charge	Signed
15782	NOSIPO NOMJANA	416	200	200	200	200	206	405	1 827	Current charge	Signed
Grand Total	**Total**	**10 384**	**8 047**	**8 310**	**7 378**	**6 744**	**6 695**	**85 418**	**132 976**		

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

AccountId	AccountName	Current days	30 days	60 days	90 days	120 days	150 days	180 days	Balance	Duration of agreement	Acknowledgement signed/not
2754	MANDISA DALI	519	316	200	200	200	200	2 294	3 929	Until debt is paid up	Signed
4255	NOMFUNDISO TSHONA	503	508	512	508	211	209	1 018	3 470	Agreement expired	Not signed
9932	NOSISI PALISO	0	0	0	0	0	0	17 662	17 662	Until debt is paid up	Signed
Grand Total		**1 022**	**824**	**712**	**708**	**411**	**409**	**20 974**	**25 061**		

Below is the outstanding debtor's summary report per institution from the debtor's age analysis as at 30 August 2025. The total amount outstanding from debtors is **R 285 875 103**

Institution name	Amount
Butterworth Business	38 499 655
Centane Business	4 314 487
Centane Rural Area	3 898 503
Church	1 982 544
Councillors	25 833
Department of Rural Development and Land Reform	6 018 054
Eastern Cape Development Corp	4 165 783
Education	581 593
Farms	5 651 017
Gcuwa Rural Area	97 692
Mnquma Municipality	1 704 032
Municipal Employees	146 518
Municipal Flats	18 597 499
National Public Works	4 317 283
Ngqamakhwe Rural Area	633 372
Nqamakwe Business	4 472 555
Provincial Public Works	30 165 750
Reservoir Hill	351 762
Residential - Cuba	22 300 941
Residential - Extension 15	10 718 704
Residential - Extension 2	10 793 828
Residential - Extension 24	5 942 335
Residential - Extension 6	8 870 176
Residential - Extension 7	6 236 810
Residential - Ibika	21 169 798
Residential Centane	5 580 814
Residential Coloured	3 046 598
Residential -Mchubakazi	21 012 918
Residential Msobomvu	23 760 307
Residential New Rest	1 323 668
Residential Nqamakwe	2 409 856
Residential Vulli - Valley	10 326 953
Residential Zizamele	6 519 054
Unregistered State Properties	28 515
Ward Committee Member	209 896
Grand Total	**285 875 103**

4.3 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 exemption and Refuse Removal exemption. The Department of Energy is subsidising the Solar Household System as an alternative energy in areas without electricity. The municipality submitted 3500 applications to the Department of Energy (DoE).In terms of Section 7.6 and 7.8 of our indigent policy the following benefits are subsidized to indigent beneficiaries:

Below is a list of Indigent beneficiaries that have been approved by the indigent Steering Committee

WARD NO	NO. OF INDIGENT APPROVED PER WARD	NO. OF INDIGENT BENEFITING FROM FBE	NO. OF INDIGENT BENEFITING FROM FBE, RATES & SERVICES
Ward 1	12	8	4
Ward 2	205	42	163
Ward 3	84	30	54
Ward 4	52	28	24
Ward 5	74	39	35
Ward 6	87	58	29
Ward 7	60	49	11
Ward 8	130	130	
Ward 9	68	68	
Ward 10	201	201	
Ward 11	142	142	
Ward 12	140	140	
Ward 13	171	171	
Ward 14	99	99	
Ward 15	27	27	
Ward 16	16	16	
Ward 17	6	6	
Ward 18	179	179	
Ward 19	29	29	
Ward 20	146	146	
Ward 21	78	78	
Ward 22	40	40	
Ward 23	200	200	
Ward 24	104	104	
Ward 25	128	128	
Ward 26	229	229	
Ward 27	103	103	
Ward 28	164	164	
Ward 29	13	13	
Ward 30	205	196	9
Ward 31	158	158	
Ward 32	191	191	
Grand Total	**3540**	**3211**	**329**

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Residential - Extension 2	147	42	109	109	85	49	25	1	20
Residential - Extension 24	201	44	163	137	135	82	53	0	43
Residential - Extension 6	203	61	186	151	127	71	38	0	51
Residential - Extension 7	103	27	94	73	61	30	21	0	18
Residential - Ibika	697	89	662	546	300	95	85	0	42
Residential - New Rest	248	10	192	187	173	0	0	0	7
Residential - Centane	685	16	582	530	113	12	7	5	17
Residential - Coloured	193	30	114	92	44	35	21	0	20
Residential - Mchubakazi	936	88	816	568	297	63	63	0	54
Residential - Msobomvu	686	99	800	720	307	46	43	0	91
Residential - Nqamakwe	256	5	58	10	10	3	2	1	4
Residential - Vulli Valley	254	36	250	219	192	20	18	4	44
Residential - Zizamele	736	43	742	742	200	0	0	0	20
Business - Butterworth	253	94	215	178	136	41	21	1	57
Business - Nqamakwe	23	6	19	19	15	0	0	0	5
Business - Centane	39	8	15	15	12	0	0	0	9

