

S71 MONTHLY BUDGET STATEMENT AS AT 31 AUGUST 2025**STATEMENT OF FINANCIAL PERFORMANCE, POSITION AND THE IMPLEMENTATION OF THE 2025/26 BUDGET (MFMA SECTION 71) FOR THE PERIOD ENDED AUGUST 2025**

(File No: 9/1/2/3)
(Author: KM/SM/LL)
(1st Level: MANCO 02/09/2025)
(2nd Level: STANCO /09/2025)
(3rd Level: EXCO /09/2025)
(4th Level :COUNCIL 30 /09/2025)

1. PURPOSE

The purpose of the report is for the council to consider and note the statement of the financial performance and the implementation of the 2025/26 budget of the Umzimvubu Local Municipality for the period ending 31 August 2025.

To also inform Management and Council about ratio analysis of the current financial affairs of the municipality as outlined in MFMA Circular 71.

2. AUTHORITY

Council

3. LEGAL / STATUTORY REQUIREMENTS

The constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003 Chapter 8, Section 71

Municipal Budget Reporting Regulations

4. BACKGROUND

The Monthly budget statement is prepared in terms of section 71 of the Municipal Finance Management Act No 56, 2003 and Municipal Budget and Reporting regulations as per Government Gazzette 32141.

The information in this report is the financial performance for the transaction processed up to the close of business on 31 August 2025 for the year ending 30 June 2026. This report has been compiled in order to comply with Section 71 of the MFMA

FINANCIAL IMPLICATIONS**Dashboard summary**

Overall Operating Results		Capital Grants Results	
Income	R192 183 598	Income	R 29 354 399
Expenditure	R22 212 108	Expenditure	R 10 117 478
Operating Surplus/Deficit	R169 971 490	Surplus (Deficit)	R19 236 921
Financial Ratios		Capital Grants Performance	
Cash coverage	3 months	MIG	20%
Current ratio	2:02	INEP	15%
Liquidity ratio	2:02	MDRG	0%
Spending of Operating Budget (Opex)	0.06%		
Spending of Capital Budget (Capex)	0.0011%		
Spending on Repairs and Maintenance	0%		

Recommendation

That, the liquidity and current ratios of 2:02 be noted by Council

That, the percentage spending on grants be noted by Council

That, the total operating surplus of R169 million be noted by Council

BUDGET AND TREASURY DEPARTMENT:REPORT ON UIFWE FOR THE PERIOD 31 AUGUST 2025

Purpose

Purpose of the report is for the Council to note amount relating to Unauthorized expenditure, the Irregular and Fruitless and wasteful expenditure incurred by the Municipality for the period ending 31st of August 2025.

Statutory requirements

The Constitution of RSA
MFMA
MBRR

Parties consulted

None

Authority

Council

Financial Implications

The total UIFWE amount reported in the current financial year was incurred in the prior financial years pending the investigation as well the high court ruling on the recovery of funds from the estate of the deceased employee.

Annexure

EC442					
Register for Irregular, fruitless and wasteful expenditure 2025/26 FY					
	Opening balance	Additions	Write off	Recovered	Balance as at 31/08/2025
Unauthorized expenditure	-	-	-	-	-
Irregular expenditure		-		-	-
Fruitless and Wasteful expenditure	839 721,00	-	-	-	839 721,00
	839 721,00	-	-	-	839 721,00

Recommendation

That, the Fruitless and wasteful expenditure amounting to R839 721 be noted by Council

BUDGET AND TREASURY DEPARTMENT: DEBTORS AND REVENUE COLLECTED REPORT AS AT 31 AUGUST 2025

(Author: MM)

(1st Level: Manco 02 September 2025)

(2nd Level: B&T Comm September 2025)

(3rd Level: Exco September 2025)

PURPOSE

The purpose of the report is for the Council to consider and note collection of monies due to the municipality for the month of August 2025

To also inform Management and Council of the steps taken to recover municipal monies as required by MFMA.

2. AUTHORITY

Council.

3. LEGAL / STATUTORY REQUIREMENTS

Municipal Finance Management Act No 56, 2003 Chapter 7, Section 52.

Municipal Property Rates Act No. 6 of 2004

Municipal systems Act.

All Revenue policy.

4. **BACKGROUND**

In terms of section 64 (1) of the Municipal Finance Management Act No 56, 2003 Chapter 8, “the Accounting officer is responsible for the management of the revenue of the municipality and must henceforth (2) take all reasonable steps to ensure that there are systems and controls in place to account for such revenue”.

DEBT BALANCES BY TYPE

The municipality closed with a debt book of R 115 443 811.43in August 2025 made up of the rates and refuse removal for various consumer debtors.

Detail Report							
Region	Department	Current	30 Days	60 Days	90 Days	120 Days +	Total
e.g. Umzim	Agriculture	-	-	-	-	-900.21	-900.21
	Health	- 60,487.94	2,167.13	1,509.38	1,402.47	69,166.83	13,757.87
	Public Works	55,138,195.00	42,193.75	127,808.81	126,027.82	7,331,704.41	62,765,929.79
	Alfred Ndzo	451,767.93	7,443.48	7,441.50	7,439.51	1,118,792.30	1,592,884.72
	Social Development	2,610.68	-	-	-	-	2,610.68
	Residents	1,106,161.79	425,314.98	428,471.54	401,923.25	16,592,803.05	18,954,674.61
	Councillors	1,244.96	-	-	-	-	1,244.96
	Staff	-610.15	-78.75	-84.80	-312.29	-29.20	-1,115.19
	Industries	1,265,397.32	494,920.13	469,098.88	488,338.73	22,452,535.29	25,170,290.35
	DrDar	24,361.02	7,628.85	7,918.42	7,915.99	963,404.44	1,011,228.72
	Nat. Departments	3,269,829.05	15,139.17	15,787.49	17,328.67	1,235,953.75	4,554,038.13
	Grand Total	61,198,469.66	994,728.74	1,057,951.22	1,050,064.15	49,763,430.66	114,064,644.43

