



MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY

[19 MAART / MARCH 2026]

RAADSVERGADERING /
COUNCIL MEETING

NOTULE / MINUTES

19 MAART / MARCH 2026

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ITEM NO	ITEM BESKRYWING / DESCRIPTION	BLADSY NR / PAGE NO
A.	<u>OPENING: VERWELKOMING /</u> <u>OPENING: WELCOME</u>	1
B.	<u>VERKIESING VAN SPEAKER</u> <i>(indien nodig)</i> <u>ELECTION OF SPEAKER</u> <i>(if necessary)</i>	1
C.	<u>BYWONINGSREGISTER</u> <u>ATTENDANCE REGISTER</u>	1 - 2
C.1	Teenwoordig / Present	
C.2	Aansoek(e) om verlof tot afwesigheid / Application(s) for leave of absence	
D.	<u>VERKLARINGS EN MEDEDELINGS DEUR DIE SPEAKER /</u> <u>STATEMENTS AND COMMUNICATIONS BY THE SPEAKER</u>	3
E.	<u>VERKLARINGS EN MEDEDELINGS DEUR DIE</u> <u>UITVOERENDE BURGEMEESTER /</u> <u>STATEMENTS AND COMMUNICATIONS BY THE</u> <u>EXECUTIVE MAYOR</u>	3
F.	<u>ITEMS VANAF MKOOR</u> <u>ITEMS FROM MPAC</u>	
C78/2026	ICT: Non-Compliance - Procurement for services from Telkom SA [6/3/1/5/1]	15 - 19
C79/2026	LED: Irregular Expenditure: Urban-Econ Economists (Pty) Ltd [6/3/1/5/1]	20 - 24
C80/2026	Human Settlements: Irregular Expenditure – ASLA Construction (Pty) Ltd [6/3/1/5/1]	25 - 28
C81/2026	Town Planning: Irregular Expenditure – Esri South Africa (Pty) Ltd [6/3/1/5/1]	29 - 32

ITEM NO	ITEM BESKRYWING / DESCRIPTION	BLADSY NR / PAGE NO
C82/2026	Finance: Irregular Expenditure – Deviation from SCM process: provision of bill payments services municipal bills and water and electricity payments to Theewaterskloof Municipality [6/3/1/5/1]	33 - 36
C83/2026	Finance: Irregular Expenditure – Deviation from SCM process: provision of security services for the collection, transportation and depositing of cash [6/3/1/5/1]	37 - 40
C84/2026	Municipal Public Accounts Committee: Oversight Report in respect of the 2024/2025 Annual Report for Theewaterskloof Municipality [9/1/1]	41 - 44
G.	<u>VERSLAE VOORGELê DEUR DIE KANTOOR VAN DIE MUNISIPALE BESTUURDER</u> <u>REPORTS SUBMITTED BY THE OFFICE OF THE MUNICIPAL MANAGER</u>	
C85/2026	Report on the annual performance and 2024/2025 financial year performance appraisal process in respect of the Section 56/57 Managers [4/1/3]	45 - 48
H.	<u>DRINGENDE AANGELEENTHEDE / URGENT MATTERS</u>	49
I.	<u>OORWEGING VAN KENNISGEWINGS VAN MOSIES / CONSIDERATION OF NOTICES OF MOTIONS</u>	
J.	<u>OORWEGING VAN KENNISGEWINGS EN VRAE / CONSIDERATION OF NOTICES AND QUESTIONS</u>	
K.	<u>OORWEGING VAN DRINGENDE MOSIES / CONSIDERATION OF URGENT MOTIONS</u>	
L.	<u>VERDAGING / ADJOURNMENT</u>	

THEEWATERSKLOOF MUNISIPALITEIT/ MUNICIPALITY

1

NOTULE VAN 'N RAADSVERGADERING GEHOU OP 19 MAART 2026 OM 14:00,
IN DIE RAADSAAL MUNISIPALE KANTORE, CALEDON.

