MUNISIPALITEIT **THEEWATERSKLOOF** MUNICIPALITY

[16 JULIE / JULY 2026]

KENNISGEWING / NOTICE

SPESIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING

BUNDEL 3 VAN 3 VIR VERSPREIDING / BUNDLE 3 OF 3 FOR DISTRIBUTION

A G E N D A

DATUM / DATE	:	23 JULIE / JULY 2026
PLEK / VENUE	:	RAADSAAL, MUNISIPALE KANTORE, CALEDON / COUNCIL CHAMBERS, MUNICIPAL OFFICES, CALEDON
TYD / TIME	:	09:00

MUNISIPALITEIT THEEWATERSKLOOF

Kantoor van die Munisipale Bestuurder
Munisipale Kantore
CALEDON

16 Julie 2026

KENNISGEWING AAN ALLE RAADSLEDE

SPESIALE RAADSVERGADERING VAN DIE THEEWATERSKLOOF MUNISIPALE RAAD

Kennis geskied hiermee dat 'n Spesiale Raadsvergadering geskeduleer is vir Donderdag, 23 Julie 2026 om 09:00 in die Raadsaal: Caledon om die onderstaande agenda te bespreek.

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

Rdsh WH Wells
SPEAKER

THEEWATERSKLOOF MUNICIPALITY

Office of the Municipal Manager
Municipal Offices
CALEDON

16 July 2026

NOTICE TO ALL COUNCILLORS

SPECIAL COUNCIL MEETING OF THE THEEWATERSKLOOF MUNICIPAL COUNCIL

Notice is hereby given that a Special Council Meeting is scheduled for Thursday, 23 July 2026 at 09:00 in the Council Chambers: Caledon, to discuss the undermentioned agenda.

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

Aldm WH Wells
SPEAKER

NAAM EN VAN / NAME AND SURNAME
Raadslede / Councillors :
Raadsheer/Alderman LM de Bruyn
Raadsheer/Aderman CC Clayton
Raadsheer/Alderman WH Wells
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
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 MH Witbooi
Raadsheer/Councillor C Wood
Raadslid/Councillor TB Zimmermann

MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY

SPESIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING

AGENDA

[23 JULIE / JULY 2026]

ITEM NR	ITEM BESKRYWING / DESCRIPTION	BLADSY / PAGE NR

ITEM NR	ITEM BESKRYWING / DESCRIPTION	BLADSY / PAGE NR

BUNDEL 2 VAN 3 VIR VERSPREIDING / BUNDLE 2 OF 3 FOR DISTRIBUTION

ITEM NR	ITEM BESKRYWING / DESCRIPTION	BLADSY / PAGE NR

E. **BESLUITE GENEEM TYDENS SPESIALE RAADSVERGADERING VAN 29 JUNIE 2023 RESOLUTIONS TAKEN DURING THE SPECIAL COUNCIL MEETING OF 29 JUNE 2023**

BUNDEL 3 VAN 3 VIR VERSPREIDING / BUNDLE 3 OF 3 FOR DISTRIBUTION

ITEM TITLE

SC28/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE COMMUNITY SERVICES: IRREGULAR EXPENDITURE – WB TIPPER TRUCK AND PLANT HIRE

[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 R995 394,00 to WB Tipper Truck and Plant Hire for the provision of water tankers to Riviersonderend as and when the need arose during March 2023, 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

ESKOM rolled out stage 6 loadshedding in the month of October 2022. Stage entails three four-hour loadshedding slots daily, until such ESKOM downgrades loadshedding to a lower stage. This has major implications on the water and wastewater treatment works in the municipal area. Without electricity the pumps and associated treatment process was unable to fill up reservoirs to an optimal level to distribute water to communities. In order to comply with the obligation to provide sustainable access to clean and safe drinking imposed on the municipality by the Constitution, the Municipal Manager to write a memorandum titled “request for approval for unseen and unavoidable expenditure: lease of generators, purchase of pump, security, automatic switch over changes, hiring of water tankers and diesel for generators” to the Executive Mayor. The approval of this memorandum allowed the municipality to secure the provision of water tankers as and when the need arose for the distribution of water to the communities in towns that experienced difficulties with the provision of water.

During the month of March, extreme stages of loadshedding were rolled out, which affected the ability of the Riviersonderend Town Office to produce water during their loadshedding slot. WB Tipper Truck and Plant Hire was contracted to fill up water directly into the reservoirs, which was critically low as well as providing water to the residents of Riviersonderend.

