



MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY

[23 OKTOBER / OCTOBER 2025]

RAADSVERGADERING /
COUNCIL MEETING

NOTULE / MINUTES

23 OKTOBER / OCTOBER 2025

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T. VERDAGING / ADJOURNMENT

THEEWATERSKLOOF MUNISIPALITEIT/ MUNICIPALITY

NOTULE VAN 'N RAADSVERGADERING GEHOU OP 23 OKTOBER 2025 OM 14:00, IN DIE RAADSAAL, MUNISIPALE KANTORE, CALEDON.

MINUTES OF A COUNCIL MEETING HELD ON 23 OCTOBER 2025 AT 14:00 IN THE COUNCIL CHAMBERS, MUNICIPAL OFFICES, CALEDON.

A. OPENING EN VERWELKOMING

Die Voorsitter, Speaker Raadslid WH Wells, verwelkom almal teenwoordig en laat 'n oomblik van stilte toe.

Mnr W Hendricks het verskoning ingedien vir hierdie vergadering. Die raad nomineer Me N Baliso om waar te neem as Munisipale Bestuurder vir die duur van die vergadering. /

OPENING AND WELCOME

The Chairperson, Speaker Councillor WH Wells, welcomes all present and allows a moment of silence.

Mr. W Hendricks submitted an apology for the meeting. Council nominates Ms N Baliso to act as Municipal Manager for the duration of the meeting

B. VERKIESING VAN WNDE SPEAKER (INDIEN NODIG)/ ELECTION OF ACTING SPEAKER (IF NECESSARY)

Nie van toepassing nie / Not applicable.

C. BYWONINGSREGISTER/ATTENDANCE REGISTER

C.1 Teenwoordig/Present Raadslede/Councillors

Raadslid/Councillor LM de Bruyn
Raadslid/Councillor WH Wells
Raadsheer/Alderman CC Clayton
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 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

Amptenare / Officials

Me./Ms N Baliso	(Namens die Munisipale Bestuurder) (On behalf of the Municipal Manager)
Mnr./Mr GW Hermanus	(Direkteur: Korporatiewe Dienste) (Director: Corporate Services)
Me./Ms J Smith	(Namens Direkteur: Finansies) Verlaat die vergadering 17:00 (On behalf of the Director: Finance) leaves the meeting at 17:00.
Mnr./Mr WSE Solomons-Johannes	(Direkteur: Gemeenskapsdienste) (Director: Community Services)
Mnr./Mr H Matthee	(Direkteur: Tegniiese- en Infrastruktuur Implementeringsdienste) (Director: Technical- and Infrastructure Implementation Services)
Mnr./Mr A Opperman	(Hoof Uitvoerende Ouditeur) (Chief Audit Executive)
Me./Ms M Faul	(Bestuurder: Korporatiewe Dienste) (Manager: Corporate Services)
Mnr./Mr H Gxoxiya	(Bestuurder: Regsdienste) (Manager: Legal Services)
Me./Ms L Kilowan	(Snr Admin Beampte: Raadslidondersteuning) (Snr Admin Officer: Councillor Support)
Me./Ms T Michel	(Kommunikasie Beampte) <i>(Verlaat die Raadsaal met die aanvang van die bespreking van die In-Komitee Agenda)</i> (Communications Officer) <i>(Leaves the Council Chambers at the start of the discussion of the In-Committee Agenda.)</i>
Me./Ms N Dayeni	<i>(Risikobestuursbeampte) Verlaat die Raadsaal met die aanvang van die bespreking van die In-Komitee Agenda)</i>

	<i>(Risk Management Officer) (Leaves the Council Chambers at the start of the discussion of the In-Committee Agenda.)</i>
Me./Ms. F Ngxowa	(Assistent Vertaler) (Assistant Translator)
Mnr./Mr D Damon	(IKT Tegnikus) <i>Verlaat die Raadsaal met die aanvang van die bespreking van die In-Komitee Agenda)</i> (ICT Technician) <i>Leaves the Council Chambers at the start of the discussion of the In-Committee Agenda.)</i>
Me./Ms S Baron	(Sekretariaatdienste) (Secretariat Services)

C.2 Aansoek(e) om verlof tot afwesigheid:
Application(s) for leave of absence:

Mnr./Mr W Hendricks	Siekverlof / Sick leave
Mnr./Mr P Mabhena	Studieverlof / Study leave

The Acting Municipal Manager, Ms N Baliso requested the Deputy Director Finance, Mr A Riddles to attend the Council Meeting due to the Director Finance Mr P Mabhena being on leave. The Deputy Director Finance, Mr A Riddles decline to attend the meeting, then the Acting Municipal Manager requested the Manager: Budget Ms J Smith to attend the meeting. Council expressed their concern regarding the continued absence of the Finance Department in meetings.

Besoekers
Visitors

V Senna	
G Birck	
S Kenyon	
K Neethling	
E Lakey	Voorstatter van Prestasie- en Oudit Komitee / Chairperson Performance & Audit Committee

D. NOTULES EN/OF VERSLAE VAN DIE UBK VIR KENNISNAME AAN DIE RAAD
MINUTES AND/OR REPORTS OF THE EMC FOR COUNCIL'S COGNIZANCE

D.1 Notule van UBK Vergadering: 14 Augustus 2025

Die Raad keur die Notule van die vergadering van die Uitvoerende Burgemeester en sy Komitee gehou op 14 Augustus 2025, op voorstel van Raadsheer S Fredericks en geseondeer deur Raadsheer LM de Bruyn, goed.

Minutes of EMC Meeting: 14 August 2025

Minutes of EMC Meeting: 14 August 2025

Council approves the Minutes of a meeting of the Executive Mayor and his Committee held on 14 August 2025, on a proposal by Alderman S Fredericks and seconded by Alderman LM de Bruyn.

D.2 Notule van UBK Vergadering: 23 September 2025

Die Raad keur die Notule van die vergadering van die Uitvoerende Burgemeester en sy Komitee gehou op 23 September 2025, op voorstel van Raadsheer S Fredericks en gesekondeer deur Raadsheer LM de Bruyn, goed.

Minutes of EMC Meeting: 23 September 2025

Council approves the Minutes of a meeting of the Executive Mayor and his Committee held on 23 September 2025, on a proposal by Alderman S Fredericks and seconded by Alderman LM de Bruyn.

E. BEKRAGTIGING VAN NOTULES EN/OF VERSLAE VAN DIE RAAD
CONFIRMATION OF MINUTES AND/OR REPORTS OF COUNCIL

E.1 Notule van Raadsvergadering: 21 Augustus 2025

BESLUIT :

Om op voorstel van Raadsheer LM de Bruyn, gesekondeer deur Raadsheer S Fredericks die Notule van die Raadsvergadering van 21 Augustus 2025 hiermee goed te keur, te bekragtig en te laat onderteken as *prima facie* bewys van die juistheid daarvan.

Minutes of Council Meeting: 21 August 2025

RESOLVED:

To, on proposal by Alderman LM de Bruyn seconded by Alderman S Fredericks hereby approve, confirm and have signed the Minutes of the Council Meeting of 21 August 2025 as *prima facie* evidence of its correctness.

E.2 Notule van 'n Spesiale Raadsvergadering: 25 Augustus 2025

BESLUIT :

Om op voorstel van Raadsheer C Clayton, gesekondeer deur Raadslid D Jooste die Notule van die Spesiale Raadsvergadering van 25 Augustus 2025 hiermee goed te keur, te bekragtig en te laat onderteken as *prima facie* bewys van die juistheid daarvan.

Minutes of a Special Council Meeting: 25 August 2025

RESOLVED:

To, on proposal by Alderman C Clayton seconded by Councillor D Jooste hereby approve, confirm and have signed the Minutes of the Special Council Meeting of 25 August 2025 as prima facie evidence of its correctness.

E.3 Notule van 'n Raadsvergadering: 27 Augustus 2025

BESLUIT :

Om op voorstel van Raadsheer S Fredericks, gesekondeer deur Raadsheer C Clayton die Notule van die Raadsvergadering van 27 Augustus 2025 hiermee goed te keur, te bekragtig en te laat onderteken as prima facie bewys van die juistheid daarvan.

Minutes of a Council Meeting: 27 August 2025

RESOLVED:

To, on proposal by Alderman S Fredericks seconded by Alderman C Clayton hereby approve, confirm and have signed the Minutes of the Council Meeting of 27 August 2025 as prima facie evidence of its correctness.

F. VERKLARINGS EN MEDEDELINGS DEUR DIE SPEAKER / STATEMENTS AND COMMUNICATIONS BY THE SPEAKER

Geen / None

G. VERKLARINGS EN MEDEDELINGS DEUR DIE UITVOERENDE ONDER-BURGEMEESTER / STATEMENTS EN COMMUNICATIONS BY THE EXECUTIVE DEPUTY MAYOR

Geen / None

H. VOORLEGGINGS / PRESENTATIONS

Financial Recovery Plan Implementation Theewaterskloof Municipality attached as annexure to the minutes.

I. VERSLAE VOORGELê DEUR DIE DIREKTORAAT TEGNIESE EN INFRASTRUKTUUR IMPLEMENTERINGSDIENSTE REPORTS PRESENTED BY THE DIRECTORATE TECHNICAL AND INFRASTRUCTURE IMPLEMENTATION SERVICES



Western Cape
Government

FOR YOU



FINANCIAL RECOVERY PLAN IMPLEMENTATION THEEWATERSKLOOF MUNICIPALITY

23 OCTOBER 2025

CALEDON COUNCIL CHAMBER

Outline

1. Overview of the FRP
2. How we are going to implement the FRP
3. Phase 1 priorities
4. Summary of Support
5. Conclusion

Brief overview of the FRP

Constitutional Mandate of Provincial Government

- The Constitution of South Africa, 1996, mandates provincial governments to monitor and support municipalities.
- In particular, section 154 of the Constitution, together with the local government legislative framework that gives effect to it, directs both national government and provincial governments, by legislative and other measures, to **support and strengthen the capacity of municipalities to manage their own affairs, exercise their powers and perform their functions.**
- However, **where a Municipality is in financial crisis the Province is required to intervene.**

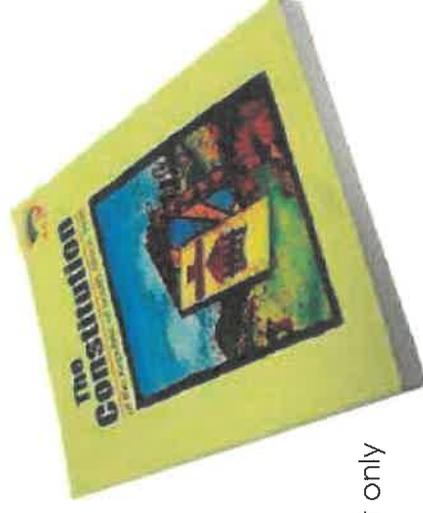
Financial crisis in Theewaterkloof Municipality

- Province monitors municipalities continually – due to the deterioration noted in Theewaterkloof financial position they were **tested against the triggers for an intervention in S140 of the MFMA**.
 - The municipality failed to make payments as and when due, which individually or in aggregate is more than two (2) per cent of the Municipality's budgeted operating expenditure
 - On 16 September 2024, the Province issued a formal notice to the municipality under Section 136(1)(a) of the MFMA, acknowledging the seriousness of the financial problems which triggered further assessment and oversight.
 - Once Province was satisfied that it was beyond dispute that **the triggers for a mandatory intervention had been met**, the Provincial Executive was briefed
 - On 4 November 2024 **the Provincial Executive formally decided to intervene in terms of Section 139(5) of the Constitution**
 - Formal **notifications** were sent to stakeholders on 11 November 2024.

Constitutional mandate for this intervention

Section 139(5) of the Constitution:

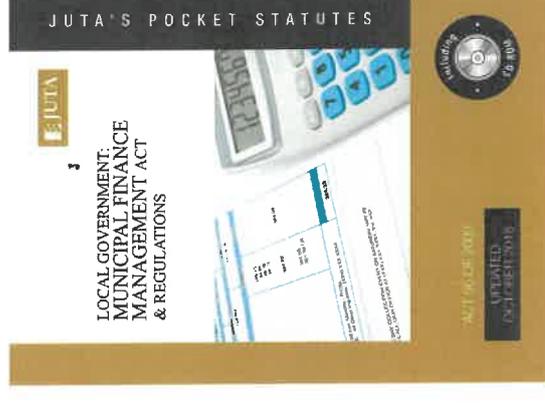
- (5) If a municipality, as a result of a crisis in its financial affairs, is in serious or persistent material **breach of its obligations to provide basic services or to meet its financial commitments**, or admits that it is unable to meet its obligations or financial commitments, the relevant **provincial executive must**—
- (a) **impose a recovery plan** aimed at securing the municipality's ability to meet its obligations to provide basic services or its financial commitments, which—
 - (i) is to be **prepared in accordance with national legislation**; and
 - (ii) **binds the municipality** in the exercise of its legislative and executive authority, but only to the extent necessary to solve the crisis in its financial affairs; and
 - (b) dissolve the Municipal Council, if the municipality cannot or does not approve legislative measures, including a budget or any revenue-raising measures, necessary to give effect to the recovery plan, and—
 - (i) appoint an administrator until a newly elected Municipal Council has been declared elected; and
 - (ii) approve a temporary budget or revenue-raising measures or any other measures giving effect to the recovery plan to provide for the continued functioning of the municipality; or
 - (c) if the Municipal Council is not dissolved in terms of paragraph (b), **assume responsibility for the implementation of the recovery plan to the extent that the municipality cannot or does not otherwise implement the recovery plan.**



Legal mandate for implementation of FRP

Section 146 of the MFMA:

- (1) If a recovery plan was prepared in a mandatory provincial intervention referred to in section 139 -
 - (a) **The Municipality must implement the FRP;**
 - (b) **All revenue, expenditure and budget decisions** must be taken within the framework of, and subject to the limitations of, the FRP; and
 - (c) The Municipality must **report monthly** to the MEC for Finance on the implementation of the FRP plan in such manner as the FRP may determine.
- (2) The **FRP binds the Municipality** in the exercise of both its legislative and executive authority, including the **approval of a budget and legislative measures giving effect to the budget**, to the extent necessary to achieve the objectives of the recovery plan.

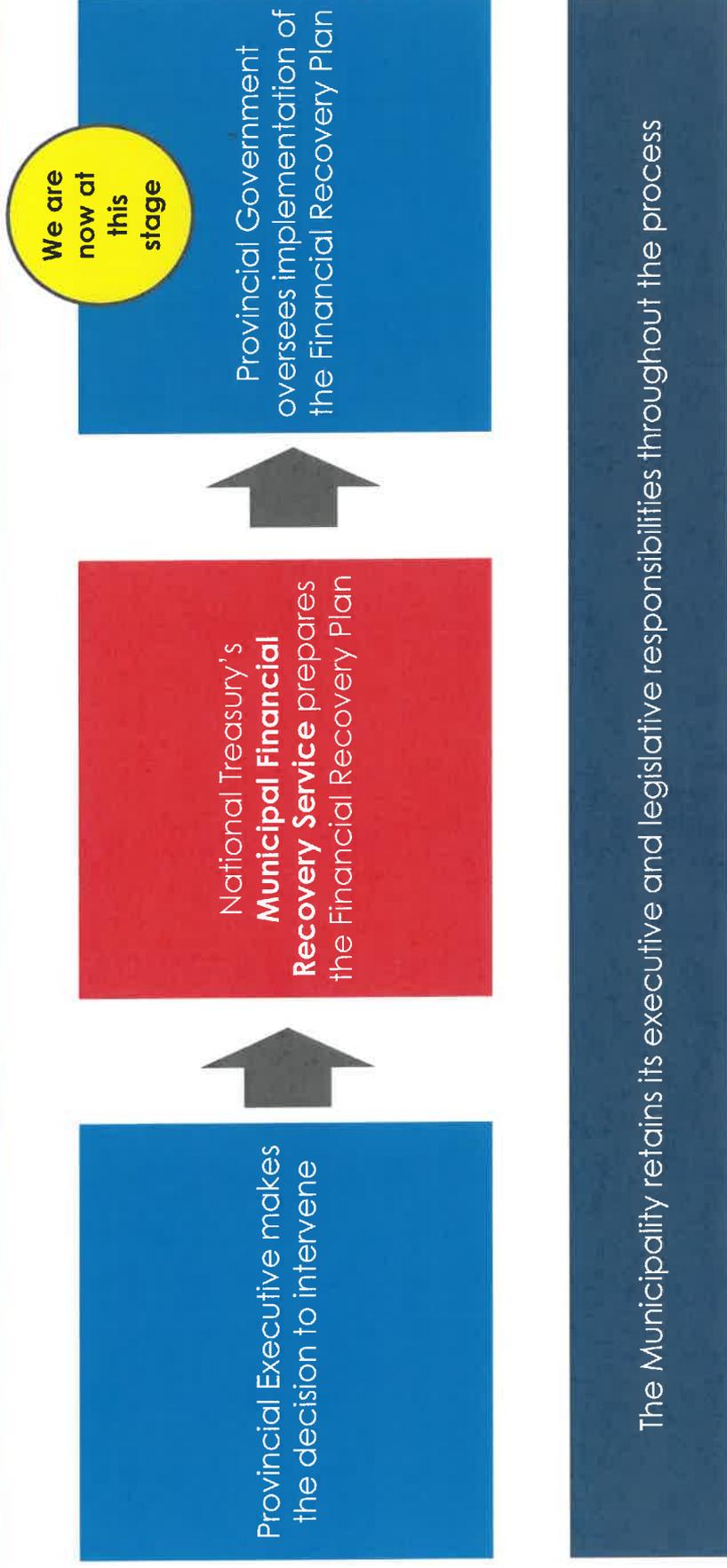


An enabling intervention

- The Financial Recovery Plan is designed to **enable** the municipality to achieve a financial recovery
- **Implementation is the responsibility of the municipality**, supported by province
- Only if this enabling framework is not working will the province have to take more active steps to manage the intervention



Roles of Provincial Government and National Treasury



Success factors for implementation

Implementation of the FRP works best if we have strong collaboration and a close working relationship with the municipality:

On political level:

- Clear buy-in and support from the Council
- Council decision to support the decision on 28 November 2024.

On administrative level:

- Strong Administration team.
- Close working relationship with FRP partners (regular cash flow meetings, continual communication, sharing information)
- Prioritise implementation of FRP projects and activities
- Drive delivery of FRP targets



HOW WE ARE GOING TO IMPLEMENT THE FRP

Key role players & responsibilities

NT's approach to mandatory FRP development

- The NT MFRS used a Status Quo Assessment Framework to assess key elements of the 4 Municipal Sustainability Pillars of Governance, institutional, Financial Management and Service Delivery.
- NT MFRS worked with 4 workstreams, one for each pillar with municipal staff and stakeholder participation.
- Distinguishes between 3 distinct but interrelated phases.
- Purpose: to facilitate better/easier implementation and improve oversight and monitoring



Phase 1



Phase 2



Phase 3

Minimal set of key indicators across all pillars needed to neutralise financial turbulence (6-8 months):

- **Focus is on cash and short term liquidity:** *Funded Budget, Cost Containment, Cash Flow Management, Trading Debtors and collections, Creditor Management, Cash-backed CGs*
- **Include service delivery projects with high visibility** *such as streetlights and potholes*

To address the underlying causes of failure focusing on eradicating problems at the root (8-24 months): "Plugging the holes and fixing the leaks"

To ensure financial and service delivery sustainability and prevent a regression (Subject to progress in Phase 2)

Structure of the FRP Pillars

The methodology used comprises the detailed technical assessment of the state of the municipality in terms of the four pillars of sustainability as detailed below:-

GOVERNANCE

- Governance Model (Council/ Committees)
- System of Delegations
- By-Laws
- Customer Care
- Communication Plan
- Internal Audit
- Procurement Planning
- Litigations
- Contingent Liabilities
- UIFW & Consequence Management
- Consequence Management
- Audit Action Plans
- Risk Management
- Immovable Property
- Disciplinary Board
- Powers and Functions
- Contract Management
- ICT Management

INSTITUTIONAL

- Operating Model
- Organisational Structure
- Employee Cost
- Labour Relations
- Leave Management
- Skills & Competencies
- Staff Discipline
- Performance Management
- Consequence Management
- Key HR Policies
- Business Processes
- HR Strategy
- Physical Verification of staff and vetting of qualifications
- Records Management
- Change Management

FINANCIAL MANAGEMENT

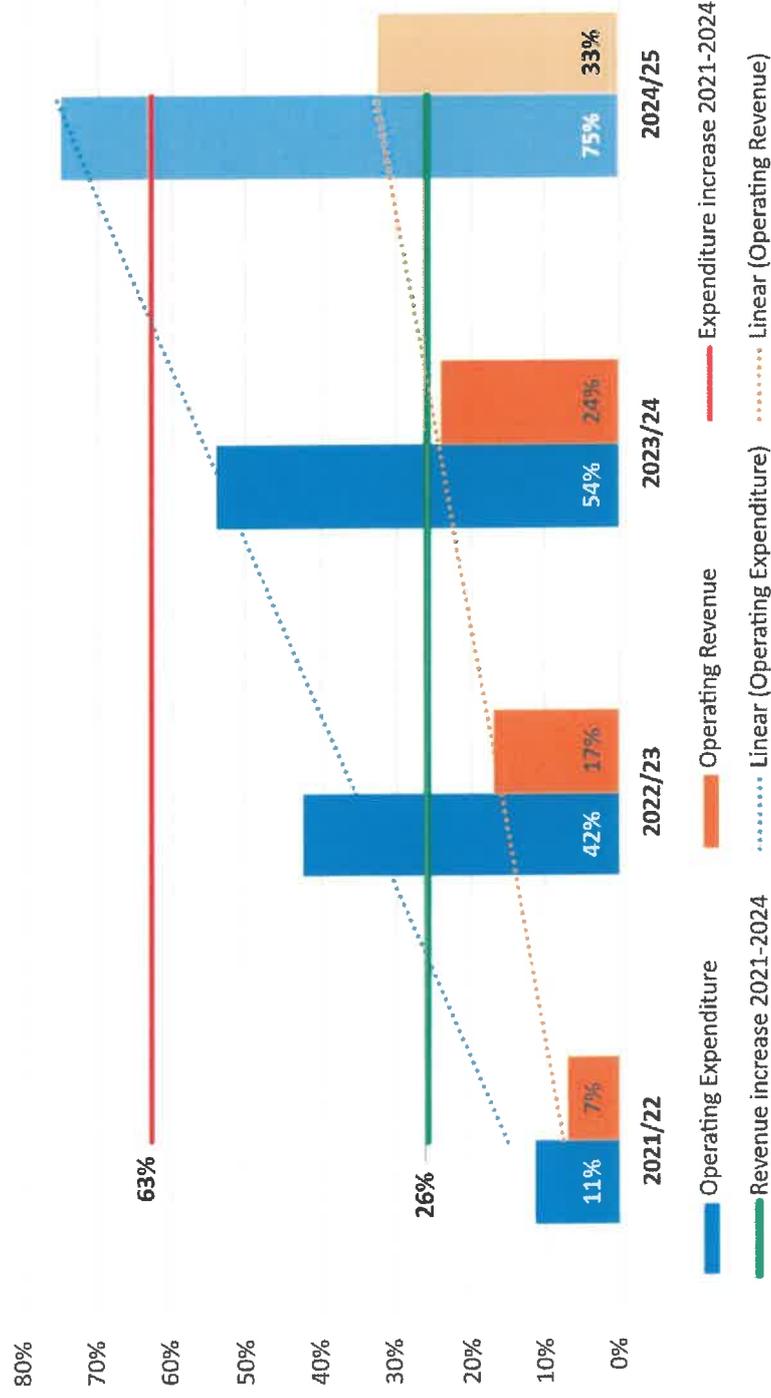
- Funded Budget
- Budget Related Policies
- Revenue Management
- Customer Care and Data Integrity
- Cost-reflective tariffs
- Indigent Management
- Supply Chain Management
- Cash Flow Management
- Cost Containment
- Expenditure Management
- Financial Control Environment
- Debt Restructuring/ Borrowing
- Asset Management
- Entities
- MFMA Circular 71 Financial Ratio Analysis

SERVICE DELIVERY

- SDF and Master Plans
- Loss Control (Electricity and Water)
- Non-technical losses
- Unmetered consumption
- Need for meter audits and 'SMART' technologies.
- Revenue Assets (Provision and maintenance (bulk meters and meters)
- Water & Sanitation: Bulk and provision
- Electricity Provision and Eskom Debt
- Fleet Management
- Bulk Meters
- Planning and Building Control
- Housing Delivery
- Capital Projects and Grant-funded projects
- Waste and Refuse Removal
- Roads and Stormwater
- Recreational Facilities, Parks and Cemeteries

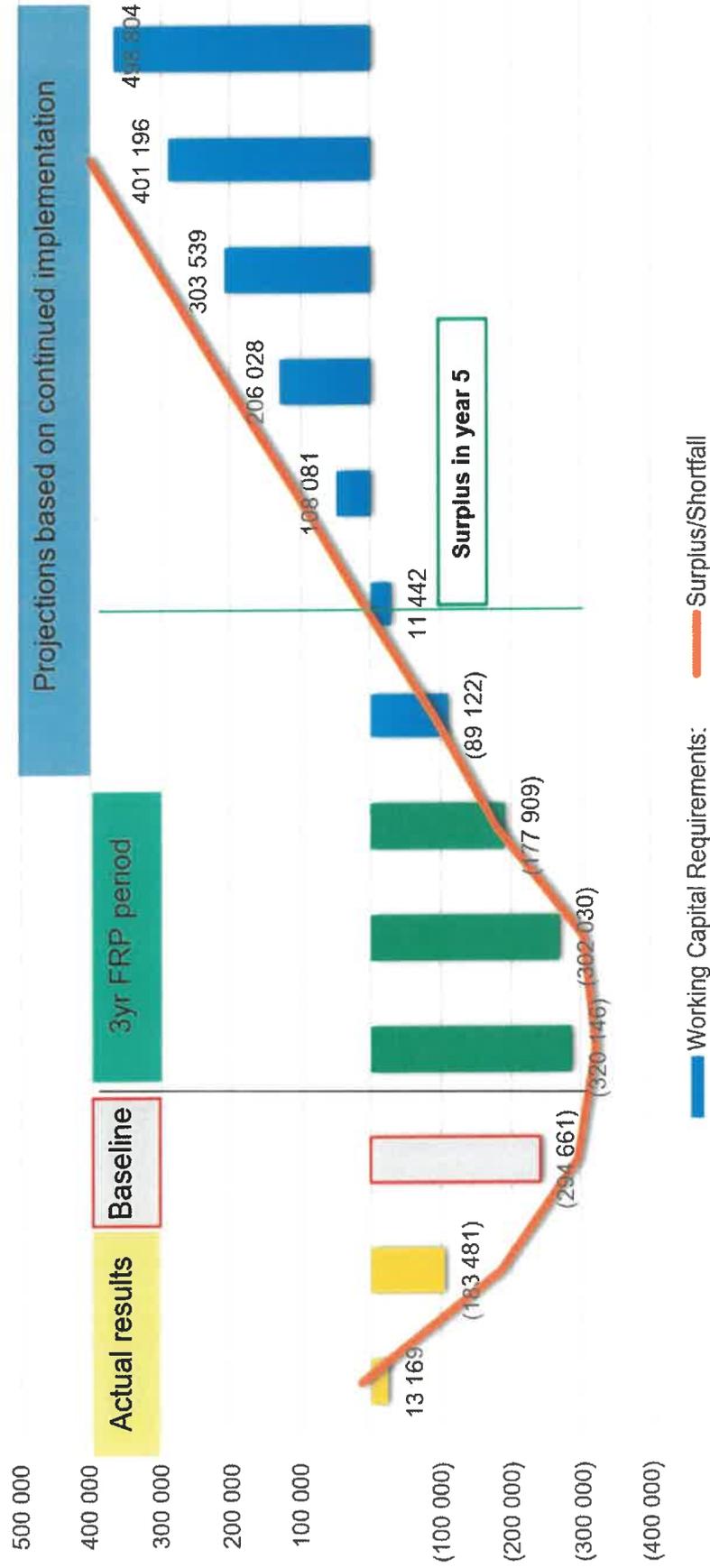
OPERATING RESULTS - SQA

TWK - Operating results 2022 to 2024



FINANCIAL RECOVERY PLAN IMPLEMENTATION PROJECTION

FRP implementation - 10 year projection - R'000



Working Capital Requirements: Surplus/Shortfall

Surplus/Shortfall

Surplus in year 5

FRP Implementation Champions

Pillar	Provincial Lead	Municipal Lead
1. Finance	Kim-Kay Neethling (PT)	Paul Mabhena
2. Service Delivery	Fanele Magwaza (DLG)	Henk Matthee
3. Good Governance	Robert Young (DLG)	GW Hermanus
4. Institutional	Jo-Anne Naidoo (DLG)	GW Hermanus

