



MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY

[12 MAART / MARCH 2026]

KENNISGEWING / NOTICE

RAADSVERGADERING / COUNCIL MEETING

A G E N D A

DATUM / DATE : 19 MAART / MARCH 2026

**PLEK / VENUE : RAADSAAL / COUNCIL CHAMBERS:
CALEDON**

TYD / TIME : 14:00

MUNISIPALITEIT THEEWATERSKLOOF

**Kantoor van die Munisipale
Bestuurder
Munisipale Kantore
CALEDON**

12 Maart 2026

KENNISGEWING AAN ALLE RAADSLEDE

RAADSVERGADERING VAN DIE THEEWATERSKLOOF MUNISIPALE RAAD

Kennis geskied hiermee dat 'n Raadsvergadering geskeduleer is vir Donderdag, 19 Maart 2026 om 14:00 in die Raadsaal: Caledon om die onderstaande agenda te bespreek.

Raadslede se aandag word gevestig op die Gedragskode vir Raadslede, Skedule 7 van die Wysigingswet op Plaaslike Regering: Munisipale Strukture, 2021 (Wet 3 van 2021) en Munisipale Beampstes, Skedule 2 van die Wet op Plaaslike Regering: Munisipale Stelsels, 2000 (Wet 32 van 2000).

Rdsh WH Wells
SPEAKER

THEEWATERSKLOOF MUNICIPALITY

**Office of the Municipal
Manager
Municipal Offices
CALEDON**

12 March 2026

NOTICE TO ALL COUNCILLORS

COUNCIL MEETING OF THE THEEWATERSKLOOF MUNICIPAL COUNCIL

Notice is hereby given that a Council Meeting is scheduled for Thursday, 19 March 2026 at 14:00 in the Council Chambers: Caledon, to discuss the undermentioned agenda.

The attention of Councillors is directed to the Code of Conduct for Councillors, Schedule 7 of the Local Government: Municipal Structures Amendment Act, 2021 (Act 3 of 2021) and Municipal Officials, Schedule 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

Aldm WH Wells
SPEAKER

NAAM EN VAN / NAME AND SURNAME**Raadslede / Councillors :**

Raadsheer/Alderman LM de Bruyn

Raadsheer/Alderman CC Clayton

Raadsheer/Alderman WH Wells

Raadsheer/Alderman DA Appel

Raadslid/Councillor CA Benjamin

Raadslid/Councillor M Botes

Raadslid/Councillor CT Cloete

Raadsheer/Alderman S Fredericks

Raadslid/Councillor M Gana

Raadslid/Councillor DA Jacobs

Raadslid/Councillor D Jooste

Raadslid/Councillor H Linnerts

Raadslid/Councillor JD Lekhori

Raadslid/Councillor TP Lemina

Raadsheer/Alderman BB Mkhwibiso

Raadslid/Councillor M Mpambani

Raadslid/Councillor MA Nomkoko

Raadsheer/Alderman MR Nongxaza

Raadslid/Councillor FO Ntantiso

Raadslid/Councillor V Papier

Raadsheer/Alderman M Plato-Mentoor

Raadslid/Councillor MS Shale

Raadslid/Councillor J Smit

Raadslid/Councillor C Smith

Raadslid/Councillor PJ Stander

Raadslid/Councillor YM van Tonder

Raadslid/Councillor TB Zimmermann

MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY

RAADSVERGADERING / COUNCIL MEETING

AGENDA

[19 MAART / MARCH 2026]

| ITEM NO | ITEM BESKRYWING / DESCRIPTION | BLADSY NR / PAGE NO |
|----------------|---|----------------------------|
| A. | <u>OPENING: VERWELKOMING / OPENING: WELCOME</u> | |
| B. | <u>VERKIESING VAN SPEAKER (indien nodig) ELECTION OF SPEAKER (if necessary)</u> | |
| C. | <u>BYWONINGSREGISTER ATTENDANCE REGISTER</u> | |
| C.1 | Teenwoordig / Present | |
| C.2 | Aansoek(e) om verlof tot afwesigheid / Application(s) for leave of absence | |
| D. | <u>VERKLARINGS EN MEDEDELINGS DEUR DIE SPEAKER / STATEMENTS AND COMMUNICATIONS BY THE SPEAKER</u> | |
| E. | <u>VERKLARINGS EN MEDEDELINGS DEUR DIE UITVOERENDE BURGEMEESTER / STATEMENTS AND COMMUNICATIONS BY THE EXECUTIVE MAYOR</u> | |
| F. | <u>ITEMS VANAF MKOOR ITEMS FROM MPAC</u> | |
| C78/2026 | ICT: Non-Compliance - Procurement for services from Telkom SA [6/3/1/5/1] | 1 – 13 |
| C79/2026 | LED: Irregular Expenditure: Urban-Econ Economists (Pty) Ltd [6/3/1/5/1] | 14 – 56 |
| C80/2026 | Human Settlements: Irregular Expenditure – ASLA Construction (Pty) Ltd [6/3/1/5/1] | 57 – 68 |
| C81/2026 | Town Planning: Irregular Expenditure – Esri South Africa (Pty) Ltd [6/3/1/5/1] | 69 – 101 |

| ITEM NO | ITEM BESKRYWING / DESCRIPTION | BLADSY NR / PAGE NO |
|---------|-------------------------------|---------------------|
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| | | |
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| C82/2026 | Finance: Irregular Expenditure – Deviation from SCM process: provision of bill payments services municipal bills and water and electricity payments to Theewaterskloof Municipality [6/3/1/5/1] | 102 – 120 |
|----------|---|-----------|

| | | |
|----------|---|-----------|
| C83/2026 | Finance: Irregular Expenditure – Deviation from SCM process: provision of security services for the collection, transportation and depositing of cash [6/3/1/5/1] | 121 – 139 |
|----------|---|-----------|

| | | |
|----------|--|-----------|
| C84/2026 | Municipal Public Accounts Committee: Oversight Report in respect of the 2024/2025 Annual Report for Theewaterskloof Municipality [9/1/1] | 140 – 142 |
| | <i>[The Annexures is too big therefore the Annexures will be send electronically as separate PDF documents with the Agenda]</i> | |

**G. VERSLAE VOORGELê DEUR DIE KANTOOR VAN DIE MUNISIPALE BESTUURDER
REPORTS SUBMITTED BY THE OFFICE OF THE MUNICIPAL MANAGER**

| | | |
|----------|--|-----------|
| C85/2026 | Report on the annual performance and 2024/2025 financial year performance appraisal process in respect of the Section 56/57 Managers [4/1/3] | 143 – 162 |
|----------|--|-----------|

H. DRINGENDE AANGELEENTHEDE / URGENT MATTERS

I. OORWEGING VAN KENNISGEWINGS VAN MOSIES / CONSIDERATION OF NOTICES OF MOTIONS

J. OORWEGING VAN KENNISGEWINGS EN VRAE / CONSIDERATION OF NOTICES AND QUESTIONS

K. OORWEGING VAN DRINGENDE MOSIES / CONSIDERATION OF URGENT MOTIONS

L. VERDAGING / ADJOURNMENT

ITEM HEADING

**C78/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE
CORPORATE SERVICES: DEPARTMENT ICT: NON-COMPLIANCE
- PROCUREMENT FOR SERVICES FROM TELKOM SA**

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE / AIM OF REPORT

The purpose of this report is to inform the Municipal Public Accounts Committee of the Non-compliance - Procurement for services from Telkom SA.

BACKGROUND

During the statutory audit by the Auditor General of South Africa, it was identified that the municipality has been making use of Telkom for telecommunication services since 3 December 2018, when Telkom ceased to be an organ of state, without following the proper supply chain management process.

The total payments made to Telkom for the 2024/25 financial year amounted to R627 796.59:

TELKOM SA SOC LTD:

| Payment no. | Amount (R) | Date |
|--------------------|-------------------|-------------|
| 31172 | 55 432,00 | 27/07/2024 |
| 31613 | 54 675,30 | 27/08/2024 |
| 31991 | 54 859,10 | 27/09/2024 |
| 32049 | 54 859,14 | 27/10/2024 |
| 32411 | 55 686,85 | 27/11/2024 |
| 32952 | 54 992,70 | 27/12/2024 |
| 33165 | 54 868,76 | 27/01/2025 |
| 33428 | 55 718,32 | 26/02/2025 |
| 33668 | 55 822,82 | 27/03/2025 |
| 34013 | 48 461,28 | 28/04/2025 |
| 34512 | 41 078,13 | 27/05/2025 |
| 34512 | 41 342,19 | 27/06/2025 |
| Grand Total | 627 796,59 | |

DISCUSSION

Section 217(1) of the Constitution of South Africa states that, *“When an organ of state in the national, provincial, or local sphere of government contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive, and cost-effective.”*

Chapter 1 of the Municipal Supply Chain Management Regulations states:

“Each municipality and each municipal entity must in terms of section 111 of the Act, have and implement a supply chain management policy that —

- *gives effect to section 217 of the Constitution.*
- *is fair, equitable, transparent, competitive and cost-effective”*

Section 110 (2)(a) of MFMA exempts municipalities from complying with the SCM system if a municipality or municipal entity contracts with another organ of state for the provision of goods or services to the municipality or municipal entity.

A municipality/ municipal entity can only apply this exemption if the supplier is an organ of state as defined in the Constitution. “Organ of state” is defined to mean:

1. any department of state or administration in the national, provincial or local sphere of government; or
2. any other functionary or institution—
 - i. exercising power or performing a function in terms of the Constitution or a provincial constitution; or
 - ii. exercising a public power or performing a public function in terms of any legislation, but does not include a court or a judicial officer;”

Telkom is not a public entity or a state-owned entity, as envisaged in the PFMA. Section 11 of the Companies Act states that if a company is listed in Schedule 2 or 3 of the PFMA, the expression “SOC Ltd” must be included in its name. Telkom is only SOC for the purposes of the Companies Act.

SCM COMMENT:

When the finding was raised during the 2023/24 statutory audit, a collective contention was put on record by various stakeholders. This approach was not concluded to the satisfaction of all stakeholders, as the Municipality was still waiting for final guidance on this matter.

National Treasury has prepared a draft circular to clarify the meaning of “Organ of State” as contemplated in section 110 of the MFMA. Although the formal circular has not been issued, the Municipality took preventive actions by terminating the contract with Telkom for all related services.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

No financial losses were incurred as the procured services provided were utilised.

Management should ensure that the procurement of telecommunication services from Telkom SA is regularised or terminated when no longer required.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Section 217(1) of the Constitution of South Africa

Chapter 1 of the Municipal Supply Chain Management Regulations

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Failing to comply with procurement prescripts in accordance with the Constitution of South Africa and Municipal Supply Chain Regulation could lead to irregular expenditure and the Council not receiving value for money. However, in this case, the Council did not suffer any financial losses or damage and value for money was received as services were utilised.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that, in light of the fact that there is no reason to suspect theft or fraud, Council has received value for money, Council did not suffer any losses, and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R627 796.59 be written off for the financial year 2024/2025.

The identified Telkom SA telecommunication services be terminated where they are no longer needed, or regularised where they are required to go forward.

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 JANUARY 2026

It is recommended that, in light of the fact that there is no reason to suspect theft or fraud, Council has received value for money, Council did not suffer any losses, and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R627 796.59 be written off for the financial year 2024/2025.

The identified Telkom SA telecommunication services be terminated where they are no longer needed, or regularised where they are required to go forward.

RECOMMENDATION BY MPAC TO COUNCIL: 18 FEBRUARY 2026

4

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor P Stander and seconded by Councillor TB Zimmermann, it was recommended as follows:

1. That in light of the fact that there is no reason to suspect theft or fraud, Council has received value for money, Council did not suffer any losses, and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R627 796.59 be written off for the financial year 2024/2025.
2. That the identified Telkom SA telecommunication services be terminated where they are no longer needed, or regularised where they are required to go forward.
3. That a dissatisfaction letter be drafted to the Auditor-General by Mr GW Hermanus, to be signed by all 4 MPAC Members, clarifying the position of Telkom to prevent a repeat finding.

RECOMMENDATION TO COUNCIL:

It is recommended:

1. That in light of the fact that there is no reason to suspect theft or fraud, Council has received value for money, Council did not suffer any losses, and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R627 796.59 be written off for the financial year 2024/2025.
2. That the identified Telkom SA telecommunication services be terminated where they are no longer needed, or regularised where they are required to go forward.
3. That a dissatisfaction letter be drafted to the Auditor-General by Mr GW Hermanus, to be signed by all 4 MPAC Members, clarifying the position of Telkom to prevent a repeat finding.



The Accounting Officer
Theewaterskloof Municipality
PO Box 24
Caledon
7230

23 October 2025

Reference: COMAF No.08 of 2025

Dear Mr. W Hendricks

**COMMUNICATION OF FINDINGS IDENTIFIED DURING THE AUDIT OF COMPLIANCE
WITH LEGISLATION FOR THE YEAR ENDED 30 JUNE 2025**

Background

1. In performing the audit of compliance with legislation we identified instances of non-compliance as described in the annexure. We have recorded the internal control deficiency that gave rise to the instances of non-compliance and our recommendation for correcting the instances of non-compliance for your consideration. The effect of these instances of non-compliance could potentially be material.
2. The finding will be included in the management report including your comments and our final response.

Required

3. You are requested to indicate whether you agree with the facts stated in the annexure including whether you agree with the identified internal control deficiency. Should you disagree, please provide us with documentary evidence to the contrary within 5 days from the date of this communication, as agreed in the engagement letter.
4. Please provide us with the reasons for the instances of non-compliance and the steps that will be taken to rectify the matter in future.

Yours sincerely

Masixole Velem
Senior Manager: Western Cape

Enquiries: Beauty Myende
Telephone: (021) 528 4100
Email: BeautyM@agsa.co.za

Acknowledgement of receipt by management:

Received by

Date

DETAILED AUDIT FINDING

Non-compliance - Procurement for services from Telkom SA

Audit finding:

Section 217(1) of the Constitution of South Africa states that, *“When an organ of state in the national, provincial, or local sphere of government contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive, and cost-effective.”*

Chapter 1 of the Municipal Supply Chain Management Regulations states:

“Each municipality and each municipal entity must in terms of section 111 of the Act, have and implement a supply chain management policy that —

- (a) gives effect to section 217 of the Constitution.*
- (b) is fair, equitable, transparent, competitive and cost effective”*

Section 110 (2)(a) of MFMA exempt municipalities and municipalities from complying with the SCM system if a municipality or municipal entity contracts with another organ of state for the provision of goods or services to the municipality or municipal entity.

A municipality/ municipal entity can only apply this exemption if the supplier is an organ of state as defined in the Constitution. “Organ of state” is defined to mean:

- a) any department of state or administration in the national, provincial or local sphere of government; or
- b) any other functionary or institution—
 - i) exercising power or performing a function in terms of the Constitution or a provincial constitution; or
 - ii) exercising a public power or performing a public function in terms of any legislation, but does not include a court or a judicial officer;”

Telkom is not a public entity or a state-owned entity, as envisaged in the PFMA. Section 11 of the Companies Act states that if a company is listed in schedule 2 or 3 of the PFMA, the expression “SOC Ltd” must be included in its name. Telkom is only a SOC for the purposes of the Companies Act.

During our audit process we identified that the municipality makes use of Telkom for telecommunication services since **3 December 2018**, when Telkom seized to be an organ of state, without following the proper supply chain management processes.

The total payments made to Telkom for the 2024/25 financial year amounted to R627 796.59:

TELKOM SA SOC LTD:

| Payment no. | Amount (R) | Date |
|-------------|------------|------------|
| 31172 | 55 432,00 | 27/07/2024 |
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| 32411 | 55 686,85 | 27/11/2024 |
| 32952 | 54 992,70 | 27/12/2024 |
| 33165 | 54 868,76 | 27/01/2025 |
| 33428 | 55 718,32 | 26/02/2025 |
| 33668 | 55 822,82 | 27/03/2025 |

| | | |
|--------------------|-------------------|------------|
| 34013 | 48 461,28 | 28/04/2025 |
| 34512 | 41 078,13 | 27/05/2025 |
| 34512 | 41 342,19 | 27/06/2025 |
| Grand Total | 627 796,59 | |

This was already communicated to management in the prior financial year, and management did disclose the payments since 3 December 2018 till 30 June 2024 as irregular expenditure. Management, however, did not stop to making use of Telkom and procure the services through the formal procurement processes.

It was also confirmed that there is no contract in place with Telkom and the municipality acknowledged the irregular expenditure from 2018 however still continued to transact with the supplier which results in undermining the legislative process.

Impact

- It was also confirmed that there is no contract in place with Telkom and the municipality acknowledged the irregular expenditure from 2018 however still continued to transact with the supplier which results in undermining the legislative process.
- Non-compliance with section 217(1) of the Constitution and Section 111 of the MFMA, due to the Municipality not following a fair, equitable, transparent, competitive, and cost-effective process for procurement of telecommunication services.
- The total payments made to Telkom for 2024/25 of R627 796.59 should be regarded as irregular expenditure and dealt with in accordance with section 32 of the MFMA.

Internal control deficiency

Financial and performance management

Review and monitor compliance with applicable legislation

Management neglected to stop the services from Telkom and did not procure the services through the formal procurement processes. The non-disclosure of the irregular expenditure in the current year was an oversight from the Supply Chain Management Unit.

Recommendation

- Management should enhance its review and approval processes to ensure that all transactions involving irregular expenditure are identified, recorded in the irregular expenditure register, and properly disclosed in the financial statements. Management should amend the financial statements accordingly.
- The Chief Financial Officer should implement regular monitoring and reconciliation processes for procurement and expenditure records to ensure compliance with the MFMA. This should include cross-referencing payment records with the irregular expenditure register and the notes to the financial statements.
- Management must stop the current services with Telkom and follow a new procurement process for the services to prevent incurring further irregular expenditure.

Management response

| DESCRIPTION | RESPONSE |
|---|--|
| Does management agree with the finding (Yes/ No) | Yes |
| Detail reason for agreeing/ disagree with finding | Management is in agreement with the finding. |
| Management comment on internal control deficiencies and root cause indicated and detail reason for agreeing/ disagree with finding. | When the finding was raised during the 2023/24 statutory audit, a collective contention was put on record by various stakeholders. This approach was not concluded to the satisfaction of all stakeholders, as the Municipality was still waiting for final guidance on this matter. |
| Detail corrective action to be taken and date. | National Treasury has prepared a <u>draft</u> circular to clarify the meaning of "Organ of State" as contemplated in section 110 of the MFMA. Although the formal circular has not been issued, the Municipality took preventative actions by terminating the contract with Telkom for all related services. |
| Does the finding affect an amount disclosed in the financial statements (Yes/ No) | Yes |
| If yes, what corrections will be made to the population | Irregular Expenditure note in the AFS to be updated. |
| If yes and no corrections will be made the reason, why such a conclusion has been reached should be indicated. | N/A |
| Position of official responsible to take corrective actions | Deputy Director: Finance |

Name: Chris Bloemfontein

Position: ICT

Date: 28 October 2025

Auditor's conclusion:

Management's agreement of the finding has been acknowledged.

We have not yet received the updated financial statements. Once received we will confirm if management adjusted for the finding. If management did not make the adjustment, we will carry the misstatement over to our uncorrected misstatements working paper and will include it in the table of the management representation letter. If the amount in aggregate with other amounts result in a material misstatement it will have an effect on the audit opinion.

Re: TELKOM/BGX Migrations



You forwarded this message on 2025-08/29 19:35

Good day Christopher

The lines on the spreadsheet have all been cancelled/ceased and should not receive any billing
Line 0218593463(Account 110392730002) cease order to be backdated and you will receive a watermarked final bill within the next 60 days of the cancellation date. All balances & credits will be adjusted & will appear on the final bill

BCX appreciates your business

Please do not hesitate to contact us on 0800229662 option 2 for any further enquiries. To receive the best service, we kindly request that you do not reply to an individual's e-mail address. Please send your reply, enquiry, or request directly to CCC@our servicedesk.com and the first available consultant will assist you.

Merlin Padiachyl Corporate Customer Care

T: 0800229662 Option 2 | E: CCC@our servicedesk.com



On 2025/08/29 09:48, Christopher Bloemfontein wrote:

Good morning

Thank you for your email. Just to confirm, the Telkom copper lines on the excel document has been terminated and the Municipality will not be billed moving forward?

Regards,

From: ccc@our servicedesk.com <ccc@our servicedesk.com>

Sent: Friday, 29 August 2025 09:06

To: Christopher Bloemfontein <christopherb@twk.gov.za>

Subject: Fwd: RE: RE: TELKOM/BGX Migrations

Good day Christopher

Remaining service 0218593463 - cease order generated and to be backdated to 04/04/2025

31076499AA AM128000 Cease PSTN 0218593463

BCX appreciates your business

Please do not hesitate to contact us on 0800229662 option 2 for any further enquiries. To receive the best service, we kindly request that you do not reply to an individual's e-mail address. Please send your reply, enquiry, or request directly to CCC@our servicedesk.com and the first available consultant will assist you.

Regards,

From: Petula Fortuin <petulafo@twk.gov.za>

Sent: Monday, 29 December 2025 22:09

To: Christopher Bloemfontein <christopherb@twk.gov.za>; Anarood Plaattjies <anaroodpl@twk.gov.za>

Cc: Annielle Martin <anniellema@twk.gov.za>

Subject: RE: Telkom

From: ccc@ourservicedesk.com <ccc@ourservicedesk.com>
Sent: Wednesday, 21 January 2026 14:53
To: Christopher Bloemfontein <christopherbl@twk.gov.za>
Cc: Maphefa Rasekgala <maphefara@twk.gov.za>; Anarood Plaatjies <anaroodpl@twk.gov.za>; Annielle Martin <anniellema@twk.gov.za>; Petula Fortuin <petulafa@twk.gov.za>
Subject: Fwd: FW: Telkom

Good day Christopher

I'm confirming receipt of your email.

Please kindly be advised the below service have been cancelled.

0218593463 - 110392730002 - cancelled
310764994A A14128000 Cease PSTN 0218593463 ---28/08/2025 Done

The below accounts are active - Kindly advise whether we should proceed to cancel?

112208790001 - active
116662530001 - active
112254960001 - active
112245910001 - active
112167990001 - active
111825270001 - active
119000321046 - active
110391720001 - active

BCX appreciates your business

Please do not hesitate to contact us on 0800229662 option 2 for any further enquiries. To receive the best service, we kindly request that you do not reply to an individual's e-mail address. Please send your reply, enquiry, or request directly to CCC@ourservicedesk.com and the first available consultant will assist you.

Michelle Baartman | Corporate Customer Care

T: 0800229662 Option 2 | E: CCC@ourservicedesk.com



Christopher Bloemfontein

From: ccc@ourservicedesk.com
Sent: Thursday, 22 January 2026 07:10
To: Christopher Bloemfontein
Cc: Maphefa Rasekgala; Anarood Plaatjies; Annielle Martin; Ashwille Riddles; Paul Mabhena; Petula Fortuin
Subject: Telkom

Good day

Your application below is acknowledged.

Please find the below references created for your request,

A14191454 Voice
A14191457 Data

BCX appreciates your business

Please do not hesitate to contact us on 0800229662 option 2 for any further enquiries. To receive the best service, we kindly request that you do not reply to an individual's e-mail address. Please send your reply, enquiry, or request directly to CCC@ourservicedesk.com and the first available consultant will assist you.

Theunis Brandt | Corporate Customer Care
T: 0800229662 Option 2 | E: CCC@ourservicedesk.com



On 2026/01/21 15:42, Christopher Bloemfontein wrote:

Please proceed to cancel.

On 2026/01/21 13:55, Christopher Bloemfontein wrote:

Good afternoon

We previously submitted a notice to cancel services on our Telkom account; however, we continue to receive billing charges. Kindly investigate this matter and provide feedback on the status of the cancellations and the reasons for the continued billing.

See below cancellation as reference.

ITEM HEADING

C79/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING: IRREGULAR EXPENDITURE: URBAN-ECON ECONOMISTS (PTY) LTD

[English version of the report is the original.]

FILE NUMBER

6/3/1/5/1

PURPOSE / AIM OF REPORT

The purpose of this report is to inform the Municipal Public Accounts Committee of a potential irregular expenditure amounting to R59 340.00 possibly incurred during the 2024/2025 financial year in relation to the appointment of Urban-Econ Economists (Pty) Ltd for the development of the Theewaterskloof Tourism Strategy.

The report further seeks the Committee's consideration of the circumstances that led to the potential irregular expenditure and to recommend the written-off by Council in terms of Section 32 of the Municipal Finance Management Act (MFMA).

BACKGROUND

The development of an updated Theewaterskloof Tourism Strategy was identified as a strategic priority to support tourism-led local economic development within the municipal area. Following the approval of the 2024/2025 budget, the Directorate, in collaboration with Supply Chain Management (SCM), developed detailed procurement specifications outlining the objectives, deliverables, timelines, and evaluation criteria. The procurement process was conducted in accordance with the Municipality's SCM Policy, and quotations were invited under the TWK 2 process.

Urban-Econ Economists (Pty) Ltd was duly appointed, and a formal contract was concluded on 09 April 2024 for the development of the Tourism Strategy. The transaction was later classified as irregular expenditure as per the SCM monthly monitoring and reporting processes for the 2024/2025 financial year, with the following details:

| Service Provider | Financial Year | Project Description | Contract Ref | Amount (R) | Status |
|---------------------------------|-----------------------|---|---------------------|-------------------|--------------------------|
| Urban-Econ Economists (Pty) Ltd | 2024/2025 | Development of Tourism Strategy for TWK | LED 24/25/0010-04 | 59 340.00 | Subject to Audit Outcome |

DISCUSSION

The irregular expenditure arose as a result of administrative delays and governance-related challenges, particularly delays from senior management consultation sessions and payment arrangements, and not due to non-compliance with SCM prescripts, negligence, or any form of misconduct.

In terms of the contract, Urban-Econ Economists (Pty) Ltd was required to present the draft Tourism Strategy to the senior management committee, the relevant Economic Development Portfolio Committee, and to Council to ensure alignment and obtain strategic input. However, due to administrative delays and challenges experienced in scheduling management engagements, the requested presentation to senior management in May 2024 could not take place. At the time, the Municipal Manager was unable to confirm a suitable date, resulting in unavoidable delays in the progression of the project.

Despite the aforementioned delays, the service provider had already completed substantial portions of the work and submitted invoices for services rendered. Further delays were compounded by the Municipality's financial constraints, which led the Finance Department to formally request payment holiday arrangements from the service provider to be on 11 July 2024. Urban-Econ responded in good faith by agreeing to postpone the work until the Municipality's financial position improved and outstanding payment made.

On 05 August 2024, the Directorate sought guidance from Supply Chain Management regarding the continuation of the contract. SCM advised that, as there were no changes to the original specifications of the contract and a budget provision existed in the 2024/2025 financial year, the service provider could proceed to finalise the project. Based on this advice, the project continued without re-advertising, resulting in the expenditure being classified as irregular from a technical compliance perspective.

The management engagement session was eventually held on 10 October 2024, after which the project proceeded to completion. Importantly, the Municipality received the contracted deliverables in full, the Tourism Strategy supports Council's strategic objectives, and no financial loss or damages were incurred. There is no evidence of fraud, corruption, or personal benefit, and the expenditure was incurred in the best interest of the Municipality.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The irregular expenditure amounts to R59 340.00 and has been recognised in the 2024/2025 financial year. Where required, the Accounting Officer may motivate the regularisation of the expenditure during the adjustment budget process. No additional financial impact is anticipated, as the expenditure relates to work already completed within an approved budget framework.

