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2025/2026
MID-YEAR BUDGET AND
PERFORMANCE ASSESSMENT
SECTION 72
REPORT
2ND QUARTER ENDED
31 DECEMBER 2025

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GLOSSARY

Annual Budget – Prescribed in section 16 of the MFMA - the formal means by which a Municipality approve official budget for the next three years.

Adjustment Budget – Prescribed in section 28 of the MFMA – the formal means by which a Municipality may revise its annual budget during the year.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet and must be included in the asset register.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Payments do not always coincide with budgeted expenditure timings – for example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government (see Allocations / Transfers).

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations dated April 2009.

MFMA – The Municipal Finance Management Act – Act No. 56 of 2003. The principle piece of legislation relating to municipal financial management.

mSCOA – Municipal Standard Chart of Accounts.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years' budget allocations. Also includes details of the previous and current years' financial position.

Vote – One of the main segments into which a budget is divided.

LEGISLATIVE FRAMEWORK

This report has been prepared in terms of the following enabling legislation:

The municipal Finance Management Act No. 56 of 2003

Section 72: Mid-year budget Statements

Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations

1.1 RESOLUTIONS

This is the resolution being presented to Council in the mid-year report on the implementation of budget and financial state of affairs of the municipality as required in terms of section 72 of the Municipal Finance Management Act 56 of 2003.

Recommendations:

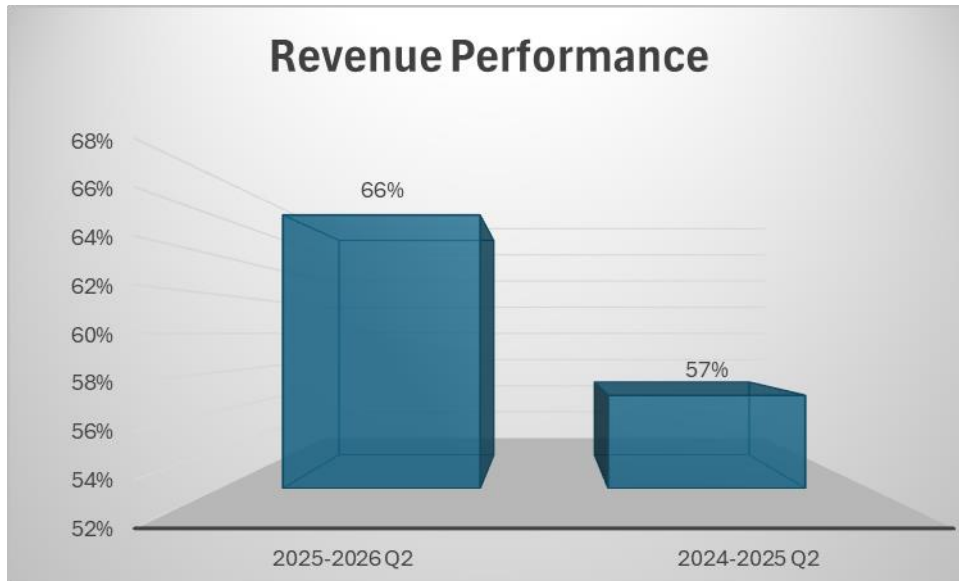
- That, the report on the implementation of the budget and the financial state of affairs of the municipality for the mid-term ended 31st December 2025 be noted by council.

- That, the submission of section 72 reports and to Provincial and National Treasuries 30 days after the end of the first six months be noted by Council.

1.2 EXECUTIVE SUMMARY

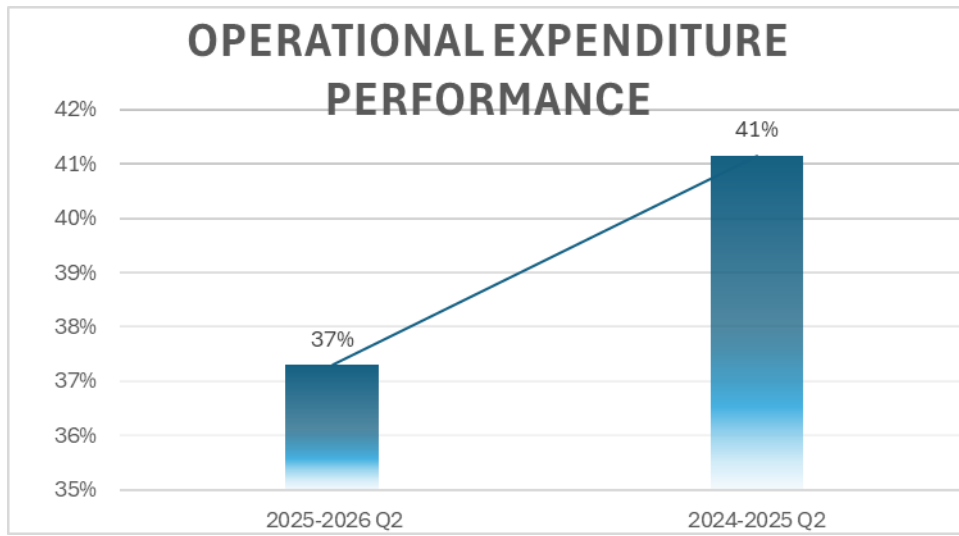
Revenue by source

The total revenue received by source for the first six months amounted to **R369,718,275** against approved budget of **R559,218,657**. This represents **66%** revenue at mid-term, this is above the expected performance of **50%** for the quarter ended 31 December 2025, due to the first trenches on conditional and unconditional grants received during the six months.



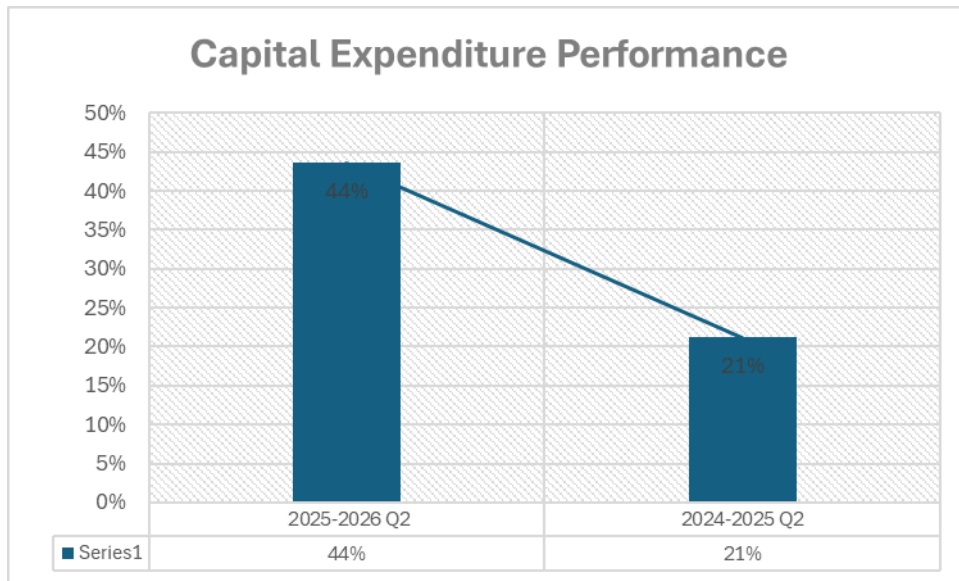
Operating Expenditure by type

Operating expenditure amounted to **R 206,547,818** for the first six months of the financial year against approved budget of **R 553,800,060** This represents **37%** of the approved operating expenditure budget. This below the expected performance of 50% this caused by implementation of cost containment measures.



Capital Expenditure

Capital expenditure for the first six months of the financial year amounted to **R 66,904,725** against approved budget of **R153,575,158**. This represents **44%** of the approved capital expenditure budget. Which is below 50% expected performance and it due to slow performance in disaster recovery funded projects.



**PART 2 –
IN-YEAR BUDGET STATEMENTS
2.1 Table C1 Monthly Budget Statement Summary**

EC442 Umzimvubu - Table C1 Monthly Budget Statement Summary - M06 - Half Year

Description	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	64,665	66,904	66,904	65,291	65,291	60,821	4,470	7%	66,904
Service charges	1,360	1,483	1,483	731	731	741	(10)	-1%	1,483
Investment revenue	10,580	10,580	10,580	4,747	4,747	5,290	(543)	-10%	10,580
Transfers and subsidies - Operational	298,217	297,276	297,806	221,668	221,668	220,857	810	0%	297,806
Other own revenue	78,840	34,694	98,502	30,761	30,761	33,299	(2,538)	-8%	98,502
Total Revenue (excluding capital transfers and contributions)	453,591	410,936	475,275	323,198	323,198	321,009	2,189	1%	475,275
Employee costs	98,667	106,006	106,006	48,321	48,321	53,003	(4,682)	-9%	106,006
Remuneration of Councilors	24,539	25,563	25,563	11,131	11,131	12,781	(1,651)	-13%	25,563
Depreciation and amortisation	90,409	89,550	89,550	26,056	26,056	44,775	(18,719)	-42%	89,550
Interest	2,119	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	6,472	10,494	10,314	3,318	3,318	5,202	(1,883)	-36%	10,314
Transfers and subsidies	22,455	17,096	17,332	10,305	10,305	9,488	817	9%	17,332
Other expenditure	220,610	204,113	269,595	102,182	102,182	120,667	(18,486)	-15%	269,595
Total Expenditure	465,271	452,823	518,360	201,313	201,313	245,916	(44,603)	-18%	518,360
Surplus/(Deficit)	(11,680)	(41,886)	(43,086)	121,885	121,885	75,092	46,792	62%	(43,086)
Transfers and subsidies - capital (monetary allocations)	90,774	145,744	83,944	29,972	29,972	57,422	(27,450)	-48%	83,944
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers &	79,094	103,858	40,858	151,857	151,857	132,514	19,343	15%	40,858
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	79,094	103,858	40,858	151,857	151,857	132,514	19,343	15%	40,858
Capital expenditure & funds sources									
Capital expenditure	126,310	215,003	153,575	65,539	65,539	92,392	(26,853)	-29%	153,575
Capital transfers recognised	80,419	145,864	84,235	38,308	38,308	57,525	(19,217)	-33%	84,235
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	45,532	69,139	69,341	27,231	27,231	34,867	(7,636)	-22%	69,341
Total sources of capital funds	125,951	215,003	153,575	65,539	65,539	92,392	(26,853)	-29%	153,575
Financial position									
Total current assets	157,657	155,046	153,475	-	263,746	-	-	-	153,475
Total non current assets	1,079,875	1,347,271	1,285,843	-	1,119,358	-	-	-	1,285,843
Total current liabilities	92,472	102,366	102,366	-	86,187	-	-	-	102,366
Total non current liabilities	12,430	11,654	11,654	-	12,430	-	-	-	11,654
Community wealth/Equity	1,132,629	1,388,297	1,325,297	-	1,218,038	-	-	-	1,325,297
Cash flows									
Net cash from (used) operating	320,144	237,749	208,815	138,612	138,612	201,932	63,320	31%	208,815
Net cash from (used) investing	151,250	(215,003)	(153,575)	(86,200)	(86,200)	(92,392)	(6,192)	7%	(153,575)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	537,607	143,710	176,203	-	143,602	230,504	86,901	38%	146,430
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total