INSTITUTION NAME	NUMBER OF PROPERTIES	DEBTORS WITH ARRANGEMENTS	URGENT NOTICES ISSUED	FINAL NOTICES ISSUED	SUMMONS ISSUED	RETURN OF SERVICE	DEFAULT JUDGEMENTS	WARRANT OF EXECUTION/EVICTIONS	DEBTORS PAYING
ECDC	507	0	0	0	0	0	0	0	2
Provincial Public Works	377	0	0	0	0	0	0	0	33
National Public Works	22	0	0	0	0	0	0	0	0
Rural Development and Land Reform	38	0	0	0	0	0	0	0	0
Department Of Education	2	0	0	0	0	0	0	0	1
Councillors	4	6	0	0	0	0	0	0	7
Ward Committee Members	11	4	0	0	0	0	0	0	3
Municipal Employees	28	26	0	0	0	0	0	0	46
Church	48	0	0	0	0	0	0	0	0
Farms	49	0	0	0	0	0	0	0	0
Municipal Properties	14	0	0	0	0	0	0	0	1
Centane Rural Area	19	0	0	0	0	0	0	0	0
Gcuwa Rural Area	4	0	0	0	0	0	0	0	0
Ngqamakwe Rural Area	7	0	0	0	0	0	0	0	1
Unregistered State Properties	2	0	0	0	0	0	0	0	0
TOTAL	**8496**	**1093**	**6489**	**5445**	**3239**	**1249**	**1049**	**381**	**756**

SUMMARY OF EXPENDITURE INCURRED AS AT 31 August 2025

Description	2024/25	Budget Year 2025/26						
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Expenditure By Type								
Employee related costs	228 146	258 094	258 094	18 425	38 035	43 016	(4 981)	-12%
Remuneration of councillors	27 408	27 054	27 054	2 220	4 440	4 509	(69)	-2%
Bulk purchases - electricity	–	–	–	–	–	–	–	
Inventory consumed	5 950	5 350	5 485	451	850	914	(64)	-7%
Debt impairment	44 699	30 112	44 714	–	–	6 477	(6 477)	-100%
Depreciation and amortisation	242 130	420 408	424 516	–	–	70 753	(70 753)	-100%
Interest	1 933	2 324	2 324	–	4	387	(383)	-99%
Contracted services	32 927	81 277	74 068	5 735	6 755	12 324	(5 569)	-45%
Transfers and subsidies	10 030	13 335	14 763	210	239	2 422	(2 183)	-90%
Irrecoverable debts written off	1 015	1 000	1 000	–	1 318	167	1 151	691%
Operational costs	59 664	85 748	80 681	5 375	12 083	13 324	(1 241)	-9%
Losses on Disposal of Assets	53 075	76 270	63 971	–	–	10 662	(10 662)	-100%
Other Losses	197	203	403	–	–	67	(67)	-100%
Total Expenditure	**707 174**	**1 001 176**	**997 073**	**32 416**	**63 726**	**165 022**	**(101 296)**	**-61%**

Year-to-Date expenditure totalling R63,725,782.88 was incurred as at 31 AUGUST 2025, which is 61% less than the Year-to-Date budget, this is due to timing differences as there is still expenditure to be incurred in the next month.

Employee-related costs:
The year-to-date (YTD) expenditure on Employee-Related-Costs is R38,035,077.37. This is 12% lower than the YTD budget of R43,015,698.00 with the variance attributed to employee terminations and new appointments.

Remuneration of Councillors:
The year-to-date (YTD) expenditure on Remuneration of Councillors is R4,440,462.62. This is 2% higher than the YTD budget of R4,509,078.00, variance is immaterial.

Inventory consumed:
The year-to-date (YTD) expenditure on Inventory consumed is R850,041.30. This is 7% lower than the targeted budget of R914,120.00. Appointments and orders were issued during the month, and the related expenditure will be recognized in the upcoming periods.

Debt impairment:
There is no debt impairment for the month. This will be calculated next Quarter

Depreciation and asset amortisation:
There is no Depreciation and Amortisation for the month. This will be calculated next Quarter.

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 at year-end, once the employee benefit obligation report is received from the actuaries. The year-to-date (YTD) finance charges of R4,369.35. relates to interest on finance leases

Contracted services:
The year-to-date (YTD) contracted services expenditure on is R6,755,368.99. This is 45% lower than the YTD budget of R12,324,230.00, with the variance attributed to appointment for the current year have not been finalised.