LEGAL IMPLICATIONS (ITEM AUTHOR)

The irregular expenditure arose as a result of administrative delays and governance-related challenges, particularly delays from senior management consultation sessions and payment arrangements, and not due to non-compliance with SCM prescripts, negligence, or any form of misconduct.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Failure to manage and regularise irregular expenditure in accordance with the MFMA may expose the Municipality to:

- Adverse audit outcomes.
- Reputational risk; and
- Weakening of internal control perceptions.

These risks are mitigated in this instance by the following:

- a. The procurement process was initially compliant.
- b. The irregularity resulted from administrative and payment delays.
- c. There is no indication of fraud or misconduct; and
- d. The Municipality received full value for money.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that, in light of the fact that there is no reason to suspect theft or fraud, Council has received value for money, did not suffer any financial losses, and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R59 340.00 be written off for the financial year 2024/2025.

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 JANUARY 2026

It is recommended that, in light of the fact that there is no reason to suspect theft or fraud, Council has received value for money, did not suffer any financial losses, and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R59 340.00 be written off for the financial year 2024/2025.

RECOMMENDATION BY MPAC TO COUNCIL: 18 FEBRUARY 2026

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor P Stander and seconded by Councillor D Jacobs, it was recommended as follows:

That in light of the fact that there is no reason to suspect theft or fraud, Council has received value for money, did not suffer any financial losses, and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R59 340.00 be written off for the financial year 2024/2025.

RECOMMENDATION TO COUNCIL:

It is recommended that, in light of the fact that there is no reason to suspect theft or fraud, Council has received value for money, did not suffer any financial losses, and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R59 340.00 be written off for the financial year 2024/2025.

Status Report on Urban Econ (Pty) Ltd. in terms of SCM and MFMA requirements and remedial action required if necessary

| Supplier | Service Description | Commencement date of contract |
|----------------------|--|-------------------------------|
| Urban Econ (Pty) Ltd | The development of a tourism strategy for Theewaterskloof Municipality | 09 April 2024 |

1

| What was the initial Purpose of the contract |
|--|
| The purpose of the service level agreement with Urban Econ (Pty) Ltd was to review the Theewaterskloof Municipal Tourism Strategy of 2017. |

2

| Initial Scope of Contract and if uncertain, please explain |
|---|
| The development of an updated Theewaterskloof Tourism Strategy was identified as a strategic priority to support tourism-led local economic development within the municipal area. Following the approval of the 2024/2025 budget, the Directorate, in collaboration with Supply Chain Management (SCM), developed detailed procurement specifications outlining the objectives, deliverables, timelines, and evaluation criteria. The procurement process was conducted in accordance with the Municipality's SCM Policy, and quotations were invited under the TWK 2 process. |

3

| Initial Contract Value and if uncertain please explain |
|--|
| R 198 720.00 |

4

| Initial Expiry Date and if uncertain please explain |
|---|
| Completion date for the contract was 30 June 2025. |

5

| Was normal SCM Process followed and complied with | | | |
|--|-----|----|-----------|
| YES | Yes | NO | UNCERTAIN |
| | | | |
| Explain or motivate your response | | | |
| Due to the approved budget, a formal quotation process was followed i.e. TWK 2 Process | | | |

6

| Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider | | | |
|---|----|---|-----------|
| YES | NO | X | UNCERTAIN |
| | | | |
| Explain or motivate your response | | | |
| The scope and purpose remained the same from the appointment until the completion of the work. | | | |

7 19

| | | | | |
|--|---|----|--|-----------|
| Was a formal contract or SLA initially entered in terms of SCM and MFMA Requirements | | | | |
| YES | X | NO | | UNCERTAIN |
| Explain or motivate your response | | | | |
| Following the approval of the 2024/2025 budget, the Directorate, in collaboration with Supply Chain Management, developed detailed procurement specifications outlining the objectives, deliverables, timelines, and evaluation criteria. | | | | |

8

| | | | | |
|--|--|----|--|-----------|
| Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with | | | | |
| YES | | NO | | UNCERTAIN |
| Motivate or explain your response | | | | |
| The contract had a defined scope and timeframe, with a completion date of 30 June 2025. The contract value was based on the approved budget allocation and aligned with the work required to deliver the agreed outputs. | | | | |

9

| | | | | |
|--|---|----|--|-----------|
| Did Council because of this transaction received best value for money i.e., in spite of non-compliance, if any with SCM or MFMA requirements | | | | |
| YES | X | NO | | UNCERTAIN |
| Please explain or motivate your response above | | | | |
| <ul style="list-style-type: none"> - Despite delays experienced during implementation—primarily due to senior management consultation challenges and payment arrangements—the Municipality received full value for money. - All contracted deliverables were provided in accordance with the approved scope of work; - There is no evidence of fraud, corruption, negligence, or financial misconduct; and - The Municipality did not suffer any financial loss or damages as a result of the transaction. - The draft Tourism Strategy has been tabled to Council for consideration and approval, demonstrating tangible value derived from the services rendered. | | | | |

10

| | | | | |
|---|--|----|---|-----------|
| Has the Municipality suffered any losses or damages because of non-compliance with any of the MFMA or SCM requirements | | | | |
| YES | | NO | X | UNCERTAIN |
| Please explain or motivate your response above | | | | |

- The Municipality did not suffer any losses or damages as a result of any non-compliance with MFMA or SCM requirements.
- Any irregularity that arose was of a technical nature and resulted from delays in internal processes rather than from procedural breaches, misconduct, or poor contract management.

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with

| | | | |
|-----|---|----|-----------|
| YES | X | NO | UNCERTAIN |
|-----|---|----|-----------|

Please explain or motivate your response above

- The performance of Urban-Econ Economists (Pty) Ltd was assessed as satisfactory and effective. The service provider demonstrated professionalism and flexibility, particularly during periods of delayed payments and administrative uncertainty.
- Furthermore, the service provider contributed to cost efficiencies, resulting in savings to the Municipality, which reinforces the conclusion that the appointment was both appropriate and beneficial.

12

Has the director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price

| | | |
|-----|----|-----------|
| YES | NO | UNCERTAIN |
|-----|----|-----------|

Please explain or motivate your response above

The Directorate considered whether a better service provider, price, or product could have justified the initiation of a new procurement process. However, it was established that:

- The scope of work had not changed.
- Approximately 80% of the work had already been completed, and
- Initiating a new procurement process at that stage would not have been economically viable and would have resulted in unnecessary delays and potential duplication of costs.

13

Could any form of non-compliance have been prevented

| | | | |
|-----|---|----|-----------|
| YES | X | NO | UNCERTAIN |
|-----|---|----|-----------|

Explain or motivate your response above

It is acknowledged that certain aspects of the non-compliance could have been prevented had the Municipality been able to adhere to agreed timelines, particularly in relation to senior management engagement and payment schedules.

These delays were largely attributable to broader institutional and cash flow challenges and were outside the direct control of the LED Directorate.

14

What remedies have been put in place to prevent any non-compliance being repeated

| | | | |
|-----|---|----|-----------|
| YES | X | NO | UNCERTAIN |
|-----|---|----|-----------|

Explain or motivate your response above

To prevent a recurrence of similar instances, the following remedial measures have been identified:

- Strengthening internal coordination to ensure timeous senior management consultations.
- Improved communication between Finance, SCM, and line departments regarding payment scheduling; and
- Ensuring service providers are paid within prescribed timeframes, subject to cash flow availability.

While cash flow management remains a corporate function, departments will continue to engage proactively to mitigate implementation delays.

15

General or additional Comments of the Deputy Director: Economic Development and Planning Concerned

NONE SUFFICIENT MOTIVATION FOR WRITTEN OFF BY COUNCIL.

Signature of Deputy Director Concerned:



KAYALAKHE NONTSHIZA
 DEPUTY DIRECTOR: ECONOMIC DEVELOPMENT AND PLANNING
 Date: 26/01/2026

16

General Comments/Findings and recommendations of the CFO

Res. At value for money not obtained, no financial loss

Name of CFO:



Signature of CFO:



Date:

26/01/2026

17

General Comments/Findings and or recommendations of the Chief Audit Executive

Value for money was received as the Strategy document was completed for Trk use.

Name of Chief Audit Executive:

ANTON OPPERMAN

Signature of Chief Audit Executive:



Date:

26/11/2026

18

Final response of the Deputy Director Concerned for consideration by the Municipal Manager

RECOMMEND FOR WATCH OFF BY COUNCIL.

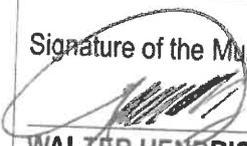
Signature of the Deputy Director concerned:


 KAYALAKHE NONTSHIZA
 Deputy Director: Economic Development & Planning
 Date: 26/01/2026

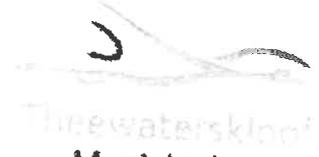
19

General Comments and Findings of the Municipal Manager

Recommendations Approved

Signature of the Municipal Manager:

 WALTER HENDRICKS
 MUNICIPAL MANAGER
 DATE:

20.


Theewaterskloof
Municipality
THEEWATERSKLOOF MUNICIPALITY
CONTRACT

THIS FORM MUST BE FILLED IN DUPLICATE BY BOTH THE SUCCESSFUL BIDDER (PART 1) AND PURCHASER (PART 2). BOTH FORMS MUST BE SIGNED IN THE ORIGINAL SO THAT SUCCESSFUL BIDDER AND THE PURCHASER WOULD BE IN POSSESSION OF ORIGINALLY SIGN CONTRACTS FOR THEIR RESPECTIVE RECORDS

PART 1 (TO BE FILLED IN BY THE BIDDER)

1. I hereby undertake to supply all or any of the goods and/or works described in the bid documents to the THEEWATERSKLOOF MUNICIPALITY in accordance with the requirements and specifications stipulated in QUOTATION NO: BF 01/2023/24 THE DEVELOPMENT OF A TOURISM STRATEGY FOR THEEWATERSKLOOF MUNICIPALITY the validity period indicated calculated from the closing time of bid.
2. The following documents shall be deemed to form and be read and construed as part of this agreement.
 - (f) Bidding documents, viz
 - Invitation to bid
 - Form of Offer
 - Tax Compliance Status Pin Certificate;
 - Pricing schedule(s);
 - Scope of Works;
 - PCO Certificate;
 - Chainsaw Certificates;
 - Horticulturist Certificates;
 - Preference claims in terms of the Preferential Procurement Regulations 2022;
 - MBD 4 (Declaration of Interest), MBD 6.1 (Preference Points), MBD 8 (Declaration of Bidder's Past Supply Chain Management) and MBD 9 (Certificate of Independent Bid Determination);
 - The General Conditions of Contract for construction works will apply to this quotation inclusive of the mandatory Sec. 37 (2) Agreement between client and bidder.
 - General Conditions of contract (GCC).
3. I confirm that I have satisfied myself as to the correctness and validity of my bid; that the price(s) rate(s) quoted cover all the goods and / or works specified in the bidding documents; that the price(s) rate(s) cover all my obligations and I accept that any mistakes regarding price(s) and rate(s) calculations will be at my own risk.
4. I accept full responsibility for the proper execution and fulfillment of all obligations and conditions devolving on me under this agreement as the principal liable for the due fulfillment of this contract.
5. I declare that I have no participation in any collusive practices with any bidder or other party regarding this or any other bid.
6. I confirm that I am duly authorized to sign this contract.




NAME (PRINT) Alexandra Kempthorne
 CAPACITY Director / Shareholder WITNESSES
 SIGNATURE [Signature] 1. [Signature]
 NAME OF FIRM Urban-Econ Development Economist (Pty) Ltd. 2. [Signature]
 DATE 16 April 2024 DATE 09/04/2024

PART 2 (TO BE FILLED IN BY THE PURCHASER)

- I, Namso Baliso in my capacity as Acting Director, Economic Development and Planning Services accepts your bid for the supply of goods/works indicated hereunder and/or further specified in the annexure(s).
- An official order will be send to you after the contract has been signed by both parties.

| ITEM NO. | DESCRIPTION | ESTIMATED QUANTITY | UNIT PRICE EXCL VAT | | PRICE EXCL VAT | | |
|--|---|--------------------|---------------------|----|----------------|---------|----|
| | | | R | c | R | c | |
| 1. | Establishment of Project Steering committee, ToR document & Preliminary sector report | 1 | 1,200 | 00 | 10,200 | 00 | |
| 2. | Situation Analysis | 1 | 850 | 00 | 68,000 | 00 | |
| 3. | Strategic framework | 1 | 850 | 00 | 34,000 | 00 | |
| 4. | Monitoring & evaluation framework | 1 | 850 | 00 | 13,600 | 00 | |
| 5. | Implementation plan | 1 | 850 | 00 | 20,400 | 00 | |
| 6. | Theewaterskloof Tourism Strategy final draft | 1 | 1,100 | 00 | 17,600 | 00 | |
| *NB: Prices must be inclusive of all associated costs. | | | | | Sub Total | 172,800 | 00 |
| | | | | | Vat @ 15% | 25,920 | 00 |
| | | | | | Total | 198,720 | 00 |

- I undertake to make payment for the goods/works delivered in accordance with the terms and conditions of the contract, within 30 (thirty) days after receipt of an invoice accompanied by the delivery note.

The project must be completed within forty-five (45) working days from date of official order.

- I confirm that I am duly authorized to sign this contract.

SIGNED AT Caledon ON 09 APRIL 2024
 NAME (PRINT) NAMSO BALISO
 SIGNATURE [Signature]

[Handwritten initials]

OFFICIAL STAMP



WITNESSES

1.

2.

DATE

5. Mediation

- 5.1 Each party shall submit a list with 3 (three) names of knowledgeable persons, with expertise relating to the particular field in which the dispute arose, as potential mediators from which one mediator shall be selected by agreement between the parties. Should the parties fail to reach agreement on the choice of the mediator within 5 (five) working days from the day on which it has become apparent that the matter cannot be settled through negotiation, any of the parties may request the Institute for Mediation and Arbitration of South Africa to appoint a mediator.
- 5.2 The mediator shall in his sole discretion determine the form of representations to be made, provided that in making this determination, the mediator shall consult the disputing parties and may be guided by their common reasonable desire on the form in which the said representations are to be made. All representations by the parties shall be made without prejudice.
- 5.3 The mediator shall within a period of 10 (ten) working days after receipt of the representations of the parties endeavor to facilitate an agreement between them or determine a procedure or framework within which they can negotiate to resolve the dispute or difference. All representations by the parties shall be made without prejudice.
- 5.4 Any such negotiated agreement shall be in writing, signed by both parties and be binding on the parties. Failing agreement between the parties the dispute shall be resolved by the submission thereof to arbitration.
- 5.5 The parties agree to contribute equally to the cost of the mediator and each party shall bear any other costs separately regardless of the outcome of the mediation.



THEEWATERSKLOOF MUNISIPALITEIT : THEEWATERSKLOOF MUNICIPALITY
OFFICIAL ORDER

Order
G0004418

Billing Address:
PO Box 24
Caledon, 7230
Tel: 028 214 3300

Delivery : 6 PLEIN STREET
CALEDON
7230

VAT Registration number: 4000846248

SUPPLIER NAME: URBAN-ECON DEVELOPMENT ECONOMIC [U00031]
SUPPLIER TEL NO: 021 447 3449
SUPPLIER FAX NO: 021 447 3459
PHYSICAL ADDRESS: SUITE 20-10F BUILDING 20
THE WAVERLY BUSINESS PARK
DATE: 20240509

DIRECTORATE: Economic Development and Planning
COST CENTRE: LED
NAME: Fadana B
REQ NO: 38613

| DESCRIPTION | QUANTITY | UNIT PRICE EXCL. | AMOUNT EXCL. | AMOUNT IN |
|--|----------|------------------|--------------|-----------|
| Establishment of project steering committee, Tor document & preliminary sector report situation analysis | 1.00 | 19200.00 | 19200.00 | 22080 |
| Strategic Framework | 1.00 | 68000.00 | 68000.00 | 78200 |
| Monitoring & Evaluation Framework | 1.00 | 34000.00 | 34000.00 | 39100 |
| Implementation plan | 1.00 | 13600.00 | 13600.00 | 15640 |
| Theewaterskloof tourism strategy final draft | 1.00 | 20400.00 | 20400.00 | 23460 |
| | | 17600.00 | 17600.00 | 20240 |
| | | GRAND TOTAL | 172800.00 | 198720 |

APPROVED BY: Signature: *[Signature]*

Name In Print: PARNELL Z

Date: 2024/05/09

This order is an official commitment.
The order number must be reflected on your delivery notes, correspondence and Invoices.
For all orders above R3 000, your VAT registration number must be reflected on the invoice.
Payments will be done within 30 days, from the date the invoice is received.

Busisiwe Fadana

From: Busisiwe Fadana
Sent: Monday, 06 May 2024 08:26
To: Namso Baliso
Cc: Kayalakhe Nontshiza; Elana Lotriet
Subject: FW: DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING: DEPARTMENT LED: QUARTER THREE [3] REPORT ON TOURISM INITIATIVES[English version of the report is the original]: Update Referred Item
Attachments: URBAN -ECON CONTRACT.pdf
Importance: High
Categories: Red Category

Good day Miss Baliso

I hope this mail finds you in good spirit .

Based on the comments below from management meeting , please refer to point number 5 which state that “That no money will be spend on the appointment of Consultants”

A TWK 2 for the **Development of the tourism strategy** for Theewaterskloof Municipality was advertised on the 11th of March 2024 and Urban- Econ signed the contract on the 6th of April to do the strategy .

The process has started and urban _Econ has already submitted an inception report and are busy organising stakeholder engagement sessions with tourism private sector. The tourism strategy is budgeted for 2023/2024 financial year.

Based on the comment from management a decision was taken not to appoint consultants, I would like to know what are the implications of the current contract signed with Urban -Econ. Your advice on this matter is urgently needed and it would be appreciated if I can receive your feedback by Wednesday the 8th of May 2024 before Urban - Econ continue with stakeholder engagement session.

Regards,

Busisiwe Fadana

Senior Administrator : Tourism & Marketing
 Directorate: Economic Development and Planning

THEEWATERSKLOOF MUNICIPALITY

Head Office. 6 Plein Street, Caledon, 7230

Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** Busisiwefa@twk.gov.za

Website. www.twk.gov.za | **Follow us on Facebook, X, Instagram.** @twkmun



Theewaterskloof
 Municipality

From: collab@twk.gov.za <collab@twk.gov.za>

Sent: Friday, May 3, 2024 11:02 AM

To: Busisiwe Fadana <busisiwefa@twk.gov.za>

Subject: DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING: DEPARTMENT LED: QUARTER THREE (3) REPORT ON TOURISM INITIATIVES[English version of the report is the original]: Update Referred Item

Importance: High

29

From

Marelize Faul

To

Busisiwe Fadana

Item

4680221 - DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING: DEPARTMENT LED: QUARTER THREE (3) REPORT ON TOURISM INITIATIVES[English version of the report is the original]

Due Date

01/05/2024 20:20

Task

T3690/351 - Update Referred Item

Object Ref

4680221

Item Nommer/Item Number

00

Item Titel/Item Title

DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING REPORT ON TOURISM INITIATIVES

[English version of the report is the original]

Komitee/Committee

Management Meeting

Departement/Department

Directorate Economic Development and Planning

Lêer Nommer/File Number

17/16/2/R;9/2/2;

Doel/Purpose

The purpose of the report is to table a report to Management and the tourism initiatives implemented in quarter three (3) as per (SDBIP) for the 2023/2024 financial year.

Agtergrond/Background

Tourism has been a growth sector and is recognized as a sector with high potential for job creation. The development of the tourism sector in Theewaterskloof depends largely on the collaboration and support from the local Municipality, to develop competitive tourism products and services.

The potential of an area to develop as a sought-after tourist destination is largely dependent on the resources that are offered (tourism products, visitor facilities and infrastructure) and the support of the local tourist community. Ultimately, of course, the success of this match is strongly dependent on the support of the local Municipality.

Bespreking/Discussion

As per the approved Service Delivery Budget Implementation Plan (SDBIP) reported:

| KPI Number | KPI Name | Description of Unit Measurement | Target | Source of Evidence | |
|------------|---|---------------------------------|--------|---------------------|-------------|
| D324 | Submit status reports on tourism initiatives to Portfolio Committee | Number of reports submitted | 4 | Proof of submission | Accumulated |

- Tourism initiative for this quarter was scheduled for 19 -20 March for customer service training in partnership with The Stroud Municipality
- The initiative was customer service training in partnership with The Stroud Municipality
- The training target cashiers, petrol attendants and SMME'S
- The aim of this training is to capacitate front line workers from the community to provide quality customer service as they are the first line workers to deal with visitors
- The training was advertised through social media and SMME's on our website

- Due to SEDA not getting enough quotations for service providers

| | | | | | |
|------|--|---------------------------------|------|---------------------|-------------|
| D334 | Submit 100% of completed signage applications to Regional Tourism Liaison Committee (RTLC) | % Signage application submitted | 100% | Proof of submission | Stand Alone |
|------|--|---------------------------------|------|---------------------|-------------|

- Regional tourism Liaison Committee (RTLC) is a body comprised municipal tourism officials from local municipalities from the Overberg and Tourism – Tourism Directorate, as well as the local tourism associations.
- The Regional Tourism Liaison Committee is a statutory committee with representatives from the other organizations, in terms of applicable warrants, there is a Regional Tourism Liaison Committee (RTLC) for consideration and approval.
- The Regional Tourism Liaison Committee (RTLC) meeting is conducted, tabled and reviewed and approved by this committee.

RADFODALE

- Radfodale application was approved
- The RTLC concluded that the signage for Moffat will be removed until the road is widened.
- Upon inspection it was discovered that Moffat does not meet the requirements for a roadside stall on Viljoenshoop road.

VLEISSTAAT DELI

- Application received for a roadside stall on R43 Hermanus road in Bontebok.
- Site inspection was conducted to determine if the establishment meets the requirements for a roadside stall.
- All supporting documents were submitted, zoning certificate, health certificate, etc.
- Regional Tourism Liaison meeting will be held on the 5th of April 2024.

Wetlike Implikasies (Item Outeur)/Legal Implications (Item Author)

Not applicable

Finansiële Implikasies (Item Outeur)/Financial Implications (Item Author)

Not applicable

Risiko Bestuur Implikasie (Item Outeur)/ Risk Management Implication (Item Author)

Not applicable

Verwys na Wyks Komitee/ Direct to Ward Committee?

No

Reason

-

Aanbeveling/Recommendation

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Management takes note of the report on the 2023/2024 financial year.

Interne Oudit Implikasies
(Departementeel)/Internal
Implications (Departmental)
Finansiele Implikasies
(Departementeel)/Financial
Implications (Departmental)
Regs Implikasies
(Departementeel)/Legal
Implications (Departmental)
Risiko Bestuur Implikasies
(Departementeel)/Risk
Management Implications
(Departmental)
Management Meeting
Outcome
RECOMMENDATION FROM
MANAGEMENT

31
No comments.

None

Recommendation is supported.

Noted

Refer to Author

RESOLVED BY MANAGEMENT: 25 APRIL 2024

1. Management noted that a tourism desk top exercise will be used per the daily updates, in Theewaterskloof Municipality for tourism/marketing purposes.

2. Management noted the comment of the Municipal Manager of the Municipality and should have been used in Theewaterskloof Municipality.

It is resolved:

- 3. That the agenda-item be deferred.**
- 4. That the Tourism / Destination marketing which was done by the Office of the Municipal Manager on different media be included in the daily updates since December 2023 and include in the report.**
- 5. That no money will be spend on the appointment of Corneel.**
- 6. That students of Boland College be used for the field surveys to collect an**
- 7. That the SEDA agreement will not be signed by the Municipal Manager (What services did we paid for?; What has been done by the Municipality was monies paid to SEDA?)**
- 8. That the funds spend at the World Travel Indaba at the exhibition stall of Cape Agulhas- and Theewaterskloof Municipality was responsible for 50% of the cost, unauthorised/irregular expenditure as the SCM regulated by the Municipal Manager also raised the question of who gave the Official approval.**
- 9. That the costs incurred for the Tourism Indaba in Durban by the Municipal Manager as Senior Officials must attend these kind of meetings in the Municipality and not Junior Officials.**

- 1. Agenda-item be deferred.**
- 2. For finalization by the Acting Director: Economic Development**

Busisiwe Fadana

From: Busisiwe Fadana
Sent: Tuesday, 21 May 2024 15:38
To: Marelize Faul
Cc: Kayalakhe Nontshiza; Elana Lotriet; Namso Baliso
Subject: RE: Tourism Strategy

Good day Marelize

As per our discussion earlier , can I please request a date for presentation of the tourism strategy to management .
 Two possible dates are 6th & 7th June 2024 , both days from 09h00-11h30

Regards,
 Busisiwe

From: Kayalakhe Nontshiza <kayalakheno@twk.gov.za>
Sent: Monday, May 20, 2024 3:25 PM
To: Busisiwe Fadana <busisiwefa@twk.gov.za>
Cc: Elana Lotriet <elanalo@twk.gov.za>
Subject: FW: Tourism Strategy

FYA

From: Namso Baliso <namsoba@twk.gov.za>
Sent: Monday, May 20, 2024 3:04 PM
To: Kayalakhe Nontshiza <kayalakheno@twk.gov.za>
Cc: Nicolette Amsterdam <NicoletteAm@twk.gov.za>
Subject: Tourism Strategy

Dear Gaba

At the Management Meeting it was instructed that the appointed service provider for the development of the Tourism Strategy be required to present to Management on the scope of work they will undertake.

I propose that we initially meet with the unit to be apprised of the inception meeting that took place with the service provider as we were both on leave, and then we can follow up with organising the required meeting. Thank you.

Regards,

Namso Baliso

Acting Director: Economic Development & Planning
 Directorate: Economic Development & Planning Services

THEWATERSKLOOF MUNICIPALITY

Head Office. 6 Plein Street, Caledon, 7230

Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** namsoba@twk.gov.za

Website. www.twk.gov.za | **Follow us on Facebook, X, Instagram.** @twkmmun

Busisiwe Fadana

From: Busisiwe Fadana
Sent: Thursday, 23 May 2024 15:19
To: Kayalakhe Nontshiza; Marelize Faul
Cc: Elana Lotriet; Namso Baliso; Wilfred Schrevian Evan Solomons-Johannes
Subject: RE: Request for Urban Econ Presentation to Management Committee

Good day Marelize

I would like to check if there is any feedback regarding the below request .

Your assistance will be greatly appreciated .

Regards,
 Busisiwe

From: Kayalakhe Nontshiza <kayalakheno@twk.gov.za>
Sent: Wednesday, May 22, 2024 8:49 AM
To: Marelize Faul <marelizefa@twk.gov.za>
Cc: Busisiwe Fadana <busisiwefa@twk.gov.za>; Elana Lotriet <elanalo@twk.gov.za>
Subject: Request for Urban Econ Presentation to Management Committee

Greetings Marelize

I trust this day finds you well.

Pursuant from our telephone conversation we had yesterday, I wish to inform you that part of the project milestones in our Tourism Development Review Strategy undertaken by our Service Provider, Urban Econ is to present their project plan, project milestones and embedded timelines on how they will embark on the journey to review our Tourism Development Strategy within Theewaterskloof municipal Area.

Our request for presentation by the service provider emanates from the fulfilment of the about requirement.

