# MFMA Section 52(d)

## For the Quarter ending 30 JUNE 2026

## Quarter 4 Report

Sundays River Valley Municipality

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## 1. LEGAL CONTEXT

The Municipal Budget and Reporting Regulations (MBRR) are intended to strengthen financial governance, transparency and accountability in municipalities and to support sound financial management, sustainable service delivery and effective budget implementation.

This report has been prepared in accordance with the following legislative framework: Section 52(d) of the Local Government: Municipal Finance Management Act, No. 56 of 2003; and the Municipal Budget and Reporting Regulations.

Section 52(d) of the MFMA requires the Mayor, within 30 days after the end of each quarter, to submit a report to the Municipal Council on the implementation of the budget and the financial state of affairs of the Municipality.

The report provides an overview of the Municipality's financial performance for the quarter ended 30 June 2026, including revenue and expenditure performance, capital expenditure, cash flow, debtors, creditors and other matters affecting the implementation of the approved budget.

The objective of the MBRR is to promote sound and sustainable budgeting and reporting practices by establishing uniform norms and standards for transparency, accountability and clearly defined responsibilities within the municipal budgeting and reporting process.

### 1.2 RESPONSIBILITY OF THE MAYOR

Section 54 of the Municipal Finance Management Act places responsibility on the Mayor to consider the monthly budget statements and other financial reports submitted by the Accounting Officer and to exercise oversight over the implementation of the approved budget.

In fulfilling this responsibility, the Mayor must:

- consider the financial information submitted by the Accounting Officer;
- assess whether the approved budget is being implemented in accordance with the Service Delivery and Budget Implementation Plan (SDBIP);
- identify any actual or emerging financial challenges facing the Municipality;
- issue appropriate instructions to the Accounting Officer to ensure that revenue collection and expenditure remain aligned with the approved budget and applicable legislation; and
- where serious financial problems arise, initiate appropriate remedial measures and, where required, inform the Council and the relevant Provincial authorities in accordance with the MFMA.

The Mayor's consideration of this quarterly report forms part of the Municipality's financial oversight and governance framework and supports Council in monitoring the implementation of the approved budget and the financial state of affairs of the

Municipality.

## 2. MAYOR'S REPORT

### 2.1 QUARTERLY BUDGET IMPLEMENTATION REPORT

This report is submitted in terms of section 52(d) of the Municipal Finance Management Act (MFMA), No. 56 of 2003, and provides Council with an overview of the implementation of the approved budget and the financial state of affairs of the Municipality for the quarter ended 30 June 2026.

The report is based on the monthly budget statements submitted by the Accounting Officer in terms of section 71 of the MFMA and reflects the Municipality's financial performance, financial position and budget implementation for the fourth quarter of the 2025/26 financial year.

In accordance with section 54 of the MFMA, I have considered the financial information submitted by the Accounting Officer and assessed whether the approved budget has been implemented in accordance with the approved Service Delivery and Budget Implementation Plan (SDBIP). Where necessary, appropriate instructions will be issued to the Accounting Officer to address financial risks, improve revenue collection, strengthen expenditure management and ensure continued compliance with the MFMA and other applicable legislation.

### 2.2 FINANCIAL SUSTAINABILITY

The Municipality's financial sustainability remains under significant pressure. Cash flow constraints persist, with available cash resources insufficient to meet all current financial commitments as they fall due. Improving the collection of outstanding consumer debt therefore remains a key priority to strengthen liquidity and support sustainable service delivery.

Strict expenditure management and budgetary control must continue to ensure that expenditure is incurred only within the approved budget and in compliance with the Municipal Finance Management Act and the Municipality's Supply Chain Management Policy. Management must also continue to implement measures to prevent the

recurrence of unauthorised, irregular, fruitless and wasteful expenditure and to strengthen internal controls across the organisation.

The Municipality has developed a strategy to reduce Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE). During the 2026/27 financial year, emphasis will be placed on implementing this strategy, strengthening consequence management, improving procurement planning, enhancing contract management and reinforcing financial governance to promote long-term financial sustainability.

## 2.3 RECOMMENDATIONS

It is recommended that Council:

1. Notes the Mayor's report submitted in terms of section 52(d) of the Local Government: Municipal Finance Management Act, No. 56 of 2003, on the implementation of the approved budget and the financial state of affairs of the Municipality for the quarter ended 30 June 2026.
2. Notes the financial performance, financial position and cash flow position of the Municipality as reflected in this report.
3. Notes the remedial measures identified to improve revenue collection, strengthen expenditure management and enhance the Municipality's financial sustainability.
4. Notes the report on the implementation of the Supply Chain Management Policy for the fourth quarter of the 2025/26 financial year.
5. Resolves that this report be made public in accordance with the Municipal Finance Management Act and the Municipal Budget and Reporting Regulations.

# 3. ACCOUNTING OFFICERS REPORT

## 3.1 EXECUTIVE SUMMARY

This quarterly Financial Monitoring Report provides an overview of the Municipality's financial performance and financial position for the quarter ended 30 June 2026. The report serves as a key governance and oversight tool by highlighting financial trends, budget implementation and areas requiring management intervention to support the Municipality's financial sustainability.

The Municipal Manager, as the Accounting Officer, is required in terms of section 71 of the Municipal Finance Management Act (MFMA), No. 56 of 2003, to submit monthly budget statements to the Mayor and the relevant Provincial Treasury. These monthly reports form the basis of the quarterly report submitted by the Mayor to Council in terms of section 52(d) of the MFMA.

This report summarises the key financial matters arising during the fourth quarter of the 2025/26 financial year and compares the Municipality's financial performance against the approved budget and the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP). It highlights significant variances, identifies financial risks and outlines remedial measures aimed at strengthening financial management, improving revenue collection and ensuring sustainable budget implementation.

The financial performance of both the operating and capital budgets, together with an overview of the Municipality's financial position as at 30 June 2026, is presented in the sections that follow.

## Part 1 - In-year budget statements

### 3.2 FINANCIAL PERFORMANCE OVERVIEW

| Monthly Budget Statement - Revenue Financial Performance - M12 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Original Budget | Amended Budget | Monthly actual - June | Q4 | YTD Actual | YTD Budget | YTD Variance | YTD variance |
| R thousands | | | | | | | | % |
| **Revenue** | | | | | | | | |
| **Exchange Revenue** | | | | | | | | |
| Service charges - Electricity | - 36 270 961,00 | - 41 288 237,00 | - 503 291,00 | - 10 604 422,96 | - 37 654 041,00 | - 41 288 237,00 | - 3 634 196,00 | 9% |
| Service charges - Water Management | - 21 024 967,00 | - 24 445 612,00 | - 1 574 053,00 | - 4 626 009,38 | - 17 094 228,68 | - 24 445 612,00 | - 7 351 383,32 | 30% |
| Service charges - Waste Water Management | - 3 380 337,00 | - 7 664 729,00 | - 290 253,00 | - 870 897,29 | - 6 520 381,58 | - 7 664 729,00 | - 1 144 347,42 | 15% |
| Service charges - Waste management | - 7 188 147,00 | - 8 917 036,00 | - 533 594,00 | - 1 600 904,10 | - 7 410 215,80 | - 8 917 036,00 | - 1 506 820,20 | 17% |
| Sale of Goods and Rendering of Services | - 270 825,00 | - 270 825,00 | - 37 567,00 | - 135 861,23 | - 317 076,00 | - 270 825,00 | 46 251,00 | -17% |
| Agency services | - 2 111 819,00 | - 2 111 819,00 | - 118 544,00 | - 346 085,54 | - 1 781 023,32 | - 2 111 819,00 | - 330 795,68 | 16% |
| Interest earned from Receivables | - 13 828 287,00 | - 13 826 287,00 | - 3 119 683,00 | - 6 245 041,25 | - 17 788 372,16 | - 13 826 287,00 | 3 962 085,16 | -29% |
| Interest from Current and Non Current Assets | - 1 933 127,00 | - 2 033 127,00 | - 46 886,00 | - 337 443,52 | - 1 632 918,63 | - 2 033 127,00 | - 400 208,37 | 20% |
| Rental from Fixed Assets | - 359 287,00 | - 229 108,00 | - 135 501,00 | - 146 956,42 | - 200 136,72 | - 229 108,00 | - 28 971,28 | 13% |
| Licence and permits | - 1 623 025,00 | - 1 623 025,00 | - 149 661,00 | - 444 252,00 | - 2 265 849,00 | - 1 623 025,00 | 642 824,00 | -40% |
| Special rating levies | - | | | | - | - | - | |
| Operational Revenue | - 186 481,00 | - 186 481,00 | - 15 678,00 | - 47 698,90 | - 221 574,48 | - 186 481,00 | 35 093,48 | -19% |
| **Non-Exchange Revenue** | | | | | - | - | - | |
| Property rates | - 54 223 742,00 | - 58 263 742,00 | - 3 977 381,00 | - 12 309 557,35 | - 55 784 768,69 | - 58 263 742,00 | - 2 478 973,31 | 4% |
| Surcharges and Taxes | - | | | - | - | - | - | |
| Fines, penalties and forfeits | - 1 500 329,00 | - 1 500 329,00 | - 14 804,00 | 76 308,80 | 52 819,75 | - 1 500 329,00 | - 1 553 148,75 | 104% |
| Licence and permits | - 328 014,00 | - 328 014,00 | - 2 641,00 | - 9 868,91 | - 34 000,32 | - 328 014,00 | - 294 013,68 | 90% |
| Transfers and subsidies - Operational | - 131 585 699,00 | - 131 585 700,00 | - 1 079 295,00 | - 2 247 263,00 | - 128 643 259,11 | - 131 585 700,00 | - 2 942 440,89 | 2% |
| Interest | - 8 393 314,00 | - 8 915 617,00 | - 1 646 727,00 | - 3 257 974,82 | - 9 835 259,86 | - 8 915 617,00 | 919 642,86 | -10% |
| Gains on disposal of Assets | | | | - | - | - | - | |
| | | | | - | - | - | - | |
| **Total Revenue (excluding capital transfers and contrib** | **- 284 208 361,00** | **- 303 189 688,00** | **- 11 086 969,00** | **- 43 153 927,87** | **- 287 130 285,60** | **- 303 189 688,00** | **- 16 059 402,40** | **5%** |

### 3.2.1 Revenue Performance

During the fourth quarter of the 2025/26 financial year, the Municipality generated operating revenue of R43.154 million. Cumulative revenue collected for the year amounted to R287.130 million against a year-to-date budget of R303.190 million, resulting in an unfavourable variance of R16.059 million (5%).

The underperformance is mainly attributable to lower-than-budgeted revenue from electricity, water management, wastewater management and waste management services. These shortfalls arose largely because the adjusted budget anticipated higher levels of billing and collection than were ultimately achieved during the financial year.

Property rates generated cumulative revenue of approximately **R55.8 million**, compared to a budget of **R58.2 million**, resulting in a relatively small underperformance of approximately **R2.48 million (4%)**.

Positive variances were recorded in certain revenue streams, including licence and permit fees, building plan approval fees, cemetery income and tender document sales, which partially offset the underperformance in service charges.

Overall, while the Municipality achieved **95%** of its budgeted operating revenue for the financial year, continued efforts to strengthen billing accuracy, debt collection and revenue enhancement remain critical to improving financial sustainability.

**Variance explanations**

- **Service Charges:** Unfavourable variance primarily due to electricity, water,

wastewater and waste management revenue being below the adjusted budget.

- **Property Rates:** Revenue remained broadly in line with budget, with only a modest underperformance.
- **Licences and Permits:** Revenue exceeded budget owing to higher-than-anticipated demand for licence renewals and applications.
- **Other Revenue:** Building plan fees, cemetery income and tender sales exceeded budget expectations.
- **Transfers and Grants:** Revenue recognised was substantially in line with budget and does not present a material concern.

### 3.2.2 Operating Expenditure Performance

Operating expenditure incurred during the fourth quarter of the 2025/26 financial year amounted to **R54.127 million**. Cumulative operating expenditure for the financial year amounted to **R253.6 million**, compared to a year-to-date budget of **R301.5 million**, resulting in a favourable variance of approximately **R47.9 million**.

The favourable variance is primarily attributable to year-end accounting entries that had not yet been processed as at 30 June 2026. These include depreciation, debt impairment, employee benefit provisions, accruals and other annual financial statement adjustments, which will be recognised during the annual financial statement preparation process.

Monthly actual operating expenditure for the month ending June 2026 amounts to R19,3 million. Year to- date actual operating expenditure of R253,6 million compared to the year-to-date budgeted operating expenditure of R301,5 million resulting in a positive variance of R47,2 million. The positive variance is caused by some expenditures that are not yet captured as at-end June 2026, relating to depreciation, debt impaairment, acruals not yet captured.

| Monthly Budget Statement - Expenditure Financial Performance- M12 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Original Budget | Amended Budget | Monthly actual - June | Q4 | YearTD actual | YTD budget | YTD variance | YTD variance |
| **R thousands** | | | | | | | | % |
| **Expenditure By Type** | | | | | | | | - |
| Employee related costs | 120 370 821,00 | 122 370 821,00 | 8 985 736,33 | 27 318 020,40 | 113 355 657,62 | 122 370 821,00 | 9 015 163,38 | 7% |
| Remuneration of councillors | 8 376 911,00 | 8 376 911,00 | 687 097,54 | 2 061 293,08 | 8 176 174,86 | 8 376 911,00 | 200 736,14 | 2% |
| Bulk purchases - electricity | 32 514 177,00 | 36 514 177,00 | 3 175 262,69 | 9 219 288,46 | 38 043 077,48 | 36 514 177,00 | - 1 528 900,48 | -4% |
| Inventory consumed | 10 367 220,00 | 12 467 220,00 | 205 273,85 | 946 768,77 | 10 911 821,17 | 12 467 220,00 | 1 555 398,83 | 12% |
| Debt impairment | 18 680 288,00 | 18 680 288,00 | | - | - | 18 680 288,00 | 18 680 288,00 | 100% |
| Depreciation and amortisation | 19 821 392,00 | 20 821 392,00 | | - | 560,00 | 20 821 392,00 | 20 820 832,00 | 100% |
| Interest | 1 591 976,00 | 10 939 669,00 | 1 055 424,38 | 1 831 726,61 | 9 391 406,74 | 10 939 669,00 | 1 548 262,26 | 14% |
| Contracted services | 34 366 290,00 | 37 548 670,00 | 1 969 396,15 | 3 733 046,23 | 37 026 178,75 | 37 548 670,00 | 522 491,25 | 1% |
| Transfers and subsidies | | | | - | - | | - | |
| Irrecoverable debts written off | | | 389 299,00 | 389 299,00 | 2 672 879,00 | | - 2 672 879,00 | |
| Operational costs | 34 700 280,00 | 33 825 502,00 | 2 868 765,08 | 6 678 262,85 | 34 042 571,00 | 33 825 502,00 | - 217 069,00 | -1% |
| Losses on Disposal of Assets | | | | - | - | | - | |
| Other Losses | | | | - | - | | - | |
| **Total Expenditure** | **280 789 355,00** | **301 544 650,00** | **19 336 255,02** | **52 177 705,40** | **253 620 326,62** | **301 544 650,00** | **47 924 323,38** | 16% |

**VARIANCE EXPLANATIONS:**

## Employee-related Costs

Employee-related costs amounted to **R27.32 million** during the fourth quarter, representing approximately **50.5%** of the Municipality's total operating expenditure for the quarter (**R54.13 million**).

Employee-related costs amounted to **R113.36 million** against a year-to-date budget of **R122.08 million**, resulting in a favourable variance of **R8.72 million (7%)**.

The favourable variance is mainly attributable to year-end employee benefit provisions, including leave pay, bonus accruals and other employee-related provisions that had not yet been recognised as at 30 June 2026. These accounting adjustments will be processed during the preparation of the Annual Financial Statements and are expected to reduce the current variance.

