

**S71 MONTHLY BUDGET STATEMENT AS AT 31 JANUARY 2026****STATEMENT OF FINANCIAL PERFORMANCE, POSITION AND THE IMPLEMENTATION OF THE 2025/26 BUDGET (MFMA SECTION 71) FOR THE PERIOD ENDED JANUARY 2026**

(File No: 9/1/2/3)  
(Author: KM/LL)  
(1<sup>st</sup> Level: MANCO 03/02/2026)  
(2<sup>nd</sup> Level: STANCO 11/02/2026)  
(3<sup>rd</sup> Level: EXCO 19/02/2026)  
(4<sup>th</sup> Level :COUNCIL 27/02/2026)

**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 January 2026.

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 January 2026 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**

| <b>Overall Operating Results</b>    |                     | <b>Capital Grants Results</b>     |                    |
|-------------------------------------|---------------------|-----------------------------------|--------------------|
| Income                              | R370 727 885        | Income                            | R82 253 948        |
| Expenditure                         | R222 866 831        | Expenditure                       | R69 346 592        |
| <b>Operating Surplus/Deficit</b>    | <b>R147 861 055</b> | <b>Surplus (Deficit)</b>          | <b>R12 907 356</b> |
| <b>Financial Ratios</b>             |                     | <b>Capital Grants Performance</b> |                    |
| Cash coverage                       | <b>3 months</b>     | MIG                               | 67%                |
| Current ratio                       | <b>3:1</b>          | INEP                              | 60%                |
| Liquidity ratio                     | <b>3:1</b>          | MDRG                              | 18%                |
| Spending of Operating Budget (Opex) | <b>43 %</b>         |                                   |                    |
| Spending of Capital Budget (Capex)  | <b>45%</b>          |                                   |                    |
| Spending on Repairs and Maintenance | <b>30%</b>          |                                   |                    |
|                                     |                     |                                   |                    |

**Budget vs Actuals- Revenue**

| Description                              | Total Budget            | Year-To-Date            | Pending               | Available Budget        | Actual Percentage |
|--|-------------------------|-------------------------|-----------------------|-------------------------|-------------------|
| <b>Revenue</b>                           | <b>- 559 218 657,00</b> | <b>- 370 727 885,14</b> | <b>- 1 966 774,04</b> | <b>- 188 490 771,86</b> | 66%               |
| Agency Services                          | - 2 900 000,00          | - 1 067 133,62          | -                     | - 1 832 866,38          | 37%               |
| Fines; Penalties and Forfeits            | - 4 527 000,00          | - 1 259 539,61          | - 300,00              | - 3 267 460,39          | 28%               |
| Interest                                 | - 2 200 000,00          | - 3 742 569,49          | -                     | 1 542 569,49            | 170%              |
| Interest; Dividend and Rent on Land      | - 10 580 000,00         | - 5 100 353,02          | - 124 379,85          | - 5 479 646,98          | 48%               |
| Licences or Permits                      | - 1 965 000,00          | - 1 476 221,65          | -                     | - 488 778,35            | 75%               |
| Operational Revenue                      | - 2 313 000,00          | - 120 152,16            | -                     | - 2 192 847,84          | 5%                |
| Property Rates by Usage                  | - 66 903 980,00         | - 65 291 412,39         | -                     | - 1 612 567,61          | 98%               |
| Rental from Fixed Assets                 | - 7 355 000,00          | - 1 387 049,96          | -                     | - 5 967 950,04          | 19%               |
| Sales of Goods and Rendering of Services | - 77 241 657,00         | - 25 837 059,08         | - 1 551 789,02        | - 51 404 597,92         | 33%               |
| Service Charges                          | - 1 482 600,00          | - 731 270,65            | -                     | - 751 329,35            | 49%               |
| Transfers and Subsidies                  | - 381 750 420,00        | - 264 715 123,51        | - 290 305,17          | - 117 035 296,49        | 69%               |

The total projected revenue for the year is amounting to R559 million and the actual revenue to date is R370 million translating to 66% against the budget.

There's an over collection on interest with 170% which necessitates an upwards adjustment of the budget during the statutory adjustment budget.

Rental of fixed assets is still very low due to properties that are not occupied

**Budget vs Actuals-Expenditure**

| Description                   | Total Budget          | Year-To-Date          | Pending              | Avaliable Budget      | Actual Percentage |
|-------------------------------|-----------------------|-----------------------|----------------------|-----------------------|-------------------|
| <b>Expenditure</b>            | <b>512 941 690,00</b> | <b>222 866 830,57</b> | <b>22 584 004,02</b> | <b>290 074 859,43</b> | 43%               |
| Contracted Services           | 179 165 854,00        | 74 544 314,16         | 8 840 398,48         | 104 621 539,84        | 42%               |
| Depreciation and Amortisation | 89 550 000,00         | 32 301 140,56         | 1 500,00             | 57 248 859,44         | 36%               |
| Employee Related Cost         | 106 006 255,00        | 56 123 747,05         | -                    | 49 882 507,95         | 53%               |
| Inventory Consumed            | 10 313 502,00         | 3 296 949,70          | 4 184 477,85         | 7 016 552,30          | 32%               |
| Operating Leases              | 1 167 220,00          | 696 415,34            | -                    | 470 804,66            | 60%               |
| Operational Cost              | 83 843 657,00         | 31 720 740,28         | 7 325 976,75         | 52 122 916,72         | 38%               |
| Remuneration of Councillors   | 25 562 784,00         | 12 981 292,69         | -                    | 12 581 491,31         | 51%               |
| Transfers and Subsidies       | 17 332 418,00         | 11 202 230,79         | 2 231 650,94         | 6 130 187,21          | 65%               |
|                               |                       |                       |                      |                       |                   |

The anticipated expenditure for the year is amounting to R512 million and the actual expenditure incurred is R222 million resulting in 43% against the budget.

The is an improvement on operational costs due to the implementation of cost containment measures.

#### Budget vs Actuals- Capex per directorate.

| Department                     | Total Budget          | Year-To-Date         | Pending           | Avaliable Budget     | Actual Percentage |
|--------------------------------|-----------------------|----------------------|-------------------|----------------------|-------------------|
| Budget and Treasury Office     | 5 000 000,00          | 93 000,00            | 692 930,55        | 4 907 000,00         | 2%                |
| Citizen and Community Services | 22 683 000,00         | 12 825 685,51        | 800,00            | 9 857 314,49         | 57%               |
| Corporate Services             | 3 500 000,00          | 1 743 214,50         | -                 | 1 756 785,50         | 50%               |
| Infrastructure and Planning    | 118 644 558,00        | 51 108 180,06        | 36 000,00         | 67 536 377,94        | 43%               |
| Local Economic Development     | 3 700 000,00          | 3 003 358,19         | -                 | 696 641,81           | 81%               |
| <b>Grand Total</b>             | <b>153 527 558,00</b> | <b>68 773 438,26</b> | <b>729 730,55</b> | <b>84 754 119,74</b> | <b>45%</b>        |