MINUTES OF A COUNCIL MEETING HELD ON 19 MARCH 2026 AT 14:00 IN THE
COUNCIL CHAMBERS MUNICIPAL OFFICES, CALEDON.

A. OPENING EN VERWELKOMING

Die Voorsitter, Speaker W.H. Wells, verwelkom almal teenwoordig.

Raadslid D Jooste open die vergadering met gebed.

Die Kommunikasiebeampte, Me T Michel, doen 'n aanbieding aan die Raad rakende die "Water bewusmakings boekie vir kinders (Tekile)", wat as aanhangsel tot die notule aangeheg word.

OPENING AND WELCOME

The Chairperson, Speaker WH Wells, welcomes everyone present.

Councillor D Jooste opened the meeting with a prayer.

The Communication Officer, Ms T Michel, presented the "Water awareness booklet for Children (Tekile)" to Council, which is attached as an annexure to the minutes.

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

Raadsheer/Alderman LM de Bruyn
Raadsheer/Alderman CC Clayton
Raadsheer/Alderman WH Wells
Raadsheer/Alderman DA Appel
Raadslid/Councillor CA Benjamin
Raadslid/Councillor M Botes
Raadslid/Councillor CT Cloete
Raadsheer/Alderman S Fredericks
Raadslid/Councillor M Gana
Raadslid/Councillor DA Jacobs

Raadslid/C²ouncillor D Jooste
 Raadslid/Councillor H Linnerts
 Raadslid/Councillor JD Lekhori
 Raadslid/Councillor TP Lemina
 Raadsheer/Alderman BB Mkhwibiso
 Raadslid/Councillor M Mpambani
 Raadslid/Councillor MA Nomkoko
 Raadsheer/Alderman MR Nongxaza
 Raadslid/Councillor FO Ntantiso
 Raadslid/Councillor V Papier
 Raadsheer/Alderman M Plato-Mentoor
 Raadslid/Councillor MS Shale
 Raadslid/Councillor J Smit
 Raadslid/Councillor C Smith
 Raadslid/Councillor PJ Stander
 Raadslid/Councillor YM van Tonder
 Raadslid/Councillor TB Zimmermann

Amptenare / Officials

Mnr./Mr GW Hermanus	(Wnde Munisipale Bestuurder) (Acting Municipal Manager)
Me./Ms N Baliso	(Direkteur: Ekonomiese Ontwikkeling en Beplanning) (Director: Economic Development and Planning)
Mnr./Mr WSE Solomons- Johannes	(Direkteur: Gemeenskapsienste) (Director: Community Services)
Mnr./Mr H Matthee	(Direkteur: Tegnyese- en Infrastruktuur Implementeringsdienste / Director: Technical- and Infrastructure Implementation Services)
Mnr./Mr A Riddles	(Wnde Direkteur: Finansies) (Acting Director: Finance)
Mnr./Mr A Opperman	(Hoof Uitvoerende Ouditeur) (Chief Audit Executive)
Mnr./Mr H Gxoxiya	(Senior Bestuurder: Regsdienste) (Senior Manager: Legal Services)
Me./Ms. M Faul	(Bestuurder: Korporatiewe Dienste) (Manager: Corporate Services)
Me./Ms. F Ngxowa	(Assistent Vertaler) (Assistant Translator)
Me./Ms S Baron	(Sekretariaatdienste) (Secretariat Services)

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

Geen / None

D. VERKLARINGS EN MEDEDELINGS DEUR DIE SPEAKER / STATEMENTS AND COMMUNICATIONS BY THE EXCEUTIVE MAYOR.

Geen / None

E. VERKLARINGS EN MEDEDELINGS DEUR DIE UITVOERENDE BURGEMEESTER / STATEMENTS AND COMMUNICATIONS BY THE EXECUTIVE MAYOR

Geen / None

F. ITEMS VANAF MKOOR
ITEMS FROM MPAC



NATIONAL

Presentation

Library Week and Water
Awareness Month



About the Book

Tekile and the Drops that Matter is our very own **Water Awareness Children's Book** Initiative:

- An educational project developed to promote water awareness among children and communities.
- Launched during National Library Week and National Water Month.
- Uses storytelling and engaging visuals to help children understand the importance of saving and protecting water.