Staff and Councillors debt August 2025 is broken down as follows: -

Staff/ Councillor	Erf No.	Town	Current	30 days	60 days	90+ days	Outstanding amount
Cllr Garane	75	EMaxesibeni	R 571.19	R 48.96	R 0.00	R 0.00	R 620.15
Cllr Mdzinwa	521	Kwa-Bhaca	R 637.27	R 632.00	R 0.00	R 0.00	R 1269.27
Mr Nota	238	EMaxesibeni	R -649.46	R 0.00	R 0.00	R 0.00	R -639.33
Mr Nota	540	Kwa-Bhaca	R -279.42	R 0.00	R 0.00	R 0.00	R -279.42
Mr Makanda	3769	Kwa-Bhaca	R -120.45	R 0.00	R 0.00	R 0.00	R -120.45
Mr Makanda	3770	Kwa-Bhaca	R -122.86	R 0.00	R 0.00	R 0.00	R -122.86
Total							R 717.23

AUGUST 2025 RENTAL DEBTORS

DESCRIPTION	TOTAL
LEASE RENTALS	135,693.16
RESIDENTIAL RENTALS - STAFF HOUSING	17,358.34
INTEREST	7,437.49
VAT LEVIED	22,763.26
PAYMENTS	- 16,061.90
TOTAL	167,190.35

AUGUST 2025 TRAFFIC FINES REPORT

TRAFFIC FINES BILLING vs PAYMENTS				
	Billing	Receipts	Balance	Collection %
Op Bal			11,504,205.00	
Jul-25	142,950.00	26,400.00	116,550.00	18%
Aug-25	132,850.00	31,400.00	101,450.00	24%
Total	275,800.00	57,800.00	11,722,205.00	21%

For the month of **August 2025**, traffic fines received to date amounted to **R 31 400.00**

REPORTING ON REVENUE ENHANCEMENT STREAMS

The purpose of the report is to monitor and evaluating initiatives aimed at improving the municipality's revenue collection. It ensures transparency , accountability, accountability and compliance with legislations and policies. This report presents an overview of revenue collection and enhancement activities for the month of August 2025

SegmentDesc	TotalBudget	TotalActual	Collection Rate
Vehicle Registration 209104080	- 2,900,000.00	- 249,180.54	9%
Interest current account 200112010	- 580,000.00	- 130,518.77	23%
Interest investments 200112020	- 10,000,000.00	- 1,567,304.81	16%
Drivers Learners Licenses 209104010	- 1,600,000.00	- 366,283.00	23%
Vehicle testing station 209104085	- 165,000.00	- 22,905.00	14%
Human Settlement 3.5% Management Fees	- 2,163,000.00	-	0%
Bursary Repayment	1.00	- 9,000.00	-900000%
Sundry income Marathon 200116087	- 150,000.00	- 56,434.35	38%
Land sales 203119030	1.00	- 485,259.00	-48525900%
Hall Rental 207111010	- 50,000.00	- 31,683.48	63%
Sophia Recreational 207111015	- 160,000.00	- 28,803.47	18%
Parks 207116054	- 5,000.00	-	0%
Plant Rental 203111060	1.00	- 2,187.55	-218755%
Sportsfield 207116081	1.00	- 401.74	-40174%
Plant Rental 203111060	- 50,000.00	-	0%
Advertising Mt Ayliff Billboard 206116005	- 160,000.00	- 1,240.86	1%
Rezoning Application 203116073	- 8,300.00	-	0%
Building Plan Fees 203116010	- 140,000.00	- 18,347.84	13%
Funeral Plot Fees 207116026	- 15,000.00	- 1,464.34	10%
Clearance Certificate 200116017	- 15,000.00	-	0%
Rezoning Certificate 203116074	- 8,000.00	- 1,147.82	14%
Traffic Escort Fees	1.00	- 4,025.22	-402522%
Special Concernt 203116079	- 2,010.00	-	0%
SG Diagrams 203116075	- 3,000.00	-	0%
Tender Fees 203116091	- 50,000.00	-	0%
Subdivision 203116085	- 15,000.00	-	0%
Subdivision 203116085	1.00	- 7,324.35	-732435%
Landfill Site Disposal Charges	1.00	- 1,304.35	-130435%
Refuse Removal 208110070	- 1,482,600.00	- 197,529.30	13%
Traffic Fines 209102060	- 3,177,000.00	- 58,540.00	2%
Pound fees 207116062	- 1,350,000.00	- 102,137.00	8%
Trading Licence & Permits 205103080	- 200,000.00	- 25,296.47	13%
Property Rates	- 66,903,980.00	- 2,019,918.78	3%
Total	- 91,352,883.00	- 5,388,238.04	6%

ACTIONS TAKEN TO REDUCE DEBTOR.

- Debtors' reconciliations are done internally for all Government Departments.
- A reconciliation of enforceable traffic fines is being carried out between our Community Safety and Department of Justice and Constitutional Development.