2.1.2 Table C2 Monthly Budget Statement –Financial Performance (Functional Class)

EC442 Umzimvubu - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 - Half Year										
Description	Ref	2024/25	Budget Year 2025/26							
		Audited	Original	Adjusted	Mid Year	YearTD actual	YearTD	YTD	YTD %	Full Year
R thousands										
Revenue - Functional										
Governance and administration		378,947	377,609	377,609	291,680	291,680	288,260	3,420	1%	377,609
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		378,947	377,609	377,609	291,680	291,680	288,260	3,420	1%	377,609
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		7,195	9,407	9,407	2,885	2,885	4,703	(1,818)	-39%	9,407
Community and social services		294	210	210	167	167	105	62	59%	210
Sport and recreation		4	5	5	3	3	2	1	23%	5
Public safety		6,897	9,192	9,192	2,715	2,715	4,596	(1,881)	-41%	9,192
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		150,648	161,401	163,409	52,426	52,426	81,202	(28,776)	-35%	163,409
Planning and development		114,073	134,553	136,561	51,127	51,127	67,778	(16,651)	-25%	136,561
Road transport		36,575	26,848	26,848	1,299	1,299	13,424	(12,125)	-90%	26,848
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		7,575	8,264	8,794	6,178	6,178	4,264	1,914	45%	8,794
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		7,575	8,264	8,794	6,178	6,178	4,264	1,914	45%	8,794
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	544,365	556,680	559,219	353,170	353,170	378,431	(25,261)	-7%	559,219
Expenditure - Functional										
Governance and administration		204,363	194,532	194,532	82,366	82,366	99,551	(17,185)	-17%	194,532
Executive and council		50,724	59,614	59,614	24,801	24,801	29,807	(5,006)	-17%	59,614
Finance and administration		147,533	127,532	127,532	53,829	53,829	66,051	(12,222)	-19%	127,532
Internal audit		6,106	7,386	7,386	3,735	3,735	3,693	42	1%	7,386
Community and public safety		49,226	56,592	56,592	24,166	24,166	28,296	(4,130)	-15%	56,592
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation	18	0	0	0	-	-	0	(0)	-100%	0
Public safety		49,209	56,591	56,591	24,166	24,166	28,296	(4,130)	-15%	56,591
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		79,592	142,450	203,385	51,051	51,051	87,294	(36,244)	-42%	203,385
Planning and development		93,276	57,107	118,982	46,136	46,136	44,658	1,278	3%	118,982
Road transport	(13,684)	-	85,343	84,403	4,914	4,914	42,436	(37,522)	-88%	84,403
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		132,089	59,249	63,851	43,731	43,731	30,775	12,956	42%	63,851
Energy sources		-	-	1,933	681	681	483	198	41%	1,933
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		132,089	59,249	61,918	43,050	43,050	30,292	12,758	42%	61,918
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	465,271	452,823	518,360	201,313	201,313	245,916	(44,603)	-18%	518,360
Surplus/ (Deficit) for the year		79,094	103,858	40,858	151,857	151,857	132,514	19,343	15%	40,858

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in the Financial Performance Statement
3. Total Expenditure by functional classification must reconcile to total operating expenditure shown in 'Financial Performance Statement'
4. All amounts must be classified under a functional classification (modified GFS). The GFS function 'Other' is only for Abattoirs, Air Transport, Licensing and Regulation, Markets and Tourism - and if used must be

2.1.3 C3 Monthly Budget Statement –Financial Performance (revenue and expenditure by municipal vote)

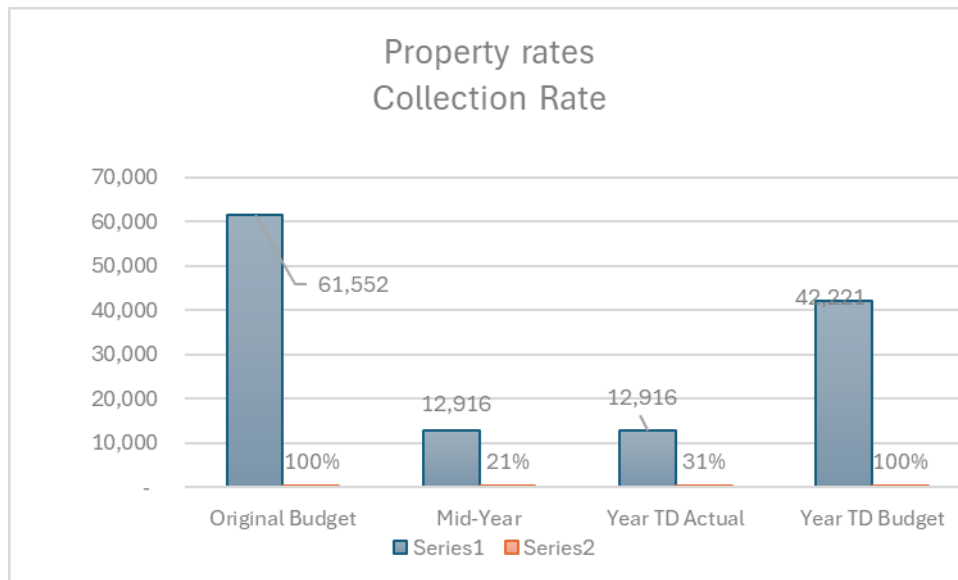
EC442 Umzimvubu - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 - Half Year										
Vote Description	Ref	2024/25	Budget Year 2025/26							
		Audited	Original	Adjusted	Mid Year	YearTD actual	YearTD	YTD	YTD %	Full Year
R thousands										
Revenue by Vote	1									
Vote 1 - Executive And Council		189	160	160	22	22	80	(58)	-72.9%	160
Vote 2 - Budget and Treasury Office		378,576	377,034	377,034	291,478	291,478	287,973	3,505	1.2%	377,034
Vote 3 - Corporate Services		315	400	400	173	173	200	(27)	-13.3%	400
Vote 4 - Infrastructure and Plannind Department		150,275	161,201	163,209	52,299	52,299	81,102	(28,803)	-35.5%	163,209
Vote 5 - Community Services		298	215	215	170	170	107	63	58.5%	215
Vote 6 - Local Economic Development		223	200	200	127	127	100	27	27.3%	200
Vote 7 - Public Safety		6,914	9,207	9,207	2,722	2,722	4,603	(1,881)	-40.9%	9,207
Vote 8 - Waste Management		7,575	8,264	8,794	6,178	6,178	4,264	1,914	44.9%	8,794
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	544,365	556,680	559,219	353,170	353,170	378,431	(25,261)	-6.7%	559,219
Expenditure by Vote	1									
Vote 1 - Executive And Council		80,329	91,783	91,783	38,220	38,220	45,927	(7,707)	-16.8%	91,783
Vote 2 - Budget and Treasury Office		99,866	68,816	68,816	33,066	33,066	36,658	(3,592)	-9.8%	68,816
Vote 3 - Corporate Services		25,528	35,335	35,335	11,705	11,705	17,667	(5,962)	-33.7%	35,335
Vote 4 - Infrastructure and Plannind Department		58,281	119,812	180,747	39,184	39,184	75,140	(35,956)	-47.9%	180,747
Vote 5 - Community Services		18	0	0	-	-	0	(0)	-100.0%	0
Vote 6 - Local Economic Development		18,646	19,611	19,611	10,886	10,886	10,641	245	2.3%	19,611
Vote 7 - Public Safety		50,514	58,218	58,218	24,522	24,522	29,109	(4,587)	-15.8%	58,218
Vote 8 - Waste Management		132,089	59,249	61,918	43,050	43,050	30,292	12,758	42.1%	61,918
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	465,271	452,823	516,427	200,632	200,632	245,433	(44,801)	-18.3%	516,427
Surplus/ (Deficit) for the year	2	79,094	103,858	42,791	152,538	152,538	132,998	19,541	14.7%	42,791

2.1.4 C4 Monthly Budget Statement –Financial Performance (revenue and Expenditure)

Revenue by Source

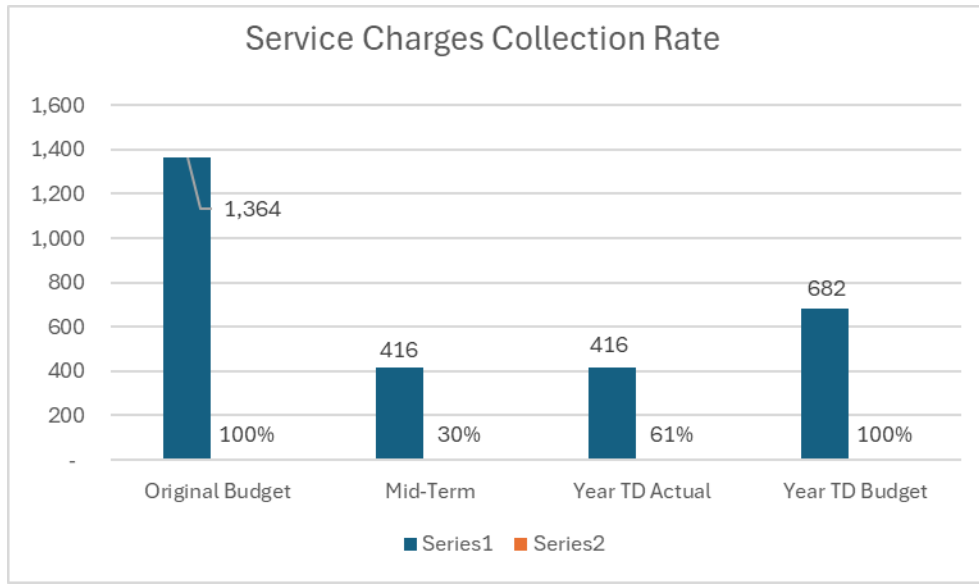
Property Rates

Property Rates is a major part of the municipal own revenue and represents **12%** of total own revenue budget. Billing on Annual property rates is done in July for the financial year. Billing for the mid-term amounted to **R 65,291,412**. Revenue received from property rates amounted to R 12,915,597 for the 1st six months ended 31 December 2025 against approved budget of R 61,551,662 this represents 21% of received revenue by source which is less than anticipated 50%. Less collection is due to Commercial business, Government Departments and Residential households who fail to make payments on time and are in arrears.



