MNQUMA

LOCAL MUNICIPALITY

SECTION 71 FINANCIAL REPORT TO EXECUTIVE MAYOR FOR THE MONTH ENDING 31 AUGUST 2026

Compiled By:

M. Matomane
Chief Financial Officer

Signed by:

S. Mahlasela
Municipal Manager

MONTHLY REPORT FOR THE MONTH ENDING 31 AUGUST 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 Month ending 31 August 2026.

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 within 10 working days of the end of each month, submit a report to the executive mayor 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 2026-2027 in the 29th ofMay 2026, 1st adjustment budget was approved in July 2026.

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 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 2026-2027 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 31 August 2026:

Description	Budget Year 2026/27					
R thousands	Original Budget R'000	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	22,000	22,000	3,116	3,667	(551)	-15%
Sale of Goods and Rendering of Services	1,571	1,571	105	262	(156)	-60%
Agency services	2,000	2,000	461	333	128	38%
Interest earned from Receivables	4,800	4,800	1,057	800	257	32%
Interest from Current and Non Current Assets	15,000	15,000	1,878	2,500	(622)	-25%
Rental from Fixed Assets	6,524	6,524	1,105	1,087	18	2%
Licence and permits	4,236	4,236	334	706	(372)	-53%
Construction Contract Revenue	3,550	3,550	1,225	1,420	(195)	-14%
Operational Revenue	2,315	2,315	468	386	83	21%
Non-Exchange Revenue					–	
Property rates	85,000	84,739	51,992	14,123	37,869	268%
Fines, penalties and forfeits	26,295	26,295	10,025	4,383	5,643	129%
Transfers and subsidies - Operational	340,104	343,056	139,437	144,452	(5,015)	-3%
Interest	13,200	13,200	2,295	2,200	95	4%
Gains on disposal of Fixed and Intangible Assets	19,572	19,572	–	3,262	(3,262)	-100%
Total Revenue (excluding capital transfers and contributions)	**546,167**	**548,858**	**213,501**	**179,581**	**33,920**	**19%**

Year to date actual revenue is R 213 501 000, which is 19% more than the targeted budget of

R 179 581 000 due to the reasons stated below:

Service charges – Waste Management

Year to date actual is sitting at R 3 116 000, which is 15% less than the targeted amount of R 3 667 000. Variance is due to a lower billing base than anticipated.

Sale of Goods and Rendering of Services

Year to date actual is sitting at R 105 000 which is 60% less than the targeted amount of R 262 000. Variance is attributable to lower-than-anticipated income generated from services that are largely dependent on customer walk-ins and the volume of applications received during the period. This includes building plan application fees, land-use application fees and clearance certificate fees.

Agency Services

Year to date actual is sitting at R 461 000 which is 38% more than the targeted amount of R 333 000. Variance is primarily due to more cars registered and licensed than originally anticipated.

Interest earned from Receivables

Year to date actual is sitting at R 1 057 000, which is 32% more than the targeted amount of R 800 000. The variance is due to increase in debt balance on properties billed annually.

Interest from Current and Non Current Assets

Year to date actual is sitting at R 1 878 000, which is 25% less than the targeted amount of R 2 500 000. The variance is due to decrease in prime interest rate.

Rental from Fixed Assets

Year to date actual is sitting at R 1 105 000, which is 2% more than the targeted amount of R 1 087 000. Variance is immaterial.

Licence and permits – Revenue from exchange and non-exchange

Year to date actual is sitting at R 334 000 which is 53% less than the targeted amount of R 706 000. Variance is primarily due to fewer business & hawkers licence renewed than anticipated.

Construction contract revenue

Year to date actual is sitting at R 1 225 000, which is 14% less than the targeted amount of R 1 420 000. Variance is due to INEP grant received which has not been spent in full.

Operational Revenue

Actual own revenue received amounts to R 468 000, which is 21% more than the targeted amount of R 386 000. Variance is attributable to the less insurance refunds received than anticipated .

Property Rates

Year to date actual is sitting at R 51 992 000 which is 268% more than the targeted amount of R 14 123 000. Variance is due completion of the Nqgamakwe Mall.

Fines, penalties and forfeits (Fines issued)

Revenue from traffic fines issued is R 10 025 000, which is 129% more than the targeted amount of R 4 383 000. The variance is due to the implementation of the speed camera system.