DISCUSSION

The water crisis challenged the ability of the municipality to provide access to sustainable and safe drinking water during a time when ESKOM rolled out loadshedding on a daily basis. The municipality, with the approval of the Executive Mayor sourced the services of WB Tipper Truck and Plant Hire to provide water tankers to the municipality as and when it was necessary to do so.

A total of two (2) invoices were submitted for payment. The total amount paid by the municipality to service provider was R 995 394,00.

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.

The Supply Chain Management (SCM) processes were not followed.

The incurring of emergency expenditure was authorised by the Executive Mayor in accordance with Section 29 of the MFMA, whereafter the matter was reported to Council in terms of Section 29 of the MFMA and consequently Section 28 Adjustment Budget approval vide Council Resolution C181/2022 dated 27 October 2022 in light of the unforeseen and unavoidable expenditure.

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 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.

FINANCIAL IMPLICATIONS

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

CLIENT CARE IMPLICATIONS

Not applicable.

RISK MANAGEMENT IMPLICATIONS

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 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 recommended that the irregular expense in the amount of R 995 394,00 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION BY MANAGEMENT TO MPAC: 12 JUNE 2023

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 995 394,00 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION BY MPAC TO COUNCIL: 22 JUNE 2023

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman BB Mkhwibiso, and seconded by Councillor MA Nomkoko 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 recommended that the irregular expense in the amount of R 995 394,00 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION TO COUNCIL:

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 995 394,00 for the financial year 2022/2023 be approved and accepted.

<u>RESOLVED BY COUNCIL: 29 JUNE 2023</u>

After the Chairperson had given the Councilors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor RL Mienies and seconded by Councillor TP Lesesa, 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 995 394,00 for the financial year 2022/2023 be approved and accepted.

For finalization by the Deputy Director: Community Services, Mr J Barnard.

<u>RECOMMENDATION TO COUNCIL:</u>

Reconsideration of agenda-item as per National Treasury outcome assessment which stipulated Section 32 non-compliance for agenda-item tabled.

Section 32 : Provision of Water Tankers: Theewaterskloof Municipality

Supplier	Service Description	Commencement date of contract
WB Tipper Truck and Plant Hire	Hire of Water Tankers: Theewaterskloof Municipality	October 2022

1

What was the initial Purpose of the contract
To provide water tanker trucks to Theewaterskloof Municipality.

2

Initial Scope of Contract and if uncertain please explain
The service provider was appointed to provide water tanker trucks to Theewaterskloof Municipality as and when the need arose to provide water to communities in towns in the municipal area experiencing difficulties in providing access to clean and safe drinking water.

3

Initial Contract Value and if uncertain please explain
R 995 394.00

4

Initial Expiry Date and if uncertain please explain
N/A

5

Was normal SCM Process followed and complied with		
Yes	No – X	Uncertain
Explain of motivate your response		
No, the services were procured on the basis of availability during emergency situations for which provision is made in the SCM Policy of the municipality.		

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes – X	No	Uncertain
Explain or motivate your response		
The Riviersonderend Town Office experienced a water crisis during the month of March 2023 and WB Tipper Truck and Plant Hire provided water to the town.		

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes	No – X	Uncertain
Explain or motivate your response		
No formal contract or SLA was entered into due to urgency of the crisis. SCM processes would have paralysed the pace required to respond to the emergency, SCM and MFMA makes provision for emergency situations.		

8

Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with		
Yes	No – X	Uncertain
Motivate or explain your response		
The services are only utilised in instances where the municipality is not able to provide water to its communities.		

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements		
Yes – X	No	Uncertain
Please explain or motivate your response above		
Council received value for money as the provision of drinking water was able to be rolled-out uninterruptedly.		

10

Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements		
Yes	No – X	Uncertain
Please explain or motivate your response above		
The service provided the service and submitted an invoice which was thereafter paid by the municipality. Communities were supplied with water every time.		

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes	No – X	Uncertain
Please explain or motivate your response above		
The services is only used in extreme emergency situations where the municipality is no position to provide water to communities until the fault has been restored.		

12

Has the director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price		
Yes – X	No	Uncertain
Please explain or motivate your response above		
The municipality only has one water tanker truck which has neared the end of its lifespan, procuring this service from WB Tipper Truck and Plant Hire has ensured that access to drinking water is possible albeit from a water tanker truck.		