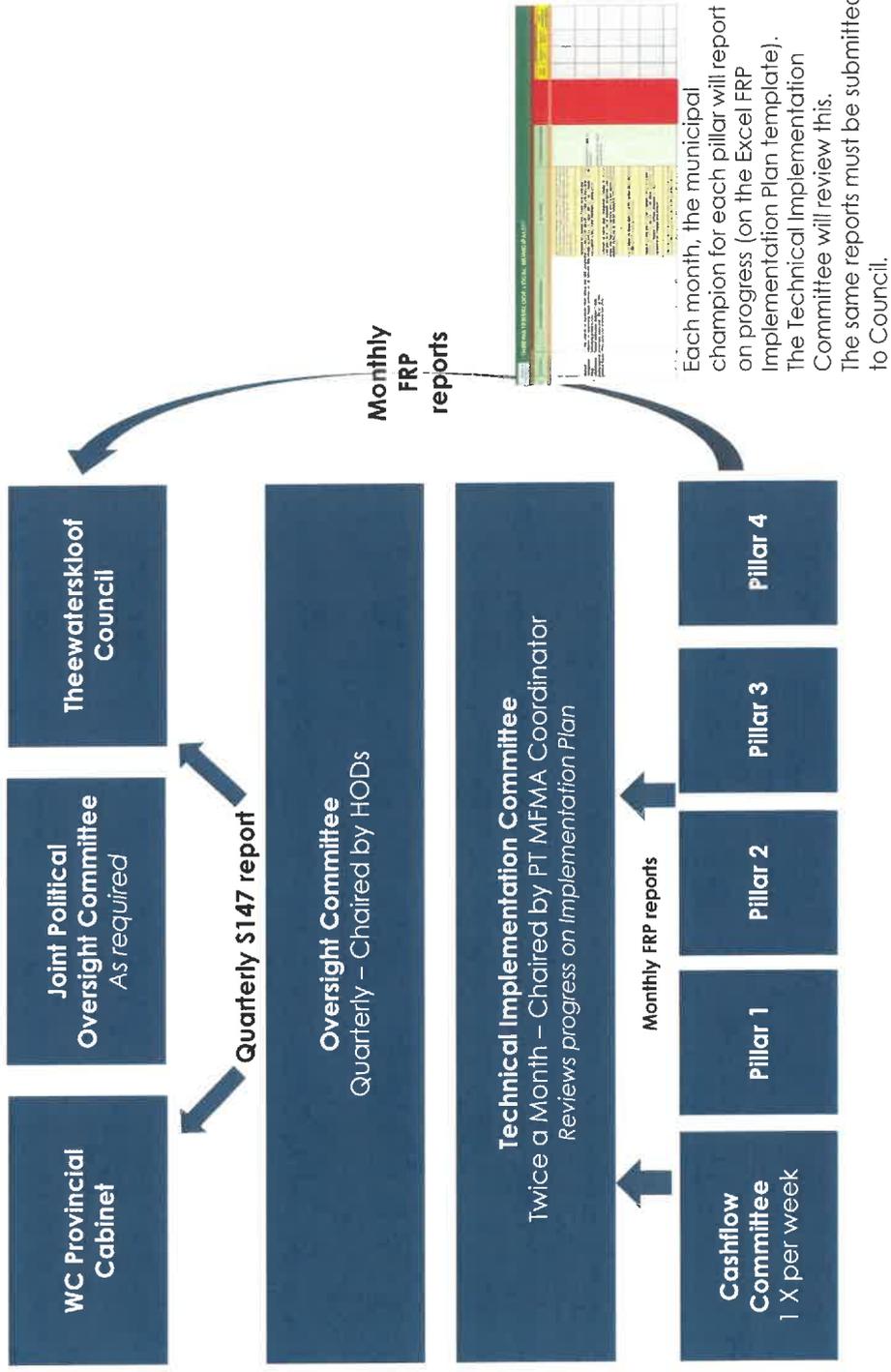
Reporting Coordinator for Theewaterskloof: Paul Mabhena

Example of the Implementation Plan

THE WATERSKLOOF LOCAL MUNICIPALITY							
PHASE 1: FINANCIAL RESCUE							
NO	FOCUS AREA	KEY ASSESSMENT FINDING (BASELINE)	KEY ACTIVITIES	KEY PERFORMANCE INDICATOR	MUNICIPAL PROGRESS REPORT		
					STEPS TAKEN	PROGRESS MADE	FINANCIAL IMPACT
PILAR 1: GOVERNANCE							
3	Revenue Management Value Chain/revenue raising measures (revenue targets)	<ul style="list-style-type: none"> The inability to implement credit control and debt collection for non-responsive debtors, resulted in outstanding debtor balances on 28 February 2025, amounting to R384 million – o Eskom supply area - R311million (81%) o Municipal supply area – R72 million (18%). • Non-suspension of debtors took place. 	<ul style="list-style-type: none"> Offer customised repayment plans based on each of the top 50 defaulting debtors' unique situation, in addition to paying their current accounts monthly. (The repayment period offered must be in line with the limits imposed by the Credit Control and Debt Collection policy.) Implement strict enforcement of credit control and debt collection for non-responsive debtors. Consider pre-termination notices, service restriction, or legal actions as allowed by the municipality's Credit Control and Debt Collection policy. Implement a robust debt management strategy to monitor compliance with monthly accounts obligations and payment plans, and flag non-compliance immediately. Assign dedicated account managers to ensure consistent follow-up and early intervention. Submit weekly progress reports concerning the top 50 debtors to management for review and further action. Engage the community to create awareness of the importance of revenue for service delivery. Utilise Ward councillors and community leaders to facilitate discussions, address disputes and build trust to encourage compliance. Prepare and submit a monthly report to the Council of all credit control and debt collection actions implemented and outcomes. 	<ul style="list-style-type: none"> Improvement in revenue collection. Reduction in the loss of service potential. 			



Oversight Structures



Focus on the Cashflow Committee

- The key objective of the Cashflow Committee will be to assist the municipality to prioritize and manage the cash inflows and outflows
- Financial viability of the municipality is an enterprise-wide function that requires collaboration of all the stakeholders of the municipality
- Internally all the departments need to collaborate to ensure synergy of the entire revenue eco-system and cashflow management
- The cashflow committee will sit once a week, all meetings will be held virtually on MS Teams
- Proposed meeting days will be Wednesday from 08:30 am to 09:30 am
- This meeting have been institutionalise.

PHASE 1 PRIORITIES

How we will measure success in phase 1

The Implementation Plan for Phase 1 of the FRP has over 120 Activities that must be implemented

However, the FRP sets out the following **6 high level indicators** for this Phase:

1. Progress towards a Funded Budget;
2. Daily Cash and Cash Balances;
3. Cost Containment;
4. Debtors Collection Rate;
5. Payment of Creditors; and
6. Ring-fencing of Conditional Grants.

Financial Goals for Phase 1

NO	PERFORMANCE AREA	ASSUMPTION/ BUDGET PARAMETER	2025/26FY BUDGET TARGET	2026/27FY BUDGET TARGET	2027/28FY BUDGET TARGET
1	Property Rates Targets	Revenue Management Value Chain efficiencies.	2024/25 baseline + Tariff increase (7%) Collection rate - 85%	2025/26 Balance + CPI (4.6%) + Household Growth rate (5.03%) Collection rate - 88%	2026/26 Balance + CPI (4.4%) + Household Growth rate (5.03%) Collection rate - 90%
2	Service Charges - Electricity	Revenue management	2024/25 Electricity baseline + Tariff increase (12.7%) + Household Growth rate (5.03%) + 5% (reduced consumption (credit control))	Electricity Balance 2025/26 + CPI (4.6%) + Household Growth rate (5.03%) - 5% (reduced consumption (credit control))	Electricity Balance 2026/27 + CPI (4.4%) + Household Growth rate (5.03%) + 3% (reduced consumption (credit control)) Collection rate - 90%
3	Service Charges – Water Revenue	Value Chain efficiencies in line with the FRP Implementation Plan	Collection rate - 85% 2024/25 Water baseline + Tariff increase (5%) + Household Growth rate (5.03%) + 5% (reduction in unbilled consumption)	Collection rate - 88% 2025/26 Balance + CPI (4.6%) + Household Growth rate (5.03%) + 5% (reduction in unbilled consumption)	Electricity Balance 2026/27 + CPI (4.4%) + Household Growth rate (5.03%) + 3% (reduced consumption (credit control)) Collection rate - 90%
4	Service Charges – Wastewater revenue	Improved collection rate based on the assumption of a higher level of efficiency across the Revenue Management Value Chain	Collection rate - 85% 2024/25 Sanitation baseline + Tariff increase (5%) + Household Growth rate (5.03%)	Collection rate - 88% 2025/26 Balance + CPI (4.6%) + Household Growth rate (5.03%)	Collection rate - 90% 2026/27 Balance + CPI (4.4%) + Household Growth rate (5.03%)
5	Service Charges – waste	Cost-reflective tariff modelling	Collection rate - 85% 2024/25 Refuse baseline + Tariff increase (5%) + Household Growth rate (5.03%)	Collection rate - 88% 2025/26 Balance + CPI (4.6%) + Household Growth rate (5.03%)	Collection rate - 90% 2026/27 Balance + CPI (4.4%) + Household Growth rate (5.03%)
6	Rental of facilities and equipment	Alignment with the budget funding plan	Collection rate - 85% 2024/25 Refuse baseline + Tariff increase (5%) + Household Growth rate (5.03%)	Collection rate - 88% 2025/26 Balance + CPI (4.6%) + Household Growth rate (5.03%)	Collection rate - 90% 2026/27 Balance + CPI (4.4%) + Household Growth rate (5.03%)
7	Employee related costs	Operational efficiencies achieved in line with the FRP Implementation Plan	Collection rate - 85% 2024/25 baseline + CPI (4.3%) + Household Growth rate (5.03%) + billing improvement (20%)	Collection rate - 88% 2025/26 Balance + CPI (4.6%) + Household Growth rate (5.03%) + billing improvement (10%)	Collection rate - 90% 2026/27 Balance + CPI (4.4%) + Household Growth rate (5.03%) + 10% (billing improvement)
8	Bulk purchases	Cost containment measures. Reduction of expenditure to within the norm.	less Remuneration of Councillors Ratio: 37% (norm 40%) 2024/25 baseline + ESKOM increase (11.32%) + Household Growth rate (5.03%)	less Remuneration of Councillors Ratio: 39% (norm 40%) 2025/26 Balance + ESKOM increase (11.32%) + Household Growth rate (5.03%)	less Remuneration of Councillors Ratio: 40% (norm 40%) 2026/27 Balance + ESKOM Increase (11.32%) + Household Growth rate (5.03%)
9	Contracted services	Effective control of electricity losses	- 5% reduction in unbilled/unmetered losses & reduced consumption 2024/25 baseline OPEX target x 8%	- 5% reduction in unbilled/unmetered losses & reduced consumption 2025/26 baseline OPEX target x 7%	- 5% reduction in unbilled/unmetered losses & reduced consumption 2026/26 baseline OPEX target x 7%
10	Consumer debtor's collection rate	Reduction in non-priority spending.	<8% of total OPEX Property and Service Charges – 85%	<7% of total OPEX Property and Service Charges – 88%	<7% of OPEX Property and Service Charges – 90%
11	Cash/ Bank Balances	Operational efficiencies achieved in line with the FRP Implementation Plan Tariff modelling Strict implementation and adherence to Credit Control and Debt Collection processes	Targeted ratios: - Cash Coverage: 0.5 Months (Norm 1-3 months) - Current Ratio: 0.5:1 (Norm = 1.5:2:1) 100% of payment arrangement per terms of agreement	Targeted ratios: - Cash Coverage: 0.5 Months (Norm 1-3 months) - Current Ratio: 1:1 (Norm = 1.5:2:1) 100% of payment arrangement per terms of agreement	Targeted ratios: - Cash Coverage: 1 Months (Norm 1-3 months) - Current Ratio: 1.3:1 (Norm = 1.5:2:1) 100% of payment arrangement per terms of agreement
12	Creditor's payment plan	Any revenue collection above the target ratio for Other Revenue becomes an additional funding source for future budgets. Improve revenue efficiency and collection, reduce historic creditors, and prevent non-priority expenditure Effective Cash Flow management Adherence to repayment plans with major creditors	Targeted ratios: - Cash Coverage: 0.5 Months (Norm 1-3 months) - Current Ratio: 0.5:1 (Norm = 1.5:2:1) 100% of payment arrangement per terms of agreement	Targeted ratios: - Cash Coverage: 0.5 Months (Norm 1-3 months) - Current Ratio: 1:1 (Norm = 1.5:2:1) 100% of payment arrangement per terms of agreement	Targeted ratios: - Cash Coverage: 1 Months (Norm 1-3 months) - Current Ratio: 1.3:1 (Norm = 1.5:2:1) 100% of payment arrangement per terms of agreement

Urgent: We need to pay arrear debt to Eskom

OUTSTANDING BALANCES (TOTAL)	557	657	698	767	Total
Phoenix					
CL - Eskom Arrangements - OB	-	-	-	-	-
CL - Eskom Arrangements - New	13,438,019.40	66,219,627.66	6,377,213.42	4,917,327.92	90,952,188.40
CL - Eskom Arrangements - Installments	-	-	-	-	-
CL - Eskom Arrangements - PYE	-	-	-	-	-
CL - Eskom Arrangements - Transfers	-	-	-	-	-
Total	13,438,019.40	66,219,627.66	6,377,213.42	4,917,327.92	90,952,188.40

- Theewaterskloof owe more than Eskom R90 million.
- The Municipality is disputing some of the charges, but a large amount remain outstanding.
- No agreement to repay the Eskom debt

Examples of activities from pillars 1,2,4

Pillar 1 – Governance

- The focus in phase 1 is on **strengthening and capacitating governance structures**
- Examples include:
 - Arrange training for MPAC councillors. Schedule of meetings to consider outstanding matters referred to MPAC. Investigation on unauthorized, fruitless, wasteful irregular expenditure and develop the schedule of investigation with timelines. Identify, investigate and report on irregular, unauthorised, fruitless and wasteful expenditure in accordance with sec 32 of the MFMA and MFMA circular 68.
 - Review and update System delegation for Expenditure Management.
 - Adopt updated delegations.
 - Finalise By-law audit.
 - Develop a project plan for review and update of By-laws and draft amendments or consolidated Bylaws as needed.

Pillar 2 – Institutional

- The focus in phase 1 is on **institutionalising processes**
- Examples include:
 - Develop a strategy and model to contain the total cost of employment of the level 4 TWK which would affect the ratio of 38% negatively.
 - Analyse current workloads and identify areas in service delivery where tasks can be streamlined and delegated.
 - Develop register of all contract/temporary staff appointments in order to monitor termination dates and payments.

Examples of activities from pillars 1,2,4

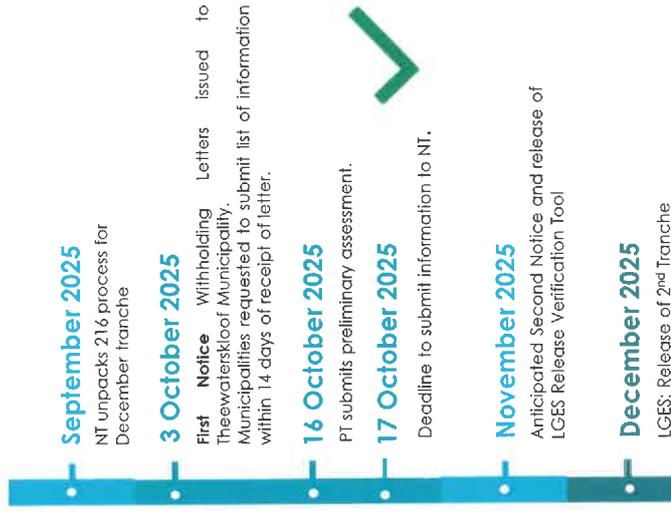
Pillar 4 – Service Delivery

- The focus in phase 1 is on **planning and laying the foundations** needed for improved delivery in phase 2
- Examples include:
 - Finalise and adopt the Water Conservation and Water Demand Management Plan (WC/WDM), with MISA support.
 - Implement targeted water loss reduction interventions in high-loss zones based on credible data collected during MISA's technical support phase.
 - Conduct a water meter audit to identify non-functional, tampered, or inaccurate meters contributing to NRW.
 - Conduct a revenue data audit to identify unbilled, incorrectly billed, or inactive water accounts and correct data discrepancies.
 - Conduct a risk assessment to identify areas with high incidences of illegal connections and unmetered supply.
 - Ring-fence a portion of the maintenance budget to address critical preventative repairs and avoid further material loss due to deferred maintenance.
 - Engage Eskom to negotiate payment arrangements for the outstanding debt of R56 million (April 2025).

216 Process & UIFWE Response

Withholding LGES Allocations in terms of non-compliance with MFMA S32

TIMELINES – 216 process



UIFWE – 2024/25 Unaudited AFS	Opening Balance	Closing Balance	Processed
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Theewaterskloof R 506, 991, 234 R597, 100,781 Nil

Evidence Requested by NT to prevent withholding of equitable share – First Notice 3 October 2025

Unauthorised Irregular and Fruitless and Wasteful Expenditure (UIFWE)

- Reports from the Administration to MPAC
- MPAC reports to Council i.t.o recommendations
- Council resolution i.t.o UIFWE write off/recovery
- **Disciplinary Board – allegations of financial misconduct**
- Reports from Disciplinary Board to Council
- Council Resolutions i.t.o whether or not disciplinary actions should be taken

Municipality Submission submitted to NT

Next Urgent Steps i.t.o expected Second Notice

- We note that the municipality in its final submission to NT included the minutes of the MPAC meeting held on 10 October 2025 which reflects the MPAC reports and recommendations to council regarding write off or recovery of UIFWE.
- In anticipation of the Second Notice, the council resolution should be included regarding write off or recovery of UIFWE to demonstrate that UIFWE matters are being addressed by the Municipality as per MFMA section 32.
- An updated UIFWE register reflecting the status per UIFWE incident
- Progress regarding allegation of financial misconduct must be demonstrated with disciplinary board reports to council with accompanying council resolutions and where relevant reporting of financial offences to SAPS.
- An updated financial misconduct register reflecting the status per allegation of financial misconduct.
- **An updated action plan that addresses any outstanding matters regarding UIFWE and allegation of financial misconduct within a timeframe of 3 months.**
- Please reach out to PT if any guidance and support is required.

Alignment of S154 Support



DEPARTMENT OF LOCAL GOVERNMENT

The Department has **continued to provide support** while the Financial Recovery Plan has been in development, e.g.

Governance

- Assisted Theewaterskloof Municipality with the Review of the section 53, Roles and Responsibility document;
- Conducted a workshop with Theewaterskloof Municipality on 19 August 2025, on the following disciplines: **Roles and Responsibilities**;

Service Delivery

- Municipal Water Resilience Grant - TWK Mun - The following project to the value amount of R 1,65 million FY25/26:
- Upgrade raw water storage at Voorstekraal

DEPARTMENT OF LOCAL GOVERNMENT (3)

- Thus in view of the previous slides DLG will pick up where we left off by reviewing the Section 154 Support Plan, i.e. a more in-depth focus on **Governance, Service Delivery and Public Participation**.
 - In **consultation** with key stakeholders
 - **Aligned** to the Financial Recovery Plan
 - Requiring a **Council Resolution** to support such - strengthen the Financial Recovery Plan
- In terms of the meeting today:
 - The Department **commends the municipal leadership** and the administration on the progress made so far
 - Continued support underscore the WCG's vision of enabling a **resilient, responsive, accountable and sustainable local government** to enable deserved basic service delivery to all residents of the province.



Treasury Support

- Requests for financial support will be considered during the Adjustment Budget process
- Communication to National Treasury issued regarding the Smart meter requirements
- Revenue Management workshops held- Framework to work through the revenue value chain
- Ongoing cash flow meetings held- criteria

PT can now explore additional support customized to support prioritized FRP interventions

Conclusion

Conclusion

- Implementing the FRP will be a long journey
- But we have a strong **team** from both the municipality and province, and are **committed to working together** to ensure its success
- We need to be **resilient** and dedicated to adhering to the plan in order to **deliver benefits for the Theewaterskloof community**

Thank you

ITEM TITLE

C239/2025 OFFICE OF THE MUNICIPAL MANAGER: OFFICIAL ADOPTION OF THE FINAL APPROVED FINANCIAL RECOVERY PLAN SIGNED BY MEC AND NATIONAL TREASURY

[English version of the report is the original]

FILE NUMBER

5/B

PURPOSE OF REPORT

The Theewaterskloof Municipal Council to adopt the final approved Financial Recovery Plan to be implemented.

BACKGROUND

The Western Cape Provincial Government (“the WCG”) has been closely monitoring and supporting the TWK Local Municipality, which has been experiencing financial difficulties for an extended period of time. On 16 September 2024, the MEC for Local Government, Environmental Affairs and Development Planning addressed a formal written correspondence to the municipality, in terms of section 136(1)(a) of the MFMA, due to the seriousness of the financial problems in the municipality.

The PEC subsequently assessed the seriousness of the crisis within the municipality to determine whether the situation justifies or requires an intervention in terms of section 139 of the Constitution. The assessment concluded that the municipality, as a result of a crisis in its financial affairs, is in serious or persistent material breach of its obligations to meet its financial commitments and comply with the criteria set in section 140 of the MFMA.

The TWK Local Municipality was placed under mandatory intervention in terms of section 139(5)(a) of the Constitution, read with Chapter 13 of the Local Government: Municipal Finance Management Act 56 of 2003, on 11 November 2024 due to the serious or persistent material breach of its obligations to meet its financial commitment.

The PEC resolved to request the Minister of Finance grant permission for the MFRS to prepare a financial recovery plan for the municipality, and the Minister of Finance, on 17 December 2024, approved the PEC's request. The FRP is preceded by a Status Quo Assessment (SQA) which was submitted to the MEC for Finance in the Western Cape - The final Financial Recovery Plan has been signed of and approved in 30 September 2025

DISCUSSION

To approve the Financial Recovery Plan that has been prepared according to a phased approach, distinguishing between short, medium, and long-term objectives. Under each phase (rescue, stabilisation, and sustainability), specific activities are identified to assist the municipality in resolving the identified challenges. The phases are time-bound to ensure swift progress and recovery. Therefore, the municipality must fully implement all activities identified by the stipulated timeframes.

Rescue Phase (Phase 1) focuses primarily on cash and restoring the cash position of the municipality. This is a short-term phase and is anticipated to last up to eight months from the date of approval of the Financial Recovery Plan.

Stabilisation Phase (Phase 2) expands on the financial indicators to be monitored and emphasises key governance and institutional issues which must simultaneously be addressed. The bulk of the recovery process takes place in the second phase of the recovery plan. This phase is referred to as the stabilisation phase. In this phase, a strong focus on cash, finances and financial management is still maintained but greater attention is placed on the underlying service delivery, governance and institutional matters perpetuating the financial problems in the municipality, such as the design of a fit for purpose organogram, plans to address the repairs and maintenance and renewal of infrastructure for the water and electricity network through which the municipality loses significant revenues, ensuring that the property valuation roll is updated and that all customers are billed accordingly and other similar measures. This phase is expected to last between 9 to 24 months or longer, depending on progress made by the municipality.

Sustainability Phase (Phase 3) aims to develop indicators that will have effect to the municipality's long-term financial sustainability. Before concluding the intervention, there must be a reasonable assurance that measures implemented in Phases 1 and 2 are sustainable, that the municipality is committed to ensuring the implementation of good practices. In this phase, it is also important to include indicators that affect the long-term financial sustainability of the municipality. These would be derived from the strategic performance review of the municipality and the long-term financing strategy.

The Financial Recovery Plan is attached as an annexure to this item.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

As stated in the Financial Recovery Plan.

LEGAL IMPLICATIONS (ITEM AUTHOR)

MFMA Chapter 13
s139(5)(a) of the Constitution of the Republic of South Africa, 1996 (Constitution)
Section 140 of the Municipal Finance Management Act (Act No. 56 of 2023) (MFMA)

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

As stated in the Financial Recovery Plan

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended that Council adopt the final (official) Financial Recovery Plan approved by the MEC.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor YM van Tonder and seconded by Alderman DA Appel, it was resolved as follows:

Council adopts the final (official) Financial Recovery Plan approved by the MEC.

For finalization by the Municipal Manager, Mr W Hendricks.

ITEM HEADING

C240/2025 OFFICE OF THE MUNICIPAL MANAGER: MINISTER'S AND MAYORAL TECHNICAL (MINMAY TECH) FORUM OF 09 JUNE 2025 – PROGRESS ON KEY ACTIONS REGARDING THE DISTRICT DEVELOPMENT MODEL

[English version of the report is the original]

FILE NUMBER

12/2/1/5

PURPOSE / AIM OF REPORT

To present the progress on key actions emanating from the Minister's and Mayoral Technical (MinMay Tech) Forum meeting of 09 June 2025 regarding the District Development Model (DDM) for cognizance Council.

BACKGROUND

Following from the discussion regarding the District Development Model at the MinMay Tech Forum meeting, the presentation by Mr G Pause was forwarded to all Municipalities on the 8th of July 2025.

Presentation attached as annexure to this agenda-item.

DISCUSSION

On 17 September 2025 Minister A Bredell, as acting Premier of the Western Cape, forwarded a letter to the President informing him that the Western Cape Government in collaboration with the City of Cape Town Metro, has been engaged in an intergovernmental dispute with the Minister and Department of Co-operative Governance and Traditional Affairs concerning the validity of a number of provisions in the regulations that were promulgated to establish the District Development Model.

Documentation attached as annexure to this agenda-item.

FINANCIAL IMPLICATIONS

Not applicable.

LEGAL IMPLICATIONS

Not applicable.

RISK MANAGEMENT IMPLICATIONS

Not applicable.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Council take cognizance of the presentation regarding the District Development Model (DDM) which was presented at the MinMay Tech Forum meeting of 09 June 2025 and the progress in this regard. (Letter issued by the Acting Premier of the Western Cape to the President.)

RECOMMENDATION BY THE EMC TO COUNCIL: 10 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks and seconded by Councillor Y van Tonder, it was recommended as follows:

That Council take cognizance of the presentation regarding the District Development Model (DDM) which was presented at the MinMay Tech Forum meeting of 09 June 2025 and the progress in this regard. (Letter issued by the Acting Premier of the Western Cape to the President.)

RECOMMENDATION TO COUNCIL:

It is recommended that Council take cognizance of the presentation regarding the District Development Model (DDM) which was presented at the MinMay Tech Forum meeting of 09 June 2025 and the progress in this regard. (Letter issued by the Acting Premier of the Western Cape to the President.)

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously resolved as follows:

Council noted the presentation regarding the District Development Model (DDM) which was presented at the MinMay Tech Forum meeting of 09 June 2025 and the progress in this regard. (Letter issued by the Acting Premier of the Western Cape to the President.)

For finalization by the Municipal Manager, Mr W Hendricks.

ITEM TITLE

C241/2025 OFFICE OF THE MUNICIPAL MANAGER: CONFIRMATION BY THE ELECTORAL COMMISSION (IEC) REGARDING THE APPOINTMENT OF MR GW HERMANUS AS MUNICIPAL ELECTORAL OFFICER (MEO) FOR THEEWATERSKLOOF MUNICIPALITY

[English version of the report is the original]

FILE NUMBER

3/1/R

PURPOSE OF THE REPORT

That Council takes cognizance of the letter received from the IEC confirming the appointment of Mr GW Hermanus as the MEO for Theewaterskloof Municipality.

BACKGROUND

On 07 August 2025 Council resolved as follows under Council Resolution C190/2025:

1. Council noted the content of this item, and
2. Council nominates the Director: Corporate Services, Mr. GW Hermanus to the Provincial IEC for consideration and appointment as the Municipal Electoral Officer (MEO).

DISCUSSION

The Council Resolution was forwarded to the IEC, and response was received on 02 October 2025 confirming the appointment of Mr GW Hermanus as the local representative with the designation of MEO for the Theewaterskloof Municipality effective from 01 October 2025.

Copy of the letter is attached as Annexure to the agenda-item.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

None – honorarium will be paid by the IEC.

LEGAL IMPLICATIONS

Election Act and Regulations.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended that Council take cognizance of the letter received from the IEC confirming the appointment of Mr GW Hermanus as the local representative with the designation of MEO for the Theewaterskloof Municipality effective from 01 October 2025.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously resolved as follows:

Council noted the letter received from the IEC confirming the appointment of Mr GW Hermanus as the local representative with the designation of MEO for the Theewaterskloof Municipality effective from 01 October 2025.

For finalization by the Municipal Manager, Mr W Hendricks.

ITEM HEADING

**C242/2025 DIRECTORATE OFFICE OF THE MUNICIPAL MANAGER:
DEPARTMENT IDP: REPORTING ON PERFORMANCE OF
CONTRACTORS: APRIL 2025 TILL JUNE 2025**

[English version of the report is the original]

FILE NUMBER

8/2/3/5/1

PURPOSE / AIM OF REPORT

To present a report to Council in terms of the contract and performance management of the Office of the Municipal Manager contractors for the period from April 2025 to June 2025 to ensure the municipality receives value for money and that contracts are completed on time and within the approved budget.

BACKGROUND

S116 (2) of the Municipal Finance management Act (No.56 of 2003) states that:

The accounting officer of a municipality or municipal entity must –

1. take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality of municipal entity is properly enforced;
2. monitor on a monthly basis the performance of the contract under the contract or agreement;
3. 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 or agreement; and
4. 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.

DISCUSSION

Report pattern of the Directorate: Office of the Municipal Manager - IDP:

Department:	April 2025	May 2025	June 2025
IDP	Submitted	Submitted	Submitted

Find attached checklists consisting of the summaries done for the Office of the Municipal Manager.

No blockages occurred.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

Can be found in checklists attached as Annexures. It can be costly to the municipality if reporting is not done correctly.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Chapter 8 Municipal Finance Management Act. 56 of 2003.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Not applicable.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Council takes cognisance of the report.

RESOLVED BY THE EMC: 22 JULY 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously resolved as follows:

That the agenda-item be referred back to the Directorate Finance to provide evidence of the invoices paid and why the amount paid in May 2025 is less than the amount paid in April 2025.

1. *Agenda-item be referred back.*
2. *For finalization by the Acting Manager IDP and Performance Management, Ms J Marzec-Visagie and the Director: Finance, Mr P Mabhena.*

COMMENTS FROM ITEM AUTHOR:

The contract amount we have changed from 3 009 295.33 to 3 078 563.00.

In December 2022, the total amount reported was 315 400 which included two invoices which were already reported during November 2022.