RECOMMENDATIONS

- That, the report on debtors collection and revenue collection of for the month of August 2025 amounting to **R 1099 208.30** be noted and approved by Council.
- That, the report on outstanding traffic fines for the month of August 2025 amounting to **R 11 523 655.00** be noted and approved by Council.
- That, the following aged outstanding debtors balance of **R 115 443 811.43** for the month ending August 2025 be noted and approved by Council:
 - Current – R 61 903 357.56
 - 30 days – R 1 098 033.24
 - 60 days – R 988 791.09
 - 90 days – R 1 053 233.99
 - 120 +days – R 50 400 395.55

That, the following categorised outstanding debtor type be noted and approved by Council:

- Residential debt – R 19 003 900.27
- Commercial debt – R 25 700 011.14
- Government debt – R 70 739 900.02

That, the total amount owed by Councillors and Staff members amounting to **R 717.23** be noted and approved by Council.

REVENUE COLLECTION RATE AND INVESTMENT REPORT AS AT 31 JULY 2025

(File No.)

(Author: MM)

(1st Level: Manco 02 September 2025)

(2nd Level: B&T Comm September 2025)

(3rd Level: Exco September 2025)

PURPOSE

The purpose of the report is for the Council to consider and note collection of monies due to the municipality for the month of August 2025

To also inform Management and Council of the steps taken to recover municipal monies as required by MFMA.

1. AUTHORITY

Council

2. LEGAL / STATUTORY REQUIREMENTS

Municipal Finance Management Act No 56, 2003 Chapter 7, Section 52

Municipal systems Act

Debt collection and Credit control policy

4. BACKGROUND

In terms of section 64 (1) of the Municipal Finance Management Act No 56, 2003 Chapter 8, “the Accounting officer is responsible for the management of the revenue of the municipality and must henceforth (2) take all reasonable steps to ensure that there are systems and controls in place to account for such revenue”.

Municipal bills are sent to the ratepayers monthly once billing for the services (rates and refuse) is completed. The payments received towards the bill inform the revenue collection rate of the municipality for each period. The municipality considers payments received through direct payments and walk through payments. The municipality bills, monthly the following categories of ratepayers:

- Residents
- Businesses
- Government departments

The bill considers all the rebates and exemptions. The collection rate as at the month ended August 2025 was 24% as depicted in the tables below:

Collection Analysis for August 2025			
Category	Billing	Collection	Collection %
Business	591,707.85	276,638.55	47%
Residential	240,793.03	89,594.52	37%
Public Service Purpose	-	-	0%
Vacant	87,945.45	12,667.00	14%
Refuse Removal	140,450.00	47,479.19	34%
Interest	819,258.42	19,363.71	2%
Total	1,880,154.75	445,742.97	24%

The overall collection from July 2025 to June 2026 is sitting at 4%

Collection Analysis			
Period	Billing	Collection	Coll %
Jul-25	60,984,200.42	1,944,757.28	-3%
Aug-25	1,880,154.75	445,742.97	-24%
Total	62,864,355.17	2,390,500.25	-4%

A collection percentage of 24% has been achieved for the month of August 2025 i.e. collection of R 445 742.97 against the billing of 1 880 154.75.

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	202508	10	21,949.66	-	-	127.97	22,077.63
FNB	'000032	Service Delivery Ban	'62033254723	202508	10	66,266,730.27	-	27,000,000.00	290,778.43	39,557,508.70
NEDBANK	'000034	Nedbank Bank Investm	'7881112786	202508	5.75	39,916,514.06	-	-	233,921.86	40,150,435.92
STD	'000045	STD BANK INVEST 4201	'420111972	202508	7.9	30,143,301.37	-	-	-	30,143,301.37
Total Unconditional Grants						136,348,495.36	-	27,000,000.00	524,828.26	109,873,323.62
Institution	System #	Bank Name	Account #	Month	Interest %	BOQ Amount	Top Up	Withdrawals	Int Capitalised	Balance
FNB	'000033	Mig Bank Investment	'62086036714	202508	10	12,058,882.36	-	2,177,768.42	59,420.06	9,940,534.00
FNB	'000035	Guarantee Bank Inves	'62068742157	202508	10	176,320.91	-	-	995.85	177,316.76
FNB	'000036	Fmg Bank Investment	'62276187294	202508	10	7,359.47	1,800,000.00	-	1,025.40	1,808,384.87
FNB	'000037	Electrification Bank	'62288560925	202508	10	2,058,702.09	6,737,000.00	2,227,130.97	39,097.36	6,607,668.48
FNB	'000038	Housing Bank Investm	'62891519971	202508	10	197.00	-	-	1.11	198.11
FNB	'000044	MD RECOVERY GRANT IN	'63093652965	202508	10	5,075,154.99	-	2,466,651.98	20,125.53	2,628,628.54
Total Conditional Grants						19,376,616.82	8,537,000.00	6,871,551.37	120,665.31	21,162,730.76
GRAND TOTAL						155,725,112.18	8,537,000.00	33,871,551.37	645,493.57	131,036,054.38

For the reporting period, the municipality had a balance of R 21 162 730.76 for conditional investments and R 109 873 323.62 for unconditional investments all totalling to R 131 036 054.38.

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. evacuate

RECOMMENDATIONS

- That, the report on revenue collection rate of 24% for the month of August 2025 be noted and approved by Council.
- That, the billing amounting to 1 880 154.75 for Property Rates, Refuse Removal (including interest charged) for the month August 2025 be noted and approved by Council.
- That, the total amount of R 1 880 154.75 has been received from Rates and Services for the month of August 2025 be noted and approved by Council.
- That, the 24% collection rate for the period ending August 2025 be noted and approved by Council.
- That, the total investments for the month ending August 2025 amounting to R 131 036 054.38 be noted and approved by Council.