We would appreciate it if we may be given a time slot of approximately 20 minutes to allow management team members to entertain the presentation from Urban Econ.

Thanking you in advance for your approval and looking forward to your prompt response henceforth.

Kind regards

Kayalakhe Nontshiza

Deputy Director Economic Development and Planning
 Directorate: Economic Development and Planning

THEEWATERSKLOOF MUNICIPALITY

From: Busisiwe Fadana
Sent: Tuesday, 28 May 2024 07:37
To: Marelize Faul; Kayalakhe Nontshiza
Cc: Elana Lotriet; Namso Baliso; Wilfred Schrevian Evan Solomons-Johannes
Subject: RE: Request for Urban Econ Presentation to Management Committee

Good day Marelize

I just wanted to check if there is any feedback from the MM. Urban – Econ need confirmation so they can start with their travelling arrangements .

Regards,
Busisiwe

From: Marelize Faul <marelizefa@twk.gov.za>
Sent: Thursday, May 23, 2024 3:58 PM
To: Busisiwe Fadana <busisiwefa@twk.gov.za>; Kayalakhe Nontshiza <kayalakheno@twk.gov.za>
Cc: Elana Lotriet <elanalo@twk.gov.za>; Namso Baliso <namsoba@twk.gov.za>; Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>
Subject: RE: Request for Urban Econ Presentation to Management Committee

Good afternoon:

The matter was referred to the Municipal Manager for the granting of approval or not.

Still waiting for his feedback.

Regards
Marelize

From: Busisiwe Fadana <busisiwefa@twk.gov.za>
Sent: Thursday, May 23, 2024 3:19 PM
To: Kayalakhe Nontshiza <kayalakheno@twk.gov.za>; Marelize Faul <marelizefa@twk.gov.za>
Cc: Elana Lotriet <elanalo@twk.gov.za>; Namso Baliso <namsoba@twk.gov.za>; Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>
Subject: RE: Request for Urban Econ Presentation to Management Committee

Good day Marelize

I would like to check if there is any feedback regarding the below request .

Your assistance will be greatly appreciated .

Regards,
Busisiwe

Busisiwe Fadana

From: Busisiwe Fadana
Sent: Wednesday, 04 September 2024 09:28
To: Marelize Faul
Cc: Elana Lotriet; Morne October
Subject: RE: Request for Urban Econ Presentation to Management Committee

Good day Marelize

I would like to check if we can get a slot for Urban -econ presentation on the tourism strategy on the 25th of September preferable a teams meeting.

Your assistance will be highly appreciated .

Regards,
 Busisiwe

From: Marelize Faul <marelizefa@twk.gov.za>
Sent: Thursday, May 23, 2024 3:58 PM
To: Busisiwe Fadana <busisiwefa@twk.gov.za>; Kayalakhe Nontshiza <kayalakheno@twk.gov.za>
Cc: Elana Lotriet <elanalo@twk.gov.za>; Namso Baliso <namsoba@twk.gov.za>; Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>
Subject: RE: Request for Urban Econ Presentation to Management Committee

Good afternoon:

The matter was referred to the Municipal Manager for the granting of approval or not.

Still waiting for his feedback.

Regards
 Marelize

From: Busisiwe Fadana <busisiwefa@twk.gov.za>
Sent: Thursday, May 23, 2024 3:19 PM
To: Kayalakhe Nontshiza <kayalakheno@twk.gov.za>; Marelize Faul <marelizefa@twk.gov.za>
Cc: Elana Lotriet <elanalo@twk.gov.za>; Namso Baliso <namsoba@twk.gov.za>; Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>
Subject: RE: Request for Urban Econ Presentation to Management Committee

Good day Marelize

I would like to check if there is any feedback regarding the below request .

Your assistance will be greatly appreciated .

Regards,
 Busisiwe

From: Kayalakhe Nontshiza <kayalakheno@twk.gov.za>
Sent: Wednesday, May 22, 2024 8:49 AM

TAX INVOICE

Theewaterskloof Municipality
Theewaterskloof Municipality Head Office,
6 Plein Street
PO Box 24
Caledon
7230
VAT Number: 4000846248

Invoice Date
15 May 2024

Invoice Number
24/25/0010-01

Reference
Theewaterskloof Municipality
Tourism Strategy. PO: BF
01/2023/24

VAT Number
4350262194

Urban-Econ Development
Economists (Pty) Ltd
Postnet Suite 290
Private Bag X06
Waterkloof
PRETORIA GAUTENG 0145

| Description | Quantity | Unit Price | VAT | Amount ZAR |
|---------------------------------|----------|------------|-----------------|------------------|
| Deliverable 1: Inception Report | 1.00 | 43,200.00 | 15% | 43,200.00 |
| | | | Subtotal | 43,200.00 |
| | | | Total Tax @ 15% | 6,480.00 |
| Total Amount Due ZAR | | | | 49,680.00 |

Due Date: 14 Jun 2024

Bank: First National Bank
Acc: 6239 3641 462
Branch: 252 445

Terms: If this account is not paid within 30 days of date, interest will be charged at 2% per month thereafter.

| MUNISIPALITEIT THEEWATERSKLOOF | |
|---|-------------------|
| RETAAL SERTIEIKAAT | |
| Ek sertifiseer dat: | |
| Die diens/voedere soos hierin gespesifiseer, aan 'n kassier gelewer is en dat die pryse/foeie reël is of volgens ooreenkoms/kontrak is. | |
| <i>[Handwritten Signature]</i> | <i>06/06/2024</i> |
| Handtekening | Datum |

TAX INVOICE

Theewaterskloof Municipality
Theewaterskloof Municipality Head Office,
6 Plein Street
PO Box 24
Caledon
7230
VAT Number: 4000846248

Invoice Date
31 May 2024

Invoice Number
24/25/0010-02

Reference
Theewaterskloof Municipality
Tourism Strategy. PO: BF
01/2023/24

VAT Number
4350262194

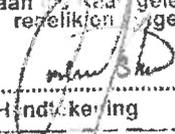
Urban-Econ Development
Economists (Pty) Ltd
Postnet Suite 290
Private Bag X06
Waterkloof
PRETORIA GAUTENG 0145

| Description | Quantity | Unit Price | VAT | Amount ZAR |
|-------------------------------------|----------|------------|-----------------|------------------|
| Deliverable 2: Situational Analysis | 1.00 | 77,760.00 | 15% | 77,760.00 |
| | | | Subtotal | 77,760.00 |
| | | | Total Tax @ 15% | 11,664.00 |
| Total Amount Due ZAR | | | | 89,424.00 |

Due Date: 30 Jun 2024

Bank: First National Bank
Acc: 6239 3641 462
Branch: 252 445

Terms: If this account is not paid within 30 days of date, interest will be charged at 2% per month thereafter.

| MUNISIPALITEIT THEEWATERSKLOOF | |
|--|------------|
| BETAAL CERTIFIKAAT | |
| Ek sertifiseer dat: | |
| Die dienste/goedere soos hierin gespesifiseer, aan die hand gelewer is en dat die pryse/foote reelikien volgens ooreenkoms/kontrak is. | |
|  | 06/06/2024 |
| Handtekening | Datum |

From: Busisiwe Fadana
Sent: Thursday, 11 July 2024 08:01
To: Alex Kempthorne; Tania Jacobs; Chanel Barnard
Cc: Namso Baliso; Kayalakhe Nontshiza; Elana Lotriet; Petula Fortuin
Subject: OUTSTANDING INVOICE
Attachments: URBAN -ECON.pdf

Good day Alex and team

Please find the attached correspondence from the Municipality regarding the outstanding invoices .
Apologies for the inconvenience .

Regards,

Busisiwe Fadana

Senior Administrator : Tourism & Marketing
Directorate: Economic Development and Planning

THEWATERSKLOOF MUNICIPALITY

Head Office. 6 Plein Street, Caledon, 7230

Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** Busisiwefa@twk.gov.za

Website. www.twk.gov.za | **Follow us on Facebook, X, Instagram.** @twkmun



Theewaterskloof
Municipality



Office of the Municipal Manager
 6 Plein Street
 P.O. Box 24
 Caledon
 7230
 Telephone: +27 (28) 2143300
 Fax: +27 (28) 2141289
 Website: www.twk.gov.za

Enquiries: Me P Fortuin
 E-mail: petulafo@twk.gov.za

08 July 2024

Alexandria Kempthorne
 Urban – Econ Development Economists (pty)Ltd
 Postnet Suite 290
 Private Bag X06
 Waterkloof
 Pretoria Gauteng 0145
 Dear Sir / Madam

PAYMENT POSTPONEMENT FOR OUTSTANDING INVOICES – ACCOUNT

Your outstanding invoice to Theewaterskloof Municipality as reference: Order number G0004418 .

We are writing to inform you that Theewaterskloof Municipality is currently undertaking a comprehensive cash recovery plan. Due to unforeseen circumstances, our municipality has encountered financial challenges that necessitated a structured recovery plan to ensure payments being done to creditors, for the outstanding invoices submitted for payment. Considering this, we respectfully request your cooperation in arranging payment postponement for your account.

We understand the importance of maintaining trust and transparency with our valued creditors. Therefore, we want to assure you that despite these challenges, we are committed to honouring all outstanding invoices. Our financial recovery plan includes measures to ensure that all payments are made in a timely and orderly manner.

Due to our current financial restructuring, we propose to make payments for the above-mentioned account between the period of July 2024 and September 2024.

We value the relationship we have built with your organization and appreciate your patience during this period.

We also appreciate your understanding and look forward to your favourable response.

Thank you for your continued support and cooperation.

Yours sincerely,

R Stevens (Acting Municipal Manager)
 Theewaterskloof Municipality

pf

Busisiwe Fadana

From: Busisiwe Fadana
Sent: Tuesday, 06 August 2024 10:57
To: Nico La Grange
Cc: Elana Lotriet
Subject: TOURISM STRATEGY : URBAN -ECON

Good day Nico

As per our discussion yesterday , Urban- Econ is the service provider that was appointed to do a tourism strategy in the last financial year 2023/2024. The strategy was not completed because there was a delay to do workshops with management , portfolio and council because management could not give us a date in time as well as financial issue In the municipality that has led to us not being able to pay the supplier for the work they have done and submitted . The supplier has been paid for the invoices they have submitted .

As you mentioned we will continue with the project in this financial year 2024/2025 as there is a budget line for tourism strategy. There will be no addition to the specification that was agreed on with the supplier based on the contract they signed , this is to finish up the work and get a final tourism strategy . Below is the budget line from the vote book .

| | | | | | | | | | |
|------|-----|---|------|---|------|---|-------------|--|-----------------|
| 2116 | LED | 1 | 2116 | 0 | 7512 | 0 | 12116075120 | Contracted Services - Research and Advisory | WC03: Strate |
|------|-----|---|------|---|------|---|-------------|--|-----------------|

Regards,
 Busisiwe Fadana
 Senior Development Officer : Tourism & Marketing
 Theewaterskloof Municipality
 6 Plein Street
 Caledon
 7230
 Tel : 028214 3310
 Email: Busisiwefa@twk.gov.za

41

QUARTELY CONTRACT REPORTING

(JULY -SEPTEMBER 2024)

Type of Document/ Tipe document: Monthly Contract Reporting

Document prepared by/Dokument voorberei deur:

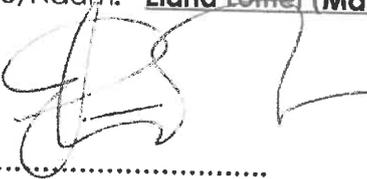
Name/ Naam: **Busisiwe Fadana**


.....
(Signature/Handtekening)

10/12/2024
.....
DATE/DATUM

Document checked by/Dokument nagesien deur:

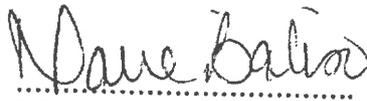
Name/Naam: **Elana Lotriet (Manager: Local Economic Development)**


.....
(Signature/Handtekening)

10/12/2024
.....
DATE/DATUM

Document supported by/Dokument ondersteun deur:

Name/Naam: **Namso Baliso (Acting Director: Economic Development & Planning)**


.....
(Signature/Handtekening)

10/12/2024
.....
DATE/DATUM

Document signed by/Dokument onderteken deur
(Acting Municipal Manager / Munisipale Bestuurder and / or Delegated Authority)

Name/Naam: **R Stevens**


.....
(Signature/Handtekening)

11.12.2024
.....
DATE/DATUM

DIRECTORATE: ECONOMIC DEVELOPMENT AND PLANNING SERVICES:

QUARTELY REPORTING

PERFORMANCE OF CONTRACTORS:

(JULY - SEPTEMBER 2024)

1. AIM OF REPORT

To present a report to the Accounting Officer in terms of the contract and performance management of the Directorate: Economic Development and Planning Contractors (**Local Economic Development**) for the month of July, August & September 2024

2. BACKGROUND

Section 116(2) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) states that the accounting officer of a municipality or municipal entity must:

Take all reasonable steps to ensure that a contract or agreement procured through the Supply Chain Management Policy of the municipality or municipal entity is properly enforced.

Monitor monthly the performance of the contract under the contract agreement.

Establish capacity in the administration of the municipality or municipal entity-

- (i) To assist the accounting officer in carrying out the duties set out in paragraphs(a) and (b); and
- (ii) To oversee the day-to-day management of the contract agreement; and

Regularly report to Council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contract.

3. DISCUSSION

3.1. The following reporting templates is attached to this document:

- *Urban -Econ development economist (PTY)LTD*

4. FINANCIAL RESPONSIBILITIES

43

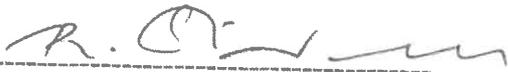
The ineffective management of contracts can jeopardize the expenditure pattern of the organization and create a scenario where the municipality does not get value for money.

5. RISK MANAGEMENT

As per Blockages

6. RECOMMENDATION TO THE ACCOUNTING OFFICER

The Accounting Officer takes note of the content of the report.



R STEVENS
ACTING MUNICIPAL MANAGER

11.12.2024

DATE

| Contract Manager | Busisiwe Fadana | | Contract Owner | | E lotriet | |
|--|--|-----------------------------------|----------------|--|----------------|--|
| Directorate | Planning & Economic Development | | Contract Owner | | Funding Source | |
| Complete Tender No. & Description | BF01/2023/24 | | OWN (Capital) | | 350000 | |
| Service Provider | URBAN ECON DEVELOPMENT ECONOMIST | | | | | |
| Commencement Date | 09/04/2024 | Total Contract Amount (Vat excl.) | R198 720,00 | Value of Expansions Approved (Vat excl.) | Not Required | |
| Completion Date | 30/06/2024 | Adjusted Completion Date | 30/03/2025 | Project on Time | No | |
| Adjusted Contract Amount | R 0,00 | | | | | |
| Date of Report | 08 September 2024 | | | | | |
| Report Numbers | 2 | | | | | |
| Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy | No empowerment goals set out in this contract due to the nature and scope of work of services procured. E.g consulting services | | | | | |
| Overall performance including Rand Value in terms of the Empowerment Goals | (R0.00) - not applicable due to the nature and scope of work of contracted services. | | | | | |
| Overall Performance Incl. quality of work to date | Work and performance is on standard. | | | | | |
| Blockages and Problems | There is slow progress regarding internal consultation such as Management ,portfolio and council workshop due to other commitments in the organisation . | | | | | |
| Recommended Action and Resolutions required to unblock blockages & problems | Improve coordination with internal structures within the municipality . | | | | | |
| Actual Amount Paid to Date (Vat excl.) | R 139 308,00 | | | | | |
| Number of Invoices /Certificates | 1 | | | | | |
| Disputed Invoices / Certificates | N/A | | | | | |
| | N/A | | | | | |

45

QUARTLEY CONTRACT REPORTING

(October - December 2024)

Type of Document/ Tipe document: Quartley Contract Reporting

Document prepared by/Dokument voorberei deur:

Name/ Naam: **Busisiwe Fadana**



.....
(Signature/Handtekening)

17/12/24
.....
DATE/DATUM

Document checked by/Dokument nagesien deur:

Name/Naam: **Enrico Shortles (Acting Deputy Director: Development & Planning)**



.....
(Signature/Handtekening)

17/12/2024
.....
DATE/DATUM

**Document signed by/Dokument onderteken deur
(Acting Municipal Manager / Munisipale Bestuurder and / or Delegated Authority)**

Name/Naam: **R Stevens**



.....
(Signature/Handtekening)

23/12/24
.....
DATE/DATUM

DIRECTORATE: ECONOMIC DEVELOPMENT AND PLANNING SERVICES:

QUARTLEY REPORTING

PERFORMANCE OF CONTRACTORS:

(October – December 2024)

1. AIM OF REPORT

To present a report to the Accounting Officer in terms of the contract and performance management of the Directorate: Economic Development and Planning Contractors (**Local Economic Development**) for the month of October , November & December 2024

2. BACKGROUND

Section 116(2) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) states that the accounting officer of a municipality or municipal entity must:

Take all reasonable steps to ensure that a contract or agreement procured through the Supply Chain Management Policy of the municipality or municipal entity is properly enforced.

Monitor monthly the performance of the contract under the contract agreement.

Establish capacity in the administration of the municipality or municipal entity-

- (i) To assist the accounting officer in carrying out the duties set out in paragraphs(a) and (b); and
- (ii) To oversee the day-to-day management of the contract agreement; and

Regularly report to Council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contract.

3. DISCUSSION

3.1. The following reporting templates is attached to this document:

- *Urban -Econ development economist (PTY)LTD*

4. FINANCIAL RESPONSIBILITIES

The ineffective management of contracts can jeopardize the expenditure pattern of the organization and create a scenario where the municipality does not get value for money.

5. RISK MANAGEMENT

As per Blockages

6. RECOMMENDATION TO THE ACCOUNTING OFFICER

The Accounting Officer takes note of the content of the report.



R-STEVEN'S
ACTING MUNICIPAL MANAGER



DATE

| Contract Manager | Busisiwe Fadana | | Contract Owner | | E latriet | |
|--|---|-----------------------------------|----------------|--|-----------------|-------|
| Directorate | Planning & Economic Development | | Contract Owner | | Funding Source | |
| Complete Tender No. & Description | BF01/2023/24 | | | | Own | Other |
| Service Provider | URBAN ECON DEVELOPMENT ECONOMIST | | | | OWN (Capital) | |
| Commencement Date | 09/04/2024 | Total Contract Amount (Vat excl.) | R198 720,00 | Value of Expansions Approved (Vat excl.) | 350000 | |
| Completion Date | 30/06/2024 | Adjusted Completion Date | | | Not Required | |
| Adjusted Contract Amount | R 0,00 | | | 30/03/2025 | Project on Time | No |
| Date of Report | 17 December 2024 | | | | | |
| Report Numbers | 2 | | | | | |
| Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy | No empowerment goals set out in this contract due to the nature and scope of work of services procured. E.g consulting services | | | | | |
| Overall performance including Rand Value in terms of the Empowerment Goals | (R0.00) - not applicable due to the nature and scope of work of contracted services. | | | | | |
| Overall Performance incl. quality of work to date | Work and performance is on standard. | | | | | |
| Blockages and Problems | Outstanding consultation with Portfolio committee and council workshop will be conducted between February & March 2025 | | | | | |
| Recommended Action and Resolutions required to unblock blockages & problems | Improve coordination with internal structures within the municipality. | | | | | |
| Actual Amount Paid to Date (Vat excl.) | R 139 308,00 | | | | | |
| Number of Invoices /Certificates | 1 | | | | | |
| Disputed Invoices / Certificates | N/A | | N/A | | N/A | |

QUARTLEY CONTRACT REPORTING

(JANUARY -MARCH 2025)

Type of Document/ Tipe document: Quartley Contract Reporting

Document prepared by/Dokument voorberei deur:

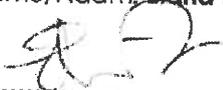
Name/Naam: **Busisiwe Fadana**


.....
(Signature/Handtekening)

02-04-2025
DATE/DATUM

Document checked by/Dokument nagesien deur:
(Manager : Manager Local economic Development)

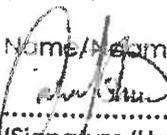
Name/Naam: **Elana Lotriet**


.....
(Signature/Handtekening)

02.04.2025.
DATE/DATUM

Document Verified by/Dokument verifieer deur:
(Deputy Director: Economic Development & Planning)

Name/Naam: **Kayalake Nontshiza**


.....
(Signature/Handtekening)

02/04/2025
DATE/DATUM

Document supported by/Dokument ondersteun deur:
(Acting Director: Economic Development & Planning)

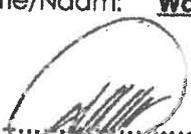
Name/Naam: **Enrico Shortles**


.....
(Signature/Handtekening)

2/4/2025
DATE/DATUM

Document signed by/Dokument onderteken deur:
(Acting Municipal Manager / Waarnemende Munisipale Bestuurder and / or Delegated Authority)

Name/Naam: **Walter Hendricks**


.....
(Signature/Handtekening)

4-4-2025
DATE/DATUM

DIRECTORATE: ECONOMIC DEVELOPMENT AND PLANNING SERVICES:

QUARTELY REPORTING

PERFORMANCE OF CONTRACTORS:

(JANUARY - MARCH 2025)

1. AIM OF REPORT

To present a report to the Accounting Officer in terms of the contract and performance management of the Directorate: Economic Development and Planning Contractors (**Local Economic Development**) for the month of January - March 2025.

2. BACKGROUND

Section 116(2) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) states that the accounting officer of a municipality or municipal entity must:

Take all reasonable steps to ensure that a contract or agreement procured through the Supply Chain Management Policy of the municipality or municipal entity is properly enforced.

Monitor monthly the performance of the contract under the contract agreement.

Establish capacity in the administration of the municipality or municipal entity-

- (i) To assist the accounting officer in carrying out the duties set out in paragraphs(a) and (b); and
- (ii) To oversee the day-to-day management of the contract agreement; and

Regularly report to Council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contract.

3. DISCUSSION

3.1. The following reporting templates is attached to this document:

- *Urban -Econ development economist (PTY)LTD*

4. FINANCIAL RESPONSIBILITIES

The ineffective management of contracts can jeopardize the expenditure pattern of the organization and create a scenario where the municipality does not get value for money.

5. RISK MANAGEMENT

See attached report

6. RECOMMENDATION TO THE ACCOUNTING OFFICER

The Accounting Officer takes note of the content of the report.



W Hendricks
ACTING MUNICIPAL MANAGER

3.4.2025

DATE

| | | | | |
|---|---|-----------------------------------|--|-------|
| Contract Manager | Busisiwe Fadana | | Kayalake Nontshiza | |
| Directorate | Planning & Economic Development | | Contract Owner | |
| Complete Tender No. & Description | BF01/2023/24 | | Funding Source | |
| Service Provider | URBAN ECON DEVELOPMENT ECONOMIST | | Own | Other |
| Commencement Date | 09/04/2024 | Total Contract Amount (Vat excl.) | 350000 | |
| Completion Date | 30/06/2024 | Adjusted Completion Date | Value of Expansions Approved (Vat excl.) | |
| Adjusted Contract Amount | R 0,00 | | 30/03/2025 | |
| Date of Report | 01 April 2025 | | Project on Time | |
| Report Numbers | 4 | | NO | |
| Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy | No empowerment goals set out in this contract due to the nature and scope of work of services procured. E.g consulting services | | | |
| Overall performance including Rand Value in terms of the Empowerment Goals | (R0.00) - not applicable due to the nature and scope of work of contracted services. | | | |
| Overall Performance Incl. quality of work to date | Work and performance is of good standard. | | | |
| Blockages and Problems | Concil workshop is scheduled and confirmed to be on the 10th of April 2025, Urban -Econ will be presenting to councilors and other senior managers the Draft Tourism Strategy | | | |
| Recommended Action and Resolutions required to unblock blockages & problems | Improve coordination with internal structures within the municipality. | | | |
| Actual Amount Paid to Date (Vat excl.) | R 139 308,00 | | | |
| Number of Invoices /Certificates | 1 | | | |
| Disputed Invoices / Certificates | N/A | | N/A | |

QUARTELY CONTRACT REPORTING

(April-June 2025)

Type of Document/ Tipe document: Quartley Contract Reporting**Document prepared by/Dokument voorberei deur:**Name/ Naam: **Busisiwe Fadana**


 (Signature/Handtekening)

 23/07/2025

 DATE/DATUM
Document checked by/Dokument nagesien deur:**(Manager: Local Economic Development)**Name/Naam: **ELANA LOTRIET**

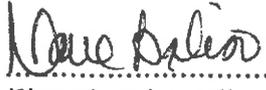

 (Signature/Handtekening)

 23/07/2025

 DATE/DATUM
Document verified by/ document verifieer deur:**Deputy Director : Economic Development & Planning)**Name/Naam: **KAYALAKHE NONTSHIZA**

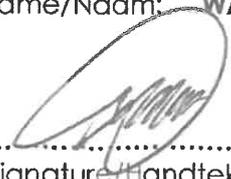

 (Signature/Handtekening)

 28/07/2025

 DATE/DATUM
Document supported by/Dokument ondersteun deur:**(Director : Economic Development & Planning)**Name/Naam: **Namso Baliso**


 (Signature/Handtekening)

 23/07/2025

 DATE/DATUM
Document signed by/Dokument onderteken deur**(Municipal Manager / Waarnemende Munisipale Bestuurder and / or Delegated Authority)**Name/Naam: **WALTER HENDRICKS**


 (Signature/Handtekening)

 23.7.2025

 DATE/DATUM

DIRECTORATE: ECONOMIC DEVELOPMENT AND PLANNING SERVICES:

QUARTELY REPORTING

PERFORMANCE OF CONTRACTORS:

(April-June 2025)

1. AIM OF REPORT

To present a report to the Accounting Officer in terms of the contract and performance management of the Directorate: Economic Development and Planning Contractors (**Local Economic Development**) for the month of April-June 2025.

2. BACKGROUND

Section 116(2) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) states that the accounting officer of a municipality or municipal entity must:

Take all reasonable steps to ensure that a contract or agreement procured through the Supply Chain Management Policy of the municipality or municipal entity is properly enforced.

Monitor monthly the performance of the contract under the contract agreement.

Establish capacity in the administration of the municipality or municipal entity-

- (i) To assist the accounting officer in carrying out the duties set out in paragraphs(a) and (b); and
- (ii) To oversee the day-to-day management of the contract agreement; and

Regularly report to Council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contract.

3. DISCUSSION

3.1. The following reporting templates is attached to this document:

- *Urban -Econ development economist (PTY)LTD*

4. FINANCIAL RESPONSIBILITIES

The ineffective management of contracts can jeopardize the expenditure pattern of the organization and create a scenario where the municipality does not get value for money.

5. RISK MANAGEMENT

See attached report

6. RECOMMENDATION TO THE ECONOMIC DEVELOPMENT AND PLANNING PORTFOLIO COMMITTEE & COUNCIL

The Accounting Officer takes note of the content of the report.