From August 2024 you have been reporting with VAT inclusive and before that it was reported with VAT excluding. We have rectified the contract reporting amounts to all Vat Exclusive.

Two invoices have not been reported but have already been paid (EFT 23878 and EFT 24507) We have included these invoices.

RECOMMENDATION BY ITEM AUTHOR:

49

It is recommended that Council takes cognisance of the report.

RECOMMENDATION BY THE EMC TO COUNCIL: 23 SEPTEMBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman M Plato-Mentoor and seconded by Councillor CT Cloete, it was recommended as follows:

That Council takes cognisance of the report.

RECOMMENDATION TO COUNCIL:

It is recommended that Council takes cognisance of the report.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously resolved as follows:

Council noted the report.

For finalization by the Temporary Manager: IDP & Performance Management, Ms J Marzec-Visagie.

ITEM HEADING

**C243/2025 DIRECTORATE OFFICE OF THE MUNICIPAL MANAGER:
DEPARTMENT IDP: REPORTING ON PERFORMANCE OF
CONTRACTORS: JULY 2025 TILL SEPTEMBER 2025**

[English version of the report is the original]

FILE NUMBER

8/2/3/5/1

PURPOSE / AIM OF REPORT

To present a report to Council in terms of the contract and performance management of the Office of the Municipal Manager contractors for the period from July 2025 to September 2025 to ensure the municipality receives value for money and that contracts are completed on time and within the approved budget.

BACKGROUND

S116 (2) of the Municipal Finance management Act (No.56 of 2003) states that:

The accounting officer of a municipality or municipal entity must –

1. take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality of municipal entity is properly enforced;
2. monitor on a monthly basis the performance of the contract under the contract or agreement;
3. 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 or agreement; and
4. 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.

DISCUSSION

Report pattern of the Directorate: Office of the Municipal Manager IDP:

Department:	JULY 2025	AUGUST 2025	SEPTEMBER 2025
IDP	Submitted	Submitted	Submitted

Find attached checklists consisting of the summaries done for the Office of the Municipal Manager

No blockages occurred.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

Can be found in checklists attached as Annexures. It can be costly to the municipality if reporting is not done correctly.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Chapter 8 Municipal Finance Management Act. 56 of 2003 and circular 62 of MFMA section 52 of TWK SCM Policy.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Not applicable.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Council takes cognisance of the report.

RECOMMENDATION BY THE EMC TO COUNCIL: 10 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks and seconded by Councillor Y van Tonder, it was recommended as follows:

That Council takes cognisance of the report.

RECOMMENDATION TO COUNCIL:

It is recommended that Council takes cognisance of the report.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously resolved as follows:

Council noted the report.

For finalization by the Temporary Manager: IDP & Performance Management, Ms J Marzec-Visagie.

ITEM TITLE

**C244/2025 OFFICE OF THE MUNICIPAL MANAGER: DEPARTMENT IDP:
PERFORMANCE MANAGEMENT: 1st QUARTER TOP LAYER SDBIP
REPORT**

[English version of the report is the original]

FILE NUMBER

5/1/3

PURPOSE OF REPORT

The aim of the report is to ensure compliance with the performance regulations and to notify Council of the outcomes of the performance report of the Municipality for the period (July 2025 to September 2025).

BACKGROUND

Section 1 of the MFMF defines the SDBIP as:

"a detailed plan approved by the Mayor of the municipality in terms of section 53 (1) (c) (ii) for implementing the municipalities delivery of services and the execution of its annual budget and which must include the following:

- (a) projections for each month of-
 - (i) revenue to be collected, by source; and
 - (ii) operational and capital expenditure, by vote;
- (b) Service delivery targets and performance indicators for each quarter".

This report focuses on the service delivery targets and performance indicators for the financial year 2025/26 excluding the financial reports as these are reported monthly via the s71 reporting process.

DISCUSSION

The SDBIP serves as a "contract" between the administration, council and community expressing the goals and objectives set by the council as quantifiable outcomes that can be implemented by the administration in the applicable financial year. It provides the link between the mayor, the council (executive) and the administration, and facilitates the process for holding management accountable for its performance. It is therefore a management, implementation and monitoring tool that will assist the mayor, councilors, municipal manager, senior managers and community to monitor the municipality's performance on a quarterly basis. The SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the implementation of the budget, the execution of projects, the performance of senior management and the achievement of the strategic objectives set by council.

Outcome of Overall Performance:

Summary of Results	Office of the MM	Financial Services	Community Services	Technical and Infrastructure Implementation Services	Economic Development and Planning	Corporate Services
KPI Not Yet Applicable	4	3	1	3	7	5
KPI Not Met	1	2	1	2	8	1
KPI Almost Met	0	3	1	0	0	0
KPI Met	1	1	0	0	0	0
KPI Well Met	0	5	1	0	0	0
KPI Extremely Well Met	0	0	0	0	1	0
Total KPIs	6	14	4	5	16	6

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

Not applicable.

LEGAL IMPLICATIONS (ITEM AUTHOR)

The Municipal Finance Management Act No. 56 of 2003 (MFMA) and National Treasury MFMA Circular No. 13.

Section 54(1)(c) of MFMA.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Not applicable.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

1. That Council takes note of the outcome of the 2025/2026 performance report of the Municipality for the 1st Quarter.
2. That Council takes note of the corrective measures.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

54

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously resolved as follows:

- 1. Council noted the outcome of the 2025/2026 performance report of the Municipality for the 1st Quarter.**
- 2. Council noted the corrective measures.**

For finalization by the Temporary Manager: IDP & Performance Management, Ms J Marzec-Visagie.

ITEM HEADING

**C245/2025 OFFICE OF THE MUNICIPAL MANAGER: DEPARTMENT INTERNAL
AUDIT: AUDITOR-GENERAL 2024/2025 ENGAGEMENT LETTER
AND AUDIT STRATEGY**

[English version of the report is the original]

FILE NUMBER

5/14/1/1/1

PURPOSE OF REPORT

The Performance- and Audit Committee is requested to review the Auditor-General 2024/2025 engagement letter and audit strategy.

BACKGROUND

According to MFMA Circular 65:

The audit committee must in relation to external audit: Take cognisance of the scope of work undertaken by the external auditor and the extent of co-ordination with the internal audit unit.

According to the Performance- and Audit Committee Charter:

The Performance- and Audit Committee must review the external auditors' proposed audit scope of work, approach and audit fees for the year and the extent of co-ordination with the internal audit unit.

DISCUSSION

The Auditor-General 2024/2025 engagement letter and audit strategy will be distributed when available and thus will not be included in the agenda.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

None.

LEGAL IMPLICATIONS (ITEM AUTHOR)

MFMA Circular 65.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that the Performance- and Audit Committee takes note of the Auditor-General 2024/2025 engagement letter and audit strategy.

RECOMMENDATION BY THE PERFORMANCE- AND AUDIT COMMITTEE TO COUNCIL: 12 SEPTEMBER 2025

1. The Performance- and Audit Committee noted the Auditor-General 2024/2025 engagement letter and audit strategy.
2. The Performance- and Audit Committee raised their concern about the possibility of the budget for the audit being overspent as was the case in the previous financial year.
3. It is recommended that the Council takes note of the Auditor-General 2024/2025 engagement letter and audit strategy.

RECOMMENDATION TO COUNCIL:

It is recommended that the Council takes note of the Auditor-General 2024/2025 engagement letter and audit strategy.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously resolved as follows:

Council noted the Auditor-General 2024/2025 engagement letter and audit strategy.

For finalization by the Chief Audit Executive, Mr. A Opperman.

ITEM TITLE**C246/2025 OFFICE OF THE MUNICIPAL MANAGER: DEPARTMENT INTERNAL
AUDIT: REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE**

[English version of the report is the original]

FILE NUMBER

3/2/17/3

PURPOSE OF REPORT

The purpose of the report is to inform the Council of the reports of Internal Audit that was presented to the Municipal Public Accounts Committee (MPAC) Meeting of 26 August 2025.

BACKGROUND

According to the MPAC Terms of Reference, as approved by Council on 25 February 2025, Section 7.1: "In accordance with the provisions of section 79A(4) of the Municipal Structures Amendment Act 2021, reports of the MPAC must be submitted to the Speaker who must table such reports in the next meeting of Municipal Council."

According to the Municipal Structures Amendment Act No.3 of 2021:

79A. (1) A municipal council must establish a committee called the municipal public accounts committee.

(3) The municipal council must determine the functions of the municipal public accounts committee, which must include the following:

- (a) review the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal council;
- (b) review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council;

(4) Reports of the municipal public accounts committee must be submitted to the speaker who must table such reports in the next meeting of the municipal council.

DISCUSSION

This item was submitted to the Speaker for approval before submission to Council and the Speaker approved the item for submission to Council on 14 September 2025.

The following Internal Audit reports were presented at the MPAC meeting of 26 August 2025:

- Cash Management and Investment Audit
- Performance Management Third Quarter 2024/2025 Audit
- Supply Chain Management Audit 1 November 2024 – 31 January 2025
- Auditor General Report Follow-up
- Internal Audit Follow-up Report Third Quarter 2024/2025

In the Internal Audit reports tabled to MPAC:

- 15 findings were made.
- 1 of these findings was regarded as significant (serious).
- 14 findings were regarded as housekeeping (minor transgressions which could easily be rectified) and remains the responsibility of administration to address.

The status of these findings is included in the Internal Audit Follow-up reports and are reported to MPAC on a quarterly basis.

The MPAC considered the comments of the Management Committee and the Performance- and Audit Committee on all these reports presented.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

None.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Municipal Structures Amendment Act No.3 of 2021.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended that Council take note that the Internal Audit reports, together with the comments of the Management Committee and the Performance- and Audit Committee were presented to the Municipal Public Accounts Committee Meeting, and the following resolutions were made by the Municipal Public Accounts Committee Meeting on 26 August 2025:

1. **Cash Management and Investment Audit: Consequence management must be applied where there is repeated non-compliance.**

2. **Supply Chain Management Audit 1 November 2024 – 31 January 2025:** Control and accountability should be strengthened. That disciplinary steps be taken when negligence on repeated non-compliance is evident. That unresolved findings be escalated to Council with clear explanations. Risks with regard to Supply Chain Management, as per internal audit reports, should be included in the risk registers. A detailed report on Finding 6 (Possible awards to incorrect bidders) should be submitted to MPAC.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously resolved as follows:

Council noted the Internal Audit reports, together with the comments of the Management Committee and the Performance- and Audit Committee were presented to the Municipal Public Accounts Committee Meeting, and the following resolutions were made by the Municipal Public Accounts Committee Meeting on 26 August 2025:

1. **Cash Management and Investment Audit: Consequence management must be applied where there is repeated non-compliance.**
2. **Supply Chain Management Audit 1 November 2024 – 31 January 2025:** Control and accountability should be strengthened. That disciplinary steps be taken when negligence on repeated non-compliance is evident. That unresolved findings be escalated to Council with clear explanations. Risks with regard to Supply Chain Management, as per internal audit reports, should be included in the risk registers. A detailed report on Finding 6 (Possible awards to incorrect bidders) should be submitted to MPAC.

For finalization by the Chief Audit Executive, Mr A Opperman.

ITEM TITLE

**C247/2025 OFFICE OF THE MUNICIPAL MANAGER: DEPARTMENT INTERNAL
AUDIT: PERFORMANCE- AND AUDIT COMMITTEE REPORT 1 JULY
2024 – 30 JUNE 2025**

[English version of the report is the original]

FILE NUMBER

3/2/5/R

PURPOSE OF REPORT

The purpose of the report is to report to Council on the functions of the Performance- and Audit Committee (PAC) performed for the period 1 July 2024 – 30 June 2025.

BACKGROUND

According to the MFMA (Municipal Financial Management Act) No.56 of 2003, Section 166 (2):

- (2) An audit committee is an independent advisory body which must-
- (a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to-
- i. internal financial control and internal audits;
 - ii. risk management;
 - iii. accounting policies;
 - iv. the adequacy, reliability and accuracy of financial reporting and information;
 - v. performance management;
 - vi. effective governance;
 - vii. compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
 - viii. performance evaluation; and
 - ix. any other issues referred to it by the municipality or municipal entity;

DISCUSSION

The revised Performance- and Audit Committee Charter was approved by Council on 30 April 2024.

Paragraph 3(c) of the Charter states: The objectives of the PAC, as an assurance provider to Council are covered in legislation and are amongst others: To report to Council on a quarterly basis regarding activities of the PAC and to present the PAC's annual report.

The Annual PAC report for the period 1 July 2024 – 30 June 2025 is attached to this item.

COMMENTS FROM THE OFFICE OF THE MUNICIPAL MANAGER

Recommendation is supported.

COMMENTS FROM THE DIRECTORATE CORPORATE SERVICES

Supported.

COMMENTS FROM THE DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING

None.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

None.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Municipal Financial Management Act, No.56 of 2003, Section 166(2).

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

COMMENTS FROM LEGAL SERVICES

The item is supported.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended that Council takes note of the Performance- and Audit Committee Report for the period 1 July 2024 – 30 June 2025.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously resolved as follows:

Council noted the Performance- and Audit Committee Report for the period 1 July 2024 – 30 June 2025.

For finalization by the Chief Audit Executive, Mr. A Opperman.

ITEM TITLE**C248/2025 OFFICE OF THE MUNICIPAL MANAGER: DEPARTMENT INTERNAL
AUDIT: REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE**

[English version of the report is the original]

FILE NUMBER

3/2/17/3

PURPOSE OF REPORT

The purpose of this report is to inform the Council of the reports of Internal Audit that were presented to the Municipal Public Accounts Committee (MPAC) Meeting of 9 October 2025.

BACKGROUND

According to the MPAC Terms of Reference, as approved by Council on 25 February 2025, Section 7.1: "In accordance with the provisions of section 79A(4) of the Municipal Structures Amendment Act 2021, reports of the MPAC must be submitted to the Speaker who must table such reports in the next meeting of Municipal Council."

According to the Municipal Structures Amendment Act No.3 of 2021:

79A. (1) A municipal council must establish a committee called the municipal public accounts committee.

(3) The municipal council must determine the functions of the municipal public accounts committee, which must include the following:

- (a) review the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal council;
- (b) review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council;

(4) Reports of the municipal public accounts committee must be submitted to the speaker who must table such reports in the next meeting of the municipal council.

DISCUSSION

This item was submitted to the Speaker for approval before submission to Council and the Speaker approved the item for submission to Council on 14 October 2025.

The following Internal Audit reports were presented at the MPAC meeting of 9 October 2025:

- Supply Chain Management Audit 1 November 2023 – 31 January 2024
- Risk Management Audit
- Division of Revenue Audit
- Ad Hoc Investigation Creditors Ageing
- Supply Chain Management Audit 1 February 2025 – 30 April 2025
- 2024/2025 Year-End Stock Counts Report
- Internal Audit Follow-up Report Fourth Quarter 2024/2025

In the Internal Audit reports tabled to MPAC:

- 30 findings were made.
- 8 of these findings were regarded as significant (serious).
- 22 findings were regarded as housekeeping (minor transgressions which could easily be rectified) and remains the responsibility of administration to address.

The status of these findings is included in the Internal Audit Follow-up reports and are reported to MPAC on a quarterly basis.

The MPAC considered the comments of the Management Committee and the Performance- and Audit Committee on all these reports presented.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

None.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Municipal Structures Amendment Act No.3 of 2021.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Council take note that the Internal Audit reports, together with the comments of the Management Committee and the Performance- and Audit Committee, were presented to the Municipal Public Accounts Committee Meeting and the following resolution was made by the Municipal Public Accounts Committee Meeting on 9 October 2025:

- 1. That all MPAC Members, including Secundi's should be invited to attend Performance- and Audit Committee meetings.**

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously resolved as follows:

Council noted the Internal Audit reports, together with the comments of the Management Committee and the Performance- and Audit Committee, were presented to the Municipal Public Accounts Committee Meeting and the following resolution was made by the Municipal Public Accounts Committee Meeting on 9 October 2025:

- 1. That all MPAC Members, including Secundi's should be invited to attend Performance- and Audit Committee meetings.**

For finalization by the Chief Audit Executive, Mr. A Opperman.

ITEM TITLE

65

C249/2025 OFFICE OF THE MUNICIPAL MANAGER: INDEPENDENT EXTERNAL CHAIRPERSON AS PER PUBLIC SECTOR RISK MANAGEMENT FRAMEWORK

[English version of the report is the original]

FILE NUMBER

5/14/2/R

PURPOSE OF REPORT

To inform management based on the internal audit findings about the independent external chairperson for FARMCO as guided by Public Sector Risk Management Framework.

BACKGROUND

The purpose of the FARMCO is to assist the Accounting Officer, Council and the Audit Committee in discharging their accountability for risk management by formulate, promote and review the risk management objectives, strategy and policy and to monitor the process at all levels of the Municipality that will enhance its ability to achieve strategic object and providing recommendations for improvement, therefore Municipal Manager cannot be the chairperson of the FARMCO.

DISCUSSION

According to the TWK Fraud and Risk Management Committees (FARMCO) Terms of Reference sections 2 the Municipal Manager is the chairperson of FARMCO, However the TWK Risk Management Strategy, Paragraph 4 determined that:

The following frameworks provide the recommended practice guidelines for the FARMCO regarding risk management: Chapter 13 of the Public Sector Risk Management Framework (PSRMF).

According to Chapter 13, section 24 (3) of the PSRMF: The chairperson of the Risk Management Committee should be an independent external person, appointed by the Accounting Officer / Authority.

Therefore, based on the FARMCO Terms of Reference seems not in agreement with the PSRMF guidelines on the appointment of the municipal manager as chairperson of FARMCO.

COMMENTS FROM THE OFFICE OF THE MUNICIPAL MANAGER

Please check the regulation or council policy with regard to the remuneration of independent chairpersons of council committees.

COMMENTS FROM THE DIRECTORATE CORPORATE SERVICES

The legislative documents (Chapter 13 of the PSRMF and ToR of FARMCO) should be attached to the report for easy reference. The Budget Allocation for the appointment of the independent chairperson as per the recommendation should also be added or attached in order to give input.

COMMENTS FROM THE DIRECTORATE TECHNICAL AND INFRASTRUCTURE IMPLEMENTATION SERVICES

The content of the report is noted. The author must before the council is opted to make a decision on the above-mentioned and have the financial implication should council opt for the external chairperson. Secondly, in terms of a guideline it is merely to give direction to council, but it is not a regulation and thus not enforceable if it proves to be not affordable to council.

COMMENTS FROM THE DIRECTORATE COMMUNITY SERVICES (OPERATIONAL)

Item supported to ensure compliance with the relevant statutory laws.

ADDITIONAL COMMENTS FROM ITEM AUTHOR

Terms of Appointment

Appointment will be made for a period of 3 years. This is not a full-time appointment. The Fraud and Risk Management Committee has 4 statutory meetings per annum and additional may be convened by the Chairperson as deemed necessary by the Committee or Accounting Officer.

Remuneration

Compensation will be in accordance with rates as determined by National Treasury. Schedules in this regard are issued annually with specific hourly or daily rates. All other refundable expenses are based on the Municipality's related policies in line with the National Treasury guidelines.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

Fund needs to be made available for an appointment of an independent chairperson.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Theewaterskloof Risk Management Policy

Theewaterskloof Anti-Corruption and Fraud Prevention Policy

Public Sector Risk Management Framework (PSRMF)

COMMENTS FROM INTERNAL AUDIT

The independent external FARMCO chairperson is supported, however it cannot be the PAC member attending FARMCO as the member represents the PAC and members of the PAC can only advise the council, whilst the FARMCO chairperson will have to make decisions on risks identified. Council will probably have to budget and make provisions on the organigram for such paid independent external chairperson.

It is recommended that assistance be sought from Provincial Government and neighbouring municipalities on how they manage this position.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

COMMENTS FROM LEGAL SERVICES

The recommendations are supported.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended:

1. That Management supports the appointment of the independent external chairperson.
2. That the Performance- and Audit Committee supports the appointment.
3. That Council grants approval and gives authority to the Municipal Manager to advertise and facilitate the process of the appointment of the independent Chairperson.
4. That Council approves the budget allocation for the appointment of the independent chairperson.

RESOLVED BY MANAGEMENT: 08 MAY 2025

Management resolved that the agenda-item be referred back to seek assistance from Provincial Government and neighboring municipalities on how they manage this position.

1. *Agenda-item be referred back.*
2. *For finalization by the Risk Management Officer, Ms. N Dayeni.*

COMMENTS BY ITEM AUTHOR:

As per the resolution that was taken on the 8th of May 2025, research was conducted into the municipalities within the Overberg District regarding the position of an independent external chairperson. The findings are as follows: Overstrand Municipality and Cape Agulhas Municipality both municipalities have independent external chairpersons appointed, and Overberg District Municipality has an Audit Committee member who serves as a chairperson in the meeting.

RECOMMENDATION BY MANAGEMENT TO THE PERFORMANCE- AND AUDIT COMMITTEE: 17 JULY 2025

1. Management supports the appointment of the independent external chairperson.

It is recommended:

2. That the Performance- and Audit Committee supports the appointment.
3. That Council grants approval and gives authority to the Municipal Manager to advertise and facilitate the process of the appointment of the independent Chairperson.
4. That Council considers the budget allocation for the appointment of the independent chairperson.

RECOMMENDATION BY THE PERFORMANCE AND AUDIT COMMITTEE TO COUNCIL: 12 SEPTEMBER 2025

1. The Performance- and Audit Committee supports the appointment.

It is recommended:

2. That Council grants approval and gives authority to the Municipal Manager to advertise and facilitate the process of the appointment of the independent Chairperson.
3. That Council considers the budget allocation for the appointment of the independent chairperson.

RECOMMENDATION TO COUNCIL:

It is recommended:

1. That Council grants approval and gives authority to the Municipal Manager to advertise and facilitate the process of the appointment of the independent Chairperson.
2. That Council considers the budget allocation for the appointment of the independent chairperson.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor H Linnerts, and seconded by Alderman LM de Bruyn, it was resolved as follows:

1. **Council grants approval and gives authority to the Municipal Manager to advertise and facilitate the process of the appointment of the independent Chairperson.**
2. **Council considered the budget allocation for the appointment of the independent chairperson.**

For finalization by the Risk Management Officer, Ms. N Dayeni.

ITEM TITLE

C250/2025 DIRECTORATE CORPORATE SERVICES: DEPARTMENT ADMINISTRATION: CONSIDERATION BY COUNCIL TO APPOINT A MEMBER TO THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) AS A REPLACEMENT FOR COUNCILLOR J SMIT AND A SECUNDI FOR THE OPPOSITION

[English version of the report is the original]

FILE NUMBER

3/2/17/1

PURPOSE / AIM OF REPORT

The purpose of this report is for Council to consider the appointment of a Member to the Municipal Public Accounts Committee as a replacement for Councillor J Smit and a secundi for the Opposition.

BACKGROUND

During the Council Meeting of 28 November 2028, Council resolves as follows by Council Resolution C215/2024:

"2. Council appoints the following Councillors as MPAC Chairperson and Members:

- Councillor M Gana [Chairperson]
- Councillor PJ Stander [Member]
- Councillor J Smit [Member]

Secundi: Councillor M Botes"

During the Council Meeting of 07 August 2025, Council resolved as follows by Council Resolution C205/2025:

"Council resolves to appoint Councillor TB Zimmermann as a fourth Member of the Municipal Public Accounts Committee (MPAC)."

DISCUSSION

On 15 September 2025 Councillor J Smit forwarded an email to Alderman S Fredericks, Councillor CA Benjamin and Councillor C Cloete regarding his resignation as a Member of MPAC with immediate effect.

Councillor Smit also forwarded the email on 18 September 2025 to Councillor P Stander who forwarded it to the Office of the Speaker.

The email was also forwarded to the Municipal Manager on 18 September 2025.

When Council appoints Councillor TB Zimmermann as a Member of MPAC on 07 August 2025, no secundi was appointed from the Opposition for Councillor Zimmermann.

FINANCIAL IMPLICATIONS

No financial impact on the municipality.

LEGISLATIVE IMPLICATIONS

Section 79A of the Municipal Structures Amendment Act 2021

- (1) A municipal council must establish a committee called the municipal public accounts committee.
- (2) The mayor or executive mayor, deputy mayor or executive deputy mayor, any member of the executive committee, any member of the mayoral committee, speaker, whip and municipal officials are not allowed to be members of the municipal public accounts committee.
- (3) The municipal council must determine the functions of the municipal public accounts committee, which must include the following:
 - (a) review the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal council;
 - (b) review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council;
 - (c) initiate and develop the oversight report on annual reports contemplated in section 129 of the Local Government: Municipal Finance Management Act;
 - (d) attend to and make recommendations to the municipal council on any matter referred to it by the municipal council, executive committee, a committee of the council, a member of this committee, a councillor and the municipal manager; and
 - (e) on its own initiative, subject to the direction of the municipal council, investigate and report to the municipal council on any matter affecting the municipality.
- (4) Reports of the municipal public accounts committee must be submitted to the speaker who must table such reports in the next meeting of the municipal council.
- (5) (a) For the purposes of this section 'audit committee' means the audit committee envisaged in section 166 of the Local Government Municipal: Finance Management Act.
(b) Each municipality and each municipal entity must establish an audit committee in accordance with that section."

RISK MANAGEMENT IMPLICATIONS

None.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

1. That Council notes the content of the report.
2. That Council resolves to appoint Aldm/Cllr as a Member of the Municipal Public Accounts Committee (MPAC) as a replacement for Councillor J Smit.
3. That Council resolves to appoint Aldm/Cllr as a secundi from the Opposition.

DISCUSSION DURING THE MEETING:

Councillor H Linnerts requested a 30-minute caucus break which was granted by the Speaker.

After the caucus break Councillor H Linnerts proposed that the agenda-item be referred back for the Coalition to have a proper caucus regarding this item.

Proposal was seconded by Councillor PJ Stander.

RECOMMENDATION BY COUNCIL: 13 OCTOBER 2025

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

That the agenda-item be referred back to allow the Coalition the opportunity to caucus on the content of the item and that the agenda-item be represented at the next Council Meeting.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

1. That Council notes the content of the report.
2. That Council resolves to appoint Aldm/Cllr as a Member of the Municipal Public Accounts Committee (MPAC) as a replacement for Councillor J Smit.
3. That Council resolves to appoint Aldm/Cllr as a secundi from the Opposition.

DISCUSSION DURING THE MEETING

Alderman MR Nongxaza requests a 30-minute caucus break which were granted by the Speaker.

After the caucus break Alderman MR Nongxaza propose the following:

Alderman BB Mkhwibiso as a member of the Municipal Public Accounts Committee as a replacement for Councillor J Smit.

Proposal was seconded by Councillor TP Lemina.

Alderman S Fredericks submits the following counter-proposal: Councillor DA Jacobs as a member of the Municipal Public Accounts Committee as a replacement for Councillor J Smit.

Counter -Proposal was second by Councillor M Botes.

The voting process started, and each councillor indicated whether they vote for 1. Proposal by Alderman MR Nongxaza and seconded by Councillor TP Lemina or 2. The Counter - proposal by Alderman S Fredericks seconded by Councillor M Botes.

The result of the voting process is as follows:

Proposal by Alderman MR Nongxaza and seconded by Councillor TP Lemina = 10 votes.

Counter Proposal by Alderman S Fredericks and seconded by Councillor M Botes = 15 votes.

Councillor TB Zimmermann abstains from the voting process.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks, and seconded by Councillor M Botes, it was resolved as follows:

- 1. Council noted the content of the report.**
- 2. Council resolved to appoint Councillor DA Jacobs as a Member of the Municipal Public Accounts Committee (MPAC) as a replacement for Councillor J Smit.**
- 3. Council resolved to appoint Councillor C Smith as a secundi from the Opposition.**

For finalization by the Manager: Corporate Services, Ms M Faul.

ITEM HEADING

**C251/2025 DIRECTORATE CORPORATE SERVICES: DEPARTMENT
ADMINISTRATION: CLOSURE OF MUNICIPAL OFFICES FOR THE
PERIOD 29 DECEMBER 2025 TO 02 JANUARY 2026**

[English version of the report is the original]

FILE NUMBER

4/8/1

PURPOSE / AIM OF REPORT

That Council considers whether the municipal offices of Theewaterskloof Municipality are to be closed for business for the period 29 December 2025 to 02 January 2026.

BACKGROUND

During a Council meeting held on 28 November 2024, Council resolved the following as per Council Resolution C205/2024:

- "1. Council grants approval that all municipal offices, traffic offices and libraries be closed for the period Friday, 27 December 2024 to Friday, 03 January 2025.**
- 2. That all operations of the Council be resumed on Monday, 06 January 2025.**
- 3. That special leave be granted to all Officials for the period 27 December 2024 to 03 January 2025 while the offices are closed.**
- 4. That 5 days special leave be added to the leave of the Officials who need to perform essential services for the period 27 December 2024 to 03 January 2025.**
- 5. That the municipal offices, traffic centres and libraries close at 12:00 on Tuesday, 24 December 2024 and that the respective cashiers close off transactions at 11:00.**
- 6. That the salaries in respect of December 2024 be paid to Councillors and Officials on Thursday, 19 December 2024.**
- 7. That all essential services, as defined in the essential services agreement, may not be interrupted during the aforementioned period.**
- 8. That the approval is valid for this year only and that the closure of the offices will be reconsidered every year."**

Point 8 of the resolution is important in this regard.

DISCUSSION

Council needs to take a decision whether the municipal offices, traffic centres and libraries will be closed for the period from Monday, 29 December 2025 until Friday, 02 January 2026 (4 working days).

FINANCIAL RESPONSIBILITY

None.

LEGAL RESPONSIBILITY

None.