1. BUDGET AND TREASURY DEPARTMENT: FREE BASIC SERVICES / INDIGENT REPORT AS AT August 2025

PURPOSE

To report to the Council on Free basic serves for the month of August 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 = 3271, solar =1386 and paraffin = 1753 which gives to a total 6410 approved indigent households. 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	1386 registered indigent households, we maintain , replace or install only when there is a need.	There was no maintenance during the month August 2025. As of now we are currently waiting for the instruction letter to install 59 solar systems to 15 wards both Mount Frere and Mt Ayliff. The current contract will be expiring in November 2025, and the Tender Advert is already issued.
Electricity (ESKOM)	1126	Monthly subsidies.
Paraffin	1419	The distribution of paraffin started on 07 July 2025 and ended 01 August 2025 to all wards. 339 indigent households didn't collect their paraffin at the time of distribution and the notice to collect paraffin has been issued which is starts from 02- 05 September 2025. The contract has ended and we are busy with tender procurement processes.

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

Expenditure incurred as of August 2025 amounted to R1 360 000.00

SERVICE DELIVERY IMPLICATIONS

Provision of free basic services.

RECOMMENDATIONS

That, the implementation of Free Basic Services be noted by Council

BUDGET AND TREASURY DEPARTMENT: REPORT ON VAT FOR THE MONTH ENDED 31 AUGUST 2025 REPORT.

(File No: 02/09/25)

(Author: FT/LL)

(1st Level: MANCO 02/09/2025)

(2nd Level: STANCO /09/2025)

(3rd Level: EXCO /09/2025)

(4th Level: COUNCIL /09/2025)

PURPOSE

The purpose of the report is for the council to consider and note the VAT report of the Umzimvubu Local Municipality for the period ending 31 August 2025.

AUTHORITY

Council

LEGAL / STATUTORY REQUIREMENTS

The constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003

Value Added Tax (VAT) Act of 1991

BACKGROUND

ULM is a VAT vendor as required by the VAT Act of 1991.

The municipality monthly is obligated by the VAT act to collect and pay over the portion of VAT that is owing to the Receiver of Revenue.

To ensure that all VAT that is due to the municipality is recovered within a reasonable period.

The information in this report is the VAT for the transaction processed up to the close of business on 31 August 2025 for the year ending 30 June 2026.

DISCUSSION

- SARS requires that ULM submitted VAT returns by the 25th of each month following the month submitted for.
- The submission consists of Input VAT which is tax added when the municipality procures good and services and Output VAT which is tax charged by the municipality on services rendered to the community.
- Therefore, ULM submit to SARS the Net off Input and Output VAT
- When Input VAT is more that Output SARS will refund the amount to ULM
- When Input is lesser than Output, ULM will pay SARS.
- The table below is the summary of VAT refundable as from July 2025 to June 2026.

2025-2026 VAT RETURNS SUMMARY REPORT

Month	VAT Input	VAT Output	Submitted	Received	Difference	Comment
July'2025	5,313,072.84	- 29,978.07	5,283,094.77	-	5,283,094.77	To set off INEP Debt
AUGUST'25	1,805,106.19	- 32,007.42	1,773,098.77	-	1,773,098.77	To set off INEP Debt
	<u>7,118,179.03</u>	<u>61,985.49</u>	<u>7,056,193.54</u>	-	<u>7,056,193.54</u>	

CHALLENGES

SARS take it is time to finalize the audit on the returns submitted.

RECOMMENDATION

Council to note the report.

**BUDGET AND TREASURY DEPARTMENT: REPORT ON COST CONTAINMENT
MEASURES FOR THE MONTH ENDED 31 AUGUST 2025 REPORT**

(File No: 02/09/25)
(Author: FT/LL)
(1st Level: MANCO 02/09/2025)
(2nd Level: STANCO /09/2025)
(3rd Level: EXCO /092025)
(4th Level: COUNCIL /09/2025)

PURPOSE

The purpose of the report is for the council to consider and note the Cost Containment Measures report of the Umzimvubu Local Municipality for the period ending 31 August 2025.

AUTHORITY

Council

LEGAL / STATUTORY REQUIREMENTS

Municipal Finance Management Act No 56, 2003
COGTA and National Treasury Circular of the 1st of July 2019
Umzimvubu Cost Containment Policy

BACKGROUND

Section 65 of the MFMA states that the accounting officer of a municipality is responsible for the management of the expenditure of the municipality.

The national government has been aware of the need to contain costs and Cabinet resolved that all spheres of government, including municipalities and municipal entities must implement measures to contain operational costs and eliminate all non-essential expenditure.

In reinforcing the above, the Minister of Finance also announced further cost containment measures and a circular was issued in this regard which urged Municipal Manager's and Mayors of municipalities to exercise and oversee the elimination of wasteful expenditure.

The information in this report is the performance of the municipality against Cost Containment Measures on the transaction processed up to the close of business on from July 25 to June 2026.

Cost Containment Report as at 31 August 2025			
	To-Date		
Cost Containment Measures	Budget	Expenditure	Savings
	R'000	R'000	R'000
Use of consultants	17583400	3244034.21	14,339,365.79
Travel and subsistence	2166800	263694.83	1,903,105.17
Domestic accommodation	4702000	204646.57	4,497,353.43
Sponsorships, events and catering	3423596	79525	3,344,071.00
Communication	1009500	62052.39	947,447.61
	R28,885,296.00	R3,853,953.00	R25,031,343.00

DISCUSSION

During the month of June 2019, the minister of finance approved Municipal Cost Containment regulations effective from 1 July 2019. The regulations required municipalities to develop, adopt and implement policies as part of its budget related policies to support cost containment measures. The council of Umzimvubu Local municipality developed and adopted a policy on cost containment that is now being implemented and is being reviewed annually.