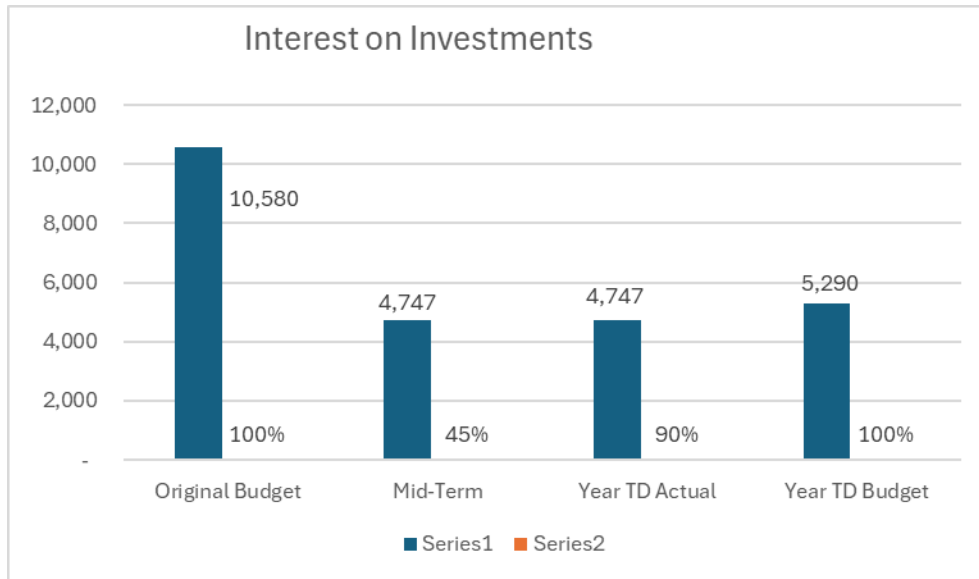
Service Charges

Revenue from Service charges amounted to **R 731,000** for the 1st six month ended 31 December 2025 against approved budget of **R 1,483,000** this represent 49% of revenue budget for this source. Revenue collected from service charges amounted to R416,000 for the 1st six months ended 31 December 2025 against approved budget of R1,364,000 this represents 30% of collected revenue by source which is less than anticipated 50%.



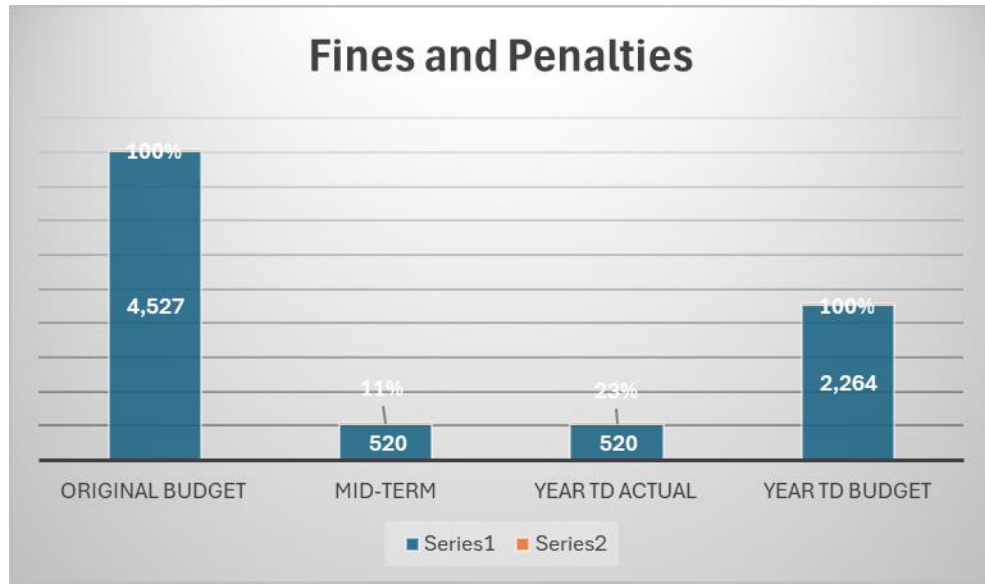
Interest on Investments

Interest earned from conditional and unconditional investments amounted to **R4,747,000** against approved budget **R10,580,000** for the mid-term ended 31 December 2025. This represents **45%** of the total budget from this source.



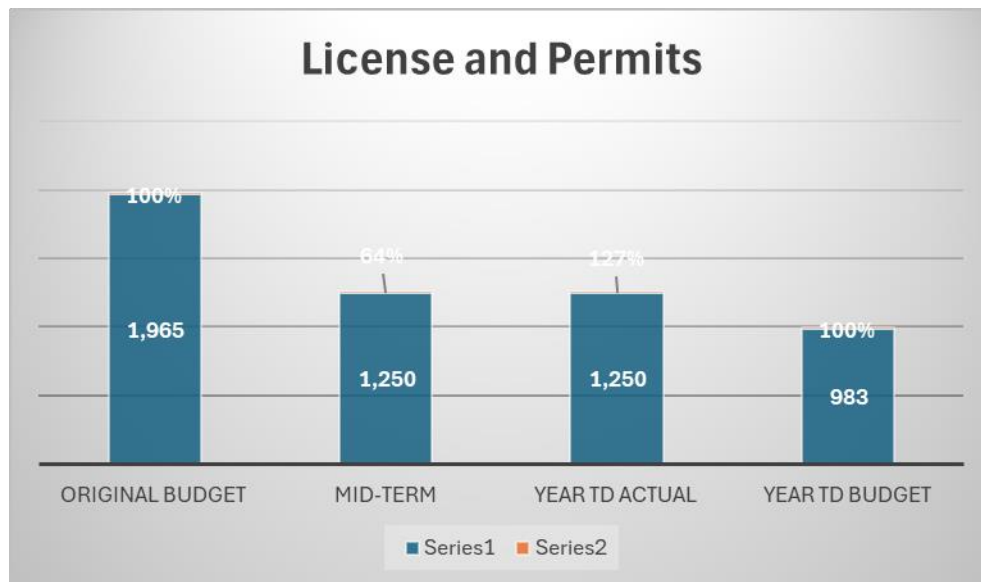
Fines & Penalties

Revenue from fines and penalties amounted to **R520,000** at mid-term ended 31 December 2025 against approved budget of **R 4,527,000** and this reflects **11%** of the revenue budget from fines and penalties, the variance is a result of less payments received for fines issued in the quarters under review.



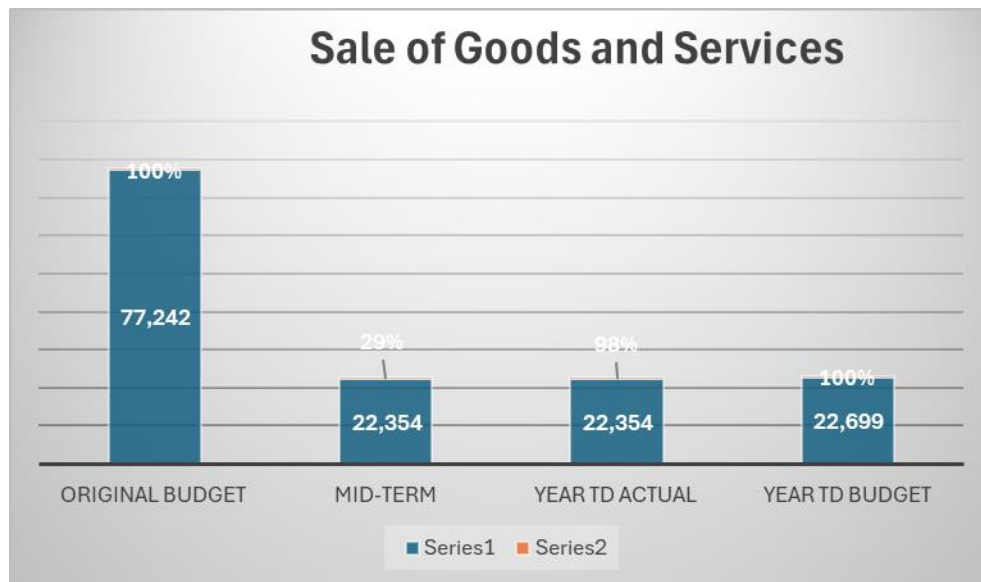
Licenses and Permits

Revenue from licenses and permits amounted to **R 1,250,000** against approved budget **R 1,965,000** at mid-term ended 31 December 2025. This represents **64%** revenue against the budget from this source.



Sale of Goods and Services

Sale of goods and services reflects an amount of **R 22,354,000** at mid-term ended 31 December 2025 against approved budget of **R 77,242,000** this represents **29%** of the budget allocated for this category.