RISK MANAGEMENT IMPLICATION

None.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended:

1. That Council grants approval that all municipal offices, traffic offices and libraries be closed for the period Monday, 29 December 2025 to Friday, 02 January 2026.
2. That all operations of the Council be resumed on Monday, 05 January 2026.
3. That special leave be granted to all Officials for the period 29 December 2025 to 02 January 2026 (4 working days) while the offices are closed.
4. That 5 days special leave be added to the leave of the Officials who need to perform essential services for the period 29 December 2025 to 02 January 2026.
5. That the municipal offices, traffic centres and libraries close at 12:00 on Wednesday, 24 December 2025 and that the respective cashiers close off transactions at 11:00.
6. That the salaries in respect of December 2025 be paid to Councillors and Officials on Monday, 22 December 2025.
7. That all essential services, as defined in the essential services agreement, may not be interrupted during the aforementioned period.
8. That the approval is valid for this year only and that the closure of the offices will be reconsidered every year.

RECOMMENDATION BY THE EMC TO COUNCIL: 10 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman C Clayton and seconded by Alderman S Fredericks, it was recommended as follows:

1. That the municipal offices, traffic centres and libraries will not be closed for the period Monday, 29 December 2025 to Friday, 02 January 2026, taking the Financial Recovery Plan of the Municipality into consideration.
2. That the municipal offices, traffic centres and libraries close at 12:00 on Wednesday, 24 December 2025 and Wednesday, 31 December 2025 and that the respective cashiers close off transactions at 11:00.
3. That the salaries in respect of December 2025 be paid to Councillors and Officials on Monday, 22 December 2025.
4. That the possible closure of the offices will be reconsidered every year.

RECOMMENDATION TO COUNCIL:

It is recommended:

1. That the municipal offices, traffic centres and libraries will not be closed for the period Monday, 29 December 2025 to Friday, 02 January 2026, taking the Financial Recovery Plan of the Municipality into consideration.
2. That the municipal offices, traffic centres and libraries close at 12:00 on Wednesday, 24 December 2025 and Wednesday, 31 December 2025 and that the respective cashiers close off transactions at 11:00.
3. That the salaries in respect of December 2025 be paid to Councillors and Officials on Monday, 22 December 2025.
4. That the possible closure of the offices will be reconsidered every year.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks, and seconded by Alderman DA Appel, it was resolved as follows:

1. Council grants approval that all municipal offices, traffic offices and libraries be closed for the period Wednesday, 24 December 2025 to Friday, 02 January 2026.
2. That all operations of the Council be resumed on Monday, 05 January 2026.
3. That the salaries in respect of December 2025 be paid to Councillors and Officials on Monday, 22 December 2025.

4. That all essential services, as defined in the essential services agreement, may not be interrupted during the aforementioned period.
5. That the approval is valid for this year only and that the closure of the offices will be reconsidered every year.

For finalization by the Manager: Corporate Services, Ms M Faul.

ITEM TITLE

**C252/2025 DIRECTORATE CORPORATE SERVICES: DEPARTMENT
ADMINISTRATION: COUNCILLORS IN RECESS DURING
DECEMBER 2025/JANUARY 2026 SCHOOL HOLIDAYS**

[English version of the report is the original]

FILE NUMBER

3/2/1/R

PURPOSE/AIM OF REPORT

To grant approval for the full Council and EMC to take a recess during the December 2025/January 2026 school holidays as per the request of the Speaker, Councillor WH Wells.

BACKGROUND

Council and the EMC annually take a recess during the December/January school holiday period as it was found in the past that several councillors are not available during this period due to the school holidays.

DISCUSSION

In view of the above, the opinion is held that Council should consider approving that Council and the EMC take a recess for the period from Monday, 08 December 2025 until and including Friday, 09 January 2026 and that all Council activities resume on Monday, 12 January 2025.

FINANCIAL IMPLICATIONS

None.

LEGAL IMPLICATIONS

The functioning of the Municipality as well as service delivery will not be adversely affected during the recess period.

RISK MANAGEMENT IMPLICATION

Not applicable.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

1. That Council notes the content of the report.
2. That Council grants approval that Council and the EMC takes a recess during the December 2025/January 2026 school holidays from Monday, 08 December 2025 until and including Friday, 09 January 2026 and that all activities of the full Council resume on Monday, 12 January 2026.
3. That urgent matters be dealt with by the Municipal Manager, as the delegated body, in consultation with the Executive Mayor and his Committee, within the applicable policies of Council to ensure that service delivery is not adversely affected during the recess period.
4. That in urgent cases, in which the Executive Mayor and his Committee do not have full powers, the Executive Mayor be mandated to consult with the caucus leaders of all the Political Parties, concerning those matters.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks, and seconded by Alderman MR Nongxaza, it was resolved as follows:

1. Council noted the content of the report.
2. Council grants approval that Council and the EMC takes a recess during the December 2025/January 2026 school holidays from Monday, 08 December 2025 until and including Friday, 09 January 2026 and that all activities of the full Council resume on Monday, 12 January 2026.
3. That urgent matters be dealt with by the Municipal Manager, as the delegated body, in consultation with the Executive Mayor and his Committee, within the applicable policies of Council to ensure that service delivery is not adversely affected during the recess period.
4. That in urgent cases, in which the Executive Mayor and his Committee do not have full powers, the Executive Mayor be mandated to consult with the caucus leaders of all the Political Parties, concerning those matters.

For finalization by the Manager: Corporate Services, Ms M Faul.

ITEM HEADING

**C253/2025 DIRECTORATE CORPORATE SERVICES: DEPARTMENT
ADMINISTRATION: PUBLIC PARTICIPATION PLAN 2025/ 2026**

[English version of the report is the original]

FILE NUMBER

5/1/4

PURPOSE OF THE REPORT

To submit to Council the Public Participation Plan for 2025/2026 in the Theewaterskloof Municipal Area for approval.

BACKGROUND

The Policy Framework on Public Participation has been compiled to provide for mechanisms by which the public may participate in the affairs of the Municipality and to clarify roles and responsibilities of all the role players and interested parties.

In terms of the Policy Framework on Public Participation, the Office of the Speaker is responsible for co-ordinating and monitoring all Public Participation processes in the Municipality. Furthermore, it requires that an Annual Programme (Public Participation Plan) be drafted for all Public Participation processes for approval by Council by the end of each year.

DISCUSSION

It is important for Council to consult or keep the community informed of certain issues in the municipality. It is also important for Councillors and Officials to know when to consult the community.

The aim of the Public Participation plan is thus to ensure that:

1. Public participation is conducted in a structured manner.
2. Councillors and Officials are aware of public participation initiatives in the municipality.
3. Related issues such as the Integrated Development Plan (IDP), Performance Management System (PMS), Local Economic Development (LED) and Budget are dealt with simultaneously.

Public Participation Plan is attached as Annexure A

FINANCIAL IMPLICATIONS

None.

LEGISLATIVE IMPLICATIONS

- Chapter 4 of the Municipal Systems Act 32 of 2000
- Policy Framework on Public Participation

RISK MANAGEMENT IMPLICATIONS

None.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended:

1. That Council takes note of the content of the report.
2. That Council approves the Public Participation Plan for the Theewaterskloof Municipal Area in terms of the 2025/ 2026 financial year.
3. That the approved Public Participation Plan be forwarded to the Ward Committees for their cognizance.

RECOMMENDATION BY THE EMC TO COUNCIL: 10 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks and seconded by Councillor Y van Tonder, it was recommended as follows:

1. That Council takes note of the content of the report.
2. That Council approves the Public Participation Plan for the Theewaterskloof Municipal Area in terms of the 2025/ 2026 financial year.
3. That the approved Public Participation Plan be forwarded to the Ward Committees for their cognizance.

RECOMMENDATION TO COUNCIL:

It is recommended:

1. That Council takes note of the content of the report.
2. That Council approves the Public Participation Plan for the Theewaterskloof Municipal Area in terms of the 2025/ 2026 financial year.
3. That the approved Public Participation Plan be forwarded to the Ward Committees for their cognizance.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks, and seconded by Alderman C Clayton, it was resolved as follows:

- 1. Council noted the content of the report.**
- 2. Council approves the Public Participation Plan for the Theewaterskloof Municipal Area in terms of the 2025/ 2026 financial year.**
- 3. That the approved Public Participation Plan be forwarded to the Ward Committees for their cognizance.**

For finalization by the Manager: Corporate Services, Ms M Faul.

Councillor M Botes excused herself for the discussion of this agenda-item.

ITEM TITLE

C254/2025 OFFICE OF THE SPEAKER: ALLEGED BREACH OF CODE OF CONDUCT FOR COUNCILLORS BY COUNCILLOR M BOTES

[English version of the report is the original]

FILE NUMBER

3/3/3

PURPOSE OF REPORT

The aim of the report is to inform Council regarding the allegations of a breach of the Code of Conduct for Councillors by Councillor M Botes, for consideration by Council.

BACKGROUND

Addition of Schedule 7 to Act 117 of 1998 (Local Government: Municipal Structures Act, 1998) as per Local Government: Municipal Structures Amendment Act, 2021 (the Code of Conduct for Councilors) stipulates as follows:

“ 2. General conduct of councilors

A Councillor must –

- (a) perform the functions of office in good faith, honestly and in a transparent manner; and*
- (b) at all times act in the best interest of the municipality and in such a way that the credibility and integrity of the municipality are not compromised.”*

The duty of the Speaker of the Council in so far as the Code of Conduct of Councillors is concerned, is embedded in Item 15 of Schedule 7 to Act 117 of 1998 (Local Government: Municipal Structures Act, 1998) as per Local Government: Municipal Structures Amendment Act, 2021 and reads as follows:

15. Breaches of Code –

- (1) If the speaker of a municipal council, on reasonable suspicion, is of the opinion that a provision of this Code has been breached, the speaker must -
 - (a) authorise an investigation of the facts and circumstances of the alleged breach;
 - (b) give the councillor a reasonable opportunity to reply in writing regarding the alleged breach; and
 - (c) report the matter to a meeting of the municipal council after paragraphs (a) and (b) have been complied with.
- (2) A report in terms of subitem (1)(c) is open to the public.
- (3) The speaker must report the outcome of the investigation to the MEC of local government in the province concerned.

The allegations by Animal Welfare in the Overberg, indicate that Councillor M Botes disregarded the Code of Conduct for Councillors.

DISCUSSION

On 2 September 2025, it was brought to the Speaker's attention that Councillor M Botes did not act in the best interest of the municipality, specifically with regard to her involvement in a social media statement. The complaint was lodged by Animal Welfare in Overberg. The letter of complaint, and the Speaker's acknowledgement of receipt to the Complainant, is hereto attached as Annexure A.

In the execution of his duties as referred to above, the Speaker requested Councillor M Botes to provide comments on the matter on 5 September 2025. The letter of the Speaker is hereto attached as Annexure B. Councillor M Botes responded within the given timeframe. The response of Councillor M Botes is hereto attached as Annexure C.

After careful consideration of the facts and circumstances of the allegations and also after receiving legal advice in the matter, the Speaker is of the opinion that there are not sufficient grounds for referring the matter to a Special Committee or an External Investigator for further investigation. The Speaker is therefore of the opinion that the case should be closed and that the complainant be informed of the outcome of the investigation.

FINANCIAL RESPONSIBILITY

None.

LEGAL RESPONSIBILITY

Municipal Systems Amendment Act, Act 3 of 2021 (Schedule 7 – Code of Conduct for Councillors).

RISK MANAGEMENT IMPLICATION

None.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

- 1. That Council takes cognisance of the content of the report.**
- 2. That Council takes cognizance of the processes which were followed by the Speaker in terms of Section 15(1)(a) and (b) of Schedule 7 (Code of Conduct for Councillors).**
- 3. That Council notes that as Section 15(1)(a) and (b) of Schedule 7 has been complied with, the Speaker now presents the facts and relevant information of the alleged breaches to Council in terms of Section 15(1)(c) of Schedule 7.**

4. **That the Speaker reports the outcome of the investigation to the MEC of Local Government.**

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman DA Appel, and seconded by Alderman MR Nongxaza, it was resolved as follows:

1. **Council noted the content of the report.**
2. **Council takes cognizance of the processes which were followed by the Speaker in terms of Section 15(1)(a) and (b) of Schedule 7 (Code of Conduct for Councillors).**
3. **Council noted that as Section 15(1)(a) and (b) of Schedule 7 has been complied with, the Speaker now presents the facts and relevant information of the alleged breaches to Council in terms of Section 15(1)(c) of Schedule 7.**
4. **That the Speaker reports the outcome of the investigation to the MEC of Local Government.**

Councillor M Botes return back to the Council Chambers.

For finalization by the Manager Corporate Services, Ms M Faul.

ITEM TITLE

C255/2025 OFFICE OF THE SPEAKER: ALLEGED BREACH OF THE RULES OF ORDER FOR MEETINGS OF COUNCIL AND COMMITTEES OF THEEWATERSKLOOF MUNICIPALITY BY ALDERMAN D APPEL

[English version of the report is the original]

FILE NUMBER

3/3/3

PURPOSE OF REPORT

The aim of the report is to inform Council regarding the allegations of a breach of the Rules of Order for Meetings of Council and Committees of the Theewaterskloof Municipality, by Alderman D Appel, for consideration by Council.

BACKGROUND

Rule 29(2) of the Rules of Order for Meetings of Council and Committees of the Theewaterskloof Municipality stipulates as follows:

- (2) A councillor has freedom of speech in any meeting of the Council and in any committee of which the councillor is a member in accordance with section 28 of the Structures Act and section 2 of the Western Cape Privileges and Immunities of Councillors Act, 2011 (Act 7 of 2011): Provided that the councillor must—
- (a) confine the councillor's speech to municipal matters;
 - (b) avoid personal attacks on other councillors; and
 - (c) refrain from defaming another councillor, a person or an institution.

The duty of the Speaker of the Council in so far as the Code of Conduct of Councillors is concerned, is embedded in Item 15 of Schedule 7 to Act 117 of 1998 (Local Government: Municipal Structures Act, 1998) as per Local Government: Municipal Structures Amendment Act, 2021 and reads as follows:

15. Breaches of Code –

- (1) If the speaker of a municipal council, on reasonable suspicion, is of the opinion that a provision of this Code has been breached, the speaker must -
- (a) authorise an investigation of the facts and circumstances of the alleged breach;
 - (b) give the councillor a reasonable opportunity to reply in writing regarding the alleged breach; and
 - (c) report the matter to a meeting of the municipal council after paragraphs (a) and (b) have been complied with.

- (2) A report in terms of subitem (1)(c) is open to the public.
- (3) The speaker must report the outcome of the investigation to the MEC of local government in the province concerned.

The allegations by Councillor C Cloete, indicate that Alderman D Appel disregarded the Rules of Order for Meetings of Council and Committees of Theewaterskloof Municipality.

DISCUSSION

On 21 April 2025, it was brought to the Speaker's attention that Alderman D Appel, did not act in the best interest of the municipality, specifically with regard to his conduct towards Councillor C Cloete during a Council meeting held on 16 April 2025. The complaint was lodged by Councillor C Cloete. The letter of complaint is hereto attached as Annexure A.

In the execution of his duties as referred to above, the Speaker requested the Alderman D Appel to provide comments on the matter on 30 April 2025 and 19 May 2025. The letter of the Speaker is hereto attached as Annexure B. Alderman D Appel's response, is hereto attached as Annexure C.

In terms of Section 19 of the Constitution of the Republic of South Africa, Councillors enjoy protection for statements made in Council and its Committees. Additionally, Section 28 of the Municipal Structures Act grant Councillors immunity from civil liability for statements made during Council proceedings. The Western Cape Privileges and Immunities of Councillors Act 2011 also reinforces the intention to grant immunity to Councillors in the performance of their duties. Section 29(2) of the Rules of Order for Meetings of Council and Committees of Theewaterskloof Municipality also refers to the freedom of speech of Councillors during meetings based on certain actions that they should refrain from.

These provisions collectively ensure that Councillors have freedom of speech within Council and its Committees, allowing open discussion without fear of civil liability. However, this freedom is not absolute. It is subject to Council rules, orders, and the Code of Conduct for Councillors. Any abuse or disregard for these rules and democratic processes may result in disciplinary action.

In this matter, Councillor Cloete has lodged a complaint alleging that Alderman Appel referred to him as a "white verkrampte boer". Depending on the context, such a statement may or may not constitute an unlawful act. The term "verkrampte" translates to "conservative" in English, and its use is not inherently unlawful.

This alleged incident occurred during a Council meeting. Alderman D Appel, in response to the allegation and as directed by the Speaker, apologized to Councillor Cloete. It is not yet clear whether the apology was accepted by the complainant.

The key question to consider are:

1. Whether the withdrawal of the statement by Alderman D Appel and the subsequent apology negates any potential unlawfulness;

2. Whether the statement constitutes an unlawful act that falls outside the immunity afforded by the legislation

After careful consideration of the facts and circumstances of the allegations the Speaker is of the opinion that there are sufficient grounds for referring the matter to an External Investigator for further investigation.

FINANCIAL RESPONSIBILITY

Fees of External Investigator.

LEGAL RESPONSIBILITY

Municipal Systems Amendment Act, Act 3 of 2021 (Schedule 7 – Code of Conduct for Councillors).

Section 161 of the Constitution of the Republic of South Africa.

The Western Cape Privileges and Immunities of Councillors Act, 2011.

Rules of Order for Meetings of Council and Committees of Theewaterskloof Municipality (Section 29(2)).

RISK MANAGEMENT IMPLICATION

None.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

1. That Council takes cognizance of the content of the report.
2. That Council takes cognizance of the processes which were followed by the Speaker in terms of Section 15(1)(a) and (b) of Schedule 7 (Code of Conduct for Councillors).
3. That Council notes that as Section 15(1)(a) and (b) of Schedule 7 has been complied with, the Speaker now presents the facts and relevant information of the alleged breaches to Council in terms of Section 15(1)(c) of Schedule 7.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks, and seconded by Councillor CT Cloete, it was resolved as follows:

That the charges be withdrawn as Alderman DA Appel did apologize to Councilor CT Cloete and Councillor CT Cloete accepts the apology.

Alderman DA Appel return back to the Council Chambers.

For finalization by the Manager Corporate Services, Ms. M Faul.

ITEM TITLE

C256/2025 DIRECTORATE CORPORATE SERVICES: DEPARTMENT ADMINISTRATION: QUARTERLY REPORT REGARDING RESOLUTIONS TAKEN AT COUNCIL MEETINGS FOR THE 4th QUARTER (01 APRIL 2025 TO 30 JUNE 2025) STILL OUTSTANDING FOR NOTIFICATION AND RESOLUTIONS TAKEN AT COUNCIL MEETINGS FOR THE 1st QUARTER (01 JULY 2025 TO 30 SEPTEMBER 2025 FOR NOTIFICATION AND APPROVAL

[English version of the report is the original]

FILE NUMBER

5/1/3

AIM/PURPOSE OF REPORT

That Council notes the attached schedule reflecting the resolutions taken at Council meetings for the period 01 April 2025 to 30 June 2025 and which is still outstanding, and that Council notes and approves the schedule of resolutions taken at Council meetings for the period 01 July 2025 to 30 September 2025.

BACKGROUND

In terms of Corporate Services Departmental Service Delivery and Budget Implementation Plan (SDBIP), a report on all decisions taken during Council meetings must be submitted to Council for cognizance and approval.

DISCUSSION

After completion of the 1st quarter of the 2025/2026 Service Delivery and Budget Implementation Plan (SDBIP), the schedule of resolutions taken at Council meetings is attached as an annexure to this Agenda-item for notification and approval by the Council.

That the schedule of Council resolutions is still outstanding for the 4th quarter of 2024/2025 is also attached for cognizance of Council.

FINANCIAL IMPLICATIONS

None.

LEGAL IMPLICATIONS

None.

RISK MANAGEMENT IMPLICATIONS

Not applicable.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

1. That the Council notes the schedule of resolutions taken during Council meetings for the 4th quarter of 2024/25 (01 April 2025 to 30 June 2025) and which is still outstanding for finalization.
2. That the Council notes and approves the schedule of resolutions taken during the Council meetings for the 1st quarter of 2025/26 (01 July 2025 to 30 September 2025).

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks, and seconded by Councillor CT Cloete, it was resolved as follows:

1. Council noted the schedule of resolutions taken during Council meetings for the 4th quarter of 2024/25 (01 April 2025 to 30 June 2025) and which is still outstanding for finalization.
2. Council noted and approved the schedule of resolutions taken during the Council meetings for the 1st quarter of 2025/26 (01 July 2025 to 30 September 2025).

For finalization by the Manager Corporate Services, Ms M Faul.

ITEM TITLE

C257/2025 DIRECTORATE CORPORATE SERVICES: DEPARTMENT LEGAL SERVICES: ROLES AND AREAS OF RESPONSIBILITY OF EACH POLITICAL STRUCTURE, POLITICAL OFFICE BEARER AND THE MUNICIPAL MANAGER

[English version of the report is the original]

FILE NUMBER

2/1/1

PURPOSE OF REPORT

That Council approves the reviewed roles and areas of responsibility that have been established for each political structure, political office bearer and the municipal manager.

BACKGROUND

The Local Government: Municipal Systems Act, Act 3 of 2022 (Systems Act) stipulates that a municipality must define the roles and areas of responsibility of key role-players in the municipality.

Section 53 of the Systems Act stipulates:

A municipality must, within the framework of and in accordance with relevant provisions of the Municipal Structures Act, this Act (Local Government: Municipal Structures Act) and other applicable legislation, define the specific roles and areas of responsibility of each political structure and political office bearer of the municipality and of the municipal manager.

DISCUSSION

The existing roles and responsibilities have been reviewed by Legal Department in terms of the amended legislation. The document was thereafter reviewed by the Department: Local Government for review on legislative compliance.

That cognisance be taken by all role-players within the municipality of the reviewed roles and areas of responsibility that have been established for each political structure, political office bearer and the municipal manager.

A workshop in respect of the roles and responsibilities was conducted by Department: Local Government on 28 January 2025. (PowerPoint presentation attached hereto as Annexure B)

The document regarding the roles and areas of responsibility of the key role-players in the municipality is reviewed by the Department of Local Government is attached hereto as Annexure A.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

None.

LEGAL IMPLICATIONS (ITEM AUTHOR)

The Local Government: Municipal Systems Amendment Act, Act 3 of 2022.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Risk that responsible political officer bearer's act outside their role and responsibilities.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

1. That Council approves the reviewed roles and areas of responsibility that have been established for each political structure, political office bearer and the municipal manager, as reviewed by the Legal Department and the Department of Local Government (attached hereto as Annexure A).
2. That Council takes cognisance of that a workshop was conducted in respect of the roles and areas of responsibility that have been established for each political structure, political office bearer and the municipal manager on Tuesday, 28 January 2025 (the relevant PowerPoint Presentation is attached hereto as Annexure B)

RESOLVED BY COUNCIL: 07 AUGUST 2025

Council noted that the Agenda-item has been withdrawn and will not be discussed during the meeting.

1. *Agenda-item referred back.*
2. *For finalization by the Senior Manager: Legal Services, Mr HM Gxoyiya.*

COMMENTS BY ITEM AUTHOR:

The workshop was held in council conducted by the department of Local Government. Council can now take a decision and adopt the policy

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

1. That Council approves the reviewed roles and areas of responsibility that have been established for each political structure, political office bearer and the municipal manager, as reviewed by the Legal Department and the Department of Local Government (attached hereto as Annexure A).

2. That Council takes cognisance of that a workshop was conducted in respect of the roles and areas of responsibility that have been established for each political structure, political office bearer and the municipal manager on Tuesday, 28 January 2025 (the relevant PowerPoint Presentation is attached hereto as Annexure B)

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously resolved as follows:

1. Council approved the reviewed roles and areas of responsibility that have been established for each political structure, political office bearer and the municipal manager, as reviewed by the Legal Department and the Department of Local Government (attached hereto as Annexure A).
2. Council takes cognisance of that a workshop was conducted in respect of the roles and areas of responsibility that have been established for each political structure, political office bearer and the municipal manager on Tuesday, 28 January 2025 (the relevant PowerPoint Presentation is attached hereto as Annexure B)

For finalization by the *Senior Manager: Legal Services, Mr HM Gxoyiya.*

ITEM TITLE

C258/2025 DIRECTORATE TECHNICAL- AND INFRASTRUCTURE IMPLEMENTATION SERVICES: REPORTING ON PERFORMANCE OF CONTRACTORS FOR AUGUST 2025

[English version of the report is the original]

FILE NUMBER

8/2/3/5/5

PURPOSE OF REPORT

KPI 213 of the SDBIP for the Directorate Technical and Infrastructure Services determines the following:

Compile a report on the performance of service providers applicable to the Directorate and submit to Council monthly.

To present a report to Council in terms of the contract and performance management of the Technical Departments contractors for August 2025 to ensure the municipality receives value for money and the contracts are completed on time and within the approved budget.

BACKGROUND

S116 (2) of the Municipal Finance Management Act (no. 56 of 2003) states that: The accounting officer of a municipality or municipal entity must-

1. take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality of municipal entity is properly enforced;
2. monitor on a monthly basis the performance of the contract under the contract or agreement;
3. 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 or agreement; and
4. 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 of agreement and the performance of the contract.

DISCUSSION

Reporting pattern of Technical Services

Department	August 2025
Technical Services	Submitted

Find attached checklists consisting of the summaries done for Technical Services:

Tender no	Service Provider	Blockages	Reason
		No Blockages	

COMMENTS FROM THE DIRECTORATE TECHNICAL AND INFRASTRUCTURE IMPLEMENTATION SERVICES

Recommendation supported.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

Can be found in checklists attached as Annexures. It can be costly to the municipality if reporting is not done correctly.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Chapter 8 Municipal Finance Management Act. 56 of 2003.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that the Council takes cognisance of the report regarding the performance of service providers for the month of August 2025 for the Directorate Technical- and Infrastructure Implementation Services.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman MR Nongxaza and seconded by Alderman DA Appel, it was resolved as follows:

Council noted the report regarding the performance of service providers for the month of August 2025 for the Directorate Technical- and Infrastructure Implementation Services.

For finalization by the Director: Technical and Infrastructure Implementation Services, Mr. H Matthee.

ITEM TITLE**C259/2025 DIRECTORATE TECHNICAL AND INFRASTRUCTURE
IMPLEMENTATION SERVICES: REPORTING ON PERFORMANCE
OF CONTRACTORS FOR SEPTEMBER 2025**

[English version of the report is the original]

FILE NUMBER

8/2/3/5/5

PURPOSE OF REPORT

KPI 213 of the SDBIP for the Directorate Technical and Infrastructure Services determines the following:

Compile a report on the performance of service providers applicable to the Directorate and submit to Council monthly.

To present a report to Council in terms of the contract and performance management of the Technical Departments contractors for September 2025 to ensure the municipality receives value for money and the contracts are completed on time and within the approved budget.

BACKGROUND

S116 (2) of the Municipal Finance management Act (No. 56 of 2003) states that:

The accounting officer of a municipality or municipal entity must -

1. take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality of municipal entity is properly enforced;
2. monitor on a monthly basis the performance of the contract under the contract or agreement;
3. 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 or agreement; and
4. 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.

DISCUSSION

Reporting pattern of Technical Services

Department	September 2025
Technical Services	Submitted

Find attached checklists consisting of the summaries done for Technical Services:

Tender no	Service Provider	Blockages	Reason
		No Blockages	

COMMENTS FROM THE DIRECTORATE TECHNICAL AND INFRASTRUCTURE IMPLEMENTATION SERVICES

Supported.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

Can be found in checklists attached as Annexures. It can be costly to the municipality if reporting is not done correctly.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Chapter 8 Municipal Finance Management Act. 56 of 2003.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended that Council takes cognisance of the report regarding the performance of service providers for the month of September 2025 for the Directorate Technical- and Infrastructure Implementation Services.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman MR Nongxaza and seconded by Alderman DA Appel, it was resolved as follows:

Council noted the report regarding the performance of service providers for the month of September 2025 for the Directorate Technical- and Infrastructure Implementation Services.

*For finalization by the Director: Technical and Infrastructure Implementation Services,
Mr. H Mathee.*

ITEM HEADING

**C260/2025 DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING:
DEPARTMENT PROPERTY MANAGEMENT: TWO A DAY:
APPLICATION TO PURCHASE ROAD ERF 8610 GRABOUW**

[English version of the report is the original]

FILE NUMBER

7/2/3/2/4

PURPOSE / AIM OF REPORT

To submit a report to Council for consideration regarding an application received from TWO A DAY to purchase the road, namely Erf 8610 Grabouw, in order to rectify the historical building encroachment.

BACKGROUND

The rationale behind the submission of the application to purchase a road dividing the properties started way back on the 18 August 1994.

A letter dated 11 August 1994 was received from the Overberg Regional Services Council giving TWO-A-Day notice of Road closure Portion 82 between A and B as depicted in the drawing RL42/38. Marias Muller Attorneys were instructed to oppose the closure on behalf of TAD. In response to the letter from Overberg Regional Services Council explanation of the "Closure" was given meaning that responsibility will be handed over to the Municipality only and that it will not be closed physically.

During 2016 an investigation was instituted to check the possibility of purchasing this piece of roadway as stated above. The reason for investigation was prompted by an ever-increasing flow of traffic at the Main Entrance due to increasing farm production with more and more trucks causing congestion at the main entrance.

The motivation of the purchase of the roadway is to allow the splitting of incoming traffic into two lanes between Heavy duty and Light duty vehicles, hence leaving the congestion. Engagements started with Theewaterskloof Municipality on the 9th of May 2017 (Ref Nr. 7/2/3/2/9). An approval to purchase the road Erf 319 Portion 82 was granted by the Municipality and the claimed amount that was paid in full.

In 2023 Two-A-Day Group Pty Ltd was approached by the then owners of Erf 318 Portion 100 regarding the sale of this property and gave them the first refusal option which was approved by the Board and the Deed transfer of the property took place 18 September 2023. At that stage they claim that they did not make any changes to the Main entrance.