Gains on disposal of Assets

Land audit plan has been approved by council. A disposal plan will be developed, thereafter the identified sites will be advertised for auction.

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	829 834.64	117 835
Rates	54 287 049	20 091 527
Refuse	4 407 257	656 575
Traffic Fines	10 013 450	1 132 720
TOTAL	**69 537 590.64**	**21 998 657**

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 166 571 295 as at 31 August 2026. Not all grants allocated to the municipality have been received in full. Below is the details of grants received to date.

Name of the Grant	DoRA Allocation	YTD Actual	Variance
Municipal Infrastructure Grant (MIG)	78,462,000	23,539,000	54,923,000
Minerals & Energy (INEP)	7,550,000	2,420,000	5,130,000
Equitable share	330,798,000	137,832,000	192,966,000
Finance Management Grant (FMG)	2,200,000	2,200,000	-
Expanded Public Works Programme (EPWP)	2,404,000	502,000	1,902,000
Name of the Grant	**Department Allocation**	**YTD Actual**	**Variance**
Local Government Sector for Education and Traning Authority (LGSETA)	78,295	78,295	-
Department of Sport, Recreation, Arts and Culture (DSRAC)	893,000	-	893,000
TOTAL	**422,385,295**	**166,571,295**	**255,814,000**

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	DRAFT DEFAULT JUDGEMENT COURT	DRAFT WARRANT OF EXECUTION - COURT	WARRANT OF EXECUTION / EVICTIONS GRANTED	DEBTORS PAYING
Municipal Flats	520	278	520	520	0	0	0	360	20
Reservior Hill	45	4	19	14	0	0	0	0	2
Residential Cuba	715	86	483	477	286	0	0	0	81
Residential - Extension 2	136	28	134	134	54	21	2	2	35
Residential -Extension 24	233	60	228	206	50	0	0	0	48
Residential - Extention 6	238	30	189	163	130	35	0	0	56
Residential - Extension 7	104	14	90	84	59	12	3	2	39
Residential – Ibika	664	127	714	673	231	26	6	0	48
Residential - New Rest	280	15	353	314	169	0	0	0	9
Residential – Centane	871	28	824	672	279	8	0	0	24
Residential – Coloured	206	32	161	141	40	6	0	0	25
Residential-Mchubakazi	918	116	926	873	116	0	0	0	63
Residential - Extension 15	257	98	259	214	114	26	1	1	46
Residential - Msobomvu	892	83	790	706	77	0	0	0	87
Residential – Nqamakwe	138	5	55	25	2	0	0	0	5
Residential - Vulli Valley	258	44	236	132	128	0	0	0	64
Residential – Zizamele	742	72	478	469	36	0	0	0	36

INSTITUTION NAME	TOTAL NUMBER OF PROPERTIES	DEBTORS WITH ARRANGEMENTS	URGENT NOTICES ISSUED	FINAL NOTICES ISSUED	SUMMONS SIGNED BY COURT	DRAFT DEFAULT JUDGEMENT COURT	DRAFT WARRANT OF EXECUTION - COURT	WARRANT OF EXECUTION / EVICTIONS GRANTED	DEBTORS PAYING
Business Butterworth	322	123	304	282	95	10	6	1	118
Business - Nqamakwe	23	7	17	16	0	0	0	0	9
Business - Centane	42	17	26	24	0	0	0	0	13
ECDC	468	0	0	0	0	0	0	0	1
Provincial Public Works	385	0	0	0	0	0	0	0	15
National Public Works	24	0	0	0	0	0	0	0	6
Walter Sisulu University	1	0	0	0	0	0	0	0	1
Rural Development and Land Reform	46	0	0	0	0	0	0	0	0
Councillors	12	2	0	0	0	0	0	0	11
Ward Committee Members	13	3	0	0	0	0	0	0	3
Municipal Employees	20	14	0	0	0	0	0	0	14
Church	45	0	0	0	0	0	0	0	2
Farms	52	0	0	0	0	0	0	0	0
Centane Rural Area	15	0	0	0	0	0	0	0	0
Gcuwa Rural Area	5	0	0	0	0	0	0	0	0
Ngqamakwe Rural Area	6	0	0	0	0	0	0	0	0
Unregistered State Properties - Government	22	0	0	0	0	0	0	0	0
TOTAL	**8718**	**1286**	**6806**	**6139**	**1866**	**144**	**18**	**366**	**881**