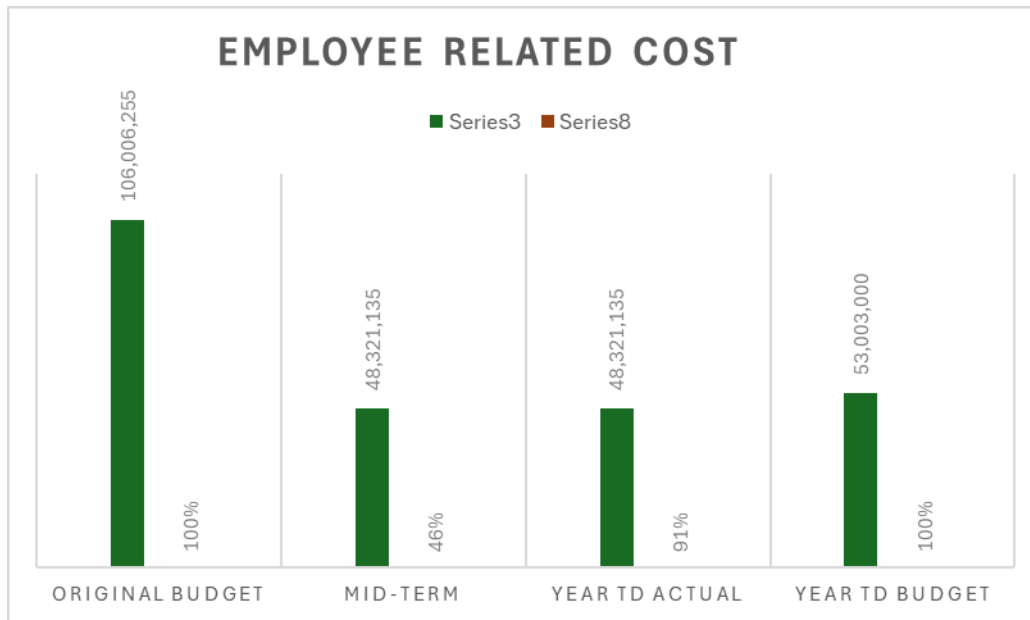


Expenditure by Type

Expenditure by type reflects operational budget per type/category of expenditure

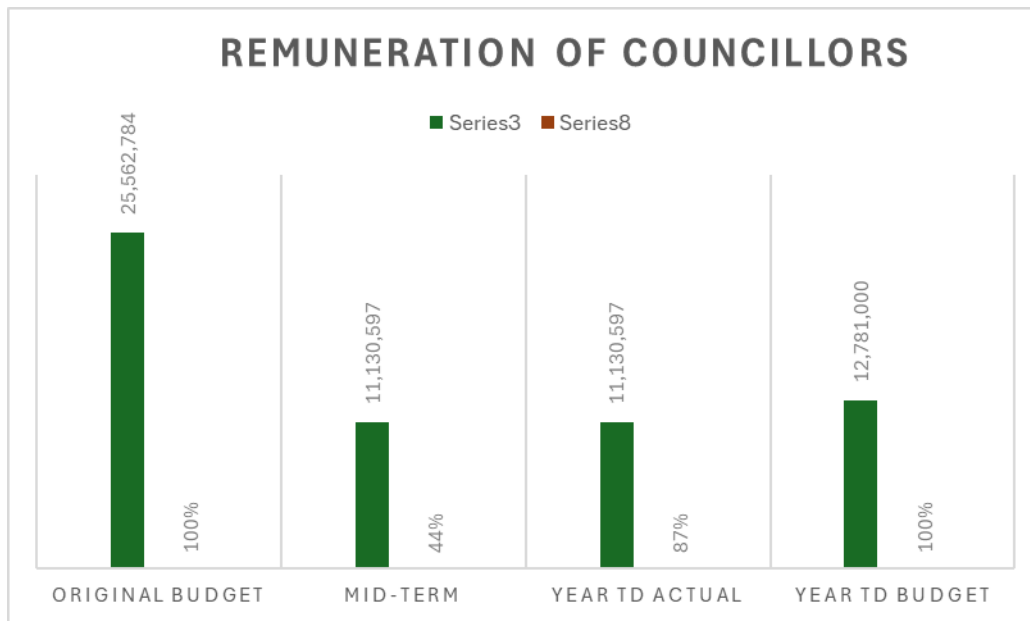
Employee Related Costs

Employee related expenditure at mid-term ended 31 December 2025 amounted to **R 48,321,135** against budget amount of **R 106,006,255** that represents **46%** of the budgeted amount. The variance is due to vacant posts that have not been filled.



Remuneration of Councillors

Expenditure from remuneration of Councillors amounted to **R 11,130,597** at mid-term ended 31 December 2025 against original budget of **R 25,562,784** this represents **44%** of the budget allocated to this category. This is within the expected performance for the quarter.

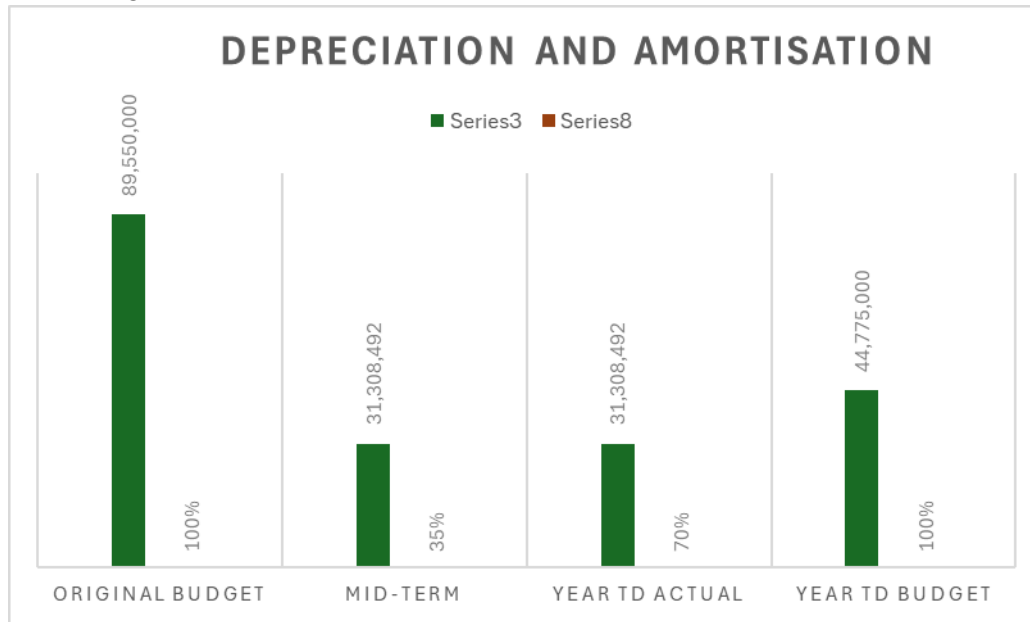


Debt impairment

Currently the municipality accounts for Debt impairment at the end of the financial year, no expenditure is reflected at mid-term for this category.

Depreciation and Amortisation

Expenditure from Depreciation and Amortisation amounted to **R 31,308,492** at mid-term ended 30 December 2025 against original budget of **R 89,550,000** this represents **35%** of the budget allocated to this category. The variance is due to not processing depreciation for infrastructure assets it will be processed after mid-term asset verification.

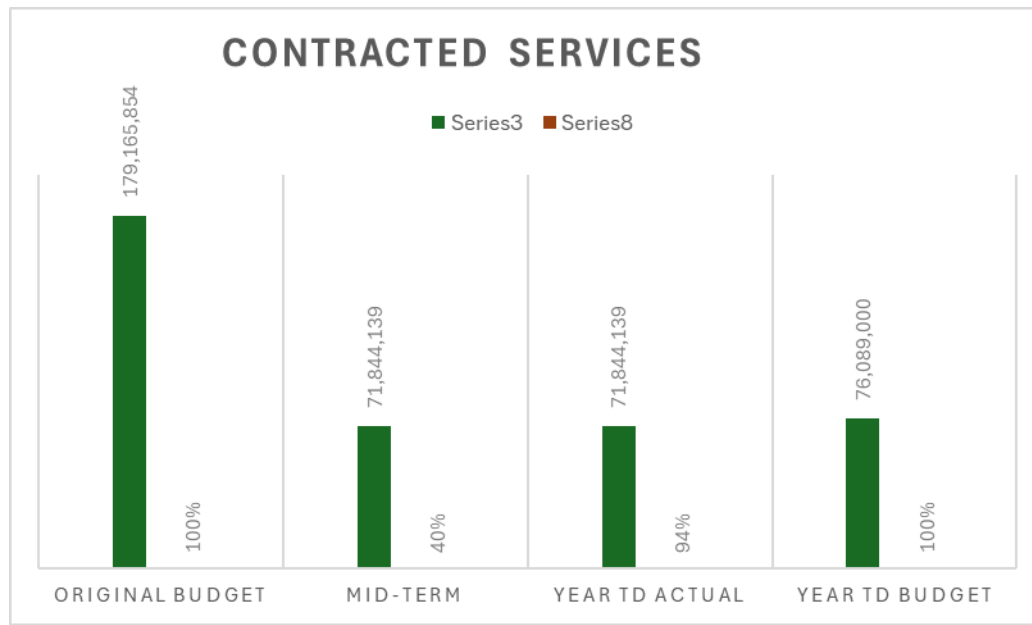


Finance Costs

No expenditure relating to interest charges has been incurred for the quarter.

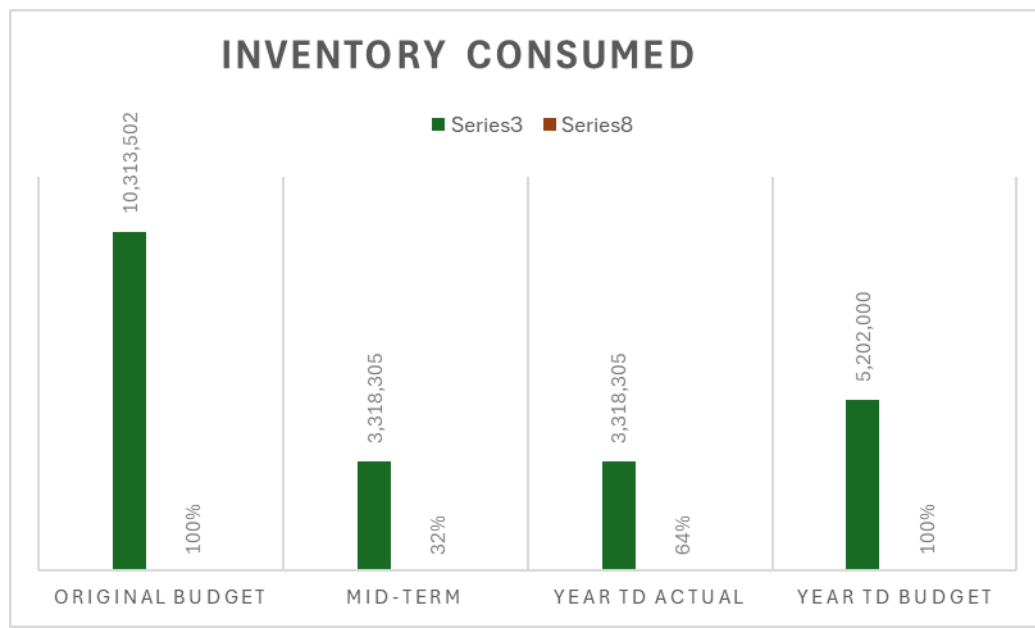
Contracted Services

Expenditure on contracted services amounted to **R 71,844,139** at mid-term ended 31 December 2025 against approved budget of **R 179,165,854** this represents **40%** of the budget for this category.



