

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

(File No: 9/1/2/3)

(Author: KM/LL)

(1st Level: MANCO 04/06/2026)(2nd Level: STANCO 10/06/2026)(3rd Level: EXCO 18/06/2026)(4th Level :COUNCIL /06/2026)**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 May 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 May 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**

Overall Operating Results			Capital Grants Results	
Income	R493 840 418		Income	R148 316 099
Expenditure	R359 511 713		Expenditure	R101 652 583
Operating Surplus/Deficit	R134 328 705		Surplus (Deficit)	R46 663 516
Financial Ratios			Capital Grants Performance	
Cash coverage	10 Months		MIG	80%
Current ratio	3:1		INEP	84%
Liquidity ratio	3:1		MDRG	44%
Spending of Operating Budget (Opex)	70 %			
Spending of Capital Budget (Capex)	60%			
Spending on Repairs and Maintenance	55%			

Budget vs Actuals- Revenue

Description	Total Budget	Year-To-Date	Pending	Available Budget	Actual Percentage
Revenue	- 601,760,652.00	- 493,840,418.44	-	- 107,920,233.56	82%
Agency Services	- 2,900,000.00	- 2,164,209.14	-	- 735,790.86	75%
Fines; Penalties and Forfeits	- 2,527,000.00	- 2,198,244.62	-	- 328,755.38	87%
Interest	- 7,200,000.00	- 6,325,851.89	-	- 874,148.11	88%
Interest; Dividend and Rent on Land	- 11,280,000.00	- 9,514,119.82	-	- 1,765,880.18	84%
Licences or Permits	- 2,565,000.00	- 2,404,073.03	-	- 160,926.97	94%
Operational Revenue	- 4,414,000.00	- 770,414.60	-	- 3,643,585.40	17%
Property Rates by Usage	- 72,174,980.00	- 69,211,657.16	-	- 2,963,322.84	96%
Rental from Fixed Assets	- 7,455,000.00	- 2,716,891.81	-	- 4,738,108.19	36%
Sales of Goods and Rendering of Services	- 77,666,652.00	- 29,565,966.60	-	- 48,100,685.40	38%
Service Charges	- 1,487,600.00	- 1,287,271.08	-	- 200,328.92	87%
Transfers and Subsidies	- 412,090,420.00	- 367,681,718.69	-	- 44,408,701.31	89%

The projected figure for revenue is R601 million and the actuals are at R493 million, which translates to 82% as at the end of month 11.

The rental of fixed assets amount is still low because of nonpayment of rentals by the tenants as well as non-occupancy of rental properties.

Budget vs Actuals-Expenditure

Description	Total Budget	Year-To-Date	Pending	Available Budget	Actual Percentage
Expenditure	512,718,698.00	359,511,712.79	12,757,003.39	131,531,059.14	70%
Contracted Services	179,004,854.00	104,838,528.76	8,918,922.68	65,247,402.56	59%
Depreciation and Amortisation	89,550,000.00	70,467,511.02	1,500.00	19,080,988.98	79%
Employee Related Cost	106,493,809.00	87,557,870.37	-	18,935,938.63	82%
Inventory Consumed	11,315,502.00	6,924,754.78	2,113,020.89	2,277,726.33	61%
Operating Leases	1,667,220.00	1,223,291.54	-	443,928.46	73%
Operational Cost	82,312,657.00	52,093,758.04	9,800,393.15	20,418,505.81	63%
Remuneration of Councillors	25,088,238.00	22,386,293.22	-	2,701,944.78	89%
Transfers and Subsidies	17,286,418.00	14,019,705.06	842,089.35	2,424,623.59	81%

The anticipated expenditure for the year is amounting to R512 million and the actual expenditure incurred is R359 million resulting in 70% against the anticipated budget.

The implementation of cost containment measures is the cause of the 63% on operational costs.

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

(File No:

9/1/2/3)

(Author: KM/LL)

(1st Level: MANCO 04/06/2026)

(2nd Level: STANCO 10/06/2026)

(3rd Level: EXCO 18/06/2026)

(4th Level :COUNCIL /06/2026)

Purpose

Purpose of the report is for the Council to note the grants expenditure incurred by the Municipality for the period ending 31 May 2026.

Statutory requirements

The Constitution of RSA

MFMA

MBRR

Parties consulted

None

Authority

Council

Annexure

Month May 2026												
UMZIMVUBU LOCAL MUNICIPALITY												
Ref			Balance	Amount	Total	Expenditure				Balance	%	Allocation
No	Description	Total Allocation	BF	Received	Liability	Operating	Capital	VAT	Total	Unspent @ 31.05.2026	Spending	Spending%
1	MUNICIPAL INFRASTRUCTURE	57,096,000.00	-	57,096,000	57,096,000		40,449,908	5,202,061	45,651,969	11,444,031	80%	80%
2	FINANCIAL MANAGEMENT	1,800,000.00	-	1,800,000	1,800,000	1,176,597		128,165	1,304,761	495,239	72%	72%
3	ELECTRIFICATION PROJECT	16,977,957.00	2,007,957	14,970,000	16,977,957		12,459,308	1,846,024	14,305,332	2,672,625	84%	84%
4	EXPANDED PUBLIC WORKS	2,773,000.00		2,773,000	2,773,000	2,773,000		-	2,773,000	-	100%	100%
5	EPWP-INCENTIVE GRANT	2,743,902.00	169,902	2,574,000	2,743,902	2,819,712		9,252	2,828,964	-85,062	103%	103%
6	ARTS AND CULTURE	1,794,518.00	321,518	1,473,000	1,794,518	1,166,419		73,771	1,240,190	554,328	69%	69%
7	Municipal Disaster Recovery Grant	57,188,000.00	-	57,188,000	57,188,000		21,908,547	3,286,282	25,194,829	31,993,171	44%	44%
8	Human Settlement Housing Project	61,800,000.00	-	20,062,099	20,062,099		16,500,453	-	16,500,453	3,561,646	82%	27%
	Grand total	202,173,377	2,499,377	157,936,099	160,435,476	7,935,727	52,909,217	10,545,555	68,104,217	50,635,978	42%	34%

Discussion

All tranches for MIG were received and the municipality and the current percentage is at 80% and the municipality anticipates to fully spend the funds at year end

The reason for the decline in the MDRG expenditure percentage is as a result of additional allocation of R30.3 million received and has not yet been spent.