Age analysis per service type

The total outstanding debtors as at 31 August 2026 is R 345 653 306. Debtors payable over 90 days amount to R 290 293 699, which is 84% of the total debtor's balances. A significant amount of R 244 514 099 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	4 927 859	39 142 830	3 904 120	3 537 809	3 323 242	4 966 030	184 712 210	244 514 099
REFUSE	2 237 532	2 098 628	2 132 453	1 924 161	1 883 454	1 886 993	68 657 947	80 821 168
RENTALS	599 127	500 611	532 429	490 014	492 743	476 114	17 942 983	21 034 021
ADVANCE PAYMENT	-715 982	0	0	0	0	0	0	-715 982
TOTAL	**7 048 536**	**41 742 069**	**6 569 002**	**5 951 983**	**5 699 439**	**7 329 137**	**271 313 140**	**345 653 306**

Age analysis of debtors by institution

Below is the debtors' age analysis by institution, and out of R 345 653 306, households are owing a significant amount of R 227 116 492 which constitutes 66% of the total debtors' balance

INSTITUTION	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	180 DAYS	TOTAL
GOVERNMENT	1 796 040	23 331 240	1 281 612	1 149 188	1 029 711	852 620	37 841 584	67 281 997
BUSINESS	885 037	10 186 506	638 605	521 345	497 451	539 674	37 986 201	51 254 817
HOUSEHOLD	4 367 458	8 224 323	4 648 784	4 281 451	4 172 277	5 936 844	195 485 355	227 116 492
TOTAL	**7 048 536**	**41 742 069**	**6 569 002**	**5 951 983**	**5 699 439**	**7 329 137**	**271 313 140**	**345 653 306**

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 31 August 2026. Payment arrangements have been signed by the staff and councillors owing the municipality.

Account Balances	**Aug -26**
HOD's	-
Municipal Staff Accounts > 90 days	48 276
Councillors Account > 90 days	7 537
TOTAL	**55 813**

Municipal Staff Accounts		
Staff Accounts	**%**	**Aug - 26**
90 Days	5%	2 518
120 Days	5%	2 515
150 Days	5%	2 514
180 Days	85%	40 729
TOTAL BALANCE	**100%**	**48 276**

Councillors Accounts		
Staff Accounts	**%**	**Aug - 26**
90 Days	6%	428
120 Days	6%	431
150 Days	5%	400
180 Days	83%	6 278
TOTAL BALANCE	**100%**	**7 537**

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

AccountId	AccountName	90 days	120 days	150 days	180 days	Balance	Terms of agreement	Acknowledgement signed/not signed
9929	Nokuthula Pupuma	567	567	567	3 144	4 845	Until balance is paid up	Signed
11193	Bongo Ntamo	207	203	203	19 474	20 087	Current charge	Signed
12220	Nompumelelo Dlova	200	200	200	4 239	4 839	Current charge	Signed
12846	Zelna Zukelwa Mtikitiki	1 261	1 261	1 261	10 752	14 534	Current charge	Signed
12982	Thandisizwe Masabalala	283	283	283	3 120	3 970	Current charge	Signed
Grand Total		**2 518**	**2 515**	**2 514**	**40 729**	**48 276**		

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

AccountId	AccountName	90 days	120 days	150 days	180 days	Balance	Terms of agreement	Acknowledgement signed/not signed
2754	Mandisa Dali	200	200	200	4 694	5 294	Current	Signed
4255	Nomfundiso Tshona	228	231	200	1 585	2 244	Current	Signed
Grand Total		**428**	**431**	**400**	**6 278**	**7 537**		

Below is the outstanding debtors' summary report per institution from the debtor's age analysis as at 31 August 2026. The total amount outstanding from debtors is **R 345 653 306**