W Hendricks
MUNICIPAL MANAGER

03. 7. 2025

DATE

| Contract Manager Directorate | | Bussisive Fadzana Planning & Economic Development | | Kovalekha Kertizha Funding Source | |
|---|---|--|-------------|--|-------|
| Complete Tender No. & Description | | 8FD1/2023/24 | | Own | Other |
| Service Provider | | URBAN ECON DEVELOPMENT ECONOMIST | | 350000 | |
| Commencement Date | 09/04/2024 | Total Contract Amount (Vat excl.) | R198 730,00 | Value of Expansions Approved (Vat excl.) | |
| Completion Date | 30/06/2024 | Adjusted Completion Date | 30/08/2025 | Not Required | |
| Adjusted Contract Amount | R 0,00 | | | Project on Time | |
| Date of Report | 22 July 2025 | | | | |
| Report Numbers | 5 | | | | |
| Indicate the Empowerment Goals that were set for this contract in terms of Clauses 2(a) of the SCM Policy | No empowerment goals set out in this contract due to the nature and scope of work of services procured. E.g consulting services | | | | |
| Overall performance including Rand Value in terms of the Empowerment Goals | (R0.00) - not applicable due to the nature and scope of work of contracted services. | | | | |
| Overall Performance incl. quality of work to date | Work and performance is of good standard. | | | | |
| Blockages and Problems | None | | | | |
| Recommended Action and Resolutions required to unblock Blockages & problems | NONE | | | | |
| Actual Amount Paid to Date (Vat incl) | R 139 308,00 | | | | |
| Number of Invoices / Certificates | 1 | | | | |
| Disputed Invoices / Certificates | N/A | | | | N/A |

ITEM HEADING

**C80/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE
ECONOMIC DEVELOPMENT AND PLANNING: DEPARTMENT
HUMAN SETTLEMENTS: IRREGULAR EXPENDITURE – ASLA
CONSTRUCTION (PTY) LTD**

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE / AIM OF REPORT

The purpose of this report is to inform the Municipal Public Accounts Committee on the irregular expenditure incurred with regards to the Implementing Agent Agreement entered into between Theewaterskloof Municipality and Asla Construction (Pty) Ltd.

BACKGROUND

Theewaterskloof Municipality entered into an agreement with ASLA Construction (DEV 06/2012/13 in December 2012. Due to various to AGSA finding on this contract the then CFO introduced SOP 02/2018/19, dated 19 March 2019 to put mechanisms in place in dealing with addendums to this agreement.

The initial agreement DEV 06/2012/13 between Asla and TWK was cancelled by mutual consent as agreed by Asla on the 19th of April 2022 due to various legal opinions and AG findings regarding the validity of the contract. The municipality proceeded to appoint Asla in terms of a deviation as contained in the Municipal Supply Chain Management Regulations (36) dated 12 May 2022. A Memorandum of Agreement (MOA), deriving from the Deviation appointment was entered into between TWK and Asla on the 9th of June 2022. During the 2023/24 audit the Auditor General indicated that it does not agree with the reasons stated in the Deviation to re-appoint Asla hence render the MOA between TWK and ASLA invalid and deemed all expenditure relating to this MOA as irregular. The AG further indicated the municipality must continue with this arrangement until the completion of the scope but must report all expenditure as irregular for condonement by Council.

The finding read as follows

“On 19 April 2022 the municipality cancelled the contract with ASLA and deviated from the supply chain management processes on 11 May 2022. A new contract was signed on 9 June 2022 for the same project, but the scope was reduced. The reason used by the municipality for the deviation was “any other exceptional case where it is impractical or impossible to follow the official procurement processes” because of the planning and work already done by ASLA on the project.

We found the deviation from the supply chain management processes not to be justifiable because by following a deviation process management attempted to regularize the expenditure, but the original contract for this project was already irregular.

Therefore, this is a non-compliance to SCM regulation 36(1)(a)(v), as the auditor determined that the deviation is not valid and the expenditure should remain irregular as in prior years until ASLA Construction (Pty) (Ltd) completes the planned projects”.

DISCUSSION

As per the above, the municipality must annually report the expenditure on the Destiny Farm project, completed by Asla as irregular expenditure to the Municipal Public Accounts Committee for consideration and to Council for condonement.

Expenditure incurred for the 2024/25 financial year amounts to R 68 100 407.62 to be reported to the Municipal Public Accounts Committee for consideration and approval.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

R 68 100 407.62 irregular expenditure.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Section 32 of the MFMA states that any official of a municipality who deliberately or negligently committed, made or authorized an irregular expenditure is liable for that expenditure. A municipality must recover such expenditure from the person liable for that expenditure, unless Council certifies the irregular expenditure as irrecoverable, after the Municipal Public Accounts Committee has investigated and recommended it. Irregular expenditure for the purpose of this item means expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality and which has not been condoned in terms of such policy.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Non-Conformance to Auditor General Findings impacting the Annual Financial Statements.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that, in the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R 68 100 407.62 be written off as irrecoverable.

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 JANUARY 2026

It is therefore recommended that, in the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R 68 100 407.62 be written off as irrecoverable.

RECOMMENDATION BY MPAC TO COUNCIL: 18 FEBRUARY 2026

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor P Stander and seconded by Councillor D Jacobs, it was recommended as follows:

That in view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R 68 100 407.62 be written off as irrecoverable.

RECOMMENDATION TO COUNCIL:

It is therefore recommended that, in the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R 68 100 407.62 be written off as irrecoverable.

Status Report on ASLA Construction in terms of SCM and MFMA requirements and remedial action required if necessary

| Supplier | Service Description | Commencement date of contract |
|----------------------|---|-------------------------------|
| ASLA CONSTRUCTION | Appointment of an Implementing Agent for Villiersdorp Housing Development | 09 June 2022 |

1

What was the initial Purpose of the contract

The appointment of an Implementing Agent for the Low-Cost Housing Developments in the town of Villiersdorp

2

Initial Scope of Contract and if uncertain please explain

Berg en Dal insitu upgrade of 182 erven

Destiny Farm servicing of approximately 1800 erven, the construction of which, are not subject to the construction of a 2ML reservoir. Housing top structures as may be supported by the Department of Infrastructure (DOI) as well as related bulk services.

Relocation of people currently residing in informal settlements in Destiny

Upgrading of Phukom, Goniwe Park, Protea Heights and Westside in line with the Super-Blocking strategy of DOI

3

Initial Contract Value and if uncertain please explain

Contract value estimated at R 200 000 000.00 subject to funding approval from DOI

4

Initial Expiry Date and if uncertain please explain

30 June 2025

5

Was normal SCM Process followed and complied with

Yes

no

Uncertain

Explain of motivate your response

Deviation approval obtained (attached)
Signed MOA (Attached)

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider

Yes X

No

Uncertain

Explain or motivate your response

Various Addendums entered into due to various project changes

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements

Yes X

No

Uncertain

Explain or motivate your response

Deviation approval obtained (attached)
Signed MOA (Attached)

8

Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with

Yes X

No

Uncertain

Motivate or explain your response

Deviation approval obtained (attached)
Signed MOA (Attached)

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements

Yes x

No

Uncertain

Please explain or motivate your response above

The council continue to receive value for the expenditure incurred in the project as Theewaterskloof municipality is delivering basic services and responsive to its constitutional mandate.

10

| | | |
|---|------|-----------|
| Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements | | |
| Yes | No X | Uncertain |
| Please explain or motivate your response above | | |
| The are no considerable losses reported and recorded as the municipality is fully complaint in term of MFMA and SCM regulations when executing the service to the affected communities. | | |

11

| | | |
|--|----|-----------|
| Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with | | |
| Yes X | No | Uncertain |
| Please explain or motivate your response above | | |
| The currently service provider is providing good services in line with the project implementation programme. | | |

12

| | | |
|--|----|-----------|
| Has the director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price | | |
| Yes X | No | Uncertain |
| Please explain or motivate your response above | | |
| The department to review the contract periodically until completion of scope | | |

14

| | | |
|--|------|-----------|
| Could any form of non-compliance have been prevented | | |
| Yes | No X | Uncertain |
| Explain or motivate your response above | | |
| The municipality would have faced possible litigation if it did not appoint Asla Construction as a contract agreement was signed and financial commitments was already made. | | |

15

| | | |
|--|----|-----------|
| What remedies have been put in place to prevent any non-compliance being repeated | | |
| Yes X | No | Uncertain |
| Explain or motivate your response above | | |

Monthly contract reporting to be monitored to ensure compliance in terms of completion date of contracts. Adherence to SOP 02/2018/19 relating to processes to be followed when entering into Addendums with Asla.

16

| | |
|---|-------------------|
| General or additional Comments of the Director Concerned | |
| <i>Dave Ibalia</i> | <i>27/01/2026</i> |
| Signature of Director Concerned | Date |

17

| | |
|---|-------------------|
| General Comments/Findings and recommendations of the CFO | |
| | |
| <i>[Signature]</i> | <i>28/01/2026</i> |
| Signature of CFO | Date |

18

| | |
|--|-------------------|
| General Comments/Findings and or recommendations of the Chief Audit Executive | |
| | |
| <i>[Signature]</i> | <i>28/01/2026</i> |
| Signature of Chief Audit Executive | Date |

19

| | |
|--|------|
| Final response of the Director Concerned for consideration by the Municipal Manager | |
| | |
| | |
| Signature of the Director concerned | Date |

20

| | |
|---|-------------------|
| General Comments and findings of the Municipal Manager | |
| 1. | |
| <i>[Signature]</i> | <i>28/01/2026</i> |
| Signature of the Municipal Manager | Date |

The Accounting Officer
Theewaterskloof Municipality
PO Box 24
Caledon
7230

09 November 2023

Reference: Communication No.14 of 2023

Dear Mr. W Solomons-Johannes

**COMMUNICATION OF FINDINGS IDENTIFIED DURING THE AUDIT OF COMPLIANCE WITH
LEGISLATION FOR THE YEAR ENDED 30 JUNE 2023**

Background

1. In performing the audit of compliance with legislation we identified instances of non-compliance as described in the annexure. We have recorded the internal control deficiency that gave rise to the instances of non-compliance and our recommendation for correcting the instances of non-compliance for your consideration. The effect of this instances of non-compliance could potentially be material.
2. The finding will be included in the management report including your comments and our final response.

Required

3. You are requested to indicate whether you agree with the facts stated in the annexure including whether you agree with the identified internal control deficiency. Should you disagree, please provide us with documentary evidence to the contrary within 5 days from the date of this communication, as agreed in the engagement letter.
4. Please provide us with the reasons for the instances of non-compliance and the steps that will be taken to rectify the matter in future.

Yours sincerely
Unathi Mnqanqeni
Senior Manager: Western Cape

Enquiries: Zukile Gungubele
Telephone: (021) 528 4100
Fax: (021) 528 4200
Email: ZukileG@agsa.co.za

Acknowledgement of receipt by management:

Received by _____

Date _____

DETAILED AUDIT FINDING**Procurement and contract management – Deviation not justifiable – ASLA Construction (Pty) Ltd**

Section 1 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) defines irregular expenditure as “*expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170*”.

Section 110(2)(c) of the MFMA states that Chapter 11, Part 1: Supply chain management, states that: “*This Part, except where specifically provided otherwise, does not apply if a municipality or municipal entity contracts with another organ of state for the procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement*”.

Regulation 32 of the Municipal Supply Chain Management Regulations (SCM Regulations) reads as follows:

- (1) *A supply chain management policy may allow the accounting officer to procure goods or services for the municipality or municipal entity under a contract secured by another organ of state, but only if-*
 - (a) *the contract has been secured by that organ of state by means of a competitive bidding process applicable to that organ of state;*
 - (b) *the municipality or entity has no reason to believe that such contract was not validly procured;*
 - (c) *there are demonstrable discounts or benefits for the municipality or entity to do so; and*
 - (d) *that the other organ of state and the provider have consented to such procurement in writing.*

Regulation 36 of the Municipal Supply Chain Management Regulations (SCM Regulations) states:

“36. Deviation from, and ratification of minor breaches of, procurement processes

- (1) *A supply chain management policy may allow the accounting officer—*
 - (a) *to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only—*
 - (i) *in an emergency;*
 - (ii) *if such goods or services are produced or available from a single provider only;*
 - (iii) *for the acquisition of special works of art or historical objects where specifications are difficult to compile;*
 - (iv) *acquisition of animals for zoos; or*
 - (v) *in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and*
 - (b) *to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.”*

On 13 December 2012 the municipality entered into a contract with ASLA Construction (Pty) Ltd through another organ of state, as per regulation 32 of the Municipal Supply Chain Management Regulations of 2005.

During 2018 a court ruling on the interpretation of SCM regulation 32 was made and the legal interpretation resulted in the application of regulation 32 in a procurement process, effectively meaning that if the accounting officer of the original contracting organ of state is willing to forfeit a

portion of its contract, in terms of contract value and quantity that has not already been utilised, to the accounting officer who is requesting to procure under that contract, he may do so.

In 2018 we issued a communication of audit finding where we indicated that management did not interpret the SCM regulation 32 correctly which then resulted in irregular expenditure for this project.

On 19 April 2022 the municipality cancelled the contract with ASLA and deviated from the supply chain management processes on 11 May 2022. A new contract was then signed on 9 June 2022 for the same project, but the scope was reduced. The reason used by the municipality for the deviation was "any other exceptional case where it is impractical or impossible to follow the official procurement processes" because of the planning and work already done by ASLA on the project.

We found the deviation from the supply chain management processes not to be justifiable because by following a deviation process management attempted to regularize the expenditure, but the original contract for this project was already irregular.

Therefore, this is a non-compliance to SCM regulation 36(1)(a)(v), as the auditor determined that the deviation is not valid and the expenditure should remain irregular as in prior years until ASLA Construction (Pty) (Ltd) completes the planned projects.

The non-compliance will result in irregular expenditure of R15 625 929, resulting in an understatement of the irregular expenditure note 53.3.

This irregular expenditure is material and will be included in management report, should the misstatement not be corrected it will be included in the Audit report.

Total payments made to ASLA Construction (Pty)Ltd for 2022/23:

| Payment number | Date | Amount |
|-----------------------|---------------|-----------------------|
| 25484 | 10 March 2023 | R 2 988 063.66 |
| 25513 | 17 March 2023 | R 2 780 449.56 |
| 25863 | 21 April 2023 | R 2 675 319.26 |
| 26283 | 26 May 2023 | R 3 228 579.36 |
| 26756 | 28 June 2023 | R 608 955.10 |
| 26734 | 22 June 2023 | R 3 344 561.81 |
| TOTAL PAYMENT | | R15 625 928,75 |

Furthermore we identified that only R305 616 was disclosed in note 53.3 (Irregular Expenditure) of the current year AFS relating to the prior year amount in respect of regulation 32 awards but by inspection of the prior year general ledger (payment no.19982 dated 20/12/2021) a payment to the amount of R4 348 411 was made to ASLA.

This will result in a misstatement of the prior year figure of note 53.3 by R4 042 795.

Internal control deficiency

Financial and Performance Management

Review and monitor compliance with applicable legislation

Management followed a deviation process to ovoid future irregular expenditure.

Recommendation

Management should strengthen their review and monitoring processes of compliance with Municipal Supply Chain Regulations to ensure that the deviation process is followed as per SCM reg 36(1)(a) in order to prevent non-compliance to Municipal Supply Chain Management Regulations of 2005;

In relation to the irregular expenditure above, management should adjust the irregular expenditure note by increasing the total irregular expenditure by an amount of R15 625 929 for the current year and R R4 042 795 for the prior year.

All expenditure incurred for ASLA Construction for this project should be regarded as irregular expenditure and dealt with in accordance with section 32 of the MFMA.

Management response

| | | |
|--|------------------------------|---|
| <p>Management comment on audit finding:</p> <p>Management notes the finding and agrees with the finding.</p> | | |
| <p>Management comment on internal control deficiencies:</p> <p>Management agrees with the internal control deficiencies.</p> | | |
| <p>Management comment on recommendation:</p> <p>Management agrees with the recommendation. The AFS will be adjusted accordingly and taken to the section 32 (MPAC) committee as per recommendation.</p> | | |
| <p>Remedial action</p> | | |
| <p>What actions will be taken: AFS to be adjusted.</p> | <p>By whom: Act. CFO</p> | <p>By when: Final submission of AFS</p> |
| <p>If the above finding affects an amount(s) disclosed in the financial statements:</p> | | |
| <p>Please give an indication of whether a correcting journal entry shall be processed</p> | <p>Yes</p> | <p>No</p> |
| <p>If yes, please indicate the accounting entry:</p> | | |
| <p>If no, please provide the reason why such a conclusion has been reached:</p> <p>The misstatement relates to a disclosure item of which no journal is required.</p> | | |

Name: Paul Mabhena

Position: Act. CFO

Date: 16/11/2023

Auditor's conclusion:

We inspected the adjusted financial statements for the irregular expenditure adjustment and no findings were identified. Finding will remain in the management report to highlight the internal control deficiency.

ITEM HEADING

**C81/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE
ECONOMIC DEVELOPMENT AND PLANNING: IRREGULAR
EXPENDITURE – ESRI SOUTH AFRICA (PTY) LTD**

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE / AIM OF REPORT

The purpose of the report is to inform the Municipal Public Accounts Committee of the possible/alleged irregular expenses occurred to an amount of R731 264.31 funded by the Municipality, and that the Committee consider the report with explanatory template for the irregular expenditure in terms of Section 32 of the MFMA. The Committee can in terms of its mandate:

1. Investigate the irregular expenditure,
2. Make recommendations to the Council as to who, if any is liable for the irregular expenditure,
3. Recommend to the Council whether the irregular expenditure must be certified as irrecoverable and be written off,
4. Make recommendations if necessary for the implementation of measures to prevent future irregular expenditure and,
5. To report to Council on the effective functioning of processes and procedures/controls surrounding the prevention of unauthorized, irregular, fruitless and wasteful expenditure currently.

BACKGROUND

The following transaction was deemed as an irregular expenditure in terms of the Supply Chain Management Policy:

- a. **ESRI SOUTH AFRICA (PTY) LTD. – R731 264.31**

DISCUSSION

Over the past six years, the Theewaterskloof Municipality has made significant investments in ESRI's Geographic Information System (GIS), including software, systems, and development, to ensure the platform is customized to meet the Municipality's specific needs. ESRI South Africa (Pty) Ltd, as the sole creator, developer, and distributor of ESRI GIS in South Africa (Annexure A), has the necessary expertise to support the Municipality in achieving its strategic objectives and maintaining its systems into the future.

To date, the Municipality has standardized its tools and sub-systems on ESRI GIS. The enterprise-wide GIS maintains a spatial record of all properties within the Municipality, supported by aerial photography. Access is provided across all municipal computers, with a limited version available to the public. Several applications have been developed using the GIS, such as the Afla system for managing Town Planning applications, the Billing Viewer, and other spatially based systems. These applications are used daily, for example, in processing Town Planning approvals, thereby ensuring practicality and business continuity.

The Municipality and ESRI entered into a three-year agreement, scheduled to conclude in June 2024. Recognizing the value of the system and avoiding a gap in service provision after the contract's expiry, the Municipality initiated the Supply Chain Management (SCM) process in February 2024.

The end user began the SCM process within the appropriate timeframe. However, the former Municipal Manager did not support proceeding with a formal tender process. After holding the nomination for the specification committee for an extended period without approval, he advised via email that a deviation should be pursued instead (Annexure A).

This deviation was not the result of administrative oversight or delays in initiating the process, but rather a directive from the former Municipal Manager, which influenced the course of action taken. It is important to highlight that the SCM unit did not support the initial deviation, as evidenced in the attached email titled "*Request for Deviation: ESRI.*" This demonstrates that the decision to deviate from the formal tender process was not made with consensus. SCM consistently maintained its position in favour of following a formal procurement procedure, reinforcing the view that the deviation was not aligned with standard SCM protocols.

The AG report reflects a contract value of R414,208.15, while the actual expenditure amounted to R731,264.31. What the report does not clarify is that R414,208.15 covered the deviation period from July 2024 to December 2024. During this time, the Municipality initiated a formal competitive process; however, no responsive bids were received. As a result, the end user extended the deviation for a further six months, until June 2025, bringing the total expenditure to R731,264.31.

It should be noted that there were no issues with the performance of the service provider. The Municipality currently has a contract with ESRI through a competitive bidding process, with annual fees of ±R818995.50 including VAT, consistent with previous years. This demonstrates that Council received value for money.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The two approved deviations totaled R828,416.30, which exceeded the actual payment amount of R731,264.31. The variance arose because the Municipality did not utilize all the support hours initially quoted.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Section 32 of the MFMA stipulates that any municipal official who deliberately or negligently commits or authorizes irregular expenditure is liable for that expenditure. A municipality must recover such expenditure from the responsible official unless Council certifies it as irrecoverable, following investigation and recommendation by the Municipal Public Accounts Committee.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR:

In view of the fact that there is no reason to suspect fraud, and that Council has received value for money and did not suffer any financial loss or damages. As there are no grounds for a claim against any official, it is resolved that the irregular expense in the amount of R731 264.31 for the financial year 2024/2025 be written off as irrecoverable.

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 JANUARY 2026

In view of the fact that there is no reason to suspect fraud, and that Council has received value for money and did not suffer any financial loss or damages. As there are no grounds for a claim against any official, it is resolved that the irregular expense in the amount of R731 264.31 for the financial year 2024/2025 be written off as irrecoverable.

RECOMMENDATION BY MPAC TO COUNCIL: 18 FEBRUARY 2026

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor P Stander and seconded by Councillor TB Zimmermann, it was recommended as follows:

- 1. In view of the fact that there is no reason to suspect fraud, and that Council has received value for money and did not suffer any financial loss or damages. As there are no grounds for a claim against any official, it is resolved that the irregular expense in the amount of R731 264.31 for the financial year 2024/2025 be written off as irrecoverable.**
- 2. The Municipal Public Accounts Committee noted the corrective measures put in place by awarding a tender until 30 June 2028.**

RECOMMENDATION TO COUNCIL:

72

It is recommended:

- 1. That in view of the fact that there is no reason to suspect fraud, and that Council has received value for money and did not suffer any financial loss or damages. As there are no grounds for a claim against any official, it is resolved that the irregular expense in the amount of R731 264.31 for the financial year 2024/2025 be written off as irrecoverable.**
- 2. That Council noted the corrective measures put in place by awarding a tender until 30 June 2028.**

CHECKLIST

Status Report– NON – COMPLIANCE WITH SCM REGULATION 19 (a) – PROCUREMENT OF GOODS WITHOUT FOLLOWING A COMPETITIVE BIDDING PROCESS

In terms of SCM and MFMA requirements and remedial action required if necessary

1

| |
|--|
| What was the initial Purpose |
| Procure a GIS system to manage Town Planning applications, the Billing Viewer, and other spatially based systems |

2

| |
|--|
| Initial Scope of Contract and if uncertain please explain |
| Procure a GIS system to manage Town Planning applications, the Billing Viewer, and other spatially based systems |

3

| |
|---|
| Initial Contract Value and if uncertain please explain |
| R 414208.15 |

4

| |
|--|
| Initial Expiry Date and if uncertain please explain |
| N/A |

5

| | | |
|--|--|-----------|
| Was normal SCM Process followed and complied with | | |
| Yes | No <input checked="" type="checkbox"/> | Uncertain |
| Explain of motivate your response | | |
| Deviation from the formal procurement process. | | |

6

| | | |
|--|----|-----------|
| Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider | | |
| Yes <input checked="" type="checkbox"/> | No | Uncertain |
| Explain or motivate your response | | |
| Contract period extended. | | |

7

| | | |
|--|----|-----------|
| Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements | | |
| Yes <input checked="" type="checkbox"/> | No | Uncertain |
| Explain or motivate your response | | |
| Formal Contract via a an approved deviation. | | |

8

| | | |
|--|----|-----------|
| Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with | | |
| Yes <input checked="" type="checkbox"/> | No | Uncertain |
| Motivate or explain your response | | |
| The three-year contract was awarded for a three-year term following a competitive bidding process. | | |

9

| | | |
|--|----|-----------|
| Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements | | |
| Yes <input checked="" type="checkbox"/> | No | Uncertain |
| Please explain or motivate your response above | | |
| Service rendered by service provider | | |

10

| | | |
|---|--|-----------|
| Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements | | |
| Yes | No <input checked="" type="checkbox"/> | Uncertain |
| Please explain or motivate your response above | | |
| There were no issues with the performance of the service provider. The two approved deviations totaled R828,416.30, which exceeded the actual payment amount of R731,264.31. The variance arose because the Municipality did not utilize all the support hours initially quoted. Council has received value for money and did not suffer any financial loss or damages. | | |

11

| | | |
|--|----|-----------|
| Are you satisfied with the performance of the current service providers | | |
| Yes <input checked="" type="checkbox"/> | No | Uncertain |
| Please explain or motivate your response above | | |
| Service provider performance satisfactory | | |

12

| | | |
|--|----|-----------|
| Has the director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price | | |
| Yes <input checked="" type="checkbox"/> | No | Uncertain |
| Please explain or motivate your response above | | |

It was investigated, however it was found that the Municipality has standardized its tools and sub-systems on ESRI GIS has the necessary expertise to support and assist the Municipality in its strategic intent and systems going forward. The Theewaterskloof Municipality made substantial investments in the ESRI GIS for over 6 years in software, systems and development. Investment were made to ensure that the system is customized according to the Municipality's needs.

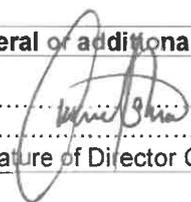
13

| | | |
|--|----|-----------|
| Could any form of non-compliance have been prevented | | |
| Yes X | No | Uncertain |
| Explain or motivate your response above | | |
| The procurement process for a new service provider could have been finalised prior the conclusion of the contract dated June 2024. | | |

14

| | | |
|--|----|-----------|
| What remedies have been put in place to prevent any non-compliance being repeated | | |
| Yes X | No | Uncertain |
| Explain or motivate your response above | | |
| The three-year (1 July 2025 – June 2028) contract was awarded for a three-year term following a competitive bidding process. | | |

15

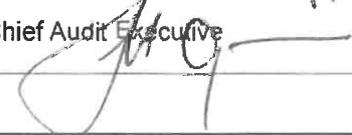
| | |
|--|-----------------|
| General or additional Comments of the Director Concerned | |
|  Signature of Director Concerned | Date 26/01/2026 |

bp

16

| | |
|---|-----------------|
| General Comments/Findings and recommendations of the CFO | |
|  Signature of CFO | Date 26/01/2026 |

17

| | |
|--|-----------------|
| General Comments/Findings and or recommendations of the Chief Audit Executive | |
| Support - Sole Supplier  Signature of Chief Audit Executive | Date 26/01/2026 |

18

| | |
|--|--|
| Final response of the Director Concerned for consideration by the Municipal Manager | |
| SUPPORT THE RECOMMENDED WRITE OFF | |

| | | | |
|-------------------------------------|---|------|------------|
| Signature of the Director concerned |  | Date | 26/01/2026 |
|-------------------------------------|---|------|------------|

19

General Comments and findings of the Municipal Manager

| | | | |
|------------------------------------|---|------|------------|
| 1. | | | |
| Signature of the Municipal Manager |  | Date | 26/01/2026 |

ANNEXURE A

(email correspondence)



The Accounting Officer
Theewaterskloof Municipality
PO Box 24
Caledon
7230

24 October 2025

Reference: Communication No. 09 of 2025

Dear Mr. W Hendricks

**COMMUNICATION OF FINDINGS IDENTIFIED DURING THE AUDIT OF COMPLIANCE WITH
LEGISLATION FOR THE YEAR ENDED 30 JUNE 2025**

Background

1. In performing the audit of compliance with legislation, we identified instances of non-compliance as described in the annexure. We have recorded the internal control deficiency that gave rise to the instances of non-compliance and our recommendation for correcting the instances of non-compliance for your consideration.
2. The finding will be included in the management report including your comments and our final response.