14

Could any form of non-compliance have been prevented		
Yes	No – X	Uncertain
Explain or motivate your response above		
A water crisis is an unplanned for eventuality and it was exacerbated by the ever-increasing loadshedding levels.		

15

What remedies have been put in place to prevent any non-compliance being repeated		
Yes	No	Uncertain
Explain or motivate your response above		
The municipality has embarked on a whole range of medium- and long term solutions to ensure any form of non-compliance is repeated, included in which is the upgrading of fleet.		

16

General or additional Comments of the Director Concerned	
Mo. A/G. A [illegible] Signature of Director Concerned	07.06.2023 Date

17

General Comments/Findings and recommendations of the CFO
At all time we must follow through with proper procurement processes.
Signature of CFO **Date:**

18

General Comments/Findings and or recommendations of the Chief Audit Executive
Supported
Signature of Chief Audit Executive Date 07/06/2023

19

Final response of the Director Concerned for consideration by the Municipal Manager
Supported
Ms. A. E. Solomons-Gallant Signature of the Director concerned Date 07.06.2023

20

General Comments and findings of the Municipal Manager
Approved
Ms. A. E. Solomons-Gallant Signature of the Municipal Manager Date 07.06.2023

965 26514

2023 -05- 31

THEEWATERSKLOOF MUNISIPALITEIT

W00101

WB TIPPER TRUCK & PLANT HIRE

Datum : 31/05/2023

Tjek nr.: CASHFOCUS

Besonderhede van Betaling/Details of payment :

	995394,00
	995394,00

Belasting		Posnommer					Bedrag
Inklusief	**Eksklusief**						
							995394,00
							995394,00

Besonderhede van uitgawe nagegaan en gekontroleer

Ek/Ons sertifiseer dat geen vorige betaling in hierdie verband gemaak is nie.

Direkteur : Finansies

GH LAKAY
Opgestel deur

Nagesien deur

966

R0018708

MUNICIPALITY

WB TIPPER TRUCK & PLANT HIRE
HEAVY DUTY PLANT HIRE

Tel (021) 975-7492 • Fax No: 086-686-4904 • Cell No: 071-5555-941 • admin@wbtippers.co.za
• P.O. Box 6756, Kraaifontein-North, 7572 • Vat Reg No: 4300265289 • Co. Reg No: 2008/027721/07

TO: Theewaterskloof Municipality
P.O. Box 24
Caledon
7230

VAT REG NO: 4000846248

DATE: 20 March 2023

No. *03195*

TAX INVOICE

SITE: Hire of Watertank Trucks for water delivery to communities
RE: Water delivered to Riviersonderend

DESCRIPTION	PERIOD	QUANTITY/ HOURS	RATE/ HOUR	TOTAL R/c
Hire of Watertank Truck - normal time	7/3/2023 to 17/3/2023	81	R1 580,00	R127 980,00
Hire of Watertank Truck - Overtime & Saturdays	7/3/2023 to 17/3/2023	22	R1 620,00	R35 640,00
Hire of Watertank Truck - normal time	7/3/2023 to 17/3/2023	81	R1 950,00	R157 950,00
Hire of Watertank Truck - Overtime & Saturdays	7/3/2023 to 17/3/2023	22	R1 990,00	R43 780,00
32000 Litre Horse & Trailer				
			SUBTOTAL	R 365 350,00
			VAT @ 15%	R 54 802,50
			TOTAL	R 420 152,50

CHK

PAID

Banking Details:

Acc. Holder: WB Tipper Truck & Plant Hire (Pty)Ltd
Standard Bank Cheque Account no: 281 294 097
Branch: Tyger Manor, Branch Code: 050410

W.A.E. Solomons-Johannes

Wilfred Schrevian Evan Solomons-Johannes

Digitally signed by Wilfred Schrevian Evan Solomons-Johannes
Date: 2023.04.04 18:02:24 +02'00'