Institution name	**Amount**
Butterworth Business	41 962 828
Centane Business	4 250 516
Centane Rural Area	1 571 253
Church	2 417 933
Councillors	10 605
Department of Rural Development and Land Reform	16 565 724
Eastern Cape Development Corp	4 185 039
Farms	11 127 552
Gcuwa Rural Area	166 906
Mnquma Municipality	850 124
Municipal Employees	59 979
Municipal Flats	24 458 699
National Public Works	2 054 720
Ngqamakhwe Rural Area	1 007 146
Nqamakwe Business	5 041 472
Provincial Public Works	43 994 291
Reservoir Hill	410 489
Residential - Cuba	25 162 462
Residential - Extension 15	11 601 902
Residential - Extension 2	10 152 691
Residential - Extension 24	7 012 718
Residential - Extension 6	8 647 806
Residential - Extension 7	6 528 098
Residential - Ibika	23 429 452
Residential Centane	8 324 148
Residential Coloured	3 470 342
Residential -mchubakazi	24 719 086
Residential Msobomvu	28 134 049
Residential New Rest	1 907 864
Residential Nqamakwe	1 987 370
Residential Vulli - Valley	11 079 968
Residential Zizamele	8 970 199
Unregistered State Properties	3 706 921
Walter Sisulu University	482 222
Ward Committee Member	200 730
Grand Total	**345 653 306**

4.4 Indigent Policy Implementation

Indigent policy as approved by Council for the 2026-2027 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 5782 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 August 2026 were written off.

Ward No	No. of Indigent approved per ward	No. of Indigent Registered for FBE	No. of Indigent benefiting from Rates & Services
1	3	1	2
2	154	1	153
3	108	1	107
4	80		80
5	100	23	77
6	88	40	48
7	340	314	26
8	278	278	
9	183	183	
10	152	152	
11	364	364	
12	183	183	
13	148	148	
14	176	176	
15	130	130	
16	1	1	
17	78	78	
18	140	140	
19	42	42	
20	207	207	
21	273	273	
22	166	166	
23	274	274	
24	226	226	
25	135	135	
26	415	415	
27	106	106	
28	133	133	
29	153	153	
30	200	180	20

Ward No	No. of Indigent approved per ward	No. of Indigent Registered for FBE	No. of Indigent benefiting from Rates & Services
31	172	171	1
32	226	226	
20	14	14	
28	73	73	
30	86	84	2
31	104	104	
32	71	71	
Grand Total	**5782**	**5266**	**516**

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

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

AUGUST 2026
2614 Households

SUMMARY OF EXPENDITURE INCURRED AS AT 31 AUGUST 2026

Description	Budget Year 2026/27					
R thousands	Original Budget R'000	Adjusted Budget R'000	YearTD actual R'000	YearTD budget R'000	YTD variance R'000	YTD variance %
Expenditure By Type						
Employee related costs	270,060	270,150	39,067	45,025	(5,958)	-13%
Remuneration of councillors	27,782	27,782	4,527	4,630	(103)	-2%
Bulk purchases - electricity	–	–	–	–	–	
Inventory consumed	6,000	6,000	999	1,000	(1)	0%
Debt impairment	46,920	46,920	–	7,820	(7,820)	-100%
Depreciation, amortisation and impairment	310,000	310,000	–	51,667	(51,667)	-100%
Interest, Dividends and Rent on Land	2,260	2,260	–	377	(377)	-100%
Contracted services	49,111	47,231	8,241	7,872	369	5%
Transfers and subsidies	4,864	4,962	239	827	(588)	-71%
Irrecoverable debts written off	1,000	1,000	1,219	167	1,052	631%
Operational costs	79,982	83,191	10,155	13,865	(3,710)	-27%
Disposal of Fixed and Intangible Assets	11,293	11,293	–	1,882	(1,882)	-100%
Other Losses	100	100	–	17	(17)	-100%
Total Expenditure	**809,373**	**810,890**	**64,448**	**135,148**	**(70,700)**	**-52%**

YTD actual expenditure totalling R 64 448 000 was incurred as at 31 August 2026, which is 52% less than the YTD budget of R 135 148 000. Variances are explained below.

Employee-related costs:

YTD actual expenditure on Employee-Related-Costs is R39 067 000. This is 13% lower than the YTD budget of R45 025 000, with the variance attributed to employee terminations and reduced overtime due to threshold limits.

Debt impairment:

Impairment will be calculated at year end.

Depreciation and asset amortization:

Depreciation for July and August will be calculated in September 2026.

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.

Transfers and subsidies:

YTD actual on Transfers and subsidies expenditure is R239 000. This is 71% lower than the YTD budget of R827 000. The variance is attributed to the projects that are still on procurement stages and the prioritisation of projects due to cashflow.

Irrecoverable debts written off:

YTD actual expenditure on Irrecoverable debts written off is R1 219 000, which is 631% more than the YTD budget of R 167 000. 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 R10 155 000. This is 27% lower than the YTD budget of R13 867 000. The variance is attributed to the projects that are still on procurement stages and the prioritisation of projects due to cashflow.