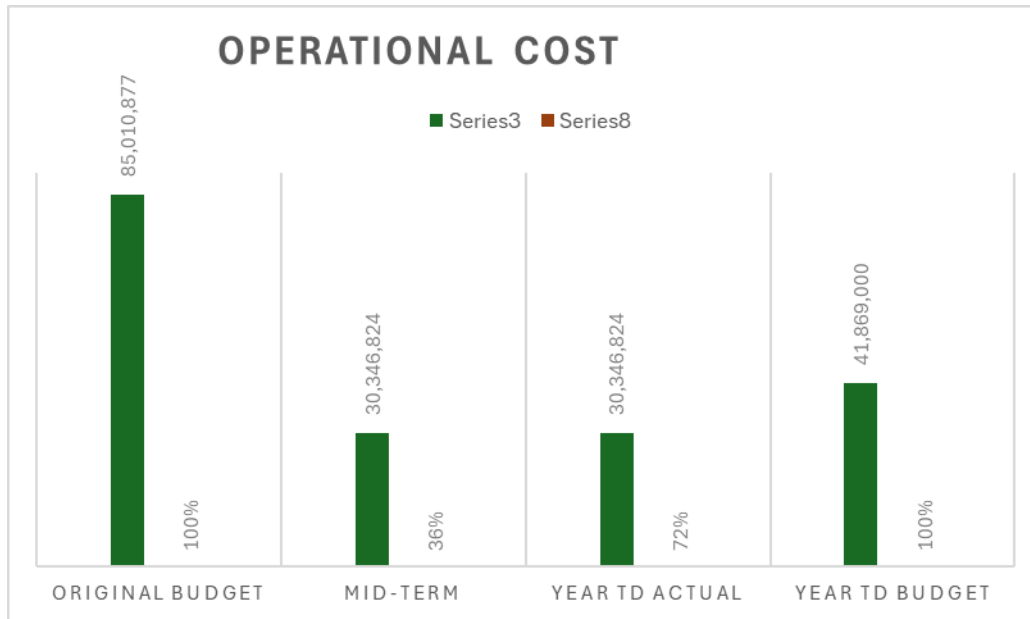
Inventory Consumed

Expenditure on inventory consumed amounted to **R 3,318,305** at mid-term 31 December 2025 against approved budget of **R 10,313,502**. This represents **32%** of budget allocation for this category.



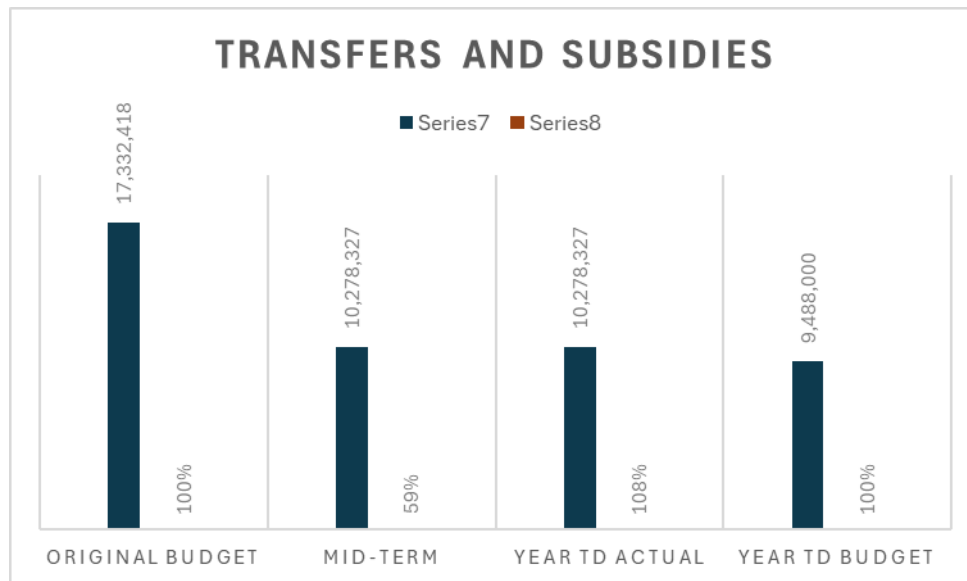
Operational Expenditure

Operational expenditure at mid-term ended 31 December 2025 amounted to **R 30,346, 824** against approved budget of **R 85,010,877** and represents **36%**. The variance results from expenditure from the upcoming Calander events which will be hosted as the year progress.



Transfers and subsidies

Transfers and subsidies expenditure for the 1st quarter ended 30 September 2025 amounted to **R 6,823,921** against approved budget of **R 17,332,418** and represents **59%**.



2.1.5 C5 Monthly Budget Statement –Capital Expenditure (municipal vote, functional classification and funding)

The approved capital budget amounted to **R 153,575,158** for the financial year and at mid-term ended 31 December 2025 amounted to **R 66,904,725** representing **44%** of the budget. Variance is as results of slow-moving expenditure on disaster funded projects as they were only approved for implementation by the funder at the end of August.

EC442 Umzimvubu - Table C6 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 - Half Year											
R thousands	Vote Description	Ref	2024/25			Budget Year 2025/26					
			Audited	Original	Adjusted	Mid Year	YearTD actual	YearTD	YTD	YTD %	Full Year
Multi-Year expenditure appropriation											
	Vote 1 - Executive And Council										
	Vote 2 - Budget and Treasury Office										
	Vote 3 - Corporate Services										
	Vote 4 - Infrastructure and Planning Department										
	Vote 5 - Community Services										
	Vote 6 - Local Economic Development										
	Vote 7 - Public Safety										
	Vote 8 - Waste Management										
	Vote 9 -										
	Vote 10 -										
	Vote 11 -										
	Vote 12 -										
	Vote 13 -										
	Vote 14 -										
	Vote 15 -										
	Total Capital Multi-year expenditure	4,7									
Single Year expenditure appropriation											
	Vote 1 - Executive And Council										
	Vote 2 - Budget and Treasury Office		700	5,000	5,000	93	93	5,000	(2,407)	0%	5,000
	Vote 3 - Corporate Services		1,266	3,500	3,500	1,743	1,743	1,750	(7)	0%	3,500
	Vote 4 - Infrastructure and Planning Department		101,974	180,243	110,645	48,011	48,011	73,000	(20,989)	0%	110,645
	Vote 5 - Community Services		11,307	15,000	15,000	12,358	12,358	7,000	4,358	0%	15,000
	Vote 6 - Local Economic Development		4,640	3,700	3,700	2,033	2,033	1,000	793	43%	3,700
	Vote 7 - Public Safety		5,147	6,240	6,240	140	140	3,120	(2,971)	0%	6,240
	Vote 8 - Waste Management		800	720	801	551	551	303	148	37%	801
	Vote 9 -										
	Vote 10 -										
	Vote 11 -										
	Vote 12 -										
	Vote 13 -										
	Vote 14 -										
	Vote 15 -										
	Total Capital single year expenditure	4	120,310	215,003	153,575	65,530	65,530	92,392	(26,853)	29%	153,575
	Total Capital Expenditure		120,310	215,003	153,575	65,530	65,530	92,392	(26,853)	29%	153,575
Capital Expenditure - Functional Classification											
Governance and administration											
	Executive and council		2,052	5,500	5,500	1,830	1,830	4,200	(2,414)	0%	5,500
	Finance and administration		2,052	5,500	5,500	1,830	1,830	4,200	(2,414)	-57%	5,500
	Internal audit										
Community and public safety											
	Community and social services		10,834	21,800	21,800	12,500	12,500	10,020	1,500	15%	21,800
	Sport and recreation		11,307	15,000	15,000	12,358	12,358	7,000	4,358	0%	15,000
	Public safety		5,147	6,240	6,240	140	140	3,120	(2,971)	0%	6,240
	Housing										
	Health										
Economic and environmental services											
	Planning and development		100,014	183,042	122,345	50,045	50,045	76,010	(20,170)	-34%	122,345
	Road transport		5,507	67,000	5,700	3,358	3,358	15,000	(15,042)	-82%	5,700
	Environmental protection		100,400	110,443	110,645	47,200	47,200	50,910	(11,293)	-10%	110,645
	Fracking services		800	720	801	551	551	303	148	37%	801
	Study services										
	Water management										
	Waste water management										
	Waste management		800	720	801	551	551	303	148	37%	801
	Other										
	Total Capital Expenditure - Functional Classification	3	120,310	215,003	153,575	65,530	65,530	92,392	(26,853)	29%	153,575
Funded by											
	National Government		80,114	83,044	83,044	38,232	38,232	41,072	(3,740)	-9%	83,044
	Provincial Government		306	61,000	201	76	76	15,563	(15,477)	-100%	201
	Transfer from other municipalities - capital monetary allocations (Not / From Dependent Agencies)										
	Transfer recipient - capital		80,419	145,004	84,215	38,308	38,308	57,225	(19,217)	-33%	84,215
	Borrowing										
	Internally generated funds	6	40,632	66,139	69,344	27,234	27,234	24,067	(7,030)	-22%	69,344
	Total Capital Funding		120,951	215,003	153,575	65,530	65,530	92,392	(26,853)	29%	153,575

C6 Monthly Budget Statement –Financial Position

The table reflects the financial position is recorded at mid-term ended 31 December 2025.