The total anticipated CAPEX is R153 million and the actual expenditure is R68 million which is 45% of the total budget. The internally funded projects have all been awarded and that will increase the expenditure. CAPEX per project:

| Department   | Total Budget          | Year-To-Date         | Pending           | Availible Budget     | Actual Percentage |
|--|-----------------------|----------------------|-------------------|----------------------|-------------------|
| <b>⇒ Budget and Treasury Office</b>                        | <b>5 000 000,00</b>   | <b>93 000,00</b>     | <b>692 930,55</b> | <b>4 907 000,00</b>  | <b>2%</b>         |
| Computer Equipment 200700010                               | 400 000,00            | 93 000,00            | 61 639,49         | 307 000,00           | 23%               |
| Furniture equipment Finance 200700002                      | 3 100 000,00          | -                    | -                 | 3 100 000,00         | 0%                |
| Motor Vehicle 200700040                                    | 1 500 000,00          | -                    | 631 291,06        | 1 500 000,00         | 0%                |
| <b>⇒ Citizen and Community Services</b>                    | <b>22 683 000,00</b>  | <b>12 825 685,51</b> | <b>800,00</b>     | <b>9 857 314,49</b>  | <b>57%</b>        |
| Sidakeni Community Hall                                    | 3 100 000,00          | 2 603 538,40         | -                 | 496 461,60           | 84%               |
| Dutyini Library Contrete Slab                              | 243 000,00            | 28 000,00            | -                 | 215 000,00           | 12%               |
| Emaxesibeni Municipal hall parking area                    | 1 400 000,00          | -                    | -                 | 1 400 000,00         | 0%                |
| Machinery and equipment 208700036                          | 600 000,00            | 475 300,00           | -                 | 124 700,00           | 79%               |
| Osborn Community hall                                      | 3 100 000,00          | 3 022 306,51         | -                 | 77 693,49            | 97%               |
| Parks Construction of chithwa recreational park            | 2 000 000,00          | 1 232 298,15         | -                 | 767 701,85           | 62%               |
| Police:Construction of KwaBhaca vehicle pound facility     | 2 000 000,00          | -                    | -                 | 2 000 000,00         | 0%                |
| Shooting range Construction                                | 4 000 000,00          | -                    | -                 | 4 000 000,00         | 0%                |
| Sikhumbeni Community hall                                  | 3 000 000,00          | 2 933 040,00         | -                 | 66 960,00            | 98%               |
| SOGONI COMMUNITY HALL                                      | 3 000 000,00          | 2 381 736,01         | -                 | 618 263,99           | 79%               |
| Tools & equipment 209                                      | 240 000,00            | 149 466,44           | 800,00            | 90 533,56            | 62%               |
| <b>⇒ Corporate Services</b>                                | <b>3 500 000,00</b>   | <b>1 743 214,50</b>  | <b>-</b>          | <b>1 756 785,50</b>  | <b>50%</b>        |
| Computer equipment ICT 201700000                           | 2 000 000,00          | 1 743 214,50         | -                 | 256 785,50           | 87%               |
| Furniture equipment Corporate 201700002                    | 500 000,00            | -                    | -                 | 500 000,00           | 0%                |
| ICT PROGRAMMES software 201700005                          | 1 000 000,00          | -                    | -                 | 1 000 000,00         | 0%                |
| <b>⇒ Infrastructure and Planning</b>                       | <b>118 644 558,00</b> | <b>51 108 180,06</b> | <b>36 000,00</b>  | <b>67 536 377,94</b> | <b>43%</b>        |
| Bethane via Luqolweni to Bhakaneni AR Maint                | 2 100 000,00          | 1 651 870,00         | -                 | 448 130,00           | 79%               |
| Bhakaleni to Sekileni via Mqoma Access Road-MIG            | 8 273 003,00          | 6 042 562,96         | -                 | 2 230 440,04         | 73%               |
| Bistan Mpindweni AR Maintenance                            | 1 900 000,00          | -                    | -                 | 1 900 000,00         | 0%                |
| Completion of Nophoyi Cluster Sport Facility               | 1 600 000,00          | -                    | -                 | 1 600 000,00         | 0%                |
| Construction of ext 8 services                             | 800 000,00            | -                    | -                 | 800 000,00           | 0%                |
| Emaxesibeni Car-Wash                                       | 300 000,00            | -                    | -                 | 300 000,00           | 0%                |
| Extension of Silindini bridge\                             | 5 200 000,00          | 391 986,75           | -                 | 4 808 013,25         | 8%                |
| Fadeni AR Maint  | 930 000,00            | 483 800,00           | -                 | 446 200,00           | 52%               |
| Good Hope via Komkhulu Access Road                         | 1 800 000,00          | 1 797 963,81         | -                 | 2 036,19             | 100%              |
| Kwabhaca Installation of Solar Street lights Phase 1 - MIG | 2 000 000,00          | 805 517,46           | -                 | 1 194 482,54         | 40%               |
| KwaBhaca Surfacing Phase 8                                 | 12 612 359,00         | 4 273 654,49         | -                 | 8 338 704,51         | 34%               |
| Luxwesa AR Maintenance                                     | 1 672 834,00          | 1 386 721,91         | -                 | 286 112,09           | 83%               |
| Magcakini to Majuba AR Maintenance                         | 1 176 806,00          | 1 023 281,76         | -                 | 153 524,24           | 87%               |
| Magwaca - Qwidlana Clinic AR Maint                         | 1 260 000,00          | 928 759,23           | -                 | 331 240,77           | 74%               |
| Mmangweni Access Road                                      | 1 830 000,00          | 1 689 596,95         | -                 | 140 403,05           | 92%               |
| Moyeni - Galali AR Maint                                   | 1 800 000,00          | 1 082 792,52         | -                 | 717 207,48           | 60%               |
| Mpoza AR Maint   | 1 024 000,00          | 792 317,40           | -                 | 231 682,60           | 77%               |
| Mqekazeweni AR M   | 1 900 000,00          | 763 800,00           | -                 | 1 136 200,00         | 40%               |
| Mt White AR with concrete slab                             | 8 400 000,00          | 6 466 347,90         | -                 | 1 933 652,10         | 77%               |
| Mtshazi koMkhulu to Qumra                                  | 2 100 000,00          | 704 550,08           | -                 | 1 395 449,92         | 34%               |
| Municipal Offices  | 6 100 000,00          | -                    | -                 | 6 100 000,00         | 0%                |
| Ndakeni to Malenge AR Maint                                | 1 190 000,00          | 669 710,00           | -                 | 520 290,00           | 56%               |
| Ngwekazana/Gudlintaba Access Road                          | 500 000,00            | 358 711,31           | -                 | 141 288,69           | 72%               |
| Nkangala to Nkwazini AR                                    | 900 000,00            | -                    | -                 | 900 000,00           | 0%                |
| Nqalweni AR new  | 732 028,00            | 518 321,78           | -                 | 213 706,22           | 71%               |
| Ntenetyana - Godola AR Maint                               | 630 000,00            | 288 021,47           | -                 | 341 978,53           | 46%               |
| Nxashini AR Maintenance                                    | 1 620 360,00          | 1 339 275,00         | -                 | 281 085,00           | 83%               |
| Nyathini Bridge  | 366 680,00            | 236 290,00           | -                 | 130 390,00           | 64%               |
| Reconstruction of Bangweni to Nijjini bridge               | 8 000 000,00          | 2 225 826,20         | -                 | 5 774 173,80         | 28%               |
| Reconstruction of Lutshikini AR                            | 3 348 000,00          | -                    | -                 | 3 348 000,00         | 0%                |
| Reconstruction of Mwaca Bridge                             | 7 500 000,00          | 2 171 365,32         | -                 | 5 328 634,68         | 29%               |
| Rehabilitation of Cabane concrete slab                     | 2 800 000,00          | -                    | -                 | 2 800 000,00         | 0%                |
| SDA - Magwaca AR Maint                                     | 750 000,00            | 351 931,60           | -                 | 398 068,40           | 47%               |
| Sigidini AR Maint  | 2 000 000,00          | 1 556 941,30         | -                 | 443 058,70           | 78%               |
| Sigundwaneni AR Maint                                      | 1 900 000,00          | 512 020,00           | -                 | 1 387 980,00         | 27%               |
| Sikolweni - Magontsini AR Maint                            | 1 700 000,00          | -                    | -                 | 1 700 000,00         | 0%                |
| Sikolweni AR Maintenance                                   | 500 950,00            | 325 093,88           | -                 | 175 856,12           | 65%               |
| Sivumela AR Maint  | 1 600 000,00          | 1 386 760,00         | -                 | 213 240,00           | 87%               |
| Specialised Waste Management Vehicles                      | 2 635 783,00          | 2 468 039,89         | 36 000,00         | 167 743,11           | 94%               |
| Thabo Access Road  | 4 350 855,00          | 3 052 384,31         | -                 | 1 298 470,69         | 70%               |
| Thwa AR Maint  | 1 440 000,00          | 531 260,00           | -                 | 908 740,00           | 37%               |
| Upgrading of Zinkawini Bridge                              | 6 124 000,00          | 524 214,00           | -                 | 5 599 786,00         | 9%                |
| Upper Dambeni AR Maint                                     | 1 800 000,00          | 1 158 794,00         | -                 | 641 206,00           | 64%               |
| Velem via Mthonjeni - Gamakhulu AR Maintenance             | 780 000,00            | 763 917,28           | -                 | 16 082,72            | 98%               |
| Zimbileni via Mntwana AR Maint                             | 696 900,00            | 383 779,50           | -                 | 313 120,50           | 55%               |
| <b>⇒ Local Economic Development</b>                        | <b>3 700 000,00</b>   | <b>3 003 358,19</b>  | <b>-</b>          | <b>696 641,81</b>    | <b>81%</b>        |
| Construction of Auction pens                               | 200 000,00            | -                    | -                 | 200 000,00           | 0%                |
| Ntenetyana camp site                                       | 400 000,00            | 370 040,38           | -                 | 29 959,62            | 93%               |
| Ntsizwa Hiking trail                                       | 3 100 000,00          | 2 633 317,81         | -                 | 466 682,19           | 85%               |
| <b>Grand Total</b>   | <b>153 527 558,00</b> | <b>68 773 438,26</b> | <b>729 730,55</b> | <b>84 754 119,74</b> | <b>45%</b>        |