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 month ending 31 August 2026:

EXPENDITURE	AUGUST 2026
Salaries	14 407 256
Salaries Councillors	1 532 267
Traditional Leaders	7 545
Unpaid leave	-
Wages (EPWP Casuals)	520 650
Wages (Ward Committee)	475 500
Bonus	1 407 526
Long Service Bonus	58 492
Leave Pays	191 142
Performance Bonus	-
Overtime	15 440
Housing Subsidy	38 000
Travel	144 542
Data Card:Employees	68 343
M/Vehicle	501 864
Other Allowance:	
Salgbc	5 536
Acting Allowance	44 679
Secondment Allowance	41 841
Shift Allowance	140 812
Night Allowance	35 794
Standby Allowance	33 316
Sms Allowance	2 000
Cell phone Allowance	192 898
Cllrs Cellphone Allow	219 600
Cllrs Data Card Allowance	19 337
Tel Traditional leaders	3 139
Pension Allowance	134 748
Medical Aid Allowance	19 302
Laptop Allowance	2 116
Reimbursive Travel Allowance (IT)	4 960
Reimbursive Travel Allowance (Excl)	3 249
Subsistance Allowance (Excl)	450
Pension	2 430 118
Med. Aid	1 172 035
Uif	81 653
Sdl	187 211
Total	**24 143 362**

Payrollrun Report	**24 143 362**
Variance	-

EMPLOYEE BENEFITS AND ALLOWANCES

Salaries and benefits of councillors and employees for the ending 31 August 2026 are detailed below:

EMPLOYEE BENEFITS AND ALLOWANCES	Aug-26
Remuneration of Municipal Manager	
Basic Salary	94 353
Travelling Allowance	25 946
Cellphone Allowance	8 650
Pension Allowance	28 306
	157 254
Remuneration of Chief Financial Officer	
Basic Salary	77 926
Travelling Allowance	21 399
Cellphone Allowance	6 510
Pension Allowance	16 916
Medical Aid Allowance	7 126
	129 877
Remuneration of Director of Corporate Services (Mviko)	
Basic Salary	114 072
Travelling Allowance	15 805
Reimburssive allowance	4 960
Subsistence Allowance	450
	135 287
Remuneration of Director of Infrastructure	
Basic Salary	77 926
Travelling Allowance	23 220
Cellphone Allowance	6 870
Pension Allowance	21 860
	129 877
Remuneration of Director of Community Services	
Basic Salary	77 926
Travelling Allowance	24 895
Cellphone Allowance	6 061
Pension Allowance	20 994
	129 877
Remuneration of Director of Local Economic Development	
Basic Salary	113 613
Travelling Allowance	16 265
	129 877
Remuneration of Director of Strategic Management	
Basic Salary	81 501
Travelling Allowance	14 818

EMPLOYEE BENEFITS AND ALLOWANCES	Aug-26
Cellphone Allowance	6 167
Pension Allowance	18 414
Medical Aid Allowance	8 977
	129 877
Remuneration of Municipal Employees	
Basic Salary	13 769 938
Basic EPWP	520 650
Pension Fund (Employer)	2 313 119
Bonus	1 407 526
Medical Aid (Employer)	1 175 235
Cellphone Allowance	158 639
Sms Allowance	2 000
Data Card employees	68 343
Provident Fund (Employer)	145 257
Leave Pay	191 142
Skills Development Levy (SDL)	163 312
Standby, Night & Shift Allowance	209 922
Unemployment Insurance Fund (UIF) (Employer)	81 653
Long Service Bonus	58 492
Housing Subsidy	38 000
Overtime	15 440
Travelling Allowance	2 195
Bargaining Council Levy (Employer)	5 536
Acting Allowance	44 679
Secondment Allowance	41 841
Reimbursive Allowance	3 249
	20 416 168
Remuneration of Councillors	
Executive Mayor	
Basic Salary	63 221
M/vehicle Allow. Councillors	21 074
Telephone Allowance Councillor	3 600
Data Card Allowance	317
Skills Development Levy (SDL)	726
	88 937
Chief Whip	
Basic Salary	47 416
M/vehicle Allow. Councillors	15 805
Telephone Allowance Councillor	3 600
Data Card Allowance	317
Skills Development Levy (SDL)	549
	67 687