EC442 Umzimvubu - Table C6 Monthly Budget Statement - Financial Position - M06 - Half Year						
Description	Ref	2024/25	Budget Year 2025/26			Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		91,190	143,710	142,138	125,619	142,138
Trade and other receivables from exchange transactions		4,471	416	416	4,398	416
Receivables from non-exchange transactions		14,208	9,807	9,807	69,487	9,807
Current portion of non-current receivables		-	-	-	-	-
Inventory		15,630	3,899	3,899	16,893	3,899
VAT		8,339	(25,957)	(25,957)	23,531	(25,957)
Other current assets		23,818	23,171	23,171	23,818	23,171
Total current assets		157,657	155,046	153,475	263,746	153,475
Non current assets						
Investments		-	-	-	-	-
Investment property		26,825	26,105	26,105	26,825	26,105
Property, plant and equipment		1,052,820	1,319,058	1,257,630	1,091,892	1,257,630
Biological assets		-	-	-	-	-
Living and non-living resources		18	18	18	18	18
Heritage assets		213	2,090	2,090	623	2,090
Intangible assets		-	-	-	-	-
Trade and other receivables from exchange transactions		-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	-	-	-	-
Total non current assets		1,079,875	1,347,271	1,285,843	1,119,358	1,285,843
TOTAL ASSETS		1,237,532	1,502,317	1,439,318	1,383,104	1,439,318
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	-	-	-	-
Consumer deposits		217	176	176	250	176
Trade and other payables from exchange transactions		69,539	76,283	75,983	36,711	75,983
Trade and other payables from non-exchange transactions		491	10,621	10,921	31,175	10,921
Provision		4,448	3,842	3,842	(209)	3,842
VAT		17,777	11,444	11,444	18,260	11,444
Other current liabilities		-	-	-	-	-
Total current liabilities		92,472	102,366	102,366	86,187	102,366
Non current liabilities						
Financial liabilities		-	-	-	-	-
Provision		12,430	11,654	11,654	12,430	11,654
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	-	-	-	-
Total non current liabilities		12,430	11,654	11,654	12,430	11,654
TOTAL LIABILITIES		104,903	114,020	114,020	98,618	114,020
NET ASSETS	2	1,132,629	1,388,297	1,325,297	1,284,486	1,325,297
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		1,092,269	1,351,544	1,288,544	1,177,678	1,288,544
Reserves and funds		40,360	36,753	36,753	40,360	36,753
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	1,132,629	1,388,297	1,325,297	1,218,038	1,325,297
<i>References</i>						
1. Material variances to be explained in Table SC1						
2. Net assets must balance with Total Community Wealth/Equity						
check balance		-	-	-	66,448,771	-

2.1.7 C7 Monthly Budget Statement –Cash Flow

EC442 Umzimvubu - Table C7 Monthly Budget Statement - Cash Flow - M06 - Half Year										
Description	Ref	2024/25			Budget Year 2025/26					
		Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		58,908	61,552	61,552	12,916	12,916	42,221	(29,306)	-69%	61,552
Service charges		684	1,364	1,364	416	416	682	(266)	-39%	1,364
Other revenue		26,535	76,888	140,695	17,309	17,309	54,396	(37,087)	-68%	140,695
Transfers and Subsidies - Operational		339,238	297,276	297,806	230,867	230,867	221,757	9,110	4%	297,806
Transfers and Subsidies - Capital		103,023	145,744	83,944	72,444	72,444	74,918	(2,474)	-3%	83,944
Interest		8,537	12,780	12,780	4,201	4,201	6,390	(2,189)	-34%	12,780
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(216,781)	(340,757)	(406,359)	(199,541)	(199,541)	(189,064)	(10,476)	6%	(406,359)
Interest		-	-	-	-	-	-	-	-	-
Transfers and Subsidies		-	(17,097)	17,032	-	-	(9,368)	9,368	-100%	17,032
NET CASH FROM/(USED) OPERATING ACTIVITIES		320,144	237,749	208,815	138,612	138,612	201,932	63,320	31%	208,815
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		151,250	(215,003)	(153,575)	(86,200)	(86,200)	(92,392)	6,192	-7%	(153,575)
NET CASH FROM/(USED) INVESTING ACTIVITIES		151,250	(215,003)	(153,575)	(86,200)	(86,200)	(92,392)	(6,192)	7%	(153,575)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		471,394	22,746	55,240	52,412	52,412	109,540			55,240
Cash/cash equivalents at beginning:		66,213	120,964	120,964		91,190	120,964			91,190
Cash/cash equivalents at month/year end:		537,607	143,710	176,203		143,602	230,504			146,430
<i>References</i>										
1. Material variances to be explained in Table SC1										

PART 3 –SUPPORTING DOCUMENTATION

DEBTORS' ANALYSIS

Supporting Table SC3 _Monthly Budget statement Aged Debtors _ Mid-Term

The total debt book for December 2025 is R 110,762,000.

Residential debt: R16,849,000

Commercial debt: R 34,274,000

Government debt: R59,639,000

CREDITORS' ANALYSIS

EC442 Umzimvubu - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 - Half Year

Description	NT Code	Budget Year 2025/26									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
<i>R thousands</i>											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	394
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	1,070	-	-	-	-	-	-	0	1,070	150
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	1,070	-	-	-	-	-	-	0	1,070	544
<i>Notes</i>											
<i>Material increases in value of creditors' categories compared to previous month to be explained</i>											

The municipality paid its creditors within 30 days at mid-term ended 31 December 2025

INVESTMENT POTFOLIO ANALYSIS

EC442 Umzimvubu - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 - Half Year

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		294,286	292,868	292,868	220,992	220,992	219,420	1,572	0.7%	292,868
Expanded Public Works Programme Integrated Grant		2,656	2,773	2,773	2,971	2,971	1,386	1,585	114.3%	2,773
Local Government Financial Management Grant	3	1,700	1,800	1,800	1,800	1,800	1,800	-		1,800
Equitable Share		289,930	288,295	288,295	216,221	216,221	216,234	(13)	0.0%	288,295
Provincial Government:		2,292	4,008	4,538	3,017	3,017	2,137	880	41.2%	4,538
Specify (Add grant description)		1,434	1,434	1,795	1,473	1,473	807	666	82.5%	1,795
Specify (Add grant description)		858	2,574	2,744	1,544	1,544	1,329	215	16.1%	2,744
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
Total Operating Transfers and Grants		296,578	296,876	297,406	224,009	224,009	221,557	2,452	1.1%	297,406
Capital Transfers and Grants										
National Government:		81,047	83,944	83,944	58,155	58,155	59,468	(1,313)	-2.2%	83,944
Municipal Disaster Relief Grant		-	57,096	-	-	-	(3,915)	3,915	-100.0%	-
Municipal Infrastructure Grant		54,199	26,848	57,096	50,101	50,101	56,671	(6,570)	-11.6%	57,096
Integrated National Electrification Programme Grant		(0)	-	-	-	-	-	-		-
Municipal Disaster Recovery Grant		26,848	-	26,848	8,054	8,054	6,712	1,342	20.0%	26,848
Provincial Government:		27,181	-	(61,800)	-	-	(15,450)	15,450	-100.0%	(61,800)
Specify (Add grant description)		27,181	-	(61,800)	-	-	(15,450)	15,450	-100.0%	(61,800)
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		-	400	400	-	-	200	(200)	-100.0%	400
Construction, Education and Training SETA		-	400	400	-	-	200	(200)	-100.0%	400
Total Capital Transfers and Grants		108,228	84,344	22,544	58,155	58,155	44,218	13,937	31.5%	22,544
TOTAL RECEIPTS OF TRANSFERS & GRANTS		404,806	381,220	319,950	282,164	282,164	265,775	16,389	6.2%	319,950

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of revenues. All trenches allocated to be received in the quarter under review have been received.
Supporting Table C7

EC442 Umzimvubu - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 - Half Year

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		4,356	4,573	4,573	2,967	2,967	2,286	680	29.7%	4,573
Expanded Public Works Programme Integrated Grant		2,656	2,773	2,773	2,773	2,773	1,386	1,387	100.0%	2,773
Local Government Financial Management Grant	3	1,700	1,800	1,800	194	194	900	(706)	-78.5%	1,800
Provincial Government:		3,558	4,008	4,538	2,320	2,320	2,137	184	8.6%	4,538
Specify (Add grant description)		2,870	1,434	1,795	1,078	1,078	807	271	33.5%	1,795
Specify (Add grant description)		688	2,574	2,744	1,243	1,243	1,329	(87)	-6.5%	2,744
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		-	400	400	-	-	200	(200)	-100.0%	400
Construction, Education and Training SETA		-	400	400	-	-	200	(200)	-100.0%	400
Total Operating Transfers and Grants		7,914	8,981	9,511	5,287	5,287	4,623	664	14.4%	9,511
Capital Transfers and Grants										
National Government:		90,774	83,944	83,944	29,972	29,972	41,972	(12,000)	-28.6%	83,944
Municipal Infrastructure Grant		54,199	57,096	57,096	28,673	28,673	28,548	125	0.4%	57,096
Municipal Disaster Recovery Grant		36,575	26,848	26,848	1,299	1,299	13,424	(12,125)	-90.3%	26,848
Provincial Government:		27,181	(0)	(61,800)	-	-	(15,450)	15,450	-100.0%	(61,800)
Specify (Add grant description)		27,181	61,800	(0)	-	-	15,450	(15,450)	-100.0%	(0)
Specify (Add grant description)		-	(61,800)	(61,800)	-	-	(30,900)	30,900	-100.0%	(61,800)
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
Total Capital Transfers and Grants		117,955	83,944	22,144	29,972	29,972	26,522	3,450	13.0%	22,144
TOTAL EXPENDITURE OF TRANSFERS & GRANTS		125,869	92,925	31,655	35,259	35,259	31,145	4,114	13.2%	31,655

Expenditure performance on operational grants to date represents 42% of the approved budget.

Capital expenditure on capital grants to date represents 36% of the original budget on capital grants, expenditure on capital grants is within the expected performance.

EXPENDITURE ON COUNCILLOR AND EMPLOYEE RELATED COSTS

EC442 Umzimvubu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits – Q1 1st Quarter

Expenditure from remuneration of Councillors amounted to **R 11,130,597** at mid-term ended 31 December 2025 against original budget of **R 25,562,784** this represents **44%** of the budget allocated to this category. This is within the expected performance for the quarter.