Why the Book Was Created

The project was developed to:

- **Raise awareness about the importance of protecting our water resources.**
- **Educate young learners and families about responsible water use.**
- **Support the Municipality's broader water conservation and awareness efforts.**
- **Provide schools and libraries with a practical educational resource.**



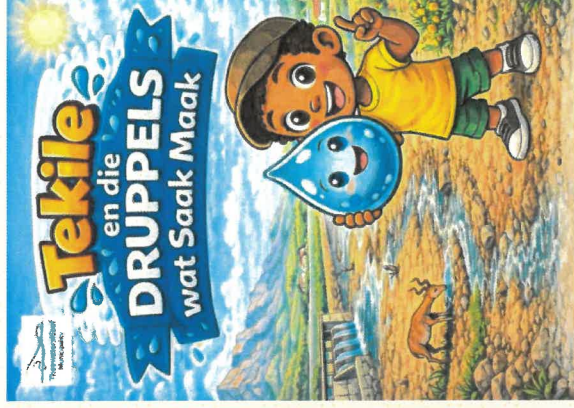
Inclusive and Accessible



Xhosa



English



Afrikaans



Project Components

Booklets

Printed story booklets available at municipal libraries with digital copies to be made available online making it cost effective.

Audio Books

Audio book versions promote better accessibility for people who might not be able to read, but also increases the number of people you are able to reach.

Activities

Colouring pages and activity sheets were shared with schools and learners as part of our awareness project during library week. As well as a water pledge sheet further encouraging children to commit to saving water.

Activities

Tekile Water
ACTIVITY PAGE

ACTIVITY: DRAW & THINK

Draw ONE thing you can do to save water at home or school.

TEKILE'S WATER PROMISE
I promise to use water wisely every day.
I will help protect our community and our future.

Name: _____ Date: _____

UTekile
kunye namathontsi
abalulekileyo

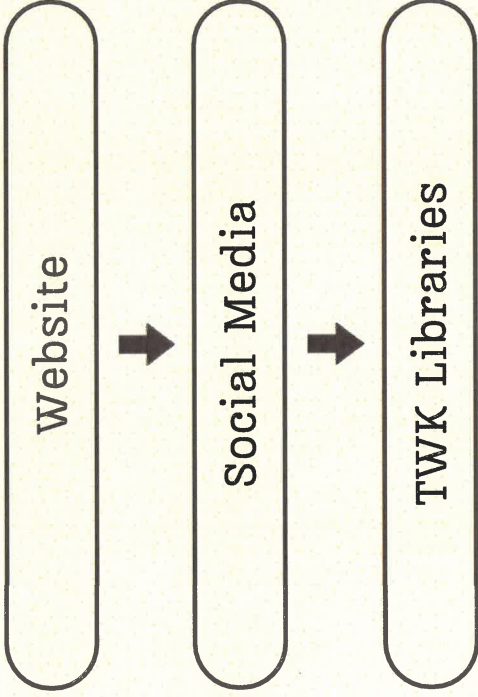
Tekile
en die
Druppels
Wat Saak maak

KOM ONS SPAAR ONS WATER!

Pruni die kraan toe. Gebruik minder water. Herwin & gebruik weer.

Elke Druppel Tell!

Where it will be available



Community Outreach

Sharing the Message Across Our Communities

- The project will be presented at schools and libraries across all towns.
- Councillors are encouraged to share the resources within their wards.
- Churches, community organisations and youth groups are also welcome to use the materials to promote water awareness.