Transfers and subsidies:
The year-to-date (YTD) Transfers and subsidies expenditure on is R239,134.20. This is 90% lower than the YTD budget of R2,421,789.00, with the variance attributed to appointment for the current year have not been finalised.

Irrecoverable debts written off:
The year-to-date (YTD) Irrecoverable debts written off is R1,318,147.13. This is 691% greater than the YTD budget of R166 666.00

Other expenditure/ Operational Costs:
The year-to-date (YTD) Other expenditure is R12,083,181.92. This is 9% lower than the YTD budget of R13,324,487.00, with the variance attributed to appointment for the current year have not been finalised.

COUNCILOR ALLOWANCES AND EMPLOYEE BENEFITS

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 month ended 31 AUGUST 2025

EXPENDITURE	31 AUGUST 2025
Salaries	14 025 643.03
Salaries Councillors	1 495 845.12
Traditional Leaders	7 544.80
Unpaid leave	-1 125.95
Wages (EPWP Casuals)	461 370.00
Wages (Ward Committee)	471 919.35
Bonus	1 282 423.06
Long Service Bonus	95 461.14
Leave Pays	117 016.42
Performance Bonus	-
Overtime	9 149.50
Housing Subsidy	38 617.59
Travel	155 978.78
Data Card:Employees	65 828.58
M/Vehicle	481 532.19
Other Allowance:	
Salgbc	5 434.15
Acting Allowance	24 883.45
Secondment Allowance	13 498.14
Shift Allowance	123 090.82
Night Allowance	27 551.52
Standby Allowance	155 180.27
Sms Allowance	2 400.00
Cell phone Allowance	191 450.29
Cllrs Cellphone Allow	223 200.00
Cllrs Data Card Allowance	19 654.00
Tel Traditional leaders	3 138.86
Pension Allowance	147 018.45
Medical Aid Allowance	23 174.78
Laptop Allowance	2 116.34
Reimbursive Travel Allowance (IT)	15 994.55
Reimbursive Travel Allowance (Excl)	19 313.21
Subsistance Allowance (Excl)	15 710.00
Pension	2 340 825.10
Med. Aid	1 066 768.20
Uif	82 754.75
Sdl	181 453.16
Total	**23 391 813.65**

EMPLOYEE BENEFITS AND ALLOWANCES

Salaries and benefits of councillors and employees for AUGUST 2025 are detailed below:

EMPLOYEE BENEFITS AND ALLOWANCES	31 AUGUST 2025
Remuneration of Municipal Manager	
Basic Salary	81 640.86
Travelling Allowance	23 074.17
Cellphone Allowance	7 615.90
Pension Allowance	23 737.17
Reimburssive allowance	4 417.28
Subsistence Allowance	750.00
	141 235.38

Remuneration of Chief Financial Officer	
Basic Salary	77 926.35
Travelling Allowance	21 398.96
Cellphone Allowance	6 510.41
Pension Allowance	16 915.99
Medical Aid Allowance	7 125.54
	129 877.25

Remuneration of Director of Corporate Services (Mviko)	
Basic Salary	114 072.49
Travelling Allowance	15 804.76
	129 877.25

Remuneration of Director of Infrastructure	
Basic Salary	77 926.35
Travelling Allowance	23 220.04
Cellphone Allowance	6 870.40
Pension Allowance	21 860.46
Reimburssive allowance	1 009.12
Subsistence Allowance	300.00
	131 186.37

Remuneration of Director of Community Services	
Basic Salary	77 926.35
Travelling Allowance	24 895.14
Cellphone Allowance	6 061.41
Pension Allowance	20 994.35
	129 877.25

Remuneration of Director of Local Economic Development	
Basic Salary	113 612.62
Travelling Allowance	16 264.64
	129 877.26

Remuneration of Director of Strategic Management	
Basic Salary	81 501.49
Travelling Allowance	14 818.12
Cellphone Allowance	6 166.67
Pension Allowance	18 414.10
Medical Aid Allowance	8 976.88
	129 877.26

Remuneration of Municipal Employees	
Basic Salary	13 401 036.57
Pension Fund (Employer)	2 239 983.40
Bonus	1 282 423.06
Perfomance Bonus	-
Medical Aid (Employer)	1 073 840.56
Cellphone Allowance	158 225.50
Data Card employees	65 828.58
Provident Fund (Employer)	145 938.08
Leave Pay	117 016.42
Skills Development Levy (SDL)	158 091.57
Standby, Night & Shift Allowance	305 822.61
Unemployment Insurance Fund (UIF) (Employer)	82 754.75
Long Service Bonus	95 461.14
Housing Subsidy	38 617.59
Overtime	9 149.50
Travelling Allowance	16 502.95
Backpay	-
Bargaining Council Levy (Employer)	5 434.15
Unpaid Leave	- 1 125.95
Acting Allowance	24 883.45
Secondment Allowance	13 498.14
Remburssive Allowance	29 261.61
Subsistence Allowance	14 660.00
	19 277 303.68