Production

GARRICK LAKAY

Goods Received Notices (GRN) - Capture

31 MAY 2023 08:11

rtion

inancial Period
n Year 2223
n Month 2305

GRN Details
Receive Number R0018708
Date 20230531
Invoice Number 03195

Supplier Information
W00101 WB TIPPER TRUCK AND PLANT HIRE

Capture Information
Captured By GARRICKLA
Approved By
Updated No
GRN Total 420,152.50+

eqNo	Order No	Expenditure	Store	Fin Source	Comp	Quantity	VAT	Amount	Excl	Escalation Inv	Date	Reversal	Delete
						0	0	0			0	0	
1		017010259400				1.00+	0	420,152.50+	No		0		
		Other Expenditure - Operating Leases (Machinery an			Calculated Amounts :		54,802.50+	365,350.00+					

Submit for Approval

RN R0018708 successfully submitted for authorization

967

R0018709

968

WB TIPPER TRUCK & PLANT HIRE
HEAVY DUTY PLANT HIRE

Tel. (021)975-7492 • Fax No: 086-686-4904 • Cell No: 071-5555-941 • admin@wbtippers.co.za
• P.O. Box 6756, Kraaifontein-North, 7572 • Vat Reg No: 4300265289 • Co. Reg No: 2008/027721/07

TO: Theewaterskloof Municipality
P.O. Box 24
Caledon
7230

VAT REG NO: 4000846248

DATE: 31 March 2023

No. 03212

TAX INVOICE

SITE: Hire of Watertank Trucks for water delivery to communities
RE: Water delivered to: Riviersonderend

DESCRIPTION	PERIOD	QUANTITY/ HOURS	RATE/ HOUR	TOTAL R/c
Hire of Watertank Truck - normal time	18/3/2023 to 31/3/2023	98	R1 580 00	R154 840 00
Hire of Watertank Truck - Overtime & Saturdays	18/3/2023 to 31/3/2023	36,5	R1 620,00	R59 130 00
Hire of Watertank Truck - Sunday overtime	19/3/2023 & 26/3/2023	22	R1 660 00	R36 520,00
Hire of Watertank Truck - normal time	18/3/2023 to 31/3/2023	97	R1 580,00	R153 260 00
Hire of Watertank Truck - Overtime & Saturdays	18/3/2023 to 31/3/2023	37	R1 620,00	R59 940 00
Hire of Watertank Truck - Sunday overtime	19/3/2023 & 26/3/2023	22	R1 660,00	R36 520 00
			SUBTOTAL	R 500 210.00
			VAT @ 15%	R 75 031,50
			TOTAL	R 575 241,50

Banking Details:
Acc. Holder: WB Tipper Truck & Plant Hire (Pty)Ltd
Standard Bank Cheque Account no: 281 294 097
Branch: Tyger Manor, Branch Code: 050410

PAID

MUNISIPALITEIT THEEWATERSKLOOF
BETAAL SERTIFIKAAT
Ek sertifiseer dat:
Die dienste / goedere soos hierin gespesifiseer,
... die Raad gelewer is en dat die pryse / fooie
... en volgens ooreenkoms / kontrak is.

M. A. F. ADAMS

Datum
31.05.2023

Production

Goods Received Notices (GRN) - Capture

GARRICK LAKAY
31 MAY 2023 08:12

inancial Period
n Year 2223
n Month 2305

GRN Details
Receive Number R0018709
Date 20230531
Invoice Number 03212

Supplier Information
W00101 WB TIPPER TRUCK AND PLANT HIRE

Capture Information
Captured By GARRICKLA
Approved By
Updated No
GRN Total 575,241.50+

aqNo	Order No	Expenditure	Store	Fin Source	Comp	Quantity	VAT	Amount	Excl	Escalation Inv	Date	Reversal	Delete
						0	0	0			0	0	
1		017010259400				1.00+	0	575,241.50+	No		0		
		Other Expenditure - Operating Leases (Machinery an				Calculated Amounts :	75,031.50+	500,210.00+					

Submit for Approval

RN R0018709 successfully submitted for authorization

969

Garrick Lakay

From: Ashwille Riddles
Sent: Tuesday, 30 May 2023 15:05
To: Carisha Hendricks; Garrick Lakay; Joanle Pretorius
Cc: Tarin Holworthy; Petula Fortuin
Subject: Please be on Standby

Hi

As soon as council meeting is adjourned, I need to see you for tomorrow's payments:

- Sibakulu (Only R4,5 million)
- ZWH (April and May invoices for Grabouw Rentals, Diesel Invoices, 1st trance payment on capital purchase – approximately 9 million).
- WB Tippers (Only R1 million)

Garrick, please prepare the payments (invoices) for the above breakdown. I will provide the votes.