Celebrating Library Week and Water Awareness



12



08







SCAN THIS

To access the digital and audio books please scan this QR code poster.



ITEM HEADING

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

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE / AIM OF REPORT

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

BACKGROUND

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

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

TELKOM SA SOC LTD:

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

DISCUSSION

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

Chapter 1 of the Municipal Supply Chain Management Regulations states:

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

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

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

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

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

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

SCM COMMENT:

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

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

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

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

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

LEGAL IMPLICATIONS (ITEM AUTHOR)

Section 217(1) of the Constitution of South Africa

Chapter 1 of the Municipal Supply Chain Management Regulations

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

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

RECOMMENDATION BY ITEM AUTHOR:

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

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

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 JANUARY 2026

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

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

RECOMMENDATION BY MPAC TO COUNCIL: 18 FEBRUARY 2026

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

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

RECOMMENDATION TO COUNCIL:

It is recommended:

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

RESOLVED BY COUNCIL: 19 MARCH 2026

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

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

- 19
2. That the identified Telkom SA telecommunication services be terminated where they are no longer needed, or regularised where they are required to go forward.
 3. That a dissatisfaction letter be drafted to the Auditor-General by the Acting Accounting Officer, Mr GW Hermanus, to be signed by all 4 MPAC Members, clarifying the position of Telkom to prevent a repeat finding.

For finalization by the Director: Corporate Services, Mr GW Hermanus.

ITEM HEADING

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

[English version of the report is the original.]

FILE NUMBER

6/3/1/5/1

PURPOSE / AIM OF REPORT

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

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

BACKGROUND

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

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

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

DISCUSSION

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

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

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

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

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

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

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

LEGAL IMPLICATIONS (ITEM AUTHOR)

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

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

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

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

These risks are mitigated in this instance by the following:

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

RECOMMENDATION BY ITEM AUTHOR:

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

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 JANUARY 2026

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

RECOMMENDATION BY MPAC TO COUNCIL: 18 FEBRUARY 2026

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

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

RECOMMENDATION TO COUNCIL:

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

DISCUSSION DURING MEETING:Councillor TP Lemina:

The content of the following sentence under "Discussion" contradicts each other and can it be clarified:

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

Councillor P Stander:

MPAC interrogates and investigates the matter but does not discuss the content of an agenda-item. The Officials must answer the questions.

Alderman DA Appel:

AG findings like this happen because of administrative delays and it was not because of the work not done.

RESOLVED BY COUNCIL: 19 MARCH 2026

24

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 C Clayton it was resolved as follows:

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

The following soft mitigation risks are the reason for the decision taken:

- a. The procurement process was initially compliant.**
- b. The irregularity resulted from administrative and payment delays.**

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

ITEM HEADING

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

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE / AIM OF REPORT

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

BACKGROUND

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

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

The finding read as follows

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

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

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

DISCUSSION

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

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

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

R 68 100 407.62 irregular expenditure.

LEGAL IMPLICATIONS (ITEM AUTHOR)

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

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

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

RECOMMENDATION BY ITEM AUTHOR:

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

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 JANUARY 2026

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

RECOMMENDATION BY MPAC TO COUNCIL: 18 FEBRUARY 2026

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

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

RECOMMENDATION TO COUNCIL:

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

DISCUSSION DURING MEETING:

Alderman DA Appel:

How can we fix this situation going forward? Project was done on a deviation.

Mr A Riddles:

Not a finding – every year all expenditure must be explained to MPAC to consider. Continuous reporting on expenditure until Asla Construction completes the planned project.

Ms N Baliso:

Every expenditure will go to MPAC. Implementation Agent used competitive bidding prices.