Due to the company growth they started to run out of space, and they realized that every piece of available land should be optimally utilized, hence the purchasing of Portion 100 so that they can be able to move the car park to Portion 100 to enable the trucks to be safely parked in an area outside of their production area.

They believed that the move would free up the car park area which can now be utilized as stocking area for their bins. The entrance, car park and truck parking areas are in development phase and will be approved once all planning details have been completed. (Please See drawing TAD Entrance.)

To optimally utilize their area and ensure safety and security gaining access to the site they will have to fence off the area and apply stringent measures at their entrance to prevent congestion of vehicles and personnel entering from the R321 side of the property.

To achieve this objective, they will have to purchase the remainder of the Road Erf 8610 and close it off to create one entry and exit point. If the approval is denied, they will not be able to further develop their entrance and parking areas, which will have a negative impact on their available spaces because of congestion.

Another integral part of their project will be several other activities that will have to be addressed to make this possible:

1. Rezoning of the Fire brigade area forming part of Portion 65
2. Rezoning of the Training Centre area forming part of Portion 65
3. Transfer of Portion 82 to Two-A- Day (currently being done)
4. Transfer of Encroached area bought from TWK
5. Consolidation of Portions 65,72,82,100 Encroached Area and Road 8610
6. As instructed by TWK Municipality they claim to have started with the consolidation process of the entire site, but they will first have to do the areas that have influence of the development of the entrance area.

As clearly depicted in the layout plan, they have to purchase Road 8610 which appears in blue on the Diesel & Munns plan 5966PP2.

The valuation of the property has been completed by Theewaterskloof Municipality with a preferred service provider, and copies were forwarded to J Joorst at TWK Municipality for scrutiny and acceptance.

DISCUSSION

An encroachment agreement would be a temporary measure, and the encroachment onto the road itself is permanent in nature, and therefore it was recommended that the 1815m² portion of road be sold to the applicant and included in their existing property, at a market related amount of R365 000.00 (VAT inclusive)

To rectify the historical encroachment of the "Rooisaal", to complete the rezoning of the Fire Brigade on Portion 65/319, an application for subdivision, consolidation, rezoning, closure of public places and departure from the required building lines must be submitted to the municipality.

A subdivision, consolidation and rezoning application must be submitted to the municipality to initiate the alienation of a portion of Erf 8610 in Grabouw, to Two-A-day (a subdivision of Erf 8610, the consolidation with 82/319, and the rezoning of 82/319 from an undetermined zone to a transport zone).

The road is not used by any other users except Two-a-Day personnel and Customers.

No services will be affected as well.

TWO A Day will be responsible pertaining to the transaction.

COMMENTS FROM THE DIRECTORATE FINANCE

Ensure minimum market related value is obtained from the property valuer in order for the Municipality to obtain market related revenue.

COMMENTS FROM THE DIRECTORATE CORPORATE SERVICES

The concerns of Corporate Services are addressed by the comments of the Technical and Infrastructure Department.

COMMENTS FROM THE DIRECTORATE TECHNICAL AND INFRASTRUCTURE IMPLEMENTATION SERVICES

We do not have any objection to this proposal.
The road is not used by any other users except Two-a-Day personnel and Customers.
No services will be affected as well.

COMMENTS FROM THE DEPARTMENT ELECTRICAL SERVICES

No comment

COMMENTS FROM THE DIRECTORATE COMMUNITY SERVICES (OPERATIONAL)

Recommended for approval by Council.

COMMENTS FROM THE TOWN MANAGER: GRABOUW

Consulted with the ward and the councillor no risks identified. Item supported

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

As mentioned above, even though the property vests with the municipality, it is currently not registered in the name of the Municipality. This initial registration must therefore first take place, for which the municipality will be liable for the costs. This cost is estimated to be approximately R 6000.00.

The expenses with regard to any land use application, registration at the Surveyor General's office and final registration at the Deeds Office will be for the cost of the applicant (Two A Day Group (Pty)Ltd).

LEGAL IMPLICATIONS (ITEM AUTHOR)

Evaluation in terms of Section 14 of the MFMA:

MFMA Section	Evaluation
14(1) A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.	It is confirmed that the portion is not required for the provision of minimum level of basic municipal services.
14(2)(a) A municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection (1), but only after the municipal council, in a meeting open to the public — has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services.	The purpose of this report is to present a report to Council to adhere to this specific section of the MFMA. As mentioned above, it is the opinion of the author that the portion in question is not required for the provision of basic municipal services.
14(2)(b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.	An independent valuation was conducted to determine what the market value is for the property in question. The valuation for the portion in question is R365 000.00 (VAT inclusive). It is proposed to sell the portion for the aforementioned valuation. The sale of the land will be included in the budget of the municipality for further service delivery.
14(3) A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.	This will be made as a condition of Council approval.
14(4) A municipal council may delegate to the accounting officer of the municipality its power to make the determinations referred to in subsection (2)(a) and (b) in respect of movable capital assets below a value determined by the council.	N/A

14(5) Any transfer of ownership of a capital asset in terms of subsection (2) or (4) must be fair equitable, transparent, competitive and consistent with the supply chain management policy which the municipality must have and maintain in terms of section 111.	It will be a direct sale, and it will be advertised for comments and objections.
14(6) This section does not apply to the transfer of a capital asset to another municipality or to a municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury, provided that such transfers are in accordance with a prescribed framework	N/A

Evaluation in terms of Regulation 7 of the Municipal Asset Transfer Regulations:

Regulation	Evaluation
7(a): whether the capital asset may be required for the municipality's own use at a later date	As mentioned in the section above, it is not foreseen that the property will be required for the provision of basic municipal services.
7(b): the expected loss or gain that is expected to result from the proposed transfer or disposal	The municipality will receive an income, and the maintenance of the road will be for the account of Two a Day.
7(c): the extent to which any compensation to be received in respect of the proposed transfer or disposal will result in a significant economic or financial cost or benefit to the municipality	Given the limited extent of the portion, it is evident that the exposal therefore does not hold a significant financial cost or benefit to Council. The disposal of the portion of land will however hold a financial benefit for Council.
7(d): the risks and rewards associated with the operation or control of the capital asset that is to be transferred or disposed of in relation to the municipality's interests	No risks were identified with regard to the sale of the road by Council.
7(e): the effect that the proposed transfer or disposal will have on the credit rating of the municipality, its ability to raise long-term or short-term borrowings in the future and its financial position and cash flow.	It is not foreseen that the disposal of the road will have an effect on these issues.
7(f): any limitations or conditions attached to the capital asset or the transfer or disposal of the asset, and the consequences of any potential non-compliance with those conditions.	No such limitations or conditions have been identified or anticipated.

7(g): the estimated cost of the proposed transfer or disposal.	All expenses relating to Town Planning applications, Surveyor General registrations and final deeds registration will be for the cost of Two a Day.
7(h): the transfer of any liabilities and reserve funds associated with the capital asset.	N/A
7(i): any comments or representations on the proposed transfer or disposal received from the local community and other interested persons.	The proposal will be circulated to the ward committee for input.
7(j): any written views and recommendations on the proposed transfer or disposal by the National Treasury and the relevant provincial treasury.	National Treasury's recommendations are not required in this case.
7(k): the interests of any affected organ of state, the municipality's own strategic, legal and economic interests and the interests of the local community.	Given the limited extent of the property in question, it is not foreseen that the disposal thereof will have an impact on any organ of state or impact on the municipality's strategic, legal or economic interests.
7(l): compliance with the legislative regime applicable to the proposed transfer or disposal.	All the other relevant legislation known to the author has been complied with.

Evaluation in terms of the Theewaterskloof Municipality Asset Management Policy:

Policy section	Evaluation
7.5.1 Subject to Section 14 of the MFMA, the municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of an asset needed to provide the minimum level of basic municipal services, unless such asset is obsolete or surplus to requirements or beyond a state of good repair or being replaced and provided that the delivery of the minimum level of basic municipal services is not compromised as a result of the disposal of the asset.	As mentioned in the section above, it is not foreseen that the property will be required for the provision of basic municipal services.
7.5.3 The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.	This will be made as a condition of Council approval.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

No additional risk implications were identified.

RECOMMENDATION BY ITEM AUTHOR:

In light of the above, it is recommended that a portion of Erf 8610 Grabouw (approximately 1815m²) be sold to Two-A-Day Group (Pty) Ltd, subject to the following conditions:

1. That Erf 8610, Grabouw be registered in the name of the Municipality in terms of Section 18 of the Deeds Act, 1937 (Act 47 of 1937); whereafter the property be registered into the name of Two – A - Day Group (Pty) Ltd.
2. That the portion of land identified above be sold for an amount of R 365 000.00 (VAT inclusive);
3. That Two Two-A-Day (Pty) Ltd be responsible for the costs relating to all town planning approvals, registration at the Surveyor General's office and registration at the Deeds Office.
4. That the proposed alienation be advertised at the cost of Two-A-Day Group (Pty) Ltd.

RESOLVED BY MANAGEMENT: 19 JUNE 2024

Management resolved that the Agenda-item be referred back - the Agenda-item is not written in item format.

1. *Agenda-item referred back.*
2. *For finalization by the Acting Director: Economic Development and Planning, Ms N Baliso.*

COMMENTS BY ITEM AUTHOR:

Agenda-item amended as per Management resolution.

RECOMMENDATION BY ITEM AUTHOR:

In light of the above, it is recommended that a portion of Erf 8610 Grabouw (approximately 1815m²) be sold to Two A Day Group (Pty)Ltd, subject to the following conditions:

1. That Erf 8610, Grabouw be registered in the name of the Municipality in terms of Section 18 of the Deeds Act, 1937 (Act 47 of 1937); whereafter the property be registered into the name of Two – A - Day Group (Pty) Ltd.
2. That the portion of land identified above be sold for an amount of R 365 000.00 (VAT inclusive);

3. That Two-A-Day (Pty) Ltd be responsible for the costs relating to all town planning approvals, registration at the Surveyor General's office and registration at the Deeds Office.
4. That the proposed alienation be advertised at the cost of Two-A-Day Group (Pty) Ltd.

RECOMMENDATION BY MANAGEMENT TO THE ECONOMIC DEVELOPMENT COMMITTEE: 07 AUGUST 2024

In light of the above, it is recommended that a portion of Erf 8610 Grabouw (approximately 1815m²) be sold to Two-A-Day Group (Pty) Ltd, subject to the following conditions:

1. That Erf 8610, Grabouw be registered in the name of the Municipality in terms of Section 18 of the Deeds Act, 1937 (Act 47 of 1937); whereafter the property be registered into the name of Two – A - Day Group (Pty) Ltd.
2. That the portion of land identified above be sold for an amount of R365,000.00 (VAT inclusive);
3. That Two-A-Day Group (Pty) Ltd be responsible for the costs relating to all town planning approvals, registration at the Surveyor General's office and registration at the Deeds Office.
4. That the proposed alienation be advertised at the cost of Two-A-Day Group (Pty) Ltd.
5. That a notice also be issued to the Ward Committee to use the advertising process to comment on the alienation of the property.

RESOLVED BY THE EMC: 17 SEPTEMBER 2024

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor TP Lemina and seconded by Alderman MR Nongxaza it was resolved as follows:

That the Agenda-item be referred back to determine who is the legal owner of Erf 8610, Grabouw; to register Erf 8610, Grabouw in the name of Theewaterskloof Municipality and to obtain the written views and recommendations from National Treasury in terms of Regulation 7(j) of the Municipal Asset Transfer Regulations.

1. *Agenda-item be referred back.*
2. *For finalization by the Deputy Director: Economic Development and Planning, Mr KE Nontshiza.*

RESOLVED BY MANAGEMENT: 27 NOVEMBER 2024

1. Management resolved that the agenda-item be referred back to proceed with the registration of the Erf 8610, Grabouw in the Municipality's name and that Two-a-Day be informed that the erf must first be registered in the name of Theewaterskloof Municipality before their application can be considered.
2. That the Department Property Management must expedite the transfer and deeds registration process to ensure that Erf 8610, Grabouw is registered in the name of Theewaterskloof Municipality.
3. That after Erf 8610, Grabouw has been transferred and registered in the name of Theewaterskloof Municipality, the agenda-item be represented to the Extended Management for discussion.

1. *Agenda-item be referred back.*
2. *For finalization by the Acting Head: Property Management: Ms. J Joorst.*

ADDITIONAL COMMENTS BY ITEM AUTHOR:**• Advertising of the Property Sale**

We confirm that the sale of Erf 8610, Grabouw, has been advertised in accordance with the requirements set out in the MFMA and the Municipal Asset Transfer Regulations (MATR). The advertisement was done in a transparent manner, providing the public with an opportunity to submit comments and objections regarding the proposed sale. We haven't received any comments or objections.

• Process of Registration in the Municipality's Name

We are currently in the process of registering Erf 8610, Grabouw, into the municipality's name. It is essential that the municipality completes this registration prior to proceeding with the disposal of the property. This step is critical to ensure that the municipality has the legal authority to transfer ownership of the asset. Once the registration process is complete, the municipality will have full legal title to the property, and the sale process can continue in compliance with the MFMA and MATR.

• Compliance with MFMA and MATR

We confirm that all necessary steps will be taken to ensure full compliance with the MFMA and MATR throughout the disposal process. This includes making the required determinations as to whether the asset is no longer needed for basic municipal services, conducting a fair valuation, and ensuring that the disposal process is transparent, equitable, and aligned with the municipality's supply chain management policy.

COMMENTS FROM ITEM AUTHOR:

The property has been registered into the name of Theewaterskloof Municipality.

RECOMMENDATION BY ITEM AUTHOR:

In light of the above, it is recommended that a portion of Erf 8610 Grabouw (approximately 1815m²) be sold to Two-A-Day Group (Pty) Ltd, subject to the following conditions:

1. It is confirmed by the Department Property Management that Erf 8610, Grabouw is registered in the name of the Municipality in terms of Section 18 of the Deeds Act, 1937 (Act 47 of 1937); and needs the property to be registered into the name of Two – A - Day Group (Pty) Ltd.
2. That the portion of land identified above be sold for an amount of R 365 000.00 (VAT inclusive);
3. That Two-A-Day Group (Pty)Ltd be responsible for the costs relating to all town planning approvals, registration at the Surveyor General's office and registration at the Deeds Office.
4. That the proposed alienation be advertised at the cost of Two-A-Day Group (Pty) Ltd.

RESOLVED BY MANAGEMENT: 20 JUNE 2025

It is resolved:

1. That the agenda-item be referred back.
2. That the Property Management Department must obtain the latest market related value as the previous market related value was obtained in November 2023.
3. That the new market related value obtained must be included in the Adjustment Budget of August 2025 as it is not part of the 2025/26 budget.
4. That the previous Council resolution of 25 April 2017 in this regard, be rescinded.
 1. *Agenda-item be referred back.*
 2. *For finalization by the Acting Director: Economic Development and Planning, Mr. E Shortles.*

COMMENTS FROM ITEM AUTHOR:

- 110

Comments with regards to the Management Resolution dated the 20th of June 2025

2. That the Property Management Department must obtain the latest market related value as the previous market related value was obtained in November 2023.

A new valuation was obtained, which was paid for by the client on 11 July 2025. The new valuation amounts to R450,000.00 (VAT included). The client has confirmed in writing that they accept the new valuation.

3. That the new market related value obtained must be included in the Adjustment Budget of August 2025 as it is not part of the 2025/26 budget.

It is not necessary to wait for the August 2025 Adjustment Budget, as the client has already paid for the valuation.

4. That the previous Council resolution of 25 April 2017 in this regard, be rescinded.

The council resolution of 2017 cannot be revoked, as the property has already been registered in the name of TWO-A-DAY.

RECOMMENDATION BY ITEM AUTHOR:

In light of the above, it is recommended that a portion of Erf 8610 Grabouw (approximately 1815m²) be sold to Two-A-Day Group (Pty) Ltd, subject to the following conditions:

1. It is confirmed that Erf 8610, Grabouw is registered in the name of the Municipality in terms of Section 18 of the Deeds Act, 1937 (Act 47 of 1937); and the property needs to be registered in the name of Two-A-Day Group (Pty) Ltd.
2. That the portion of land identified above be sold for an amount of R 450 000.00 (VAT inclusive);
3. That Two-A-Day Group (Pty) Ltd be responsible for the costs relating to all town planning approvals, registration at the Surveyor General's office and registration at the Deeds Office.
4. That the proposed alienation be advertised at the cost of Two-A-Day Group (Pty) Ltd.

RECOMMENDATION BY MANAGEMENT TO THE EMC: 01 AUGUST 2025

In light of the above, that a portion of Erf 8610 Grabouw (approximately 1815m²) be sold to Two-A-Day Group (Pty) Ltd, subject to the following conditions:

1. It is confirmed that Erf 8610, Grabouw is registered in the name of the Municipality in terms of Section 18 of the Deeds Act, 1937 (Act 47 of 1937); and the property needs to be registered in the name of Two – A - Day Group (Pty) Ltd.
2. That the portion of land identified above be sold for an amount of R 450 000.00 (VAT inclusive);
3. That Two-A-Day Group (Pty) Ltd be responsible for the costs relating to all town planning approvals, registration at the Surveyor General's office and registration at the Deeds Office.
4. That the proposed alienation be advertised at the cost of Two-A-Day Group (Pty) Ltd.

RECOMMENDATION BY THE EMC TO COUNCIL: 10 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks and seconded by Councillor CT Cloete, it was recommended as follows:

In light of the above, that a portion of Erf 8610 Grabouw (approximately 1815m²) be sold to Two-A-Day Group (Pty) Ltd, subject to the following conditions:

1. It is confirmed that Erf 8610, Grabouw is registered in the name of the Municipality in terms of Section 18 of the Deeds Act, 1937 (Act 47 of 1937); and the property needs to be registered into the name of Two – A - Day Group (Pty) Ltd.
2. That the portion of land identified above be sold for an amount of R 450 000.00 (VAT inclusive);
3. That Two-A-Day Group (Pty) Ltd be responsible for the costs relating to all town planning approvals, registration at the Surveyor General's office and registration at the Deeds Office.
4. That the proposed alienation be advertised at the cost of Two-A-Day Group (Pty) Ltd.

RECOMMENDATION TO COUNCIL:

In light of the above, that a portion of Erf 8610 Grabouw (approximately 1815m²) be sold to Two-A-Day Group (Pty) Ltd, subject to the following conditions:

1. It is confirmed that Erf 8610, Grabouw is registered in the name of the Municipality in terms of Section 18 of the Deeds Act, 1937 (Act 47 of 1937); and the property needs to be registered in the name of Two – A - Day Group (Pty) Ltd.
2. That the portion of land identified above be sold for an amount of R 450 000.00 (VAT inclusive);
3. That Two-A-Day Group (Pty) Ltd be responsible for the costs relating to all town planning approvals, registration at the Surveyor General's office and registration at the Deeds Office.
4. That the proposed alienation be advertised at the cost of Two-A-Day Group (Pty) Ltd.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman C Clayton and seconded by Alderman S Fredericks, it was resolved as follows:

In light of the above, that a portion of Erf 8610 Grabouw (approximately 1815m²) be sold to Two-A-Day Group (Pty) Ltd, subject to the following conditions:

1. It is confirmed that Erf 8610, Grabouw is registered in the name of the Municipality in terms of Section 18 of the Deeds Act, 1937 (Act 47 of 1937); and the property needs to be registered in the name of Two – A - Day Group (Pty) Ltd.
2. That the portion of land identified above be sold for an amount of R 450 000.00 (VAT inclusive);
3. That Two-A-Day Group (Pty) Ltd be responsible for the costs relating to all town planning approvals, registration at the Surveyor General's office and registration at the Deeds Office.
4. That the proposed alienation be advertised at the cost of Two-A-Day Group (Pty) Ltd.

For finalization by the Director: Economic Development and Planning, Ms N Baliso.

ITEM TITLE

C261/2025 DIRECTORATE FINANCE: REPORTING ON PERFORMANCE OF CONTRACTORS: 1st QUARTER: JULY, AUGUST AND SEPTEMBER 2025

[English version of the report is the original]

FILE NUMBER

8/2/3/5/3

PURPOSE OF REPORT

To present a report to Council in terms of the contract and performance management of the Financial Departments contractors for the 1st Quarter period from 01 July 2025 to 30 September 2025.

BACKGROUND

S116 (2) of the Municipal Finance management Act (No.56 of 2003) states that: The accounting officer of a municipality or municipal entity must —

1. take all reasonable steps to ensure that a contract or agreement procured through" the supply chain management policy of the municipality of municipal entity is properly enforced;
2. monitor on a monthly basis the performance of the contract under the contract or agreement;
3. 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 or agreement; and
4. 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.

DISCUSSION

Reporting pattern of the Financial Department:

Department :	July 25	August 25	September 25
Financial Services	Submitted	Submitted	Submitted

Please note that no major blockages occurred on contracts during this quarter.

Find attached checklists consisting of the summaries done for the various departments.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

Can be found in checklists attached as Annexure A. It can be costly to the municipality if reporting is not done correct.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Chapter 8 Municipal Finance Management Act. 56 of 2003.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Not applicable.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Council takes cognisance of the report.

RECOMMENDATION BY THE FINANCE COMMITTEE TO COUNCIL: 14 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor CA Benjamin and seconded by Councillor H Linnerts it was recommended as follows:

That Council takes cognisance of the report.

RECOMMENDATION TO COUNCIL:

It is recommended that Council takes cognisance of the report.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor YM van Tonder and seconded by Alderman S Fredericks, it was resolved as follows:

Council noted the report.

For finalization by the Director: Finance, Mr P Mabhena.

ITEM HEADING

115

**C262/2025 DIRECTORATE FINANCE: DEPARTMENT SUPPLY CHAIN
MANAGEMENT: DEVIATION REPORT FOR AUGUST 2025**

[English version of the report is the original]

FILE NUMBER

6/3/3/6

PURPOSE / AIM OF REPORT

To present a report to Council consisting of the reasons for deviating in terms of subparagraphs 36(1)(a) and (b) of the SCM Policy for the month of August 2025.

BACKGROUND

(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.

The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal tender process.

- (i) if such goods or services are produced or available from a single source or sole provider only (as per definition);

- (ii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iii) acquisition of animals for zoos and/or nature and game reserves; or
 - (iv) in any other exceptional case where it is impractical or impossible to follow the official procurement processes;
 - (v) ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids; and
- b) 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.

DISCUSSION

The report in terms of subparagraph 36(1)(a) can be found attached. Also note that the Accounting Officer did not ratify minor breaches of the procurement process in terms of subparagraph 36(1)(b).

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

As per attachment.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Regulation 36 of the Supply Chain Management Policy.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Not applicable.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Council takes cognisance of the report.

RECOMMENDATION BY THE FINANCE COMMITTEE TO EMC: 23 SEPTEMBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously recommended as follows:

That Council takes cognisance of the report.

RECOMMENDATION BY THE EMC TO COUNCIL: 23 SEPTEMBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor H Linnerts, and seconded by Councillor CT Cloete, it was recommended as follows:

That Council takes cognisance of the report.

RECOMMENDATION TO COUNCIL:

It is recommended that Council takes cognisance of the report.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks and seconded by Alderman LM de Bruyn, it was resolved as follows:

- 1. Council noted the report.**
- 2. That the feasibility study for the mechanical workshop be concluded.**
- 3. That all drivers of municipal vehicles attend an advanced driving course to improve safety and efficiency.**

For finalization by the Director: Finance, Mr. P Mabhena.

ITEM TITLE

**C263/2025 DIRECTORATE FINANCE: DEPARTMENT SUPPLY CHAIN
MANAGEMENT: DEVIATION REPORT FOR SEPTEMBER 2025**

[English version of the report is the original]

FILE NUMBER

6/3/3/6

PURPOSE OF REPORT

To present a report to Council consisting of the reasons for deviating in terms of subparagraphs 36(1)(a) and (b) of the SCM Policy for the month of September 2025.

BACKGROUND

(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.

The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal tender process.

- (i) if such goods or services are produced or available from a single source or sole provider only (as per definition);

- (ii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iii) acquisition of animals for zoos and/or nature and game reserves; or
 - (iv) in any other exceptional case where it is impractical or impossible to follow the official procurement processes;
 - (v) ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids; and
- b) 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.

DISCUSSION

The report in terms of subparagraph 36(1)(a) can be found attached. Also note that the Accounting Officer did not ratify minor breaches of the procurement process in terms of subparagraph 36(1)(b).

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

As per attachment.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Regulation 36 of the Supply Chain Management Policy.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Not applicable.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Council takes cognisance of the report.

RECOMMENDATION BY THE FINANCE COMMITTEE TO COUNCIL: 14 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor H Linnerts and seconded by Councillor V Papier it was recommended as follows:

That Council takes cognisance of the report.

RECOMMENDATION TO COUNCIL:

It is recommended that Council takes cognisance of the report.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks and seconded by Councillor H Linnerts, it was resolved as follows:

- 1. Council noted the report.**
- 2. Furthermore, Council resolved that separate items be prepared for MPAC for the following two items:**
 - 2.1 6815708 – Enderstein van der Merwe Inc by the Director: Corporate Services, Mr GW Hermanus.**
 - 2.2 6811685 – Moreki Distributors by the Director: Economic Development and Planning, Ms N Baliso.**

For finalization by the Director: Finance, Mr. P Mabhena.

ITEM TITLE

**C264/2025 DIRECTORATE FINANCE: DEPARTMENT BUDGET:
WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS: JULY -
SEPTEMBER 2025**

[English version of the report is the original]

FILE NUMBER

5/15/R

PURPOSE OF REPORT

To report on specific withdrawal from municipal bank account in terms of the Local Government: Municipal Finance Management Act, 2003.

BACKGROUND

As per attached.

DISCUSSION

A consolidated list of withdrawals in terms of Section 11(1)(b) to (j) of the Local Government: Municipal Financial Management Act, 2003, during the quarter ending September 2025, is attached hereto.

The following information is supplementary to the list of withdrawals:

Section 11(1) (b): Expenditures that were authorised in terms of Section 26(4)

No withdrawals

Section 11(1) (c): Unforeseeable and unavoidable expenditures

No withdrawals

Section 11(1) (d): Withdrawals in respect of Trust, and so forth

No withdrawals

Section 11(1) (e): Overpayment of monies received on behalf of a person or state body

Withdrawals were made for conversion of drivers' licenses and CPA motor license monies. Complete details can be found on the list of withdrawals.

Section 11(1) (f): Monies erroneously deposited into bank account

No withdrawals

Section 11(1) (g): Guarantees, sureties and security deposits refunded

No withdrawals

Section 11(1) (h): Cash management and investments

Withdrawals were made for investment purposes. Complete details can be found on the list of withdrawals.

Section 11(1) (i): Increased expenditure in terms of Section 31

No withdrawals

Section 11(1) (j): Other purposes as prescribed

No withdrawals

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

As per attached.

LEGAL REQUIREMENTS

Section 11(4) of the Local Government: Municipal Financial Management Act, 2003 reads as follows:

“The Accountable Officer must, within thirty (30) days after the end of every quarter-

- a. Table in the municipal council a consolidated report of all withdrawals made in terms of sub-section (1)(b) to (j) during the quarter, and
- b. Submit a copy of the report to the relevant provincial treasury and the Auditor-General”.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended:

- 1. That the council confirms the list of withdrawals in terms of the Section 11(1)(b) to (j) of the Local Government: Municipal Financial Management Act, 2003 for the quarter ended 30 September 2025.**
- 2. That the report accordingly be presented to the Provincial Treasury: Western Cape and Auditor – General, as determined by Section 11(4)(b) of the Local Government: Municipal Finance Management Act, 2003.**

**RECOMMENDATION BY THE FINANCE COMMITTEE TO COUNCIL: 14
OCTOBER 2025**

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor H Linnerts and seconded by Councillor CA Benjamin it was recommended as follows:

1. That the council confirms the list of withdrawals in terms of the Section 11(1)(b) to (j) of the Local Government: Municipal Financial Management Act, 2003 for the quarter ended 30 September 2025.
2. That the report accordingly be presented to the Provincial Treasury: Western Cape and Auditor – General, as determined by Section 11(4)(b) of the Local Government: Municipal Finance Management Act, 2003.

RECOMMENDATION TO COUNCIL:

It is recommended:

1. That the council confirms the list of withdrawals in terms of the Section 11(1)(b) to (j) of the Local Government: Municipal Financial Management Act, 2003 for the quarter ended 30 September 2025.
2. That the report accordingly be presented to the Provincial Treasury: Western Cape and Auditor – General, as determined by Section 11(4)(b) of the Local Government: Municipal Finance Management Act, 2003.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks and seconded by Alderman DA Appel, it was resolved as follows:

1. Council confirms the list of withdrawals in terms of the Section 11(1)(b) to (j) of the Local Government: Municipal Financial Management Act, 2003 for the quarter ended 30 September 2025.
2. That the report accordingly be presented to the Provincial Treasury: Western Cape and Auditor – General, as determined by Section 11(4)(b) of the Local Government: Municipal Finance Management Act, 2003.

For finalization by the Director: Finance, Mr P Mabhena.

ITEM HEADING

C265/2025 DIRECTORATE FINANCE: FIRST QUARTER REPORTING ITEM FOR 2025/26 (JULY 2025 - SEPTEMBER 2025)

[English version of the report is the original]

FILE NUMBER

5/16/R

PURPOSE / AIM OF REPORT

The purpose of this report is to inform the Council of the current financial state as of 30 September 2025.

BACKGROUND

Attached is the Financial Report for the month of September 2025, which reflects the implementation of the budget, and the state of the municipality's financial affairs.

The Financial Report consists of the following financial reports:

1. Executive Summary
2. Capital Expenditure
3. Operating Revenue and Expenditure
4. Cash and Investments
5. Borrowings
6. Grants
7. Debtors
8. Creditors

DISCUSSION

As per attached report.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

As per attached report.