## Remuneration of Councillors

Councillor remuneration amounted to **R2.06 million**, representing approximately **3.8%** of total operating expenditure for the quarter. Expenditure remained consistent with the approved remuneration framework and no material deviations were noted during the reporting period.

## Bulk Electricity Purchases

Bulk electricity purchases amounted to **R9.22 million**, representing approximately **17.0%** of total operating expenditure for the quarter.

Bulk electricity remains one of the Municipality's largest operating cost drivers. Expenditure will continue to be monitored closely to ensure spending remains aligned with available revenue and budget allocations.

Bulk electricity expenditure amounted to **R38.04 million** against a year-to-date budget of **R36.14 million**, resulting in an adverse variance of **R1.59 million (4%).**

The variance is attributable to higher bulk electricity purchases during the financial year due to electricity consumption patterns and tariff increases. Although expenditure exceeded budget, the variance is not considered material and will continue to be monitored.

## Inventory Consumed

Inventory consumed amounted to **R946 769**, representing approximately **1.7%** of total operating expenditure during the quarter. Expenditure was mainly attributable to the consumption of operational materials required for service delivery and remained within expected levels.

## Debt Impairment

No debt impairment expenditure was recognised during the fourth quarter. The debt impairment calculation will be completed during the preparation of the Annual Financial Statements after the final debtor ageing analysis has been performed. The impairment expense will therefore be recognised as part of the year-end accounting adjustments.

## Depreciation and Amortisation

No depreciation or amortisation expenditure was recognised during the fourth quarter.
The Municipality's fixed asset register is maintained outside the financial management system and depreciation will only be calculated and recognised during the Annual Financial Statement preparation process as part of the year-end accounting adjustments.

## Interest

Interest expenditure amounted to **R1.83 million**, representing approximately **3.4%** of total operating expenditure during the quarter.
Interest expenditure remained within acceptable levels and reflected the Municipality's ongoing financial obligations.

## Operational Costs

Operational costs amounted to **R389 299**, representing less than **1%** of total operating expenditure during the quarter. Expenditure remained within normal operational levels and no material concerns were identified.

## Contracted Services

Contracted services expenditure amounted to **R6.68 million**, representing approximately **12.3%** of total operating expenditure during the quarter. The main expenditure drivers were legal services, security services, vehicle maintenance and the continued month-to-month financial management system support contract. These expenditure categories continue to place pressure on the Municipality's operating budget and cash flow and will require ongoing monitoring.

| Row Labels | Sum of 2025 ORIG BUDGE | Sum of 202604 ACTUA | Sum of 202605 ACTUA | Sum of 202606 ACTUA | YTD ACTUAL | Variance |
|---|---|---|---|---|---|---|
| Safeguard and Security | 8 000 000,00 | - | 1 077 234,70 | 1 012 584,43 | 10 821 926,60 | 2 821 926,60 |
| Legal Advice and Litigation | 1 478 260,00 | 718 559,30 | 599 725,82 | 33 344,00 | 6 659 468,36 | 5 181 208,36 |
| Maintenance | 10 903 043,00 | 42 442,97 | 47 354,65 | 613 925,93 | 5 088 854,66 | - 5 814 188,34 |
| Financial Systems | 3 304 348,00 | - | 418 282,97 | - | 3 787 117,78 | 482 769,78 |
| Personnel and Labour | 1 448 913,00 | - | - | - | 2 509 488,29 | 1 060 575,29 |
| Prot App - Tool Licences | 1 985 788,00 | - | - 1 985 788,78 | - | 1 985 788,78 | 0,78 |
| Valuer and Assessors | 1 538 164,00 | - | - | 126 086,96 | 1 880 932,31 | 342 768,31 |
| GRAP Compliance | 1 109 185,00 | - | 483 835,00 | - | 1 593 020,00 | 483 835,00 |
| Catering Services | 807 522,00 | 62 770,71 | 72 322,21 | 144 787,83 | 849 986,17 | 42 464,17 |
| | **30 575 223,00** | **823 772,98** | **712 966,57** | **1 930 729,15** | **35 176 582,95** | **4 601 359,95** |

**REMEDIAL ACTION:**

- The Municipality will continue to strengthen expenditure management through monthly budget monitoring and commitment control to ensure that spending remains within approved budget allocations.
- Expenditure on legal services, security services, financial management system support and vehicle maintenance will be closely monitored to ensure value for money and to minimise cost overruns.
- Procurement planning and contract management will be strengthened to reduce reliance on month-to-month arrangements and improve compliance with the Municipal Finance Management Act and the Supply Chain Management Policy.
- Revenue enhancement and debt collection initiatives will be intensified to improve cash flow and the Municipality's ability to meet its financial obligations.
- Outstanding year-end accounting adjustments, including depreciation, debt impairment, employee benefit provisions and accruals, will be processed during the preparation of the 2025/26 Annual Financial Statements to ensure that the financial statements fairly present the Municipality's financial position and performance.

### 3.2.3 Financial Performance summary

| Financial Performance-Summary (revenue and expenditure) - M12- June 2026 | | | | | | |
|---|---|---|---|---|---|---|
| **Description** | **ORGB** | **Amended Budget** | **Monthly actual - June** | **YearTD actual** | **YearTD budget** | **YTD variance** |
| | **R** | | | **R** | **R** | **R** |
| Total Revenue (excluding capital transfers and contributions) | - 284 208 361,00 | - 303 189 688,00 | - 11 086 969,00 | - 28 601 890,00 | - 236 840 300,83 | - 265 442 190,83 |
| Total Expenditure | 280 789 355,00 | 320 318 981,89 | 19 336 255,02 | 178 851 199,78 | 233 991 129,17 | 55 139 929,39 |
| Surplus/(Deficit) | - 3 419 006,00 | - 3 419 006,00 | 8 249 286,02 | 150 249 309,78 | - 2 849 171,67 | - 210 302 261,45 |
| Transfers and subsidies - capital (monetary allocations) | 51 211 299,00 | 51 211 299,00 | | - 23 517 532,17 | 42 676 082,50 | 19 158 550,33 |
| Transfers and subsidies - capital (in-kind) | - | | | - | - | 3 909 032,00 |
| Transfers and Subsidies:Monetary Allocations:District Municipalities | 150 000,00 | | | - | 125 000,00 | 125 000,00 |
| Transfer from Operational Revenue | 3 410 870,00 | | | 6 401 678,00 | 2 842 391,67 | 4 127 764,67 |
| **Surplus/(Deficit) after capital transfers & contributions** | **- 58 191 175,00** | **- 58 191 175,00** | **8 249 286,02** | **133 133 455,61** | **42 669 302,50** | **- 187 015 946,45** |

The Municipality generated **operating revenue of R43.15 million** during the fourth quarter, while operating expenditure amounted to **R54.13 million**, resulting in a **preliminary operating deficit of R10.97 million** for the quarter.

After taking into account capital transfers and contributions received during the quarter, the Municipality recorded a **preliminary overall deficit of R8.25 million**.

The fourth quarter was characterised by continued pressure on the Municipality's operating cash flow, with operating expenditure exceeding revenue generated during the reporting period. The principal expenditure drivers during the quarter remained employee-related costs (**R27.32 million**), bulk electricity purchases (**R9.22 million**) and contracted services (**R6.68 million**), which together accounted for approximately **80%** of the Municipality's operating expenditure.

It should be noted that the reported Quarter 4 financial performance is **preliminary** and excludes several material year-end accounting adjustments that had not yet been processed as at 30 June 2026. These include depreciation, debt impairment, employee benefit provisions, accruals and other non-cash accounting adjustments required in terms of the Standards of GRAP. Consequently, the reported quarter-end surplus/(deficit) is subject to change upon completion of the 2025/26 Annual Financial

Statements.

The fourth quarter results highlight the continued need to improve own revenue collection, strengthen expenditure management, enhance contract management and implement cost containment measures to improve the Municipality's financial sustainability and liquidity position going forward.

### 3.2.4 REPAIRS & MAINTANANCE

The table below reflects **repairs and maintenance** expenditure for the month ended 30 June 2026.

| REPAIRS & MAINTENANCE | | | | | | |
|---|---|---|---|---|---|---|
| **FUNCTION DESCRIPTION** | **PROJECT NAME** | **2025 BUDGET** | **202505 ACTUAL** | **YTD** | **BUDGET YTD** | **VARIANCE** |
| Municipal Manager, Town Secretary and Chief Executive | Transport Assets | 1 739 130,00 | 47 354,65 | 2 345 536,96 | 1 449 275,00 | - 896 261,96 |
| Community Halls and Facilities | Cemeteries/Crematoria | 300 000,00 | | - | 250 000,00 | 250 000,00 |
| Community Halls and Facilities | Buildings | 300 000,00 | | 519 126,11 | 250 000,00 | - 269 126,11 |
| Community Halls and Facilities | Buildings | 350 000,00 | | 28 500,00 | 291 666,67 | 263 166,67 |
| Community Halls and Facilities | Land & Ext Facilities | 650 000,00 | | 26 983,60 | 541 666,67 | 514 683,07 |
| Libraries and Archives | Buildings | - | | - | - | |
| Police Forces, Traffic and Street Parking Control | Buildings | 200 000,00 | | - | 166 666,67 | 166 666,67 |
| Police Forces, Traffic and Street Parking Control | Machinery and Equipment | 200 000,00 | | - | 166 666,67 | 166 666,67 |
| Solid Waste Removal | Clean-up Actions | 173 913,00 | | 2 418,86 | 144 927,50 | 142 508,64 |
| Solid Waste Removal | Land | 3 000 000,00 | | 772 509,00 | 2 500 000,00 | 1 727 491,00 |
| Water Distribution | External Facilities | 200 000,00 | | 36 100,00 | 166 666,67 | 130 566,67 |
| Water Distribution | Pipe Work | 600 000,00 | | 166 073,50 | 500 000,00 | 333 926,50 |
| Water Distribution | Pipe Work | 400 000,00 | | - | 333 333,33 | 333 333,33 |
| Water Distribution | Civil Structure | 600 000,00 | | - | 500 000,00 | 500 000,00 |
| Roads | Traffic Signs | 150 000,00 | | - 1 599 197,54 | 125 000,00 | 1 724 197,54 |
| Roads | Civil Structures | 200 000,00 | | - | 166 666,67 | 166 666,67 |
| Roads | Pavements | 200 000,00 | | - | 166 666,67 | 166 666,67 |
| Roads | Drainage | 400 000,00 | | 215 210,30 | 333 333,33 | 118 123,03 |
| Electricity | MV Transformers | 150 000,00 | | 614 378,37 | 125 000,00 | - 489 378,37 |
| Electricity | Public Lighting | 90 000,00 | | 56 500,00 | 75 000,00 | 18 500,00 |
| Sewerage | External Facilities | 250 000,00 | | 29 500,00 | 208 333,33 | 178 833,33 |
| Sewerage | Pipe Work | 750 000,00 | | 1 261 289,57 | 625 000,00 | - 636 289,57 |
| | | **10 903 043,00** | **47 354,65** | **4 474 928,73** | **9 085 869,17** | **4 610 940,44** |

Repairs and maintenance expenditure amounted to **R425 thousand** during the fourth quarter, bringing cumulative expenditure for the 2025/26 financial year to **R5.08 million** against an adjusted budget of **R9.28 million**. This resulted in an **underspending of R4.20 million (45.3%)**.

The underspending was mainly attributable to lower-than-planned expenditure on **water supply infrastructure, roads infrastructure, community assets, transport assets and solid waste infrastructure**. The Municipality's constrained cash flow position resulted in available funding being prioritised towards essential operational commitments, which delayed the implementation of planned maintenance activities.

The continued under-expenditure on repairs and maintenance increases the risk of deterioration of municipal infrastructure, higher future maintenance and rehabilitation

costs, and potential interruptions to service delivery. Management will continue to prioritise critical maintenance within available resources while strengthening maintenance planning and budget implementation to improve asset preservation.

### 3.2.5 **EXPENDITURE ON STAFF BENEFITS**

Setion 66 of the MFMA requires disclosure of the municipalities expenditure on staff benefits as follows:

> *The Accounting Officer of the municipality must, in a format and for the periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages,allowances and benefits.*

| EMPLOYEE RELATED COST | | | | | | |
|---|---|---|---|---|---|---|
| **STAFF BENEFITTS** | | | | | | |
| **Description** | **Budget 2025/26** | **Amended Budget** | **Monthly actual - June** | **YearTD actual** | **YearTD budget** | **YTD variance** |
| **R thousands** | | | | | | |
| **Other Municipal Saff** | | | | | | |
| Basic Salaries and Wages | 71 207 916,00 | 72 207 916,00 | 5 653 845,16 | 67 897 611,72 | 71 207 916,00 | 3 310 304,28 |
| Pension fund and UIF Contributions | 12 979 647,00 | 13 979 647,00 | 1 053 624,57 | 12 545 931,25 | 12 979 647,00 | 433 715,75 |
| Medical Aid Contributions | 5 563 917,00 | 5 563 917,00 | 461 428,20 | 5 318 754,40 | 5 563 917,00 | 245 162,60 |
| Overtime | 3 454 332,00 | 3 454 332,00 | 383 111,61 | 4 668 260,81 | 3 454 332,00 | - 1 213 928,81 |
| Annual Bonus | 8 343 884,00 | | | 5 236 223,39 | 8 343 884,00 | 3 107 660,61 |
| Motor Vehicle Allowance | 7 925 922,00 | 7 925 922,00 | 524 995,61 | 6 617 170,85 | 7 925 922,00 | 1 308 751,15 |
| Cellphone Allowance | 1 131 333,00 | 1 131 333,00 | 76 858,63 | 951 923,29 | 1 131 333,00 | 179 409,71 |
| Housing Allowance | 678 453,00 | 678 453,00 | 44 861,33 | 556 680,48 | 678 453,00 | 121 772,52 |
| Other Benefits and Allowances | 1 924 634,00 | | 208499,77 | 1 907 835,28 | 1 924 634,00 | 16 798,72 |
| Long Service Awards | - | | | 504 998,18 | - | - 504 998,18 |
| Leave Gratuity | 474 458,00 | 474 458,00 | 89 849,34 | 501 602,58 | 474 458,00 | - 27 144,58 |
| Acting and post related allowance | - | | 31 176,26 | 299 703,58 | - | - 299 703,58 |
| **Sub-total Other Municipal Staff** | **113 684 496,00** | **105 415 978,00** | **8 528 250,48** | **107 006 695,81** | **113 684 496,00** | **6 677 800,19** |
| **Senior Managers of the Municipality** | | | | | | |
| Basic Salaries and Wages | 5 108 261,00 | 5 108 261,00 | 359 363,26 | 4 866 577,97 | 5 108 261,00 | 241 683,03 |
| Pension fund and UIF Contributions | 10 945,00 | 10 945,00 | 708,48 | 9 386,40 | 10 945,00 | 1 558,60 |
| Motor Vehicle Allowance | 764 230,00 | 10 945,00 | 61 330,91 | 699 971,00 | 764 230,00 | 64 259,00 |
| Cellphone Allowance | 123 600,00 | 123 600,00 | 10 000,00 | 110 516,91 | 123 600,00 | 13 083,09 |
| Housing Allowance | 197 760,00 | 197 760,00 | 10 000,00 | 144 000,00 | 197 760,00 | 53 760,00 |
| Other Benefits and Allowances | 735,00 | 735,00 | 50,20 | 327 454,75 | 735,00 | - 326 719,75 |
| Scarcity | 44 810,00 | 44 810,00 | 16 033,00 | 191 057,85 | 44 810,00 | - 146 247,85 |
| **Sub-total Senior Managers** | **6 250 341,00** | **5 497 056,00** | **457 485,85** | **6 348 964,88** | **6 250 341,00** | **- 98 623,88** |
| **Total Employee Cost** | **119 934 837,00** | **110 913 034,00** | **8 985 736,33** | **113 355 660,69** | **119 934 837,00** | **6 579 176,31** |

Employee-related costs amounted to **R27.32 million** during the fourth quarter, representing approximately **50.5%** of the Municipality's total operating expenditure for the quarter (**R54.13 million**).