REMUNERATION OF COUNCILLORS	31 AUGUST 2025
Executive Mayor	60 730.63
Basic Salary	-
Backpay	20 243.54
M/vehicle Allow. Councillors	3 600.00
Telephone Allowance Councillor	317.00
Data Card Allowance	-
Remburssive Allowance	-
Subsistence Allowance	697.74
Skills Development Levy (SDL)	60 730.63
	85 588.91

Chief Whip	45 548.13
Basic Salary	-
Backpay	15 182.71
M/vehicle Allow. Councillors	3 600.00
Telephone Allowance Councillor	317.00
Data Card Allowance	-
Remburssive Allowance	-
Subsistence Allowance	528.21
Skills Development Levy (SDL)	45 548.13

65 176.05

Council Speaker	
Basic Salary	48 584.56
Backpay	-
M/vehicle Allow. Councillors	16 194.85
Telephone Allowance Councillor	3 600.00
Data Card Allowance	317.00
Rembursive Allowance	-
Subsistence Allowance	-
Skills Development Levy (SDL)	562.11
	69 258.52

Mayoral Committee Members	
Basic Salary	273 288.78
Backpay	-
M/vehicle Allow. Councillors	91 096.26
Telephone Allowance Councillor	21 600.00
Data Card Allowance	-
Rembursive Allowance	-
Subsistence Allowance	1 902.00
Skills Development Levy (SDL)	3 374.22
	391 261.26

Other Councillors(Ward Comm and Traditonal leaders)	
Basic Salary	1 546 237.82
Backpay	919.35
Unpaid	-
M/vehicle Allow. Councillors	338 814.83
Telephone Allowance Councillor	193 938.86
Data Card Allowance	16 801.00
Laptop Allowance	2 116.34
Rembursive Allowance	619.75
Subsistence Allowance	-
Skills Development Levy (SDL)	18 199.31
	2 117 647.26

CREDITORS AGE ANALYSIS

The municipality aims to pay all invoices which are not in dispute with the relevant creditors within 30 days. Out of 276 invoices received 146 invoices were paid within 30 days and 118 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 31 AUGUST 2025 amounts to **R26,691,376.16**

Below is the list of creditors per category:

CATEGORY	AMOUNT OWED
Trade creditors	**8 789 244.97**
Retentions	**16 606 936.45**
Department of transport	**1 286 836.74**
Hall deposits	**8 358.00**
TOTAL	**26 691 376.16**

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 AUGUST 2025.

VAT

VAT Input for the month of AUGUST 2025 is R3 508 145.39. The VAT201 for AUGUST 2025 has not yet been submitted to SARS as at 31 AUGUST 2025 and will only be submitted before the 25th AUGUST 2025. 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 month.

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. In relation to conditional grants received by the municipality as at 31 August 2025. Expenditure on conditional grants is sitting at R14 149 772 which is 55% of grants received during the year.

NAME	OPENING BALANCES	GRANT RECEIVED	EXPENDITURE	GRANTS CLOSING BALANCE	% SPENT
Municipal Infrastructure Grant Investment (MIG)	0	26 796 000	-10 796 805	15 999 195	67
Finance Management Grant (FMG)	0	1 900 000	-181 015	1 718 985	11
Electrification (INEP)	0	5 954 000	-2 904 974	3 049 026	95
Expanded Public Works Programme (EPWP)	0	600 000	0	600 000	0
Local Government Sector for Education And Training (LGSETA)	384 842	72 313	-72 531	384 624	19
Department of Sport,Recreation,Arts and Culture (DSRAC)	1 755 523	0	-77 734	1 677 788	5
Office of the Premier (OTP)	1 019 742	0	0	1 019 742	0
Municipal Disaster Response Grant (MDRG)	0	0	0	0	0
Energy Efficiency and Demand Side Management Grant (EDSM	0	1 200 000	-116 714	1 083 287	11
TOTAL	**3 160 107**	**36 522 313**	**-14 149 772**	**25 532 648**	**55**

5. INVESTMENT PORTFOLIO ANALYSIS - BANK ACCOUNTS BALANCES AS AT 31 AUGUST 2025 AMOUNTED TO:

Primary bank balance	12 199485
Short term deposits	240 802 384
	253 001 869

The municipality had the following bank accounts:

NAME	BANK ACCOUNT NUMBER	OPENING BALANCE	DEPOSITS	INTEREST EARNED	INTEREST TRANSFERRED	WITHDRAWALS	CLOSING BALANCE
Municipal Infrastructure Grant (MIG)	622 402 535 42	49 961.93	26 796 000.00	179 076.63	- 112 171.53	- 10 796 804.89	16 116 062.14
Finance Management Grant (FMG)	622 402 527 68	1 916.92	1 900 000.00	1 212.53	- 925.86	- 92 054.92	1 810 148.67
Mnquma Call Account	622 402 521 98	72 746.10	67 775 224.56	215 835.05		- 34 662 649.28	33 401 156.43
Electrification (INEP)	623 261 775 59	1 000.00	5 954 000.00	2 582.30	- 2 563.86	- 2 904 973.87	3 050 044.57
Expanded Public Works Programme (E	623 456 801 95	1 000.00	573.23	8.13	- 573.23		1 008.13
Local Government Sector for Education And Training (LGSETA)	623 800 694 37	384 842.23	72 312.53	3 954.08	- 1 946.76		459 162.08
Salaries Account	747 379 099 00	1 373 349.60	110 000 000.00	1 118 563.30		- 45 372 349.00	67 119 563.90
ENATIS	627 728 099 04	1 590.34		16.32			1 606.66
Department of Sport,Recreation,Arts and Culture (DSRAC)	628 231 442 33	1 764 594.36		17 994.30	- 18 278.02	- 11 138.40	1 753 172.24
Short Term Investment	628 231 427 74	124 207 988.90	927 950.18	1 253 831.76		- 9 300 316.92	117 089 453.92
Disaster Grant	630 927 171 82	1 175.30		10.96	- 181.25		1 005.01
TOTAL		**127 860 165.68**	**213 426 060.50**	**2 793 085.36**	**- 136 640.51**	**- 103 140 287.28**	**240 802 383.75**

As at 31 August 2025 the municipality had a total of R 253 001 869 in its bank accounts. These are the grant allocations and municipal own revenue collection and savings.

6. CASH FLOW PROJECTION COMPARED TO THE YEAR-TO-DATE ARE INDICATED BELOW:

Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	102 000	102 000	–	–	17 000	(17 000)	-100%	102 000
Service charges		–	21 250	24 438	–	–	4 073	(4 073)	-100%	24 438
Other revenue		–	100 634	180 327	82 476	108 774	30 054	78 720	262%	180 327
Transfers and Subsidies - Operational		–	349 643	368 954	3 708	148 965	61 492	87 472	142%	368 954
Transfers and Subsidies - Capital		–	83 086	84 105	–	22 922	14 018	8 904	64%	84 105
Interest		–	35 300	39 983	62	130	6 664	(6 534)	-98%	39 983
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(319 595)	(463 963)	(483 543)	(53 247)	(103 418)	(80 590)	22 827	-28%	(483 543)
Interest		–	(100)	(100)	–	–	(17)	(17)	100%	(100)
Transfers and Subsidies		–	(13 335)	(14 763)	–	–	(2 460)	(2 460)	100%	(14 763)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**(319 595)**	**214 514**	**301 401**	**32 999**	**177 372**	**50 234**	**(127 139)**	**-253%**	**301 401**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	1 500	3 552	–	–	592	(592)	-100%	3 552
Decrease (increase) in non-current receivables		(1 223)	2 048	1 998	–	–	(8)	8	-100%	(50)
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		–	(252 619)	(294 342)	(20 482)	(21 871)	(49 057)	(27 186)	55%	(294 342)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(1 223)**	**(249 071)**	**(288 792)**	**(20 482)**	**(21 871)**	**(48 473)**	**(26 602)**	**55%**	**(290 840)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	–	(512)	–	–	(47)	(47)	100%	(512)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**–**	**(512)**	**–**	**–**	**(47)**	**(47)**	**100%**	**(512)**
NET INCREASE/ (DECREASE) IN CASH HELD		**(320 818)**	**(34 556)**	**12 097**	**12 517**	**155 502**	**1 714**			**10 049**
Cash/cash equivalents at beginning:		187 117	107 025	107 025		–	107 025			–
Cash/cash equivalents at month/year end:		(133 702)	72 469	119 122	12 517	155 502	108 739			10 049

References

7. PROJECTION OF CAPITAL EPENDITURE BY PROJET BROKEN DOWN PER MONTH

R 335 000 000 has been spent on Capital projects as at 31 August 2025. Capital budget is funded through Municipal Infrastructure Grant (MIG), Integrated National Electrification Programme (INEP), Office of The Premier Grant, Disaster Grant and Equitable share and Energy Efficiency and Demand side Management Grant Below is a list of capital projects expenditure to date:

Vote Description R thousands	Budget Year 2025/26 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital Expenditure - Functional Classification								
Governance and administration	**36 704**	**41 163**	**119**	**335**	**6 860**	(6 526)	-95%	**41 163**
Executive and council	144	144	–	–	24	(24)	-100%	144
Finance and administration	34 577	39 036	119	335	6 506	(6 171)	-95%	39 036
Internal audit	1 983	1 983	–	–	331	(331)	-100%	1 983
Community and public safety	**66 252**	**68 645**	**5 524**	**9 331**	**11 441**	(2 110)	-18%	**68 645**
Community and social services	300	570	–	–	95	(95)	-100%	570
Public safety	1 852	5 091	832	832	849	(17)	-2%	5 091
Housing	64 100	62 983	4 692	8 499	10 497	(1 998)	-19%	62 983
Economic and environmental services	**143 193**	**151 799**	**15 843**	**17 075**	**25 300**	(8 225)	-33%	**151 799**
Planning and development	8 362	9 509	37	37	1 585	(1 548)	-98%	9 509
Road transport	134 831	142 289	15 806	17 038	23 715	(6 677)	-28%	142 289
Trading services	**6 470**	**5 828**	**–**	**–**	**971**	(971)	-100%	**5 828**
Energy sources	5 600	4 958	–	–	826	(826)	-100%	4 958
Waste management	870	870	–	–	145	(145)	-100%	870
Total Capital Expenditure - Functional Classification	**252 619**	**267 434**	**21 486**	**26 740**	**44 572**	**(17 832)**	**-40%**	**267 434**

Vote Description R thousands	Budget Year 2025/26 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Funded by:								
National Government	80 673	80 628	9 064	10 295	13 438	(3 143)	-23%	80 628
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	–	485	–	–	81	(81)	-100%	485
Transfers recognised - capital	**80 673**	**81 113**	**9 064**	**10 295**	**13 519**	**(3 223)**	**-24%**	**81 113**
Borrowing	–	–	–	–	–	–		–
Internally generated funds	171 946	186 322	12 422	16 445	31 054	(14 609)	-47%	186 322
Total Capital Funding	**252 619**	**267 434**	**21 486**	**26 740**	**44 572**	**(17 832)**	**-40%**	**267 434**

8. ACTUAL BORROWINGS

There are no existing borrowings as at 31 August 2025

9. . IMPLEMENTATION OF ASSET, FLEET AND LOGISTICS MANAGEMENT POLICY

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.

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 5 employees:

- Manager
- Accountant
- 2 x Junior Accountants
- 1 x Finance Intern

9.1 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;
- Security Measures
- 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.

9.2 PHYSICAL VERIFIATION OF MOVABLE ASSETS

The Asset Management section has started conducting the asset verification.The plan is to start the verification on the 11 August 2025 to the 17 September 2025.

9.3 ASSET ADDITIONS

Assets additions include all assets listed on the Annexure starting from the 01 July 2025 to 31 July 2025. These assets include movable assets amounting to **R1 525 723.03** (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 21 449 305.61 (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.

Details of the assets on the above-mentioned annexure do not include depreciation, accumulated depreciation, and book value. It only includes the acquisition date and value.

9.4 DISPOSAL OF ASSETS

During the month, there were not asset identified for disposal.

9.5 WRITE OFF

During the month, there were no write off

9.6 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. Additional assets are insured as they are acquired and delivered to the municipality. All municipal assets are insured.

Additional assets were insured as they are acquired, these assets amount to **R 1 899 040.00** for the month.

9.7 AUCTION

No assets identified for the month of August 2025

10. REPORT ON FLEET MANAGEMENT

10.1 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.

10.2 ADOPTION AND IMPLEMENTATION OF FLEET MANAGEMENT POLICY

The Fleet Management Policy was reviewed in 2025 and adopted by the council, effective 29 May 2025.
Fleet management section is capacitated by 6 personnel:

- Manager
- 2 x Fleet officers
- 2 x fleet interns and 1 trainee

10.3 CLASSIFICATION OF VEHICLES

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

10.4 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. The physical inspection report is attached as an Annexure 1.

10.5 PHYSICAL INSPECTION PROCESS

The process of the vehicle inspection, is outlined in 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

10.6 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 on 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 provide vehicles to the fleet management office at as per the schedule.

10.7 LIST OF MUNICIPAL 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
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 OI
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 / NGQAMKV
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	NEW TRUCK	Truck	2025	ISUZU MIDIUM TRUCK	INFRASTRUCTURE
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
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	NYR	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 OI
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	MAYOR
PRIVATE CARS					
1	JPC123EC	Sedan	2020	TOYOTA ETIOS 1.5	BUDGET &TREASURY OI
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
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

10.8 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 the service provider.