**BUDGET AND TREASURY DEPARTMENT: REPORT ON GRANT EXPENDITURE FOR THE PERIOD ENDED 31 JANUARY 2026**

(File No: 9/1/2/3)  
(Author: KM/LL)  
(1<sup>st</sup> Level: MANCO 03/02/2026)  
(2<sup>nd</sup> Level: STANCO 11/02/2026)  
(3<sup>rd</sup> Level: EXCO 19/02/2026)  
(4<sup>th</sup> Level :COUNCIL 27/02/2026)

**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 31<sup>st</sup> January 2026.

**Statutory requirements**

The Constitution of RSA  
MFMA  
MBRR

**Parties consulted**

None

**Authority**

Council

**Annexure**

| UMZIMVUBU LOCAL MUNICIPALITY |                                   |                    |                  |                   |                   |                  |                   |                  |                   |                      |            |            |
|------------------------------|-----------------------------------|--------------------|------------------|-------------------|-------------------|------------------|-------------------|------------------|-------------------|----------------------|------------|------------|
| Ref                          |                                   |                    | Balance          | Amount            | Total             | Expenditure      |                   |                  |                   | Balance              | %          | Allocation |
| No                           | Description                       | Total Allocation   | BF               | Received          | Liability         | Operating        | Capital           | VAT              | Total             | Unspent @ 31.01.2026 | Spending   | Spending%  |
| 1                            | MUNICIPAL INFRASTRUCTURE          | 57 096 000,00      | -                | 50 101 000        | 50 101 000        |                  | 33 829 154        | 4 208 948        | 38 038 101        | 12 062 899           | 76%        | 67%        |
| 2                            | FINANCIAL MANAGEMENT              | 1 800 000,00       | -                | 1 800 000         | 1 800 000         | 270 123          |                   | 7 994            | 278 117           | 1 521 883            | 15%        | 15%        |
| 3                            | ELECTRIFICATION PROJECT           | 16 977 957,00      | 2 007 957        | 8 233 000         | 10 240 957        |                  | 10 448 488        | 1 544 401        | 11 992 889        | -1 751 932           | 117%       | 71%        |
| 4                            | EXPANDED PUBLIC WORKS             | 2 773 000,00       |                  | 1 941 000         | 1 941 000         | 2 773 000        |                   | -                | 2 773 000         | -832 000             | 143%       | 100%       |
| 5                            | EPWP-INCENTIVE GRANT              | 2 743 902,00       | 169 902          | 2 574 000         | 2 743 902         | 1 753 645        |                   | -                | 1 753 645         | 990 257              | 64%        | 64%        |
| 6                            | ARTS AND CULTURE                  | 1 473 000,00       | 321 518          | 1 473 000         | 1 794 518         | 1 004 556        |                   | 78 951           | 1 083 507         | 711 011              | 60%        | 74%        |
| 7                            | Municipal Disaster Recovery Grant | 26 848 000,00      | -                | 8 054 000         | 8 054 000         |                  | 4 090 758         | 613 614          | 4 704 371         | 3 349 629            | 58%        | 18%        |
| 8                            | Human Settlement Housing Project  | 61 800 000,00      | -                | 15 865 948        | 15 865 948        |                  | 16 500 453        | -                | 16 500 453        | -634 505             | 104%       | 27%        |
|                              | <b>Grand total</b>                | <b>171 511 859</b> | <b>2 499 377</b> | <b>90 041 948</b> | <b>92 541 325</b> | <b>5 801 324</b> | <b>44 277 642</b> | <b>6 453 907</b> | <b>55 919 260</b> | <b>15 417 241</b>    | <b>60%</b> | <b>33%</b> |

## Discussion

The second tranche for MIG was received and the municipality carried on with payments of service providers which increased the percentage spending to 67%

There is a slight improvement on MDRG as compared to the previous month as the % spending is currently sitting at 18% as opposed to the 5% reported last month.

The expenditure on FMG is only incurred for the interns stipend however the interns have enrolled to study CPMD where most of the expenditure will be incurred.

## Recommendations

That, the 67% spending on MIG be noted by the Council

That, the 71% spending on INEP be noted by the Council

That, the spending on other operating transfers be noted by the Council

(File No:  
9/1/2/3)  
(Author: KM/SM/LL)  
(1<sup>st</sup> Level: MANCO 03/02/2026)  
(2<sup>nd</sup> Level: STANCO 11/02/2026)

(3<sup>rd</sup> Level: EXCO 19/02/2026)  
(4<sup>th</sup> Level :COUNCIL 27/02/2026)

**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 31<sup>st</sup> of January 2026.

**Statutory requirements**

The Constitution of RSA  
MFMA  
MBRR

**Parties consulted**

None

**Authority**

Council

**Financial Implications**

The Fruitless and Wasteful 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.

Due to the award made to the Panel of Attorneys where the advert was for a period less than 30 days, it was resolved that as long as the contract is still valid, the expenditure incurred will be disclosed as Irregular until the expiration of the contract.

**Annexure**

| EC442   |                     |           |           |           |                          |
|---|---------------------|-----------|-----------|-----------|--------------------------|
| Register for Irregular, fruitless and wasteful expenditure 2025/26 FY |                     |           |           |           |                          |
|   | Opening balance     | Additions | Write off | Recovered | Balance as at 31/01/2026 |
| Unauthorized expenditure  | -                   | -         | -         | -         | -                        |
| Irregular expenditure   | 1 539 361,00        | -         | -         | -         | 1 539 361,00             |
| <b>Fruitless and Wasteful expenditure</b>                             | 839 721,00          | -         | -         | -         | 839 721,00               |
|   | <b>2 379 082,00</b> | -         | -         | -         | <b>2 379 082,00</b>      |

### Recommendations

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

That, the Irregular expenditure amounting to R1 539 36 be noted by the Council

## BUDGET AND TREASURY DEPARTMENT: DEBTORS AND REVENUE COLLECTED REPORT AS AT JANUARY 2026

(File No:  
9/1/2/3)  
(Author: KM/SM/LL)  
(1<sup>st</sup> Level: MANCO 03/02/2026)  
(2<sup>nd</sup> Level: STANCO 11/02/2026)

**(3<sup>rd</sup> Level: EXCO 19/02/2026)  
(4<sup>th</sup> Level :COUNCIL 27/02/2026)**

**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 January 2026

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 111 395 783.57 AS AT 31 January 2026 made up of the rates, refuse removal and interest on outstanding debt for various consumer debtors.