Recommendations

That, the 80% spending on MIG be noted by the Council

That, the 84% spending on INEP be noted by the Council

That, the 72% spending on FMG be noted by the Council

That, the 100% spending on EPWP be noted by the Council

That, the 44% spending on MDRG be noted by the Council

That, the 27% spending on HSHP be noted by the Council

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(2nd Level: STANCO /06/2026)
(3rd Level: EXCO /06/2026)
(4th Level :COUNCIL /06/2026)

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 31st of May 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 is disclosed as Irregular until the expiration of the contract. The panel was advertised and it is on an evaluation stage during the reporting period.

Annexure

EC442					
Register for Irregular, fruitless and wasteful expenditure 2025/26 FY					
	Opening balance	Additions	Write off	Recovered	Balance as at 31/05/2026
Unauthorized expenditure	-			-	-
Irregular expenditure	4,368,897.00			-	4,368,897.00
Fruitless and Wasteful expenditure	839,721.00	-	-		839,721.00
	5,208,618.00	-	-	-	5,208,618.00

Recommendations

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

That, the Irregular expenditure amounting to R4.3 million be noted by the Council

That, the Council notes the total amount of R5.2 million in relation to UIFWE

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PURPOSE

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

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

To report bids invited, evaluated, adjudicated, and awarded for the reporting month ended **31 May 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 May 2026**, the Municipality has operated financially through procurement processes as follows:

DASHBOARD / PERFORMANCE SUMMARY

	31 May 2026
BIDS AND QUOTATIONS INVITED	
Quotations below 30 000.00	70
Invited Quotations above 30 000.00	8
Invited Bids	1
AWARDED BIDS	
Quotations below 30 000.00	70
Awarded Quotations above 30 000.00	16
Awarded Bids	3
Total Summary values of Procurements,	
Below R30 000 (SCM Orders)	R988,109.47
R30 001 – R300 000 (Seven days' notice)	R2,378,787.96
Above R300 000	R711,107.01
Section 32	0
Deviations (Section 36)	0

% of Competitive Bids awarded per area,	
Local (Mount Frere and Mount Ayliff)	67%
Region (Alfred Nzo)	0%
Province (Eastern Cape)	0%
National (Excluding Mount Ayliff and Mount frere)	33%
% of Quotations awarded per area, (R30 001 – R300 000)	
Local (Mount Frere and Mount Ayliff)	96%
Region (Alfred Nzo)	0%
Province (Eastern Cape)	0%
National (Excluding Mount Frere and Mount Ayliff)	4%
Number of meetings set successfully	7
Bid Specification Committee	2
Bid Evaluation Committee	2
Bid Adjudication Committee	3
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 May 2026**.

- **70 Quotations** below 30K were requested in the reporting Month of September 2025.
- **8 Quotations** above 30K were advertised on the notice board and Municipal website for a period of seven days in the reporting Month of **May 2026**.
- **1 Competitive bids** were advertised on the daily dispatch and E-tender portal, Municipal website month of **April 2026**.
- **70 Quotations** below 30k were awarded in the for the month ended **31 May 2026**.
- **16 Quotations** above 30k were awarded in the for the month ended **31 May 2026**.
- **3 Competitive bids** were awarded in the month ended **31 May 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 May 2026**, amounts to **R988,109.47**.
- 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 May 2026** amounts to **R2,378,787.96**.
- 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 May 2026**, amounts to **R711,107.01**.
- No Deviations done for the month of **31 May2026**.
- No Reg 32 awards were made for the reporting quarter ended **31 May2026**.

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 May2026**, above R300 000.00 awarded bids through open / **competitive bidding 67%** was awarded to local suppliers within Mount Ayliff and Mount Frere.
- For the reporting month ended **31 May2026**, quotations between R30 001 – R300 000.00, **96%** was awarded to local suppliers within Umzimvubu Local municipality.
- For the reporting month ended **31 May2026**, 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
15(96%)	0(0%)	0(0%)	1(4%)	16

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
3(67%)	0(0%)	0(0%)	1(33%)	3

19.1. SECTION 32 PROCUREMENT

- No section 32 awards were made for the month of **May 2026**.

1.4. DEVIATIONS (Section 36)

No deviations for the month of **May 2026**.

DEVIATION ILLUSTRATED BY GRAPH MONTHLY

No deviations for the month of **May 2026**.

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:
19 May 2026	1.Mr L Luzipho 2. Ms Madlanga 3. Ms Bingwa 4. Ms Dina 5. Ms Ndlangisa 6. Mr Ngejane	All Members			Completion of Nciniba and Dinana Electrification
27 May 2026	1.Mr L Luzipho 2. Ms Madlanga 3. Ms Bingwa 4. Ms Dina 5. Ms Ndlangisa 6. Mr Ngejane	All Members			Malenge Access Road Maintenance Ngwekazana Access Road Maintenance Qadu Access Road Maintenance Baqqueni Access Road Maintenance Sugarbush Access Road Maintenance Construction of Ziqungwini to Nqabeni Access Road
27 May 2026	1.Mr L Luzipho 2. Ms Madlanga 3. Ms Bingwa 4. Ms Dina 5. Ms Ndlangisa 6. Mr Ngejane	All Members			Mgungudlovu Access Road Maintenance Mpungutyana To Bhaletyeni Access Road Maintenance Niyona Access Road Maintenance Baphathe Access Road Maintenance Ehlane - Extension Of Road And Hlane Access Road Maintenance Construction Of Badibanise Access Road Bhakaleni To Sekileni Via Shinta To Boss Access Road Maintenance Dangwana /Zingcuka Access Road Maintenance