Employee related expenditure at mid-term ended 31 December 2025 amounted to **R 48,321,135** against budget amount of **R 106,006,255** that represents **46%** of the budgeted amount. The variance is due to vacant posts that have not been filled.

EC442 Umzimvubu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 - Half Year										
Summary of Employee and Councillor remuneration		Budget Year 2025/26								
Ref	2024/25 Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands	A	B	C						D	
Councillors (Political Office Bearers plus Other)										
	11,575	12,682	12,682	5,363	5,363	6,341	(978)	-15%	12,682	
Basic Salaries and Wages	1,562	1,632	1,632	794	794	816	(22)	-3%	1,632	
Pension and UIF Contributions	591	583	583	297	297	292	5	2%	583	
Medical Aid Contributions	—	—	—	—	—	—	—	—	—	
Motor Vehicle Allowance	2,558	223	223	442	442	111	331	297%	223	
Cellphone Allowance	6,731	7,649	7,649	3,418	3,418	3,825	(406)	-11%	7,649	
Housing Allowances	1,521	2,793	2,793	816	816	1,397	(580)	-42%	2,793	
Other benefits and allowances	24,539	25,563	25,563	11,131	11,131	12,781	(1,651)	-13%	25,563	
Sub Total - Councillors	4	4.2%	4.2%						4.2%	
% increase										
Senior Managers of the Municipality										
	4,864	5,216	5,216	2,273	2,273	2,608	(336)	-13%	5,216	
Basic Salaries and Wages	496	535	535	248	248	268	(19)	-7%	535	
Pension and UIF Contributions	536	608	608	287	287	304	(16)	-5%	608	
Medical Aid Contributions	—	—	—	—	—	—	—	—	—	
Overtime	—	—	—	—	—	—	—	—	—	
Performance Bonus	388	406	406	134	134	203	(69)	-34%	406	
Motor Vehicle Allowance	892	1,021	1,021	435	435	510	(75)	-15%	1,021	
Cellphone Allowance	—	—	—	—	—	—	—	—	—	
Housing Allowances	612	681	681	362	362	341	21	6%	681	
Other benefits and allowances	1	1	1	0	0	1	(0)	-1%	1	
Payments in lieu of leave	—	—	—	—	—	—	—	—	—	
Long service awards	—	—	—	—	—	—	—	—	—	
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—	
Entertainment	—	—	—	—	—	—	—	—	—	
Scarcity	—	—	—	—	—	—	—	—	—	
Acting and post related allowance	—	—	—	—	—	—	—	—	—	
In kind benefits	—	—	—	—	—	—	—	—	—	
Sub Total - Senior Managers of Municipality	4	7,589	8,468	3,740	3,740	4,234	(494)	-12%	8,468	
% increase										
Other Municipal Staff										
	59,592	65,248	65,248	30,544	30,544	32,624	(2,080)	-6%	65,248	
Basic Salaries and Wages	10,732	11,685	11,685	5,636	5,636	5,843	(207)	-4%	11,685	
Pension and UIF Contributions	5,183	5,621	5,621	2,702	2,702	2,810	(108)	-4%	5,621	
Medical Aid Contributions	758	944	944	402	402	472	(70)	-15%	944	
Overtime	—	—	—	—	—	—	—	—	—	
Performance Bonus	5,611	5,251	5,251	1,981	1,981	2,626	(645)	-25%	5,251	
Motor Vehicle Allowance	2,861	3,188	3,188	1,386	1,386	1,594	(208)	-13%	3,188	
Cellphone Allowance	—	—	—	—	—	—	—	—	—	
Housing Allowances	1,935	2,166	2,166	1,003	1,003	1,083	(80)	-7%	2,166	
Other benefits and allowances	1,521	1,627	1,627	853	853	813	40	5%	1,627	
Payments in lieu of leave	2,447	1,808	1,808	74	74	904	(830)	-92%	1,808	
Long service awards	435	—	—	—	—	—	—	—	—	
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—	
Entertainment	—	—	—	—	—	—	—	—	—	
Scarcity	—	—	—	—	—	—	—	—	—	
Acting and post related allowance	—	—	—	—	—	—	—	—	—	
In kind benefits	—	—	—	—	—	—	—	—	—	
Sub Total - Other Municipal Staff	4	91,077	97,538	44,581	44,581	48,769	(4,188)	-9%	97,538	
% increase										
Total Parent Municipality	4	123,205	131,569	59,452	59,452	65,785	(6,333)	-10%	131,569	
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
	—	—	—	—	—	—	—	—	—	
Basic Salaries and Wages	—	—	—	—	—	—	—	—	—	
Pension and UIF Contributions	—	—	—	—	—	—	—	—	—	
Medical Aid Contributions	—	—	—	—	—	—	—	—	—	
Overtime	—	—	—	—	—	—	—	—	—	
Performance Bonus	—	—	—	—	—	—	—	—	—	
Motor Vehicle Allowance	—	—	—	—	—	—	—	—	—	
Cellphone Allowance	—	—	—	—	—	—	—	—	—	
Housing Allowances	—	—	—	—	—	—	—	—	—	
Other benefits and allowances	—	—	—	—	—	—	—	—	—	
Board Fees	5	—	—	—	—	—	—	—	—	
Payments in lieu of leave	—	—	—	—	—	—	—	—	—	
Long service awards	—	—	—	—	—	—	—	—	—	
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—	
Entertainment	—	—	—	—	—	—	—	—	—	
Scarcity	—	—	—	—	—	—	—	—	—	
Acting and post related allowance	—	—	—	—	—	—	—	—	—	
In kind benefits	—	—	—	—	—	—	—	—	—	
Sub Total - Executive members Board	2	—	—	—	—	—	—	—	—	
% increase	4	—	—	—	—	—	—	—	—	
Senior Managers of Entities										
	—	—	—	—	—	—	—	—	—	
Basic Salaries and Wages	—	—	—	—	—	—	—	—	—	
Pension and UIF Contributions	—	—	—	—	—	—	—	—	—	
Medical Aid Contributions	—	—	—	—	—	—	—	—	—	
Overtime	—	—	—	—	—	—	—	—	—	
Performance Bonus	—	—	—	—	—	—	—	—	—	
Motor Vehicle Allowance	—	—	—	—	—	—	—	—	—	
Cellphone Allowance	—	—	—	—	—	—	—	—	—	
Housing Allowances	—	—	—	—	—	—	—	—	—	
Other benefits and allowances	—	—	—	—	—	—	—	—	—	
Payments in lieu of leave	—	—	—	—	—	—	—	—	—	
Long service awards	—	—	—	—	—	—	—	—	—	
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—	
Entertainment	—	—	—	—	—	—	—	—	—	
Scarcity	—	—	—	—	—	—	—	—	—	
Acting and post related allowance	—	—	—	—	—	—	—	—	—	
In kind benefits	—	—	—	—	—	—	—	—	—	
Sub Total - Senior Managers of Entities	4	—	—	—	—	—	—	—	—	
% increase										
Other Staff of Entities										

To report Supply Chain Management processes and other procurements matters for the reporting Quarter ended **31 DECEMBER 2025**.

The municipality did not have any deviations for the Quarter of **31 DECEMBER 2025**.

To report bids invited, evaluated, adjudicated, and awarded for the reporting Quarter ended **31 DECEMBER 2025**

To report an identified irregular expenditure.

LEGAL REQUIREMENTS AND AUTHORITY OR MANDATE

Local Government: Municipal Finance Management Act, No 56 of 2003, Section 56-66 and Chapter 11 (Part 1).

Local Government: Municipal Systems Act No.32 of 2000.

Construction Industry Development Board Act No 38 of 2000

Preferential Procurement Policy Framework Act No 5 of 2000 and Regulations dated 07 December 2011 as well as new regulations dated **04 November 2022**.

Approved Supply Chain Management Policy.

BACKGROUND AND REASONING

For the Quarter ended **31 DECEMBER 2025**, the Municipality has operated financially through procurement processes as follows:

DASHBOARD / PERFORMANCE SUMMARY

	31 DECEMBER 2025			
BIDS AND QUOTATIONS INVITED	Oct	Nov	Dec	Total
Quotations below 30 000.00	41	52	34	127
Invited Quotations above 30 000.00	15	11	14	27
Invited Bids	2	1	0	3
AWARDED BIDS	Oct	Nov	Dec	Total
Quotations below 30 000.00	40	46	32	118
Awarded Quotations above 30 000.00	8	3	9	20
Awarded Bids	11	2	19	32
Total Summary values of Procurements,	Oct	Nov	Dec	Total
Below R30 000 (SCM Orders)	R589,226.17	R647,579.78	R483,475.18	R1,720,281.13
R30 001 – R300 000 (Seven days' notice)	R1,071,977.50	R3,555,214.10	R1,245,442.05	R5,872,633.65
Above R300 000	R7,637,959.85	R11,651,901.91	R5,788,367.03	R25,078,228.79
Section 32	0	0	0	0
Deviations (Section 36)	0	0	0	0

% of Competitive Bids awarded per area,	Oct	Nov	Dec	
Local (Mount Frere and Mount Ayliff)	100%	100%	100%	
Region (Alfred Nzo)	0%	0%	0%	
Province (Eastern Cape)	0%	0%	0%	
National (Excluding Mount Ayliff and Mount frere)	0%	0%	0%	
% of Quotations awarded per area, (R30 001 – R300 000)				
Local (Mount Frere and Mount Ayliff)	92%	89%	100%	
Region (Alfred Nzo)	8%	0%	0%	
Province (Eastern Cape)	0%	11%	0%	
National (Excluding Mount Frere and Mount Ayliff)	0%	0%	0%	
	Oct	Nov	Dec	Total
Number of meetings set successfully				
Bid Specification Committee	2	1	1	4
Bid Evaluation Committee	4	3	1	8
Bid Adjudication Committee	1	2	1	4

Umzimvubu Local Municipality**EC442 S72 Mid-Term Performance**

Objections received	1	0	0	1
Cancelled bids	0	0	0	0
Irregular expenditure	Nil	Nil	Nil	Nil

1. Bids

The purpose of this report is to report to Council in terms of section 6(2) and 6 (3) of the Supply Chain Management Policy on the implementation of the Supply Chain Management Policy for the quarter ended **30 DECEMBER 2025**.