Year-to-date employee-related costs amounted to **R113.36 million** against a year-to-date budget of **R122.08 million**, resulting in a **favourable variance of R8.72 million (7%)**.

The favourable variance is mainly attributable to year-end employee benefit provisions, including leave pay, bonus accruals and other employee-related provisions that had not yet been recognised as at **30 June 2026**. These accounting adjustments will be processed during the preparation of the Annual Financial Statements and are expected to reduce the current variance.

Employee-related costs remain the Municipality's largest operating expenditure category and continue to place significant pressure on the operating budget.

Management will continue to monitor staff costs and ensure that appointments and remuneration remain aligned with the approved budget and the Municipality's financial sustainability objectives.

### 3.2.6 EXPENDITURE: REMUNERATION OF COUNCILLORS

**Remuneration of Councillors**

| Description | Budget 2025/26 | Amended Budget | Monthly actual - June | YearTD actual | YearTD budget | YTD variance |
|---|---|---|---|---|---|---|
| **R thousands** | R | | | R | R | R |
| Basic Salary | 6 987 032,00 | 6 987 032,00 | 574 425,54 | 6 832 292,03 | 6 987 032,00 | 154 739,97 |
| Cellphone Allowance | 709 190,00 | 709 190,00 | 57 600,00 | 680 800,00 | 709 190,00 | 28 390,00 |
| Housing Allowance | 309 000,00 | 309 000,00 | 25 000,00 | 300 000,00 | 309 000,00 | 9 000,00 |
| Office Bearer Allowance | 62 689,00 | 62 689,00 | 5 072,00 | 60 864,00 | 62 689,00 | 1 825,00 |
| Out of pocket expenses | - | | | 2 216,84 | - | - 2 216,84 |
| Travelling allowance | 309 000,00 | 309 000,00 | 25 000,00 | 300 000,00 | 309 000,00 | 9 000,00 |
| | | | | - | - | |
| | **8 376 911,00** | **8 376 911,00** | **687 097,54** | **8 176 172,87** | **8 376 911,00** | **200 738,13** |

Remuneration of councillors amounted to **R2.06 million** during the fourth quarter of the 2025/26 financial year, representing approximately 3.8% of the Municipality's total operating expenditure for the quarter **(R54.13 million**).

Year-to-date expenditure on councillor remuneration amounted to approximately **R8.18 million** against a year-to-date budget of approximately **R8.38 million**, resulting in a favourable variance of approximately **R0.21 million** (2%).

The favourable variance is not considered material and is mainly attributable to normal timing differences in the processing of remuneration and related allowances. Overall expenditure remained within the approved budget and the limits prescribed by the applicable legislative framework governing the remuneration of public office bearers.

## 3.3 FINANCIAL POSITION OVERVIEW

### 3.3.1 Financial Ratios and Norms

i) **Current ratio**: **0,65** (Norm: 1,5 – 2:1)

The current ratio of **0.65:1** indicates that the Municipality's current assets are insufficient to settle its current liabilities. This reflects liquidity constraints and highlights the Municipality's limited ability to meet its short-term obligations as they fall due.

ii) **Cash/Cost Coverage Ratio (excluding unspent conditional grants): 0 months**
**Norm:** 1 – 3 months

The Municipality has **no cash coverage** after excluding unspent conditional grants. This indicates that available cash resources at 30 June 2026 were insufficient to fund even one month's operating expenditure without additional revenue receipts.

iii) **Net Debtors Days: 935 days**
**Norm:** 30 days

Net debtor days of **935 days** indicate that the Municipality is experiencing significant challenges in converting billed revenue into cash. The collection period is substantially above the benchmark and reflects the high level of outstanding consumer debt.

iv) **Collection Rate: 51%**
**Norm:** 95%

The collection rate of **51%** indicates that only approximately half of the revenue billed is being collected. This continues to place pressure on the Municipality's cash flow and its ability to fund service delivery and operational commitments.

v) **Remuneration as % of Total Operating Expenditure: 48%**
**Norm:** 25% – 40%

Employee-related costs represent **48%** of total operating expenditure, exceeding the recommended benchmark. This indicates that a significant proportion of operating expenditure is allocated to employee costs, reducing the resources available for repairs and maintenance, operational requirements and service delivery.

vi) **Capital Expenditure as a Percentage of Total Expenditure: 16%**
**Norm:** 10% – 20%

Capital expenditure represents **16%** of total expenditure, which is within the

recommended benchmark. This indicates that the Municipality continued to invest in infrastructure development and renewal while maintaining expenditure within acceptable capital investment levels.

### 3.3.2 Cash and cash equivalents

Cash and cash equivalents amounted to **R4.04 million** as at **30 June 2026**, as reflected in the Municipality's Statement of Financial Position.

Although the Municipality reported a positive cash balance at year-end, these funds are largely committed towards existing operational obligations and outstanding creditors. Consequently, the available cash does not represent unrestricted funds available for new expenditure.

The Municipality held no long-term investments as at 30 June 2026, and no investments were ceded as security.

The Municipality also **does not maintain a Capital Replacement Reserve**, limiting its ability to internally fund future capital asset replacement and renewal programmes.

### 3.3.3 Unspent Conditional Grants

| Grant | Nature | Type: Conditional / Unconditional | Opening Balance | Current year receipts | Actual receipts | Conditions met - transferred to Revenue | Unspent as @ June 2026 |
|---|---|---|---|---|---|---|---|
| Municipal Infrastructure Grant | Capital | Conditional | - | 30 314 000,00 | 30 314 000,00 | 30 314 000,00 | - |
| INEP | Capital | Conditional | - | 6 413 000,00 | 6 413 000,00 | 6 413 000,00 | - |
| Energy Efficiency Demand Grant | Capital | Conditional | | 4 000 000,00 | 4 000 000,00 | 4 000 000,00 | - |
| Water Services Infrastructure Grant | Capital | Conditional | | 12 000 000,00 | 12 000 000,00 | 12 000 000,00 | - |
| EPWP | Operating | Conditional | - | 1 435 000,00 | 1 435 000,00 | 1 435 000,00 | - |
| Financial Management Grant | Operating | Conditional | - | 3 800 000,00 | 3 800 000,00 | 3 800 000,00 | - |
| | | | **-** | **57 962 000,00** | **57 962 000,00** | **57 962 000,00** | **-** |

The table above summarises the utilisation of conditional grants as at 30 June 2026. Based on the preliminary financial records, all conditional grant funding received during the 2025/26 financial year had either been utilised for its intended purpose or recognised as revenue upon meeting the prescribed conditions. Accordingly, no unspent conditional grant balances were reflected as at 30 June 2026.

### 3.3.4 Creditors Age Analysis

Outstanding creditors amounted to **R123.9 million** as at **30 June 2026**. During the fourth quarter, the Municipality continued to experience cash flow constraints, which affected its ability to settle creditors within normal payment terms. Available cash resources were prioritised towards critical operational commitments, including

employee-related costs, bulk service providers and essential service delivery requirements.

**EC106 Sundays River Valley - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June**

| Description<br>R thousands | NT Code | Budget Year 2025/26 | | | | | | | | | Prior year totals for chart (same period) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 - 150 Days | 151 - 180 Days | 181 Days - 1 Year | Over 1 Year | Total | |
| **Creditors Age Analysis By Customer Type** | | | | | | | | | | | |
| Bulk Electricity | 0100 | 5 030 | 3 530 | 6 850 | (582) | 3 376 | 3 052 | 8 985 | 19 481 | **49 721** | |
| Bulk Water | 0200 | – | – | – | – | – | – | – | – | **–** | |
| PAYE deductions | 0300 | – | – | – | – | – | – | – | – | **–** | |
| VAT (output less input) | 0400 | – | – | – | – | – | – | – | – | **–** | |
| Pensions / Retirement deductions | 0500 | – | – | – | – | – | – | – | – | **–** | |
| Loan repayments | 0600 | – | – | – | – | – | – | – | – | **–** | |
| Trade Creditors | 0700 | 237 | 494 | 965 | 66 | 1 105 | 16 | 2 317 | 68 591 | **73 793** | |
| Auditor General | 0800 | – | 301 | 144 | (5 494) | 274 | (1 500) | 6 694 | – | **418** | |
| Other | 0900 | (14) | – | – | – | – | – | – | – | **(14)** | |
| Medical Aid deductions | 0950 | – | – | – | – | – | – | – | – | **–** | |
| **Total By Customer Type** | **1000** | **5 253** | **4 325** | **7 959** | **(6 010)** | **4 755** | **1 568** | **17 996** | **88 072** | **123 919** | **–** |

### 3.3.5 Consumer Debtors

The total balance of the municipality's debtors is R392,2million on 30 June 2026

Debt by Customer

| Department | Current | Interest | 30 Days | 60 Days | 90 Days | 120 Days + | Total |
|---|---|---|---|---|---|---|---|
| Education | R 3 452 819,43 | R 0,00 | R 67 037,72 | R 27 490,58 | R 88 997,06 | R 523 784,66 | **R 4 160 129,45** |
| Education (S21) | R 616 172,53 | R 0,00 | R 11 504,82 | R 13 631,94 | R 28 406,86 | R 143 742,02 | **R 813 458,17** |
| Health | R 411 709,14 | R 0,00 | R 4 405,07 | R 3 801,69 | R 3 795,95 | R 294 742,56 | **R 718 454,41** |
| Human Settlements | R 6 475,96 | R 0,00 | R 0,00 | R 0,00 | R 0,00 | R 0,00 | **R 6 475,96** |
| Public Works | R 7 123 705,59 | R 0,00 | R 116 240,50 | R 120 354,72 | R 121 147,20 | R 485 925,16 | **R 7 967 373,17** |
| Roads | R 0,00 | R 0,00 | R 0,00 | R 0,00 | R 0,00 | R 0,00 | **R 0,00** |
| Residents | R 288 574 648,63 | R 0,00 | R 3 815 728,05 | R 3 836 199,07 | R 3 943 978,30 | R 19 191 246,49 | **R 319 361 800,54** |
| Councillors | R 391 722,01 | R 0,00 | R 10 025,55 | R 9 991,91 | R 9 810,90 | R 35 830,73 | **R 457 381,10** |
| Municipal Officials | R 1 877 541,11 | R 0,00 | R 15 271,98 | R 15 271,98 | R 15 271,98 | R 61 585,60 | **R 1 984 942,65** |
| Industries | R 33 873 263,09 | R 0,00 | R 887 957,26 | R 721 848,60 | R 854 852,63 | R 8 957 009,23 | **R 45 294 930,81** |
| National Departments | R 10 170 420,57 | R 0,00 | R 140 974,79 | R 147 744,66 | R 161 727,79 | R 897 161,21 | **R 11 518 029,02** |
| Grand Total | **R 346 498 478,06** | **R 0,00** | **R 5 069 145,74** | **R 4 896 335,15** | **R 5 227 988,67** | **R 30 591 027,66** | **R 392 282 975,28** |

Debt by Type of Service

| Debt By Type | Residents | Councillors | Municipal Officials | Industries | Nat Depts | Prov Depts | Total |
|---|---|---|---|---|---|---|---|
| Water | R 116 869 088,02 | R 65 899,78 | R 667 780,44 | R 3 920 800,44 | R 77 350,05 | R 1 406 316,83 | **R 123 007 235,56** |
| Electricity | R 8 716 749,27 | R 548,10 | R 29 435,41 | R 20 122 859,86 | R 285 159,99 | R 5 319 847,82 | **R 34 474 600,45** |
| Sewerage | R 60 924 099,21 | R 26 820,91 | R 439 829,24 | R 1 754 074,93 | R 25 028,37 | R 596 204,11 | **R 63 766 056,77** |
| Refuse | R 28 294 468,18 | R 7 093,92 | R 171 016,69 | R 809 404,36 | R 3 328,66 | R 239 601,90 | **R 29 524 913,71** |
| Rates | R 96 806 631,14 | R 71 272,36 | R 60 964,23 | R 18 732 421,04 | R 10 821 674,69 | R 6 350 329,00 | **R 132 843 292,46** |
| Other | R 7 750 764,72 | R 285 746,03 | R 615 916,64 | R (44 629,82) | R 305 487,26 | R (246 408,50) | **R 8 666 876,33** |
| **Grand Total** | **R 319 361 800,54** | **R 457 381,10** | **R 1 984 942,65** | **R 45 294 930,81** | **R 11 518 029,02** | **R 13 665 891,16** | **R 392 282 975,28** |
| **% on Total Debt** | **81,41** | **0,12** | **0,51** | **11,55** | **2,94** | **3,48** | **100,00** |

Consumer debtors amounted to **R392.3 million** as at **30 June 2026**. The debtor ageing profile indicates that **R335.74 million (84.9%)** of the outstanding debt is older than **180 days**, highlighting significant challenges in recovering historical debt and converting billed revenue into cash.

**Households** remain the largest debtor category at **R319.4 million (81.4%)**, followed by **commercial consumers** at **R45.3 million (11.5%)** and **organs of state** at **R25.2 million (6.4%)**.

The Municipality continues to implement credit control and debt collection measures, including payment arrangements, disconnections where appropriate, recovery of government debt and legal collection processes. Improving the collection rate and reducing the historical debtor balance remain key priorities to strengthen cash flow and improve the Municipality's financial sustainability.

**DEBT COLLECTION & CREDIT CONTROL**

The Municipality continued to implement revenue enhancement and credit control measures during the fourth quarter to improve revenue collection and strengthen cash flow.

**Indigent Registration**

- The Municipality continued to register qualifying indigent households to ensure that Free Basic Services are provided to eligible consumers.
- Progress has been slower than anticipated due to applicants not submitting all

the required supporting documentation during the registration process.
- Seasonal employment patterns have also made it difficult to engage consumers during normal working hours.
- To improve accessibility, indigent registration will continue throughout the year, supported by ongoing public awareness campaigns.

**Credit Control and Disconnections**

- The Municipality continued to implement its Credit Control and Debt Collection Policy by issuing final demand notices and disconnecting electricity services to defaulting consumers where applicable.
- The effectiveness of this intervention is limited to areas supplied directly by the Municipality, as electricity disconnections cannot be implemented in Eskom-supplied areas.

**Other Revenue Enhancement Initiatives**

- The Sheriff of the Court has been appointed to assist with the recovery of outstanding debts where legal collection processes are required.
- Follow-up on outstanding municipal accounts of municipal officials and councillors continues in accordance with the Municipality's Credit Control and Debt Collection Policy.
- Reconciliations of outstanding government accounts are ongoing with various departments, including the **Department of Public Works and Infrastructure, the Department of Rural Development and Agrarian Reform, and the Department of Education**, to facilitate the recovery of outstanding amounts.

**Management Comment**

The Municipality will continue to strengthen debt collection, improve billing accuracy, encourage payment arrangements and intensify revenue enhancement initiatives to improve the collection rate, strengthen liquidity and enhance long-term financial sustainability.