**JANUARY 2026 RENTAL DEBTORS**

| RENTAL DEBTOR REPORT        |                  |                   |                   |                  |                 |                   |                   |                   |
|-----------------------------|------------------|-------------------|-------------------|------------------|-----------------|-------------------|-------------------|-------------------|
| DATE RANGE                  | 202601           |                   |                   |                  |                 |                   |                   |                   |
| TARIFF CODE                 | Jan-26           | 25-Dec            | 25-Nov            | 25-Oct           | 25-Sep          | 25-Aug            | 25-Jul            | TOTAL             |
| '002530 LEASE RENTALS       | 172,823.77       | 172,823.77        | 221,785.49        | 221,785.49       | 139,846.32      | 135,693.16        | 151,755.07        | 1,216,513.07      |
| '002531 RESIDENTIAL RENTALS | 18,034.00        | 18,034.00         | 18,034.00         | 18,034.00        | 17,358.34       | 17,358.34         | 17,358.34         | 124,211.02        |
| INTEREST                    | 5,870.24         | 6,901.06          | 8,020.52          | 7,487.00         | 7,490.98        | 7,437.49          | 7,383.97          | 50,591.26         |
| '009008 VAT LEVIED          | 23,657.20        | 25,923.56         | 22,763.26         | 33,267.82        | 22,763.26       | 22,763.26         | 22,763.26         | 173,901.62        |
| '008888 PAYMENTS            | - 200,457.20     | - 709,344.68      | - 102,484.20      | - 201,081.51     | - 196,559.94    | - 16,061.90       | - 745,091.46      | - 2,171,080.89    |
|                             | <b>19,928.01</b> | <b>485,662.29</b> | <b>168,119.07</b> | <b>79,492.80</b> | <b>9,101.04</b> | <b>167,190.35</b> | <b>545,830.82</b> | <b>605,863.92</b> |

**January 2026 TRAFFIC FINES REPORT**

|              | Billing           | Reciepts          | Balance              | Collection % |
|--------------|-------------------|-------------------|----------------------|--------------|
| Op Bal       |                   |                   | 11,504,205.00        |              |
| 25-Jul       | 142,950.00        | 26,400.00         | 116,550.00           | 18%          |
| 25-Aug       | 132,850.00        | 31,400.00         | 101,450.00           | 24%          |
| 25-Sep       | 103,000.00        | 29,950.00         | 73,050.00            | 29%          |
| 25-Oct       | 115,400.00        | 30,250.00         | 85,150.00            | 26%          |
| 25-Nov       | 112,000.00        | 28,700.00         | 83,300.00            | 26%          |
| 25-Dec       | 138,500.00        | 24,667.00         | 113,833.00           | 18%          |
| 26-Jan       | 126,700.00        | 30,700.00         | 96,000.00            | 24%          |
| <b>Total</b> | <b>871,400.00</b> | <b>202,067.00</b> | <b>12,173,538.00</b> | <b>23%</b>   |

For the month of **January 2026**, traffic fines received to date amounted to **R 30700**

**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 and compliance with legislations and policies. This report presents an overview of revenue collection and enhancement activities for the month of January 2026

| SegmentDesc                               | TotalBudget            | TotalActual            | Collection % |
|---|------------------------|------------------------|--------------|
| Property Rates                            | - 66,903,980.00        | - 65,291,412.39        | 98%          |
| Vehicle Registration 209104080            | - 2,900,000.00         | - 1,067,133.62         | 37%          |
| Drivers Learners Licenses 209104010       | - 1,600,000.00         | - 1,059,930.00         | 66%          |
| Vehicle testing station 209104085         | - 165,000.00           | - 62,961.00            | 38%          |
| Sundry income Marathon 200116087          | - 150,000.00           | - 88,390.53            | 59%          |
| Hall Rental 207111010                     | - 50,000.00            | - 70,240.83            | 140%         |
| Sophia Recreational 207111015             | - 160,000.00           | - 97,122.76            | 61%          |
| Parks 207116054                           | - 5,000.00             | - 2,202.62             | 44%          |
| Plant Rental 203111060                    | 1.00                   | - 9,050.08             | -905008%     |
| Sportsfield 207116081                     | 1.00                   | - 863.48               | -86348%      |
| Plant Rental 203111060                    | - 50,000.00            | 380.00                 | -1%          |
| Lease Rolyats Group 200                   | - 4,340,000.00         | - 1,192,535.60         | 27%          |
| Advertising Mt Ayliff Billboard 206116005 | - 160,000.00           | - 21,717.37            | 14%          |
| Rezoning Application 203116073            | - 8,300.00             | - 4,014.78             | 48%          |
| Building Plan Fees 203116010              | - 140,000.00           | - 372,559.30           | 266%         |
| Funeral Plot Fees 207116026               | 1.00                   | - 7,321.77             | -732177%     |
| Funeral Plot Fees 207116026               | - 15,000.00            | -                      | 0%           |
| Clearance Certificate 200116017           | - 15,000.00            | - 1,578.28             | 11%          |
| Rezoning Certificate 203116074            | - 8,000.00             | - 9,656.50             | 121%         |
| Traffic Escort Fees                       | 1.00                   | - 5,138.26             | -513826%     |
| Special Concernt 203116079                | - 2,010.00             | -                      | 0%           |
| SG Diagrams 203116075                     | - 3,000.00             | -                      | 0%           |
| Tender Fees 203116091                     | - 50,000.00            | -                      | 0%           |
| Subdivision 203116085                     | 1.00                   | - 7,324.35             | -732435%     |
| Subdivision 203116085                     | - 15,000.00            | -                      | 0%           |
| Landfill Site Disposal Charges            | 1.00                   | - 1,304.35             | -130435%     |
| Refuse Removal 208110070                  | - 1,482,600.00         | - 729,966.30           | 49%          |
| Traffic Fines 209102060                   | - 3,177,000.00         | - 177,729.00           | 6%           |
| Pound fees 207116062                      | - 1,350,000.00         | - 342,004.40           | 25%          |
| Trading Licence 205103080                 | - 200,000.00           | - 115,179.85           | 58%          |
| Licences or Permits Trading               | 1.00                   | - 12,106.90            | -1210690%    |
| <b>TOTAL</b>                              | <b>- 82,949,883.00</b> | <b>- 70,749,064.32</b> | <b>85%</b>   |

**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 for the month of January 2026 amounting to **R 1 140 111.56** be noted and approved by Council.
- That, the report on outstanding traffic fines for the month of January 2026 amounting to **R 12 173 538.00** be noted and approved by Council.
- That, the following aged outstanding debtors balance of **R 111,395 783.57**
- for the month of January 2026 be noted and approved by Council:
  - Current – R 2,441 858.24
    - 30 days – R 1,430 615.00
    - 60 days – R 1,402 358.41
    - 90 days – R 1,318 623.71
    - 120 +days – R 104 802 328.21

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

- Residential debt – R 20, 491 624.13
- Commercial debt – R 26 819 901.43
- Government debt – R 64, 084 258.01

That, the total amount owed by Councillors and Staff members amounting to **R 793.49** be noted and approved by Council.