Required

3. You are requested to indicate whether you agree with the facts stated in the annexure including whether you agree with the identified internal control deficiency. Should you disagree, please provide us with documentary evidence to the contrary within 5 days from the date of this communication, as agreed in the engagement letter.
4. Please provide us with the reasons for the instances of non-compliance and the steps that will be taken to rectify the matter in future.

Yours sincerely

Masixole Velem
Senior Manager: Western Cape

Enquiries: Henno Pretorius
Cell phone: 064 907 4146
Telephone: (021) 528 4100
Email: hennop@agsa.co.za

Acknowledgement of receipt by management:

Received by _____

Date _____

DETAILED AUDIT FINDING

Procurement processes and contract management

SCM: Reason for not following the official procurement processes (Deviation) not justifiable and incorrect classification of deviations

1. Unjustified deviations from normal Supply chain processes

Section 2(1)(b) of the Supply Chain Management (SCM) regulations, *“each municipality and municipal entity must in terms of section 111 of the Act have and implement a supply chain management policy that –*

(b) is fair, equitable, transparent, competitive and cost effective.”

Section 19 of the Municipal Supply Chain Management Regulations on Competitive bids states

“A supply chain management policy must specify—

- a) that goods or services above a transaction value of R300 000 (VAT included) may be procured by the municipality or municipal entity only through a competitive bidding process, subject to regulation 11(2); and*
- b) that no requirement for goods or services above an estimated transaction value of R300 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.”*

Section 17(1) of the Municipal Supply Chain Management Regulations states that:

“A supply chain management policy must stipulate the conditions for the procurement processes of goods or

services through formal written price quotations, which must include conditions stating—

- a) that quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity;*
- b) that quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by regulation 14(1)(b) and;*
- c) that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.”*

Section 36 of the Municipal Supply Chain Management Regulations states that;

(1.) “A supply chain management policy may allow the accounting officer –

- (a.) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –*
 - (i) In the case an emergency;*
 - (ii) If such goods or services are produced or available from a single provider only;*
 - (iii) For the acquisition of special works of art or historical objects where specifications are difficult to compile;*
 - (iv) Acquisition of animals for zoos; or*
 - (v) In any other exceptional case where it is impractical or impossible to follow the official procurement processes; and*
- (b.) to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely technical.*

(2.) *The accounting officer must record the reasons for any deviations in terms of sub-regulation (1) (a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements*

(3.) *In terms of the Supply Chain Management (SCM) regulations 5: “An accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of regulation 4(1), but any such sub delegation must be consistent with sub regulation (2) and regulation 4”.*

Furthermore, paragraph 37 of the municipality's supply chain policy states that:

“36. DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES

1. *The Accounting Officer may –*

- a) *dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –*
 - (I) *in an emergency; (An emergency is an unforeseeable sudden event with harmful or potential harmful consequences for the municipality which requires urgent action to address.)*

Circumstances that warrant emergency dispensation, includes but are not limited to –

- a) *the possibility of human injury or death,*
- b) *the prevalence of human suffering or deprivation of rights,*
- c) *the possibility of damage to property, or suffering and death of livestock and animals, the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the municipality as a whole, the possibility of serious damage occurring to the natural environment,*
- d) *the possibility that failure to take necessary action may result in the municipality not being able to render an essential community service,*
- e) *the possibility that the security of the state could be compromised.*

2. *The Accounting Officer must record the reasons for any deviations in terms of subparagraphs 36(1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.*

3. *Subparagraph 36(2) does not apply to the procurement processes of goods and services contemplated in paragraph 11(2) of this policy.”*

During our testing of this deviation, we identified several instances where the reason for the deviation was not found to be justifiable:

Part A: Inadequate Justification for Procurement processes Deviations

| No | Name of supplier and service provided | Category | Actual value of contract | Deviation date of approval | Auditor's comment |
|----|---------------------------------------|---|--------------------------|----------------------------|--|
| 1. | ESRI SOUTH AFRICA (PTY) LTD. | Any other exceptional case where it is impractical or impossible to follow the official procurement processes | R414 208,15 | 13/08/2024 | <p>The municipality deviated from the SCM process for the use of the GIS System to maintain a spatial record of all properties and infrastructure in the municipal area. A formal tender process was followed, but stopped by the previous municipal manager who instructed the finance department to go out on a deviation. The municipal manager do not have the authority to deviate from the formal procurement processes based on his preference. The tender process should have been followed.</p> <p>Impact: This results in non-compliance with regulation 19(a) as goods were procured without following a competitive bidding process.</p> <p>Deviations were approved by the accounting officer even though it was not impractical obtain price quotations in contravention with regulation 36(1)(a). This results to irregular expenditure of R731 264.31 (expenditure current year). All future expenditure for this services should also be regarded as irregular expenditure. The non-compliance is material (recurring) and will be included in the audit report.</p> |

Part B:

2. Deviations incorrectly categorised

Auditors finding

Furthermore, we identified that the following deviations was incorrectly categorised as “Any other exceptional case where it is impractical or impossible to follow the official procurement process” under Regulation 36(1)(a), despite the circumstances clearly meeting the definition of an “Emergency”. These deviations are therefore incorrectly classified in Note 57.7 of the AFS:

| Order date | Supplier | Details of goods or services supplied | Amount (R) | Reason for deviation |
|-------------------|-----------------------------------|--|-------------------|--|
| 1/10/2025 | Blue Falcon | Security Services - Emergency Deployment - 29, 30 December 2024 till 08 January 2025 | 1 159 200,00 | Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-08-30 | NEWPORT WATER SOLUTIONS (PTY) LTD | SERVICING OF FIRE EQUIPMENT | 120 101,76 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-09-26 | ADENCO CONSTRUCTION PTY LTD | Vandalism and stealing of cables Main supply in Villiersdorp | 102 550,08 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-10-29 | ADENCO CONSTRUCTION PTY LTD | Replace damaged 11m Pole on OH line in Ham street Villiersdorp | 91 191,19 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |

| | | | | |
|------------|----------------------------------|---|-----------|--|
| 2024-10-17 | SPEED VAC AND PLANT (PTY) LTD | The sewer network of Grabouw had a blockage and caused a spillage in the area. The service provider was tasked to unblock the sewer and contain the spill with the use of a Jetvac truck. | 61 828,90 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-11-08 | ADENCO CONSTRUCTION PTY LTD | Vandalism to the 11kv pole and cable vandalized | 48 483,65 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-11-08 | ADENCO CONSTRUCTION PTY LTD | Vandalism in Villiersdorp 3x poles | 46 167,97 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-09-26 | ADENCO CONSTRUCTION PTY LTD | In Ham street Villiersdorp an 11Kv pole and cable was vandalized. The pole and cable was stolen. | 40 145,63 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-08-15 | ADENCO CONSTRUCTION PTY LTD | In Ham street Villiersdorp an 11Kv pole and cable was damage. The pole and cable was stolen. Due to gale force wind and rain it was impossible to repair. | 34 365,45 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-11-08 | ARCCON | Vandalism a 11KV pole at Dennestreet, Caledon | 27 668,37 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |

| | | | | |
|------------|-----------------------------|--|---------------------|--|
| 2024-11-05 | ADENCO CONSTRUCTION PTY LTD | Vandalism for Villiersdorp | 24 863,92 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-11-25 | MAXAL PROJECTS SA (PTY) LTD | Emergency callout strip and clean | 6 706,80 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-10-15 | ANDRAG AGRICO (PTY) LTD | hose rubber dual 100mm clamp heavy duty labour | 5 187,08 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| | | | 1 768 460,80 | |

Impact

- Material Non-compliance with Supply Chain Management regulations 17(1)(a) and (c) and 19 (a) resulting in irregular expenditure of R10 734 718.15. The irregular expenditure will also be assessed for expenditure management compliance to confirm if there was prevention of irregular expenditure.
- Incorrect classification misstatement of R1 768 460.80

Internal control deficiency

Financial and performance management –

Review and monitor compliance with applicable laws and regulations

- Reviews of procurement processes deviations are not performed adequately, as the reasons for bypassing the official procurement processes process are often unjustifiable.
- There is a lack of robust processes for reviewing and monitoring compliance with applicable expenditure management laws and regulations, contributing to irregular expenditure.
- The municipality lacks sufficient planning and monitoring controls to ensure deviations are justified and aligned with appropriate emergency protocols.

- Weaknesses in procurement processes oversight and insufficient planning lead to recurring non-compliance with Supply Chain Management (SCM) regulations.
- The municipality's failure to anticipate and plan for critical service needs, particularly high-demand services like town cleaning, highlights a significant deficiency in operational planning and forecasting.
- Lack of oversight mechanisms to ensure proper categorisation aligned with regulatory definitions.

Financial and performance management –

Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

- Reviews of the classification of deviations and the financial statements were not performed adequately resulting in incorrect classification.

Recommendation

- Management should investigate the total population of deviations and adjust the financial statements to include the irregular expenditure of R10 734 718.15 and any other misstatement identified in the investigated population. Furthermore, management should ensure that all future payments on these unjustifiable deviations should also be regarded and treated as irregular expenditure. Management should update the financial statements to include the total irregular expenditure incurred in the current financial year in this regard.
- Management should establish robust procedures to review and monitor procurement processes deviations before approval, including independent verification of the categorisation.
- Management should strengthen their review and monitoring processes of compliance with expenditure management applicable laws and regulations to ensure that reasonable steps are taken to prevent irregular expenditure.
- A stricter approval process for deviations should be implemented, ensuring adequate justification and minimising recurrence of non-compliance.
- The municipality should revise its emergency procurement processes policies to ensure compliance with SCM regulations, even during disaster responses. Adopting a proactive approach to managing procurement processes timelines and engaging in parallel processes will help minimise irregularities and enhance transparency.
- Management should implement proper review processes on the classification of deviations in the financial statements.

Management response

| DESCRIPTION | RESPONSE |
|---|--|
| Does management agree with the finding (Yes/ No) | Part A – No Part B - Yes |
| Detail reason for agreeing/ disagree with finding | <p>Part A</p> <p>The deviations and related motivations were reasonable due to the circumstances that existed at that <u>particular time</u>, and accordingly the said deviations were approved.</p> <p>The Management still underscores the reality of the challenges experienced with the recruitment and selection of Senior Management during the year under review which had</p> |

| DESCRIPTION | RESPONSE |
|---|--|
| | a direct impact on the functionality of the bid committees that created undue delays and forced deviations. A compounding factor was the uncertainty surrounding the Municipality's financial position and the risk of forfeiting external funding (conditional grants). |
| Management comment on internal control deficiencies and root cause indicated and detail reason for agreeing/ disagree with finding. | Part A – Management disagrees with finding Part B – Management agrees with the internal control deficiency. |
| Detail corrective action to be taken and date. | Part A – N/A as management disagrees with the finding. Part B – AFS note to be adjusted. |
| Does the finding affect an amount disclosed in the financial statements (Yes/ No) | Yes |
| If yes, what corrections will be made to the population | Part A – Management disagrees with finding Part B – AFS note to be adjusted |
| If yes and no corrections will be made the reason, why such a conclusion has been reached should be indicated. | N/A |
| Position of official responsible to take corrective actions | Deputy Director: Finance |

Name: Annielle Martin

Position: Acting SCM Manager

Date: 31/10/2025

Auditor's conclusion:**Part A**

Management's responses are acknowledged. No additional supporting evidence was supplied to the auditors to justify the deviations. We therefore will conclude that the deviations are not justifiable.

Management indicated that no corrections is required in the financial statements, therefore the irregular expenditure of R10 734 719.15 will be taken to uncorrected misstatements and the amount is material and results in a modification the audit opinion.

Part B

In respect of the irregular expenditure, we have not yet received the updated financial statements. Once received we will confirm if management adjusted for the finding.



January 17, 2024

Re: Esri Distributor Certification for ESRI South Africa (Pty) Ltd.

To Whom It May Concern:

Environmental Systems Research Institute, Inc. (Esri), of Redlands, California, USA is the developer and manufacturer of the Esri family of software. We certify that ESRI South Africa (Pty) Ltd., an independent company, is our sole authorized distributor within South Africa, Lesotho, Mauritius, and Eswatini (Swaziland) and is authorized to demonstrate, promote, market, distribute, install, support, and provide instruction for certain Esri software and related materials.

ESRI South Africa (Pty) Ltd. is authorized to appoint other third-party persons or organizations on a nonexclusive basis to market, install and/or provide instruction for the Esri family of software within South Africa, Lesotho, Mauritius, and Eswatini (Swaziland). However, as Esri's sole authorized distributor within South Africa, Esri South Africa is the only entity that can provide full maintenance (including updates, and upgrades for the Esri software and technical support). Esri and ESRI South Africa (Pty) Ltd may also authorize the appointment of value-added resellers and OEMs for the sale of certain Esri software licenses and maintenance in combination with non-Esri hardware, software, or services.

This letter expires on December 31, 2026, unless otherwise notified by Esri in writing.

For further information, please contact Lorien Innes, International Country Manager at Esri at (909) 793-2853 or linnes@esri.com.

Sincerely,

Alejandra Merino
Manager, International Contracts
Environmental Systems Research Institute, Inc. (Esri)

cc: Lorien Innes, International Country Manager

CERTIFIED A TRUE COPY OF THE ORIGINAL
M. Rust 02/04/2024
.....
MARIA ELIZABETH RUST
COMMISSIONER OF OATHS
EX-OFFICIO PROFESSIONAL GISc PRACTITIONER (PGP 0035)
INTERNATIONAL BUSINESS GATEWAY
CNR. NEW ROAD & 6TH ROAD
MIDRAND

Donovan Swartland

From: Donovan Swartland
Sent: Monday, 26 February 2024 08:58
To: Nico La Grange
Subject: RE: Tender

Thanks Nico

From: Nico La Grange <nicola@twk.gov.za>
Sent: Monday, February 26, 2024 8:43 AM
To: Donovan Swartland <donovansw@twk.gov.za>
Subject: RE: Tender

Goeie more,

Sien dokument aangeheg met my kommentaar.

Dankie

Nico la Grange

*Accountant: Supply Chain Management
Directorate: Finance*

THEWATERSKLOOF MUNICIPALITY

Head Office: Plein Street 6, Caledon, 7230

Call Centre: 028 214 3300 | **Emergency:** 080 021 4730 | **Email:**
nicolal@twk.gov.za

Website: www.twk.gov.za | **Follow us on Facebook, X, Instagram:**
@twkmun



Theewaterskloof
Municipality

From: Donovan Swartland <donovansw@twk.gov.za>
Sent: Tuesday, February 20, 2024 3:36 PM
To: Nico La Grange <nicola@twk.gov.za>
Subject: Tender

Hi Nico

Vind aangehegde soos bespreek.

Groete

Donovan Swartland

Senior Technician GIS
Directorate: Economic Development and Planning Services

Donovan Swartland

From: Donovan Swartland
Sent: Monday, 18 March 2024 12:30
To: Namso Baliso
Subject: Tender
Attachments: Tender No TTP_01_2024_25 working document 2 18 March.docx

Hi Namso

Please find attach working document. Can you also go through it please.

Regards,

Donovan Swartland

Senior Technician GIS

Directorate: Economic Development and Planning Services

THEWATERSKLOOF MUNICIPALITY

Head Office. 6 Plein Street, Caledon, 7230

Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** donovansw@twk.gov.za

Website. www.twk.gov.za | **Follow us on Facebook, X, Instagram.** @twkmun

**Theewaterskloof
Municipality**

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Donovan Swartland

From: Kayalakhe Nontshiza
Sent: Thursday, 28 March 2024 11:33
To: Janine Joorst
Cc: Namso Baliso; Donovan Swartland
Subject: FW: Tender
Attachments: Tender No TTP_01_2024_25 working document 2 18 March.docx

Good day Janine.

Please accept my gracious greetings.

Attached hereto please find the tender document for your attention and consideration. You should liaise with the chairperson of the BSC and discuss the content of the tender document.

NB! Mr Swartland you will recall that the abovementioned project was and still the subject of my suspension by Municipal Manager citing material misconduct during the previous tender process. My involvement in this matter may be easily construed as interfering with the investigation in Case Number WCP 102312 which is still pending at the South African Local Government Bargaining Council. My involvement thereto once again may be regarded as conflict of interest as the matter is subjudice.

With that being said, I will continue to provide an oversight role and assist where necessary.

Kind regards

KE Nontshiza

From: Donovan Swartland <donovansw@twk.gov.za>
Sent: Thursday, March 28, 2024 10:15 AM
To: Kayalakhe Nontshiza <kayalakheno@twk.gov.za>
Subject: FW: Tender

Hi Mr Nontshiza

Please find attach GIS tender document. It needs to go to spec committee which need to be carried in by a manager who takes responsibility for the tender. In the absence of a manager, I suppose it will be you. I can also attend as an observer who can assist.

Namso already went through the document (email below). I just need to complete the checklist.

Regards

From: Namso Baliso <namsoba@twk.gov.za>
Sent: Thursday, March 28, 2024 9:23 AM
To: Donovan Swartland <donovansw@twk.gov.za>
Subject: RE: Tender

Morning Donovan

I've gone through everything and it is well written, I am satisfied with the document. Sorry for the delay, and thank you.

Regards
Namso

93

From: Donovan Swartland <donovansw@twk.gov.za>
Sent: Monday, March 18, 2024 12:32 PM
To: Alex Kleinsmith <alexkl@twk.gov.za>
Cc: Namso Baliso <namsoba@twk.gov.za>
Subject: Tender

Hi Alex

Can you go through the attach tender and indicate IT's requirement please.

Regards,

Donovan Swartland

Senior Technician GIS
Directorate: Economic Development and Planning Services

THEWATERSKLOOF MUNICIPALITY

Head Office. 6 Plein Street, Caledon, 7230

Call Centre. 028 214 3300 | Emergency. 080 021 4730 | Email. donovansw@twk.gov.za

Website. www.twk.gov.za | Follow us on Facebook, X, Instagram. @twkmun



Theewaterskloof
Municipality

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From: Annielle Martin <anniellema@twk.gov.za>
Sent: Thursday, April 4, 2024 2:07 PM
To: Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>
Cc: Aydon Windvogel <AydonWi@twk.gov.za>; Kayalakhe Nontshiza <kayalakheno@twk.gov.za>; Donovan Swartland <donovansw@twk.gov.za>; Annette Swart <AnnetteSw@twk.gov.za>
Subject: TTP 01/2024/2025: Nomination

Good day MM

Trust that you are well.

Please find attached nomination.

Regards

From: Donovan Swartland <donovansw@twk.gov.za>
Sent: Thursday, April 4, 2024 2:01 PM
To: Annielle Martin <anniellema@twk.gov.za>
Cc: Kayalakhe Nontshiza <kayalakheno@twk.gov.za>
Subject: Nomination

Hi Annielle

Please find attached nomination form.

Regards,

Donovan Swartland

Senior Technician GIS

Directorate: Economic Development and Planning Services

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From: Namso Baliso
Sent: Wednesday, 10 April 2024 10:05
To: Donovan Swartland
Cc: Kayalakhe Nontshiza
Subject: FW: SOLE SUPPLIER:

Good day Donnie

The MM has advised that as ESRI is the sole supplier for the GIS tender, instead of calling for tenders, we do a deviation based on the Supply Chain Management Policy, Section 1 definitions and Section 36, plus from the ESRI website as contained below.

Please revise the tender as advised. Thank you.

Regards

Namso

From: Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>
Sent: Tuesday, April 9, 2024 5:41 PM
To: Namso Baliso <namsoba@twk.gov.za>
Cc: Municipal Manager <mm@twk.gov.za>; Annette Swart <AnnetteSw@twk.gov.za>; Aydon Windvogel <AydonWi@twk.gov.za>
Subject: SOLE SUPPLIER:

Section 1: Definitions: "Sole suppliers": It refers in instances where there is no competition and only one service provider exist in the market, with sole distribution rights and/or patent rights or manufacturer.

Section 36: Deviation From, And Ratification of Minor Breaches Of, Procurement Processes: (ii) if such goods or services are produced or available from a single source or sole provider only (as per definition).

https://www.esri-southafrica.com/wp-content/uploads/2022/01/Esri_South_Africa_Fact_Sheet_Company-info.pdf

https://imlive.s3.amazonaws.com/Federal%20Government/ID142030003213075343430652253078666820995/Sole_Source_Justification_and_Brand_Name_Specification_ArcGIS_20190627__100_Redacted.pdf

Kind Regards

Wilfred Schrevian Evan Solomons-Johannes

Municipal Manager
Directorate: Office of the Municipal Manager

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Head Office. 6 Plein Street, Caledon, 7230

Cell. 084 711 7709 | 072 315 8898

Call Centre. 028 214 3300 | Emergency. 080 021 4730 | Email. wilfredso@twk.gov.za | Email. mm@twk.gov.za

Website. www.twk.gov.za | Follow us on Facebook, X, Instagram. @twkmun

From: Aydon Windvogel
Sent: Thursday, 11 April 2024 08:40
To: Kayalakhe Nontshiza; Annielle Martin
Cc: Wilfred Schrevian Evan Solomons-Johannes; Municipal Manager; Annette Swart; Namso Baliso; Donovan Swartland; Hanro September
Subject: RE: TTP 01/2024/2025: Nomination

Good morning Kayalakhe:

The Office of the Municipal Manager has reviewed your submission.

The Municipal Manager has decided not to proceed with a competitive bidding process in respect of the services required by your department based on the following considerations –

The current supplier, Esri South Africa is the sole supplier Esri-technology. They provide a range of business solutions that scalable, open and built on a platform that provides the foundation to deliver enterprise-wide GIS. ArcGIS enables everyone in an organisation to discover, use, make, and share maps and information, on any device, anywhere, and at any time. Esri South Africa assists customers in capturing, organising, integrating, and analysing spatial information through innovative GIS applications especially designed for their environment and advanced decision making. Geographic Information coupled with ArcGIS for Business, Mining, Utilities, Telecommunications, Local Authorities, Engineering, and Environmental Management is helping us to better understand the world in which we live and guides us to ensure sustainable development for many generations to come. Esri South Africa provides technology, data, solutions, and services that makes it possible for people to positively impact the future through a deeper, geographic understanding of our planet.

Against the above background the Municipal Manager has in terms of Section 36 (1)(a) of the Theewaterskloof Municipality: Supply Chain Management Policy, which provides for Deviation From, And Ratification of Minor Breaches Of, Procurement Processes, invoked subsection (ii) of the section that allows the Accounting Officer to dispense with official procurement processes “if such goods or services are produced or available from a single source or sole provider only (as per definition)”. The definition of Sole supplier/provider is found in Section 1 of the Policy and reads as follows: “It refers in instances where there is no competition and only one service provider exist in the market, with sole distribution rights and/or patent rights or manufacturer”.

Please liaise with the Supply Chain Management department regarding the deviation process.

Kind Regards,

Aydon Windvogel

Office Manager

Directorate: Office of the Municipal Manager

THEEWATERSKLOOF MUNICIPALITY

Head Office. 6 Plein Street, Caledon, 7230

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Cc: Aydon Windvogel <AydonWi@twk.gov.za>; Kayalakhe Nontshiza <kayalakheno@twk.gov.za>; Donovan Swartland <donovansw@twk.gov.za>; Annette Swart <AnnetteSw@twk.gov.za>
Subject: TTP 01/2024/2025: Nomination

Good day MM

Trust that you are well.

Please find attached nomination.

Regards

From: Donovan Swartland <donovansw@twk.gov.za>
Sent: Thursday, April 4, 2024 2:01 PM
To: Annielle Martin <anniellema@twk.gov.za>
Cc: Kayalakhe Nontshiza <kayalakheno@twk.gov.za>
Subject: Nomination

Hi Annielle

Please find attach nomination form.

Regards,

Donovan Swartland

Senior Technician GIS

Directorate: Economic Development and Planning Services

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Donovan Swartland

From: Wilfred Schrevian Evan Solomons-Johannes
Sent: Tuesday, 18 June 2024 16:26
To: Aydon Windvogel; Kayalakhe Nontshiza; Namso Baliso
Cc: Municipal Manager; Annette Swart; Donovan Swartland; Hanro September; Reynold Stevens; Paul Mabhena; Ashwille Riddles; Annielle Martin
Subject: RE: TTP 01/2024/2025: Nomination
Attachments: TTP 01/2024/2025: Nomination; RFB1183_Engagement_Model.pdf; 20230615_RFB1183_List_of_Approved_Service_Providers_and_Contact_details.pdf; Annexure_A_List_of_ICT_Services_and_Definitions.pdf; RFB 1183 amended contact details.pdf; RFB 1183 Suppliers per Province 01112017.pdf

Dear **DIRECTOR NAMSO BALISO**:

I have reviewed determination to proceed with a deviation process.

Your attention is drawn that the following transversal tender is in place secured through SITA: State Information Technology Agency (SOC) Limited:

RFB1183/2022: APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR THE PROVISION OF IT SERVICES AND SKILLS FOR SITA AND GOVERNMENT DEPARTMENTS FOR A PERIOD OF FIVE (05) YEARS

Kindly select Item 39 on RFB1183/2022 for ESRI South Africa (Pty.) Ltd. and select the available accredited suppliers.

ATTACHED hereto find the transversal tender documentation for ease of reference of visit <https://rfq.sita.co.za/procurement/tenders/contracts.htm>.

Kind Regards

Wilfred Schrevian Evan Solomons-Johannes

Municipal Manager
 Directorate: Office of the Municipal Manager

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From: Aydon Windvogel <AydonWi@twk.gov.za>

Sent: Thursday, April 11, 2024 8:40 AM

To: Kayalakhe Nontshiza <kayalakhen@twk.gov.za>; Annielle Martin <anniellema@twk.gov.za>

Cc: Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>; Municipal Manager <mm@twk.gov.za>; Annette Swart <AnnetteSw@twk.gov.za>; Namso Baliso <namsoba@twk.gov.za>; Donovan Swartland <donovansw@twk.gov.za>; Hanro September <hanrose@twk.gov.za>
Subject: RE: TTP 01/2024/2025: Nomination

Good morning Kayalakhe:

The Office of the Municipal Manager has reviewed your submission.

The Municipal Manager has decided not to proceed with a competitive bidding process in respect of the services required by your department based on the following considerations –

The current supplier, Esri South Africa is the sole supplier Esri-technology. They provide a range of business solutions that scalable, open and built on a platform that provides the foundation to deliver enterprise-wide GIS. ArcGIS enables everyone in an organisation to discover, use, make, and share maps and information, on any device, anywhere, and at any time. Esri South Africa assists customers in capturing, organising, integrating, and analysing spatial information through innovative GIS applications especially designed for their environment and advanced decision making. Geographic Information coupled with ArcGIS for Business, Mining, Utilities, Telecommunications, Local Authorities, Engineering, and Environmental Management is helping us to better understand the world in which we live and guides us to ensure sustainable development for many generations to come. Esri South Africa provides technology, data, solutions, and services that makes it possible for people to positively impact the future through a deeper, geographic understanding of our planet.

Against the above background the Municipal Manager has in terms of Section 36 (1)(a) of the Theewaterskloof Municipality: Supply Chain Management Policy, which provides for Deviation From, And Ratification of Minor Breaches Of, Procurement Processes, invoked subsection (ii) of the section that allows the Accounting Officer to dispense with official procurement processes “if such goods or services are produced or available from a single source or sole provider only (as per definition)”. The definition of Sole supplier/provider is found in Section 1 of the Policy and reads as follows: “It refers in instances where there is no competition and only one service provider exist in the market, with sole distribution rights and/or patent rights or manufacturer”.

Please liaise with the Supply Chain Management department regarding the deviation process.