The total expenditure for the month-ended August 2025 amounts to **R513 900.30**

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

Directorate	AUGUST 2025
Strategic	56 483.01
Infrastructure	305 707,41
Corporate Services	-
Community Services	72 673,88
LED	-
BTO	79 036,00
	513 900,30

10.9 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 machines. The total expenditure for the month – ended August 2025 amounts to **R947 923,05**

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

#	DIRECTORATES	AUGUST 2025
1	BUDGET &TREASURY OFFICE	18 328,52
2	COMMUNITY SERVICES	211 894,57
3	CORPORATE SERVICES	4 649,76
4	INFRASTRUCTURE	650 262,01
5	LOCAL ECONOMIC DEVELOPMENT	8 231,78
6	MAYOR	6 279,10
7	MM'S OFFICE	5 718,35
8	POOL	18 673,89
09	SPEAKER	6 650,75
10	STRATEGIC	17 234,32
		947 923,05

11. INVENTORY MANAGEMENT

11.1 PURPOSE

The purpose of the report is to present the monthly report on stock-count of Municipal Consumable Inventory items for the period ending 30 August 2025.

11.2 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

11.3 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.

11.4 STOCK COUNTS

Two (02) stock counts have been conducted as at the end of August 2025 in line with the policy and inventory count procedures. The stock count is performed on the last working day of the month ensuring that there is no time leg between the stock count date and the month end closure.

11.5 OBSOLETE STOCK

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

11.6 Write-off

There were no items identified as expired, outdated or damaged during the stock count for August 2025.

11.7 Disposals

Furthermore, there were no items identified as slow moving and no longer useful during the stock count for August 2025.

Portfolio of Evidence.

1. Stock count sheets
2. Reconciliation of stock count to EMS stock levels
3. Reconciliation of EMS stock levels to General ledger account

12. Staff Implications

None

13. Financial Implications

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

1. 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 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.*

2. SCM Policy & Procedures

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 23 May 2025, Council Resolution Number SCM5/24/008.1.3.2**

2.2 **SCM Procedures**

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

2.3 **Delegations**

Supply Chain Management Delegations are detailed in the policy.

2.4 **Infrastructure Procurement**

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

3. Functioning of the SCM Unit

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 (vacant)
5) 07 Supply Chain Management Practitioners (03 practitioners under demand management and 03 practitioners under acquisition management, and 01 Practitioner under contract management).
6) 05 Supply chain management Interns

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.

3.2 Declaration of Interest:

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

3.3 Code of Conduct for SCM Practitioners:

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

3.4 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 4th March 2025.

4. Functioning of Bid Committees

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

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

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

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

REPORTING ITEMS

5.1 DEVIATIONS

5.1.1 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.**

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

None

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

Deviation register as at end of August 2025 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 deviate to avoid towing fees wherein the vehicle has to be towed to different manufactures to obtain 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 Data Base to offer the advertising services as the paper that is commonly circulated locally. Therefore, that made impractical to obtain three written price quotations
Professional Affiliation fees	In this 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 of 31 August 2025.

Summary Analysis:

Service Description	Amount (R)
Servicing and repairing municipal machinery, equipment and vehicles	448 837,25
Advertising	61 944,75
Total	**R 510 782,00**

Please see the attached detailed deviation register as SCM Annexure A

5.2 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 August 2025.**

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 August 2025**

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 August 2025**

5.3 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.

5.4 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 2025/2026 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 132 procurement requisitions from 1 August 2025 to 31 August 2025; 35 under 3 quotations, 19 deviations, 59 under contracted services, 6 competitive bids, 6 transversal contracts, and 7 informal tenders.

A total of 9 requisitions were cancelled, 7 under 3 quotations and 2 deviations.

A total of 47 requisitions are in progress, 3 under 3 quotations, 7 deviations, 18 under contracted services, 6 competitive bids, 6 transversal contracts, and 7 informal tenders.

A total of 76 requisitions had awarded orders, 25 under 3 quotes 12 deviations, and 39 under contracted services, and the following orders as per thresholds have been issued:

Procurement threshold	***Awarded amounts (Totals)***
Deviations	R282 504,49
R0- R30 000 (3 quotations)	R186 973,34
R30 001-R300 000 (informal tenders)	R300 178,00
R300 001- R50 000 000 (contracted services, competitive bids and transversal)	R1 370 285.10
Above R50 000 000	R0

Summary Procurement Plan Implementation Report as of end August 2025

End User Department	Requisitions Received	Projects Awarded	In Progress	Cancelled
Budget and Treasury	17	0	13	0
Community Services	10	0	7	3
Corporate Services	17	0	17	2
Infrastructural Development	36	19	14	3
Local Economic Development	53	1	26	26
Office of the Municipal Manager	0	0	0	0
Strategic Directorate	38	3	23	13
Total Number of Projects	**171**	**23**	**101**	**47**

(See the attached Annexure B – Procurement Plan Implementation Report as at end August 2025)