### 3.3.6 Capital Expenditure by Project

| CAPITAL EXPENDITURE (VAT EXCLUSIVE) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Capital Expenditure by Project** | **Funding Source** | **ORGB** | **Amended Budget** | **Monthly actual - June** | **Q4** | **YearTD actual** | **YearTD budget** | **YTD variance** |
| ***Grant Funding - Projects*** | | **Rands** | | | | **Rands** | **Rands** | **Rands** |
| Sports Facility Nomathamsanqa - Addo | MIG | 3 696 152,00 | 3 696 152,00 | | - | 3 696 152,00 | 3 696 152,00 | - |
| Upgrade Enon Bersheba - Roads Stormwater | MIG | 8 908 831,00 | 8 908 831,00 | 1 778 415,99 | 2 418 292,75 | 8 908 831,00 | 8 908 831,00 | - |
| Construction work-in-progress | MIG | 3 939 130,00 | 3 939 130,00 | | 3 697 190,20 | 3 939 130,00 | 3 939 130,00 | - |
| Upgrade Sewerage network - Paterson | MIG | 4 302 846,00 | 4 302 846,00 | | 380 446,60 | 4 302 846,00 | 4 302 846,00 | - |
| Refurbishment of Enon and Bersheba Water Borne Sanitation | MIG | 4 245 683,00 | 4 245 683,00 | | - | 4 245 683,00 | 4 245 683,00 | - |
| Nomathamsanqa: Completion of Water Backlogs | WSIG | 1 739 130,00 | 1 739 130,00 | | - | 1 739 130,00 | 1 739 130,00 | - |
| Upgrade CBD sewer, wwt pump - Addo | WSIG | 8 695 652,00 | 8 695 652,00 | 1 704 065,06 | 3 303 948,46 | 8 695 652,00 | 8 695 652,00 | - |
| Electrical infrastructure upgrade - kirkwood | INEP | 5 576 522,00 | 5 576 522,00 | 2 337 912,81 | 2 543 915,81 | 5 576 522,00 | 5 576 522,00 | - |
| Electrical infrastructure upgrade - kirkwood | Energy Efficiency and Demand Side Management Grant | 3 478 261,00 | 3 478 261,00 | | - | 3 478 261,00 | 3 478 261,00 | - |
| | | | | | | - | - | |
| | | | | | | - | - | |
| **Total Capex - Funded By Grants** | | **44 582 207,00** | **44 582 207,00** | **5 820 393,86** | **12 343 793,82** | **44 582 207,00** | **40 867 023,08** | **-** |
| | | | | | | | | |
| ***Own Funding - Projects*** | | | | | - | - | - | |
| Furniture and Office Equipment | Transfer from Operational Revenue | 347 826,00 | 347 826,00 | - 116 425,86 | - 14 986,68 | 6 303,32 | 347 826,00 | 341 522,68 |
| Building, Fencing and Paving | Transfer from Operational Revenue | 400 000,00 | 400 000,00 | | - | - | 400 000,00 | 400 000,00 |
| Machinery and Equipment | Transfer from Operational Revenue | 130 435,00 | 130 435,00 | | - | - | 130 435,00 | 130 435,00 |
| Capital Assets- Electricity | Transfer from Operational Revenue | 750 000,00 | 750 000,00 | - | - | 296 425,86 | 750 000,00 | 453 574,14 |
| Transport Assets | Transfer from Operational Revenue | 869 565,00 | 869 565,00 | | | - | 869 565,00 | 869 565,00 |
| Jetting truck | Transfer from Operational Revenue | - | - | | | 1 395 208,70 | - | - 1 395 208,70 |
| Furniture and Office Equipment | Transfer from Operational Revenue | 86 957,00 | 86 957,00 | - | - | 16 454,00 | 86 957,00 | 70 503,00 |
| Municipal Offices | Transfer from Operational Revenue | 565 217,00 | 565 217,00 | | | - | 565 217,00 | 565 217,00 |
| Computer Equipment | Transfer from Operational Revenue | 260 870,00 | 260 870,00 | | 27 698,70 | 106 934,54 | 260 870,00 | 153 935,46 |
| Capital:Infrastructure:Construction of Roads Infrastr KIRK | Transfer from Operational Revenue | - | - | | - | 228 240,00 | - | - 228 240,00 |
| Fencing | Transfer from Operational Revenue | - | - | | - | 169 850,00 | - | - 169 850,00 |
| **Total Capex - Funded By Own Resources** | | **3 410 870,00** | **3 410 870,00** | **- 116 425,86** | **12 712,02** | **2 219 416,42** | **3 410 870,00** | **1 191 453,58** |
| **Total Capital Expenditure** | | **47 993 077,00** | **47 993 077,00** | **5 703 968,00** | **12 356 505,84** | **46 801 623,42** | **44 277 893,08** | **1 191 453,58** |

The Municipality incurred **capital expenditure of R12.36 million** during the fourth quarter of the 2025/26 financial year. Capital expenditure during the quarter was almost entirely funded through conditional grants, with **R12.34 million (99.9%)** funded from external grants and only **R12,712** (0.1%) financed from the Municipality's own resources.

The major projects implemented during the quarter included:

- **Construction Work-in-Progress (MIG): R3.70 million**
- **Upgrade CBD Sewer and Wastewater Pump Station – Addo (WSIG): R3.30 million**
- **Electrical Infrastructure Upgrade – Kirkwood (INEP): R2.54 million**
- **Upgrade Enon/Bersheba Stormwater (MIG): R2.42 million**
- **Upgrade Sewerage Network – Paterson (MIG): R380 thousand**

These projects accounted for approximately **99%** of the Municipality's capital expenditure during the quarter and contributed towards improving water, sanitation, electricity and stormwater infrastructure.

**Year-to-Date Performance**

Total capital expenditure for the 2025/26 financial year amounted to **R46.80 million** against an adjusted capital budget of **R47.99 million**, resulting in an overall

**underspending of R1.19 million (2.5%)**.

Grant-funded projects performed strongly, with expenditure of **R44.58 million** against a budget of **R44.58 million**, representing **100% utilisation** of the adjusted grant-funded budget.

Own-funded capital expenditure amounted to **R2.22 million** against a budget of **R3.41 million**, resulting in an **underspending of R1.19 million (34.9%)**. The under-expenditure was mainly attributable to deferred expenditure on furniture and office equipment, municipal offices, transport assets, building, fencing and paving, and capital assets for electricity. These projects were affected by the Municipality's cash flow constraints, which limited the availability of internally generated funding.

**Management Commentary**

The Municipality achieved excellent performance in the implementation of externally funded infrastructure projects, ensuring that conditional grant allocations were fully utilised. However, constrained cash flow continued to impact the implementation of projects financed from the Municipality's own resources. Management will continue to strengthen procurement planning, project implementation and cash flow management to improve the execution of own-funded capital projects while sustaining the high level of performance achieved on grant-funded programmes.

### 3.3.7 INVESTMENT

No investment portfolio held.

### 3.3.8 BORROWINGS

No borrowings budget provision made, and no borrowings taken by the municipality currently.

## 3.4 OTHER INFORMATION – UPDATE ON THE PREPARATION OF 2025/26 ANNUAL FINANACIAL STATEMENTS

In terms of section 126 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Accounting Officer is required to prepare Annual Financial Statements (AFS) for each financial year and submit them to the Auditor-General of South Africa by 31 August.

The Municipality continues to receive technical support from the **Sarah Baartman District Municipality (SBDM)** and the **Eastern Cape Provincial Treasury (ECPT)** to strengthen the capacity of the Office of the Chief Financial Officer during the preparation of the 2025/26 Annual Financial Statements. Engagements with both support institutions commenced during June 2026 and are being held on a bi-weekly basis to monitor progress against the approved AFS preparation plan.

The draft Annual Financial Statements are scheduled to be submitted to the Audit Committee for review during the week of **10–14 August 2026**, after which the final Annual Financial Statements will be presented to Council around **17 August 2026**, before submission to the Auditor-General before the statutory deadline of **31 August 2026**.

Although progress has been made, implementation of the AFS preparation plan is slightly behind schedule due to limited internal capacity and the need to simultaneously maintain day-to-day financial operations. Management continues to monitor progress closely and has implemented corrective measures to ensure compliance with the statutory submission deadline.

## 3.5 OTHER INFORMATION – UPDATE on the mSCOA IMPLEMENTATION

The Municipal Standard Chart of Accounts (mSCOA), promulgated in terms of section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), provides a uniform and standardised financial transaction classification framework for all municipalities.

During the fourth quarter, the Municipality initiated the process of establishing a functional mSCOA Steering Committee to strengthen governance and oversight over the implementation and sustainability of mSCOA.

As at 30 June 2026, the draft Terms of Reference had been prepared together with appointment letters for the proposed committee members. These documents are scheduled for approval by the Accounting Officer during July 2026, with the Steering Committee expected to become operational from 1 August 2026.

As the Accounting Officer, the Municipal Manager has overall responsibility for ensuring the successful implementation and governance of mSCOA within the Municipality. The mSCOA Project Manager, together with the Steering Committee, will develop an mSCOA Roadmap to guide implementation activities, allocate responsibilities, establish timelines and monitor progress towards full compliance.

The implementation of the Roadmap will support improved financial governance, reporting compliance, data integrity and the long-term sustainability of the Municipality's financial management system.

## 3.6 REMEDIAL OR CORRECTIVE STEPS REQUIRED

To improve the Municipality's financial sustainability and strengthen financial governance, the following corrective measures will continue to be implemented:

- Revenue enhancement initiatives will remain a strategic priority, with continued implementation of the Revenue Enhancement Strategy and Credit Control and Debt Collection Policy to improve the collection rate and cash flow.
- Budgetary control and procurement planning will be strengthened to ensure that expenditure is incurred only within approved budget allocations and in compliance with the Municipal Finance Management Act and the Supply Chain Management Policy.
- Capital projects will be monitored jointly by the Finance and Infrastructure Planning and Development Departments to improve project implementation, expenditure monitoring and grant utilisation.
- Internal controls will be strengthened across all departments to improve financial discipline, accountability and compliance with applicable legislation and internal policies.
- Cost containment measures and cash flow management initiatives will continue to be implemented to support the Municipality's Financial Recovery Plan and improve long-term financial sustainability.

## 3.7 CONCLUSION

The financial performance for the fourth quarter reflects continued progress in several key areas, including the implementation of grant-funded capital projects and the preparation for the 2025/26 Annual Financial Statements. However, the Municipality continues to experience significant financial sustainability challenges arising from constrained cash flow, a low revenue collection rate, a high level of outstanding consumer debt and creditor obligations.

The successful implementation of the Municipality's Financial Recovery Plan, together with strengthened revenue collection, expenditure management, internal controls and consequence management, will be critical to restoring financial stability and ensuring the long-term sustainability of municipal service delivery.

Management remains committed to implementing the necessary corrective measures and improving financial governance to achieve a financially sustainable Municipality while continuing to deliver essential services to the community.

## 4 QUALITY CERTIFICATE

I, Thabiso Klaas, Municipal Manager of Sundays River Valley Municipality, hereby certify that the Fourth Quarter Budget Implementation and Financial State of Affairs Report for the quarter ended 30 June 2026 has been prepared in accordance with the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and the Municipal Budget and Reporting Regulations.



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**T KLAAS**
**MUNICIPAL MANAGER**

**DATE : 14 JULY 2026**

**Submitted to the office of the Mayor**

**Received by:** S. Nogampula

**Date:** 2026/07/20

# Part 2 - In-year budget statements tables

## 1.1 Table C1: Monthly Budget Statement Summary

**EC106 Sundays River Valley - Table C1 Monthly Budget Statement Summary - M12 June**

| Description | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Financial Performance** | | | | | | | | | |
| Property rates | 57 370 | 54 224 | 58 264 | 3 977 | 55 785 | 58 264 | (2 479) | -4% | 58 264 |
| Service charges | 67 209 | 67 864 | 82 316 | 2 901 | 68 679 | 82 316 | (13 637) | -17% | 82 316 |
| Investment revenue | 1 853 | 1 933 | 2 033 | 47 | 1 633 | 2 033 | (400) | -20% | 2 033 |
| Transfers and subsidies - Operational | 127 144 | 131 586 | 131 586 | (1 079) | 128 643 | 131 586 | (2 942) | (0) | 131 586 |
| Other own revenue | 29 366 | 28 601 | 28 992 | 5 241 | 32 390 | 28 992 | 3 399 | 12% | 28 992 |
| **Total Revenue (excluding capital transfers and contributions)** | **282 942** | **284 208** | **303 190** | **11 087** | **287 130** | **303 190** | **(16 059)** | **-5%** | **303 190** |
| Employee costs | 119 384 | 120 371 | 122 371 | 8 986 | 113 356 | 122 371 | (9 015) | -7% | 122 371 |
| Remuneration of Councillors | 8 035 | 8 377 | 8 377 | 687 | 8 176 | 8 377 | (201) | -2% | 8 377 |
| Depreciation and amortisation | 40 048 | 19 821 | 20 821 | – | 1 | 20 821 | (20 821) | -100% | 20 821 |
| Interest | 10 174 | 1 592 | 10 940 | 1 055 | 9 391 | 10 940 | (1 548) | -14% | 10 940 |
| Inventory consumed and bulk purchases | 49 968 | 42 881 | 48 981 | 3 381 | 48 955 | 48 981 | (26) | -0% | 48 981 |
| Transfers and subsidies | – | – | – | – | – | – | – | | – |
| Other expenditure | 30 674 | 87 747 | 90 054 | 5 227 | 73 742 | 90 054 | (16 313) | -18% | 90 054 |
| **Total Expenditure** | **258 283** | **280 789** | **301 545** | **19 336** | **253 620** | **301 545** | **(47 924)** | **-16%** | **301 545** |
| **Surplus/(Deficit)** | **24 659** | **3 419** | **1 645** | **(8 249)** | **33 510** | **1 645** | **31 865** | **1937%** | **1 645** |
| Transfers and subsidies - capital (monetary | 66 264 | 51 211 | 51 211 | – | 26 330 | 51 211 | (24 881) | -49% | 51 211 |
| Transfers and subsidies - capital (in-kind) | – | – | – | – | – | – | – | | – |
| **Surplus/(Deficit) after capital transfers & contributions** | **90 923** | **54 630** | **52 856** | **(8 249)** | **59 840** | **52 856** | **6 984** | **13%** | **52 856** |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | | – |
| **Surplus/ (Deficit) for the year** | **90 923** | **54 630** | **52 856** | **(8 249)** | **59 840** | **52 856** | **6 984** | **13%** | **52 856** |
| **Capital expenditure & funds sources** | | | | | | | | | |
| **Capital expenditure** | – | – | – | – | – | – | – | | – |
| Capital transfers recognised | – | – | – | – | – | – | – | | – |
| Borrowing | – | – | – | – | – | – | – | | – |
| Internally generated funds | – | – | – | – | – | – | – | | – |
| **Total sources of capital funds** | – | – | – | – | – | – | – | | – |
| **Financial position** | | | | | | | | | |
| Total current assets | 108 326 | 77 515 | 123 373 | | 167 677 | | | | 123 373 |
| Total non current assets | 988 988 | 986 166 | 934 333 | | 986 082 | | | | 934 333 |
| Total current liabilities | 202 365 | 162 068 | 190 553 | | 253 673 | | | | 190 553 |
| Total non current liabilities | 30 925 | 54 309 | 21 855 | | 21 855 | | | | 21 855 |
| Community wealth/Equity | **794 214** | **847 304** | **890 609** | | **818 391** | | | | **890 609** |
| **Cash flows** | | | | | | | | | |
| Net cash from (used) operating | (112 176) | 57 150 | 64 139 | (10 281) | 148 069 | 64 139 | (83 929) | -131% | 64 139 |
| Net cash from (used) investing | (13 749) | (55 307) | (55 192) | (1 799) | (50 942) | (55 192) | (4 250) | 8% | (55 192) |
| Net cash from (used) financing | – | – | – | – | (542) | – | 542 | #DIV/0! | – |
| **Cash/cash equivalents at the month/year end** | **(118 824)** | **8 944** | **18 131** | **(12 104)** | **105 742** | **18 131** | **(87 611)** | **-483%** | **18 131** |
| **Debtors & creditors analysis** | **0-30 Days** | **31-60 Days** | **61-90 Days** | **91-120 Days** | **121-150 Dys** | **151-180 Dys** | **181 Dys-1 Yr** | **Over 1Yr** | **Total** |
| **Debtors Age Analysis** | | | | | | | | | |
| Total By Income Source | 22 411 | 7 229 | 6 609 | 6 659 | 6 382 | 6 521 | 335 744 | 4 079 | 395 633 |
| **Creditors Age Analysis** | | | | | | | | | |
| Total Creditors | 5 253 | 4 325 | 7 959 | (6 010) | 4 755 | 1 568 | 17 996 | 88 072 | 123 919 |