					Mhlanganisweni Access Road Maintenance Matyamhlophe Via Huba Deskspan Access Road Maintenance Shayamoya To Hlehle Via Komkhulu Ezixhobo To Siqhingeni Primary Access Road Maintenance
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3.4. BID EVALUATION COMMITTEE

REC DATE	MEMBERS	PRESENT	ABSENT	REASON	Comments
					THE PROJECTS LISTED BELOW WERE PART OF THE AGENDA:
3 May 2026	Mr Gamedala Mr M. Mafumbatha Mr Matola Mr Mbuyeleni				Repairs and Maintenance of swimming pool Supply, Delivery and Installation of Office Furniture
21 May 2026	Mr Gamedala Mr M. Mafumbatha Mr Matola Mr Mbuyeleni				Supply and Delivery of Councillors Cellphones Provision for Occupational Health and Services and Employee Wellness Panel of attorneys

3.5. BID ADJUDICATION COMMITTEE

BAC DATE	MEMBERS	PRESENT	ABSENT	REASON	Comments
14 May 2026	Mr. K Mehlomakhulu Mr. J Moleko Mr L Makanda Ms Mbono Dr. Tshazi Mr X Blaweni Mrs Kubone				Repairs and Maintenance of Swimming pool Supply, Delivery and Installation of Office Furniture Construction of Shooting Range phase 2 Provision of Radio Services for a period of 2 years
22 May 2026	Mr. K Mehlomakhulu Mr. J Moleko Mr L Makanda Ms Mbono Mr X Blaweni Mrs Kubone				Supply and Delivery of Councillors Cellphones Provision for Occupational Health and Services and Employee Wellness
25 May 2026	Mr. K Mehlomakhulu Mr. J Moleko Mr L Makanda Ms Mbono Mr X Blaweni Dr. Tshazi				Supply and Delivery of Yellow Maize Production inputs cluster C Conduct Ploughing Mechanization Cluster D Supply and Delivery of Yellow Maize Production inputs cluster B

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 May 2026**.

5. **CONTRACT MANAGEMENT**

5.1. Progress Reports/S116 Reports

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

DEPARTMENT	PROJECT/CONTRACT	PROJECT MANAGER
INFRA-Building Section	1. Construction of Municipal Offices 2. Turnkey Project For Cabazana B400(181) Rural Housing Project. 3. Turnkey Project For Dundee 500(34) Rural Housing Project. 4. Turnkey Project For Cancele 5. Turnkey Project For Nkungwini 6. Construction of Public Transport Pound phase 2 7. Chithwa Recreational Park Phase 2	Manager-Building- Mr. Yakobi
INFRA-Maintenance	1. Construction of Emaxesibeni Municipal Hall Parking Area 2. Ndakeni To Malenge Access Road Maintenance 3. Sogoni Phase 2 Electrification 4. Sixhotyeni Link Line 5. Silindini Bridge 6. Mqhekezweni AR Maintenance 7. Reconstruction Of Ilitha Bridge & Concrete Slab 8. Rehabilitation of Maqakambeni Access Road 9. Rehabilitation of Phuka to Hlathini Access Road and Reconstruction of Bridge	PMU-Mr Gamedala/Miss Qwane/Mr. Bingwa

	10. Reconstruction Sikhemane to Ntshakeni AR 11. Rehabilitation of Gubuzi Access Road & Concrete Slab 12. Reconstruction of Lutshikini Access Road 13. Reconstruction of Cabane Concrete Slab 14. Thabo Access Road	
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5.2. Service Level Agreements

The unit did not receive signed SLAs for following active contracts and works have commenced in the reporting month ended 31 May 2026.

DEPARTMENT	PROJECT/CONTRACT	PROJECT MANAGER
INFRA	1. Reconstruction Of Bangweni To Njijini Bridge 2. Qhanqu Access Road Maintenance 3. Reconstruction Of Sikhemane To Ntshakeni Access Road 4. Reconstruction Of Ilitha Bridge & Concrete Slab 5. Rehabilitation Of Gubhuzi Access Road & Concrete Slab	Manager-Building- Mr. Yakobi, PMU-Mr Gamedala/Miss Qwane/Mr. Bingwa

5.3. Extension of Time.

The unit did not receive the following extension of time for active contracts in the reporting month ended 31 May 2026.

DEPARTMENT	PROJECT/CONTRACT	PROJECT MANAGER	Contract Expiry date
INFRA	1. Magwaca- Qwindlana Access Road Maintenance	Mr. Bingwa	2026/04/15

INFRA	2. Construction of Emaxesibeni Municipal Hall Parking Area	Mr. Gamedala	2026/04/30
INFRA	3. CONSTRUCTION OF CABANE SLAB	Mr. Bingwa	2026/04/24
INFRA	4. SOGONI PHASE 2 Electrification	Mr. Bingwa	2026/03/21
INFRA	5. Sixhotyeni Link Line	Mr. Bingwa	2026/03/21

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 May2026**.

7. **RELATED PARTIES DISCLOSURE**

Régulation 45 Disclosure

Company name	Appointment date	Description	Amount	Related Employee
The Drops Reno Trading	07-May-26	Catering for 60 people at Mabhobho	R6,000.00	Yes, Spouse (Mr S Mathontsi)

Grap 20 Disclosure

None

8. **PROCUREMENT PLAN IMPELMANTATION 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.

5.1. 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 May 2026 be noted by Council.
2. That, for the reporting month ended 31 May 2026 the has been no irregular expenditure detected and No Deviations incurred to be noted.
3. Projects status for the reporting month ended 31 May 2026 be noted.