**REVENUE COLLECTION RATE AND INVESTMENT REPORT AS AT 31 JANUARY 2026**

(File No:  
9/1/2/3)  
(Author: KM/SM/LL)  
(1<sup>st</sup> Level: MANCO 03/02/2026)  
(2<sup>nd</sup> Level: STANCO 11/02/2026)  
(3<sup>rd</sup> Level: EXCO 19/02/2026)  
(4<sup>th</sup> Level :COUNCIL 27/02/2026)

**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 January 2026

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 71

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 end January 2026 was 17% as depicted in the tables below:

| PERIOD | BILLING              | COLLECTION             | COLLECTION% |
|--------|----------------------|------------------------|-------------|
| 25-Jul | 60,984,200.42        | - 1,944,757.28         | -3%         |
| 25-Aug | 1,880,154.75         | - 445,742.97           | -24%        |
| 25-Sep | 1,880,154.75         | - 9,312,740.74         | -495%       |
| 25-Oct | 1,304,609.91         | - 598,960.39           | -46%        |
| 25-Nov | 1,341,012.20         | - 422,853.09           | -32%        |
| 25-Dec | 1,427,489.88         | - 406,099.88           | -28%        |
| 26-Jan | 1,701,250.79         | 1,488,530.64           | 87%         |
|        | <b>70,518,872.70</b> | <b>- 11,642,623.71</b> | <b>-17%</b> |

A collection percentage of 87% has been achieved for the month of January 2026 i.e. collection of R 406 099.88 against the billing of 1 427 489.88.

### 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        | -                    |                      | -                    | -                 | -                     |
| <b>Total Unconditional Grants</b> |          |                      |              |        |            | <b>41,778,519.76</b> | <b>43,000,000.00</b> | <b>8,100,000.00</b>  | <b>319,229.28</b> | <b>76,997,749.04</b>  |
| 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          |
| <b>Total Conditional Grants</b>   |          |                      |              |        |            | <b>25,050,491.47</b> | <b>12,561,000.00</b> | <b>14,146,487.18</b> | <b>165,694.22</b> | <b>23,630,698.51</b>  |
| <b>GRAND TOTAL</b>                |          |                      |              |        |            | <b>66,829,011.23</b> | <b>55,561,000.00</b> | <b>22,246,487.18</b> | <b>484,923.50</b> | <b>100,628,447.55</b> |

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. evacuate

### **RECOMMENDATIONS**

- That, the report on revenue collection rate of 87% for the month of January 2026 be noted and approved by Council.
- That, the billing amounting to R1 701 250.79 for Property Rates, Refuse Removal (including interest charged) for the month January 2026 be noted and approved by Council.
- That, the total amount of R 1 488 530.64 has been received from Rates and Services for the month of January 2026 be noted and approved by Council.
- That, the 87% collection rate for the period ending January 2026 be noted and approved by Council.

- That, the total investments for the month ending January 2026 amounting to R 100 628 447.55 be noted and approved by Council.

**BUDGET AND TREASURY DEPARTMENT: FREE BASIC SERVICES / INDIGENT REPORT AS AT JANUARY 2026**

**(File No:**

**9/1/2/3)**

**(Author: KM/SM/LL)**

**(1<sup>st</sup> Level: MANCO 03/02/2026)**

**(2<sup>nd</sup> Level: STANCO 11/02/2026)**

**(3<sup>rd</sup> Level: EXCO 19/02/2026)**

**(4<sup>th</sup> Level :COUNCIL 27/02/2026)**

**PURPOSE**

To report to the Council on Free basic services for the month of January 2026.

**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 = 3684, solar =1133 and paraffin = 1749 which gives to a total 6566 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) | 1704   | 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 January 2026 amounted to R208 562.65

**SERVICE DELIVERY IMPLICATIONS**

Provision of free basic services.

**RECOMMENDATION**

That, the report on Free Basic Services with an expenditure amounting to R208 thousand be noted by the Council.

**BUDGET AND TREASURY OFFICE DEPARTMENT: ASSET MANAGEMENT REPORT FOR THE MONTH ENDED JANUARY 2026**

File No: 9/1/2/3)  
(Author: KM/LL)  
(1<sup>st</sup> Level: MANCO 03/02/2026)  
(2<sup>nd</sup> Level: STANCO 11/02/2026)  
(3<sup>rd</sup> Level: EXCO 19/02/2026)  
(4<sup>th</sup> Level :COUNCIL 27/02/2026)

**PURPOSE**

The purpose of the report is for the council to consider and note asset management of Umzimvubu Local Municipality for the period ending October 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 January 2026****No Additions**


| Reconciliation of Property, plant and equipment September 2026 | Opening Balance   | Additions        | Disposals / Write off | Depreciation       | Impairment loss | Total             |
|--|-------------------|------------------|-----------------------|--------------------|-----------------|-------------------|
| Furniture and Office Equipment                                 | 4,486,407         | -                |                       | (235,155)          | -               | 4,251,252         |
| Machinery and Equipment  | 4,277,934         | 320,000          |                       | (210,090)          | -               | 4,387,844         |
| Computer Equipment   | 7,839,981         | 1,303,495        |                       | (498,344)          | -               | 8,645,131         |
| Transport Assets   | 18,177,508        | 2,468,040        | -                     | (1,008,028)        | -               | 19,637,520        |
|  | <b>34,781,830</b> | <b>4,091,534</b> | <b>-</b>              | <b>(1,951,617)</b> | <b>-</b>        | <b>36,921,747</b> |

**2.Completed Capital projects January 2026**

| Project Name                                    | Type | Asset Class    | Status    | Closing Balance 2025 | Capital Expenditure 2026 | Transfers Out 2026/ Completed | Closing Balance 2026 |
|---|------|----------------|-----------|----------------------|--------------------------|-------------------------------|----------------------|
| Lugangeni feedlot                               | B    | Community      | Completed | 1,567,297.99         |                          | - 1,567,297.99                | -                    |
| Ntenetyana camp site                            | B    | Community      | Completed | 497,880.09           |                          | - 608,850.02                  | -                    |
| Bhakaleni to Sekileni via Mqoma Access Road-MIG | I    | Infrastructure | Completed | 6,728,200.10         | 5,619,626.00             | - 14,085,654.66               | -                    |
| Sikolweni AR                                    | I    | Infrastructure | Completed | 719,455.00           | 371,261.23               | - 1,090,716.23                | -                    |
| Nqalweni AR                                     | I    | Infrastructure | Completed | 862,580.82           | 518,321.78               | - 1,380,902.60                | -                    |
| Nyathini Bridge                                 | I    | Infrastructure | Completed | 1,806,685.00         | 236,290.00               | - 2,042,975.00                | -                    |
| Velem via Mthonjeni - Gamakhulu AR              | I    | Infrastructure | Completed | 1,696,530.00         | 763,917.28               | - 2,460,447.28                | -                    |
| Osborn Community hall                           | B    | Community      | Completed |                      | 3,022,306.51             | - 3,022,306.51                | -                    |
| Nxashini AR Maintenance                         | I    | Infrastructure | Completed |                      | 1,339,275.00             | - 1,339,275.00                | -                    |
| Sidakeni Community Hall                         | B    | Community      | Completed |                      | 2,603,538.40             | - 2,603,538.40                | -                    |
| Luxwesa AR Maintenance                          | I    | Infrastructure | Completed |                      | 1,386,721.91             | - 1,386,721.91                | -                    |
| Magcakini to Majuba AR Maintenance              | I    | Infrastructure | Completed |                      | 1,023,281.76             | - 1,023,281.76                | -                    |
| Mmangweni Access Road                           | I    | Infrastructure | Completed |                      | 1,689,596.95             | - 1,689,596.95                | -                    |
| Sivumela AR Maint                               | I    | Infrastructure | Completed |                      | 1,386,760.00             | - 1,386,760.00                | -                    |
| Bethane via Luqolweni to Bhakaneni AR Maint     | I    | Infrastructure | Completed |                      | 1,651,870.00             | - 1,651,870.00                | -                    |
| Good Hope via Komkhulu Access Road              | I    | Infrastructure | Completed |                      | 1,797,963.81             | - 1,797,963.81                | -                    |

BOQ has been sent to Engineers for unbundling

**Retention register as at January 2026 (Annexure c)**

|  <b>Retention Schedule Reconciliation</b> |                                     |
|--|-------------------------------------|
| <b>Municipality:</b>   | <b>UMZIMVUBU LOCAL MUNICIPALITY</b> |
| <b>Period:</b>   | <b>Jan-26</b>                       |
| Opening Balance as at 01 July 2025   | <b>13,756,011.38</b>                |
| Retention Paid 2025/2026   | <b>6,153,196.93</b>                 |
| Retention Raised to date 2025/2026   | <b>8,933,590.40</b>                 |
| Closing Balance as at January 2026   | <b>16,536,404.85</b>                |