Kind Regards,

Aydon Windvogel

Office Manager

Directorate: Office of the Municipal Manager

THEEWATERSKLOOF MUNICIPALITY

Head Office. 6 Plein Street, Caledon, 7230

Cell. 068 676 2927

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Tel: +27 12 482 3000 • Fax +27 12 367 5151 • Reg. No 1999/001899/30 • www.sita.co.za

Our Ref: SITA FAs
Enquiries: Cindy Kobe

ATTENTION TO: ACCOUNTING OFFICERS OF DEPARTMENTS

ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES

CHIEF EXECUTIVE OFFICERS

CHIEF FINANCIAL OFFICERS OF DEPARTMENTS AND PUBLIC ENTITIES

HEADS OF SUPPLY CHAIN MANAGEMENT OF DEPARTMENTS AND PUBLIC ENTITIES

RE: STATUS UPDATE OF THE FOLLOWING THE THREE (3) FRAMEWORK AGREEMENTS BETWEEN SITA AND ONLY SOFTWARE MANUFACTURES (OSMs): ORACLE FA, ESRI FA AND OPENTEXT FA.

This serves to notify all the Accounting Officers Departments and Constitutional Institutions and Accounting Authorities of Public Entities as well as the Chief Executive Officers and Chief Financial Officers of the status of the Framework Agreements mentioned above as follows:

| DESCRIPTION | CONTRACT EXPIRY DATE: | CURRENT STATUS | ESTIMATED CONTRACT FINALIZATION DATE: | NEW |
|--|-----------------------|----------------|---------------------------------------|-----|
| Oracle Framework Agreement for a period of five (5) years | 22 September 2024 | Approval stage | 31 March 2025 | |
| ESRI framework agreement for a period of three (3) years | 31 October 2023 | Approval stage | 31 March 2025 | |
| OpenText framework agreement for a period of five (5) years. | 28 February 2025 | Approval stage | 31 March 2025 | |

Please bring the contents of this communiqué to the attention of all employees within your respective Departments and / or Entities.

For any enquiries regarding this communiqué, please contact Ms Cindy Kobe per email at cindy.kobe@sita.co.za

Executive Directors:

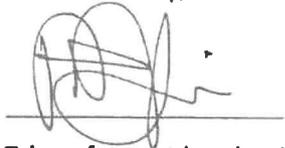
Mr G Reddy (Managing Director Acting), Mr. MK Kgauwe (Chief Financial Officer)

Company Secretary:

Ms. B Laka

Yours Sincerely,

101



Tshegofatso Mthombeni

Executive: Supply Chain Management (Acting)

Date : 14 February 2025

Executive Directors:

Mr. G Reddy (Managing Director Acting), Mr. MK Kgauwe (Chief Financial Officer)

Company Secretary:

Ms. B Laka

ITEM TITLE

C82/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE FINANCE: IRREGULAR EXPENDITURE – DEVIATION FROM SCM PROCESS: PROVISION OF BILL PAYMENTS SERVICES MUNICIPAL BILLS AND WATER AND ELECTRICITY PAYMENTS TO THEEWATERSKLOOF MUNICIPALITY

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

The purpose of this report is to inform the MPAC committee on the irregular expenditure with regards to the deviations for the procurement of Provision of Printing, Sorting and Mailing of Municipal Accounts.

BACKGROUND

During the audit of Supply Chain Management, the AG found that the approved deviations by the accounting officer were unjustifiable, and a competitive process should have been followed initiate the process earlier.

DISCUSSION

The printing, sorting, and mailing service is essential for enhancing revenue collection and ensuring that payments due to the municipality are received. The tender process for this service was halted at the instruction of the Municipal Manager. It was explained to the Municipal Manager that several components of the service remained necessary, including the printing of municipal accounts and emailing accounts to consumers who prefer that option. The municipality does not have the internal capacity to manage the emailing, printing, or delivery of accounts on its own.

The Municipal Manager decided not to outsource the service and instructed that the municipality should undertake the work internally. This decision was influenced by the irregular dispatching of accounts by the Post Office, as well as the closure of several local branches. TWK has received numerous complaints from consumers regarding delayed or missing accounts.

The Municipal Manager further instructed that an email registration drive be launched to encourage consumers to receive their accounts electronically. Unfortunately, the initiative yielded limited success and received minimal public response.

Following this, the Revenue Manager requested permission from the Municipal Manager to resume the tender process. On 18 March 2024, approval was granted to proceed. A request for approval and the nomination of BSC committee members was submitted on 17 April 2024, and end-user appointment was received on 24 May 2024. The tender was submitted on 17 April 2024 for consideration by the specification committee. A BSC meeting scheduled for 13 May 2024 did not take place due to delays in appointing BSC committee members.

Tender FIN 01/2024/25 was scheduled for 3 September 2024.

A TWK2 (FI 01/2024/25) process commenced in order to ensure the service continues until the appointment of the successful tenderer, and was advertised from 1 August 2024 until 31 October 2024, after which Mailtronic was appointed.

The Bid Evaluation Committee meeting was scheduled for 10 December 2024 for Tender FIN 01/2024/25

A deviation approval was granted in November 2024 to ensure continuity of service until an appointment could be made through the FIN 01/2024/25 tender process.

Tender FIN 01/2024/25 was finalised, and Cab holdings was appointed for the period 1 February 2025 to 30 June 2027.

The findings for the deviations is tabled below:

| No | Name of supplier and service provided | Category | Actual value of contract | Deviation date of approval | Auditor's comment |
|----|--|--|--------------------------|----------------------------|--|
| 1. | Mailtronic Direct Marketing - Printing, Sorting and Mailing of Municipal Accounts | Any other exceptional case where it is impractical or impossible to follow the official procurement processes. | R765 599,43 | 09 January 2025 | <p>The municipality deviated from SCM processes to procure printing and mailing services for municipal accounts for two months, after the previous contract ended. While the tender process was underway, the municipality should have planned and initiated the procurement processes process six months before the contract expiry <u>in</u> 30 June 2024. This deviation, therefore, stems from improper planning.</p> <p>Impact: This results in non-compliance with regulation 19(a) as goods were procured without following a competitive bidding process.</p> <p>Deviations were approved by the accounting officer even though it was not impractical obtain price quotations in contravention with regulation 36(1)(a). This results to irregular expenditure of R182 980,00 (expenditure current year). All future expenditure for <u>this services</u> should also be regarded as irregular expenditure. The non-compliance is material (recurring) and will be included in the audit report.</p> |

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The irregular expenditure of R182 980.00 has been recorded in 2024/2025 financial statements. Management should ensure that recurrence is prevented.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Section 32 of the MFMA.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Failing to manage irregular expenses in accordance with the MFMA could result in Council Losing money and not receiving value for money. However, in this case Council did not suffer any losses or damages and received value for money.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that, in the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R182 980.00 be written off for the 2024/2025 financial year as irrecoverable.

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 JANUARY 2026

It is therefore recommended that, in the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R182 980.00 be written off for the 2024/2025 financial year as irrecoverable.

RECOMMENDATION BY MPAC TO COUNCIL: 18 FEBRUARY 2026

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor P Stander and seconded by Councillor TB Zimmermann, it was recommended as follows:

1. In view of the fact that there is no reason to suspect fraud, and that Council has received value for money and did not suffer any financial loss or damages. As there are no grounds for a claim against any official, it is resolved that the irregular expense in the amount of R182 980.00 for the financial year 2024/2025 be written off as irrecoverable.
2. The Municipal Public Accounts Committee noted the corrective measures put in place by awarding a tender until 30 June 2027.

RECOMMENDATION TO COUNCIL:

It is recommended:

1. That in view of the fact that there is no reason to suspect fraud, and that Council has received value for money and did not suffer any financial loss or damages. As there are no grounds for a claim against any official, it is resolved that the irregular expense in the amount of R182 980.00 for the financial year 2024/2025 be written off as irrecoverable.
2. That Council noted the corrective measures put in place by awarding a tender until 30 June 2027.

Status Report– Preferential Procurement Regulations 2022

In terms of SCM and MFMA requirements and remedial action required if necessary

1

What was the initial Purpose

PROVISION OF BILL PAYMENTS SERVICES MUNICIPAL BILLS AND WATER and ELECTRICITY PAYMENTS TO THEEWATERSKLOOF MUNICIPALITY are essential to enable service delivery and to enhance revenue.

2

Initial Scope of Contract and if uncertain please explain

The Theewaterskloof Municipality requires the provision of service for the following:

- Printing, sorting and mailing of Rates and services accounts.
- Printing notices for insert in accounts to be mailed
- Printing notices and newsletters, sorting, and mailing.

3

Initial Contract Value and if uncertain please explain

Deviation: R765 599.43

4

Initial Expiry Date and if uncertain please explain

Date of appointment of service provider after Tender (FIN 01/2024/25) process.

5

Was normal SCM Process followed and complied with

Yes

no

Uncertain

Explain of motivate your response

The printing, sorting, and mailing service is essential for enhancing revenue collection and ensuring that payments due to the municipality are received. The tender process for this service was halted at the instruction of the Municipal Manager. It was explained to the Municipal Manager that several components of the service remained necessary, including the printing of municipal accounts and emailing accounts to consumers who prefer that option. The municipality does not have the internal capacity to manage the emailing, printing, or delivery of accounts on its own.

The Municipal Manager decided not to phase out the service and instructed that the municipality should undertake the work internally. This decision was influenced by the irregular dispatching of accounts by the Post Office, as well as the closure of several local branches.

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Tender FIN 01/2024/25 was finalised, and Cab holdings was appointed for the period 1 February 2025 to 30 June 2027.

6

| | | |
|---|------|-----------|
| Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider | | |
| Yes | No x | Uncertain |
| Explain or motivate your response | | |
| A competitive process was followed. Tender FIN 01/2024/25 was finalised, and Cab holdings was appointed for the period 1 February 2025 to 30 June 2027. | | |

7

| | | |
|--|----|-----------|
| Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements | | |
| Yes X | No | Uncertain |
| Explain or motivate your response | | |

Official order was generated for goods and services

8

Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with

| | | |
|---|-----------------------------|------------------------------------|
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Uncertain <input type="checkbox"/> |
|---|-----------------------------|------------------------------------|

Motivate or explain your response

A competitive process was followed, and a service provider was appointed. SLA was signed.

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements

| | | |
|---|-----------------------------|------------------------------------|
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Uncertain <input type="checkbox"/> |
|---|-----------------------------|------------------------------------|

Please explain or motivate your response above

These services are essential to enable service delivery and to enhance revenue. It is imperative to enhance revenue. Despite non-compliance by deviate from 4 Nov 2024 until appointment of service provider the Municipality received best value for money.

10

Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements

| | | |
|------------------------------|--|------------------------------------|
| Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | Uncertain <input type="checkbox"/> |
|------------------------------|--|------------------------------------|

Please explain or motivate your response above

Service delivery took place. No losses or damages. Best for revenue enhancement.

11

Are you satisfied with the performance of the current service providers

| | | |
|---|-----------------------------|------------------------------------|
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Uncertain <input type="checkbox"/> |
|---|-----------------------------|------------------------------------|

Please explain or motivate your response above

The services were as required and satisfactory.

12

108

| | | |
|--|-------------|-----------|
| Has the director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price | | |
| Yes | No X | Uncertain |
| Please explain or motivate your response above | | |
| A new procurement process was followed, and a service provider was appointed. | | |

14

| | | |
|---|-------------|-----------|
| Could any form of non-compliance have been prevented | | |
| Yes | No X | Uncertain |
| Explain or motivate your response above | | |
| The Municipality explored alternative avenues in order to deliver the service in a more cost-effective manner, this resulted in the delay in advertisement of the tender. | | |

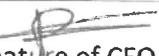
15

| | | |
|--|----|-----------|
| What remedies have been put in place to prevent any non-compliance being repeated | | |
| Yes X | No | Uncertain |
| Explain or motivate your response above | | |
| Procurement by appoint service provider during Tender process. | | |

16

| | |
|---|-------------------|
| General or additional Comments of the Director Concerned | |
|  | <u>22/01/2025</u> |
| Signature of Director Concerned | Date |

17

| | |
|--|-------------------|
| General Comments/Findings and recommendations of the CFO | |
| Value for money Value for money was obtained, no financial loss was experienced | |
|  | <u>22/01/2025</u> |
| Signature of CFO | Date |

18

General Comments/Findings and or recommendations of the Chief Audit Executive

| | |
|------------------------------------|------------------|
| Signature of Chief Audit Executive | Date 22/01/2026. |
|------------------------------------|------------------|

19

Final response of the Director Concerned for consideration by the Municipal Manager

Write off is recommended of value spent.

| | |
|-------------------------------------|-----------------|
| Signature of the Director concerned | Date 22/01/2026 |
|-------------------------------------|-----------------|

20

General Comments and findings of the Municipal Manager

1.

| | |
|------------------------------------|----------------|
| Signature of the Municipal Manager | Date 22-1-2026 |
|------------------------------------|----------------|



The Accounting Officer
Theewaterskloof Municipality
PO Box 24
Caledon
7230

24 October 2025

Reference: Communication No. 09 of 2025

Dear Mr. W Hendricks

**COMMUNICATION OF FINDINGS IDENTIFIED DURING THE AUDIT OF COMPLIANCE WITH
LEGISLATION FOR THE YEAR ENDED 30 JUNE 2025**

Background

1. In performing the audit of compliance with legislation, we identified instances of non-compliance as described in the annexure. We have recorded the internal control deficiency that gave rise to the instances of non-compliance and our recommendation for correcting the instances of non-compliance for your consideration.
2. The finding will be included in the management report including your comments and our final response.

Required

3. You are requested to indicate whether you agree with the facts stated in the annexure including whether you agree with the identified internal control deficiency. Should you disagree, please provide us with documentary evidence to the contrary within 5 days from the date of this communication, as agreed in the engagement letter.
4. Please provide us with the reasons for the instances of non-compliance and the steps that will be taken to rectify the matter in future.

Yours sincerely

Masixole Velem
Senior Manager: Western Cape

Enquiries: Henno Pretorius
Cell phone: 064 907 4146
Telephone: (021) 528 4100
Email: hennop@agsa.co.za

Acknowledgement of receipt by management:

Received by _____

Date _____

Procurement processes and contract management

SCM: Reason for not following the official procurement processes (Deviation) not justifiable and incorrect classification of deviations**1. Unjustified deviations from normal Supply chain processes**

Section 2(1)(b) of the Supply Chain Management (SCM) regulations, *“each municipality and municipal entity must in terms of section 111 of the Act have and implement a supply chain management policy that –*

(b) is fair, equitable, transparent, competitive and cost effective.”

Section 19 of the Municipal Supply Chain Management Regulations on Competitive bids states *“A supply chain management policy must specify—*

- a) that goods or services above a transaction value of R300 000 (VAT included) may be procured by the municipality or municipal entity only through a competitive bidding process, subject to regulation 11(2); and*
- b) that no requirement for goods or services above an estimated transaction value of R300 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.”*

Section 17(1) of the Municipal Supply Chain Management Regulations states that:

“A supply chain management policy must stipulate the conditions for the procurement processes of goods or

services through formal written price quotations, which must include conditions stating—

- a) that quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity;*
- b) that quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by regulation 14(1)(b) and;*
- c) that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.”*

Section 36 of the Municipal Supply Chain Management Regulations states that;

(1.) “A supply chain management policy may allow the accounting officer –

- (a.) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –*
 - (i) In the case an emergency;*
 - (ii) If such goods or services are produced or available from a single provider only;*
 - (iii) For the acquisition of special works of art or historical objects where specifications are difficult to compile;*
 - (iv) Acquisition of animals for zoos; or*
 - (v) In any other exceptional case where it is impractical or impossible to follow the official procurement processes; and*
- (b.) to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely technical.*

(2.) *The accounting officer must record the reasons for any deviations in terms of sub-regulation (1) (a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements*

(3.) *In terms of the Supply Chain Management (SCM) regulations 5: "An accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of regulation 4(1), but any such sub delegation must be consistent with sub regulation (2) and regulation 4".*

Furthermore, paragraph 37 of the municipality's supply chain policy states that:

"36. DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES"

1. *The Accounting Officer may –*
 - a) *dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –*
 - (i) *in an emergency; (An emergency is an unforeseeable sudden event with harmful or potential harmful consequences for the municipality which requires urgent action to address.)*

Circumstances that warrant emergency dispensation, includes but are not limited to –

- a) *the possibility of human injury or death,*
 - b) *the prevalence of human suffering or deprivation of rights,*
 - c) *the possibility of damage to property, or suffering and death of livestock and animals, the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the municipality as a whole, the possibility of serious damage occurring to the natural environment,*
 - d) *the possibility that failure to take necessary action may result in the municipality not being able to render an essential community service,*
 - e) *the possibility that the security of the state could be compromised.*
2. *The Accounting Officer must record the reasons for any deviations in terms of subparagraphs 36(1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.*
 3. *Subparagraph 36(2) does not apply to the procurement processes of goods and services contemplated in paragraph 11(2) of this policy."*

During our testing of this deviation, we identified several instances where the reason for the deviation was not found to be justifiable:

Part A: Inadequate Justification for Procurement processes Deviations

| No | Name of supplier and service provided | Category | Actual value of contract | Deviation date of approval | Auditor's comment |
|----|--|--|--------------------------|----------------------------|--|
| 1. | Mailtronic Direct Marketing - Printing, Sorting and Mailing of Municipal Accounts | Any other exceptional case where it is impractical or impossible to follow the official procurement processes. | R765 599,43 | 09 January 2025 | <p>The municipality deviated from SCM processes to procure printing and mailing services for municipal accounts for two months, after the previous contract ended. While the tender process was underway, the municipality should have planned and initiated the procurement processes process six months before the contract expiry in 30 June 2024. This deviation, therefore, stems from improper planning.</p> <p>Impact: This results in non-compliance with regulation 19(a) as goods were procured without following a competitive bidding process.</p> <p>Deviations were approved by the accounting officer even though it was not impractical obtain price quotations in contravention with regulation 36(1)(a). This results to irregular expenditure of R182 980,00 (expenditure current year). All future expenditure for this services should also be regarded as irregular expenditure. The non-compliance is material (recurring) and will be included in the audit report.</p> |
| 2. | PROVISION OF SECURITY SERVICES FOR THE COLLECTION, TRANSPORTATION AND DEPOSITING OF CASH - Fidelity Services Group | Any other exceptional case where it is impractical or impossible to follow the official procurement processes. | R217 819,00 | 19 December 2024 | <p>The municipality procured security services for collection, transportation and depositing of cash via a deviation process, citing that a tender was cancelled by the BAC due to tenderers not being eligible. A new tender process was started however the municipality was in need of the services hence the deviation. This stems from improper planning of the municipality's needs. Procurement processes for goods and services that are of continuous need to the public should commence within six months prior to the end of the contract. The municipality should have followed a quotations process, and the deviation was unjustified.</p> <p>Impact: This results in non-compliance with regulation 17(1)(a) and (c) as goods were procured without obtaining the required price</p> |

| No | Name of supplier and service provided | Category | Actual value of contract | Deviation date of approval | Auditor's comment |
|----|---------------------------------------|----------|--------------------------|----------------------------|--|
| | | | | | <p>quotations. Deviations were approved by the accounting officer even though it was not impractical obtain price quotations in contravention with regulation 36(1)(a). This results to irregular expenditure of R217 819,00. The non-compliance is material (recurring) and will be included in the audit report.</p> |

Part B:**2. Deviations incorrectly categorised****Auditors finding**

Furthermore, we identified that the following deviations was incorrectly categorised as “Any other exceptional case where it is impractical or impossible to follow the official procurement process” under Regulation 36(1)(a), despite the circumstances clearly meeting the definition of an “Emergency”. These deviations are therefore incorrectly classified in Note 57.7 of the AFS:

| Order date | Supplier | Details of goods or services supplied | Amount (R) | Reason for deviation |
|------------|-----------------------------------|--|--------------|--|
| 1/10/2025 | Blue Falcon | Security Services - Emergency Deployment - 29, 30 December 2024 till 08 January 2025 | 1 159 200,00 | Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-08-30 | NEWPORT WATER SOLUTIONS (PTY) LTD | SERVICING OF FIRE EQUIPMENT | 120 101,76 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-09-26 | ADENCO CONSTRUCTION PTY LTD | Vandalism and stealing of cables Main supply in Villiersdorp | 102 550,08 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-10-29 | ADENCO CONSTRUCTION PTY LTD | Replace damaged 11m Pole on OH line in Ham street Villiersdorp | 91 191,19 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |

| | | | | |
|------------|----------------------------------|---|-----------|--|
| 2024-10-17 | SPEED VAC AND PLANT (PTY) LTD | The sewer network of Grabouw had a blockage and caused a spillage in the area. The service provider was tasked to unblock the sewer and contain the spill with the use of a Jetvac truck. | 61 828,90 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-11-08 | ADECO CONSTRUCTION PTY LTD | Vandalism to the 11kv pole and cable vandalized | 48 483,65 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-11-08 | ADECO CONSTRUCTION PTY LTD | Vandalism in Villiersdorp 3x poles | 46 167,97 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-09-26 | ADECO CONSTRUCTION PTY LTD | In Ham street Villiersdorp an 11Kv pole and cable was vandalized. The pole and cable was stolen. | 40 145,63 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-08-15 | ADECO CONSTRUCTION PTY LTD | In Ham street Villiersdorp an 11Kv pole and cable was damage. The pole and cable was stolen. Due to gale force wind and rain it was impossible to repair. | 34 365,45 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-11-08 | ARCCON | Vandalism a 11KV pole at Dennestreet, Caledon | 27 668,37 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |

| | | | | |
|------------|-----------------------------|--|---------------------|--|
| 2024-11-05 | ADENCO CONSTRUCTION PTY LTD | Vandalism for Villiersdorp | 24 863,92 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-11-25 | MAXAL PROJECTS SA (PTY) LTD | Emergency callout strip and clean | 6 706,80 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-10-15 | ANDRAG AGRICO (PTY) LTD | hose rubber dual 100mm clamp heavy duty labour | 5 187,08 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| | | | 1 768 460,80 | |

Impact

- Material Non-compliance with Supply Chain Management regulations 17(1)(a) and 19 (a) resulting in irregular expenditure of R10 734 718.15. The irregular expenditure will also be assessed for expenditure management compliance to confirm if there was prevention of irregular expenditure.
- Incorrect classification misstatement of R1 768 460.80

Internal control deficiency

Financial and performance management –

Review and monitor compliance with applicable laws and regulations

- Reviews of procurement processes deviations are not performed adequately, as the reasons for bypassing the official procurement processes process are often unjustifiable.
- There is a lack of robust processes for reviewing and monitoring compliance with applicable expenditure management laws and regulations, contributing to irregular expenditure.
- The municipality lacks sufficient planning and monitoring controls to ensure deviations are justified and aligned with appropriate emergency protocols.

- Weaknesses in procurement processes oversight and insufficient planning lead to recurring non-compliance with Supply Chain Management (SCM) regulations.
- The municipality's failure to anticipate and plan for critical service needs, particularly high-demand services like town cleaning, highlights a significant deficiency in operational planning and forecasting.
- Lack of oversight mechanisms to ensure proper categorisation aligned with regulatory definitions.

Financial and performance management –

Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

- Reviews of the classification of deviations and the financial statements were not performed adequately resulting in incorrect classification.

Recommendation

- Management should investigate the total population of deviations and adjust the financial statements to include the irregular expenditure of R10 734 718.15 and any other misstatement identified in the investigated population. Furthermore, management should ensure that all future payments on these unjustifiable deviations should also be regarded and treated as irregular expenditure. Management should update the financial statements to include the total irregular expenditure incurred in the current financial year in this regard.
- Management should establish robust procedures to review and monitor procurement processes deviations before approval, including independent verification of the categorisation.
- Management should strengthen their review and monitoring processes of compliance with expenditure management applicable laws and regulations to ensure that reasonable steps are taken to prevent irregular expenditure.
- A stricter approval process for deviations should be implemented, ensuring adequate justification and minimising recurrence of non-compliance.
- The municipality should revise its emergency procurement processes policies to ensure compliance with SCM regulations, even during disaster responses. Adopting a proactive approach to managing procurement processes timelines and engaging in parallel processes will help minimise irregularities and enhance transparency.
- Management should implement proper review processes on the classification of deviations in the financial statements.

Management response

| DESCRIPTION | RESPONSE |
|---|--|
| Does management agree with the finding (Yes/ No) | Part A – No Part B - Yes |
| Detail reason for agreeing/ disagree with finding | <p>Part A</p> <p>The deviations and related motivations were reasonable due to the circumstances that existed at that <u>particular time</u>, and accordingly the said deviations were approved.</p> <p>The Management still underscores the reality of the challenges experienced with the recruitment and selection of Senior Management during the year under review which had</p> |

| DESCRIPTION | RESPONSE |
|---|--|
| | a direct impact on the functionality of the bid committees that created undue delays and forced deviations. A compounding factor was the uncertainty surrounding the Municipality's financial position and the risk of forfeiting external funding (conditional grants). |
| Management comment on internal control deficiencies and root cause indicated and detail reason for agreeing/ disagree with finding. | Part A – Management disagrees with finding Part B – Management agrees with the internal control deficiency. |
| Detail corrective action to be taken and date. | Part A – N/A as management disagrees with the finding. Part B – AFS note to be adjusted. |
| Does the finding affect an amount disclosed in the financial statements (Yes/ No) | Yes |
| If yes, what corrections will be made to the population | Part A – Management disagrees with finding Part B – AFS note to be adjusted |
| If yes and no corrections will be made the reason, why such a conclusion has been reached should be indicated. | N/A |
| Position of official responsible to take corrective actions | Deputy Director: Finance |

Name: Annielle Martin
Position: Acting SCM Manager
Date:31/10/2025

Auditor's conclusion:**Part A**

Management's responses are acknowledged. No additional supporting evidence was supplied to the auditors to justify the deviations. We therefore will conclude that the deviations are not justifiable.

Management indicated that no corrections is required in the financial statements, therefore the irregular expenditure of **R10 734 719.15** will be taken to uncorrected misstatements and the amount is material and results in a modification the audit opinion.

Part B

In respect of the irregular expenditure, we have not yet received the updated financial statements. Once received we will confirm if management adjusted for the finding.

ITEM TITLE

C83/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE FINANCE: IRREGULAR EXPENDITURE – DEVIATION FROM SCM PROCESS: PROVISION OF SECURITY SERVICES FOR THE COLLECTION, TRANSPORTATION AND DEPOSITING OF CASH

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

The purpose of this report is to inform the MPAC committee on the irregular expenditure with regards to the deviations for the procurement of Provision of security services for the collection, transportation and depositing of cash.

BACKGROUND

During the audit of Supply Chain Management, the AG found that the approved deviations by the accounting officer were unjustifiable, and a competitive process should have been followed to initiate the process earlier.

DISCUSSION

The provision of security services for the collection, transportation, and depositing of cash is essential to ensure the safety and protection of cashiers. Fidelity Cash Solutions was appointed through a TWK2 process, and their contract ended on 31 December 2024.

Tender FIN 02/2024/25 was advertised with a closing date of 18 October 2024. Two submissions were received—from Fidelity Cash Solutions and Sibakulu Trading (Pty) Ltd. It was recommended to the Bid Adjudication Committee (BAC) that the tender be cancelled, as both submissions were found to be non-eligible based on the technical evaluation conducted by the Manager: Income and Supply Chain. Both tenders were declared non-responsive, and Tender FIN 02/2024/25 was subsequently cancelled by the BAC on 13 December 2024. The process was delayed due to the late appointment of the BSC committee members.