(File No: /06/26)
(Author: FT/LL)
(1st Level: MANCO 04/06/2026)
(2nd Level: STANCO 10/06/2026)
(3rd Level: EXCO 18/06/2026)
(4th Level: COUNCIL /06/2026)

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

Annexure

2025-2026 VAT RETURNS SUMMARY REPORT				
Month	VAT Input	VAT Output	VAT Receivable	Comment
July'25	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	2,768,934.40	- 94,382.89	2,674,551.51	To set off INEP VAT Debt
November'25	2,525,808.53	- 284,924.22	2,240,884.31	To set off INEP VAT Debt Balance
December'25	4,875,803.52	- 365,977.83	4,509,825.69	Refund Received
January'26	890,039.34	- 21,703.56	868,335.78	Refund Received
February'26	1,859,226.68	- 143,857.01	1,715,369.67	Refund Received
March'26	1,859,226.68	- 143,857.01	1,715,369.67	Refund Received
April'26	2,225,806.82	- 78,283.37	2,147,523.45	Awaiting SARS Refund
May'26				Awaiting Month End Closure
28,009,350.10 - 2,253,507.68 25,755,842.42				

CHALLENGES

- SARS take its time to finalize the audit on the returns submitted.
- SARS is currently conducting VAT audit from 2020/2021 to 2024/2025 FY

RECOMMENDATION

Council to note the report.

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

(File No: /06/26)
(Author: FT/LL)
(1st Level: MANCO 04/06/2026)
(2nd Level: STANCO 10/06/2026)
(3rd Level: EXCO 18/06/2026)
(4th Level: COUNCIL /06/2026)

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 May 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 their 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.

Cost Containment Report as of 31 May 2026			
	To-Date		
Cost Containment Measures	Budget	Expenditure	Savings
	R'000	R'000	R'000
Use of consultants	17,583,400.00	12,161,989.01	5,421,410.99
Travel and subsistence	2,186,800.00	2,186,800.00	-
Domestic accommodation	5,556,000.00	4,824,453.62	731,546.38
Sponsorships, events and catering	3,676,596.00	3,119,084.00	557,512.00
Communication	1,189,500.00	639,144.74	550,355.26
	R30,192,296.00	R22,931,471.37	R7,260,824.63

Expenditure on Consultants as of 31 May 2026

Segment Description	Expenditure
Internal audit committee 204300183	R640,750.00
Business Financial PMS evaluation 201300255	R322,450.53
Best Practices	R3,997,825.83
Conveyancing 204300201	R1,741,787.05
Financial Management 200300119	R733,159.48
Strategic Annual Risk Assessment	R0.00
Communication Strategy consultant 206300043	R0.00
Job evaluation 201300191	R0.00
Housing Sector Plan 203300360	R52,826.09
Interim valuation 200300181	R1,285,152.17
Development of Storm water Management plan	R0.00
Survey Planning 203300335	R296,226.09
Legal Fees 204300199	R4,489,048.08
	R13,559,225.32

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 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 MAY 2026 REPORT

(File No: /06/2026)
 (Author: FT/LL)
 (1st Level: MANCO 04/06/2026)
 (2nd Level: STANCO 10/06/2026)
 (3rd Level: EXCO 18/06/2026)
 (4th Level: COUNCIL /06/2026)

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 May 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 invoices and agrees 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 dated stamped and must be paid within 30 days from the date of the stamp.

Below is a summary of creditors paid during the year:

2025-2026 EXPENDITURE SUMMARY REPORT					
No of Creditors, Invoices & Paid within 30 days					
Month	Amount Due	Received	Amount Paid	Difference	Paid after 30 days
July'25	57,287,148.56	194	57,287,148.56	-	None
August'25	19,948,995.02	126	19,948,995.02	-	None
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
February'26	21,678,129.67	156	21,678,129.67	-	None
March'26	28,369,183.69	205	28,369,183.69	-	None
April'26	24,573,262.19	223	24,573,262.19	-	None
May'26	30,923,621.44	185	30,923,621.44	-	None
	350,856,162.55	1,904	350,856,162.55	-	

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 MAY 2026 REPORT

(File No: /06/26)
 (Author: FT/LL)
 (1st Level: MANCO 04/06/2026)
 (2nd Level: STANCO 10/06/2026)
 (3rd Level: EXCO 18/06/2026)
 (4th Level: COUNCIL /06/2026)

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 May 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
February'26	R1,802,341.90	R128,601.47	R8,425,062.60	R172,818.84
March'26	R1,700,974.26	R27,183.13	R8,022,004.73	R130,522.89
April'26	R2,422,098.88	R26,208.71	R7,986,484.32	R148,583.24
May'26	R1,826,387.28	R91,972.97	R8,227,761.98	R119,875.51
Total	R19,775,937.81	R658,766.88	R94,598,233.13	R1,668,296.07

CHALLENGES

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

REMEDIAL ACTIONS

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

RECOMMENDATION

Council to note the report.

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

(File No: 9/1/2/3)
 (Author: KM/LL)
 (1st Level: MANCO 04/06/2026)
 (2nd Level: STANCO 10/06/2026)
 (3rd Level: EXCO 18/06/2026)
 (4th Level :COUNCIL /06/2026)

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 May 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 65 418 933.39 AS AT 31 May 2026 made up of the rates, refuse removal and interest on outstanding debt for various consumer debtors.

Region	Department	Current	30 days	60 days	90 days	120 Days
e.g Umzim	Agriculture	-	-	-	-	-
	Health	4,448.87	660.00	53.02	660.00	2
	Public Works	- 933,358.08	391,295.91	390,838.54	388,039.71	13,010
	Alfred Ndzo	10,648.55	5,313.04	5,305.56	11,938.69	789
	Socila Developments	649.55	-	-	-	
	Residents	1,035,036.11	462,156.88	450,058.87	444,643.79	19,930
	Councillors	1,280.99	-	-	-	
	Staff	- 698.67	- 256.13	- 398.64	-	-
	Businesses &Commercials	1,275,388.16	495,472.62	455,114.42	449,251.23	23,305
	DLRRD	12,119.60	7,481.78	7,483.15	7,483.15	1,028
	Nat.Departments	46,809.93	23,463.88	25,976.97	41,843.93	1,837
	Grand Total	1,452,325.01	1,385,587.98	1,334,431.89	1,343,860.50	59,902