LEGAL IMPLICATIONS (ITEM AUTHOR)

The report for the first quarter (July 2025 – September 2025), prepared in terms of Section 71 of the Municipal Finance Management Act, Act 56 of 2003, is submitted to Council in terms of Section 52 (d) of the Municipal Finance Management Act, Act 56 of 2003 which reflects the implementation of the budget and the financial state of affairs of the municipality.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Council note the Monthly Budget Statement, Performance and supporting documentation as of 30 September 2025.

RECOMMENDATION BY THE FINANCE COMMITTEE TO COUNCIL: 14 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor H Linnerts and seconded by Councillor CA Benjamin it was recommended as follows:

That Council note the Monthly Budget Statement, Performance and supporting documentation as of 30 September 2025.

RECOMMENDATION TO COUNCIL:

It is recommended that Council note the Monthly Budget Statement, Performance and supporting documentation as of 30 September 2025.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor H Linnerts and seconded by Alderman S Fredericks, it was resolved as follows:

- 1. Council noted the Monthly Budget Statement, Performance and supporting documentation as of 30 September 2025.**
- 2. That the acting allowance, as well as a list of all creditors with overdue amounts and the corresponding dates of invoice, be included in future report.**

For finalization by the Director: Finance, Mr. P Mabhena.

ITEM HEADING**C266/2025 DIRECTORATE FINANCE: DEPARTMENT ASSETS & INSURANCE:
ASSETS TO BE WRITTEN OFF**

[English version of the report is the original]

FILE NUMBER

6/1/1/4

PURPOSE / AIM OF REPORT

To obtain the Council's approval for the write-off of assets that (1) could not be verified and (2) which is of no economic use to perform any kind of service delivery activity.

BACKGROUND

- a. Assets that could not be verified were informed by the annual asset verification process of which all efforts are clearly illustrated in the initial item (attached as annexure A). A significant observation and major attribution factor were the high level of turnover in staff which resulted in a breakdown of controls although an approved Standard Operating Procedure for movable assets (attached as annexure B) was in place.

An asset that could not be verified, shall be written off only on the recommendation of the director of a department controlling or using the asset concerned, and with the final approval of Council.

Every director of a department shall annually report to the CFO on any assets which the director of a department wishes to have written off, stating in full the reason for such recommendation. The CFO shall consolidate all such reports and shall promptly submit a recommendation to the Council on the assets to be written off.

- b. An asset with no economic use refers to an asset that has no future service potential or economic benefit for the municipality. The future economic benefit embodied in an asset is the potential to contribute, directly or indirectly, to the flow of cash and cash equivalents to the municipality. The potential may be a productive one that is part of the operating activities of the municipality. It may also take the form of convertibility into cash or cash equivalents or a capability to reduce cash outflows, such as when an alternative process lowers the costs of providing a service.

Service potential is thus the capacity of an asset, singularly or in combination with other assets, to contribute directly or indirectly to the achievement of an objective of the municipality.

DISCUSSION

Important for Council to note is that an asset that was categorized under the two classifications set out in the above-mentioned background should not be recorded in the presented Annual Financial Statements and must be written off to give effect to a complete, accurate and credible asset register.

To avoid adverse external audit findings (from both Auditor General of South Africa and National Treasury) that a municipality has a fully up-to-date asset register that records the name, type, allocation and value of the assets under its control. The asset register forms a critical source of information required during the decision-making process on the validity and reasonability of asset transfers and disposals.

The write-off that must be performed should not be halted or delayed as the two categories will remain unchanged and must be recorded accordingly.

The safeguarding of assets and the management/enforcement for this item is deemed as a subsequent event in order for Management to implement more strict preventative measures to support proper and acceptable oversight by the Municipal Council.

COMMENTS FROM DIRECTORATE

Revised item.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

All the assets have been paid for. The council will save on further insurance premium and depreciation (as well as other related expenses).

LEGAL IMPLICATIONS (ITEM AUTHOR)

As per MFMA section 14.
As per Municipal Assets Transfer Regulations.
As per Theewaterskloof Asset Management Policy.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Not applicable.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Council approves the disposal of assets per Annexure C.

DISCUSSION DURING THE MEETING:**Councillor H Linnerts**

Concern about this agenda-item on page 10 - 6 stolen items.

My concern is how did we get there and what are the specific items.

The assets not verified in annexure A – don't see evidence and that is unacceptable.

On page 13 we need a more detailed report.

We haven't compiled with safety what is the chance for keeping people responsible.

Duplicate barcode – cannot verify.

Computer box sold for 1c.

Computer monitor sold for 20c.

On page 17 not verified evidence assets are as big as a notice board and projector.

Request that all the evidence comes to this portfolio.

It was the expense of the municipality, and all assets need to be verified.

Section 8 of the asset Management Policy: 8.2.3.1, 8.2.3.2 & 8.2.3.3 we don't hold people accountable.

Mr Mabhena also noted that it could potentially result in an audit finding should the auditors request to review any of the items and find that they are not available.

RESOLVED BY THE FINANCE COMMITTEE: 18 AUGUST 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor H Linnerts and seconded by Councillor V Papier it was resolved as follows:

That the agenda-item be referred back and request that all substantial evidence / information be attached to the agenda-item and be re-submitted.

1. Agenda-item referred back.

2. For finalization by the Director: Finance, Mr. P Mabhena.

RESOLVED BY COUNCIL: 21 AUGUST 2025

Council resolved that the agenda-item be withdrawn and not discussed during the meeting.

1. Agenda-item withdrawn.

2. For finalization by the Director: Finance, Mr. P Mabhena.

DISCUSSION DURING THE MEETING:

Ms J Colyn provides the following explanation: here's two aspects regarding this.

The one is to comply and have our assets registered up to date for the ageing and in accordance with regulations.

The other aspect is to address the issue of why there is reasons for the missing items which is actually a subsequent event that can be dealt with by management.

We alluded to this in the item; we also said that many of these is as a result of a turnover of employees and the standard procedure isn't correctly followed. So, it's management's responsibility to reinforce that and that is what we hope to achieve this year by reinforcing all protocols and maybe reviewing it to do some new additions.

RECOMMENDATION BY THE FINANCE COMMITTEE TO COUNCIL: 14 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor H Linnerts and seconded by Councillor V Papier it was recommended as follows:

That Council approves the disposal of assets per Annexure C.

RECOMMENDATION TO COUNCIL:

It is recommended that Council approves the disposal of assets per Annexure C.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman DA Appel and seconded by Councillor YM van Tonder, it was resolved as follows:

Council approves the disposal of assets per Annexure C.

For finalization by the Director: Finance, Mr. P Mabhena.

ITEM TITLE

C267/2025 DIRECTORATE FINANCE: DEPARTMENT SUPPLY CHAIN MANAGEMENT: DEVIATION REPORT: ADENCO CONSTRUCTION CORRECTED AMOUNT OF DEVIATION 5300776 (NOVEMBER 2024)

[English version of the report is the original]

FILE NUMBER

6/3/3/6

PURPOSE OF REPORT

To present a report to Council consisting of the correction for deviation (5300776) Adenco Construction (Pty) Ltd., in November 2024. The amount that was reported to Council was R 35 764.98. The correct amount is R 48 483.65 that needs to be reported.

BACKGROUND

- (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 essential community service,
- e) the possibility that the security of the state could be compromised.

The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal tender process.

- (i) if such goods or services are produced or available from a single source or sole provider only (as per definition);
 - (ii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iii) acquisition of animals for zoos and/or nature and game reserves; or
 - (iv) in any other exceptional case where it is impractical or impossible to follow the official procurement processes;
 - (v) ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids; and
- b) 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.

DISCUSSION

The report in terms of subparagraph 36(1)(a) can be found attached. Also note that the Accounting Officer did not ratify minor breaches of the procurement process in terms of subparagraph 36(1)(b).

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

As per attachment.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Regulation 36 of the Supply Chain Management Policy.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Not applicable.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Council takes cognisance of the report.

RECOMMENDATION BY THE FINANCE COMMITTEE TO EMC: 15 APRIL 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor H Linnerts and seconded by Councillor V Papier it was recommended as follows:

That Council takes cognisance of the report.

RECOMMENDATION BY THE EMC TO COUNCIL: 15 APRIL 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman M Plato-Mentoor and seconded by Councillor CT Cloete, it was recommended as follows:

That Council takes cognisance of the report.

RESOLVED BY COUNCIL: 30 APRIL 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman MR Nongxaza and seconded by Alderman S Fredericks, it was resolved as follows:

- 1. That the agenda-item be referred back and that a detailed explanation be given regarding the difference between R 35 764.98 and R48 483.65.**
- 2. That the agenda-item also be referred to the Municipal Public Accounts Committee for consideration.**

- 1. Agenda-item be referred back.*
- 2. For finalization by the Director: Finance, Mr P Mabhena.*

COMMENTS BY ITEM AUTHOR:

It was a system error and it was rectified.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Council takes cognisance of the report.

RECOMMENDATION BY THE FINANCE COMMITTEE TO EMC: 17 JUNE 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously recommended as follows:

That Council takes cognisance of the report.

RECOMMENDATION BY THE EMC TO COUNCIL: 17 JUNE 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor C Cloete and seconded by Councillor Y van Tonder it was recommended as follows:

- 1. The EMC takes cognisance of the report.**
- 2. That Council takes cognisance of the report and refers the agenda-item to the Municipal Public Accounts Committee for consideration.**

RECOMMENDATION TO COUNCIL:

133

It is recommended that Council takes cognizance of the report and refer the agenda-item to the Municipal Public Accounts Committee for consideration.

RECOMMENDATION BY COUNCIL TO MPAC: 27 JUNE 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor CT Cloete, and seconded by Councillor CA Benjamin, it was recommended as follows:

- 1. Council noted the report**
- 2. That the agenda-item be referred to the Municipal Public Accounts Committee for consideration.**

RECOMMENDATION BY MPAC TO COUNCIL: 26 AUGUST 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor M Botes, and seconded by Councillor J Smit, it was recommended as follows:

- 1. The explanation provided by the Directorate Finance that it was a system error and was corrected, is suffice.**
- 2. That Council takes cognizance of the report.**

RECOMMENDATION TO COUNCIL:

It is recommended:

- 1. That Council noted that the explanation provided by the Directorate Finance that it was a system error and was corrected, is suffice.**
- 2. That Council takes cognizance of the report.**

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman DA Appel and seconded by Councillor YM van Tonder, it was resolved as follows:

- 1. Council noted that the explanation provided by the Directorate Finance that it was a system error and was corrected, is suffice.**
- 2. Council noted the report.**

For finalization by the Director: Finance, Mr. P Mabhena.

ITEM TITLE

C268/2025 DIRECTORATE FINANCE: DEPARTMENT SUPPLY CHAIN MANAGEMENT: 05 JUNE 2025 STORE AUDIT VARIANCES/ SLOW-MOVING – AND OBSOLETE STOCK REPORT

[English version of the report is the original]

FILE NUMBER

6/1/1/2

PURPOSE OF REPORT

To present the stock take report on all stores for the period from 1 July 2024 to 05 June 2025 and to obtain approval for the variances.

BACKGROUND

With reference to Clause 39 of the Supply Chain Management Policy:

39. LOGISTICS MANAGEMENT

- (1) The Accounting Officer must establish and implement an effective system of logistics management, which must include -
- a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
 - b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
 - c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
 - d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
 - e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
 - f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
 - g) monitoring and reviewing the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

With reference to Section 63 of the Municipal Finance Management Act (No. 56 of 2003):

S63. ASSET AND LIABILITY MANAGEMENT

- (1) The accounting officer of a municipality is responsible for the management of-
- a) the assets of the municipality, including the safeguarding and the maintenance of those assets; and
 - b) the liabilities of the municipality.
- (2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure-
- a) that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;
 - b) that the municipality's assets and liabilities are valued in accordance with standards of generally recognized accounting practice; and
 - c) that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed

DISCUSSION

An audit was conducted at all the respective stores in the Theewaterskloof Municipality by the SCM unit in conjunction with the store officials. The process followed when conducting the audit was the external audit process.

The variances shown out below can be found attached to Annexure A and B.

Summary per Store 05 June 2025:

Description	Total Surplus "R"	Total Loss "R"
Caledon General Store	9 965.65	5 623.39
Caledon Electrical Store	1 110.08	1 207.75
Caledon Water Store	10 711.32	6 330.31
Villiersdorp General Store	304.66	0.00
Villiersdorp Electrical Store	0.00	18 844.66
Villiersdorp Water Store	1 563.04	11 001.04
Riviersonderend Water Store	0.00	5 205.69
Genadendal Water Store	0.00	750.54
TOTAL	22 941.75	48 963.38

Slow-Moving Stock and Obsolete Stock:

Caledon Obsolete Stock

FIN YEAR	STORE CODE	STORE DESCRIPTION	ITEM NUMBER	ITEM DESCRIPTION	ISSUE PRICE	QTY BALANCE	VALUE BALANCE
2425	11	ALGEMENE STOOR - CALEDON	1388	SILICONE SEALER WHITE	64,3	9	578,70
2425	11	ALGEMENE STOOR - CALEDON	1464	SILICONE MTS SEALANT BLACK 260	24,86	3	74,58
2425	11	ALGEMENE STOOR - CALEDON	1466	SILICON ACR WHITE	23,46	4	93,84
							747,12

Grabouw Slow-Moving Stock

FIN YEAR	STORE CODE	STORE DESCRIPTION	ITEM NUMBER	ITEM DESCRIPTION	ISSUE PRICE	QTY BALANCE	VALUE BALANCE
2425	23	WATER STOOR - GRABOUW	12	ADAPT CL12 PVC 50MM	33,4	20	668
2425	23	WATER STOOR - GRABOUW	3028	PLASON FITTING 16MM F/MALE	57	54	3078
2425	23	WATER STOOR - GRABOUW	3795	HYDRANT TEES 90MM	206	25	5150
2425	23	WATER STOOR - GRABOUW	3807	SOKETED CAST IRON 160MM-90MM	59	1	59
2425	23	WATER STOOR - GRABOUW	3808	SOKETED CAST IRON 90MM-90MM	39	6	234
2425	23	WATER STOOR - GRABOUW	5598	RANGER COUPLING 230-247MM	111,82	1	111,82
							9 300,82

Significant Limitations:

Variances are easily detectable the moment they occur. Considering the timeframe and ensuring timeously reporting, future reconciliations between the stores and the supply chain management department should be conducted monthly.

Villiersdorp Store:

A spot check was conducted by the Supply Chain Management Department, together with the Deputy Director of Community Services. The following were concluded with regard to variances at the store:

- Have a formal discussion with the Storekeeper to hear his perspective and identify the specific challenges he is experiencing.
- Training or support, if necessary, to ensure that the Store officials have the necessary skills and knowledge to effectively carry out his responsibilities.
- Based on the recent unexpected visit and inspection report, a request was made to the Superintendent: Technical & Operational to compile an action plan, so that there can be measurable improvement.

Reconciliation between General Ledger and Stores:

Description	General Ledger Total "R"	Store Total "R"	Difference "R"
TOTAL	R 7 505 987.43	R 7 505 987.43	0,11

FINANCIAL IMPLICATIONS

As Shown out.

LEGISLATIVE REQUIREMENTS

Regulation 39 of the Supply Chain Management Policy.

RISK MANAGEMENT IMPLICATIONS

Not applicable.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Council:

1. Grants approval to write off the stock losses amounting to R 48 963.38 and to amend the stock records to reflect the stock surplus amounting to R 22 941.75.
2. Grants approval to write off slow-moving stock at Grabouw store amounting to R 9 300.82 and to write off obsolete stock at Caledon General Store amounting to R 747.12.

RECOMMENDATION BY THE FINANCE COMMITTEE TO EMC: 17 JUNE 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, it was unanimously recommended as follows:

1. That Council grants approval to write off the stock losses amounting to R48 963.38 and to amend the stock records to reflect the stock surplus amounting to R 22 941.75.
2. That Council grants approval to write off slow-moving stock at Grabouw store amounting to R 9 300.82 and to write off obsolete stock at Caledon General Store amounting to R 747.12.

RECOMMENDATION BY THE EMC TO COUNCIL: 17 JUNE 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks and seconded by Councillor H Linnerts, it was recommended as follows:

1. That Council grants approval to write off the stock losses amounting to R48 963.38 and to amend the stock records to reflect the stock surplus amounting to R 22 941.75.
2. That Council grants approval to write off slow-moving stock at Grabouw store amounting to R 9 300.82 and to write off obsolete stock at Caledon General Store amounting to R 747.12.

RECOMMENDATION TO COUNCIL:

It is recommended:

1. That Council grants approval to write off the stock losses amounting to R48 963.38 and to amend the stock records to reflect the stock surplus amounting to R 22 941.75.

2. That Council grants approval to write off slow-moving stock at Grabouw store amounting to R 9 300.82 and to write off obsolete stock at Caledon General Store amounting to R 747.12.

RECOMMENDATION BY COUNCIL TO MPAC: 27 JUNE 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman MR Nongxaza, and seconded by Alderman S Fredericks, it was recommended as follows:

1. That Council grants approval to write off the stock losses amounting to R48 963.38 and to amend the stock records to reflect the stock surplus amounting to R 22 941.75.
2. That Council grants approval to write off slow-moving stock at Grabouw store amounting to R 9 300.82 and to write off obsolete stock at Caledon General Store amounting to R 747.12.
3. That the agenda-item be referred to MPAC for a proper investigation and consequence management must follow.

RECOMMENDATION BY MPAC TO COUNCIL: 26 AUGUST 2025

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

1. The Municipal Public Accounts Committee noted that an investigation was done by the Municipal Manager and is satisfied with the outcome of the investigation.
2. That Council grants approval to write off the stock losses amounting to R48 963.38 and to amend the stock records to reflect the stock surplus amounting to R 22 941.75.
3. That Council grants approval to write off slow-moving stock at Grabouw store amounting to R 9 300.82 and to write off obsolete stock at Caledon General Store amounting to R 747.12.

RECOMMENDATION TO COUNCIL:

It is recommended:

1. That Council grants approval to write off the stock losses amounting to R48 963.38 and to amend the stock records to reflect the stock surplus amounting to R 22 941.75.

2. That Council grants approval to write off slow-moving stock at Grabouw store amounting to R 9 300.82 and to write off obsolete stock at Caledon General Store amounting to R 747.12.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks and seconded by Councillor CT Cloete, it was resolved as follows:

1. Council grants approval to write off the stock losses amounting to R48 963.38 and to amend the stock records to reflect the stock surplus amounting to R 22 941.75.
2. Council grants approval to write off slow-moving stock at Grabouw store amounting to R 9 300.82 and to write off obsolete stock at Caledon General Store amounting to R 747.12.

For finalization by the Director: Finance, Mr. P Mabhena.

ITEM TITLE

C269/2025 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE CORPORATE SERVICES: DEPARTMENT HUMAN RESOURCES: PAYMENT FOR OCCUPATIONAL THERAPIST SERVICES

[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 MPAC of the reasons why quotations were obtained, but no SCM process was followed for an employee who was referred to for occupational therapy in terms of Council's Employee Assistance Policy. The amount of R2288,00 is for OT services rendered.

The Committee can in terms of its mandate;

- a. Investigate the irregular expenditure
- b. Make recommendations to Council as to who, if any is liable for the irregular expenditure
- c. Recommend to Council whether the irregular expenditure must be certified as irrecoverable and be written off
- d. Make recommendations if necessary for the implementation of measures to prevent future irregular expenditure and
- e. 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

One of our staff members showed a sign of serious allergic reaction in the workplace and it was required to consult an Occupational Therapist assessment and to provide a report to the employer.

DISCUSSION

Two quotations were requested from the following service providers:

- Bronkhorst Occupational Therapists, and
- Maryke van Rhyh Arbeidsteraapeut.

Management on 13 November 2023 resolved as follows:

“RESOLVED BY MANAGEMENT: 13 NOVEMBER 2023

- 1. Management noted the reluctance of Medical Doctors and Specialists to register on the Municipality’s database as Services Providers.**
- 2. Management grants approval to deviate from the normal Supply Chain Management process for the referral of employees to medical doctors and specialists, for the interim until the framework tender for the appointment of a panel of service providers, is sorted out.”**

This resolution led the official to believe that there was no need to follow the normal SCM process and proceeded with appointing the service provider. The service provider rendered the service and issued a report to the employer.

It should be noted that Council received value for money and that there is no reason to suspect that fraud occurred or that grounds for a claim against any official exists.

FINANCIAL RESPONSIBILITIES

Amounts written off as irrecoverable should be included in the annual financial statements.

LEGAL RESPONSIBILITIES

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 the irregular expenditure is certified by Council as irrecoverable, after the Section 32 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)

None.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that in the view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 2288,00 be written off as irrecoverable.

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 AUGUST 2025

It is therefore recommended that in the view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 2288,00 be written off as irrecoverable.

RECOMMENDATION FROM MPAC TO COUNCIL: 09 OCTOBER 2025

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

That in the view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 2288,00 be written off as irrecoverable.

RECOMMENDATION TO COUNCIL:

It is therefore recommended that in the view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 2288,00 be written off as irrecoverable.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks and seconded by Councillor CT Cloete, it was resolved as follows:

That in the view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 2288,00 be written off as irrecoverable.

For finalization by the Senior Manager Human Resources, Mr. J Amansure.

ITEM TITLE

143

**C270/2025 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE
COMMUNITY SERVICES: CAN MARKETING AND SOLUTION
(PTY) - R165 000.00**

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

The purpose of the report is to inform the Municipal Public Accounts Committee of the possible irregular expenses that incurred by CAN Marketing and Solutions to the amount of R 165 000.00 during the procurement of services in Botrivier and that the committee considers the report with an 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 services of CAN Marketing and Solutions were obtained through a deviation process, to provide container toilets to the Botrivier spots field. During the Auditor General audit process of 2022/2023, the AG performs an audit of compliance with legislation and identified instances of non-compliance. The municipality deviated from the SCM processes to procure services for sport field toilets from CAN Marketing and Solutions, however based on corroborative evidence received from the municipality, there was no valid reason for the deviation, as the sport field did not have working sanitation facilities for some time. The AG found that the municipality have enough time to follow the proper quotation processes.

DISCUSSION

On the 25th of August 2022 the Municipal Manager along with his senior management visited Botrivier. It was found that the current toilet facilities were not sufficient according to Boland Rugby standards.

The club house also has structural damage to its roof, and additional toilets were required. With the Accelerated Service Delivery Program, it was decided to urgently provide toilets to accommodate the Botrivier sport field and all its sport codes.

The toilets at the club house cannot accommodate all the sport codes. Constant vandalism and sabotage at the "rugby club house" resulted in the facility to be unavailable. The municipality does not have a facility in the sport field to cater to their needs of proper sanitation. The hiring of municipal facilities such as sport fields has a mandate to provide sanitation to all its users. At the time, there are not sufficient toilets to accommodate all the sport codes.

The AG found that the non-compliance by not following the SCM quotation process, resulted in an irregular expenditure of R 165 000.00. The finding of the AG is now reported to MPAC, to be considered.

COMMENTS FROM DIRECTORATE

No additional information, as the information is covered in the AG report.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The amount written off as irregular in view of the explanation and reason explained in the report is R165 000.00.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Sec 32 of the MFMA.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Failing to manage irregular expenses in accordance with the MFMA could result into Council losing money and not receive 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 the following expenditure, in the view of the fact that there is no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R165 000.00 for the financial year 2022/2023 be written off as irrecoverable.

RECOMMENDATION BY MANAGEMENT TO MPAC: 21 MAY 2024

It is therefore recommended that the following expenditure, in the view of the fact that there is no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R165 000.00 for the financial year 2022/2023 be written off as irrecoverable.

RESOLVED BY COUNCIL: 25 FEBRUARY 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman MR Nongxaza, and seconded by Alderman LM de Bruyn it was resolved as follows:

That the agenda-item be referred back and that the officials submit a detailed report with all the relevant information.

1. *Agenda-item be referred back.*
2. *For finalization by the Director: Community Services, Mr WSE Solomons-Johannes.*

RECOMMENDATION BY MPAC TO COUNCIL: 15 JANUARY 2025

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 J Smit it was recommended as follows:

The Municipal Public Accounts Committee recommends to Council that the expenditure be investigated and that the irregular amount of R165 000.00 be recovered.

RECOMMENDATION FROM MPAC TO COUNCIL: 11 JUNE 2025

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 M Botes it was recommended as follows:

That the agenda-item be referred to Council for an investigation in terms of Section 106 of the Local Government Municipal Systems Act, 2000.

RESOLVED BY COUNCIL: 27 JUNE 2025

Council noted that the agenda-item has been withdrawn and will not be discussed during the meeting.

Agenda-item be referred to MPAC for consideration.

RECOMMENDATION FROM MPAC TO COUNCIL: 26 AUGUST 2025

146

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor M Botes, and seconded by Councillor J Smit it was recommended as follows:

- 1. That the following expenditure, in the view of the fact that there is no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R165 000.00 for the financial year 2022/2023 be written off as irrecoverable.**
- 2. Consequence management must be applied where there is non-compliance and proper reasons are not provided.**

RECOMMENDATION TO COUNCIL:

It is recommended:

- 1. That the following expenditure, in the view of the fact that there is no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R165 000.00 for the financial year 2022/2023 be written off as irrecoverable.**
- 2. Consequence management must be applied where there is non-compliance and proper reasons are not provided.**

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks and seconded by Councillor M Botes, it was resolved as follows:

- 1. That the following expenditure, in the view of the fact that there is no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R165 000.00 for the financial year 2022/2023 be written off as irrecoverable.**
- 2. Consequence management must be applied where there is non-compliance and proper reasons are not provided.**

For finalization by the Director: Corporate Services, Mr. WSE Solomons-Johannes.

ITEM TITLE

147

**C271/2025 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE
COMMUNITY SERVICES: SECURITY CONSORTIUM SA**

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

The purpose of the report is to inform the Municipal Public Accounts Committee of the possible irregular expenses incurred during payment of an amount of R 2 717 910.00 to Security Consortium SA for the provision of security services: stabilisation monitoring units to the municipality during the 2022/2023 financial year, as and when the need arose, 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:

- a. Investigate the irregular expenditure,
- b. Make recommendations to the Council as to who, if any is liable for the irregular expenditure,
- c. Recommend to the Council whether the irregular expenditure must be certified as irrecoverable and be written off,
- d. Make recommendations if necessary for the implementation of measures to prevent future irregular expenditure and,
- e. 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 municipality appointed Security Consortium SA in 2022 during an emergency procurement process as part of a range of mitigation interventions against stage six (6) loadshedding rolled out by ESKOM as well as the security risk posed to councilors who received death threats. The transactions and subsequent payment of invoices during the 2022/2023 financial years were deemed irregular by the Auditor-General of South Africa (AGSA) during its audit. The majority of invoices of Security Consortium SA were paid out during the 2022/2023 financial year and was reported to MPAC and Council and approved on 30 May 2023 as irregular expenditure to Security Consortium SA to the amount of R 9 426 407.00.

During the 2022/23 audit process by the Audit General of South Africa, they audit the Section 32 Register of the irregular expenditure that was disclosed and found that an amount of R 2 717 910.00 for Security Consortium SA was not disclosed and recorded in the Register.

The last invoice received on the 28th of March 2023 for the value of R 2 717 910.00, was only paid out on the 20th of June 2023 and hence the AGSA finding picked it up and it has been declared irregular.

The irregular expenditure in relation to Security Consortium SA was reported to the Municipal Public Accounts Committee and Council on 30 May 2023. The reporting of the amount of R 2 717 910.00 forms part of the additional irregular expenditure that was not reported in the 30 May 2023 report.

DISCUSSION

Security Consortium SA was appointed by the municipality to provide security services for the safeguarding of back-up generators at various places in Grabouw, as well as security services at the Grabouw Town Office. The transaction was deemed irregular by AGSA and the municipality has been directed to report it to MPAC and Council to investigate if any financial loss or damages were suffered.

The irregular expenditure that occurred was a continuation of existing services that was already explained in the report of 30 May 2023, within the same terms that Security Consortium SA was appointed. Refer to the attached report of 30 May 2023.

It should be noted by the Committee that Council received value for money and did not suffer any financial loss or damages. And there are no grounds for a claim against any official.

COMMENTS FROM THE OFFICE OF THE MUNICIPAL MANAGER

Safeguarding and protection of municipal facility/(ies) to prevent theft, burglaries and vandalism. The process is underway to advertise/adjudicate a tender/s for a framework contract of panels for the provision of security services under Tender COMM03-2023/2024: Provision of Security Services Theewaterskloof Municipality from date of appointment until 30 June 2026.

COMMENTS FROM DIRECTORATE

No additional information, as the information is covered in the AG report.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The amount written off as irregular in view of the explanation and reason explained in the report.

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 the irregular expenditure is certified by Council 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)

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

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 R 2 717 910.00 for the financial year 2022/2023 be written off as irrecoverable.

RECOMMENDATION BY MANAGEMENT TO MPAC: 21 MAY 2024

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 R 2 717 910.00 for the financial year 2022/2023 be written off as irrecoverable.

RECOMMENDATION BY MPAC TO COUNCIL: 15 JANUARY 2025

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 J Smit it was recommended as follows:

That the following irregular expenditure, 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, in the amount of R2 717 910.00 for the financial year 2022/2023 be written off as irrecoverable.

RESOLVED BY COUNCIL: 25 FEBRUARY 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman MR Nongxaza, and seconded by Alderman LM de Bruyn it was resolved as follows:

That the agenda-item be referred back and that the officials submit a detailed report with all the relevant information.

1. *Agenda-item be referred back.*
2. *For finalization by the Director: Community Services, Mr WSE Solomons-Johannes.*

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 R 2 717 910.00 for the financial year 2022/2023 be written off as irrecoverable.