## 1.2 Table C2: Monthly Budget Statement – Financial Performance

**EC106 Sundays River Valley - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 June**

| Description | Ref | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue - Functional** | | | | | | | | | | |
| ***Governance and administration*** | | **116 545** | **110 399** | **114 932** | **5 822** | **113 141** | **114 932** | (1 791) | -2% | **114 932** |
| Executive and council | | 13 436 | 13 219 | 13 219 | – | 13 219 | 13 219 | (0) | 0% | 13 219 |
| Finance and administration | | 103 109 | 97 181 | 101 713 | 5 822 | 99 922 | 101 713 | (1 790) | -2% | 101 713 |
| Internal audit | | – | – | – | – | – | – | – | | – |
| ***Community and public safety*** | | **7 272** | **13 926** | **13 926** | **284** | **5 964** | **13 926** | (7 962) | -57% | **13 926** |
| Community and social services | | 1 962 | 2 152 | 2 152 | 13 | 1 975 | 2 152 | (177) | -8% | 2 152 |
| Sport and recreation | | – | – | – | – | – | – | – | | – |
| Public safety | | 5 310 | 11 774 | 11 774 | 271 | 3 989 | 11 774 | (7 785) | -66% | 11 774 |
| Housing | | – | – | – | – | – | – | – | | – |
| Health | | – | – | – | – | – | – | – | | – |
| ***Economic and environmental services*** | | **39 077** | **16 789** | **16 789** | **(1 050)** | **12 369** | **16 789** | (4 420) | -26% | **16 789** |
| Planning and development | | 39 077 | 6 060 | 6 060 | (1 050) | 12 369 | 6 060 | 6 309 | 104% | 6 060 |
| Road transport | | – | 10 729 | 10 729 | – | – | 10 729 | (10 729) | -100% | 10 729 |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| ***Trading services*** | | **185 358** | **194 305** | **208 755** | **6 031** | **181 987** | **208 755** | **(26 768)** | -13% | **208 755** |
| Energy sources | | 65 331 | 78 758 | 83 573 | 832 | 73 838 | 83 573 | (9 735) | -12% | 83 573 |
| Water management | | 76 863 | 63 636 | 66 756 | 3 135 | 55 180 | 66 756 | (11 576) | -17% | 66 756 |
| Waste water management | | 15 297 | 22 028 | 27 013 | 679 | 20 620 | 27 013 | (6 392) | -24% | 27 013 |
| Waste management | | 27 867 | 29 883 | 31 412 | 1 386 | 32 348 | 31 412 | 936 | 3% | 31 412 |
| ***Other*** | 4 | **954** | **–** | **–** | **–** | **–** | **–** | **–** | | **–** |
| **Total Revenue - Functional** | 2 | **349 206** | **335 420** | **354 401** | **11 087** | **313 460** | **354 401** | **(40 941)** | **-12%** | **354 401** |
| **Expenditure - Functional** | | | | | | | | | | |
| ***Governance and administration*** | | **72 902** | **87 028** | **112 817** | **3 987** | **96 977** | **112 817** | (15 841) | -14% | **112 817** |
| Executive and council | | 31 054 | 24 965 | 25 465 | 2 083 | 26 830 | 25 465 | 1 365 | 5% | 25 465 |
| Finance and administration | | 41 847 | 62 063 | 87 353 | 1 905 | 70 137 | 87 353 | (17 215) | -20% | 87 353 |
| Internal audit | | – | – | – | – | 9 | – | 9 | #DIV/0! | – |
| ***Community and public safety*** | | **47 407** | **45 029** | **46 999** | **3 416** | **45 605** | **46 999** | (1 393) | -3% | **46 999** |
| Community and social services | | 30 186 | 25 430 | 26 430 | 2 156 | 28 679 | 26 430 | 2 249 | 9% | 26 430 |
| Sport and recreation | | – | – | – | – | – | – | – | | – |
| Public safety | | 15 286 | 17 449 | 18 419 | 1 097 | 14 845 | 18 419 | (3 573) | -19% | 18 419 |
| Housing | | 1 936 | 2 150 | 2 150 | 163 | 2 081 | 2 150 | (69) | -3% | 2 150 |
| Health | | – | – | – | – | – | – | – | | – |
| ***Economic and environmental services*** | | **23 979** | **14 890** | **15 890** | **811** | **8 203** | **15 890** | (7 687) | -48% | **15 890** |
| Planning and development | | 6 049 | 6 244 | 6 244 | 426 | 5 649 | 6 244 | (595) | -10% | 6 244 |
| Road transport | | 17 930 | 8 646 | 9 646 | 386 | 2 554 | 9 646 | (7 092) | -74% | 9 646 |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| ***Trading services*** | | **112 198** | **133 653** | **125 649** | **11 102** | **102 587** | **125 649** | **(23 062)** | -18% | **125 649** |
| Energy sources | | 57 483 | 61 827 | 61 170 | 8 507 | 58 676 | 61 170 | (2 495) | -4% | 61 170 |
| Water management | | 34 571 | 42 124 | 38 453 | 1 562 | 30 113 | 38 453 | (8 340) | -22% | 38 453 |
| Waste water management | | 15 462 | 15 890 | 13 990 | 370 | 7 096 | 13 990 | (6 894) | -49% | 13 990 |
| Waste management | | 4 683 | 13 812 | 12 036 | 663 | 6 702 | 12 036 | (5 334) | -44% | 12 036 |
| ***Other*** | | **211** | **190** | **190** | **20** | **249** | **190** | **59** | **31%** | **190** |
| **Total Expenditure - Functional** | 3 | **256 697** | **280 789** | **301 545** | **19 336** | **253 620** | **301 545** | **(47 924)** | **-16%** | **301 545** |
| **Surplus/ (Deficit) for the year** | | **92 510** | **54 630** | **52 856** | **(8 249)** | **59 840** | **52 856** | **6 984** | **0,13212694** | **52 856** |

## 1.3 Table C3: Monthly Budget Statement – Financial Performance

**EC106 Sundays River Valley - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June**

| Vote Description | Ref | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue by Vote** | 1 | | | | | | | | | |
| Vote 1 - Executive AND Council (10: IE) | | 13 436 | 13 219 | 13 219 | – | 8 975 | 13 219 | (4 244) | -32,1% | 13 219 |
| Vote 2 - CORPORATE SERVICES (11: IE) | | 10 288 | 9 775 | 9 645 | 130 | 9 796 | 9 645 | 152 | 1,6% | 9 645 |
| Vote 3 - FINANCE (12: IE) | | 92 820 | 87 406 | 92 068 | 5 692 | 94 369 | 92 068 | 2 301 | 2,5% | 92 068 |
| Vote 4 - Community Services (13: IE) | | 36 093 | 43 809 | 45 338 | 1 669 | 38 313 | 45 338 | (7 026) | -15,5% | 45 338 |
| Vote 5 - Technical Services (14: IE) | | 196 568 | 181 211 | 194 131 | 3 596 | 162 007 | 194 131 | (32 124) | -16,5% | 194 131 |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| **Total Revenue by Vote** | 2 | **349 206** | **335 420** | **354 401** | **11 087** | **313 460** | **354 401** | **(40 941)** | **-11,6%** | **354 401** |
| **Expenditure by Vote** | 1 | | | | | | | | | |
| Vote 1 - Executive AND Council (10: IE) | | 32 306 | 26 295 | 26 795 | 2 256 | 29 122 | 26 795 | 2 327 | 8,7% | 26 795 |
| Vote 2 - CORPORATE SERVICES (11: IE) | | 32 313 | 24 012 | 29 912 | 1 727 | 25 093 | 29 912 | (4 819) | -16,1% | 29 912 |
| Vote 3 - FINANCE (12: IE) | | 9 534 | 38 051 | 57 441 | 177 | 45 045 | 57 441 | (12 396) | -21,6% | 57 441 |
| Vote 4 - Community Services (13: IE) | | 50 365 | 56 880 | 57 074 | 3 936 | 50 475 | 57 074 | (6 599) | -11,6% | 57 074 |
| Vote 5 - Technical Services (14: IE) | | 132 179 | 135 552 | 130 323 | 11 240 | 103 886 | 130 323 | (26 437) | -20,3% | 130 323 |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| **Total Expenditure by Vote** | 2 | **256 697** | **280 789** | **301 545** | **19 336** | **253 620** | **301 545** | **(47 924)** | **-15,9%** | **301 545** |
| **Surplus/ (Deficit) for the year** | 2 | **92 510** | **54 630** | **52 856** | **(8 249)** | **59 840** | **52 856** | **6 984** | **13,2%** | **52 856** |

## 1.4 Table C4: Monthly Budget Statement – Financial Performance

**EC106 Sundays River Valley - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June**

| Description | Ref | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue** | | | | | | | | | | |
| **Exchange Revenue** | | | | | | | | | | |
| Service charges - Electricity | | 32 197 | 36 271 | 41 288 | 503 | 37 654 | 41 288 | (3 634) | -9% | 41 288 |
| Service charges - Water | | 21 893 | 21 025 | 24 446 | 1 574 | 17 094 | 24 446 | (7 351) | -30% | 24 446 |
| Service charges - Waste Water Management | | 4 148 | 3 380 | 7 665 | 290 | 6 520 | 7 665 | (1 144) | -15% | 7 665 |
| Service charges - Waste management | | 8 972 | 7 188 | 8 917 | 534 | 7 410 | 8 917 | (1 507) | -17% | 8 917 |
| Sale of Goods and Rendering of Services | | 281 | 271 | 271 | 38 | 317 | 271 | 46 | 17% | 271 |
| Agency services | | 1 926 | 2 112 | 2 112 | 119 | 1 781 | 2 112 | (331) | -16% | 2 112 |
| Interest | | | | | | | | – | | |
| Interest earned from Receivables | | 15 326 | 13 828 | 13 826 | 3 120 | 17 788 | 13 826 | 3 962 | 29% | 13 826 |
| Interest from Current and Non Current Assets | | 1 853 | 1 933 | 2 033 | 47 | 1 633 | 2 033 | (400) | -20% | 2 033 |
| Dividends | | | | | | | | – | | |
| Rent on Land | | | | | | | | – | | |
| Rental from Fixed Assets | | 211 | 359 | 229 | 136 | 200 | 229 | (29) | -13% | 229 |
| Licence and permits | | 1 560 | 1 623 | 1 623 | 150 | 2 266 | 1 623 | 643 | 40% | 1 623 |
| Special rating levies | | | | | | | | – | | |
| Operational Revenue | | 185 | 186 | 186 | 16 | 222 | 186 | 35 | 19% | 186 |
| **Non-Exchange Revenue** | | | | | | | | – | | |
| Property rates | | 57 370 | 54 224 | 58 264 | 3 977 | 55 785 | 58 264 | (2 479) | -4% | 58 264 |
| Surcharges and Taxes | | | | | | | | – | | |
| Fines, penalties and forfeits | | 150 | 1 500 | 1 500 | 15 | (53) | 1 500 | (1 553) | -104% | 1 500 |
| Licence and permits | | 268 | 328 | 328 | 3 | 34 | 328 | (294) | -90% | 328 |
| Transfers and subsidies - Operational | | 127 144 | 131 586 | 131 586 | (1 079) | 128 643 | 131 586 | (2 942) | -2% | 131 586 |
| Interest | | 9 459 | 8 393 | 8 916 | 1 647 | 9 835 | 8 916 | 920 | 10% | 8 916 |
| Fuel Levy | | | | | | | | – | | |
| Operational Revenue | | | | | | | | – | | |
| Gains on disposal of Assets | | | | | | | | – | | |
| Other Gains | | | | | | | | – | | |
| Discontinued Operations | | | | | | | | – | | |
| **Total Revenue (excluding capital transfers and contributions)** | | **282 942** | **284 208** | **303 190** | **11 087** | **287 130** | **303 190** | **(16 059)** | **-5%** | **303 190** |
| **Expenditure By Type** | | | | | | | | | | |
| Employee related costs | | 119 384 | 120 371 | 122 371 | 8 986 | 113 356 | 122 371 | (9 015) | -7% | 122 371 |
| Remuneration of councillors | | 8 035 | 8 377 | 8 377 | 687 | 8 176 | 8 377 | (201) | -2% | 8 377 |
| Bulk purchases - electricity | | 35 412 | 32 514 | 36 514 | 3 175 | 38 043 | 36 514 | 1 529 | 4% | 36 514 |
| Inventory consumed | | 14 556 | 10 367 | 12 467 | 205 | 10 912 | 12 467 | (1 555) | -12% | 12 467 |
| Debt impairment | | (32 720) | 18 680 | 18 680 | – | 0 | 18 680 | (18 680) | -100% | 18 680 |
| Depreciation and amortisation | | 40 048 | 19 821 | 20 821 | – | 1 | 20 821 | (20 821) | -100% | 20 821 |
| Interest | | 10 174 | 1 592 | 10 940 | 1 055 | 9 391 | 10 940 | (1 548) | -14% | 10 940 |
| Contracted services | | 41 915 | 34 366 | 37 549 | 1 969 | 37 026 | 37 549 | (522) | -1% | 37 549 |
| Transfers and subsidies | | | | | | | | – | | |
| Irrecoverable debts written off | | 1 475 | – | – | 389 | 2 673 | – | 2 673 | #DIV/0! | – |
| Operational costs | | 15 371 | 34 700 | 33 826 | 2 869 | 34 043 | 33 826 | 217 | 1% | 33 826 |
| Losses on Disposal of Assets | | 5 614 | – | – | – | – | – | – | | – |
| Other Losses | | (982) | – | – | – | – | – | – | | – |
| **Total Expenditure** | | **258 283** | **280 789** | **301 545** | **19 336** | **253 620** | **301 545** | **(47 924)** | **-16%** | **301 545** |
| **Surplus/(Deficit)** | | **24 659** | **3 419** | **1 645** | **(8 249)** | **33 510** | **1 645** | **31 865** | **0** | **1 645** |
| Transfers and subsidies - capital (monetary allocations) | | 66 264 | 51 211 | 51 211 | – | 26 330 | 51 211 | (24 881) | (0) | 51 211 |
| Transfers and subsidies - capital (in-kind) | | | | | | | | – | | |
| **Surplus/(Deficit) after capital transfers & contributions** | | **90 923** | **54 630** | **52 856** | **(8 249)** | **59 840** | **52 856** | **6 984** | **0** | **52 856** |
| Income Tax | | | | | | | | – | | |
| **Surplus/(Deficit) after income tax** | | **90 923** | **54 630** | **52 856** | **(8 249)** | **59 840** | **52 856** | **6 984** | **0** | **52 856** |
| Share of Surplus/Deficit attributable to Joint Venture | | | | | | | | – | | |
| Share of Surplus/Deficit attributable to Minorities | | | | | | | | – | | |
| **Surplus/(Deficit) attributable to municipality** | | **90 923** | **54 630** | **52 856** | **(8 249)** | **59 840** | **52 856** | 6 984 | 0 | **52 856** |
| Share of Surplus/Deficit attributable to Associate | | | | | | | | – | | |
| Intercompany/Parent subsidiary transactions | | | | | | | | – | | |
| **Surplus/ (Deficit) for the year** | | **90 923** | **54 630** | **52 856** | **(8 249)** | **59 840** | **52 856** | **6 984** | **0** | **52 856** |