Staff and Councillors debt May 2026 is broken down as follows: -

Staff/ Councillor	Erf No.	Town	Current	30 days	60 days	90 days	Outstanding amount
Cllr Garane	75	EMaxesibeni	R645.53	R 0	R 0.00	R 0.00	R 645.53
Cllr Mdzinwa	521	Kwa-Bhaca	R632.01	R 0.00	R 0.00	R 0.00	R663.01
Mr Nota	238	EMaxesibeni	R - 316.29	R -126.66	R 0.00	R 0.00	R -442.95
Mr Nota	540	Kwa-Bhaca	R - 271.67	R -300.97	R	R -162.01	R -734.65

Mr Makanda	3769	Kwa-Bhaca	R -54.58	R -84.80	R -42.40	R -36.71	R -218.49
Mr Makanda	3770	Kwa-Bhaca	R -56.13	R -42.40	R -25.85	R -107.72	R -232.10
Total							R -404.20

MAY 2026 RENTAL DEBTORS

RENTAL DEBTOR REPORT									
DATE RANGE	202605								
TARIFF CODE	26-May	26-Apr	26-Mar	26-Feb	Jan-26	25-Dec	25-Nov	25-Oct	
'002530 LEASE RENTALS	224,505.10	224,505.10	174,562.90	319,518.02	172,823.77	172,823.77	221,785.49	221,785.49	139
'002531 RESIDENTIAL RENTALS	16,396.87	16,396.87	16,396.87	16,396.87	18,034.00	18,034.00	18,034.00	18,034.00	17
INTEREST	5,234.09	7,723.90	7,647.81	7,503.88	5,870.24	6,901.06	8,020.52	7,487.00	7
'009008 VAT LEVIED	45,521.43	31,456.20	26,184.43	43,814.99	23,657.20	25,923.56	22,763.26	33,267.82	22
'008888 PAYMENTS	- 359,398.99	- 31,586.21	- 38,004.68	- 538,662.67	- 200,457.20	- 709,344.68	- 102,484.20	- 201,081.51	- 196
	- 67,741.50	248,495.86	186,787.33	- 151,428.91	19,928.01	- 485,662.29	168,119.07	79,492.80	- 9

MAY 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	31,000.00	107,500.00	22%
26-Jan	126,700.00	77,850.00	48,850.00	61%
26-Feb	170,900.00	75,700.00	95,200.00	44%
26-Mar	255,100.00	72,990.00	182,110.00	29%
26-Apr	246,900.00	90,444.00	156,456.00	37%
26-May	232,700.00	139,861.00	92,839.00	60%
Total	1,777,000.00	634,545.00	12,646,660.00	36%

For the month of **MAY 2026**, traffic fines received to date amounted to **R 139 861.00**

REPORTING ON REVENUE ENHANCEMENT STREAMS

The purpose of the report is to monitor and evaluating initiatives aimed at improving the municipality's revenue collection. It ensures transparency, accountability and compliance with legislations and policies. This report presents an overview of revenue collection and enhancement activities for the month of MAY 2026

SegmentDesc	TotalBudget	TotalActual	Collection%
Property Rates	- 71,161,239.00	- 69,211,657.16	97%
Vehicle Registration 209104080	- 2,658,337.00	- 2,164,209.14	81%
Interest current account 200112010	- 531,663.00	- 394,128.75	74%
Interest investments 200112020	- 9,166,663.00	- 7,593,659.60	83%
Interest Waste Management	- 560,000.00	- 598,317.25	107%
Drivers Learners Licenses 209104010	- 1,946,663.00	- 2,063,022.00	106%
Vehicle testing station 209104085	- 151,250.00	- 116,235.00	77%
Human Settlement 3.5% Management Fees	- 1,982,750.00	- 577,515.85	29%
Bursary Repayment	- 88,250.00	- 28,421.57	32%
Sundry income Marathon 200116087	- 137,500.00	- 155,861.18	113%
Hall Rental 207111010	- 101,837.00	- 95,526.92	94%
Sophia Recreational 207111015	- 170,663.00	- 197,450.90	116%
Parks 207116054	- 4,587.00	- 2,586.10	56%
Plant Rental 203111060	- 45,837.00	- 23,539.52	51%
Lease Rolyats Group 200	- 3,978,337.00	- 2,397,788.37	60%
Advertising Mt Ayliff Billboard 206116005	- 66,663.00	- 59,008.66	89%
Rezoning Application 203116073	- 7,612.00	- 20,208.70	265%
Building Plan Fees 203116010	- 606,337.00	- 442,605.02	73%
Funeral Plot Fees 207116026	- 13,750.00	- 13,004.41	95%
Rezoning Certificate 203116074	- 7,337.00	- 5,373.86	73%
Clearance Certificate 200116017	- 13,750.00	- 4,447.88	32%
Traffic Escort Fees	- 12,000.00	- 9,943.47	83%
Special Conccent 203116079	- 1,848.00	-	0%
SG Diagrams 203116075	- 2,750.00	-	0%
Tender Fees 203116091	- 45,837.00	-	0%
Subdivision 203116085	- 13,750.00	- 7,324.35	53%
Landfill Site Disposal Charges	- 4,000.00	- 1,304.35	33%
Refuse Removal 208110070	- 1,359,050.00	- 1,285,966.73	95%
Traffic Fines 209102060	- 1,312,250.00	- 631,316.50	48%
Pound fees 207116062	- 1,237,500.00	- 1,129,240.61	91%
Retention Forfiets	1.00	- 437,687.51	-43768751%
Interest from Non-Exchange	- 6,016,663.00	- 6,325,852.30	105%
Trading Licence 205103080	- 183,337.00	- 224,816.03	123%
	-103,590,009.00	- 96,218,019.69	93%

ACTIONS TAKEN TO REDUCE DEBTOR.