Below is a report on expenditures incurred Implementing such policy, which indicates that the Implementation of this policy is yet effective:

CHALLENGES

- Lack of close monitoring of operational expenditure

REMEDIAL ACTIONS

- That it is the obligation of every municipal official and councilor to ensure the proper implementation as well as application of this circular to avoid irregular or fruitless expenditure.
- User departments to monitor closely their expenditure and to adhere to cost containment measures.

RECOMMENDATIONS

Council to note the report.

**BUDGET AND TREASURY DEPARTMENT: REPORT ON PAYMENT OF CREDITORS FOR THE MONTH ENDED 31 AUGUST
2025 REPORT**

(File No: 02/09/25)
(Author: FT/LL)
(1st Level: MANCO 02/09/2025)
(2nd Level: STANCO /09/2025)
(3rd Level: EXCO /09/2025)
(4th Level: COUNCIL /09/2025)

PURPOSE

The purpose of the report is for the council to consider and note the Payment of creditors report of the Umzimvubu Local Municipality for the period ending 31 August 2025.

AUTHORITY

Council

LEGAL / STATUTORY REQUIREMENTS

The constitution of the Republic of South Africa, 1996
Municipal Finance Management Act No 56, 2003
Supply Chain Management Policy
Subsistence and Travel Policy

BACKGROUND

According to MFMA the municipality must pay all its creditors with 30 days of receipt of a valid invoice.
Umzimvubu Local Municipality due to it being rural and dealing with SMME's in most cases developed its own Standard Procedure Manual to pay its creditors every Friday.
ULM has adopted a weekly payment run.
ULM has a Policy which clearly states that all invoices must be submitted by not later than Tuesday for payment, any invoice received after Tuesday will be paid in the next payment run.

DISCUSSION

As part of their daily responsibilities, the expenditure section works with user departments, receive invoices from service providers, assess such invoice and agree to all the details in the invoice.

After that stage it is when by law the municipality can declare that they have received an invoice for payment.

The invoice is then date stamped and must be paid within 30 days from the date of the stamp.

Below is a summary of creditors paid during the year:

2025-2026 EXPENDITURE SUMMARY REPORT					
No of Creditors, Invoices & Paid within 30 days					
Month	Amount Due	Received	Amount Paid	Difference	Paid after 30 days
July'25	57,287,148.56	194	57,287,148.56	-	None
August'25	19,948,995.02	126	19,948,995.02	-	None
	77,236,143.58	320	77,236,143.58	-	

CHALLENGES

- Incomplete documentation on the voucher
- Upon submission of full vouchers, inconsistency on the voucher vs invoices.
- Late submission of payment vouchers
- Submission of Invoices with closed account by Suppliers
- Lack of adherence to Internal Control on submission of Payment Vouchers

RECOMMENDATION

- User Department to make sure all the supporting documents needed per voucher are attached before submitting for payment.
- To adhere to Expenditure Internal Control on submission of payment Vouchers
- Council to note the report.

**BUDGET AND TREASURY DEPARTMENT: REPORT ON PAYMENT OF PAYROL FOR THE MONTH ENDED 31 AUGUST
2025 REPORT**

(File No: 02/09/25)
(Author: FT/LL)
(1st Level: MANCO 02/09/2025)
(2nd Level: STANCO /09/2025)
(3rd Level: EXCO /09/2025)
(4th Level: COUNCIL /09/2025)

PURPOSE

The purpose of the report is for the council to consider and note the payroll report of the Umzimvubu Local Municipality for the period ending 31 August 2025.

AUTHORITY

Council

LEGAL / STATUTORY REQUIREMENTS

The constitution of the Republic of South Africa, 1996
Municipal Finance Management Act No 56, 2003
Income Tax Act 58 of 1962

BACKGROUND

In terms of section 66 of the Municipal Finance Management Act No. 56 of 2003, the Accounting Officer of the municipality must report to the Council in the format and for the periods prescribed, all expenses relating to staff salaries, allowances, and benefits, separately disclosing (inter alia) travel, subsistence and accommodation allowances paid.
Umzimvubu policy provides two payroll runs which by the 15th of each month councilors salaries are paid and by the 25th of each month all staff are paid.

Payments of Subsistence and travelling are paid upon return of an official or councilor travelling for work related activity which might be a meeting /conference /seminar /workshop /site visits etc. within municipal jurisdiction and beyond.
 Umzimvubu Municipal jurisdiction includes Mt Ayliff and Mount Frere as determined by the Demarcation Board.

ANNEXURE

2025-2026 Payroll Summary Report				
	Councillors		Officials (Staff, HOD's & Casuals)	
Period	Salary bill	Substance & Travel Claim	Salary bill	Substance & Travel Claim
July'25	R1,681,390.44	R27,724.71	R7,593,043.82	R126,957.88
August'25	R1,692,014.57	R38,348.83	R7,788,221.78	R70,663.41
Total	R3,373,405.01	R66,073.54	R15,381,265.60	R197,621.29

CHALLENGES

- Late submission of payroll inputs, these inputs include:
- Change of banking details
- Removal on the system of an employee who resigned after the 15th which is the deadline of input submission: this mostly affects EPWP.
- Late submission of S & T claims

REMEDIAL ACTIONS

- User department to strictly monitor the submission of input.
- Adherence of deadline on submission of S & T Claim

RECOMMENDATION

Council to note the report.