## 1.5 Table C5: Monthly Budget Statement – Capital Expenditure

**EC106 Sundays River Valley - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June**

| Vote Description | Ref | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Single Year expenditure appropriation** | 2 | | | | | | | | | |
| Vote 6 - Technical Services (14: CAPEX) | | – | – | – | – | – | – | – | | – |
| Vote 7 - Executive AND Council (30: CAPEX) | | 81 | 348 | 348 | – | 204 | 348 | (144) | -41% | 348 |
| Vote 8 - Community Services (36: CAPEX) | | 16 250 | 4 246 | 4 096 | – | 3 779 | 4 096 | (317) | -8% | 4 096 |
| Vote 9 - Technical Services (38: CAPEX) | | 56 164 | 41 766 | 41 766 | 5 704 | 65 420 | 41 766 | 23 653 | 57% | 41 766 |
| Vote 10 - Finance (39: CAPEX) | | (2) | 957 | 957 | – | 15 | 957 | (942) | -98% | 957 |
| Vote 11 - Corporate Services (40: CAPEX) | | 271 | 826 | 826 | – | 378 | 826 | (448) | -54% | 826 |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | – | | – |
| **Total Capital single-year expenditure** | 4 | 72 764 | 48 143 | 47 993 | 5 704 | 69 796 | 47 993 | **21 803** | **45%** | 47 993 |
| **Total Capital Expenditure** | | **72 764** | **48 143** | **47 993** | **5 704** | **69 796** | **47 993** | **21 803** | **45%** | **47 993** |
| **Capital Expenditure - Functional Classification** | | | | | | | | | | |
| ***Governance and administration*** | | **351** | **2 530** | **2 530** | **–** | **597** | **2 530** | (1 934) | -76% | **2 530** |
| Executive and council | | 81 | 748 | 748 | – | 204 | 748 | (544) | -73% | 748 |
| Finance and administration | | 269 | 1 783 | 1 783 | – | 393 | 1 783 | (1 390) | -78% | 1 783 |
| Internal audit | | | | | | | | – | | |
| ***Community and public safety*** | | **16 250** | **3 846** | **3 696** | **–** | **3 779** | **3 696** | 83 | 2% | **3 696** |
| Community and social services | | 16 250 | 3 696 | 3 696 | – | 3 723 | 3 696 | 27 | 1% | 3 696 |
| Sport and recreation | | | | | | | | – | | |
| Public safety | | – | 150 | – | – | 57 | – | 57 | #DIV/0! | – |
| Housing | | | | | | | | – | | |
| Health | | | | | | | | – | | |
| ***Economic and environmental services*** | | **7 701** | **12 978** | **12 978** | **1 778** | **15 939** | **12 978** | 2 961 | 23% | **12 978** |
| Planning and development | | | | | | | | – | | |
| Road transport | | 7 701 | 12 978 | 12 978 | 1 778 | 15 939 | 12 978 | 2 961 | 23% | 12 978 |
| Environmental protection | | | | | | | | – | | |
| ***Trading services*** | | **48 463** | **28 788** | **28 788** | **3 926** | **49 481** | **28 788** | 20 692 | 72% | **28 788** |
| Energy sources | | 5 794 | 9 805 | 9 805 | 2 221 | 7 343 | 9 805 | (2 462) | -25% | 9 805 |
| Water management | | – | 1 739 | 1 739 | – | – | 1 739 | (1 739) | -100% | 1 739 |
| Waste water management | | 42 669 | 17 244 | 17 244 | 1 704 | 42 137 | 17 244 | 24 893 | 144% | 17 244 |
| Waste management | | | | | | | | – | | |
| ***Other*** | | | | | | | | – | | |
| **Total Capital Expenditure - Functional Classification** | 3 | **72 764** | **48 143** | **47 993** | **5 704** | **69 796** | **47 993** | **21 803** | **45%** | **47 993** |
| **Funded by:** | | | | | | | | | | |
| National Government | | 72 267 | 44 582 | 44 582 | 5 820 | 67 061 | 44 582 | 22 479 | 50% | 44 582 |
| Provincial Government | | | | | | | | – | | |
| District Municipality | | – | 100 | – | – | 57 | – | 57 | #DIV/0! | – |
| Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions) | | | | | | | | – | | |
| **Transfers recognised - capital** | | **72 267** | **44 682** | **44 582** | **5 820** | **67 118** | **44 582** | **22 536** | **51%** | **44 582** |
| **Borrowing** | 6 | | | | | | | – | | |
| **Internally generated funds** | | 497 | 3 411 | 3 411 | (116) | 2 678 | 3 411 | (733) | -21% | 3 411 |
| **Total Capital Funding** | | **72 764** | **48 093** | **47 993** | **5 704** | **69 796** | **47 993** | **21 803** | **45%** | **47 993** |

## 1.6 Table C6: Monthly Budget Statement - Financial Position

**EC106 Sundays River Valley - Table C6 Monthly Budget Statement - Financial Position - M12 June**

| Description | Ref | 2024/25 | Budget Year 2025/26 | | | |
|---|---|---|---|---|---|---|
| | | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Full Year Forecast |
| R thousands | 1 | | | | | |
| **ASSETS** | | | | | | |
| **Current assets** | | | | | | |
| Cash and cash equivalents | | 9 184 | 23 890 | 29 746 | 4 043 | 29 746 |
| Trade and other receivables from exchange transactions | | 79 266 | 21 105 | 79 266 | 128 759 | 79 266 |
| Receivables from non-exchange transactions | | 43 442 | 7 211 | 43 442 | 52 711 | 43 442 |
| Current portion of non-current receivables | | | | | | |
| Inventory | | (56 544) | 309 | (62 044) | (54 844) | (62 044) |
| VAT | | 31 714 | 24 964 | 31 700 | 36 183 | 31 700 |
| Other current assets | | 1 263 | 36 | 1 263 | 825 | 1 263 |
| **Total current assets** | | **108 326** | **77 515** | **123 373** | **167 677** | **123 373** |
| **Non current assets** | | | | | | |
| Investments | | | | | | |
| Investment property | | 111 093 | 40 205 | 111 093 | 111 093 | 111 093 |
| Property, plant and equipment | | 877 138 | 945 639 | 822 483 | 874 232 | 822 483 |
| Biological assets | | | | | | |
| Living and non-living resources | | | | | | |
| Heritage assets | | 322 | 322 | 322 | 322 | 322 |
| Intangible assets | | 435 | – | 435 | 435 | 435 |
| Trade and other receivables from exchange transactions | | | | | | |
| Non-current receivables from non-exchange transactions | | | | | | |
| Other non-current assets | | | | | | |
| **Total non current assets** | | **988 988** | **986 166** | **934 333** | **986 082** | **934 333** |
| **TOTAL ASSETS** | | **1 097 314** | **1 063 681** | **1 057 706** | **1 153 759** | **1 057 706** |
| **LIABILITIES** | | | | | | |
| **Current liabilities** | | | | | | |
| Bank overdraft | | | | | | |
| Financial liabilities | | – | – | – | (542) | – |
| Consumer deposits | | 79 | 84 | 79 | 79 | 79 |
| Trade and other payables from exchange transactions | | 166 375 | 126 956 | 166 266 | 178 561 | 166 266 |
| Trade and other payables from non-exchange transactions | | 205 | 0 | 205 | 27 466 | 205 |
| Provision | | 3 862 | 10 298 | 4 174 | 4 174 | 4 174 |
| VAT | | 30 727 | 24 438 | 19 024 | 43 131 | 19 024 |
| Other current liabilities | | 1 117 | 290 | 805 | 805 | 805 |
| **Total current liabilities** | | **202 365** | **162 068** | **190 553** | **253 673** | **190 553** |
| **Non current liabilities** | | | | | | |
| Financial liabilities | | | | | | |
| Provision | | 18 875 | 47 598 | 9 805 | 9 805 | 9 805 |
| Long term portion of trade payables | | | | | | |
| Other non-current liabilities | | 12 050 | 6 711 | 12 050 | 12 050 | 12 050 |
| **Total non current liabilities** | | **30 925** | **54 309** | **21 855** | **21 855** | **21 855** |
| **TOTAL LIABILITIES** | | **233 289** | **216 377** | **212 408** | **275 528** | **212 408** |
| **NET ASSETS** | 2 | **864 025** | **847 304** | **845 298** | **878 231** | **845 298** |
| **COMMUNITY WEALTH/EQUITY** | | | | | | |
| Accumulated surplus/(deficit) | | 782 164 | 847 304 | 890 609 | 818 391 | 890 609 |
| Reserves and funds | | | | | | |
| Other | | 12 050 | – | – | – | – |
| **TOTAL COMMUNITY WEALTH/EQUITY** | 2 | **794 214** | **847 304** | **890 609** | **818 391** | **890 609** |

## 1.7 Table C7: Monthly Budget Statement – Cashflow

**EC106 Sundays River Valley - Table C7 Monthly Budget Statement - Cash Flow - M12 June**

| Description | Ref | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | | | | | | |
| **Receipts** | | | | | | | | | | |
| Property rates | | 15 049 | 52 416 | 43 248 | 2 801 | 40 678 | 43 248 | (2 570) | -6% | 43 248 |
| Service charges | | (12 757) | 59 535 | 66 098 | 969 | 11 399 | 66 098 | (54 699) | -83% | 66 098 |
| Other revenue | | 8 087 | 14 517 | 6 262 | 10 483 | 231 929 | 6 262 | 225 667 | 3604% | 6 262 |
| Transfers and Subsidies - Operational | | 117 241 | 123 043 | 123 543 | 30 | 130 293 | 123 543 | 6 750 | 5% | 123 543 |
| Transfers and Subsidies - Capital | | 24 766 | 51 211 | 51 212 | – | 92 952 | 51 212 | 41 740 | 82% | 51 212 |
| Interest | | 1 710 | 14 635 | 30 141 | 174 | 1 790 | 30 141 | (28 351) | -94% | 30 141 |
| Dividends | | | | | | | | – | | |
| **Payments** | | | | | | | | | | |
| Suppliers and employees | | (266 272) | (256 615) | (246 772) | (24 738) | (360 972) | (246 772) | (114 201) | 46% | (246 772) |
| Interest | | – | (1 592) | (9 592) | – | – | (9 592) | 9 592 | -100% | (9 592) |
| Transfers and Subsidies | | | | | | | | – | | |
| **NET CASH FROM/(USED) OPERATING ACTIVITIES** | | **(112 176)** | **57 150** | **64 139** | **(10 281)** | **148 069** | **64 139** | **(83 929)** | **-131%** | **64 139** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | | | | |
| **Receipts** | | | | | | | | | | |
| Proceeds on disposal of PPE | | | | | | | | – | | |
| Decrease (increase) in non-current receivables | | | | | | | | – | | |
| Decrease (increase) in non-current investments | | | | | | | | – | | |
| **Payments** | | | | | | | | | | |
| Capital assets | | (13 749) | (55 307) | (55 192) | (1 799) | (50 942) | (55 192) | 4 250 | -8% | (55 192) |
| **NET CASH FROM/(USED) INVESTING ACTIVITIES** | | **(13 749)** | **(55 307)** | **(55 192)** | **(1 799)** | **(50 942)** | **(55 192)** | **(4 250)** | **8%** | **(55 192)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | | | | | |
| **Receipts** | | | | | | | | | | |
| Short term loans | | | | | | | | – | | |
| Borrowing long term/refinancing | | | | | | | | – | | |
| Increase (decrease) in consumer deposits | | | | | | | | – | | |
| **Payments** | | | | | | | | | | |
| Repayment of borrowing | | – | – | – | – | (542) | – | (542) | #DIV/0! | – |
| **NET CASH FROM/(USED) FINANCING ACTIVITIES** | | **–** | **–** | **–** | **–** | **(542)** | **–** | **542** | **#DIV/0!** | **–** |
| **NET INCREASE/ (DECREASE) IN CASH HELD** | | **(125 925)** | **1 843** | **8 947** | **(12 080)** | **96 585** | **8 947** | | | **8 947** |
| Cash/cash equivalents at beginning: | | 7 101 | 7 101 | 9 184 | (25) | 9 157 | 9 184 | (27) | | 9 184 |
| Cash/cash equivalents at month/year end: | | (118 824) | 8 944 | 18 131 | (12 104) | 105 742 | 18 131 | | | 18 131 |

# 1.8 Table SC8 Monthly Budget Statement - councillor and staff benefits – M12 June 2026

**EC106 Sundays River Valley - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M12 June**

| Summary of Employee and Councillor remuneration<br>R thousands | Ref | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| | 1 | A | B | C | | | | | | D |
| **Councillors (Political Office Bearers plus Other)** | | | | | | | | | | |
| Basic Salaries and Wages | | 6 680 | 6 987 | 6 987 | 574 | 6 832 | 6 987 | (155) | -2% | 6 987 |
| Pension and UIF Contributions | | | | | | | | – | | |
| Medical Aid Contributions | | | | | | | | – | | |
| Motor Vehicle Allowance | | | | | | | | – | | |
| Cellphone Allowance | | 691 | 709 | 709 | 58 | 681 | 709 | (28) | -4% | 709 |
| Housing Allowances | | 300 | 309 | 309 | 25 | 300 | 309 | (9) | -3% | 309 |
| Other benefits and allowances | | 364 | 372 | 372 | 30 | 363 | 372 | (9) | -2% | 372 |
| **Sub Total - Councillors** | | **8 035** | **8 377** | **8 377** | **687** | **8 176** | **8 377** | **(201)** | **-2%** | **8 377** |
| **% increase** | 4 | | **4,2%** | **4,2%** | | | | | | **4,2%** |
| **Senior Managers of the Municipality** | 3 | | | | | | | | | |
| Basic Salaries and Wages | | 4 909 | 5 108 | 5 108 | 359 | 4 865 | 5 108 | (243) | -5% | 5 108 |
| Pension and UIF Contributions | | 11 | 11 | 11 | 1 | 9 | 11 | (2) | -14% | 11 |
| Medical Aid Contributions | | | | | | | | – | | |
| Overtime | | | | | | | | – | | |
| Performance Bonus | | | | | | | | – | | |
| Motor Vehicle Allowance | | 872 | 764 | 764 | 61 | 700 | 764 | (64) | -8% | 764 |
| Cellphone Allowance | | 120 | 124 | 124 | 10 | 111 | 124 | (13) | -11% | 124 |
| Housing Allowances | | 192 | 198 | 198 | 10 | 144 | 198 | (54) | -27% | 198 |
| Other benefits and allowances | | 1 | 1 | 1 | 0 | 1 | 1 | (0) | -15% | 1 |
| Payments in lieu of leave | | 1 747 | – | – | – | – | – | – | | – |
| Long service awards | | | | | | | | – | | |
| Post-retirement benefit obligations | 2 | – | – | – | – | 327 | – | 327 | #DIV/0! | – |
| Entertainment | | | | | | | | – | | |
| Scarcity | | 227 | 45 | 45 | 16 | 192 | 45 | 147 | 329% | 45 |
| Acting and post related allowance | | | | | | | | – | | |
| In kind benefits | | | | | | | | – | | |
| **Sub Total - Senior Managers of Municipality** | | **8 078** | **6 250** | **6 250** | **457** | **6 349** | **6 250** | **99** | **2%** | **6 250** |
| **% increase** | 4 | | **-22,6%** | **-22,6%** | | | | | | **-22,6%** |
| **Other Municipal Staff** | | | | | | | | | | |
| Basic Salaries and Wages | | 68 684 | 71 208 | 72 208 | 5 654 | 67 898 | 72 208 | (4 310) | -6% | 72 208 |
| Pension and UIF Contributions | | 12 077 | 12 980 | 13 980 | 1 054 | 12 546 | 13 980 | (1 434) | -10% | 13 980 |
| Medical Aid Contributions | | 4 946 | 5 564 | 5 564 | 461 | 5 319 | 5 564 | (245) | -4% | 5 564 |
| Overtime | | 5 138 | 3 534 | 3 534 | 388 | 4 731 | 3 534 | 1 197 | 34% | 3 534 |
| Performance Bonus | | 5 185 | 8 344 | 8 344 | 17 | 5 266 | 8 344 | (3 077) | -37% | 8 344 |
| Motor Vehicle Allowance | | 6 253 | 7 926 | 7 926 | 525 | 6 617 | 7 926 | (1 309) | -17% | 7 926 |
| Cellphone Allowance | | 916 | 1 131 | 1 131 | 77 | 952 | 1 131 | (179) | -16% | 1 131 |
| Housing Allowances | | 571 | 678 | 678 | 45 | 557 | 678 | (122) | -18% | 678 |
| Other benefits and allowances | | 1 602 | 1 968 | 1 968 | 143 | 1 678 | 1 968 | (290) | -15% | 1 968 |
| Payments in lieu of leave | | | | | | | | – | | |
| Long service awards | | 277 | – | – | – | – | – | – | | – |
| Post-retirement benefit obligations | 2 | 5 261 | 474 | 474 | 124 | 607 | 474 | 133 | 28% | 474 |
| Entertainment | | | | | | | | – | | |
| Scarcity | | | | | | | | – | | |
| Acting and post related allowance | | 1 928 | 1 896 | 1 896 | 168 | 1 906 | 1 896 | 10 | 1% | 1 896 |
| In kind benefits | | | | | | | | – | | |
| **Sub Total - Other Municipal Staff** | | **112 838** | **115 703** | **117 703** | **8 655** | **108 076** | **117 703** | **(9 627)** | **-8%** | **117 703** |
| **% increase** | 4 | | **2,5%** | **4,3%** | | | | | | **4,3%** |
| **Total Parent Municipality** | | **128 952** | **130 331** | **132 331** | **9 800** | **122 601** | **132 331** | **(9 730)** | **-7%** | **132 331** |
| | | | **1,1%** | **2,6%** | | | | | | **2,6%** |