- Debtors' reconciliations are done internally for all Government Departments and Public works has made a payment of R18 mil in the month of May 2026
- 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 May 2026 amounting to **R 20 285 996.73** noted and approved by Council.
- That, the report on outstanding traffic fines for the month of May 2026 amounting to **R 12 646 660.00** be noted and approved by Council.
- That, the following aged outstanding debtors balance of **R 65 418 933**
- for the month of May 2026 be noted and approved by Council:
 - Current – R 1 452 325.01
 - 30 days – R 1,385 587.98
 - 60 days – R 1,334 431.89
 - 90 days – R 1,343 860.50
 - 120 +days – R 59 902 728.01

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

- Residential debt – R 22 321 637.81
- Commercial debt – R 25 980 597.45
- Government debt – R 17 116 698.13

That, the total amount owed by Councillors and Staff members amounting to **R -404.20** be noted and approved by Council.

REVENUE COLLECTION RATE AND INVESTMENT REPORT AS AT 31 MAY 2026

(File No: 9/1/2/3)
(Author: KM/LL)
(1st Level: MANCO 04/06/2026)
(2nd Level: STANCO 10/06/2026)
(3rd Level: EXCO 18/06/2026)
(4th Level :COUNCIL /06/2026)

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 Mayl 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 52

Municipal systems Act

Debt collection and Credit control policy

4. BACKGROUND

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

Municipal bills are sent to the ratepayers monthly once billing for the services (rates and refuse) is completed. The payments received towards the bill inform the revenue collection rate of the

municipality for each period. The municipality considers payments received through direct payments and walk through payments. The municipality bills, monthly the following categories of ratepayers:

- Residents
- Businesses
- Government departments

The bill considers all the rebates and exemptions. The collection rate as at end May 2026 was 87% 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%
26-Feb	1,701,250.79	- 3,481,685.94	-205%
26-Mar	1,575,064.54	- 1,838,806.65	-117%
26-Apr	1,644,776.61	-27,102,317.88	-1648%
26-May	1,644,776.61	- 19,786,736.74	-1203%
	77,084,741.25	-66,829,232.20	-87%

A collection percentage of 1203% has been achieved for the month of May 2026 i.e. collection of R 19 786 736.74 against the billing of 1 644 776.61.

The breakdown of the collection for the month of May 2026 is as follows:

Businesses and commercial R -882 525.41 which is 4% of the total collection

Residential R-129 720.28 which is 1% of the total collection

Government R-18 774 491.05 which is 95% of the total collection.

The collection report split by town is 72% collection in KwaBhaca Town and 28% collection in eMaxesibeni.

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.

Bank Name		Account #	Investm S	Investmer	Term Valu	Month	Interest %	BOQ Amount	Top Up	W
Operational Bank Inv	Unconditional	'60029450715	01/07/202	30/06/203	Y	202605	10	23,040.56		
Service Delivery Ban	Unconditional	'62033254723	01/07/202	30/06/203	Y	202605	10	49,575,991.14		- 1
Guarantee Bank Inves	Unconditional	'62068742157	01/07/202	30/06/203	Y	202605	10	185,084.07		
Nedbank Bank Investm	Unconditional	'7881112786	01/07/202	30/06/203	Y	202605	5.75	41,978,358.80		
Total Unconditional								91,762,474.57	-	- 1
Mig Bank Investment	Conditional	'62086036714	01/07/202	30/06/203	Y	202605	10	13,843,246.12		-
Fmg Bank Investment	Conditional	'62276187294	01/07/202	30/06/203	Y	202605	10	1,887,600.68		
Electrification Bank	Conditional	'62288560925	01/07/202	30/06/203	Y	202605	10	3,151,519.87		-
Housing Bank Investm	Conditional	'62891519971	01/07/202	30/06/203	Y	202605	10	206.79		
MD RECOVERY GRANT IN	Conditional	'63093652965	01/03/202	30/06/204	Y	202605	10	43,053,824.66		-
Total Conditional								61,936,398.12	-	-
Total								153,698,872.69	-	- 2

For the reporting period, the municipality had a balance of R 76 229 141.60 for unconditional investments and R 54 629 150 for conditional investments all totalling to R 130 858 292.57

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 1203% for the month of May 2026 be noted and approved by Council.
- That, the billing amounting to R1 644 776.61 for Property Rates, Refuse Removal (including interest charged) for the month May 2026 be noted and approved by Council.
- That, the total amount of R 19 786 736.74 has been received from Rates and Services for the month of May 2026 be noted and approved by Council.
- That, the 87% collection rate for the period ending May 2026 be noted and approved by Council.
- That, the total investments for the month ending May 2026 amounting to R 130 858 292.57 be noted and approved by Council.

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

PURPOSE

To report to the Council on Free basic services for the month of May 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 = 3621, solar = 1133 and paraffin = 1748 which gives to a total 6501 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	239 out of 316 inspections have been completed with maintenance and installation	New service provider has been appointed and is currently on site
Electricity (ESKOM)	1318	It's a monthly subsidy where each registered indigent household receive 50 KWh free basic electricity token on monthly basis , and about 90 meter numbers that were not registered under Eskom have been sent to Eskom for registration.
Paraffin	1538 indigent households have benefited from paraffin subsidy where each household receive 20L.	The contract has ended, and the advert for new contractor to be appointed was closing on the 2 nd of April 2026

Breakdown of the beneficiaries between Registered and Collection

	Registered	Claims	difference
Total Paraffin	1748	1538	210
Total Electricity	3621	1318	2303
Total Solar	1133	1133	0
Total	6502	3989	2513

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

Expenditure incurred as of May 2026 amounted to R153 710.55

SERVICE DELIVERY IMPLICATIONS

Provision of free basic services.

RECOMMENDATIONS

- That, the report on Free Basic services for May 2026 be noted and approved by Council.
- That the expenditure of R153 710.55 incurred in May 2026 be noted and approved by the council
- That the total breakdown between registered indigent households against collection be approved by Council.