### Overdue retentions

- Upgrading of EmaXesibeni Streets along CBD Phase 2
- Mpemba Bridge with 6km
- Completion of Nophoyi Sport field


### WIP AS AT 31 January 2026

| 2026                               |                      |                      |                       |
|------------------------------------|----------------------|----------------------|-----------------------|
| Reconciliation of Work-in-Progress |                      |                      |                       |
|                                    | Infrastructure       | Buildings            | Total                 |
| Opening balance                    | 50,785,446           | 43,063,663           | R93,849,109.00        |
| Additions/capital expenditure      | R51,301,457.98       | R12,953,679.45       | R64,255,137.43        |
| Transferred to completed items     | - 32,996,274.85      | - 6,493,765.38       | -R39,490,040.23       |
|                                    | <b>69,090,629.13</b> | <b>49,523,577.07</b> | <b>118,614,206.20</b> |

#### **4. Work in Progress as at October 2025**

- Annexure A

#### **6 Political Office – Usage Vehicle**

|  Office Bearers Vehicle Usage Report |                               |                         |              |                         |
|---|-------------------------------|-------------------------|--------------|-------------------------|
| Municipality:   | UMZIMVUBU LOCAL MUNICIPALITY  |                         |              |                         |
| Month   | July - January 2026           |                         |              |                         |
| Financial Year:   | 2025/2026                     |                         |              |                         |
| Description - July 2025-January 2026  | Mayor - JVF 565 E& KPF 437 EC | Speaker - JZX 814 EC    | Chief Whip - |                         |
| <b>Jul-25</b>   |                               |                         |              |                         |
| Fuel  | 19,129.45                     | 12,322.58               |              | -                       |
| Maintenance   | 4,257.44                      | 11,680.00               |              | -                       |
| Total   | 23,386.89                     | 24,002.58               |              | -                       |
| Mielage   | 167 - 4792 KM                 | 179 306 - 184 115 KM    |              | 0                       |
| Travel KM   | <b>4625</b>                   | <b>4719</b>             |              | <b>0</b>                |
| <b>Aug-25</b>   |                               |                         |              | KDM 418 EC              |
| Fuel  | 22,957.55                     | 13,688.66               |              | 8,918.69                |
| Maintenance   | -                             | -                       |              | -                       |
| Total   | 22,957.55                     | 13,688.66               |              | 8,918.69                |
| Mielage   | 4792 -13183 KM                | 184 115 - 189 347 KM    |              | 97 964 - 102 761 KM     |
| Travel KM   | <b>8391</b>                   | <b>5233</b>             |              | <b>4797</b>             |
| <b>Sep-25</b>   |                               |                         |              | KDM 418 EC              |
| Fuel  | 26,559.59                     | 17,126.05               |              | 12,169.10               |
| Maintenance   | -                             | -                       |              | -                       |
| Total   | 26,559.59                     | 17,126.05               |              | 12,169.10               |
| Mielage   | 13 183 - 22 959 KM            | 189 347 - 195 485 KM    |              | 102 761 - 109 080 KM    |
| Travel KM   | <b>9776</b>                   | <b>6138</b>             |              | <b>6319</b>             |
| <b>Oct-25</b>   | KPF 437 EC                    |                         |              | KDM 398 EC              |
| Fuel  | 23,895.75                     | 12,245.59               |              | 4,161.30                |
| Maintenance   | -                             | -                       |              | -                       |
| Total   | 23,895.75                     | 12,245.59               |              | 4,161.30                |
| Mielage   | 22 959 - 31771 KM             | 195 485 - 199 948 KM    |              | 90 262 - 91 952 KM      |
| Travel KM   | <b>8,812.00</b>               | <b>4,463.00</b>         |              | <b>1,690.00</b>         |
| <b>Nov-25</b>   | KPF 437 EC                    | JZX 814 EC              |              | KDM 426 EC & JVF 565 EC |
| Fuel  | 23,394.79                     | 8,562.14                |              | 16,132.58               |
| Maintenance   | -                             | -                       |              | -                       |
| Total   | 23,394.79                     | 8,562.14                |              | 16,132.58               |
| Mielage   | 31 771 - 40 688 KM            | 199 948 - 203 060 KM    |              |                         |
| Travel KM   | <b>8,917.00</b>               | <b>3,112.00</b>         |              | <b>1659 &amp; 4799</b>  |
| <b>Dec-25</b>   | <b>KPF 437 EC</b>             | <b>JZX 814 EC</b>       |              | <b>JVF 565 EC</b>       |
| Fuel  | <b>26,030.85</b>              | <b>8,398.92</b>         |              | <b>14551.44</b>         |
| Maintenance   | -                             | -                       |              | <b>0</b>                |
| Total   | <b>26,030.85</b>              | <b>8,398.92</b>         |              | <b>14551.44</b>         |
| Mielage   | <b>40688-50407 KM</b>         | <b>203060-205935 KM</b> |              | <b>263642-268980 KM</b> |
| Travel KM   | <b>9,719.00</b>               | <b>2,875.00</b>         |              | <b>5338</b>             |
| <b>Jan-26</b>   | <b>KPF 437 EC</b>             | <b>JZX 814 EC</b>       |              | <b>JVF 565 EC</b>       |
| Fuel  | <b>18,364.28</b>              | <b>7,396.23</b>         |              | <b>12440.54</b>         |
| Maintenance   |                               |                         |              |                         |

**Recommendation**

That, the Asset Management report for January be noted by Council

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

(Author: Chief Financial Officer/ KM/ XB)

(1<sup>st</sup> Level: MTM - 03/02/2026)

(2<sup>nd</sup> Level: BTO STANCO -10/02/2026)

(3<sup>rd</sup> Level: EXCO -19/02/2026)

(4<sup>th</sup> Level: Council - 26/02/2026)

## **PURPOSE**

To report Supply Chain Management processes and other procurements matters for the reporting Month ended **31 January 2026**.

The municipality did not have any deviations for the month of **31 January 2026**.

To report bids invited, evaluated, adjudicated, and awarded for the reporting month ended **31 January 2026**

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 January 2026**, the Municipality has operated financially through procurement processes as follows:

## DASHBOARD / PERFORMANCE SUMMARY

|  | 31 JANUARY 2026      |
|--|----------------------|
| <b>BIDS AND QUOTATIONS INVITED</b>           |                      |
| Quotations below 30 000.00                   | 13                   |
| Invited Quotations above 30 000.00           | 1                    |
| Invited Bids                                 | 3                    |
|  |                      |
| <b>AWARDED BIDS</b>                          |                      |
| Quotations below 30 000.00                   | 13                   |
| Awarded Quotations above 30 000.00           | 1                    |
| Awarded Bids                                 | 2                    |
|  |                      |
| <b>Total Summary values of Procurements,</b> |                      |
| Below R30 000 (SCM Orders)                   | <b>R143,278.37</b>   |
| R30 001 – R300 000 (Seven days' notice)      | <b>R251,850.00</b>   |
| Above R300 000                               | <b>R1,256,303.50</b> |
| Section 32                                   | <b>0</b>             |
| Deviations (Section 36)                      | <b>0</b>             |

|   |          |
|---|----------|
|   |          |
| <b>% of Competitive Bids awarded per area,</b>                |          |
| Local (Mount Frere and Mount Ayliff)                          | 100%     |
| Region (Alfred Nzo)   | 0%       |
| Province (Eastern Cape)                                       | 0%       |
| National (Excluding Mount Ayliff and Mount frere)             | 0%       |
|   |          |
| <b>% of Quotations awarded per area, (R30 001 – R300 000)</b> |          |
| 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                           | <b>4</b> |
| Bid Specification Committee                                   | 1        |
| Bid Evaluation Committee                                      | 2        |
| Bid Adjudication Committee                                    | 1        |
|   |          |

|                       |     |
|-----------------------|-----|
| 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 January 2026**.