Keep in mind I am not available tomorrow.

And on Thursday we start with month end.

Greetings

Ashwille

2511 Informal Settlements	4 Contracted Services - Contractors	109 Maintenance of Equipment	WC031_Emergency Security Informal Settlement	0	12511075040	5 544 458,00	5 544 458,00				5 544 458,00
7010 Water: Distribution	23 Operating Leases - Machinery and Equipme	105 Machinery and Equipment	WC031_Water Crises - Lease of Generators (Diesel)	1	17010159401	526 986,00	526 986,00	395 243,00	485 892,27	90 649,27	41 093,73
7010 Water: Distribution	23 Operating Leases - Machinery and Equipme	105 Machinery and Equipment	WC031_Water Crises - Lease of Generators	2	17010259400	3 347 719,00	3 347 719,00	2 855 295,00	2 397 205,38	158 089,62	950 513,62
7010 Water: Distribution	76 Expenditure Operational Cost Wet Fuel	802 Fuel	WC031_Water Crises - Lease of Generators (Diesel)	0	17010090170	1 800 000,00	1 800 000,00				1 800 000,00

Production

GARRICK LAKAY
30 MAY 2023 16:40

Supplier Master

Business Information

Internal Creditor Code	W00101
Full Registered Name	WB TIPPER TRUCK AND PLANT HIRE (PTY) LTD
Trading Name	WB TIPPER TRUCK AND PLANT HIRE (PTY) LTD
Company Registration No	2008/027721/07
VAT Registration No	4300265289
Income Tax Reference No	9594219165
Business Municipal Account No	
City Council	
BBBEE Status Level	0
HDI %	Total 0 Female 0
Business Size	
Secondary Banking Detail	☐
Business Sector	
Discount	0
Discount Term	

Control Accounts (Creditors)

Invoices (Deposits)	
Payments (Withdrawals)	

Banking Details

Bank Code	SCBL
Bank Name	STANDARD CHARTERED BANK
Branch Code	050410
Branch Name	TYGERMANOR
Account No	281294097
Account Type	Cheque/Current
Action Date and Time	2022OCT 847
Creditor Utilization blocked?	No
Reason for Utilization Block	0

Internal Status

Currently Active	☑
Payments Blocked	☐
Sundry Beneficiary	☐
Applied for Accreditation	☐
Accredited Supplier	☑
Direct Invoicing	☑
EFT Reference Required?	☐
Default EFT Reference	

Financial Year Transaction Summary

Orders	0
GRN	15,201,141.75+
Credit Notes	30,547.83-
Invoices	15,166,011.75-
Cheque Payments	0
EFT Payments	15,166,011.75+
Outstanding Payments	0
Journals	0
Year-End Journals	0

Age Analysis

Customer Type	Trade Creditors
0 - 30 Days	
31 - 60 Days	
61 - 90 Days	
91 - 120 Days	
121 - 150 Days	
151 - 180 Days	
181 Days - 1 Year	
Over 1 Year	

Record was successfully displayed

ITEM HEADING

C181/2022 DIRECTORATE FINANCE: CONSIDERATION AND APPROVAL OF THE ADJUSTMENT BUDGET 2022/2023 AND INDICATIVE FOR THE PROJECTED TWO OUTER YEARS 2023/2024 AND 2024/2025

[English version of the report is the original]

FILE NUMBER

5/1/1-2022/2023; 5/1/1-2023/2024; 5/1/1-2024/2025

PURPOSE / AIM OF REPORT

This report serves to submit the 2022/2023 and indicative two outer year's annual adjustment budget for approval.

BACKGROUND

Section 29 of the Municipal Finance Management Act. No 56 of 2003 states:

1. The mayor of a municipality may in emergency or other exceptional circumstances authorise unforeseeable and unavoidable expenditure for which no provision was made in an approved budget.

In accordance with section 71 (1) of the Municipal Budget and Reporting Regulation:

1. *The mayor of a municipality may authorise expenditure in terms of section 29 of the Act only if:*
   a) *the expenditure could not have been foreseen at the time the annual budget of the municipality was passed*
   b) *the delay that will be caused pending approval of an adjustment budget by the municipal council in terms of section 28(2)(c) of the Act to authorise the expenditure*

DISCUSSION

The National load shedding program caused the municipal Water Treatment and Waste Water Treatment infrastructure including pumps and distribution to shutdown, which in turn means no drinking water and no sanitation services for the community of Theewaterskloof municipality.