A TWK2 process (FI 10/2024/25) commenced and was advertised on 22 November 2024. Only one quotation was received, from Fidelity Cash Solutions. However, the quoted amount exceeded the remaining balance of the R300,000 threshold. The quotation was therefore cancelled in accordance with Regulation 13(1)(c) of the 2022 Preferential Procurement Regulations, as provided for in Council's Supply Chain Management Policy.

Reg 13(1) states the following:

13. (1) an organ of state may, before the award of a tender, cancel a tender invitation if-

(c) no acceptable tender is received

A new tender process, FIN 06/2024/25, was then initiated and advertised for a second time.

Given the critical nature of the security services required, it was not feasible to follow a comparative TWK2 process while the second tender was already in progress and another Twk2 process could not proceed. Therefore, it was recommended that a deviation from the standard SCM procedures be approved in order to appoint Fidelity Cash Solutions from 1 January 2025 until a formal appointment could be made.

Tender FIN 06/2024/25 was subsequently awarded to Fidelity Cash Solutions, with the appointment effective from 1 June 2025 until 31 May 2028.

The findings for the deviation are tabled below:

| No | Name of supplier and service provided | Category | Actual value of contract | Deviation date of approval | Auditor's comment |
|----|---|--|--------------------------|----------------------------|--|
| 1. | PROVISION OF SECURITY SERVICES FOR THE COLLECTION, TRANSPORTATION AND DEPOSITING OF CASH - Fidelity Services Group | Any other exceptional case where it is impractical or impossible to follow the official procurement processes. | R217 819,00 | 19 December 2024 | The municipality procured security services for collection, transportation and depositing of cash via a deviation process, citing that a tender was cancelled by the BAC due to tenderers not being eligible. A new tender process was started however the municipality <u>was in need of</u> the services hence the deviation. This stems from improper planning of the municipality's needs. Procurement processes for goods and services that are of continuous need to the public should commence within six months prior to the end of the contract. The municipality should have followed a quotations process, and the deviation was unjustified. Impact: This results in non-compliance with regulation 17(1)(a) and (c) as goods were procured without obtaining the required price quotations. Deviations were approved by the accounting officer even though it was not impractical obtain price quotations in contravention with regulation 36(1)(a). This results to irregular expenditure of R217 819,00. The non-compliance is material (recurring) and will be included in the audit report. |

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The irregular expenditure of R 217 819.00 has been recorded in 2024/2025 financial statements. Management should ensure that recurrence is prevented.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Section 32 of the MFMA

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Failing to manage irregular expenses in accordance with the MFMA could result in Council Losing money and not receiving value for money. However, in this case Council did not suffer any losses or damages and received value for money.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that, in the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R 217 819.00 be written off for the 2024/2025 financial year.

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 JANUARY 2026

It is therefore recommended that, in the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R 217 819.00 be written off for the 2024/2025 financial year.

RECOMMENDATION BY MPAC TO COUNCIL: 18 FEBRUARY 2026

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor P Stander and seconded by Councillor TB Zimmermann, it was recommended as follows:

1. In the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R 217 819.00 be written off for the 2024/2025 financial year.
2. The Municipal Public Accounts Committee noted the corrective measures put in place by awarding a tender until 31 May 2028.

RECOMMENDATION TO COUNCIL:

It is recommended:

1. That in the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R 217 819.00 be written off for the 2024/2025 financial year.
2. That Council noted the corrective measures put in place by awarding a tender until 31 May 2028.

Status Report– Preferential Procurement Regulations 2022

In terms of SCM and MFMA requirements and remedial action required if necessary

1

| |
|-------------------------------------|
| What was the initial Purpose |
|-------------------------------------|

| |
|--|
| The Service for the PROVISION OF SECURITY SERVICES FOR THE COLLECTION, TRANSPORTATION AND DEPOSITING OF CASH |
|--|

2

| |
|--|
| Initial Scope of Contract and if uncertain please explain |
|--|

| |
|---|
| The Theewaterskloof Municipality requires the provision of service for the following: |
|---|

| |
|------------------------|
| The collection of Cash |
|------------------------|

| |
|----------------------------|
| The Transportation of cash |
|----------------------------|

| |
|------------------------------------|
| The Depositing of cash at the bank |
|------------------------------------|

3

| |
|---|
| Initial Contract Value and if uncertain please explain |
|---|

| |
|------------------------|
| Deviation: R217 819.00 |
|------------------------|

4

| |
|--|
| Initial Expiry Date and if uncertain please explain |
|--|

| |
|---|
| 31 October 2024 Twk2 process (FI 09/2024/25). |
|---|

5

| | | |
|--|--|--|
| Was normal SCM Process followed and complied with | | |
|--|--|--|

| | | | |
|-----|----|---|-----------|
| Yes | no | X | Uncertain |
|-----|----|---|-----------|

| |
|--|
| Explain of motivate your response |
|--|

| |
|---|
| The provision of security services for the collection, transportation, and depositing of cash is essential to ensure the safety and protection of cashiers. Fidelity Cash Solutions was appointed through a TWK2 process, and their contract ended on 31 December 2024. |
|---|

| |
|---|
| Tender FIN 02/2024/25 was advertised with a closing date of 18 October 2024. Two submissions were received—from Fidelity Cash Solutions and Sibakulu Trading (Pty) Ltd. It was recommended to the Bid Adjudication Committee (BAC) that the tender be cancelled, as both submissions were found to be ineligible based on the technical evaluation conducted by the Manager: Income and Supply Chain. Both tenders were declared non-responsive, and Tender FIN 02/2024/25 was subsequently cancelled by the BAC on 13 December 2024. The process was delayed due to the late appointment of the BSC committee members. |
|---|

| |
|---|
| A TWK2 process (FI 10/2024/25) commenced and was advertised on 22 November 2024. Only one quotation was received, from Fidelity Cash Solutions. However, the quoted amount exceeded the remaining balance of the R300,000 threshold. The quotation was therefore cancelled in |
|---|

accordance with Regulation 13(1)(c) of the 2022 Preferential Procurement Regulations, as provided for in Council's Supply Chain Management Policy.

Reg 13(1) states the following:

13. (1) an organ of state may, before the award of a tender, cancel a tender invitation if-

(c) no acceptable tender is received

A new tender process, FIN 06/2024/25, was then initiated and advertised for a second time.

Given the critical nature of the security services required, it was not feasible to follow a comparative TWK2 process while the second tender was already in progress and another Twk2 process could not proceed. Therefore, it was recommended that a deviation from the standard SCM procedures be approved in order to appoint Fidelity Cash Solutions from 1 January 2025 until a formal appointment could be made.

Tender FIN 06/2024/25 was subsequently awarded to Fidelity Cash Solutions, with the appointment effective from 1 June 2025 until 31 May 2028.

6

| | | |
|---|------|-----------|
| Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider | | |
| Yes | No x | Uncertain |
| Explain or motivate your response | | |
| A competitive process was followed. Tender FIN 06/2024/25 was finalised, and Fidelity Cash Solutions was appointed for the period 1 June 2025 to 31 May 2028. | | |

7

| | | |
|--|----|-----------|
| Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements | | |
| Yes X | No | Uncertain |
| Explain or motivate your response | | |
| Official order was generated for goods and services. | | |

8

| | | |
|--|----|-----------|
| Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with | | |
| Yes X | No | Uncertain |
| Motivate or explain your response | | |

A competitive process was followed, and a service provider was appointed. SLA was signed.

9

| | | |
|--|----|-----------|
| Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements | | |
| Yes X | No | Uncertain |
| Please explain or motivate your response above | | |
| The provision of security services for the collection, transportation, and depositing of cash is essential to ensure the safety and protection of cashiers and to prevent theft of cash. Despite non-compliance by deviate from 1 January 2025 until date of appointment of service provider the Municipality received best value for money. | | |

10

| | | |
|---|-------------|-----------|
| Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements | | |
| Yes | No X | Uncertain |
| Please explain or motivate your response above | | |
| No losses or damages. Best for revenue enhancement, safety and prevention of theft of cash. | | |

11

| | | |
|--|----|-----------|
| Are you satisfied with the performance of the current service providers | | |
| Yes X | No | Uncertain |
| Please explain or motivate your response above | | |
| The services were as required and satisfactory. | | |

12

| | | |
|--|-------------|-----------|
| Has the director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price | | |
| Yes | No X | Uncertain |
| Please explain or motivate your response above | | |
| A new procurement process was followed, and a service provider was appointed. | | |

14

| | | |
|---|------|-----------|
| Could any form of non-compliance have been prevented | | |
| Yes | No X | Uncertain |
| Explain or motivate your response above | | |
| The Municipality explored alternative avenues in order to deliver the service in a more cost-effective manner, this resulted in the delay in advertisement of the tender. | | |

15

| | | |
|--|----|-----------|
| What remedies have been put in place to prevent any non-compliance being repeated | | |
| Yes X | No | Uncertain |
| Explain or motivate your response above | | |
| Procurement by appoint service provider during Tender process. Appointment were made. | | |

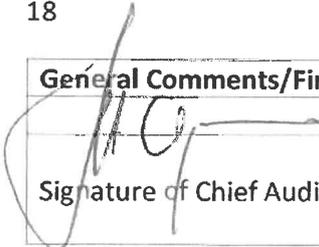
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| | |
|--|------------|
| General or additional Comments of the Director Concerned | |
|  | 22/01/2026 |
| Signature of Director Concerned | Date |

17

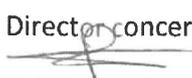
| | |
|---|------------|
| General Comments/Findings and recommendations of the CFO | |
| Value for money obtained | |
|  | 22/01/2026 |
| Signature of CFO | Date |

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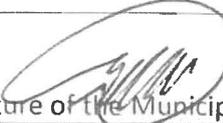
| | |
|--|------------|
| General Comments/Findings and or recommendations of the Chief Audit Executive | |
|  | |
| Signature of Chief Audit Executive | 22/01/2026 |
| Signature of Chief Audit Executive | Date |

19

| |
|--|
| Final response of the Director Concerned for consideration by the Municipal Manager |
| Recommended for write off no financial loss experienced |

| | |
|--|--------------------|
| Signature of the Director concerned  | Date 2026/01/21 |
|--|--------------------|

20

| | |
|---|-------------------|
| General Comments and findings of the Municipal Manager | |
| 1. | |
| Signature of the Municipal Manager  | Date 22/1/2026 |



The Accounting Officer
Theewaterskloof Municipality
PO Box 24
Caledon
7230

24 October 2025

Reference: Communication No. 09 of 2025

Dear Mr. W Hendricks

COMMUNICATION OF FINDINGS IDENTIFIED DURING THE AUDIT OF COMPLIANCE WITH LEGISLATION FOR THE YEAR ENDED 30 JUNE 2025

Background

1. In performing the audit of compliance with legislation, we identified instances of non-compliance as described in the annexure. We have recorded the internal control deficiency that gave rise to the instances of non-compliance and our recommendation for correcting the instances of non-compliance for your consideration.
2. The finding will be included in the management report including your comments and our final response.

Required

3. You are requested to indicate whether you agree with the facts stated in the annexure including whether you agree with the identified internal control deficiency. Should you disagree, please provide us with documentary evidence to the contrary within 5 days from the date of this communication, as agreed in the engagement letter.
4. Please provide us with the reasons for the instances of non-compliance and the steps that will be taken to rectify the matter in future.

Yours sincerely

Masixole Velem
Senior Manager: Western Cape

Enquiries: Henno Pretorius
Cell phone: 064 907 4146
Telephone: (021) 528 4100
Email: hennop@agsa.co.za

Acknowledgement of receipt by management:

Received by _____

Date _____

Procurement processes and contract management

SCM: Reason for not following the official procurement processes (Deviation) not justifiable and incorrect classification of deviations**1. Unjustified deviations from normal Supply chain processes**

Section 2(1)(b) of the Supply Chain Management (SCM) regulations, *"each municipality and municipal entity must in terms of section 111 of the Act have and implement a supply chain management policy that –*

(b) is fair, equitable, transparent, competitive and cost effective."

Section 19 of the Municipal Supply Chain Management Regulations on Competitive bids states *"A supply chain management policy must specify—*

- a) that goods or services above a transaction value of R300 000 (VAT included) may be procured by the municipality or municipal entity only through a competitive bidding process, subject to regulation 11(2); and*
- b) that no requirement for goods or services above an estimated transaction value of R300 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process."*

Section 17(1) of the Municipal Supply Chain Management Regulations states that:

"A supply chain management policy must stipulate the conditions for the procurement processes of goods or

services through formal written price quotations, which must include conditions stating—

- a) that quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity;*
- b) that quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by regulation 14(1)(b) and;*
- c) that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer."*

Section 36 of the Municipal Supply Chain Management Regulations states that;

(1.) "A supply chain management policy may allow the accounting officer –

(a.) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –

- (i) In the case an emergency;*
- (ii) If such goods or services are produced or available from a single provider only;*
- (iii) For the acquisition of special works of art or historical objects where specifications are difficult to compile;*
- (iv) Acquisition of animals for zoos; or*
- (v) In any other exceptional case where it is impractical or impossible to follow the official procurement processes; and*

(b.) to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely technical.

- (2.) *The accounting officer must record the reasons for any deviations in terms of sub-regulation (1) (a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements*
- (3.) *In terms of the Supply Chain Management (SCM) regulations 5: "An accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of regulation 4(1), but any such sub delegation must be consistent with sub regulation (2) and regulation 4".*

Furthermore, paragraph 37 of the municipality's supply chain policy states that:

"36. DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES"

- 1. The Accounting Officer may –**
- a) *dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –*
- (i) *in an emergency; (An emergency is an unforeseeable sudden event with harmful or potential harmful consequences for the municipality which requires urgent action to address.)*

Circumstances that warrant emergency dispensation, includes but are not limited to –

- a) *the possibility of human injury or death,*
- b) *the prevalence of human suffering or deprivation of rights,*
- c) *the possibility of damage to property, or suffering and death of livestock and animals, the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the municipality as a whole, the possibility of serious damage occurring to the natural environment,*
- d) *the possibility that failure to take necessary action may result in the municipality not being able to render an essential community service,*
- e) *the possibility that the security of the state could be compromised.*
2. *The Accounting Officer must record the reasons for any deviations in terms of subparagraphs 36(1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.*
3. *Subparagraph 36(2) does not apply to the procurement processes of goods and services contemplated in paragraph 11(2) of this policy."*

During our testing of this deviation, we identified several instances where the reason for the deviation was not found to be justifiable:

Part A: Inadequate Justification for Procurement processes Deviations

| No | Name of supplier and service provided | Category | Actual value of contract | Deviation date of approval | Auditor's comment |
|----|--|---|--------------------------|----------------------------|--|
| 1. | <p>Mailtronic Direct Marketing - Printing, Sorting and Mailing of Municipal Accounts</p> | <p>Any other exceptional case where it is impractical or impossible to follow the official procurement processes.</p> | <p>R765 599,43</p> | <p>09 January 2025</p> | <p>The municipality deviated from SCM processes to procure printing and mailing services for municipal accounts for two months, after the previous contract ended. While the tender process was underway, the municipality should have planned and initiated the procurement processes process six months before the contract expiry in 30 June 2024. This deviation, therefore, stems from improper planning.</p> <p>Impact: This results in non-compliance with regulation 19(a) as goods were procured without following a competitive bidding process.</p> <p>Deviations were approved by the accounting officer even though it was not impractical obtain price quotations in contravention with regulation 36(1)(a). This results to irregular expenditure of R182 980,00 (expenditure current year). All future expenditure for this services should also be regarded as irregular expenditure. The non-compliance is material (recurring) and will be included in the audit report.</p> |
| 2. | <p>PROVISION OF SECURITY SERVICES FOR THE COLLECTION, TRANSPORTATION AND DEPOSITING OF CASH - Fidelity Services Group</p> | <p>Any other exceptional case where it is impractical or impossible to follow the official procurement processes.</p> | <p>R217 819,00</p> | <p>19 December 2024</p> | <p>The municipality procured security services for collection, transportation and depositing of cash via a deviation process, citing that a tender was cancelled by the BAC due to tenderers not being eligible. A new tender process was started however the municipality was in need of the services hence the deviation. This stems from improper planning of the municipality's needs. Procurement processes for goods and services that are of continuous need to the public should commence within six months prior to the end of the contract. The municipality should have followed a quotations process, and the deviation was unjustified.</p> <p>Impact: This results in non-compliance with regulation 17(1)(a) and (c) as goods were procured without obtaining the required price</p> |

| No | Name of supplier and service provided | Category | Actual value of contract | Deviation date of approval | Auditor's comment |
|----|---------------------------------------|----------|--------------------------|----------------------------|--|
| | | | | | <p>quotations. Deviations were approved by the accounting officer even though it was not impractical obtain price quotations in contravention with regulation 36(1)(a). This results to irregular expenditure of R217 819,00. The non-compliance is material (recurring) and will be included in the audit report.</p> |

Part B:

2. Deviations incorrectly categorised

Auditors finding

Furthermore, we identified that the following deviations was incorrectly categorised as "Any other exceptional case where it is impractical or impossible to follow the official procurement process" under Regulation 36(1)(a), despite the circumstances clearly meeting the definition of an "Emergency". These deviations are therefore incorrectly classified in Note 57.7 of the AFS:

| Order date | Supplier | Details of goods or services supplied | Amount (R) | Reason for deviation |
|------------|-----------------------------------|--|--------------|--|
| 1/10/2025 | Blue Falcon | Security Services - Emergency Deployment - 29, 30 December 2024 till 08 January 2025 | 1 159 200,00 | Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-08-30 | NEWPORT WATER SOLUTIONS (PTY) LTD | SERVICING OF FIRE EQUIPMENT | 120 101,76 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-09-26 | ADECO CONSTRUCTION PTY LTD | Vandalism and stealing of cables Main supply in Villiersdorp | 102 550,08 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-10-29 | ADECO CONSTRUCTION PTY LTD | Replace damaged 11m Pole on OH line in Ham street Villiersdorp | 91 191,19 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |

| | | | | |
|------------|-------------------------------|---|-----------|--|
| 2024-10-17 | SPEED VAC AND PLANT (PTY) LTD | The sewer network of Grabouw had a blockage and caused a spillage in the area. The service provider was tasked to unblock the sewer and contain the spill with the use of a Jetvac truck. | 61 828,90 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-11-08 | ADENCO CONSTRUCTION PTY LTD | Vandalism to the 11kv pole and cable vandalized | 48 483,65 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-11-08 | ADENCO CONSTRUCTION PTY LTD | Vandalism in Villiersdorp 3x poles | 46 167,97 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-09-26 | ADENCO CONSTRUCTION PTY LTD | In Ham street Villiersdorp an 11Kv pole and cable was vandalized. The pole and cable was stolen. | 40 145,63 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-08-15 | ADENCO CONSTRUCTION PTY LTD | In Ham street Villiersdorp an 11Kv pole and cable was damage. The pole and cable was stolen. Due to gale force wind and rain it was impossible to repair. | 34 365,45 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-11-08 | ARCCON | Vandalism a 11KV pole at Dennestreet, Caledon | 27 668,37 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |

| | | | | |
|------------|-----------------------------|--|---------------------|--|
| 2024-11-05 | ADENCO CONSTRUCTION PTY LTD | Vandalism for Villiersdorp | 24 863,92 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-11-25 | MAXAL PROJECTS SA (PTY) LTD | Emergency callout strip and clean | 6 706,80 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2024-10-15 | ANDRAG AGRICO (PTY) LTD | hose rubber dual 100mm clamp heavy duty labour | 5 187,08 | 5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| | | | 1 768 460,80 | |

Impact

- Material Non-compliance with Supply Chain Management regulations 17(1)(a) and (c) and 19 (a) resulting in irregular expenditure of R10 734 718.15. The irregular expenditure will also be assessed for expenditure management compliance to confirm if there was prevention of irregular expenditure.
- Incorrect classification misstatement of R1 768 460.80

Internal control deficiency

Financial and performance management –

Review and monitor compliance with applicable laws and regulations

- Reviews of procurement processes deviations are not performed adequately, as the reasons for bypassing the official procurement processes are often unjustifiable.
- There is a lack of robust processes for reviewing and monitoring compliance with applicable expenditure management laws and regulations, contributing to irregular expenditure.
- The municipality lacks sufficient planning and monitoring controls to ensure deviations are justified and aligned with appropriate emergency protocols.

- Weaknesses in procurement processes oversight and insufficient planning lead to recurring non-compliance with Supply Chain Management (SCM) regulations.
- The municipality’s failure to anticipate and plan for critical service needs, particularly high-demand services like town cleaning, highlights a significant deficiency in operational planning and forecasting.
- Lack of oversight mechanisms to ensure proper categorisation aligned with regulatory definitions.

Financial and performance management –

Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

- Reviews of the classification of deviations and the financial statements were not performed adequately resulting in incorrect classification.

Recommendation

- Management should investigate the total population of deviations and adjust the financial statements to include the irregular expenditure of R10 734 718.15 and any other misstatement identified in the investigated population. Furthermore, management should ensure that all future payments on these unjustifiable deviations should also be regarded and treated as irregular expenditure. Management should update the financial statements to include the total irregular expenditure incurred in the current financial year in this regard.
- Management should establish robust procedures to review and monitor procurement processes deviations before approval, including independent verification of the categorisation.
- Management should strengthen their review and monitoring processes of compliance with expenditure management applicable laws and regulations to ensure that reasonable steps are taken to prevent irregular expenditure.
- A stricter approval process for deviations should be implemented, ensuring adequate justification and minimising recurrence of non-compliance.
- The municipality should revise its emergency procurement processes policies to ensure compliance with SCM regulations, even during disaster responses. Adopting a proactive approach to managing procurement processes timelines and engaging in parallel processes will help minimise irregularities and enhance transparency.
- Management should implement proper review processes on the classification of deviations in the financial statements.

Management response

| DESCRIPTION | RESPONSE |
|---|--|
| Does management agree with the finding (Yes/ No) | Part A – No Part B - Yes |
| Detail reason for agreeing/ disagree with finding | <p>Part A</p> <p>The deviations and related motivations were reasonable due to the circumstances that existed at that <u>particular time</u>, and accordingly the said deviations were approved.</p> <p>The Management still underscores the reality of the challenges experienced with the recruitment and selection of Senior Management during the year under review which had</p> |

| DESCRIPTION | RESPONSE |
|---|--|
| | a direct impact on the functionality of the bid committees that created undue delays and forced deviations. A compounding factor was the uncertainty surrounding the Municipality's financial position and the risk of forfeiting external funding (conditional grants). |
| Management comment on internal control deficiencies and root cause indicated and detail reason for agreeing/ disagree with finding. | Part A – Management disagrees with finding Part B – Management agrees with the internal control deficiency. |
| Detail corrective action to be taken and date. | Part A – N/A as management disagrees with the finding. Part B – AFS note to be adjusted. |
| Does the finding affect an amount disclosed in the financial statements (Yes/ No) | Yes |
| If yes, what corrections will be made to the population | Part A – Management disagrees with finding Part B – AFS note to be adjusted |
| If yes and no corrections will be made the reason, why such a conclusion has been reached should be indicated. | N/A |
| Position of official responsible to take corrective actions | Deputy Director: Finance |

Name: Annielle Martin
Position: Acting SCM Manager
Date:31/10/2025

Auditor's conclusion:**Part A**

Management's responses are acknowledged. No additional supporting evidence was supplied to the auditors to justify the deviations. We therefore will conclude that the deviations are not justifiable.

Management indicated that no corrections is required in the financial statements, therefore the irregular expenditure of R10 734 719.15 will be taken to uncorrected misstatements and the amount is material and results in a modification the audit opinion.

Part B

In respect of the irregular expenditure, we have not yet received the updated financial statements. Once received we will confirm if management adjusted for the finding.

ITEM TITLE**C84/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: OVERSIGHT REPORT IN RESPECT OF THE 2024/2025 ANNUAL REPORT FOR THEEWATERSKLOOF MUNICIPALITY**

[English version of the report is the original]

FILE NUMBER

9/1/1

PURPOSE OF REPORT

To inform Council about the work of the Municipal Public Accounts Committee and to make a recommendation to Council as required in terms of Section 129(1) of the MFMA, Act 56 of 2003.

For purposes of considering this item, Councillors are requested to also refer to the Annual Report which was tabled on 22 January 2026.

BACKGROUND

In terms of Section 129(1) the council of the municipality must consider the Annual Report of the municipality (and municipal entity under the municipality's sole and shared control), and must adopt an Oversight Report containing the council's comments on the Annual Report by no later than two (2) months from the date on which the Annual Report was tabled in the council. It must include a statement whether the council has:

- Approved the Annual Report with or without reservations;
- Rejected the Annual Report; or
- Referred the Annual Report for revision of those components that can be revised.

In terms of Section 129 (2) the Accounting Officer must:

- Attend council and council committee meetings where the Annual Report is discussed for the purpose of responding to questions concerning the report; and
- Submit copies of the Minutes of those Meetings to the Auditor-General, the relevant Provincial Treasury and the Provincial Department of Local Government.
- Section 129 (3) requires the accounting officer to make public an Oversight Report within seven (7) days of its adoption (in accordance with Section 21A of the Municipal Systems Act).

In terms of MFMA S127 (5): Immediately after the Annual Report is tabled in the council in terms of subsection (2), the accounting officer of the municipality must-

- (a) (i) make public the Annual Report; and
- (ii) Invite the local community to submit representations in connection with the Annual Report;

The Annual Report together with the Annual Financial Statements was submitted to the Performance- and Audit Committee on 6 February 2026 for consideration and comments.

The 2024/2025 Annual Report together with the Financial Statements was tabled at council on 22 January 2026 and advertised in the local newspapers from 29 January 2026 to 16 February 2026 for public comments. A copy of the advertisement is attached as APPENDIX 2 to the Oversight Report.

A notice was placed in the local newspapers highlighting the meeting scheduled of the Municipal Public Accounts Committee and inviting the public to submit written inputs and/or present their inputs to the Municipal Public Accounts Committee at a public hearing scheduled for 19 February 2025.

According to MFMA 129 (4) -The National Treasury may submit guidelines on –

- (a) The manner in which the municipal councils should consider annual reports and conduct public hearings; and
- (b) The functioning and composition of any public accounts or oversight committees established by the council to assist it to consider an annual report.

MFMA Circular Number 32 recommends the establishment of an Oversight Committee for the detailed analysis and review of the Annual Report, following its tabling in council, receiving and reviewing representations made by the public, inputs from councillors and council portfolio committees and then drafting an oversight report that may be taken to full council for discussion.

The composition of the MPAC is contained in the Oversight Report together with the dates where the Annual report was discussed.

The full MPAC oversight report is attached containing all comments received.

DISCUSSION

As discussed in the Oversight Report.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

None.

LEGAL IMPLICATIONS (ITEM AUTHOR)

The process is driven by legislation as explained in detail under background. These include:

1. Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (Chapter 12) (MFMA).
2. Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (Chapter 6).
3. Local Government: Municipal Structures Act, 1998 (Act 117 of 1998).