- **13 Quotations** below 30K were requested in the reporting Month of September 2025.
- **1 Quotations** above 30K were advertised on the notice board and Municipal website for a period of seven days in the reporting Month of **January 2026**.
- **3 Competitive bids** were advertised on the daily dispatch and E-tender portal, Municipal website month of **January 2026**.
- **13 Quotations** below 30k were awarded in the for the month ended **31 January 2026**.
- **1 Quotations** above 30k were awarded in the for the month ended **31 January 2026**.
- **2 Competitive bids** were awarded in the month ended **31 January 2026**.

## 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 January 2026**, amounts to **R143,278.37**.
- 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 January 2026** amounts to **R251,850.00**.
- 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 January 2026**, amounts to **R1,256,303.50**.
- No Deviations done for the month of **31 January 2026**.
- No section 32 awards were made for the reporting quarter ended **31 January 2026**.

## 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 January 2026**, above R300 000.00 awarded bids through open / **competitive bidding 100%** was awarded to local suppliers within Mount Ayliff and Mount Frere.
- For the reporting month ended **31 January 2026**, quotations between R30 001 – R300 000.00, **100%** was awarded to local suppliers within Umzimvubu Local municipality.
- For the reporting month ended **31 January 2026**, 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 |
|--------------|----------|-------------|----------|----------------------------------|
| 1(100%)      | 0(0%)    | 0(0%)       | 0(0%)    | 1                                |

**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 |
|--------------|----------|-------------|----------|-----------------------------------|
| 2(100%)      | 0(0%)    | 0(0%)       | 0(0%)    | 2                                 |

**1.3. SECTION 32 PROCUREMENT**

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

**1.4. DEVIATIONS (Section 36)**

No deviations for the month of October 2025.



**DEVIATION ILLUSTRATED BY GRAPH MONTHLY**

No deviations for the month of October 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: |
|----------------|---|-------------|--------|--------|--|
| 6 January 2026 | 1. Mr L Luzipho<br>2. Ms Madlanga<br>3. Ms Bingwa<br>4. Ms Dina<br>5. Ms Ndlangisa<br>6. Mr Ngejane | All Members |        |        | Occupational Doctor Services                       |

**3.4. BID EVALUATION COMMITTEE**

| BEC DATE        | MEMBERS   | PRESENT | ABSENT | REASON | Comments   |
|-----------------|---|---------|--------|--------|--|
|                 |   |         |        |        | <b>THE PROJECTS LISTED BELOW WERE PART OF THE AGENDA:</b>  |
| 15 January 2026 | Mr Gamedala<br>Mr M. Mafumbatha<br>Mr Mbuyeleni<br>Ms Z Mbono<br>Mr Jojo<br>Mr Matola |         |        |        | Cabane Slab<br>Compilation of General/Supplementary Valuation roll<br>Security Services<br>Panel for RM of Buildings |

| MEETING DATE    | MEMBERS   | PRESENT | ABSENT | REASON | Comments   |
|-----------------|---|---------|--------|--------|--|
| 21 January 2026 | Mr Gamedala<br>Mr M. Mafumbatha<br>Ms Z Mbono<br>Mr Jojo<br>Mr Matola<br>Mr Mbuyeleni |         |        |        | Panel of attorneys<br>Provision of internal audit services |

### 3.5. BID ADJUDICATION COMMITTEE

| MEETING DATE    | MEMBERS   | PRESENT | ABSENT | REASON | Comments  |
|-----------------|---|---------|--------|--------|---|
| 21 January 2026 | Mr. K Mehlomakhulu<br>Mr. J Moleko<br>Mr L Makanda<br>Mrs Zembe<br>Dr. Tshazi<br>Mr X Blaweni<br>Mrs Kubone |         |        |        | Cabane Slab<br>Compilation of General/Supplementary Valuation roll<br>Security Services<br>Panel of waste specialised Equipment |
|                 |   |         |        |        |   |

### 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 January 2026**.

### 5. CONTRACT MANAGEMENT

The unit did not receive the following S116 Reports for active contracts in the reporting month ended 31 JANUARY 2026.

| DEPARTMENT | PROJECT/CONTRACT | PROJECT MANAGER |
|------------|------------------|-----------------|
|            |                  |                 |

|                             |   |   |
|-----------------------------|---|---|
| C&CS-Community Safety/INFRA | <ol style="list-style-type: none"> <li>1. Construction of Chithwa Recreational Park-Phase 2.</li> <li>2. Construction of Public Transport Pound Phase 2</li> </ol>  | <p>Manager-Building/Manager-Public Safety-Mr Yakobi/Ms Ndlangisa</p> <p>Manager-Building/Manager-Public Safety-Mr Yakobi/Mr Ntlamba</p> |
| INFRA-Building Section      | <ol style="list-style-type: none"> <li>1. Construction of Municipal Offices.</li> <li>2. Turnkey Project For Cabazana B400(181) Rural Housing Project.</li> <li>3. Turnkey Project For Dundee 500(34) Rural Housing Project.</li> <li>4. Turnkey Project For Cancele</li> <li>5. Turnkey Project For Nkungwini</li> <li>6. Sikhumbeni Community Hall.</li> <li>7. Sogoni Community Hall.</li> </ol> | <p>Manager-Building- Mr. Yakobi</p>   |

## 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 0 cancelled bids in the reporting month ended **31 January 2026**.

## 7. RELATED PARTIES DISCLOSURE

**Régulation 45 Disclosure**

| Company name           | Appointment date | Description  | Amount           | Related Employee             |
|------------------------|------------------|--|------------------|------------------------------|
| The Drops Reno Trading | 20-Jan-26        | Supply and deliver still water and fruit for prayer day. | <b>R5,700.00</b> | Yes, Spouse (Mr S Mathontsi) |

**Grap 20 Disclosure**

| Company name                        | Expenditure Amount   | Related Employee           |
|-------------------------------------|----------------------|----------------------------|
| MOEPANGAUTA T/AMADLANGA PARTNERS    | <b>R764,754.07</b>   | Yes (Miss Madlanga)        |
| Glenhope Trading                    | <b>R1,360,000.00</b> | Yes, Spouse (Mrs N. Zembe) |
| Brotherly Love Trading and Projects | <b>R454,660.00</b>   | Yes, Spouse (Mrs N. Zembe) |

**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.

**7.1. NON-SUBMISSION AND LATE SUBMISSIONS**

None.

**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” – R45 and Grap 20 Related Party Disclosure

“G”-Status of Projects

**RECOMMENDATIONS**

1. That, the report on supply chain management for the reporting month ended 31 January 2026 be noted by Council.
2. That, for the reporting month ended 31 January 2026 the has been no irregular expenditure detected and No Deviations incurred to be noted.
3. Projects status for the reporting month ended 31 January 2026 be noted.