BUDGET AND TREASURY OFFICE DEPARTMENT: ASSET MANAGEMENT REPORT FOR THE MONTH ENDED 31 AUGUST 2025

(File No.: 02/9/1/2)

(Author: Chief Financial Officer/)

(1st Level: MTM)

(2nd Level: BTO STANCO)

(3rd Level: EXCO)

(4th Level: Council)

PURPOSE

The purpose of the report is for the council to consider and note asset management of Umzimvubu Local Municipality for the period ending August 2025.

AUTHORITY

Council

LEGAL / STATUTORY REQUIREMENTS

The constitution of the Republic of South Africa, 1996
Municipal Finance Management Act No 56, 2003

GRAP Standards

BACKGROUND

Section 63. of the MFMA states that:

(1) The accounting officer of a municipality is responsible for the management of—

- (a) the assets of the municipality, including the safeguarding and the maintenance of those assets; and
- (b) the liabilities of the municipality.

(2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure—

- (a) that the municipality has and maintains management, accounting and information system that accounts for the assets and liabilities of the municipality.
- (b) that the municipality's assets and liabilities are valued in accordance with standards of generally recognized accounting practice; and
- (c) that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.

Municipality must ensure that a complete, accurate and up-to-date computerized fixed asset register is maintained. The fixed asset register shall be maintained in the format determined by the chief financial officer, which format shall comply with the requirements of generally recognized accounting practice (GRAP)

SERVICE DELIVERY IMPLICATIONS

Capital projects taking longer to be completed will have a negative impact on delivery service.

STAFF IMPLICATIONS

There are no staff implications.

FINANCIAL IMPLICATIONS

Given the current conditions of the assets, the municipality may incur high costs of completing the projects as their condition has deteriorated.

OTHER PARTIES CONSULTED

None

ATTACHMENTS

Yes

DISCUSSIONS

1.Movables Assets Additions as at end August 2025

No additions

2.Completed Capital projects August2025

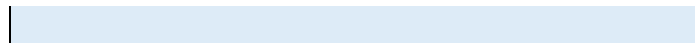
No Additions/Completed projects for August 2025

Summary of Retention register as at August 2025 (Annexure c)



Retention Schedule Reconciliation

Municipality:	UMZIMVUBU LOCAL MUNICIPALITY
Period:	Jul-25
Opening Balance as at 01 July 2025	12,099,747.73
Retention Paid 2025/2026	13,886,106.73
Retention Raised to date 2025/2026	15,092,089.07
Closing Balance as at July 2025	13,305,730.07



WIP as at August 2025

Reconciliation of Work-in-Progress			
	Infrastructure	Buildings	Total
Opening balance	58,027,794.32	42,715,461.82	100,743,256.14
Additions/capital expenditure	R92,611,974.79	R26,128,527.00	118,740,501.79
Transferred to completed items	- 66,523,953.58	- 25,688,331.43	- 92,212,285.01
	84,115,815.53	43,155,657.39	127,271,472.92

4. Work in Progress as at August 2025

- Annexure A

5. Capital Commitment as at August 2025

Municipality:	UMZIMVUBU LOCAL MUNICIPALITY		
Year end:	30/07/2025		
		2026	2025
Building		9,128,211.30	4,017,382.57
Infrastructure		41,218,592.36	50,260,735.91
Total		50,346,804	54,278,118
This Expenditure will be financed from			
Government Grant		19,332,351.47	49,843,116
Own Resources		31,014,452.19	4,435,002
Total		50,346,804	54,278,118
The commitments presented above are Inclusive of VAT.			

Project on Commitment register

- **Annexure B**

Recommendation

That the report for August 2025(S71) be noted by Council.

BUDGET AND TREASURY OFFICE DEPARTMENT: SUPPLY CHAIN MANAGEMENT REPORT FOR THE MONTH ENDED 31 AUGUST 2025

(File No.: 02/9/1/2)

(Author: Chief Financial Officer/ KM/ XB)

(1st Level: MTM - 02/09/2025)

(2nd Level: BTO STANCO -11/09/2025)

(3rd Level: EXCO -18/09/2025)

(4th Level: Council - /09/2025)

PURPOSE

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

The municipality did not have any deviations for the month of **31 AUGUST 2025**.

To report bids invited, evaluated, adjudicated, and awarded for the reporting month ended **31 AUGUST 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 month ended **31 AUGUST 2025**, the Municipality has operated financially through procurement processes as follows:

DASHBOARD / PERFORMANCE SUMMARY

	31 AUGUST 2025
BIDS AND QUOTATIONS INVITED	
Quotations below 30 000.00	46
Invited Quotations above 30 000.00	18
Invited Bids	10
AWARDED BIDS	
Quotations below 30 000.00	46
Awarded Quotations above 30 000.00	3
Awarded Bids	2
Total Summary values of Procurements,	
Below R30 000 (SCM Orders)	R598,489.90
R30 001 – R300 000 (Seven days' notice)	R832,757.50
Above R300 000	R8,423,985.48
Section 32	0
Deviations (Section 36)	0
% of Competitive Bids awarded per area,	
Local (Mount Frere and Mount Ayliff)	57%
Region (Alfred Nzo)	43%
Province (Eastern Cape)	0%
National (Excluding Mount Ayliff and Mount frere)	0%
% of Quotations awarded per area, (R30 001 – R300 000)	

Local (Mount Frere and Mount Ayliff)	100%
Region (Alfred Nzo)	0%
Province (Eastern Cape)	0%
National (Excluding Mount Frere and Mount Ayliff)	0%
Number of meetings set successfully	7
Bid Specification Committee	3
Bid Evaluation Committee	2
Bid Adjudication Committee	2
Objections received	0
Cancelled bids	0
Irregular expenditure	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 **31 AUGUST 2025**.