RECOMMENDATION FROM MPAC TO COUNCIL: 26 AUGUST 2025

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

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 R 2 717 910.00 for the financial year 2022/2023 be written off as irrecoverable.

RECOMMENDATION TO COUNCIL:

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 R 2 717 910.00 for the financial year 2022/2023 be written off as irrecoverable.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman MR Nongxaza and seconded by Alderman DA Appel, it was resolved as follows:

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 R 2 717 910.00 for the financial year 2022/2023 be written off as irrecoverable.

For finalization by the Director: Community Services, Mr. WSE Solomons-Johannes.

ITEM TITLE

C272/2025 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: OFFICE OF THE MUNICIPAL MANAGER: APPOINTMENT OF DEPUTY DIRECTOR: HUMAN SETTLEMENTS

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

The aim of the report is to inform MPAC of the discrepancies in the appointment of the Deputy Director: Human Settlements

The committee can in terms of its mandate:

1. Investigate the irregular expenditure,
2. Make recommendations to Council as to who, if any is liable for the irregular expenditure,
3. Recommend to Council whether the irregular expenditure must be certified as irrecoverable and be written,
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 unauthorised, irregular, fruitless and wasteful expenditure currently.

BACKGROUND

During the Auditor-General of South Africa's (hereinafter referred to as "the AGSA") testing of appointments, the AGSA identified that an Arbitrator in the National South African Local Bargaining Council, between the Applicant: Dumisane Matuse (who also applied for the position), Respondent: Theewaterskloof Municipality, and 2nd Respondent: Simphiwe Tebele (appointed in the position) made the following arbitration award on 15 November 2024 in respect of the appointment of the Deputy Director: Human Settlements:

- b. *"The process for the filling of the post of Deputy Director: Human Settlements, was unfair, rendering the conduct of the Respondent an unfair labour practice in terms of section 186(2) of the LRA.*
- c. *The appointment of the Second Respondent, Simphiwe Tebele, is set aside.*
- d. *The Respondent is ordered to repeat the process for the filling of the post from shortlisting with panel members other than those that participated in the impugned process.*
- e. *I make no order as to costs."*

DISCUSSION

The AGSA indicated the following:

- The non-compliance with the Municipal Systems Act and payments relating to the salary for the appointed Deputy Director: Human Settlements from date of appointment 1 December 2023 constitutes irregular expenditure under the Municipal Finance Management Act (MFMA).
- This also indicative of a possible financial loss for the municipality.

The AGSA furthermore stated the following in respect of internal control deficiency:

Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.

The accounting officer did not ensure that the appointment process was compliant with the requirements of MSA. The result of the arbitration identified that the appointment process followed was unfair.

The AGSA went on to provide the following recommendations:

- Management should regard the payments relating to the salary of the Deputy Director: Human Settlements as irregular expenditure and deal with in accordance with section 32 of the MFMA.
- Management should adjust the financial statements to disclose the irregular expenditure in this regard.
- Payments made after year-end in this regard should be disclosed in the following year's financial statements and also be dealt with in accordance with Section 32 of the MFMA.
- Leadership should ensure that fair appointment processes are followed.
- Management should also assess the unfair appointment for subsequent event in terms of GRAP 17.
- Management agreed with the finding by the AGSA. Irregular expenditure notes in the AFS to be updated with its cost to company earnings from 1 December 2023 to 30 June 2024, which amounts to a total of R 748 903.

The corrective action taken according to Management is as follows:

1. Management should regard the payments relating to the salary of the Deputy Director: Human Settlements as irregular expenditure and deal with in accordance with section 32 of the MFMA.
2. Management should adjust the financial statements to disclose the irregular expenditure in this regard.
3. Payments made after year-end in this regard should be disclosed in the following year's financial statements and also be dealt with in accordance with Section 32 of the MFMA.
4. Leadership should ensure that fair appointment processes are followed.

The AGSA acknowledged management's agreement with the finding and internal control deficiency. The AGSA indicated that they will follow up on the corrective measures during our next year's audit cycle and we will evaluate the correction of the misstatement up receipt of the updated financial statements.

COMMENTS FROM THE DIRECTORATE CORPORATE SERVICES

Noted.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The non-compliance has resulted in Irregular Expenditure, which management should adjust and disclose in the annual financial statements being:

- a. Salaries paid to the Acting Directors during extended periods without MEC approval are considered irregular in terms of Section 1 of the MFMA.

LEGAL IMPLICATIONS (ITEM AUTHOR)

The following statutory obligations flow from the MFMA:

Section 32(2) of the MFMA directs that a Municipality **must** recover unauthorised, irregular or fruitless and wasteful (hereinafter referred to as "UIFW") expenditure from the person liable for that expenditure, unless the exceptions in subsection (a) or (b) are applicable. This is a prescriptive provision; it is not optional and there is no room for discretion. The Municipality therefore has a statutory duty to recover such UIFW Expenditure. This approach was confirmed by the Supreme Court of Appeal:

"The plain wording of s 32 also makes it clear that recovery of unauthorised, irregular, and fruitless and wasteful expenditure by a municipality, is not optional. Instead, a municipality is enjoined to recover such expenditure from the person liable for it, hence the word 'must' in s 32(2)."

Additionally, since recovery of UIFW Expenditure under section 32 is mandatory, should the incumbent Municipal Officials or Political Office-Bearers not endeavor to recover such expenditure, they could, in terms of section 176(2), be held personally liable for the deliberate or negligent failure to recover the UIFW Expenditure. In this regard, section 176(2) provides that:

"(2) Without limiting liability in terms of the common law or other legislation, a municipality may recover from a political office-bearer or official of the municipality, and a municipal entity may recover from a director or official of the entity, any loss or damage suffered by it because of the deliberate or negligent unlawful actions of that political office-bearer or official when performing a function of office."

The following reporting obligations are imposed on the Accounting Officer by the MFMA:

To, in terms of section 32(4) *"inform the mayor, MEC for local government in the province and the Auditor-General in writing:*

- (a) of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;
- (b) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
- (c) the steps that have been taken –
 - (i) to recover or rectify such expenditure; and
 - (ii) to prevent a recurrence of such expenditure”.

To report, in terms of section 32(6), to the South African Police Service “all cases of alleged - (a) irregular expenditure that constitute a criminal offence; and (b) theft and fraud that occurred in the municipality.”

The Accounting Officer can be held liable for UIFW Expenditure unless he/she in accordance with section 32(3) informed the Council, the Mayor or the Executive Committee, in writing, that the expenditure is likely to be unauthorised, irregular or fruitless and wasteful expenditure once it comes to his/her attention that “the council, the mayor or the executive committee of the municipality, as the case may be, has taken a decision which, if implemented, is likely to result in unauthorised, irregular or fruitless and wasteful expenditure.”

If the Accounting Officer fails to report and/or comply with the provisions of subsection 36(6) or if he/she is the person implicated in the commission of a criminal offence, the Council of a Municipality **must**, in accordance with section 32(7) report the matter to the South African Police Service.

Instances where UIFW Expenditure can be written off as irrecoverable are set out in section 32(2)(a) & (b) of the MFMA and provides that unauthorised expenditure can be written off if it is authorised in the adjustment budget or certified by Council, after investigation, to be irrecoverable, while irregular or fruitless and wasteful expenditure can after investigation be certified by Council as irrecoverable.

An investigation into UIFW Expenditure must take into account the provisions of regulation 74 of the Municipal Budget and Reporting Regulations which states that:

“(1) A council committee contemplated in section 32(2)(a)(ii) of the Act to investigate the recoverability of any unauthorised, irregular or fruitless and wasteful expenditure must consider—

- (a) the measures already taken to recover such expenditure;
- (b) the cost of the measures already taken to recover such expenditure;
- (c) the estimated cost and likely benefit of further measures that can be taken to recover such expenditure; and
- (d) submit a motivation explaining its recommendation to the municipal council for a final decision.”

(2) The municipal manager must provide all information required by the council committee referred to in sub-regulation (1), and any other information the council committee may require for the purpose of conducting a proper investigation.”

In complying with the provisions of section 32, the Municipality is encouraged to keep detailed records of the efforts taken to recover UIFW Expenditure.

COMMENTS FROM INTERNAL AUDIT

It is not clear from the report who should be held accountable, and it is recommended that MPAC resolve the matter after their investigation to make a recommendation to Council.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

As a result, irregular expenditure creates the space for fraud and corruption, which in turn obstructs service delivery and undermines public confidence in the Municipality.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that MPAC:

1. Investigate the irregular expenditure.
2. Make recommendations to Council as to who, if any, is liable for the irregular expenditure.
3. Recommend to Council whether the irregular expenditure must be certified as irrecoverable and be written.
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 unauthorised, irregular, fruitless and wasteful expenditure currently.

RECOMMENDATION BY MANAGEMENT TO MPAC: 17 APRIL 2025

It is recommended that MPAC:

1. Investigate the irregular expenditure.
2. Make recommendations to Council as to who, if any, is liable for the irregular expenditure.
3. Recommend to 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 unauthorised, irregular, fruitless and wasteful expenditure currently.

RECOMMENDATION FROM MPAC TO COUNCIL: 16 MAY 2025

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 J Smit it was recommended as follows:

1. That the amount of R 748 903 be paid back by the appointed Deputy Director: Human Settlements.
2. That the previous Municipal Manager, at the time of the appointment of the Deputy Director: Human Settlements, must be disciplined.

RESOLVED BY COUNCIL: 29 MAY 2025

Agenda-item was withdrawn and not discussed during the meeting.

Agenda-item be referred to the next Council-in-Committee Meeting for discussion.

RECOMMENDATION BY COUNCIL TO MPAC: 27 JUNE 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks and seconded by Alderman DA Appel, it was recommended as follows:

Council grants approval to MPAC to take Section 32 of the MFMA route to determine whether something was done wrong or not.

RECOMMENDATION BY MPAC: 26 AUGUST 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor M Botes, and seconded by Councillor M Gana it was recommended as follows:

1. That the agenda-item be referred back.
2. That a meeting be scheduled between the MPAC members, Department Internal Audit and the Human Resources Department to discuss the item and to formalize a proper recommendation.

RECOMMENDATION FROM MPAC TO COUNCIL: 09 OCTOBER 2025

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

That the irregular expenditure to the amount of R 748 903 be recovered from the following panel members and not from the applicant:

The Municipal Manager of that time; Director: Corporate Services of that time and Senior Manager: Human Resources.

RECOMMENDATION TO COUNCIL:

It is recommended that the irregular expenditure to the amount of R 748 903 be recovered from the following panel members and not from the applicant:

The Municipal Manager of that time; Director: Corporate Services of that time and Senior Manager: Human Resources.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor H Linnerts and seconded by Alderman S Fredericks, it was resolved as follows:

- 1. That the agenda-item stands over because of new information brought to our attention that the Theewaterskloof Municipality might be implicated in a dispute between the two Municipal Officials.**
- 2. That the Municipal Manager submits a report to Council regarding this matter.**

1. Agenda-item referred back.

2. For finalization by the Municipal Manager Mr. W Hendricks.

ITEM TITLE

C273/2025 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: OFFICE OF THE MUNICIPAL MANAGER: APPOINTMENT OF THE MUNICIPAL MANAGER

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

The aim of the report is to inform MPAC of the irregular expenditure as a result of the appointment of Mr Wilfred Solomons-Johannes as the Municipal Manager.

The committee can in terms of its mandate:

- a. Investigate the irregular expenditure,
- b. Make recommendations to Council as to who, if any is liable for the irregular expenditure,
- c. Recommend to Council whether the irregular expenditure must be certified as irrecoverable and be written,
- d. Make recommendations if necessary for the implementation of measures to prevent future irregular expenditure, and
- e. To report to Council on the effective functioning of processes and procedures/controls surrounding the prevention of unauthorised, irregular, fruitless and wasteful expenditure currently.

BACKGROUND

During the audit of employee costs, the Auditor-General South Africa performed procedure on the appointment of senior managers, including review of correspondence from the MEC dated 18 August 2023 indicating that Mr Solomons-Johannes appointed as municipal manager appointed by the council, did not meet the minimum prescribed experience requirements under Section 54A(2) of the Local Government: Municipal Systems Act 32 of 2000 (MSA), read with Regulation 17 of the Appointment Regulations. Specifically, Mr Solomons-Johannes appointed as municipal manager, lacked the five years of senior management experience required for the position. As a result, his appointment was non-compliant with the MSA.

The High Court ruled on 5 March 2024 that the appointment of Mr Solomon-Johannes as municipal manager was unlawful, requiring the municipality to initiate a new recruitment process by 22 March 2024. The court also temporarily suspended the MM's appointment until 22 June 2024, allowing for a three-month transition period. The irregular appointment and salary payments made to the municipal manager referred to above were thus in contravention of the MSA, resulting in irregular expenditure under the MFMA definition.

DISCUSSION

Management disagreed with the finding by the AGSA, indicating that the MEC based his interpretation on the qualification criteria status for senior managers was challenged by the senior counsel of the municipality during the High Court litigation process. According to the senior counsel of the municipality there is a broader context attached to those who qualifies for senior management status. The Council of the municipality supported the position. The municipality executed the court order under Case No: 16088/2023 and commenced with the fresh recruitment and selection process of the position of Municipal Manager as prescribed.

The corrective action taken according to Management is as follows:

- a. Leadership should enhance the recruitment and appointment processes to ensure all senior management candidates meet the statutory requirements of the MSA and Appointment Regulations. This includes stricter vetting of qualifications and relevant experience.
- b. Leadership should establish an enhanced compliance review function within the HR department, in collaboration with the internal audit function, to periodically review appointments against legislative requirements to prevent future occurrences of irregular appointments.
- c. All expenditure related to Mr. Solomons-Johannes' remuneration for the said period should be classified and disclosed as irregular expenditure in the municipality's annual financial statements.

The AGSA noted Management's comment, and indicated that while management disagreed with the finding, there is clear evidence that expenditure associated with the appointment was non-compliant. The AGSA further indicated that management's justification, based on an interpretation challenged during the High Court proceedings, does not mitigate the non-compliance issue. The AGSA also stated that the High Court decision supersedes the municipality's broader interpretation, confirming the appointment's unlawfulness.

Based on the audit procedures conducted, the AGSA conclude that the appointment of Mr Solomons-Johannes as the Municipal Manager did not meet the prescribed minimum experience requirements under Section 54A (2) of the Municipal Systems Act 32 of 2000 (MSA), read with Regulation 17 of the Appointment Regulations. The payment of remuneration during his tenure constitutes irregular expenditure as it is associated with the breach of statutory appointment requirements.

The AGSA furthermore stated that the relevant salary payments must be disclosed as irregular expenditure amounting to R1 056 232.91, in the financial statements to ensure transparency and adherence to reporting requirements under the MFMA.

COMMENTS FROM THE DIRECTORATE CORPORATE SERVICES

Noted.

COMMENTS FROM DIRECTORATE

The recommendations are supported.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The relevant salary payments must be disclosed as irregular expenditure amounting to R1 250 619, in the financial statements to ensure transparency and adherence to reporting requirements under the MFMA.

LEGAL IMPLICATIONS (ITEM AUTHOR)

The following statutory obligations flow from the MFMA:

Section 32(2) of the MFMA directs that a Municipality **must** recover unauthorised, irregular or fruitless and wasteful (hereinafter referred to as "UIFW") expenditure from the person liable for that expenditure, unless the exceptions in subsection (a) or (b) are applicable. This is a prescriptive provision; it is not optional and there is no room for discretion. The Municipality therefore has a statutory duty to recover such UIFW Expenditure. This approach was confirmed by the Supreme Court of Appeal:

"The plain wording of s 32 also makes it clear that recovery of unauthorised, irregular, and fruitless and wasteful expenditure by a municipality, is not optional. Instead, a municipality is enjoined to recover such expenditure from the person liable for it, hence the word 'must' in s 32(2)."

Additionally, since recovery of UIFW Expenditure under section 32 is mandatory, should the incumbent Municipal Officials or Political Office-Bearers not endeavor to recover such expenditure, they could, in terms of section 176(2), be held personally liable for the deliberate or negligent failure to recover the UIFW Expenditure. In this regard, section 176(2) provides that:

"(2) Without limiting liability in terms of the common law or other legislation, a municipality may recover from a political office-bearer or official of the municipality, and a municipal entity may recover from a director or official of the entity, any loss or damage suffered by it because of the deliberate or negligent unlawful actions of that political office-bearer or official when performing a function of office."

The following reporting obligations are imposed on the Accounting Officer by the MFMA:

To, in terms of section 32(4) "... inform the mayor, MEC for local government in the province and the Auditor-General in writing:

- (a) of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;
- (b) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
- (c) the steps that have been taken –

- (i) to recover or rectify such expenditure; and
- (ii) to prevent a recurrence of such expenditure”.

To report, in terms of section 32(6), to the South African Police Service “all cases of alleged - (a) irregular expenditure that constitute a criminal offence; and (b) theft and fraud that occurred in the municipality.”

The Accounting Officer can be held liable for UIFW Expenditure unless he/she in accordance with section 32(3) informed the Council, the Mayor or the Executive Committee, in writing, that the expenditure is likely to be unauthorised, irregular or fruitless and wasteful expenditure once it comes to his/her attention that “the council, the mayor or the executive committee of the municipality, as the case may be, has taken a decision which, if implemented, is likely to result in unauthorised, irregular or fruitless and wasteful expenditure.”

If the Accounting Officer fails to report and/or comply with the provisions of subsection 36(6) or if he/she is the person implicated in the commission of a criminal offence, the Council of a Municipality **must**, in accordance with section 32(7) report the matter to the South African Police Service.

Instances where UIFW Expenditure can be written off as irrecoverable are set out in section 32(2)(a) & (b) of the MFMA and provides that unauthorised expenditure can be written off if it is authorised in the adjustment budget or certified by Council, after investigation, to be irrecoverable, while irregular or fruitless and wasteful expenditure can after investigation be certified by Council as irrecoverable.

An investigation into UIFW Expenditure must take into account the provisions of regulation 74 of the Municipal Budget and Reporting Regulations which states that:

“(1) A council committee contemplated in section 32(2)(a)(ii) of the Act to investigate the recoverability of any unauthorised, irregular or fruitless and wasteful expenditure must consider—

- (a) the measures already taken to recover such expenditure;
- (b) the cost of the measures already taken to recover such expenditure;
- (c) the estimated cost and likely benefit of further measures that can be taken to recover such expenditure; and
- (d) submit a motivation explaining its recommendation to the municipal council for a final decision.”

(2) The municipal manager must provide all information required by the council committee referred to in sub-regulation (1), and any other information the council committee may require for the purpose of conducting a proper investigation.”

In complying with the provisions of section 32, the Municipality is encouraged to keep detailed records of the efforts taken to recover UIFW Expenditure.

COMMENTS FROM INTERNAL AUDIT

MPAC should consider Local Government Circular 1 of 2025 when investigating this matter.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

As a result, irregular expenditure creates the space for fraud and corruption, which in turn obstructs service delivery and undermines public confidence in the Municipality.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that MPAC:

1. Investigates the irregular expenditure,
2. Make recommendations to Council as to who, if any, is liable for the irregular expenditure,
3. Recommend to Council whether the irregular expenditure must be certified as irrecoverable and be written,
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 unauthorised, irregular, fruitless and wasteful expenditure currently.

RECOMMENDATION BY MANAGEMENT TO MPAC: 17 APRIL 2025

It is recommended that MPAC:

1. Investigates the irregular expenditure,
2. Make recommendations to Council as to who, if any, is liable for the irregular expenditure,
3. Recommend to Council whether the irregular expenditure must be certified as irrecoverable and be written,
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 unauthorised, irregular, fruitless and wasteful expenditure currently.

RESOLVED BY MPAC: 16 MAY 2025

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 J Smit it was resolved as follows:

1. **The MEC and High Court ruling report must be attached to the agenda-item.**
 2. **That the agenda-item where everybody in Council who votes for the appointment of the Municipal Manager must be attached to the agenda-item.**
 3. **That all relevant information must be attached before the agenda-item go to Council**
 4. **That Mr Solomons-Johannes must pay the monies back.**
1. *Agenda-item be referred back to include all the relevant information as an annexure to the agenda-item before submission to Council.*
 2. *For finalization by the Acting Municipal Manager, Mr W Hendricks.*

COMMENTS BY ITEM AUTHOR:

All relevant information is attached as an annexure.

RECOMMENDATION BY ITEM AUTHOR TO MPAC:

It is recommended that MPAC:

1. **Investigates the irregular expenditure,**
2. **Make recommendations to 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,**
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 unauthorised, irregular, fruitless and wasteful expenditure currently.**

RECOMMENDATION BY MPAC: 26 AUGUST 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor M Botes, and seconded by Councillor M Gana it was recommended as follows:

1. That the agenda-item be referred back.
2. That a meeting be scheduled between the MPAC members, Department Internal Audit and the Human Resources Department to discuss the item and to formalize a proper recommendation.

RECOMMENDATION FROM MPAC TO COUNCIL: 09 OCTOBER 2025

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

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 there are no grounds for a claim against any official, the irregular expenditure in the amount of R1 056 232.91 be written off.

RECOMMENDATION TO COUNCIL:

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 there are no grounds for a claim against any official, it is recommended that the irregular expenditure in the amount of R1 056 232.91 be written off.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman DA Appel and seconded by Alderman MR Nongxaza, it was resolved as follows:

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 there are no grounds for a claim against any official, it is recommended that the irregular expenditure in the amount of R1 056 232.91 be written off.

For finalization by the Municipal Manager Mr. W Hendricks.

ITEM TITLE

C274/2025 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE COMMUNITY SERVICES – OPERATIONS: IRREGULAR EXPENDITURE – COMM11/2023/24 RESTORATION OF ROAD INFRASTRUCTURE IN THE ROOIDAKKE DEVELOPMENT, GRABOUW EXEO KHOKHELA

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

The purpose of the report is to inform MPAC of the non-compliance with Regulation 19(a) of the SCM Regulations as goods and services were procured without following a competitive bidding process that constitutes irregular expenditure of R1 094 794.02.

BACKGROUND

The municipality deviated from the SCM process to procure road restoration services following severe storms in 2021. The municipality commenced a tender process, COMM 11/2023/24 wherein the BSC approved the specifications on 23 February 2024, however the BSC was concerned that the total tender process would take long leaving no time for construction.

Although funding became available in December 2023, the deviation was unjustifiable as the municipality could have followed a quotations process for urgent repairs while continuing with the normal tender process.

This results in non-compliance with regulation 19(a) as goods were procured without following a competitive bidding process. Deviations were approved by the accounting officer even though it was not impractical to obtain price quotations in contravention with regulation 36(1)(a). This constitutes an irregular expenditure of R1 094 794.02. The non-compliance is material and was included in the audit report.

DISCUSSION

Unjustified deviations from normal Supply chain processes

In terms of 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 R200 000 (VAT included) and long-term contracts 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 R200 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 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 1 06 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:

"37. 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*
- d. *interruption of essential services, including transportation and communication facilities or*
- e. *support services critical to the effective functioning of the municipality as a whole, the possibility of serious damage occurring to the natural environment,*
- f. *the possibility that failure to take necessary action may result in the municipality not being able to render an essential community service,*
- g. *the possibility that the security of the state could be compromised.*
- f. *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.*
- g. *Subparagraph 36(2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.”*

During the testing of this deviation, the AG identified several instances where the justification for the deviation was inadequate.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The irregular expenditure of R1 094 794.02 has been recorded in 2023/24 financial statements. Management should ensure that the recurrence of the same 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.

RECOMMENDED 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 R1 094 794.02 be written off for the 2023/2024 financial year.

RECOMMENDATION BY MANAGEMENT TO MPAC: 23 MAY 2025

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 R1 094 794.02. be written off for the 2023/2024 financial year.

RECOMMENDATION FROM MPAC TO COUNCIL: 11 JUNE 2025

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 M Botes it was recommended as follows:

That the agenda-item be referred to Council for an investigation in terms of Section 106 of the Local Government Municipal Systems Act, 2000.

RESOLVED BY COUNCIL: 27 JUNE 2025

Council noted that the agenda-item has been withdrawn and will not be discussed during the meeting.

Agenda-item referred to MPAC for consideration.

RECOMMENDATION BY MPAC: 26 AUGUST 2025

Agenda-item referred to next MPAC Meeting for discussion.

RECOMMENDATION FROM MPAC TO COUNCIL: 09 OCTOBER 2025

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 M Botes it was recommended as follows:

1. **Consequence management must be implemented – unjustified deviation from normal supply chain management processes.**
2. **That the amount of R1 094 794.02 recovered.**
3. **MPAC instructed the Accounting Officer to open a case at SAPS.**

RECOMMENDATION TO COUNCIL:

It is recommended:

1. That consequence management must be implemented – unjustified deviation from normal supply chain management processes.
2. That the amount of R1 094 794.02 recovered.
3. MPAC instructed the Accounting Officer to open a case at SAPS.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman LM de Bruyn and seconded by Alderman DA Appel, it was resolved as follows:

1. That Council did receive value for money and that the irregular expenditure in the amount of R1 094 794.02 be written off as irrecoverable for the 2023/2024 financial year.
2. That consequence management must be implemented for the unjustified deviation from normal supply chain management processes.
3. That this matter be referred to the disciplinary board because processes were not followed.

For finalization by the Director: Community Services, Mr. WSE Solomons-Johannes.

ITEM TITLE

C275/2025 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE COMMUNITY SERVICES – OPERATIONS: IRREGULAR EXPENDITURE – QUOTATION TO ATTEND TO DEFECTS ON COMPACTOR CAM25570 - TRANS MANUFACTURING (PTY) LTD T/A TFM TRANSTECH

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

The purpose of the report is to inform MPAC of the non-compliance with Regulation 19(a) of the SCM Regulations as goods and services were procured without following a competitive bidding process that constitutes irregular expenditure of R31524.31.

BACKGROUND

The municipality deviated from the SCM processes to procure vehicle repair services from the service provider, TFM Transtech as the bin picker was faulty and did not lift the bins. The driver did not identify any visible damage on the truck. The defect was of nature that a mechanical institution had to check the hydraulics and chemical parts in order to find the fault. The municipality was sent to Transtech for strip and quote. The deviation is unjustifiable as alternative service providers were available, the motivation does not stipulate the specific reason for choosing the awarded supplier thus a quotations process could have been followed for the stripping and repairing of the trash picker.

DISCUSSION**Unjustified deviations from normal Supply chain processes**

In terms of 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—

1. *that goods or services above a transaction value of R200 000 (VAT included) and long-term contracts may be procured by the municipality or municipal entity only through a competitive bidding process, subject to regulation 11(2); and*
2. *that no requirement for goods or services above an estimated transaction value of R200 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 36 of the Municipal Supply Chain Management Regulations states that;

1. *"A supply chain management policy may allow the accounting officer –*
2. *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 –*
 - a. *In the case an emergency;*
 - b. *If such goods or services are produced or available from a single provider only;*
 - c. *For the acquisition of special works of art or historical objects where specifications are difficult to compile;*
 - d. *Acquisition of animals for zoos; or*
 - e. *In any other exceptional case where it is impractical or impossible to follow the official procurement processes; and*
 - f. *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.*
 - g. *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*
 - h. *In terms of the Supply Chain Management (SCM) regulations 5: "An accounting officer may in terms of section 79 or 1 06 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:

"37. 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*
 - d. *interruption of essential services, including transportation and communication facilities or*
 - e. *support services critical to the effective functioning of the municipality as a whole, the possibility of serious damage occurring to the natural environment,*
 - f. *the possibility that failure to take necessary action may result in the municipality not being able to render an essential community service,*
 - g. *the possibility that the security of the state could be compromised.*
1. *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.*
 2. *Subparagraph 36(2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.”*

During our testing of this deviation, we identified several instances where the justification for the deviation was inadequate.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The irregular expenditure of R31524.31 has been recorded in 2023/24 financial statements. Management should ensure that the recurrence of the same 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.

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 R31 524.31 be written off for the 2023/2024 financial year.

RECOMMENDATION BY MANAGEMENT TO MPAC: 03 JUNE 2025

It is 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 R31 524.31 be written off for the 2023/2024 financial year.

RECOMMENDATION FROM MPAC TO COUNCIL: 11 JUNE 2025

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 M Botes it was recommended as follows:

That the agenda-item be referred to Council for an investigation in terms of Section 106 of the Local Government Municipal Systems Act, 2000.

RESOLVED BY COUNCIL: 27 JUNE 2025

Council noted that the agenda-item has been withdrawn and will not be discussed during the meeting.

Agenda-item referred to MPAC for consideration.

RECOMMENDATION BY MPAC: 26 AUGUST 2025

Agenda-item referred to next MPAC Meeting for discussion.

RECOMMENDATION FROM MPAC TO COUNCIL: 09 OCTOBER 2025

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:

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 R31 524.31 be written off for the 2023/2024 financial year.

RECOMMENDATION TO COUNCIL:

It is 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 R31 524.31 be written off for the 2023/2024 financial year.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor PJ Stander and seconded by Alderman S Fredericks, it was resolved as follows:

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 R31 524.31 be written off for the 2023/2024 financial year.

For finalization by the Director: Community Services, Mr. WSE Solomons-Johannes.

ITEM TITLE

C276/2025 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: OFFICE OF THE MUNICIPAL MANAGER: PAYMENT & TAX NON-COMPLIANCE OF BRINK THOMAS CASSIEM INCORPORATED

[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 MPAC of the circumstances surrounding the appointment of a legal service provider who, after having been appointed and having rendered services, was subsequently found to be non-compliant with tax regulations. At the time of the appointment, the service provider submitted a valid tax compliance certificate, and there was no indication of non-compliance.

In terms of its mandate, the Municipal Public Accounts Committee (MPAC) may:

- a. Investigate the irregular expenditure incurred in this matter.
- b. Recommend to Council whether the irregular expenditure should be certified as irrecoverable and written off.
- c. Propose measures to prevent future irregular expenditure.
- d. Recommend to Council who, if anyone, may be held liable for the irregular expenditure.
- e. Report to Council on the effectiveness of current processes, procedures, and controls in preventing unauthorized, irregular, fruitless, and wasteful expenditure.