**BUDGET AND TREASURY DEPARTMENT: REPORT ON VAT FOR THE MONTH ENDED 31 JANUARY 2026 REPORT.**

**(File No: /02/26)  
(Author: FT/LL)**

(1<sup>st</sup> Level: MANCO 03/02/2026)  
 (2<sup>nd</sup> Level: STANCO /02/2026)  
 (3<sup>rd</sup> Level: EXCO /02/2026)  
 (4<sup>th</sup> Level: COUNCIL /02/2026)

## **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 January 2026.

## **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 July 2025 for the year ending 30 June 2026.

## **DISCUSSION**

- SARS requires that ULM submitted VAT returns by the 25<sup>th</sup> 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.

| <b>2025-2026 VAT RETURNS SUMMARY REPORT</b> |                  |                   |                       |                          |
|---|------------------|-------------------|-----------------------|--------------------------|
| <b>Month</b>                                | <b>VAT Input</b> | <b>VAT Output</b> | <b>VAT Receivable</b> | <b>Comment</b>           |
| <b>July'25</b>                              | 5,560,801.62     | - 1,025,852.28    | 4,534,949.34          | To set off INEP VAT Debt |

|              |                      |                       |                      |                                  |
|--------------|----------------------|-----------------------|----------------------|----------------------------------|
| August'25    | 1,805,106.19         | - 32,007.42           | 1,773,098.77         | To set off INEP VAT Debt         |
| September'25 | 3,638,596.32         | - 62,662.09           | 3,575,934.23         | To set off INEP VAT Debt         |
| October'25   | 2,767,141.81         | - 63,452.96           | 2,703,688.85         | To set off INEP VAT Debt         |
| November'25  | 2,400,614.49         | - 242,537.80          | 2,158,076.69         | To set off INEP VAT Debt Balance |
| December'25  | 3,142,813.98         | - 351,197.05          | 2,791,616.93         | N/A                              |
| January'26   | 855,055.28           | - 6,605.04            | 848,450.24           | Awaiting SARS Verification       |
|              | <b>20,170,129.69</b> | <b>- 1,784,314.64</b> | <b>18,385,815.05</b> |                                  |

| <b>VAT INEP</b>              |                      |
|------------------------------|----------------------|
| <b>SARS VAT Debt</b>         |                      |
| Initial Total VAT Disclosure | 10,253,869.57        |
| Initial Interest Charged     | 3,077,271.73         |
| Additional Interest          | 3,059,922.79         |
| Total SARS VAT Debt          | <b>16,391,064.09</b> |
| <b>VAT Returns Submitted</b> |                      |
| June'25                      | 2,781,793.13         |
| July'25                      | 4,534,949.34         |
| August'25                    | 1,822,961.84         |
| September'25                 | 3,580,479.48         |
| October'25                   | 2,674,551.53         |
| November'25                  | 996,328.77           |
| Total paid to-date           | <b>16,391,064.09</b> |
| Total Debt to-date           | -                    |

### **CHALLENGES**

- SARS take it is time to finalize the audit on the returns submitted.
- Municipality owes SARS though INEP allocation
- Interests are charged monthly based on the balance

### **RECOMMENDATION**

Council to approve the report.

**BUDGET AND TREASURY DEPARTMENT: REPORT ON COST CONTAINMENT  
MEASURES FOR THE MONTH ENDED 31 JANUARY 2026 REPORT**

(File No: /02/26)  
(Author: FT/LL)  
(1<sup>st</sup> Level: MANCO 02/02/2026)  
(2<sup>nd</sup> Level: STANCO /02/2026)  
(3<sup>rd</sup> Level: EXCO /02/2026)  
(4<sup>th</sup> Level: COUNCIL /02/2026)

**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 January 2026.

**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.

## **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.

| <b>Cost Containment Report as of 31 January 2026</b> |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|
|  | <b>To-Date</b>        |                       |                       |
| <b>Cost Containment Measures</b>                     | <b>Budget</b>         | <b>Expenditure</b>    | <b>Savings</b>        |
|  | <b>R'000</b>          | <b>R'000</b>          | <b>R'000</b>          |
| Use of consultants                                   | 17,583,400.00         | 8,568,165.52          | 9,015,234.48          |
| Travel and subsistence                               | 2,166,800.00          | 1,508,140.74          | 658,659.26            |
| Domestic accommodation                               | 4,702,000.00          | 2,349,635.49          | 2,352,364.51          |
| Sponsorships, events, and catering                   | 3,423,596.00          | 1,219,469.00          | 2,204,127.00          |
| Communication  | 1,189,500.00          | 291,838.38            | 897,661.62            |
|  | <b>R29,065,296.00</b> | <b>R13,937,249.13</b> | <b>R15,128,046.87</b> |

| <b>Detailed use of consultants as of 31 January 2026</b> |                     |
|--|---------------------|
| <b>Description</b>                                       | <b>Expenditure</b>  |
| Internal audit committee 204300183                       | 342,500.00          |
| Business Financial PMS evaluation 201300255              | 322,450.53          |
| Best Practices   | 2,690,869.31        |
| Conveyancing 204300201                                   | 1,336,136.05        |
| Financial Management 200300119                           | -                   |
| Strategic Annual Risk Assessment                         | -                   |
| Communication Strategy consultant 206300043              | -                   |
| Job evaluation 201300191                                 | -                   |
| Housing Sector Plan 203300360                            | 52,826.09           |
| Interim valuation 200300181                              | -                   |
| Development of Storm water Management plan               | -                   |
| Survey Planning 203300335                                | 275,226.09          |
| Legal Fees 204300199                                     | 3,548,157.45        |
|  | <b>8,568,165.52</b> |

## **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 JANUARY 2026**  
**REPORT**

(File No: /02/2026)  
(Author: FT/LL)  
(1<sup>st</sup> Level: MANCO 03/02/2026)  
(2<sup>nd</sup> Level: STANCO /02/2026)  
(3<sup>rd</sup> Level: EXCO /02/2026)  
(4<sup>th</sup> Level: COUNCIL /02/2026)

**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 January 2026.

**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:

| <b>2025-2026 EXPENDITURE SUMMARY REPORT</b>                |                       |                 |                       |                   |                           |
|--|-----------------------|-----------------|-----------------------|-------------------|---------------------------|
| <b>No of Creditors, Invoices &amp; Paid within 30 days</b> |                       |                 |                       |                   |                           |
| <b>Month</b>   | <b>Amount Due</b>     | <b>Received</b> | <b>Amount Paid</b>    | <b>Difference</b> | <b>Paid after 30 days</b> |
| July'25  | 57,287,148.56         | 194             | 57,287,148.56         | -                 | None                      |
| August'25  | 19,948,995.02         | 126             | 19,948,995.02         | -                 | None                      |
| September'25   | 40,493,924.69         | 128             | 40,493,924.69         | -                 | None                      |
| October'25   | 30,776,678.29         | 192             | 30,776,678.29         | -                 | None                      |
| November'25  | 35,118,011.40         | 193             | 35,118,011.40         | -                 | None                      |
| December'25  | 48,238,812.41         | 192             | 48,238,812.41         | -                 | None                      |
| January'26   | 13,448,395.19         | 110             | 13,448,395.19         | -                 | None                      |
|  | <b>245,311,965.56</b> | <b>1,135</b>    | <b>245,311,965.56</b> | -                 |                           |
|  |                       |                 |                       |                   |                           |

**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 JANUARY 2026**  
**REPORT**

(File No: /02/26)  
(Author: FT/LL)  
(1<sup>st</sup> Level: MANCO 03/02/2026)  
(2<sup>nd</sup> Level: STANCO /02/2026)  
(3<sup>rd</sup> Level: EXCO /02/2026)  
(4<sup>th</sup> Level: COUNCIL /02/2026)

**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 January 2026.

**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 | Salary bill                        | Substance & Travel |
| 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           |
| September'25 | R1,756,136.99         | R102,471.25        | R9,079,590.11         | R234,138.85          |
| October'25   | R1,681,354.13         | R27,724.71         | R8,090,798.52         | R133,364.99          |
| November'25  | R1,685,741.10         | R32,075.35         | R12,844,537.51        | R33,465.79           |
| December'25  | R1,803,491.46         | R149,825.71        | R8,613,307.13         | R371,763.25          |
| January'26   | R1,724,006.80         | R6,630.04          | R7,927,420.63         | R126,141.42          |
| <b>Total</b> | <b>R12,024,135.49</b> | <b>R384,800.60</b> | <b>R61,936,919.50</b> | <b>R1,096,495.59</b> |
|              |                       |                    |                       |                      |

**CHALLENGES**

- Late submission of payroll inputs, these inputs include:
- Change of banking details
- Removal on the system of an employee who resigned after the 15<sup>th</sup> 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.