Eskom introduced stage 6 load shedding during this time which means shutdowns of up to 4 hours per load shedding slot, 3 times per day. This does not give the pumps and treatment process enough time to fill reservoirs and distribute water to the communities. The bulk drinking water supplier, Overberg Water (specific for Caledon), also falls under the same water crisis situation when load shedding occurs and is busy with their own interventions to supply water.

The expenditure from July, September up until the 11th of October 2022 for the hiring of water tankers was R 516 thousand (VAT incl.). The provisional estimated amount for the hiring of water tankers from the 17th of October 2022 until the 31st of October 2022 will amount to R 2 million (VAT incl.).

During this period the water supply was not sufficient for the sanitation services as well. This situation is continuing and is having an adverse effect on the municipality to implement its mandate to provide portable water i.t.o SANS 241.

This in turn is becoming a health risk due to the lack of water to accommodate proper sanitation services and treatment. The municipality's biggest industrial user SABM also had to decrease their production as well as other businesses due to insufficient water supply which in turn will have an extremely negative effect on our economy.

Non provision of this basic services is in contradiction of "The Constitution of the Republic of South Africa of 1996" and the Water Services Act 108 of 1998 – which states the following:

"Chapter 3 – Water Services Authority
Duty to provide access to water services
11..(1) Every water services authority has a duty to all consumers or potential consumers in its area of jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to water services."

A quotation was obtained for the hiring and installation of four (4) generators with Change-Over Switches (to run automatically when load shedding occurs) for Caledon and Myddleton at strategic points for raw water supply, purification and distribution to consumers. A quotation was also obtained for the procurement of a 37kW Submersible Borehole pump for the conveyance of raw water supply to the Purification Plants. The one quotation was requested as there is currently a huge need for generators all over the Western Cape and is this infrastructure becoming a scarce commodity.

The expenditure at mention will be funded from various expenditure votes.

LEGAL RESPONSIBILITIES

Section 28 of the Municipal Finance Management Act, 56 of 2003 and section 23 (4) of the Municipal Budget and Reporting Regulations.

Section 29 of the Municipal Finance Management Act. No 56 of 2003.

FINANCIAL RESPONSIBILITIES

As contained in the detail report.

CLIENT CARE IMPLICATION

None

<u>RISK MANAGEMENT IMPLICATION</u>

None

<u>RECOMMENDATION BY ITEM AUTHOR:</u>

It is recommended that the Council considers the report and adopts the Adjustment Budget report.

<u>RESOLVED BY COUNCIL: 27 OCTOBER 2022</u>

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

Council approves the adjustments budget for the financial year 2022 – 2023 as contained in the listed Tables B1 – B10 detailed below:

1. **Table B1 – Adjustments Budget Summary**
2. **Table B2 – Adjustments Budgeted Financial Performance (Revenue and Expenditure by standard classification)**
3. **Table B3 - Adjustments Budgeted Financial Performance (Revenue and Expenditure by municipal vote)**
4. **Table B4 - Adjustments Budgeted Financial Performance (Revenue and Expenditure)**
5. **Table B5 – Adjustments Capital Expenditure by Vote, Standard classification and Funding**
6. **Table B6 – Adjustments Budgeted Financial Position**
7. **Table B7 – Adjustments Budgeted Cash Flow**
8. **Table B8 – Cash backed reserves/Accumulated surplus reconciliation**
9. **Table B9 – Asset Management**
10. **Table B10 – Basic service delivery measurement**

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

ITEM HEADING

SC29/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE COMMUNITY SERVICES: IRREGULAR EXPENDITURE – ZWH PROJECTS AND DEVELOPMENT

[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 irregular expenses incurred during payments of the value of R1 842 913,70 to ZWH Projects and Development for the lease of generators and cost associated therewith in various towns in the municipal area, 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

ESKOM rolled out stage 6 loadshedding in the month of October 2022. Stage entails three four-hour loadshedding slots daily, until such time ESKOM downgrades loadshedding to a lower stage. This has major implications on the water and wastewater treatment works in the municipal area. Without electricity the pumps and associated treatment process was unable to fill up reservoirs to an optimal level to distribute water to communities. In order to comply with the obligation to provide sustainable access to clean and safe drinking water imposed on the municipality by the Constitution, the Municipal Manager to write a memorandum titled "request for approval for unseen and unavoidable expenditure: lease of generators, purchase of pump, security, automatic switch over changes, hiring of water tankers and diesel for generators" to the Executive Mayor.