- **46 Quotations** below 30K were requested in the reporting Month of **AUGUST 2025**.
- **18 Quotations** above 30K were advertised on the notice board and Municipal website for a period of seven days in the reporting Month of **AUGUST 2025**.
- **10 Competitive bids** were advertised on the daily dispatch and E-tender portal, Municipal website month of **AUGUST 2025**.
- **46 Quotations** below 30k were awarded in the for the month ended **31 AUGUST 2025**.
- **3 Quotations** above 30k were awarded in the for the month ended **31 AUGUST 2025**.
- **2 Competitive bids** were awarded in the month ended **31 AUGUST 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 month ended **31 AUGUST 2025**, amounts to **R598,489.90**
- 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 month ended **31 AUGUST 2025**, amounts to **R832,757.50**
- 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 month ended **31 AUGUST 2025**, amounts to **R8,423,985.48**
- No Deviations done for the month of **31 AUGUST 2025**.
- No section 32 awards were made for the reporting quarter ended **31 AUGUST 2025**.

Percentage of bids awarded.

The municipality is taking cognisance of the developmental goals and objectives of the local economic development department in ensuring that the local suppliers are elevated and considered for procurement of goods and services. Notwithstanding the above-mentioned objective however an award for a specific service is made to a competent and highest scoring points service provider regardless of the location within the country, it is therefore not always practical to award local service providers for all procurement. Be that

as it may, for Quotations the municipality / SCM at most report **100%** to Local service providers.

- For the reporting month ended **31 AUGUST 2025**, above R300 000.00 awarded bids through open / **competitive bidding 57%** was awarded to local suppliers within Mount Ayliff and Mount Frere.
- For the reporting month ended **31 AUGUST 2025**, quotations between R30 001 – R300 000.00, **100%** was awarded to local suppliers within Umzimvubu Local municipality.
- For the reporting month ended **31 AUGUST 2025**, quotations between R2001 – R30 000.00, **100%** was awarded to local suppliers within Umzimvubu Local municipality.

1.1. QUOTATIONS INVITED

PERCENTAGES ON TOTAL PROCUREMENTS OF QUOTATIONS ABOVE R 30 001 THE ALLOCATIONS HAVE BEEN DONE AS TABULATED BELOW

Umzimvubu LM	District	Province-EC	National	Total Procurements above R30 001
10(100%)	0(0%)	0(0%)	0(0%)	10

1.2 BIDS AWARDED

Percentages on total procurements of bids the allocations have been done as tabulated below,

Umzimvubu LM	District	Province-EC	National	Total Procurements above R300 000
1(57%)	1(47%)	0(0%)	0(0%)	2

1.3. SECTION 32 PROCUREMENT

- No section 32 awards were made for the month of AUGUST 2025.

1.4. DEVIATIONS (Section 36)

No deviations for the month of AUGUST 2025.

DEVIATION ILLUSTRATED BY GRAPH MONTHLY

No deviations for the month of AUGUST 2025.

2. IRREGULAR EXPENDITURE

On review of procurement for the month, 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. Monthly 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 Monthly report. The number of bid committee meetings for the agenda items as listed in the report are recorded in the dashboard.

3. BID COMMITTEE SITTING

8.1. BID SPECIFICATION COMMITTEE

BSC DATE	MEMBERS	PRESENT	ABSENT	REASON	THE PROJECTS LISTED BELOW WERE PART OF THE AGENDA:
5 August 2025	1. Mr L Luzipho 2. Ms Madlanga 3. Ms Bingwa 4. Ms Dina 5. Ms Ndlangisa 6. Mr Ngejane	All Members			Mqhekezweni Access Road Maintenance Nkwazini to Nkangala Access Road Maintenance Panel of Four (04) for Repairs and Maintenance of Municipal Buildings for a Period Two (02) Years Donga rehabilitation of Umzimvubu Local Municipality Rainwater harvesting RM Emaxesibeni Landfill Site Weigh Bridge
12 August 2025	1. Mr L Luzipho 2. Ms Madlanga	All Members			Mtshazi Komkulu of Qumra Access Road Maintenance Nophoyi Cluster Sports Field Phase 2

	3. Ms Bingwa 4. Ms Dina 5. Ms Ndlangisa 6. Mr Ngejane				Provision of Security Services for Emaxesibeni Municipal Premises For a Period of Two Years IT Access Free Wi-Fi Hotspot Covering 100-Meter Radius
26 August 2025	1. Mr L Luzipho 2. Ms Madlanga 3. Ms Bingwa 4. Ms Dina 5. Ms Ndlangisa 6. Mr Ngejane	All Members			Provision of LED Electronic Billboard Maintenance and Marketing Services for Umzimvubu Local Municipality for a Period of 2 Years