Alderman S Fredericks:

That in future Management must ensure that they respond to the following question raised by the AG under Management response: "If the above finding affects an amount(s) disclosed in the financial statements – Please give an indication of whether a correcting journal entry shall be processed – Yes or No"

RESOLVED BY COUNCIL: 19 MARCH 2026

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 C Cloete it was resolved as follows:

1. **That, in the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R 68 100 407.62 be written off as irrecoverable.**
2. **Council further resolved that a site visit be conducted by the MPAC members, Officials of the Directorate Technical- and Infrastructure Implementation Services and the Department of Human Settlements.**

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

ITEM HEADING

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

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE / AIM OF REPORT

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

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

BACKGROUND

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

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

DISCUSSION

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

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

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

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

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

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

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

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

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

LEGAL IMPLICATIONS (ITEM AUTHOR)

31

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

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR:

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

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 JANUARY 2026

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

RECOMMENDATION BY MPAC TO COUNCIL: 18 FEBRUARY 2026

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

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

RECOMMENDATION TO COUNCIL:

It is recommended:

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

RESOLVED BY COUNCIL: 19 MARCH 2026

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

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

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

ITEM TITLE

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

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

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

BACKGROUND

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

DISCUSSION

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

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

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

Following ^{7.1} this, the Revenue Manager requested permission from the Municipal Manager to resume the tender process. On 18 March 2024, approval was granted to proceed. A request for approval and the nomination of BSC committee members was submitted on 17 April 2024, and end-user appointment was received on 24 May 2024. The tender was submitted on 17 April 2024 for consideration by the specification committee. A BSC meeting scheduled for 13 May 2024 did not take place due to delays in appointing BSC committee members.

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

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

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

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

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

The findings for the deviations is tabled below:

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

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

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

LEGAL IMPLICATIONS (ITEM AUTHOR)

Section 32 of the MFMA.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

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

RECOMMENDATION BY ITEM AUTHOR:

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

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 JANUARY 2026

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

RECOMMENDATION BY MPAC TO COUNCIL: 18 FEBRUARY 2026

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

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

RECOMMENDATION TO COUNCIL:

It is recommended:

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

2. That Council noted the corrective measures put in place by awarding a tender until 30 June 2027.

RESOLVED BY COUNCIL: 19 MARCH 2026

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

For finalization by the Acting Director: Finance, Mr. A Riddles.

ITEM TITLE

37

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

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

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

BACKGROUND

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

DISCUSSION

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

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

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

Reg 13(1) states the following:

13. (1) an organ of state may, before the award of a tender, cancel a tender invitation if-
- (c) no acceptable tender is received

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

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

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

The findings for the deviation are tabled below:

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

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

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

LEGAL IMPLICATIONS (ITEM AUTHOR)

Section 32 of the MFMA

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

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

RECOMMENDATION BY ITEM AUTHOR:

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

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 JANUARY 2026

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

RECOMMENDATION BY MPAC TO COUNCIL: 18 FEBRUARY 2026

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

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

RECOMMENDATION TO COUNCIL:

It is recommended:

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

RESOLVED BY COUNCIL: 19 MARCH 2026

40

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 P Stander, it was resolved as follows:

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

For finalization by the Acting Director: Finance, Mr A Riddles.

The MPAC Chairperson, Councillor M Gana, presented the Oversight report to Council. 41

ITEM TITLE

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

[English version of the report is the original]

FILE NUMBER

9/1/1

PURPOSE OF REPORT

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

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

BACKGROUND

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

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

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

- Attend council and council committee meetings where the Annual Report is discussed for the purpose of responding to questions concerning the report; and
- Submit copies of the Minutes of those Meetings to the Auditor-General, the relevant Provincial Treasury and the Provincial Department of Local Government.

- 42
- Section 129 (3) requires the accounting officer to make public an Oversight Report within seven (7) days of its adoption (in accordance with Section 21A of the Municipal Systems Act).

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

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

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

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

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

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

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

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

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

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

DISCUSSION

As discussed in the Oversight Report.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

43

None.