MFMA circular No 32

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

1. That cognisance be taken of the Oversight Report on the 2024/2025 Annual Report of Theewaterskloof Municipality.
2. That the Council, having fully considered the 2024/2025 Annual Report, adopts the Oversight Report in terms of Section 129 of the MFMA.
3. That the 2024/2025 Annual Report of Theewaterskloof Municipality be adopted subject to strict implementation of corrective measures.
4. That consequence management be implemented without delay where financial misconduct or negligence is identified.
5. That a detailed audit action plan with clear deadlines be submitted to Council within 30 days.
6. That quarterly progress reports on implementation be formally tabled before Council.
7. That failure to implement corrective measures be escalated in terms of applicable legislation.
8. That the Oversight Report be made public in accordance with section 129(3) of the Municipal Finance Management Act (Act 56 of 2003).
9. The minutes of those meetings where the Annual Report was discussed be distributed in accordance with section 129 (2) (b).
10. That the Oversight Report be submitted to the Provincial Legislature in accordance with section 132 (2) of the Municipal Finance Management Act (Act 56 of 2003).

ITEM TITLE

C85/2026 OFFICE OF THE MUNICIPAL MANAGER: REPORT ON THE ANNUAL PERFORMANCE AND 2024/2025 FINANCIAL YEAR PERFORMANCE APPRAISAL PROCESS IN RESPECT OF SECTION 56/57 MANAGERS

[English version of the report is the original]

FILE NUMBER

4/1/3

PURPOSE OF REPORT

To report on the outcome of the 2024/2025 financial year performance appraisal process which was followed and to obtain approval from Council for the related recommendations.

BACKGROUND

The attached Performance Review Report 2024/2025 outlines the background and process followed for the performance appraisals of the Directors directly accountable to Municipal Manager as listed in the attached report.

DISCUSSION

As per background.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

Sufficient funds have been budgeted for.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Section 56 and 57 of the Systems Act, 32 of 2000 and the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006. (Notice R805, No. 29089 of 1 August 2006).

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

- 1. That Council takes cognisance of the outcome of the Evaluation process.**

2. That Council takes note of the following start and end of employment dates:

2.1. Director Corporate Services: Mr. GW Hermanus: 01 July 2024 – 30 June 2025

2.2. Director Financial Services: Mr. P Mabhena: 01 July 2024 – 30 June 2025

2.3. That Council confirms the results of the Evaluation Panel and approves the payment of the following performance bonuses:

| | | |
|---|--------------|-------------|
| Director Corporate Services: GW Hermanus | 9% (66.57%) | (12 Months) |
| Director Financial Services: P Mabhena | 11% (77.24%) | (12 Months) |

3. In terms of section 34 (3) of regulation GNR 805 of 1 August 2006 a copy of the performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

4. That Council notes that the above requirements has been complied with and the minutes of the council meeting will be forwarded to the MEC and National Minister responsible for Local Government.

5. That the payment of performance bonuses is subject to approval of the Oversight Report.

6. That Council notes the following:

6.1. Any disputes about the outcome of the employee's performance evaluation must be mediated by –

6.1.1. In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and

6.1.2. In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e), within thirty (30) days of receipt of a formal dispute from the employee.

6.2. whose decision shall be final and binding on both parties.



Theewaterskloof
Municipality

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PERFORMANCE EVALUATION REPORT

**FOR SENIOR MANAGERS
REPORTING DIRECTLY TO THE
MUNICIPAL MANAGER
FINAL 2024/25**

21 JANUARY 2026

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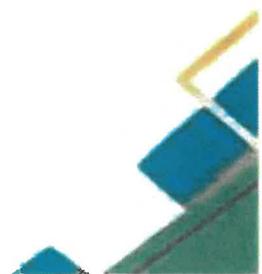
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Annexure A – Attendance Registers

Annexure B – Performance Evaluation Sheets



1. INTRODUCTION

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the Municipality must enter into a performance-based agreement with all S56 and S57-employees and that performance agreements must be reviewed annually. The performance agreements therefore establish the performance relationship between the employer and the employee and require that the performance of the employee needs to be evaluated at least twice per annum.

The evaluations reported on in this report focussed on the mid-year performance of the Municipal Manager as well as Directors reporting directly to the Municipal Manager for the 2024/25 financial year. It focussed on the actual work delivered in terms of the Annexure A of the performance agreement for the year ending 30 June 2025 and had a developmental focus.

The performance of the following Municipal Manager and Directors were evaluated:

- Mr P Mabhena – Director: Financial Services; and
- Mr G Hermanus –Director: Corporate Services for the period under review.

The evaluations took place on 21 January 2026. The session was a hybrid of physical and virtual attendance. The attendance registers are attached as Annexure A to this report.

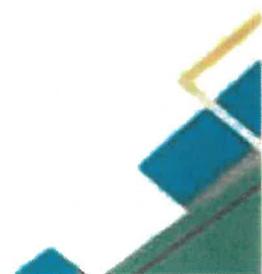
2. ASSESSMENT PANEL

For purposes of evaluating the performance of the employees, an evaluation panel constituted of the following persons were established:

- Mr E Lakey, Chairperson of the Performance Audit Committee;
- Mrs A Vorster, Municipal Manager of Swellendam Municipality;
- Cllr H Linnerts, Councillor responsible for Corporate Services;
- Cllr C Cloete, Councillor responsible for Financial Services;
- Mr W Hendricks, Municipal Manager.

The role of the panel members can be summarised as follows:

- The Municipal Manager was the primary evaluator of the Director: Corporate Services and Director: Financial Services.



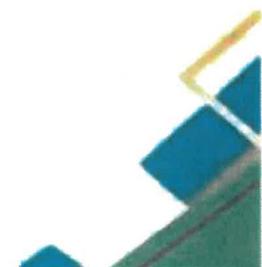
3. EVALUATION PROCESS

The evaluation forms with the SDBIP final 2024/25 results and the CCR scores were distributed to the Municipal Manager and Directors beforehand. Each employee prepared himself for evaluation purposes. Before the commencement of the evaluation sessions, the panel was briefed with the legislative agreement and evaluation processes and agreed on the process that will be followed.

During the evaluation for each employee:

- The members and the employees were welcomed and the attendance of the panel members was confirmed.
- As part of the approach to this evaluation, it was explained that the evaluation will focus on the actual work delivered in terms of Annexure A of the performance agreement for the period from 1 July 2024 ending 30 June 2025 (Mr Hermanus) and 1 October 2024 ending 30 June 2025 (Mr Mabhena). The content and weighting of these indicators (KPI's) and the respective key performance areas (KPA) are documented in Annexure A of each agreement.
- The scoring was done in terms of evidence provided and with mutual agreement of all parties present.
- The scoring was based on the following rating scale for operational KPI's:

| Rating | Level | Description |
|--------|--|--|
| 5 | Outstanding Performance | Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year. |
| 4 | Performed significantly above expectations | Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year. |
| 3 | Fully effective | Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan. |
| 2 | Performance not fully effective | Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan. |
| 1 | Unacceptable performance | Performance does not meet the standard expected for the job. The review/assessment indicates that they employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement. |



THEEWATERSKLOOF MUNICIPALITY PERFORMANCE EVALUATION REPORT OF MM AND MANAGERS REPORTING TO MM

- The scoring was based on the following rating scale for the CCR's:

| Rating | Level | Description |
|--------|-----------|--|
| 1 | Poor | Do not apply the basic concepts and methods to proof a basic understanding of local government operations and requires extensive supervision and development interventions. |
| 2 | Basic | Applies basic concepts, methods, and understanding of local government operations, but requires supervision and development intervention. |
| 3 | Competent | Develops and applies more progressive concepts, methods and understanding. Plans and guides the work of others and executes progressive analysis. |
| 4 | Advanced | Develops and applies complex concepts, methods and understanding. Effectively directs and leads a group and executes in-depth analysis. |
| 5 | Superior | Has a comprehensive understanding of local government operations, critical in strategic shaping strategic direction and change, develops and applies comprehensive concepts and methods. |

- The approach was as follows:
 - Feedback on performance by the employee per KPI.
 - Questions from the panel.
 - Discussion by the panel members.
 - Scoring determined by the members of the panel and final score given by Municipal Manager for acting Directors and Executive Mayor for the Municipal Manager.

4. ASSESSMENT OUTCOMES

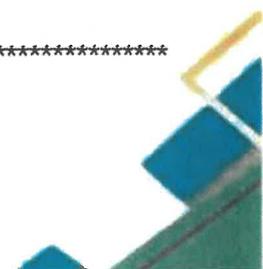
The outcome of the mid-year performance assessments is documented on the attached summary of the score sheets. The final scores were derived from the score allocated to each key performance, multiplied by the weight allocated to the respective indicator / group of indicators. All the mid-year scores for each KPI and CCR were added together and the total represents the overall rating and the outcome of the performance appraisal.

The final mid-year score for each of the employees evaluated is as indicated in the attached score sheets (Annexure B) for the following employees:

| Name | Position | Final Mid-Year Evaluation Score |
|---------------|------------------------------|---------------------------------|
| Mr G Hermanus | Director: Corporate Services | 66.57% |
| Mr P Mabhena | Director: Financial Services | 77.24% |

5. CONCLUSION

The Directors must ensure that sufficient portfolio of evidence (POE), performance comments and corrective measures are available for audit purposes of all the actual results.



ANNEXURE A

Director Corporate- G.W Hermanus**Performance Evaluation****1. Summary**

| | |
|-------------------------|--------------------------------------|
| Meeting title | Invitation: Performance Evaluation M |
| Attended participants | 11 |
| Start time | 1/21/26, 11:58:56 AM |
| End time | 1/21/26, 12:40:02 PM |
| Meeting duration | 41m 6s |
| Average attendance time | 34m 31s |

2. Participants

| Name | First Join |
|--|----------------------|
| Lilian Absalom | 1/21/26, 12:03:16 PM |
| Henry Linnerts | 1/21/26, 11:59:38 AM |
| Robyn-Ann Shortles | 1/21/26, 12:02:58 PM |
| Walter Hendricks | 1/21/26, 12:03:00 PM |
| read.ai meeting notes (Unverified) | 1/21/26, 12:03:04 PM |
| Eugene's Notetaker (Otter.ai) (Unverified) | 1/21/26, 12:03:06 PM |
| Ermin Dreyer (External) | 1/21/26, 12:03:27 PM |
| Eugene Lakey | 1/21/26, 12:03:29 PM |
| Janine Cyster-Williams (Unverified) | 1/21/26, 12:04:47 PM |
| Anneleen Vorster | 1/21/26, 12:09:36 PM |
| GW Hermanus | 1/21/26, 12:13:09 PM |

3. In-Meeting Activities

| Name | Join Time |
|--|----------------------|
| Lilian Absalom | 1/21/26, 12:03:16 PM |
| Henry Linnerts | 1/21/26, 11:59:38 AM |
| Robyn-Ann Shortles | 1/21/26, 12:02:58 PM |
| Walter Hendricks | 1/21/26, 12:03:00 PM |
| read.ai meeting notes (Unverified) | 1/21/26, 12:03:04 PM |
| Eugene's Notetaker (Otter.ai) (Unverified) | 1/21/26, 12:03:06 PM |
| Ermin Dreyer (External) | 1/21/26, 12:03:27 PM |
| Eugene Lakey | 1/21/26, 12:03:29 PM |
| Janine Cyster-Williams (Unverified) | 1/21/26, 12:04:47 PM |
| Anneleen Vorster | 1/21/26, 12:09:36 PM |
| GW Hermanus | 1/21/26, 12:13:09 PM |

Attendance

Meeting – Director 2024/25

| Last Leave | In-Meeting Duration | Email | Participant ID (UPN) |
|----------------------|---------------------|---------------------------|---------------------------|
| 1/21/26, 12:39:32 PM | 36m 15s | LilianAb@twk.gov.za | lilianab@twk.gov.za |
| 1/21/26, 12:39:04 PM | 39m 25s | linnertsh@twk.gov.za | linnertsh@twk.gov.za |
| 1/21/26, 12:39:29 PM | 36m 30s | robyn-annsh@twk.gov.za | robyn-annsh@twk.gov.za |
| 1/21/26, 12:39:29 PM | 36m 28s | walterhe@twk.gov.za | walterhe@twk.gov.za |
| 1/21/26, 12:40:02 PM | 36m 57s | | |
| 1/21/26, 12:35:23 PM | 32m 17s | | |
| 1/21/26, 12:39:31 PM | 36m 4s | ermin@igniteconsult.co.za | ermin@igniteconsult.co.za |
| 1/21/26, 12:39:22 PM | 35m 52s | 3201392@saa0.nrf.ac.za | 3201392@saa0.nrf.ac.za |
| 1/21/26, 12:39:20 PM | 34m 32s | | |
| 1/21/26, 12:39:04 PM | 29m 28s | | |
| 1/21/26, 12:39:03 PM | 25m 54s | gwhe@twk.gov.za | gwhe@twk.gov.za |

| Leave Time | Duration | Email | Role |
|----------------------|----------|---------------------------|-----------|
| 1/21/26, 12:39:32 PM | 36m 15s | LilianAb@twk.gov.za | Organizer |
| 1/21/26, 12:39:04 PM | 39m 25s | linnertsh@twk.gov.za | Presenter |
| 1/21/26, 12:39:29 PM | 36m 30s | robyn-annsh@twk.gov.za | Presenter |
| 1/21/26, 12:39:29 PM | 36m 28s | walterhe@twk.gov.za | Presenter |
| 1/21/26, 12:40:02 PM | 36m 57s | | Presenter |
| 1/21/26, 12:35:23 PM | 32m 17s | | Presenter |
| 1/21/26, 12:39:31 PM | 36m 4s | ermin@igniteconsult.co.za | Presenter |
| 1/21/26, 12:39:22 PM | 35m 52s | 3201392@saa0.nrf.ac.za | Presenter |
| 1/21/26, 12:39:20 PM | 34m 32s | | Presenter |
| 1/21/26, 12:39:04 PM | 29m 28s | | Presenter |
| 1/21/26, 12:39:03 PM | 25m 54s | gwhe@twk.gov.za | Presenter |

Director Finance- Paul Mabhena Performance Evaluation Attendance

1. Summary

| | | |
|-------------------------|---|--|
| Meeting title | Invitation: Performance Evaluation Meeting – Director 2024/25 | |
| Attended participants | 11 | |
| Start time | 1/21/26, 10:52:16 AM | |
| End time | 1/21/26, 12:07:55 PM | |
| Meeting duration | 1h 15m 38s | |
| Average attendance time | 1h 2m 16s | |

2. Participants

| Name | First Join | Last Leave |
|--|----------------------|----------------------|
| Lilian Absalom | 1/21/26, 10:56:34 AM | 1/21/26, 12:02:54 PM |
| Anneleen Vorster | 1/21/26, 10:56:42 AM | 1/21/26, 12:07:55 PM |
| Ermin Dreyer (External) | 1/21/26, 10:56:42 AM | 1/21/26, 12:02:46 PM |
| Janine Cyster-Williams (Unverified) | 1/21/26, 10:56:43 AM | 1/21/26, 12:02:44 PM |
| rdl chris cloete (Unverified) | 1/21/26, 10:56:44 AM | 1/21/26, 12:02:40 PM |
| Robyn-Ann Shortles | 1/21/26, 10:58:01 AM | 1/21/26, 12:02:49 PM |
| Eugene Lakey | 1/21/26, 10:59:23 AM | 1/21/26, 12:02:47 PM |
| Eugene's Notetaker (Otter.ai) (Unverified) | 1/21/26, 10:59:24 AM | 1/21/26, 11:31:27 AM |
| read.ai meeting notes (Unverified) | 1/21/26, 10:59:48 AM | 1/21/26, 12:05:13 PM |
| Paul Mabhena | 1/21/26, 11:00:13 AM | 1/21/26, 12:02:19 PM |
| Walter Hendricks | 1/21/26, 11:01:03 AM | 1/21/26, 12:02:41 PM |

3. In-Meeting Activities

| Name | Join Time | Leave Time |
|--|----------------------|----------------------|
| Lilian Absalom | 1/21/26, 10:56:34 AM | 1/21/26, 12:02:54 PM |
| Anneleen Vorster | 1/21/26, 10:56:42 AM | 1/21/26, 12:07:55 PM |
| Ermin Dreyer (External) | 1/21/26, 10:56:42 AM | 1/21/26, 12:02:46 PM |
| Janine Cyster-Williams (Unverified) | 1/21/26, 10:56:43 AM | 1/21/26, 12:02:44 PM |
| rdl chris cloete (Unverified) | 1/21/26, 10:56:44 AM | 1/21/26, 12:02:40 PM |
| Robyn-Ann Shortles | 1/21/26, 10:58:01 AM | 1/21/26, 12:02:49 PM |
| Eugene Lakey | 1/21/26, 10:59:23 AM | 1/21/26, 12:02:47 PM |
| Eugene's Notetaker (Otter.ai) (Unverified) | 1/21/26, 10:59:24 AM | 1/21/26, 11:31:27 AM |
| read.ai meeting notes (Unverified) | 1/21/26, 10:59:48 AM | 1/21/26, 12:05:13 PM |
| Paul Mabhena | 1/21/26, 11:00:13 AM | 1/21/26, 12:02:19 PM |
| Walter Hendricks | 1/21/26, 11:01:03 AM | 1/21/26, 12:02:41 PM |

| In-Meeting Duration | Email | Participant ID (UPN) | Role |
|---------------------|---------------------------|---------------------------|-----------|
| 1h 6m 19s | LilianAb@twk.gov.za | lilianab@twk.gov.za | Organizer |
| 1h 11m 12s | | | Presenter |
| 1h 6m 4s | ermin@igniteconsult.co.za | ermin@igniteconsult.co.za | Presenter |
| 1h 6m | | | Presenter |
| 1h 5m 56s | | | Presenter |
| 1h 4m 48s | robyn-annsh@twk.gov.za | robyn-annsh@twk.gov.za | Presenter |
| 1h 3m 23s | 3201392@saa0.nrf.ac.za | 3201392@saa0.nrf.ac.za | Presenter |
| 32m 3s | | | Presenter |
| 1h 5m 25s | | | Presenter |
| 1h 2m 5s | paulma@twk.gov.za | paulma@twk.gov.za | Presenter |
| 1h 1m 37s | walterhe@twk.gov.za | walterhe@twk.gov.za | Presenter |

| Duration | Email | Role |
|------------|---------------------------|-----------|
| 1h 6m 19s | LilianAb@twk.gov.za | Organizer |
| 1h 11m 12s | | Presenter |
| 1h 6m 4s | ermin@igniteconsult.co.za | Presenter |
| 1h 6m | | Presenter |
| 1h 5m 56s | | Presenter |
| 1h 4m 48s | robyn-annsh@twk.gov.za | Presenter |
| 1h 3m 23s | 3201392@saa0.nrf.ac.za | Presenter |
| 32m 3s | | Presenter |
| 1h 5m 25s | | Presenter |
| 1h 2m 5s | paulma@twk.gov.za | Presenter |
| 1h 1m 37s | walterhe@twk.gov.za | Presenter |

ANNEXURE B

**Director Corporate Services
THEEWATERSKLOOF MUNICIPALITY**

PERFORMANCE EVALUATION SUMMARY



Performance evaluation of: Director Corporate Services: G Hermanus
Period: Final 2024/25
Panel Members: Municipal Manager: W. Hendricks
 Portfolio Councillor: H. Linnearts
 External Municipal Manager: A. Voster
 Audit and Performance Audit Committee Chairperson: E. Laakey
 Internal Audit: A. Opperman
 Ward Committee Member: J. Williams
 Human Resources: R. Shortles
Date of evaluation: 21 January 2025

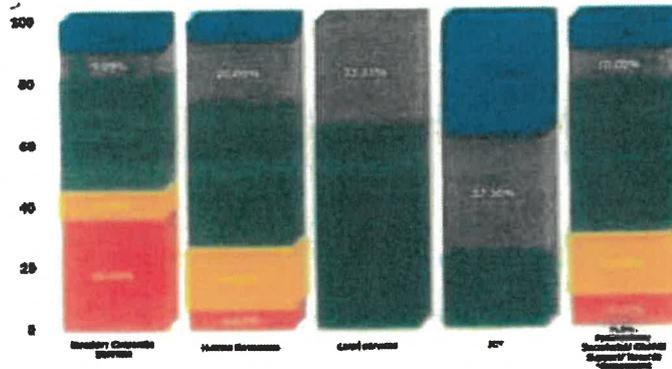
PERFORMANCE RESULTS

Division Performance
Strategic (Top Layer) Performance
Managerial Performance
Final Operational Score
Core Competency Requirements
Final Score

| Total score for period | Total weight for period | Weighted percentage | Performance % |
|------------------------|-------------------------|---------------------|---------------|
| 20 | 16.00 | | |
| 12 | 21.00 | | |
| 28 | 43.00 | | |
| 49 | 80.00 | 80% | 49.20% |
| 17 | 20.00 | 20% | 17.57% |
| 69 | 280.00 | 100% | 66.57% |

OVERALL PERFORMANCE

Responsible Department



PERFORMANCE COMMENTS

Signed by panel members:

Municipal Manager: W. Hendricks
 Portfolio Councillor: H. Linnearts
 External Municipal Manager: A. Voster
 Audit and Performance Audit Committee Chairperson: E. Laakey
 Internal Audit: A. Opperman
 Ward Committee Member: J. Williams
 Human Resources: R. Shortles

(Handwritten signatures and initials over lines)

Signed by employee

Director Corporate Services: G Hermanus

(Handwritten signature of G. Hermanus)

Date 21 January 2025

Comments

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Director Financial Services

THEWATERSKLOOF MUNICIPALITY

PERFORMANCE EVALUATION SUMMARY



Performance evaluation of: **Director Financial Services: P Mabheba**
 Period: **Final 2024/25**
 Panel Members: **Municipal Manager: W. Hendricks
 Portfolio Councillor: C. Cloete
 External Municipal Manager: A. Voster
 Audit and Performance Audit Committee Chairperson: E. Lahey
 Internal Auditor: A. Opperman
 Ward Committee Member: J. Williams
 Human Resources: R. Shortlee**
 Date of evaluation: **21 January 2025**

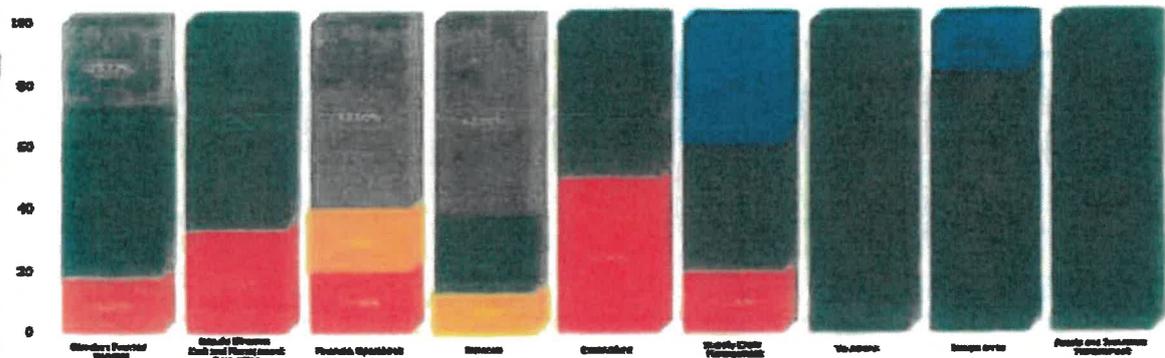
PERFORMANCE RESULTS

Division Performance

Strategic (Top Layer) Performance
Managerial Performance
Final Operational Score
Core Competency Requirements
Final Score

| Total score for period | Total weight for period | Weighted percentage | Performance % |
|------------------------|-------------------------|---------------------|---------------|
| 18 | 21.00 | | |
| 32 | 41.00 | | |
| 12 | 18.00 | | |
| 59 | 80.00 | 80% | 59.20% |
| 18 | 20.00 | 20% | 28.04% |
| 77 | 100.00 | 100% | 77.24% |

OVERALL PERFORMANCE
 Responsible Department:



PERFORMANCE COMMENTS

Signed by panel members:

Municipal Manager: W. Hendricks

Portfolio Councillor: C. Cloete

External Municipal Manager: A. Voster
Audit and Performance Audit Committee Chairperson: E. Lahey

Internal Auditor: A. Opperman

Ward Committee Member: J. Williams

Human Resources: R. Shortlee

(Handwritten signatures of panel members)

Signed by employee: **Director Financial Services: P Mabheba**

Date: **21 January 2025**

Comments

.....

Groete.

161

Lilian

From: Eugene Lakey <eugene.lakey@gmail.com>
Sent: Monday, February 2, 2026 3:28 AM
To: Lilian Absalom <LilianAb@twk.gov.za>
Subject: Re: Signing of Performance Evaluation

Good afternoon Lilian,

Here are the signed documents.

Regards,
Eugene

On Mon, Feb 2, 2026 at 11:28 AM Lilian Absalom <LilianAb@twk.gov.za> wrote:
Good Day,

Trust all is well,

Please find attach the Performance Evaluation 2024-25 of Directors - 21st January 2026.

Can Chairperson please send us the signed document back once it's done.

Thank you in advance.

Regards

Lilian Absalom

Temporary Compliance Officer (IDP and Performance Management)
Directorate: Office of the Municipal Manager

THEWATERSKLOOF MUNICIPALITY

Head Office. 6 Plein Street, Caledon, 7230

Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email:** lilianab@twk.gov.za

Website. www.twk.gov.za | **Follow us on Facebook, X, Instagram.** @twkmun



Theewaterskloof
Municipality

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Brendaline Ess

From: Janine Cyster Williams <janine.cwilliams@kwsa.co.za>
Sent: Tuesday, February 3, 2026 4:35 PM
To: Lilian Absalom
Subject: Re: Fw: Signing of Performance Evaluation
Attachments: Dir G.W Performance Evaluation.pdf

Hallo Lilian

Skies dat ek nou eers reageer op die epos.

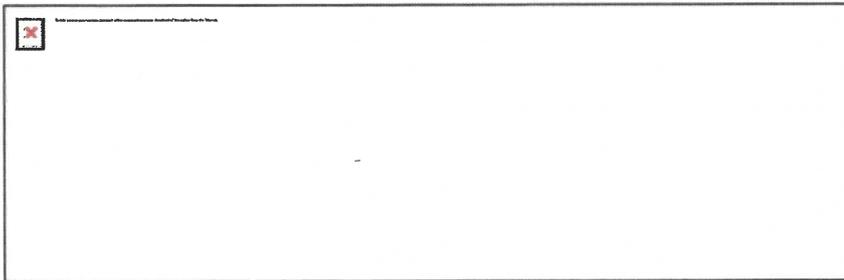
Ek beseft dat dit seker nie veel hiermee te doen het nie maar omdat Mnr Mabhena ongelukkig betrokke was by 'n fisiese geveg los dit 'n bitter smaak in die mond nie net by my nie maar vele anders ongeag die rede of motivering daarvan en ek is bietjie versigtig om net te teken. Dit is orals op die nuus en kan nie vermy word nie.

Die verwagting is dat ons die dokumente moet afteken maar ek wil ook nie my naam koppel aan iets terwyl ek weet die betrokke persoon word gefokus op nuus berigte in 'n negatiewe lig nie. In die bedryf wat ek is verkies ek dan om nie op so 'n wyse betrokke te wees nie.

Ek het wel die verslag geteken vir Mnr Hermanus. Ek weet nie watter impak dit gaan het nie maar ek hoop jy verstaan my posisie.

Kind regards / Vriendelike groete,
Janine

Janine Cyster-Williams, hereby warrants the validity of my Fidelity Fund Certificate as at the date of signature of this Agreement.



On Mon, Feb 2, 2026 at 2:51 PM Lilian Absalom <LilianAb@twk.gov.za> wrote:
Goeie dag Mev Williams,

Vind aangeheg die Cover page vir tekening, kan Mev asb die aanghegde dokumente teken en dan net weer terug na ons toe stuur asb.

Byvoorbaat dankie.