3.4. BID EVALUATION COMMITTEE

BEC DATE	MEMBERS	PRESENT	ABSENT	REASON	Comments
					THE PROJECTS LISTED BELOW

BEC DATE	MEMBERS	PRESENT	ABSENT	REASON	Comments
					WERE PART OF THE AGENDA:
04-10 August 2025	Mr Gamedala Mr M. Mafumbatha Mr Mbuyeleni Ms Z Mbono Mr Jojo Mr Matola				Thabo AR Magwaca-Qwidlana AR Thwa AR Moyeni-Galali AR Magcakeni-Majuba Mmangweni-Madamara Ar Sigundwaneni AR Luxwesa AR Sivumela AR Sigidini AR Insurance Services

BEC DATE	MEMBERS	PRESENT	ABSENT	REASON	Comments
					Kwabhaca Old Offices Network Infrastructure
20 August 2025	Mr Gamedala Mr M. Mafumbatha Ms Z Mbono Mr Jojo Mr Matola Mr Mbuyeleni				Magcakeni-Majuba Thwa AR Sigundwaneni AR Bethane Via Loqolweni Qhanqu Upper Dambeni

BEC DATE	MEMBERS	PRESENT	ABSENT	REASON	Comments
					Kwabhaca Old Offices Network Infrastructure

3.5. BID ADJUDICATION COMMITTEE

BAC DATE	MEMBERS	PRESEN T	ABSEN T	REASON	Comments
14 AUGUST 2025	<p>Mr. K Mehlomakhulu</p> <p>Mr. J Moleko</p> <p>Mr L Makanda</p> <p>Mrs Zembe</p> <p>Mr Ntlamba</p> <p>Mr X Blaweni</p> <p>Mrs Kubone</p>				<p>Thabo AR</p> <p>Magwaca-Qwidlana AR</p> <p>Thwa AR</p> <p>Moyeni-Galali AR</p> <p>Magcakeni-Majuba</p> <p>Mmangweni-Madamara Ar</p> <p>Sigundwaneni AR</p> <p>Luxwesa AR</p> <p>Sivumela AR</p> <p>Sigidini AR</p> <p>Insurance Services</p>

BAC DATE	MEMBERS	PRESENT	ABSENT	REASON	Comments
22 AUGUST 2025	Mr. K Mehlomakhulu Mr. J Moleko Mr L Makanda Mrs Zembe Mr Ntlamba Mr X Blaweni Mrs Kubone				Kwabhaca Old Offices Network Infrastructure Panel of Professional Civil Engineers Consultants for A Period of Two Years Sigundwaneni AR Bethane Via Loqolweni Qhanqu Upper Dambeni Thwa AR Magwaca-Qwidlana AR

4. 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 0 objection received in the reporting month ended **31 AUGUST 2025**.

5. CONTRACT MANAGEMENT

The unit did not receive S116 Reports for the following contracts in the reporting month ended 31 AUGUST 2025.

DEPARTMENT	PROJECT/CONTRACT	PROJECT MANAGER
C&CS-Community Safety/INFRA	1. Construction of Chithwa Recreational Park- Phase 2	Manager-Building/Manager-Public Safety-Mr Yakobi/Mr Nyembezi
INFRA-Building Section	1. Construction Of Municipal Offices 2. Turnkey Project For Cabazana B400(181) Rural Housing Project 3. Turnkey Project For Nqalweni/Matyeni	Manager-Building- Mr. Yakobi

	<p>170(163) Rural Housing Project</p> <p>4. Turnkey Project For Dundee</p> <p>500(34) Rural Housing Project</p> <p>5. Turnkey Project For Cancele</p> <p>6. 3. Turnkey Project For Nkungwini</p> <p>7. Sikhumbeni Community Hall</p> <p>8. Sogoni Community Hall</p> <p>9. Osborn Community Hall</p>	
LED/INFRA	<p>1. Construction of Ntsizwa Hiking Trail Phase 1</p>	<p>Manager-Building/Manager LED-Mr. Yakobi/Mr Matola</p>
INFRA-PMU	<p>Bhakaleni AR</p>	<p>Project Manager-Ms. Qwane</p>
INFRA-PMU	<p>Majojweni Link Line</p>	<p>Project Manager-Mr. Bingwa</p>

INFRA-Maintenance	Ngxashini AR	Project Manager-Ms. Qwane
INFRA-Planning	3 year town planning and land surveyors	Manager Planning-Mr Gous
INFRA-Maintenance	Zimbileni via Mntwana AR	Project Manager-Ms. Qwane

6. 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 1 cancelled bids in the reporting month ended **31 AUGUST 2025**.

7. RELATED PARTIES DISCLOSURE

Company name	Appointment date	Description	Amount	Related Employee
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Aphola Trading	10-Aug-25	Tree Cutting services for Emaxesibeni and KwaBhaca	R292,675.00	Spouse (Dep of Sport-T Mpurwana)
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8. 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.

9.1. NON-SUBMISSION AND LATE SUBMISSIONS

Project name	Department	Planned submission date	Submission date
Emaxesibeni Municipal hall parking area	INFRA	01-Jul-25	N/A
Shooting range Construction	C&CS	31-Jul-25	N/A
OHS First Aid Boxes and Fire Horns	CS	08-Jul-25	N/A
Provision of Umzimvubu Occupational Health	CS	12-Aug-25	N/A

Services and Employee Wellness			
Maintenance of Fire Extinguishers	CS	06-Aug-25	N/A

RISK IMPLICATIONS

The risk implications and risk register will be reported on a Monthly basis through Monthly 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" –Procurement Plan

"B" – Quotation Register

"C" -Tender Register

"D"- Procured Goods Report as per Thresholds

"E" – 45 Related Party Disclosure

"G"-Status of Projects

RECOMMENDATIONS

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