Directorate	*Description*	*Reason for cancellation*
Community services	• Tractor Mowers • Kudu Mowers x 4 • Maintenance of Waste Site (repairs to fence)	Cancelled- Insufficient budget
Corporate Services	• Email System –Mimecast	To be done inhouse
	• Design and Planning of Employee Wellnesss Cente Wellness Programmes (Catering Services)	Insufficient Funds Cost containment
Infrastructural Development	• Container City Ablution facilities - Centane • Cable Fault Locator	Insufficient Funds
	• Construction of Shearing Shed Ntseshe-Operational	*The goods and services were no longer needed at Ntseshe*
Local Economic Development	• Street naming in Mnquma • Feasibility study for Agro processing (Proffessional services • Feasibility study for Agro processing (Agriculture) • Feasibility study for Agro processing (Catering services) • Feasibility study for Agro processing (Higher Charges)	Cost containment
	• Maintenance of Gcuwa dam Phase 2 (Feasibility study and Development) • Rectification of encroachment on Municipal land in Mnquma	The project has been cancelled due to insufficient budget

	• Graduation Event (Catering Services) • Graduation Event (Transport services) • Graduation Event (Printing services) • Graduation Event (Hire charges) • Flock Competition (Catering Services) • Celebration of Heritage (Transport Services) • Celebration of Heritage (Tokens) • Celebration of Heritage (Hire Charges) • Celebration of Heritage (Décor) • Celebration of Heritage (Catering) • Celebration of Heritage (Artists and Performers) • Supply and delivery of Hiring Services • Promotional Material for Planning Seminar • Service provider for hosting planning seminar • Investment summit (None mployees) • Investment summit (Arts and performers) • Investment summit (Gifts and promotional items) • Investment summit (Hire charges) • Investment summit (Publicity marketing) • Investment summit (Catering Services) • Investment summit (Catering services) • Investment summit (Transport services)	The project is cancelled due to Cost Containment Policy
Strategic Directorate	• Women's Program - 16 Days of Activism (Catering) • Implementation of women's programmes - catering services • Prayer day catering • Elderly Month Program (Catering services) • Catering for HIV and AIDS programs • Disability Month Program (Catering Services) • Elderly Month Program (Catering services) • Children's month catering • IDP (Catering) • Road Shows (Catering services) • Initiation Forum Homecoming (Catering) • Mandela day (Catering) • Mayors Cup (Catering Services) • Homecoming event	The project is cancelled due to Cost Containment Policy

5.5 Bids Awarded above R30 000 for a month ending August 2025:

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	R 42 858,00
2	2025-2026	Hiring of Décor for Women's Month Programme	SCM/MLM/16/25-26	Nikos Business Connection (PTY) LTD	R 29 950,00
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	R 227 370,00
4	2025-2026	Supply and delivery of sprinkler irrigation system equipment with diesel power engine pump for UlutshaLwendalo Agricultural CoOperative	MNQ/SCM/91/24-25	Zama Bricks CC	R 419 599,35

5.6 Municipal Bid Appeals (if applicable)

i) There were no bids appeals received

5.7 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 day to day management and monitoring of contract in line with the contractual conditions.

Contract register is maintained and updated when there is an award made.

- Commitments as at end August 2025:

Summary Analysis:

Description	Commitment Amount (R)
Capital	**R273 668 413.49**
Operational	**R 55 288 852.71**
Total	**R328 957 266.20**

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 C - Contracts Register and Commitments Register as at end August 2025)

5.7.2 Variations

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

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

None

5.7.3 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 July	SMME's awarded Locality
No. of Current Active Contracts	110	• Mnquma – 1
No. of contracts awarded to SMMEs within the municipal area (local suppliers)	1	
No. of Contracts about to expire in <6 months	14	
No. of Expired Contracts but still in use	0	

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

5.9 Unsolicited Bids (if any)

There were no unsolicited bids.

5.10 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 E

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

6.1 Contracts with Pre-Qualification (Regulation 4)

Contracts with Pre-Qualification advertised this year

None

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

None

6.3 (Contract Participation Goals) (Regulation 4)- Subcontracting

There were no contracts above R30 million.

7. Local Content Procurement

No contracts awarded with local content procurement

8. Risk Management

Report on the progress of mitigating the risks identified within SCM.

Risk description as per the risk register	Action to address the risk	Timeframe	Action owner	Progress to date
Collusion in awarding of tenders	1. Conduct performance assessment of the Service Providers (in terms of the SLA) and report 2. Implement Anti-Fraud and Corruption Policy	30 June 2024	Manager SCM	1. Vendor performance is performed on a monthly basis and SLA are drawn for contracts above R300 000. 2. Implemented the Anti-fraud and corruption hotline to

Risk description as per the risk register	Action to address the risk	Timeframe	Action owner	Progress to date
	3. Enforce Code of Conduct			report any fraud and corruption .

9. Fraud Prevention Policy

The municipality has reviewed the Fraud prevention policy on the 23 April 2024 and is implemented.

10. **Staff Implications**

None

11. Financial Implications

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

12. Recommendations

- It is hereby recommended that the Mayor deliberate and note the monthly report on implementation of Supply Chain Management for onward transmission to Council.