(File No: 9/1/2/3)
(Author: KM/LL)
(1st Level: MANCO 04/06/2026)
(2nd Level: STANCO 10/06/2026)
(3rd Level: EXCO 18/06/2026)
(4th Level :COUNCIL /06/2026)

PURPOSE

The purpose of the report is for the council to consider and note asset management of Umzimvubu Local Municipality for the period ending May 2026.

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 May 2026

No Additions as at end May
Additions from July to April

Reconciliation of Property, plant and equipment 30 May 2026	Opening Balance	Additions	Disposals / Write off	Depreciation	Impairment loss	Total
Furniture and Office Equipment	4,486,407	-		(777,033)	-	3,709,374
Machinery and Equipment	4,277,934	832,666		(744,072)	-	4,366,528
Computer Equipment	7,839,981	1,514,560		(1,761,919)	-	7,592,622
Transport Assets	18,177,508	3,177,136	-	(3,392,268)	-	17,962,377
	34,781,830	5,524,363	-	(6,675,291)	-	33,630,902

2.Completed Capital projects May 2026

1. Ntsizwa Hiking Trail
2. Thwa AR
3. Nkangala to Nkwazini AR
4. Zimbileni via Mntana AR

Reconciliation of Property, plant and equipment 30 MAY 2025	Opening Balance	Additions	WIP	Transfer	Prior Year Error Co	Disposals / Write off	Depreciation	Impairment loss	Total
Infrastructure	606,511,286	31,318,007	69,784,878	(31,318,007)	8,202,159		(39,121,984)	-	645,376,339
	606,511,286	31,318,007	69,784,878	(31,318,007)	8,202,159	-	(39,121,984)	-	645,376,339

Completed Capital projects July 2025 - May 2026

Project Name	Type	Asset Class	Status	Capital Expenditure 2025	Closing Balance 2025	Capital Expenditure 2026	Transfers Out 2026/ Completed	Closing Balance 2026
Ntsizwa Hiking trail	I	Community	Completed	2,448,089.06	2,448,089.06	2,633,317.81	- 5,081,406.87	-
Sigidini AR Maint	I	Infrastructure	Completed			1,860,901.23	- 1,860,901.23	-
Fadeni AR Maint	I	Infrastructure	Completed			743,280.00	- 743,280.00	-
Upper Dambeni AR Maint	I	Infrastructure	Completed			1,267,921.50	- 1,267,921.50	-
Mpoza AR Maint	I	Infrastructure	Completed			792,317.40	- 792,317.40	-
Ndakeni to Malenge AR Maint	I	Infrastructure	Completed			1,050,895.04	- 1,050,895.04	-
Thwa AR Maint	I	Infrastructure	Completed			1,059,040.00	- 1,059,040.00	-
Nkangala to Nkwazini AR	I	Infrastructure	Completed			833,272.76	- 833,272.76	-
Prof Fees - Bhakaleni to Sekileni via Mqoma Access	I	Infrastructure	Completed	880,109.00	1,314,891.60	422,936.96	- 1,737,828.56	-
Ntenetyana camp site	B	Community	Completed	497,880.09	497,880.09	370,040.38	- 867,920.47	-
Bhakaleni to Sekileni via Mqoma Access Road-MIG	I	Infrastructure	Completed	6,728,200.10	6,728,200.10	5,619,626.00	- 12,347,826.10	-
Sikolweni AR	I	Infrastructure	Completed	719,455.00	719,455.00	325,093.88	- 1,044,548.88	-
Nqalweni AR	I	Infrastructure	Completed	862,580.82	862,580.82	518,321.78	- 1,380,902.60	-
Nyathini Bridge	I	Infrastructure	Completed	1,806,685.00	1,806,685.00	236,290.00	- 2,042,975.00	-
Velem via Mthonjeni - Gamakhulu AR	I	Infrastructure	Completed	1,696,530.00	1,696,530.00	763,917.28	- 2,460,447.28	-
Zimbileni via Mntwana AR Maint	I	Infrastructure	Completed	535,000.00	535,000.00	383,779.50	- 918,779.50	-
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			2,612,921.73	- 2,612,921.73	-
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	-
Dutyini Slab	I	Infrastructure	Completed			28,009.08	- 28,009.08	-

BOQs have been sent to Engineers for unbundling and capitalizing purpose.

Retention registers as at May 2026 (Annexure A)

		Retention Schedule Reconciliation		
Municipality:	UMZIMVUBU LOCAL MUNICIPALITY			
Period:	May-26			
Opening Balance as at 01 July 2025				13,788,170.86
Retention Paid 2025/2026				7,504,819.40
Retention Raised to date 2025/2026				13,490,163.06
Closing Balance as at March2026				19,773,514.52

Overdue retentions

- Upgrading of EmaXesibeni Streets along CBD Phase 2
- Mpemba Bridge with 6km

Unclaimed Retention transferred to Municipal revenue

- Dingu Access road
- Gubhuzi Access road
- Fencing of Emaxesibeni Landfill site
- Completion of Nophoyi Sport field

UMZIMVUBU LOCAL MUNICIPALITY RETENTION SCHEDULE 2025-2026



RETENTION SCHEDULE FOR 2025-2026						
		Retention With-Held			Balance To Date	Project Status to date
Name of the Project	Contractor Awarded	Construction Award Value	Retention Opening Balance as at 01 July 2025	Total March 2026	Retention plus Surety Closing Balance 30 June 2025 exel VAT	Project Status to date
Completion of Nophoyi Sport	Twizza	1,689,281.00	R 36,720.50	R 36,720.50	R 36,720.50	Completed
Fencing of Emaxesibeni Land	Nondoda Construction	1,063,700.00	R 76,422.42	R 76,422.42	R 76,422.42	Completed
Dingu Access road	Hlubelihle Trading	1,491,970.00	R 140,959.00	R 140,959.00	R 140,959.00	Completed
Gubhuzi Access Road	iXhanga Trading	1,272,880.00	R 166,610.25	R 166,610.25	R 166,610.25	Completed
		5,517,831.00	420,712.17	420,712.17	420,712.17	