- **127 Quotations** below 30K were advertised on the notice board and Municipal website for a period of seven days in the reporting Quarter ended **DECEMBER 2025**.
- **27 Quotations** above 30K were advertised on the notice board and Municipal website for a period of seven days in the reporting Quarter ended **DECEMBER 2025**.
- **3 Competitive bids** were advertised on the daily dispatch and E-tender portal, Municipal website Quarter ended **DECEMBER 2025**.
- **118 Quotations** below 30k were awarded in the for the Quarter ended **31 December 2025**.
- **20 Quotations** above 30k were awarded in the for the Quarter ended **31 December 2025**.
- **32 Competitive bids** were awarded in the Quarter ended **31 December 2025**.

Procurements

The awards are made in accordance with the provisions of the Supply Chain Management Policy, also the different thresholds are adhered to in terms of procurement ranges.

- Procurement below R30 000 through SCM orders requesting three quotations for the reporting Quarter ended **31 December 2025**, amounts to **R1,720,281.13**
- Procurement above **R 30,000.00-R 300,000.00** which is advertised on the Municipal notice board and website for a period of seven days, for the reporting Quarter ended **31 December 2025**, amounts to **R5,872,633.65**
- Procurement above R300 000.00 which are done through formal submission of bids advertised and placed at public notices for 14 or more days, for the Quarter ended **31 December 2025**, amounts to **R25,078,228.79**
- No Deviations done for the Quarter of **31 December 2025**.
- No section 32 awards were made for the reporting quarter ended **31 December 2025**.

1.3. SECTION 32 PROCUREMENT

- No section 32 awards were made for the Quarter Ended DECEMBER 2025.

1.4. DEVIATIONS (Section 36)

No deviations for the Quarter ended DECEMBER 2025.

DEVIATION ILLUSTRATED BY GRAPH QUARTERLY

No deviations for the Quarter ended DECEMBER 2025.

2. IRREGULAR EXPENDITURE

On review of procurement for the Quarter, 0 non-compliances with SCM prescripts have been identified and as a result no Irregular Expenditure identified to be reported to Council, MEC and Auditor General.

Compliance

An identified irregular expenditure will be reported to all relevant structures. Bid committees have been established and members are expected to converge as per the scheduled and communicated timeframes of meetings. Quarterly reports have been submitted as required by regulation of Supply Chain Management Policy of the Council. Bid committee meetings have been recorded with the statistics of presence and absenteeism of members. Written apologies are recorded in the Quarterly report. The number of bid committee meetings for the agenda items as listed in the report

3. OBJECTIONS RECEIVED

As per SCM policy, unsuccessful bidders have a period of 14 calendar days to object and provide reasons of such if feel disgruntled by the award and further allowed to lodge an appeal within that 14 days period then an appeal committee will adjudicate the reasons and conclude on the merits then give a ruling or a judgement based on the facts gathered to both parties If needs be arbitration will take place.

- There is 7 objection received in the reporting Quarter ended **31 DECEMBER 2025**.

No	Project Name	Objection end date	Status
1.	Bislani-Mpindweni Access Road Maintenance	10 October 2025	Objection closed and awarded

4. CONTRACT MANAGEMENT

The unit received all S116 Reports for active contracts in the reporting Quarter ended 31 December 2025.

5. CANCELLED BIDS

As per the SCM Guide by National Treasury, Bids can be must be cancelled subject to the following conditions, in the event that in the application of the application of the 80/20 preference point system as stipulated in the tender documents, all tenders received exceed the estimated value of R50 000 000.00; in the event that in the application of the application of the 90/10 preference point system as stipulated in the tender documents, all tenders received are equal or below the estimated value of R50 000 000.00;if there is no longer a need for the services; funds are no longer available to cover the total envisaged expenditure; and if no acceptable tenders are received.

- There is 0 cancelled bids in the reporting Quarter ended **31 December 2025**.

6. RELATED PARTIES DISCLOSURE

Company name	Appointment date	Description	Amount	Related Employee

The Drops Reno Trading	08-Oct-25	Catering for 100 People for Handover of Mpungulelweni AR	R11 000.00	Yes, Spouse (Mr S Mathontsi)
Brotherly Love Trading and Projects	10-Oct-25	Transport Vouchers for Emaxesibeni wards Exco Outreach roads	R156,700.00	Yes, Spouse (Mrs N Zembe)
Brotherly Lo ve Trading and Projects	27-Nov-25	Service provider to supply and deliver field demonstration plots inputs	297,960.00	Yes, Spouse (Mrs N Zembe)

7. PROCUREMENT PLAN IMPLEMENTATION STATUS

Procurement plan as approved is being implemented and procurements are done as per plan except for those projects that have to be re-advertised due to various reasons, non-responsiveness etc.

1.1. NON-SUBMISSION AND LATE SUBMISSIONS

None

RISK IMPLICATIONS

The risk implications and risk register will be reported on a Quarterly basis through Quarterly reports.

LABOUR IMPLICATIONS

None

SERVICE DELIVERY IMPLICATIONS

Delays on awards for bids negatively affect the service delivery.

FINANCIAL IMPLICATIONS

None

OTHER PARTIES CONSULTED

All the departments

SALIENT POINTS FOR DELIBERATIONS

None

Annexures

“A” –Updated Implementation of Procurement Plan

”B”- Inventory Reconciliation

”C” – Quotation Register

”D” -Tender Register

”E”- Procured Goods Report as per Thresholds

“F” – SDBIP Report

“G”-Status of Projects

RECOMMENDATIONS

1. That, the report on supply chain management for the reporting Quarter ended 31 December 2025 approved by Council.
2. That, for the reporting Quarter ended 31 December 2025 the has been no irregular expenditure detected and No Deviations incurred to be approved by Council.
3. Projects status for the reporting Quarter ended 31 December 2025 approved by Council.

INDIGENT MANAGEMENT

PURPOSE

To report to the Council on Free basic services for the month of December 2025.

LEGAL REQUIREMENTS

Constitution of the Republic of South Africa, 1996.
Local Government: Municipal Systems Act, No 32 of 2000.

STATUTORY

Constitution of the Republic of SA – section 27 (1) (c).
Local Government Municipal systems act- section 73 (1) (c).

BACKGROUND AND REASONING

The municipality's CAAT's verified indigent register is made up of electricity = 3242, solar =1322 and paraffin = 1752 which gives to a total 6316 approved indigent households for the whole municipality. Indigent beneficiaries are subsidized with monthly maintenance on solar, 50kWh subsidy of electricity supplied by Eskom and paraffin as another means of alternative electricity.

The table below presents indigent beneficiation per type of service: -

Type of service	Number of beneficiaries	Status
Solar	45 indigent households were subsidised in October 2025	Contract expired end October 2025
Electricity (ESKOM)	1710	It's a monthly subsidy where each registered indigent household receive 50 KWh free basic electricity token on monthly basis , we have submitted 805 new applications to ESKOM which will add the current FBE beneficiaries.
Paraffin	1538 indigent households have benefited from paraffin subsidy where each household receive 20L.	The contract has ended, and we are busy with tender procurement processes.

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

Expenditure incurred as of December 2025 amounted to R215 754.46

SERVICE DELIVERY IMPLICATIONS

Provision of free basic services.

RECOMMENDATIONS

That the Council approves the report on the implementation of Free Basic Services

INVESTMENTS

The municipality has investments into three banks that are registered in terms of the Banks Act No. 94 of 1990 read with section 7 (1) (2) of MFMA Act No. 56 Of 2003.

Investments	System #	Bank Name	Account #	Month	Interest %	BOQ Amount	Top Up	Withdrawals	Int Capitalised	Balance
FNB	'000031	Operational Bank Inv	'60029450715	202512	10	22,440.10	-		121.98	22,562.08
FNB	'000032	Service Delivery Ban	'62033254723	202512	10	913,760.51	43,000,000.00	8,100,000.00	88,432.27	35,902,192.78
NEDBANK	'000034	Nedbank Bank Investm	'7881112786	202512	5.75	40,842,319.15	-	-	230,675.03	41,072,994.18
STD	'000045	STD BANK INVEST 4201	'420111972	202512	7.9	-		-	-	-
Total Unconditional Grants						41,778,519.76	43,000,000.00	8,100,000.00	319,229.28	76,997,749.04
Institution	System #	Bank Name	Account #	Month	Interest %	BOQ Amount	Top Up	Withdrawals	Int Capitalised	Balance
FNB	'000033	Mig Bank Investment	'62086036714	202512	10	12,330,332.19	12,561,000.00	11,301,248.36	102,962.32	13,693,046.15
FNB	'000035	Guarantee Bank Inves	'62068742157	202512	10	180,260.57	-	-	979.83	181,240.40
FNB	'000036	Fmg Bank Investment	'62276187294	202512	10	1,838,407.64	-		9,992.88	1,848,400.52
FNB	'000037	Electrification Bank	'62288560925	202512	10	1,153,770.24	-	1,149,600.08	2,239.98	6,410.14
FNB	'000038	Housing Bank Investm	'62891519971	202512	10	201.40	-	-	1.10	202.50
FNB	'000044	MD RECOVERY GRANT IN	'63093652965	202512	10	9,547,519.43	-	1,695,638.74	49,518.11	7,901,398.80
Total Conditional Grants						25,050,491.47	12,561,000.00	14,146,487.18	165,694.22	23,630,698.51
GRAND TOTAL						66,829,011.23	55,561,000.00	22,246,487.18	484,923.50	100,628,447.55

For the reporting period, the municipality had a balance of R 23 630 698.51 for conditional investments and R 76 997 749.04 for unconditional investments all totalling to R 100 628 447.55

The above-mentioned investments are made up of money that is not immediately required for use as per section 13 (1) of MFMA Act No. 56 of 2003.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

QUALITY CERTIFICATE

I, **Tobela Nota**, the Municipal Manager of Umzimvubu Local Municipality do hereby certify that-

The mid-term budget statement (Section 72 Report) on the implementation of the budget and financial state of affairs of the municipality for the first six months ended 31 December 2025 has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print Name: **Tobela Nota**

Municipal Manager of Umzimvubu Local Municipality

Signature: _____

Date: _____