# PART 3 - REPORT ON THE IMPLEMENTATION OF THE SUPPLY CHAIN POLICY

## 4TH QUARTER REPORT ON THE IMPLEMENTATION OF THE SUPPLY CHAIN POLICY

### PURPOSE OF THIS REPORT

The purpose of this report is to inform the Council on the implementation of the Supply Chain Management Policy of the municipality for the above outlined period.

### BACKGROUND

In terms of the Supply Chain Management Policy, the Council must maintain oversight over the implementation of the policy to ensure that the accounting officer implements all supply chain activities in accordance therewith.

### LEGISLATIVE FRAMEWORK

Section 6(3) MFMA Supply Chain Regulations.

### SUPPLY CHAIN MANAGEMENT UNIT

**Staff Complement**

- SCM Accountant
- 2 x Acquisition Clerks
- Demand Clerk
- Contracts Clerk

CHALLENGES WITHIN SCM

There is a critical need for an SCM Officer with extensive experience in the tender and bid evaluation processes. Numerous errors have been observed at the Bid Evaluation Committee (BEC) level, largely due to the absence of a skilled and experienced individual within that stage of the process.

Another challenge faced by the SCM unit is the virtual sittings of the Bid Adjudication Committee (BAC). This arrangement makes it difficult for members to identify and rectify errors originating at the BEC level, as they rely solely on the BEC report without the opportunity to physically verify the information presented.

Additionally, the late submission of project specifications results in rushed SCM processes, often leading to bids being advertised for shorter periods than prescribed by regulations. Delays in convening bid committee meetings further worsen the problem, sometimes forcing SCM to bypass the “intention to appoint” stage and proceed directly to appointment, an action that could expose the institution to disputes or legal challenges.

Lack of internal legal expertise to assist in drafting of contracts forces SCM to perform legal drafting roles outside their expertise, affecting efficiency and diverting them from core supply chain responsibilities.This can create loopholes that suppliers can exploit, resulting in poor service delivery or disputes over interpretation.

**Supplier Database**

The municipality complies with the requirements of CSD as stipulated in the MFMA circular number 81. Suppliers which are utilised are being verified their registration with CSD. The municipal database is also updated on ad hoc bases.

**Procurement Plan**

The objective of the procurement plan is to assist with the planning for the procurement of goods, services or infrastructure projects in a proactive manner and to move away from merely reacting to purchasing requests. MFMA Circular 62 requires municipalities to develop a procurement plan for all procurement needs in excess R200, 000. The Procurement plan for the financial year 2025/2026 was approved by the Accounting Officer.

SRVM is still having a challenged following the approved procurement plan,user departments procure items and services that are not part of the procurement plan.

**Functioning of SCM Unit**

- ***Declaration of Interest by SCM personnel***

Declaration of Interest for 2025/26 financial year was signed by SCM personnel.

**Bid Committees**

Bid Committees are still formulated in accordance with the standard for infrastructure procurement delivery (SIPDM) and are operating efficiently. The municipal bid committees comprise the following:

- **Bid Specification Committee**
- **Bid Evaluation Committee**
- **Bid Adjudication Committee**

The committees are entrusted with the responsibility to ensure that the municipal procurement system is done in accordance with the s217 of the South African Constitution and s112 of the MFMA.

**Performance of committees in general**

The is a challenge with sitting of BEC on time, continuous postponement are causing a delay in appointment of service providers

**CONTRACTS MANAGEMENT**

Contract Management is the function within Supply Chain Management Unit that deals with all the administrative tasks pertaining to the management of the contracts procured through Supply Chain Management processes.

**Contracts Register**

All approved contracts awarded through SCM processes are registered in the Contract Management Register to monitor expenditure and contract ends dates in order to commence with procurement strategy on time.

**Supplier Performance**

Section 116(2) of Local Government: Municipal Finance Management Act(No.56 of 2003) provides as follows:

The accounting officer of a municipality must-

*(a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality is properly enforced;*

*(b) monitor on a monthly basis the performance of the contractor under the contract or agreement;*

*(c) establish capacity in the administration of the municipality-*

(i) to assist the accounting officer in out the duties set out in (a) and (b); and

(ii) to oversee the day-to-day management of the contract or agreement; and

(d) regularly report to the council of the municipality, as may be appropriate, on the management of the contract or agreement and the performance of the contractor.

The user departments are responsible for managing contracts in their respective departments in terms of the specifications and conditions contained in the approved contracts,and on a monthly basis report to SCM on the performance of their service providers.

The table below provides a summary of the suppliers' performance assessment:

**APRIL 2026**

**There is a delay on delivery and fitment of new tyres, the service provider made numerous commitments to deliver the tyres on certain dates and they have failed to deliver with no communication to the municipality for the non-delivery**

| BID NAME | BIDDER | Tender No | REASON | STATUS |
|---|---|---|---|---|
| Supply and delivery of speed hump material for the upper and lower valley | Ntaka Obusi (Pty) Ltd | SRVM RFQ-13/2026 | Non delivery of goods | Cancelled |
| Supply, delivery and fitment of new tyres | BRN Holdings (Pty) Ltd | SRVM-RFQ 19/2026B | Non delivery of goods | Cancelled |

**JUNE 2026**

All service providers for the month of July performed as per signed contracts.

**Status of Pending tenders for the 4TH Quarter of 2025/26**

| BID NAME | Tender No | ADVERTISING DATE | STATUS |
|---|---|---|---|
| Supply And Delivery Of Split Prepaid Meters | SRVM-RFQ 24/2026 | 12/03/2026 | Evaluation Stage |
| Supply And Delivery Of Civil Structure Repair Material | SRVM-RFQ 25/2026 | 12/03/2026 | Evaluation Stage |
| Supply, Delivery And Installation Of 18 Split Prepaid Single -Phase Meters At The Swimming Pool | SRVM-RFQ 23/2026 | 12/03/2026 | Evaluation Stage |
| Refurbishment Of Fnb Sewer Pump Stations In Valancia And Addo Town | RFQ 009 OF SRVM 04/2024 | 27/02/2026 | Advert Stage |
| Supply And Delivery Of Materials For Waste | SRVM RFQ 20/2026 | 2026/02/09 | Appointment Stage |
| Supply And Delivery Of Office Furniture | SRVM RFQ 22/2026 | 2026/02/11 | Appointment Stage |
| Supply, Delivery And Installation Of New Cables For Isabel, Mcdonalds And John Street | SRVM 012/2026 | - | Specification Stage |
| Land Audit For Srvm | SRVM 013/2026 | - | Specification Stage |
| Supply And Delivery Of Ppe For All A Srvm Staff | SRVM 014/2026 | - | Specification Stage |
| Panel Of Lawyers | SRVM 011/2026 | - | Evaluation Stage |
| Appointment Of Service Provider For Operations, Maintenance And Management Of Paterson Landfill Site For Period Of 12 Months | SRVM 008/2026 | 2026/01/22 | Adjudication Stage |
| Appointment Of Service Provider For Operations, Maintenance And Management Of Sunland Landfill Site For Period Of 12 Months | SRVM 009/2026 | 2026/01/22 | Adjudication Stage |
| Appointment Of Service Provider For Operations, Maintenance And Management Of Msengeni/Kirkwood Landfill Site For Period Of 12 Months | SRVM 010/2026 | 2026/01/22 | Adjudication Stage |
| Renovation And Conversion Of Disused Nomathamsanqa Municipal Office: For Traffic Services Delivery Facility | SRVM 011/2026 | 2026/02/03 | Adjudication Stage |

## CONTRACT AWARDS FOR THE 4TH QUARTER OF 2025/26

Total contracts awarded during the 4th quarter amount to **R 799 895.48.** The table below reflects contracts awarded during the 4th quarter of 2025/26.

**APRIL 2026**

| BID NAME | BIDDER | Tender No | TENDER AMOUNT | APPOINTMENT DATE | Duration |
|---|---|---|---|---|---|
| Supply And Delivery Of Materials For Waste | Platinum Suppliers (Pty) Ltd | SRVM-RFQ 20/2026 | R63 250,00 | 2026/04/07 | 30 Days |
| Supply And Delivery Of Office Furniture | Ambitious People Holdings (Pty) Ltd | SRVM-RFQ 22/2026 | R97 619,18 | 2026/04/13 | 30 Days |
| Supply And Delivery Of Split Prepaid Meters | Blackfama House (Pty) Ltd | SRVM-RFQ 24/2026 | R258 000,00 | 2026/04/13 | 30 Days |
| Supply And Delivery Of Civil Structures Repair Material | Bidela Technologies (Pty) Ltd | SRVM-RFQ 25/2026 | R85 026,30 | 2026/04/13 | 30 Days |
| Supply And Delivery Of Equipment For Water Treatment Works | Ntaka Obusi (Pty) Ltd | SRVM-RFQ 26/2026 | R296 000,00 | 2026/04/04 | 30 Days |

**MAY 2026**

No bids were awarded for the month of May 2026

**JUNE 2026**

No bids were awarded for the month of June 2026

## Deviations

All procurement processes are currently met for the thresholds and deviations are approved where necessary in terms of the following:

- According to the Municipal Supply Chain Management Regulation paragraph 36, municipalities must disclose all deviations to Council. The categories for deviations to supply chain management process are:

- In an emergency

- If such goods or services are produced or available from a single provider only;

- For the acquisition of special works of art or historic objects where specifications are difficult to compile

- Acquisitions of animals for zoos;

- In any other exceptional case where it is impractical or impossible to follow the official procurement process

It should be noted that, SCM advises Councillors and officials to bear in mind that SCM processes need to be always followed therefore they need to develop a way of reporting issues within their area.

Approved deviations for the 4th Quarter of 2025/26 amount to **R 332 045.05**
The deviations are listed in the tables in the following pages.

**DEVIATIONS FOR THE MONTH OF APRIL 2026**

| Payment Date | Order Number | Supplier Name | Details | Deviation Type | R | Comments |
|---|---|---|---|---|---|---|
| 01-Apr-26 | P/457 | Arena Holdings (Pty) Ltd | Advert for Legal Service and Rennovations | Sole Supplier | R31 574,40 | On the 30/01/2026 we received a request to source quotations for advertisement on Legal Services and Traffic Offices Rennovations at Nomathamsanqa abnd Arena Holdings is the only service provider that does publication in the entire region of Eastrern Cape. Therefore, we did not have any other choice but to utilize Arena Holdings |
| 01-Apr-26 | P/454 | Arena Holdings (Pty) Ltd | Advert for Landfill Sites for 3 areas to be published on the Herald Newspapaer on 22 January 2026 | Sole Supplier | R39 560,00 | Arena Holdings (Pty) Ltd is the sole publisher of the Herald newspaper. When the Municipality needs to advertise locally it uses the Herald newspapaer as it covers all the areas in the Sundays River Valley. |
| 01-Apr-26 | O/1099 | Arena Holdings (Pty) Ltd | Advertisement for draft Annual Report | Sole Supplier | R6 458,40 | On the 11/02/2026 we received a request to source quotations for Draft Annual Report advertisement and Arena Holdings is the only service provider that does publication in the entire region of Eastern Cape. Therefore, we did not have any other choice but to utilize Arena Holdings. |
| 01-Apr-26 | O/1099 | Arena Holdings (Pty) Ltd | Erratum for both Director Corporate Services and Budget Accountant on Daily Despatch and The Herald | Sole Supplier | R5 980,00 | On the 11/02/2026 we received a request to source quotation for an Erratum advertisement and Arena Holdings is the only service provider that does publication in the entire region of Eastern Cape. Therefore, we did not have any other choice but to utilize Arena Holdings. |
| 01-Apr-26 | O/1101 | Arena Holdings (Pty) Ltd | Erratum for Dirctor Corporate Services on Sunday Times | Sole Supplier | R7 900,50 | On the 11/02/2026 we received a request to source quotations for Erratum advertisement and Arena Holdings is the only service provider that does publications in the entire region of Eastern Cape. Therefore, we did not have any other choice but to utilize Arena Holdings. |

**DEVIATIONS FOR THE MONTH OF MAY 2026**

| No | Payment Date | Order Number | Supplier Name | Details | Deviation Type | R | Comments |
|---|---|---|---|---|---|---|---|
| 1 | 30-May-26 | P/ 467 | Kirkwood Guest House | Accommodation for Budget and Reporting for the entire Month of May 2026 & lunch for weekends. | Exceptional case | R32 000,00 | The Municipality received the request to source the quatations for accommodation of Budget and Treasury Accountant from 04/05/2026 until Month end of May 2026. Three service providers coul not quote us due to non-availability of space and the one that managed to send the quote is Kirkwood Guest House and the amount is R32 000,00. We are required by SCM regulation and SCM policy that should the value goes beyond the threshold of R30 000,00 we must advertise for the period of 7 days as an RFQ. However, it was not possible to follow all procurement processes. Therefore, we had to treat this as an exceptional case becauase the accountant must report on duty on the 4th of May 2026. |
| 2 | 22-May-26 | O/1144 | CFAO Mobility William Hunt PE | Repairs and Maintenance | Exceptional case | R10 715,10 | The vehicle with registration number HXH 982 EC is a Cheverolet Cruze that needs to be fixed. The Chevrolet dealerships within the Nelson Mandela Bay are no longer servicing Chevrolet vehicles. Chevrolet vehicles are now serviced at CFAO Mobility (Williams Hunt) in Fairview, which offers authorized Chevrolet maintenace and parts. That's why it needs to be fixed at CFAO Mobility (Williams Hunt) in Fairview. They have a better understanding of Chevrolet's products and those parts have guarantees and legal requirements. It would be wasteful expenditure to request for 3 other quotes while the parts are not guaranteed. |
| 3 | 21-May-26 | P/ 466 | Transport- Driving License Card | Request for payment of Feb 2026 Drivers License Cards | Sole Supplier | R31 837,00 | Drivers License Card Account is the Sole Supplier to print Drivers License Cards for the Province. Please see the attached Government Gazette that relates to the payment of the Card Production Facility for production of Drivers License Cards that is issued. It is a function we perform on behalf of Dept of Transport. |
| 4 | 21-May-26 | O/ 1147 | Billson Trucks (PE) | Repairs and Maintenance | Exceptional case | R14 751,96 | The vehicle with registration number JYW 301 EC is a truck (UD Croner PKE 280) that needs to be fixed. As it's from UD trucks, it needs to be fixed at UD trucks. UD Trucks have a better understanding of their products and their parts have guarantees and legal requirements. It would be impractical to request for 3 quotes while the parts are not guaranteed. |
| 5 | 21-May-26 | P/ 457 | Arena Holdings (Pty) Ltd | Advertisement for Legal Services and Renovations | Sole Supplier | R31 574,40 | On the 30/01/2026 we received a request to source quatations for advertisement of Legal Services and Traffic Offices Renovations at Niomathamsanqa and Arena Holdings is the only service provider that does publications in the entire region of Eastern Cape. Therefore, we did not have any other choice but to utilize Arena Holdings. |
| | | | | | | **R120 878,46** | |