BACKGROUND

Brink Thomas & Cassiem Incorporated was appointed under Deviation 5232694 to provide legal services in two matters:

- a. Opposition to the Caledon Ratepayers Association and three others.
- b. Legal defense against the Democratic Alliance and Others in the High Court.

A purchase order (H0000485) was issued on September 9, 2024. The deviation was supported and approved by the previous Municipal Manager and Supply Chain Management as an exceptional case. A Council resolution dated 13 September 2024 ratified the appointment of the legal team to oppose the notice of motion filed against the Municipality/Council. The legal service provider had already been appointed and was actively rendering services to the municipality when Supply Chain Management reported that the provider was non-compliant with tax regulations. Due diligence was applied after this discovery, and it was confirmed that the service provider's tax compliance status had changed since the time of appointment.

The service provider was formally informed of the issue and requested that the problem resolve the matter directly with SARS.

DISCUSSION

Tax Non-Compliance

Brink Thomas & Cassiem Incorporated was found to be non-compliant with tax regulations after their tax compliance status was checked by supply chain management. SARS confirmed that the taxpayer was non-compliant in terms of registration, filing, and/or payment responsibilities.

The non-compliance was reported after the service provider had already commenced work on legal matters. At the time of appointment, the service provider had submitted a valid tax compliance certificate which expired in February 2025. Upon discovery of the change in compliance status, the municipality applied due diligence and formally notified the service provider, requesting that they resolve the matter with SARS.

Expenditure Deviation

According to the IAG report (2024-10 Supply Chain Management Audit 1 November 2024 – 31 January 2025), the initial deviation report submitted to Council estimated an expenditure of R17,366, which was specific to the Caledon Ratepayers Association matter. Actual expenditure incurred was:

- R64,192.20 for the Caledon Ratepayers Association matter.
- R183,363.57 for the Democratic Alliance matter.

Total actual expenditure: R247,555.77, resulting in a discrepancy of R230,189.70 from the initial estimate.

COMMENTS FROM THE OFFICE OF THE MUNICIPAL MANAGER

The recommendations are supported

COMMENTS FROM THE DIRECTORATE CORPORATE SERVICES

Approved.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

Amounts written off as irrecoverable should be included in the annual financial statements.

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 the irregular expenditure is certified by the Council as irrecoverable, after the Section 32 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.

COMMENTS FROM INTERNAL AUDIT

The recommendation is supported with the addition that consequence management should be applied.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Not applicable.

COMMENTS FROM LEGAL SERVICES

The recommendation is supported as the service provider did perform tasks for the municipality.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that in the view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 247, 555.70 be written off.

Acknowledge that services were rendered and completed under Council-approved deviation.

RECOMMENDATION BY MANAGEMENT TO MPAC: 17 JULY 2025

That in the view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 247, 555.70 be written off.

Acknowledge that services were rendered and completed under Council-approved deviation.

RECOMMENDATION BY MPAC: 26 AUGUST 2025

Agenda-item referred to next MPAC Meeting for discussion.

RECOMMENDATION FROM MPAC TO COUNCIL: 09 OCTOBER 2025

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 M Botes it was recommended as follows:

That in the view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 247, 555.70 be written off.

Acknowledge that services were rendered and completed under Council-approved deviation.

RECOMMENDATION TO COUNCIL:

It is therefore recommended that in the view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 247, 555.70 be written off.

Acknowledge that services were rendered and completed under Council-approved deviation.

DISCUSSION DURING THE MEETING

Alderman LM de Bruyn request a 15-minute caucus break which was granted by the Speaker.

After the caucus break Alderman LM de Bruyn proposed the following:

1. *That in view of the fact that there is no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R64 192.20 be written off.*
2. *That the amount of R183 363,57 be referred back to MPAC, that all relevant documentation be provided for MPAC to make an informed decision.*

Proposal was second by Alderman S Fredericks.

Alderman DA Appel proposed the following counter-proposal:

That in view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 247, 555.70 be written off.

Acknowledge that services were rendered and completed under Council-approved deviation.

Counter-proposal was second by Alderman MR Nongxaza.

The voting process started, and each councillor indicated whether they vote for 1. Proposal by Alderman LM de Bruyn and seconded by Alderman S Fredericks or 2. The Counter - proposal by Alderman DA Appel seconded by Alderman MR Nongxaza.

The result of the voting process is as follows:

Proposal by Alderman LM de Bruyn and seconded by Alderman S Fredericks = 15 votes.

Counter Proposal by Alderman DA Appel and seconded by Alderman MR Nongxaza = 11 votes.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman LM de Bruyn and seconded by Alderman S Fredericks, it was resolved as follows:

- 1. That in view of the fact that there is no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R64 192.20 be written off.**
- 2. That the amount of R183 363,57 be referred back to MPAC, that all relevant documentation be provided to MPAC to make an informed decision.**

For finalization by the Municipal Manager, Mr. W Hendricks.

ITEM TITLE

C277/2025 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: OFFICE OF THE MUNICIPAL MANAGER: MAYCO SALARIES FOR DECEMBER 2024

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

The purpose of the report is to inform the MPAC of an irregular expense incurred as a result of double payments made to the Mayoral Committees during the month of December 2024.

DISCUSSION

The Committee can in terms of its mandate:

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

During the month of December 2024, the then Acting Municipal Manager gave an instruction to the salary section of the Municipality to pay Mayoral Committee members' salaries to the Mayoral Committee of Mayor Zimmerman. The email addressed to Mr Mabhena is attached as Annexure A for ease of reference. According to the email the Acting Municipal Manager authorised the salary payments for the Executive Mayor and his Committee that was in place at the time of the 15 November 2025 as well as the Executive Mayor and his Committee that was in place before the submission of the Application of Appeal on Friday, 06 December 2024. He further indicated that should the court not grant the relief sought by the applicants in this, in this case the ANC Councillors must pay back the difference in their salaries in January 2025 and vice versa if the court rules against the Respondents Democratic Alliance and Lincoln De Bruyn. The court ruled against the Applicants and that meant that the mayorship of Councillor Lincoln De Bruyn and his committee was the one that is recognised.

The matter also was discussed in the Council Meeting of 27 June 2025. The council resolved that the councillors who were paid more than they were entitled to must pay back the difference. The list of the councillors affected is attached as Annexure B

DISCUSSION

Please see Background for Discussion.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The relevant salary payments must be disclosed as irregular expenditure amounting to R180 885.05 in the financial statements to ensure transparency and adherence to reporting requirements under the MFMA.

LEGAL IMPLICATIONS (ITEM AUTHOR)

The following statutory obligations flow from the MFMA:

Section 32(2) of the MFMA directs that a Municipality **must** recover unauthorised, irregular or fruitless and wasteful (hereinafter referred to as "UIFW") expenditure from the person liable for that expenditure, unless the exceptions in subsection (a) or (b) are applicable. This is a prescriptive provision; it is not optional and there is no room for discretion. The Municipality therefore has a statutory duty to recover such UIFW Expenditure. This approach was confirmed by the Supreme Court of Appeal:

"The plain wording of s 32 also makes it clear that recovery of unauthorised, irregular, and fruitless and wasteful expenditure by a municipality, is not optional. Instead, a municipality is enjoined to recover such expenditure from the person liable for it, hence the word 'must' in s 32(2)."

Additionally, since recovery of UIFW Expenditure under section 32 is mandatory, should the incumbent Municipal Officials or Political Office-Bearers not endeavor to recover such expenditure, they could, in terms of section 176(2), be held personally liable for the deliberate or negligent failure to recover the UIFW Expenditure. In this regard, section 176(2) provides that:

"(2) Without limiting liability in terms of the common law or other legislation, a municipality may recover from a political office-bearer or official of the municipality, and a municipal entity may recover from a director or official of the entity, any loss or damage suffered by it because of the deliberate or negligent unlawful actions of that political officebearer or official when performing a function of office."

The following reporting obligations are imposed on the Accounting Officer by the MFMA:

To, in terms of section 32(4) "... inform the mayor, MEC for local government in the province and the Auditor-General in writing:

- (a) of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;
- (b) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
- (c) the steps that have been taken –
 - (i) to recover or rectify such expenditure; and

(ii) to prevent a recurrence of such expenditure”.

To report, in terms of section 32(6), to the South African Police Service “all cases of alleged - (a) irregular expenditure that constitute a criminal offence; and (b) theft and fraud that occurred in the municipality.”

The Accounting Officer can be held liable for UIFW Expenditure unless he/she in accordance with section 32(3) informed the Council, the Mayor or the Executive Committee, in writing, that the expenditure is likely to be unauthorised, irregular or fruitless and wasteful expenditure once it comes to his/her attention that “the council, the mayor or the executive committee of the municipality, as the case may be, has taken a decision which, if implemented, is likely to result in unauthorised, irregular or fruitless and wasteful expenditure.”

If the Accounting Officer fails to report and/or comply with the provisions of subsection 36(6) or if he/she is the person implicated in the commission of a criminal offence, the Council of a Municipality **must**, in accordance with section 32(7) report the matter to the South African Police Service.

Instances where UIFW Expenditure can be written off as irrecoverable are set out in section 32(2)(a) & (b) of the MFMA and provides that unauthorised expenditure can be written off if it is authorised in the adjustment budget or certified by Council, after investigation, to be irrecoverable, while irregular or fruitless and wasteful expenditure can after investigation be certified by Council as irrecoverable.

An investigation into UIFW Expenditure must take into account the provisions of regulation 74 of the Municipal Budget and Reporting Regulations which states that:

“(1) A council committee contemplated in section 32(2)(a)(ii) of the Act to investigate the recoverability of any unauthorised, irregular or fruitless and wasteful expenditure must consider—

- (a) the measures already taken to recover such expenditure;
- (b) the cost of the measures already taken to recover such expenditure;
- (c) the estimated cost and likely benefit of further measures that can be taken to recover such expenditure; and
- (d) submit a motivation explaining its recommendation to the municipal council for a final decision.”

(2) The municipal manager must provide all information required by the council committee referred to in sub-regulation (1), and any other information the council committee may require for the purpose of conducting a proper investigation.”

In complying with the provisions of section 32, the Municipality is encouraged to keep detailed records of the efforts taken to recover UIFW Expenditure.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

The irregular expenditure creates a space for fraud and corruption which in turn obstructs service delivery and undermines public confidence in the Municipality.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended:

1. That the Municipality must recover the unauthorised irregular fruitless and wasteful expenditure from the said Councillors
2. That the unauthorised irregular fruitless and wasteful expenditure be declared in the financial statements

RECOMMENDATION BY MANAGEMENT TO MPAC: 17 JULY 2025

It is recommended:

1. That the Municipality must recover the unauthorised irregular fruitless and wasteful expenditure from the said Councillors
2. That the unauthorised irregular fruitless and wasteful expenditure be declared in the financial statements

RECOMMENDATION BY MPAC: 26 AUGUST 2025

Agenda-item referred to next MPAC Meeting for discussion.

RECOMMENDATION FROM MPAC TO COUNCIL: 09 OCTOBER 2025

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

1. That the Municipality must recover the unauthorised irregular fruitless and wasteful expenditure from the said Councillors.
2. That the unauthorised irregular fruitless and wasteful expenditure be declared in the financial statements.
3. That the decision be implemented by the Speaker, Councillor WH Wells.

RECOMMENDATION TO COUNCIL:

It is recommended:

1. That the Municipality must recover the unauthorised irregular fruitless and wasteful expenditure from the said Councillors.
2. That the unauthorised irregular fruitless and wasteful expenditure be declared in the financial statements.
3. That the decision be implemented by the Speaker, Councillor WH Wells.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

Council noted that the Agenda-item has been withdrawn.

For finalization by the Municipal Manager: Mr W Hendricks.

ITEM HEADING

**C278/2025 DIRECTORATE ECONOMIC DEVELOPMENT & PLANNING:
DEPARTMENT: HUMAN SETTLEMENTS - REVIEW OF
THEEWATERSKLOOF MUNICIPAL HOUSING PIPELINE.**

[English version of the report is the original]

FILE NUMBER**PURPOSE / AIM OF REPORT**

Council to approve the 2025 reviewed Theewaterskloof Municipal Human Settlements Project Pipeline.

BACKGROUND

The Human Settlement Project Pipeline provides a list of possible projects, along with background information relating to each of the projects, that can be considered for implementation by the Department of Human Settlements and the Municipality

Projects not approved on the Human Settlement Project Pipeline will not be considered for funding on the municipal business plan.

The Human Settlements Pipeline provides a realistic assessment of the housing needs faced by Municipalities.

The Theewaterskloof Council has approved current housing pipeline in 2019. Since then, many of the projects identified have either been completed or are currently in implementation phase.

The purpose of the Human Settlements Pipeline is to identify land for housing opportunities as well as determine council's priorities in terms of where capital funding (MIG/municipal funds) should be spent to unblock these developments.

DISCUSSION

The attached Human Settlement Project Pipeline provides a list of possible projects, along with background information relating to each of the projects that can be considered for implementation by the Department of Human Settlements and the Municipality.

Projects not approved on the Human Settlement Project Pipeline will **not** be considered for funding on the provincial business plan.

Projects will not be funded for construction if they are not ready in terms of:

- Land availability and acquisition
- Environmental Impact Assessment (EIA) approval;

- Land Use Planning Approval (LUPA) obtained;
- Bulk services capacity and availability;
- Project Initiation Documents (PID) – Pre-Planning project application approved;
- Surveyor General plan approval
- Project Feasibility Report submitted and approved
- Project Implementation Readiness approval

Human Settlement Project Pipeline is therefore a monitoring tool (project readiness matrix) utilized that ensures that the abovementioned activities are in place in before project implementation.

The project pipeline has two categories of projects that include current projects and future projects. Current project refers to projects that are currently being implemented or that is currently under construction.

Future project refers to projects that have not yet reached the construction phase.

The changing dynamics in each of the towns due to migration of individuals into the municipal area seeking economic opportunities, contributing to the rapid growth of informal settlements which place additional pressure on the current housing demand necessitated the review of the housing pipeline.

There seems to be broad consensus at both National and Provincial level to prioritise serviced sites as opposed to top structures. This is the only way we as a municipality/country can alleviate the housing demand backlog with respect to access to basic services.

The municipality's current Theewaterskloof housing demand of **14 575** dissected below:

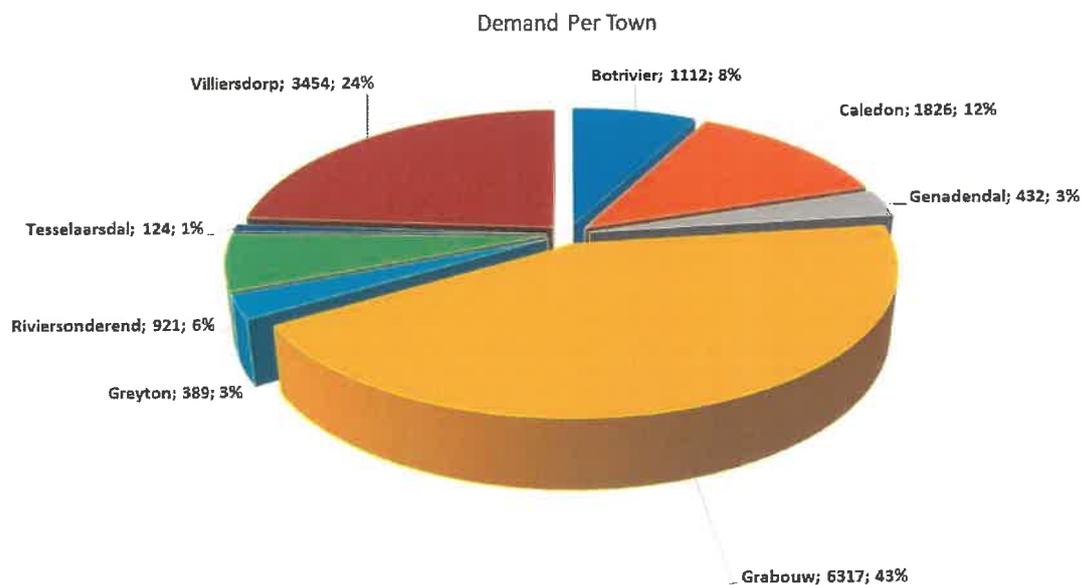
The table below shows the number of people registered on the housing demand database and reflects that various categories of demand, age, disability, and income.

Unpacking the demand reveals that:

- 80% of the total demand falls within the low-cost housing qualification income bracket.
- 20% of the total demand falls within the affordable housing market.
- 55% of the demand falls in the age category under 45.

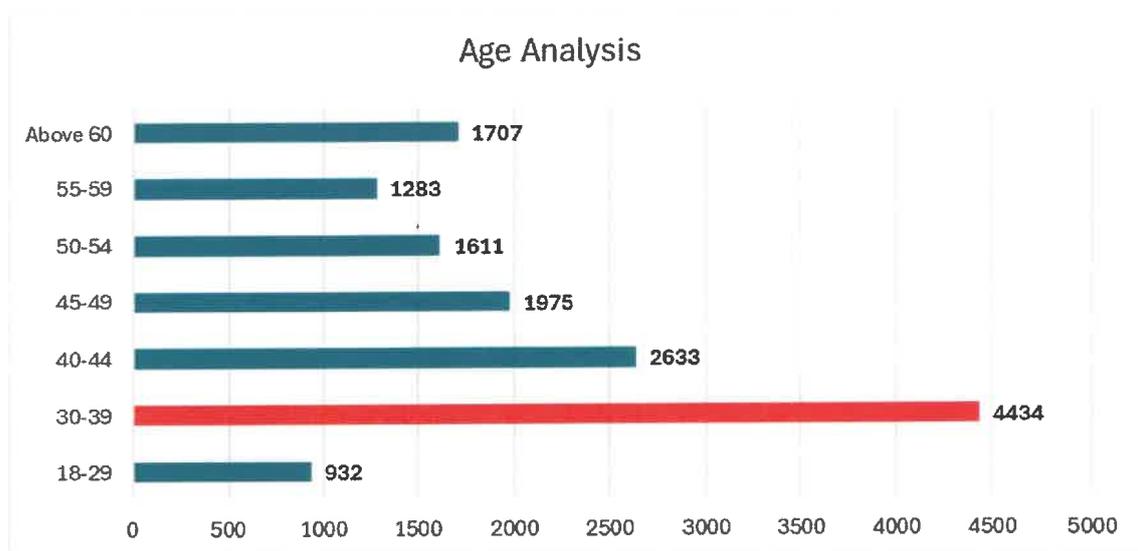
Demand Per Town		Age Analysis							Low Cost Housing	GAP/Affordable Housing					
Town	Demand Per Town	18-29	30-39	40-44	45-49	50-54	55-59	Above 60	0-3500	3501-7000	7001-15000	15001-22000	22001 Above	Disabled	Military Veterans
Botrivier	1112	106	384	201	144	92	63	134	977	92	39	7		11	2
Caledon	1826	100	581	395	200	214	150	181	1569	176	46	11		23	34
Genadendal	432	32	147	74	44	44	27	73	366	39	24	4		3	
Grabouw	6317	508	2122	1069	927	612	542	545	4630	1234	333	49		77	82
Greyton	389	21	122	78	61	39	23	53	352	31	8	2		2	
Riviersonderend	921	43	281	191	99	106	68	161	811	84	21	7		17	15
Tesselaarsdal	124	15	34	24	7	3	18	25	110	11	2	1		2	
Villiersdorp	3454	107	763	601	493	501	392	535	2774	516	146	15		62	42
TOTALS	14575	932	4434	2633	1975	1611	1283	1707	11589	2183	619	96	36	197	175

Demand Per town:



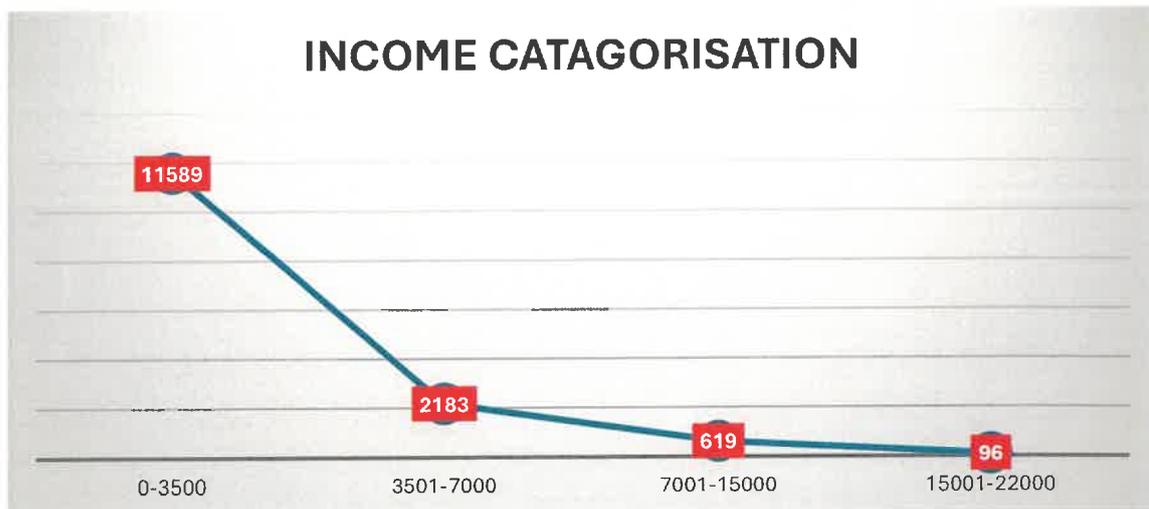
In analysing the registered housing demand, it is clear that there is a discrepancy in the actual demand (14 575) figures and the number of people living in informal settlements (22 382). This implies that the housing demand is likely much higher than what is registered on the database.

Demand Age Analysis



In terms of the age analysis, the table depicts that the majority 30% (4434) of the total demand falls within age category of 30-39 years, which does not necessarily form part of the vulnerable group in term of age.

Demand Income Categorisation:



The income profile of the majority of the housing demand in Theewaterskloof Municipality highlights the significant impact of unemployment on households, with approximately 80% (11585 households) of the demand falling within the R0 – R3 500 income bracket. This situation is further compounded by the fact that Theewaterskloof is largely dependent on agriculture as its primary economic driver, where employment opportunities are often seasonal and do not provide sustainable or consistent income for households throughout the year.

- The Housing Pipeline serves as a strategic planning tool for municipalities to outline and manage current and future housing interventions in alignment with community needs.
- It encompasses a wide range of programmes such as the provision of:
 - enhanced serviced sites,
 - upgrading of informal settlements, access to affordable housing opportunities (including
 - Subsidised/BNG units), Social Housing, Integrated Residential Development Programme
 - (IRDP) projects, and the Finance-Linked Individual Subsidy Programme (FLISP) for the GAP market. By tabulating these initiatives, the Municipality ensures better coordination, prioritisation, and implementation of housing delivery, while also linking these efforts to spatial planning and sustainable development goals.

Current projects in relation to demand:

TOWNS	LOW-COST HOUSING DEMAND (July 2025)	CURRENT PROJECTS YIELD	PLANNED PROJECTS YIELD (PIPELINE)	% UNASSISTED
CALEDON & TES	1950	650	TBD	67%
BOTRIVER	1112	861	TBD	23%
GRABOUW	6317	1260	TBD	80%
VILLIERSDORP	3454	868	TBD	75%
GREYTON & GENAL	821	393	TBD	52%
RIVIERSONDEREND	921	48	TBD	95%
TOTALS	14575	4080	TBD	65%

Considering the projects gazetted and measured against the actual housing need, it is crystal clear that the fight to address the backlog is one the municipality is not winning at this stage. The scale of demand far outweighs the number of opportunities that can realistically be delivered, and several factors make it increasingly difficult to close this gap.

Challenges in closing the demand Gap:

- Firstly, the municipality's allocation of housing opportunities is dependent on the provincial and national fiscus, which is limited and cannot keep pace with the ever-growing demand.
- Secondly, the bulk of the population falls within the low-income category, making them almost entirely reliant on subsidised housing as they cannot access the private housing market.

- Thirdly, economic conditions—both nationally and locally—continue to drive unemployment and underemployment, particularly in Theewaterskloof where seasonal agricultural jobs dominate. This creates a cycle of poverty where households remain trapped in inadequate living conditions with no alternative housing pathways.
- In addition, the cost of land acquisition, bulk infrastructure provision, and compliance with regulatory processes further delay project implementation and reduce the number of units that can be delivered.

Urbanisation and migration into the municipality also place further strain on the housing pipeline, as the demand grows faster than projects can be planned, funded, and completed

FINANSIELE IMPLIKASIES/FINANCIAL IMPLICATIONS

As per MIG implementation plan and councils approved budget and outer years estimates.

LEGAL RESPONSIBILITIES

SOUTH AFRICAN CONSTITUTION, ACT 108 OF 1996.

- Section 26 (1) states that: “Everyone has the right to have access to adequate housing”
- Section 26 (2) further says: “The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right”

CLIENT CARE IMPLICATION

Not applicable

RECOMMENDATION BY ITEM AUTHOR:

That council approves the 2025 review of the Human Settlements Project Pipeline.

RESOLVED BY COUNCIL: 23 OCTOBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman S Fredericks and seconded by Alderman DA Appel, it was resolved as follows:

Council approves the 2025 review of the Human Settlements Project Pipeline.

For finalization by the Director of Economic Development and Planning, Ms. N Baliso.

O. DRINGENDE AANGELEENTHEDE
URGENT MATTERS

Geen / None

P. OORWEGING VAN KENNISGEWINGS VAN MOSIES
CONSIDERATION OF NOTICES OF MOTIONS

Q. OORWEGING VAN KENNISGEWINGS EN VRAE
CONSIDERATION OF NOTICES AND QUESTIONS

R. OORWEGING VAN DRINGENDE MOSIES /
CONSIERATION OF NOTICES AND QUESTIONS

S. IN-KOMITEEVERGADERING AGENDA-ITEMS VIR BESPREKING
IN-COMMITTEE MEETING AGENDA-ITEMS FOR DISCUSSION

Minuted and distributed as a separate Minutes of the Meeting.

T. VERDAGING / ADJOURNMENT

Die vergadering verdaag om 21:00.
The meeting adjourned at 21:00.

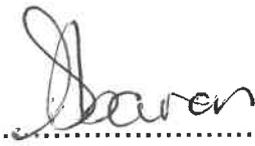
NOTULE BEKRAGTIG OP DIE DAG VAN
..... AS PRIMA FACIE BEWYS VAN DIE
JUISTHEID DAARVAN.

MINUTES CONFIRMED ON THE DAY OF
..... AS PRIMA FACIE EVIDENCE OF
IT'S CORRECTNESS.

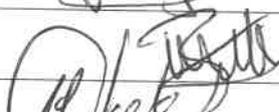
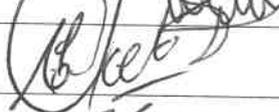
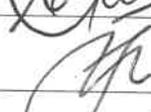
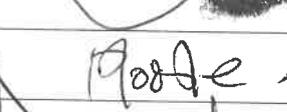
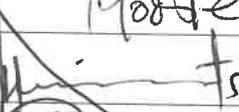
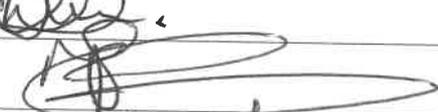
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SPEAKER

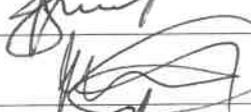
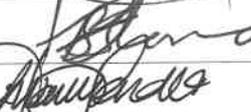
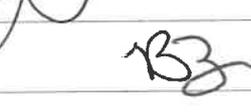
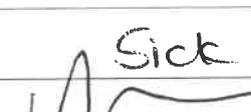
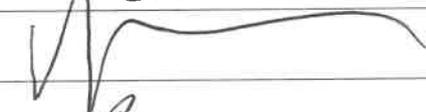
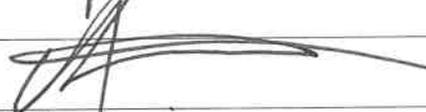
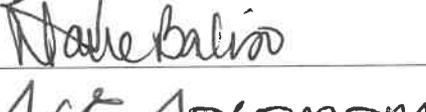
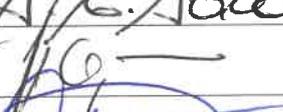
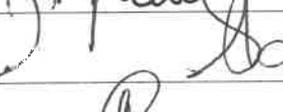
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DATUM/DATE

OPGESTEL EN BYGEHOU DEUR:
COMPILED AND RECORDED BY:


.....
S BARON
SEKRETARIAAT DIENSTE
SECRETARIAT SERVICES

RAADSVERGADERING
COUNCIL MEETING
23 OKTOBER / OCTOBER 2025

NAAM EN VAN / NAME AND SURNAME	HANDTEKENING / SIGNATURE
<u>Raadslede / Councillors :</u>	
Raadsheer/Alderman LM de Bruyn	
Raadsheer/Alderman CC Clayton	
Raadslid/Councillor 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	M. Mpambani
Raadslid/Councillor MA Nomkoko	M. Nomkoko
Raadsheer/Alderman MR Nongxaza	

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	
<u>Amptenare/Officials:</u>	
Mnr/Mr W Hendricks	Sick leave
Mnr/Mr GW Hermanus	
Mnr/Mr P Mabhena	
Mnr / Mr H Matthee	
Me./Ms N Baliso	
Mnr./Mr WSE Solomons-Johannes	
Mnr./Mr A Opperman	
Mnr/Mr H Gxoyiya	
Me./Ms M Faul	
Me./Ms S Baron	
Me./Ms F Ngxowa	
MRS NESIPO DABENI	
Victor Senga	
G Birch	
S Ken	