LEGAL IMPLICATIONS (ITEM AUTHOR)

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

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

MFMA circular No 32

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

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

10. That the Oversight Report be submitted to the Provincial Legislature in accordance with section 132 (2) of the Municipal Finance Management Act (Act 56 of 2003).

RESOLVED BY COUNCIL: 19 MARCH 2026

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 P Stander it was resolved as follows:

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

For finalization by the Acting Manager: IDP and Performance Management, Ms M Faul.

The Acting Municipal Manager, Mr GW Hermanus leaves the Council Chambers, the Director: Economic Development and Planning, Ms N Baliso act as Acting Municipal Manager for the discussion of this agenda-item.

ITEM TITLE

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

[English version of the report is the original]

FILE NUMBER

4/1/3

PURPOSE OF REPORT

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

BACKGROUND

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

DISCUSSION

As per background.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

Sufficient funds have been budgeted for.

LEGAL IMPLICATIONS (ITEM AUTHOR)

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

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:**It is recommended:**

1. That Council takes cognisance of the outcome of the Evaluation process.
2. That Council takes note of the following start and end of employment dates:
 - 2.1. Director Corporate Services: Mr. GW Hermanus: 01 July 2024 – 30 June 2025
 - 2.2. Director Financial Services: Mr. P Mabhena: 01 July 2024 – 30 June 2025
 - 2.3. That Council confirms the results of the Evaluation Panel and approves the payment of the following performance bonuses:

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

3. In terms of section 34 (3) of regulation GNR 805 of 1 August 2006, a copy of the performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.
4. That Council notes that the above requirements have been complied with and the minutes of the council meeting will be forwarded to the MEC and National Minister responsible for Local Government.
5. That the payment of performance bonuses is subject to approval of the Oversight Report.
6. That Council notes the following:
 - 6.1. Any disputes about the outcome of the employee's performance evaluation must be mediated by –
 - 6.1.1. In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and

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

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

RESOLVED BY COUNCIL: 19 MARCH 2026

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 C Cloete, it was resolved as follows:

1. Council noted the outcome of the Evaluation process.
2. Council noted the following start and end of employment dates:
 - 2.1. Director Corporate Services: Mr. GW Hermanus: 01 July 2024 – 30 June 2025
 - 2.2. Director Financial Services: Mr. P Mabhena: 01 July 2024 – 30 June 2025
 - 2.3. That Council confirms the results of the Evaluation Panel and approves the payment of the following performance bonuses:

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

3. In terms of section 34 (3) of regulation GNR 805 of 1 August 2006, a copy of the performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.
4. That Council notes that the above requirements have been complied with and the minutes of the council meeting will be forwarded to the MEC and National Minister responsible for Local Government.
5. That the payment of performance bonuses is subject to approval of the Oversight Report.

6. That Council notes the following:

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

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

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

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

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

Mr GW Hermanus returns to the Council Chambers.

H. DRINGENDE AANGELEENTHEDE
URGENT MATTERS

Geen / None

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

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

K. OORWEGING VAN DRINGENDE MOSIES /
CONSIERATION OF NOTICES AND QUESTIONS

Minuted and distributed as a separate Minutes of the Meeting.

L. VERDAGING / ADJOURNMENT

Die vergadering verdaag om 17:15.
The meeting adjourned at 17:15.

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.

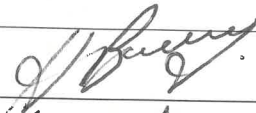

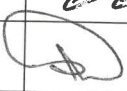



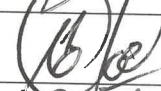






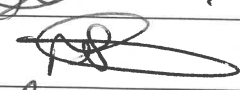
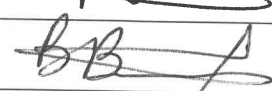
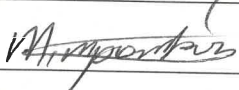
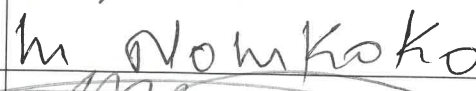
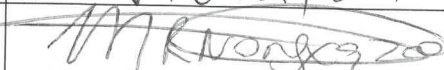
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SPEAKER