## DEVIATIONS FOR THE MONTH OF JUNE 2026

| No | Payment Date | Order Number | Supplier Name | Details | Deviation Type | R | Comments |
|---|---|---|---|---|---|---|---|
| 1 | 23-Jun-26 | O/ 1141 | Transport- Driving License Card | R751 New Card order for drivers license cards March 2026 | Sole Supplier | R29 151,00 | Drivers License Card Account is the Sole Supplier to print Drivers License Cards for the Province. Please see the attached Government Gazette that relates to the payment of the Card Production Facility for production of Drivers License Cards that is issued. It is a function we perform on behalf of Dept of Transport. |
| 2 | 23-Jun-26 | O/ 1100 | Arena Holdings (Pty) Ltd | Erratum for both Director Corporate and Budget Account on Daily despatch and Herald | Sole Supplier | R5 980,00 | On the 11/02/2026 we received a request to source quotations for an Erratum advertisement and Arena Holdings is the only service provider that does publication in the entire region of Eastern Cape. Therefore, we did not have any other choice but to utilize Arena Holdings. |
| 3 | 26-Jun-26 | O/ 1149 | Transport- Driving License Card | R751 New Card order for drivers license cards April 2026 | Sole Supplier | R24 727,00 | Drivers License Card Account is the Sole Supplier to print Drivers License Cards for the Province. Please see the attached Government Gazette that relates to the payment of the Card Production Facility for production of Drivers License Cards that is issued. It is a function we perform on behalf of Dept of Transport. |
| 4 | 26-Jun-26 | P/ 478 | CFA O Mobility T/A Algoa Toyota | Repairs and Maintenance | Exceptional case and it is impractial or impossible to follow the official procurement processes | R44 759,56 | The vehicle with registration number HWW 890 EC is a Toyota Rav4 that needs to be fixed. As it's a Toyota vehicle, it needs to be fixed at CFA O Mobility Toyota Uitenhage. CFA O Mobility Toyota Uitenhage have a better understanding of their products, and their parts have guarantees and legal requirements. It would be impractical to request for 3 other quotes while the parts are not guaranteed. |
| 5 | 26-Jun-26 | O/1154 | CFA O Mobility T/A Algoa Toyota | Service of Toyota Hilux bakkie JNP 454 EC | Exceptional case and it is impractial or impossible to follow the official procurement processes | R7 710,73 | The vehicle with registration number JNP 454 EC is a Toyota Hilux bakkie that needs to be fixed. As it's a Toyota vehicle, it needs to be fixed at CFA O Mobility Toyota Uitenhage. CFA O Mobility Toyota Uitenhage have a better understanding of their products, and their parts have guarantees and legal requirements. It would be impractical to request for 3 other quotes while the parts are not guaranteed. |
| 6 | 23-Jun-26 | O/ 1130 | Abilia Trading 75 | GI New Alternator JNK 686 EC | | R7 365,00 | The waste removal truck JNK 686 EC got stuck and had to be jumpstarted on 20th March 2026 to be taken to SAPS to be parked until Monday. On Monday, the truck needed to be attended to since it is an essential service vehicle. Since it was not moving to be taken for the necesasary quotes from the service providers, or taken to UD company, the only option was to request Abilia Trading, who has the capacity and capability, to checkthe mechenical problem of the vehicle. Abilia is the only sole supplier located nearby to SRV Moffices in Ngweba town. |
| | | | | | | **R119 693,29** | |

## IRREGULAR EXPENDITURE

In compliance with Section 32 of the MFMA, the irregular expenditure amounts to **R 3 527 501.35** for the 4TH Quarter of 2025/26. The expenditure is broken down into the following categories:

Total of Irregular Expenditure for Capital Projects amounts to **R 1 729 279.84**
Total of Irregular Expenditure for Operational Expenditure amounts to **R 1 789 884.07**
Fruitless and wasteful Expenditure amounts to **R 8 337.44**

Detailed Irregular expenditure schedules which are divided into Annexures are stated in the pages which follows.

## Annexure A

Irregular expenditure for the month of April - June 2026 -Operational & Capital

# ANNEXURE A

# IRREGULAR EXPENDITURE FOR APRIL 2026-OPERATIONAL

| Bidder Name | Tender Name/Description | Date Reported | Date of payment | Payment Number | Amount | Description of Incident | Person liable (Official or Political Office) | Type of Prohibited Expenditure |
|---|---|---|---|---|---|---|---|---|
| R-Data | Intergrated MSCOA Financial management Systems eith Internal control functions for SRVLM | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 30-Apr-26 | | R311 318,98 | The contract expired last year June 2024, No SCM processes were followed in terms of the SCM Policy and SCM Regulations in appointing the service provider. | Chief Financial Officer | irregular |
| Joubert Galpin and Searle | Legal cost- Zamazondon Construction | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 17-Apr-26 | | R84 275,45 | The service provider was directly appointed without following proper SCM Processes in that there was no specification, evaluation and adjudication of the contract for these services. | Director Corporate Services | Irregular |
| Joubert Galpin and Searle | Legal cost- Zamazondon Construction | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 17-Apr-26 | | R2 876,15 | The service provider was directly appointed without following proper SCM Processes in that there was no specification, evaluation and adjudication of the contract for these services. | Director Corporate Services | Irregular |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Dagbreek Spar | Catering for Council Meeting | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 22-Apr-26 | | R2 882,66 | The service provider was directly appointed without following proper SCM Processes, no three quotation attached | Director Corporate Services | Irregular |
| MboyaNko Transport | Transport for IPD employees from Kirkwood to Jansenville and back | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 29-Apr-26 | | R6 000,00 | The service provider was directly appointed without following proper SCM Processes, no three quotation attached | Director Infrastructure Planning and Development | irregular |
| R-Data | Intergrated MSCOA Financial management Systems eith Internal control functions for SRVLM | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 01-Apr-26 | | R359 993,75 | The contract expired last year June 2024, No SCM processes were followed in terms of the SCM Policy and SCM Regulations in appointing the service provider. | Chief Financial Officer | irregular |
| Summerfalls Trading 3 | Payment ICT voice calls 13 February - 15 March 2026 and Fibre Line 50mps | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 01-Apr-26 | | R56 119,21 | The BEC & BAC process was not completely followed, the functionality stage was not done. | Chief Financial Officer | Irregular |
| Summerfalls Trading 4 | Payment ICT voice 100086 Firewall Security 15 February - 15 March 2026 for all sites | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 01-Apr-26 | | R98 900,00 | The BEC & BAC process was not completely followed, the functionality stage was not done. | Chief Financial Officer | Irregular |

## IRREGULAR EXPENDITURE FOR APRIL 2026-CAPITAL

None for the month

## IRREGULAR EXPENDITURE FOR MAY 2026-OPERATIONAL

| | | Transaction details | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Bidder Name** | **Tender Name/Description** | **Date Reported** | **Date of payment** | **Payment Number** | **Amount** | **Description of Incident** | **Person liable (Official or Political Office)** | **Type of Prohibited Expenditure** |
| R-Data | Intergrated MSCOA Financial management Systems eith Internal control functions for SRVLM | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 22-May-26 | | R238 812,92 | The contract expired last year June 2024, No SCM processes were followed in terms of the SCM Policy and SCM Regulations in appointing the service provider. | Chief Financial Officer | irregular |
| Adv Terry Malgas-Senye | Legal Cost for Disciplinary Hearing for Tinashe Mumbire vs SRVM | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 12-May-26 | | R34 000,00 | The service provider was directly appointed without following proper SCM Processes in that there was no specification, evaluation and adjudication of the contract for these services. | Director Corporate Services | Irregular |
| Summerfalls Trading 3 | Payment ICT Firewall Security Protection for all sites | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 05-May-26 | | R98 900,00 | The BEC & BAC process was not completely followed, the functionality stage was not done. | Chief Financial Officer | Irregular |
| Summerfalls Trading 3 | Payment for Internet Charge Voice Calls, Redundancy link, Fibre line, TMS | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 05-May-26 | | R59 180,15 | The BEC & BAC process was not completely followed, the functionality stage was not done. | Chief Financial Officer | Irregular |

# IRREGULAR EXPENDITURE FOR MAY 2026-CAPITAL

None for this month

# IRREGULAR EXPENDITURE FOR JUNE 2026-OPERATIONAL

| Bidder Name | Tender Name/Description | Date Reported | Date of payment | Payment Number | Amount | Description of Incident | Person liable (Official or Political Office) | Type of Prohibited Expenditure |
|---|---|---|---|---|---|---|---|---|
| Summerfalls Trading 3 | Firewall security protection 15 April - 15 May 2026 | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 01-Jun-26 | OB 000067988 | R98 900,00 | The BEC & BAC process was not completely followed, the functionality stage was not done. | Chief Financial Officer | Irregular |
| Summerfalls Trading 3 | Voicecalls from 0422307700 16 April - 15 May 2026 | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 01-Jun-26 | OB 000067988 | R57 842,06 | The BEC & BAC process was not completely followed, the functionality stage was not done. | Chief Financial Officer | Irregular |
| R-Data | Intergrated MSCOA Financial management Systems eith Internal control functions for SRVLM | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 26-Jun-26 | OB 000068143 | R242 212,49 | The contract expired last year June 2024, No SCM processes were followed in terms of the SCM Policy and SCM Regulations in appointing the service provider. | Chief Financial Officer | irregular |
| Joubert galpin and Searle | Legal fees | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 26-Jun-26 | OB 000068140 | R31 795,20 | The service provider was directly appointed without following proper SCM Processes in that there was no specification, evaluation and adjudication of the contract for these services. | Director Corporate Services | Irregular |
| Joubert galpin and Searle | Legal fees | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 22-Jun-26 | OB 000068111 | R3 147,55 | The service provider was directly appointed without following proper SCM Processes in that there was no specification, evaluation and adjudication of the contract for these services. | Director Corporate Services | Irregular |

# IRREGULAR EXPENDITURE FOR JUNE 2026-CAPITAL

| Bidder Name | Tender Name/Description | Date Reported | Date of payment | Payment Number | Amount | Description of Incident | Person liable (Official or Political Office) | Type of Prohibited Expenditure |
|---|---|---|---|---|---|---|---|---|
| Inyusa Group Holdings | Electrification of 300 and 125 households in Msengeni and Bersig and upgrade of the MV line | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 01-Jun-26 | OB 000067987 | R236 903,45 | Contract price is exceeded | Director Infrastructure Planning and Development | Irregular |
| Inyusa Group Holdings | Electrification of 300 and 125 households in Msengeni and Bersig and upgrade of the MV line | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 26-Jun-26 | OB 000068153 | R1 492 376,39 | Contract price is exceeded | Director Infrastructure Planning and Development | Irregular |

**ANNEXURE B**

## FRUITLESS AND WASTEFUL EXPENDITURE FOR THE MONTH OF APRIL- JUNE 2026

## FRUITLESS & WATERFUL EXPENDITURE- APRIL 2026

| | | Transaction details | | | | |
|---|---|---|---|---|---|---|
| **Bidder Name** | **Tender Name/Description** | **Date Reported** | **Date of payme** | **Payment Number** | **Amount** | **Description of Incident** |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R 128,18 | Overdue accounts |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R 99,26 | Overdue accounts |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R 2,70 | Overdue accounts |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R 60,43 | Overdue accounts |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R 144,06 | Overdue accounts |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R | 150,58 | Overdue accounts |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R | 118,96 | Overdue accounts |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R | 40,48 | Overdue accounts |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R | 80,37 | Overdue accounts |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R | 4,72 | Overdue accounts |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R | 12,42 | Overdue accounts |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R | 0,22 | Overdue accounts |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R | 521,90 | Overdue accounts |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R | 5,57 | Overdue accounts |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/04/17 | OB 000067667 | R | 127,82 | Overdue accounts |
| | | | | | R | 1 497,67 | |

# FRUITLESS & WATERFUL EXPENDITURE- MAY 2026

| | | Transaction details | | | | | Person liable (Official or Political Office | Type of Prohibited Expenditure |
|---|---|---|---|---|---|---|---|---|
| Bidder Name | Tender Name/Description | Date Reported | Date of payme | Payment Number | Amount | Description of Incident | | |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 163,64 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 60,45 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 37,52 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 41,13 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 33,04 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 30,48 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 64,77 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 67,26 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 16,14 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 76,09 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 0,56 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 59,13 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 72,22 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 852,18 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 26,30 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 48,35 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/13 | | R 1 316,25 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/13 | | R 2 222,07 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interesr | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/22 | | R 30,59 | Overdue accounts | | |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/05/21 | | R 2,56 | Overdue accounts | | |
| | | | | | | | | |
| | | | | | **R 5 220,73** | | | |

## FRUITLESS & WATERFUL EXPENDITURE- JUNE 2026

| | | Transaction details | | | | | Person liable (Official or Political Office | |
|---|---|---|---|---|---|---|---|---|
| Bidder Name | Tender Name/Description | Date Reported | Date of payme | Payment Number | Amount | Description of Incident | | Type of Prohibited Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/06/09 | OB 000068050 | R741,03 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/06/09 | OB 000068050 | R134,25 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/06/09 | OB 000068050 | R105,57 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/06/09 | OB 000068050 | R90,35 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/06/09 | OB 000068050 | R273,92 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| Eskom Holdings | ACC#307 Interest | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 2026/06/09 | OB 000068050 | R273,92 | overdue accounts | Chief Financial Officer | Fruitless & Wasteful Expenditure |
| | | | | | **R1 619,04** | | | |

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**EXTRACT FROM THE MINUTES OF A COUNCIL MEETING HELD ON 29 JULY 2026**

5.1 SECTION 52D REPORT FOR THE MONTH ENDING 30 JUNE 2026

**COUNCIL RESOLVED**

That the Council:

1. Notes the Mayor's report submitted in terms of section 52(d) of the Local Government: Municipal Finance Management Act, No. 56 of 2003, on the implementation of the approved budget and the financial state of affairs of the Municipality for the quarter ended 30 June 2026.

2. Notes the financial performance, financial position and cash flow position of the Municipality as reflected in this report.

3. Notes the remedial measures identified to improve revenue collection, strengthen expenditure management and enhance the Municipality's financial sustainability.

4. Notes the report on the implementation of the Supply Chain Management Policy for the fourth quarter of the 2025/26 financial year.

5. Resolves that this report be made public in accordance with the Municipal Finance Management Act and the Municipal Budget and Reporting Regulations.

**CERTIFIED AS A TRUE COPY FROM EXTRACT OF THE MINUTES OF A COUNCIL MEETING HELD ON 29 JULY 2026**

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**S C NODONTI**
**SPEAKER**

**05 AUGUST 2026**
**DATE**