EMPLOYEE BENEFITS AND ALLOWANCES	Aug-26
Council Speaker	
Basic Salary	50 577
M/vehicle Allow. Councillors	16 859
Telephone Allowance Councillor	3 600
Data Card Allowance	317
Skills Development Levy (SDL)	584
	71 937
Mayoral Committee Members	
Basic Salary	286 262
M/vehicle Allow. Councillors	95 421
Telephone Allowance Councillor	21 600
Data Card Allowance	1 902
Skills Development Levy (SDL)	3 456
	408 641
Other Councillors(Ward Comm and Traditonal leaders)	
Basic Salary	1 567 837
M/vehicle Allow. Councillors	352 706
Telephone Allowance Councillor	190 339
Data Card Allowance	16 484
Laptop Allowance	2 116
Skills Development Levy (SDL)	18 584
	2 148 066

Overtime

Overtime	**Aug-26**
Percentage salary budget	
Analysis by Municipal Classification	
Close Protection	15 439.60
	15 439.60

Overtime	
Total Cost of Overtime	15 439.60
Percentage salary budget	**0.03%**
Analysis by Municipal Classification:	15 439.60
Community Services	**0.03%**

Total Budget Employee Related Costs

CREDITORS AGE ANALYSIS

The municipality aims to pay all invoices which are not in dispute with the relevant creditors within 30 days. Out of 231 invoices received for the quarter, 134 invoices were paid within 30 days and 97 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 2026 amounts to **R21 484 827.90**

Below is the list of creditors per category:

CATEGORY	**AMOUNT OWED**
Trade creditors	4 321 033.13
Retentions	15 864 423.64
Hall deposits	11 013.00
Department of Transport	1 288 358.13
TOTAL	**21 484 827.90**

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 31 August 2026 is R 2 838 839.89 and VAT output is R 105 274.53. The VAT201 for August 2026 has not yet been submitted to SARS and will only be submitted before or by the 25th September 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 20 309 354 which is 71% of grants received during the year.

NAME	OPENING BALANCES	GRANT RECEIVED	EXPENDITURE	GRANTS CLOSING BALANCE	% SPENT
Municipal Infrastructure Grant Investment (MIG)	0	23 539 000	-17 603 151	5 935 849	75
Financeh Management Grant (FMG)	0	2 200 000	-210 984	1 989 016	10
Electrification (INEP)	0	2 420 000	-2 024 502	395 498	84
Expanded Public Works Programme (EPWP)	0	502 000	-387 660	114 340	77
Local Government Sector for Education And Training (LGSETA)	1 392 632	78 295	-29 960	1 440 967	38
Department of Sport,Recreation,Arts and Culture (DSRAC)	1 557 883	0	-53 097	1 504 786	3
TOTAL	**2 950 515**	**28 739 295**	**-20 309 354**	**11 380 456**	**71**

5. INVESTMENT PORTFOLIO ANALYSIS - BANK ACCOUNTS BALANCES AS AT 31 AUGUST 2026 AMOUNTED TO:

Primary bank balance	11 636 288
Short term deposits	145 390 455
	157 026 744

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)	10 701.06	23 539 000.00	99 975.97	- 27 037.50	- 17 171 637.26	6 451 002.27
Finance Management Grant (FMG)	1 183.27	2 200 000.00	1 432.89	- 188.67		2 202 427.49
Mnquma Call Account	3 433.50	48 932 000.00	224 312.26		- 27 815 000.00	21 344 745.76
Electrification (INEP)	1 000.00	2 420 000.00	5 682.34	- 5 649.03	- 2 023 614.06	397 419.25
Expanded Public Works Programme (EPWP)	1 000.00	502 000.00	918.42	- 908.85	- 193 830.00	309 179.57
Local Government Sector for Education And Training (LGSETA)	1 392 632.03	78 294.93	13 936.11	- 6 889.67	- 29 960.00	1 448 013.40
Salaries Account	3 683 041.05	90 400 000.00	906 470.42		- 23 500 000.00	71 489 511.47
ENATIS	1 684.93		16.93			1 701.86
Department of Sport,Recreation,Arts and Culture (DSRAC)	2 064 721.15		19 612.26	- 21 309.82	- 528 318.75	1 534 704.84
Short Term Investment	37 990 384.03	1 836 477.57	382 877.86			40 209 739.46
Disaster Grant	26 665.28		64.14	- 25 724.24		1 005.18
Energy Efficiency And Demand-Side Management(EDSMG)	1 690.55		11.50	- 697.02		1 005.03
TOTAL	**45 178 136.85**	**169 907 772.50**	**1 655 311.10**	**-88 404.80**	**-71 262 360.07**	**145 390 455.58**