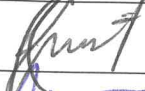

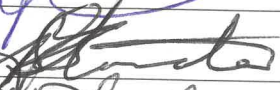
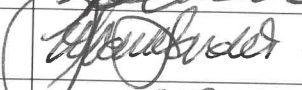

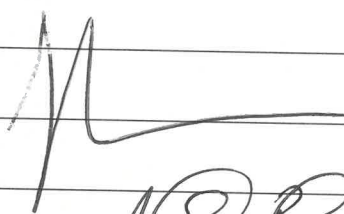

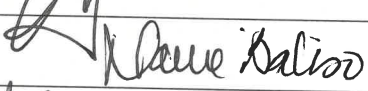
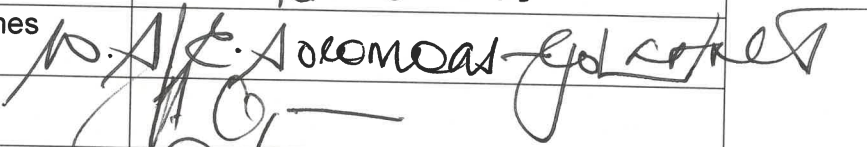


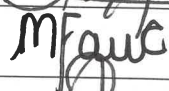



.....
DATUM/DATE

OPGESTEL EN BYGEHOU DEUR:
COMPILED AND RECORDED BY:


.....
S BARON
SEKRETARIAAT DIENSTE
SECRETARIAT SERVICES

**RAADSVERGADERING
COUNCIL MEETING
19 MAART / MARCH 2026**

NAAM EN VAN / NAME AND SURNAME	HANDTEKENING / SIGNATURE
<u>Raadslede / Councillors :</u>	
Raadsheer/Alderman LM de Bruyn	
Raadsheer/Alderman CC Clayton	
Raadsheer/Alderman WH Wells	
Raadsheer/Alderman DA Appel	
Raadslid/Councillor CA Benjamin	
Raadslid/Councillor M Botes	
Raadslid/Councillor CT Cloete	
Raadsheer/Alderman S Fredericks	
Raadslid/Councillor M Gana	
Raadslid/Councillor DA Jacobs	
Raadslid/Councillor D Jooste	
Raadslid/Councillor H Linnerts	
Raadslid/Councillor JD Lekhori	
Raadslid/Councillor TP Lemina	
Raadsheer/Alderman BB Mkhwibiso	
Raadslid/Councillor M Mpambani	
Raadslid/Councillor MA Nomkoko	
Raadsheer/Alderman MR Nongxaza	

Raadslid/Councillor FO Ntantiso	
Raadslid/Councillor V Papier	
Raadsheer/Alderman M Plato-Mentoor	
Raadslid/Councillor MS Shale	
Raadslid/Councillor J Smit	
Raadslid/Councillor C Smith	
Raadslid/Councillor PJ Stander	
Raadslid/Councillor YM van Tonder	
Raadslid/Councillor TB Zimmermann	
<u>Amptenare/Officials:</u>	
Mnr/Mr W Hendricks	
Mnr/Mr GW Hermanus	
Mnr/Mr P Mabhena	
Mnr./Mr A Riddles	
Mnr / Mr H Matthee	
Me./Ms N Baliso	 N Baliso
Mnr./Mr WSE Solomons-Johannes	 WSE Solomons-Johannes
Mnr./Mr A Opperman	
Mnr/Mr H Gxoyiya	
Me./Ms M Faul	 M Faul
Me./Ms S Baron	 S Baron
Me./Ms F Ngxowa	
T. Michel	 T. Michel