Work In Progress as at May 2026

- **Annexure B**

2026

Reconciliation of Work-in-Progress

	Infrastructure	Buildings	Total
Opening balance	50,785,446	43,063,663	R93,849,109.00
Additions/capital expenditure	R79,753,015.22	R14,640,614.78	R94,393,630.00
Transferred to completed items	- 42,555,495.26	- 8,172,033.30	-R50,727,528.56
	87,982,965.96	49,532,244.48	137,515,210.44

Commitment report as 31 May 2026(Annexure C)

FULL PROJECT ID	TENDER/BID/PROJECT NUMBER	DESCRIPTION	Service	Commitment Start of Year VAT Inclusive	Expenditure during the year VAT Inclusive	Commitment Year end VAT Inclusive
EXTRACT	EXPORT FILE					
		Total		50,666,069.93	-	50,666,069.93
		Buildings		3,707,527.58	-	3,707,527.58
		Community		-	-	-
		Infrastructure		46,958,542.35	-	46,958,542.35
		Intangible		-	-	-
		Investment		-	-	-
		Other		-	-	-

Political Office Bearers Usage Report as 31 May 2026(Annexure D)

Office Bearers Vehicle Usage Report						
						
Municipality:	UMZIMVUBU LOCAL MUNICIPALITY					
Month:	July 2025 - May 2026					
Financial Year:	2025/2026					
Description - July 2025-Oct 2025	Mayoral - KPF 437 EC	Relief JVF 565 EC	Speaker's New Vehicle	Speaker - JZX 814 EC	Chief Whip -	
May-26	KPF 437 EC	(Chief Whip)	KTB 637 EC	JZX 814 EC - Asset Verification Team	(Pool)	
Fuel	28,255.11	9,886.39	14,859.69	2,149.50	0	
Maintenance		-	-		0	
Total	28,255.11	9,886.39	14,859.69	2,149.50	0	
Mileage	83244 - 90790 KM	283086 - 285 655 KM	4295 - 8097 KM	213680 - 214 203 KM	0KM - 0KM	
Travel KM	7546 KM	2569KM	3802 KM	523 KM	0KM	
Grand Total	235,682.52	109,581.73	22,714.27	102,254.65	40,547.95	

Recommendation

That the report for May 2026 (S71) be noted by Council.

**BUDGET AND TREASURY OFFICE DEPARTMENT: FLEET MANAGEMENT REPORT
FOR THE MONTH ENDED 31 MAY 2026**

PURPOSE

To report the activities performed by the Fleet Management Section for the period ended 31 May 2026

BACKGROUND AND REASONING

Umzimvubu Local Municipality is in possession of 51 fleet support services which is comprised of 1 Dozer, 3 tractors, 2 Skip bin trailer, 1 Roadblock trailer ,3 TLB's, 13 Trucks, 1 Sprinter Bus,4 Political bearer office Vehicles, 12 Vehicle allocated to Community Safety, 2 Vehicle allocated Infrastructure department & 09 pool vehicles. All the above Fleet is paid in full. It has been noted that all incident that occurred the involved officials need to be investigated to ascertain as to whether there was no negligence on the accidents.

Point of Consideration –

The municipality currently has 51 transport assets which are used in the day-to-day running of the business.

The following vehicles have been sent to panel beaters as well as dealerships for repairs and maintenance

Date	Number Plate	Name of the Driver	Designation	Details	Status	Accident Report Submitted	Progress/Status of investigation
13/09/2025	KHK 347 EC	Ms Nolindo Mdanyana	Truck Driver	The Hino transporter Truck was involved in an accident after the Mzinto junction. Where the driver lost control & it overturned.	An excess amount of R 38 223.59 for the truck to be released.	Yes	Investigation report submitted by Ms Mngambi
20/09/2025	KHK 342 EC	Mr M Siyotula	EPWP Truck Driver	The incident happened at Canca street downtown area. The hino transporter was at a stop point. When an oncoming Polo lost control and hit the truck on the driver side.	Case closed. Truck to the Municipality. Excess of R 30 000 to be paid. The truck is on normal duties.	Yes	Investigation report submitted by Mr Mngambi
08/04/2026	JHX 135 EC	Amanda Gxumisa	Disaster Driver	The incident happened at the gate of the ULM Sophia offices. When the disaster driver was being tested for driving. She is new to the position.	Assessed. Waiting for approval	No	Report to be finalised

28/04/2026	JVF 565 EC	S Maqabuka	Chief Whip Driver	The incident happened at Margate hotel gate. The driver hit a yellow beam. The beam is still kind of thing mounted in the center of a gate. It separates the entrance and the exit of vehicles on that driveway.	Giorgio express Auto body is the appointed panel beater.	No	Report to be finalised.
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1. REPAIRS AND MAINTENANCE

Date	Number Plate	Type	Details	Status
	FML 789 EC	Hino truck for grass collection in Mt Frere.	Could not move.	To be towed & be taken for assessment in July.
	HLN 238 EC	Fuso truck in MT Ayliff.	Its moving towards one direction.	To be towed & be taken for assessment in July.

Fuel Expenses

Fuel expenses for all municipal fleet for the amount is an amount of **R 432 192.11** and Fleet Repairs an amount of **R 0.00** for the month of **31 May 2026**.

RISK IMPLICATIONS

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

LABOUR IMPLICATIONS

None

SERVICE DELIVERY IMPLICATIONS

Non-availability of vehicles for officials negatively affect the service delivery.

FINANCIAL IMPLICATIONS

None

OTHER PARTIES CONSULTED

All the departments

SALIENT POINTS FOR DELIBERATIONS

None

Annexures

“A” –Political Bearer Office fuel report

“B” –Fuel Reconciliation

RECOMMENDATIONS

4. That, the report on fleet management for the reporting month ended 31 May 2026 be noted and approved by Council.
5. Fuel expenses for the reporting month ended 31 May 2026 be noted.