As at 31 August 2026 the municipality had a total of R 157 026 744 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 23 353 000 has been spent on Capital projects as at 31 August 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	**6,822**	–	**1,137**	(1,137)	-100%
Executive and council	30	–	5	(5)	-100%
Finance and administration	6,792	–	1,132	(1,132)	-100%
Internal audit	–	–	–	–	
Community and public safety	**127**	**12**	**21**	(9)	-41%
Community and social services	47	12	8	5	58%
Sport and recreation	–	–	–	–	
Public safety	80	–	13	(13)	-100%
Economic and environmental services	**122,451**	**22,523**	**20,409**	2,115	10%
Planning and development	23,511	2,347	3,919	(1,571)	-40%
Road transport	98,940	20,176	16,490	3,686	22%
Environmental protection	–	–	–	–	
Trading services	**7,006**	**817**	**1,168**	(351)	-30%
Energy sources	7,006	817	1,168	(351)	-30%
Total Capital Expenditure - Functional Classification	**136,406**	**23,353**	**22,734**	**618**	**3%**
Funded by:					
National Government	77,575	17,322	12,929	4,393	34%
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	17	12	3	10	336%
Transfers recognised - capital	**77,592**	**17,334**	**12,932**	**4,402**	**34%**
Borrowing	–	–	–	–	
Internally generated funds	58,814	6,018	9,802	(3,784)	-39%
Total Capital Funding	**136,406**	**23,353**	**22,734**	**618**	**3%**

7. ACTUAL BORROWINGS

There are no existing borrowings as at 31 August 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 2026 and was adopted by the council to be effective on the 01 July 2026.

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 have not yet conducted the asset verification in August 2026. The plan is to start the Q1 verification of Movables on the 14 September 2026 to the 30 September 2026.

8.5 ASSET ADDITIONS

Assets additions include all assets listed on the Annexure for the quarter ending 31 August 2026. These assets include movable assets amounting to **R12 450.00** (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 16 652 512.94 (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 month of August, there were not assets identified for disposal.

8.6 WRITE OFFS

During the month of August, there were not assets identified for write-offs.

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.

8.8 AUCTION

There were no assets identified for auction during the month of August 2026.

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 2026.

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
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

NO	REGISRTATION NO	VEHICLE DESCRIPTION	MODEL	MAKE	DIRECTORATE
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	JST133EC	Truck	2021	UD TRUCK COMPACTOR PKE 250	COMMUNITY SERVICES
12	KFV906EC	Truck	2023	FOTON POWERSTAR CAGE	COMMUNITY SERVICES
13	KFV954EC	Truck	2023	POWERSTAR COMPACTOR	COMMUNITY SERVICES
14	KNY724EC	Truck	2025	UD WATER CUTTER	INFRASTRUCTURE
15	KSD783EC	Truck	2025	JETTING MACHINE	INFRASTRUCTURE
15	KVT941EC	Truck	2026	BREAKDOWN TRUCK	BUDGET & TREASURY OFFICE
			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	N/A	Plant	2025	SHANTUI ROLLER	INFRASTRUCTURE
			BUS, FORTUNER, QUANTUM		

NO	REGISRTATION NO	VEHICLE DESCRIPTION	MODEL	MAKE	DIRECTORATE
1	JHZ632EC	Fortuner	2019	TOYOTA FORTUNER 2.8	BUDGET &TREASURY OFFICE
2	JYL422EC	Mini – Bus	2022	TOYOTA QUANTUM 2.8	POOL
3	JZD055EC	Bus	2022	ISUZU NQR500 BUS	POOL
4	FCX279EC	Mini – Bus	2008	TOYOTA QUATUM 2,7	COMMUNITY SERVICES / TRAFFIC
5	KBZ429EC	Fortuner	2022	TOYOTA FORTUNER /WHITE	SPEAKER
6	KJC892EC	Fortuner	2024	FORD EVEREST	MAYOR
7	KVD394EC	Mini – Bus	2026	VW CRAFTER BUS	COMMUNITY SERVICES / TRAFFIC
PRIVATE 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
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

NO	REGISRTATION NO	VEHICLE DESCRIPTION	MODEL	MAKE	DIRECTORATE
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 August 2026 amounts to **R 180 897.62**

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

Directorate	APRIL-JUNE 2026
Strategic	8 782.49
Infrastructure	105 143.98
Corporate Services	-
BTO	19 590.72
LED	-
Community Services	47 380.45
	180 897.62

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 month - ended August 2026 amounts to **R860 477.45**

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

#	DIRECTORATES	AUGUST 2026
1	BUDGET &TREASURY OFFICE	14 860,86
2	COMMUNITY SERVICES	234 736,59
3	CORPORATE SERVICES	8 059,40
4	INFRASTRUCTURE	515 240,45
5	LOCAL ECONOMIC DEVELOPMENT	29 347,51
6	MAYOR	13 310,08
7	MM'S OFFICE	3 697,59
8	POOL	20 070,14
09	SPEAKER	8 986,90
10	STRATEGIC	12 167,93
	TOTAL	**860 477.45**

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 period ending 31 August 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 2026 and was adopted by the council to be effective on the 01 July 2026.

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

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

10.5 STOCK COUNTS

Two (02) stock count have been conducted as at the end of August 2026 in line with the policy and inventory count procedures. The stock count is performed on the last two working days of the 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

There were no items identified as expired, outdated or damaged during the stock count for August 2026.

10.8 DISPOSALS

There were no items identified as slow moving and no longer useful during the stock count for August 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 31 August 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 2027	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 the 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.
  - o Bid Specification Committee (BSC)
  - o Bid Evaluation Committee (BEC)
  - o 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 31 August 2026.

Summary Analysis:

Service Description	Amount (R)
Emergency	R0
Impractical	R445 767.88
Single provider	R0
Total	**R445 767.88**

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 (August 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 (August 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 2026/2027 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 2026/2027:

The municipality has received 63 procurement requisitions from 1 August 2026 to 31 August 2026; 17 under 3 quotations, 10 deviations, 20 under contracted services, 4 competitive bids, 9 informal tenders, and 3 transversals.

16.5.8 4 requisitions were cancelled, 2 under 3 quotations, 1 under informal tenders, and 1 transversal.

16.5.9 A total of 20 requisitions are in progress, 3 under 3 quotations, 1 deviation, 2 under contracted services, 4 competitive bids, 2 transversals, and 8 informal tenders.

16.5.10 A total of 39 requisitions had awarded orders, 12 under 3 quotes, 9 deviations, and 18 under contracted services, and the following orders as per threshold have been issued:

Procurement threshold	***Awarded amounts (Totals)***
Deviations	**R 445 767.88**
R0- R30 000 (3 quotations)	**R 204 805.44**
R30 001-R300 000 (informal tenders)	**R 41 220.00**
R300 001- R50 000 000 (contracted services, competitive bids and transversal)	**R179 961 652.59**
Above R50 000 000	**R0**

16.5.11 Summary Procurement Plan Implementation Report as of end August 2026

End User Department	Requisitions Received	Projects Awarded	In Progress	Cancelled
Budget and Treasury	7	0	7	0
Community Services	4	0	2	2
Corporate Services	5	0	5	0
Infrastructural Development	25	17	7	1
Local Economic Development	41	0	26	3
Office of the Municipal Manager	0	0	0	0
Strategic Management	17	2	14	0
Total Number of Projects	**99**	**19**	**61**	**6**

16.5.12

Municipal Bid Appeals (if applicable)

i) *There were no bid appeals received*

1.7 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 August 2026:

Summary Analysis:

Description	Commitment Amount (R)
Capital	R134 788 676.38
Operational	R41 037 802.12
Total	**R175 826 478.50**

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.

5.7.2 Variations

(a)

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

None

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 August 2026	SMME's awarded Locality
No. of Current Active Contracts	104	
No. of contracts awarded to SMMEs within the municipal area (local suppliers)	0	
No. of Contracts about to expire in <6 months	21	
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

iv) Website

iv) E-tender portal

iv) CIDB (on applicable tenders)

iv) Notice Board

(See the attached List of advertised Tenders)- Annexure E

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

1.1 **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.

2. 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 3. Enforce Code of Conduct	30 June 2026	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 report any fraud and corruption.

3. Recommendations

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