The approval of this memorandum allowed the municipality to start looking at medium-and long-term solutions to the crisis. ZWH Projects and Development was approached by the municipality to lease generators to be stationed at strategic locations in Grabouw include the Town Office and Water Treatment Works Plants. This ensured that water was able to be pumped during loadshedding and that services can be rendered uninterruptedly during the Grabouw loadshedding. Provision in the memorandum is made for diesel as well. Generators guzzle diesel at a high tempo. As the loadshedding levels increased and became more regular, the demand for generators increased as other towns in the municipal area started to experience issues with the provision of water.

DISCUSSION

The sustainability of service delivery was under threat without the interventions undertaken by the management of the municipality. The generators leased from ZWH Projects and Development ensures that the provision of water continues uninterrupted during loadshedding slots in the various towns where these generators are utilised. A total of 14 generators is leased for the Theewaterskloof municipal area.

Two invoices for April and May 2023 for the generators in Grabouw was received and paid. The amount paid was R1 842 913,70. The attached invoices indicate the line items associated with the leasing of the generators, which include weekly inspections, security services, etc.

If a competitive bidding process was to be followed, it would have meant that the lease of these generators would have to be cancelled and this in turn would have disrupted service delivery operations as there is no timeframe attached to such a process.

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.

The Supply Chain Management (SCM) processes were not followed.

The incurring of emergency expenditure was authorised by the Executive Mayor in accordance with Section 29 of the MFMA, whereafter the matter was reported to Council in terms of Section 29 of the MFMA and consequently Section 28 Adjustment Budget approval vide Council Resolution C181/2022 dated 27 October 2022 in light of the unforeseen and unavoidable expenditure.

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 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.

The Supply Chain Management (SCM) processes were not followed.

The incurring of emergency expenditure was authorised by the Executive Mayor in accordance with Section 29 of the MFMA, whereafter the matter was reported to Council in terms of Section 29 of the MFMA and consequently Section 28 Adjustment Budget approval vide Council Resolution C181/2022 dated 27 October 2022 in light of the unforeseen and unavoidable expenditure.

FINANCIAL RESPONSIBILITIES

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

CLIENT CARE IMPLICATION

Not applicable.

RISK MANAGEMENT IMPLICATION

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 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 recommended that the irregular expense in the amount of R 1 842 913,70 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION BY MANAGEMENT TO MPAC: 12 JUNE 2023

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 1 842 913,70 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION BY MPAC TO COUNCIL: 22 JUNE 2023

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman BB Mkhwibiso, and seconded by Councillor MA Nomkoko 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 recommended that the irregular expense in the amount of R 1 842 913,70 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION TO COUNCIL:

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 1 842 913,70 for the financial year 2022/2023 be approved and accepted.

RESOLVED BY COUNCIL: 29 JUNE 2023

After the Chairperson had given the Councilors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor RL Mienies and seconded by Councillor TP Lesesa, 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 1 842 913,70 for the financial year 2022/2023 be approved and accepted.

For finalization by the Deputy Director: Community Services, Mr J Barnard.

RECOMMENDATION TO COUNCIL:

Reconsideration of agenda-item as per National Treasury outcome assessment which stipulated Section 32 non-compliance for agenda-item tabled.

Section 32 : Provision of Generators: Theewaterskloof Municipality

Supplier	Service Description	Commencement date of contract
ZWH Projects and Development	Leasing of Generators: Theewaterskloof Municipality	October 2022

1

What was the initial Purpose of the contract
To provide generators to Theewaterskloof Municipality.

2

Initial Scope of Contract and if uncertain please explain
The service provider was appointed to provide generators to Theewaterskloof Municipality to curb the adverse the high and frequent loadshedding level has on its ability to pump and treat water into reservoir for consumption.

3

Initial Contract Value and if uncertain please explain
R 1 842 913.00

4

Initial Expiry Date and if uncertain please explain
N/A

5

Was normal SCM Process followed and complied with		
Yes	**No – X**	**Uncertain**
Explain of motivate your response		
No, the services were procured on a deviation as the service provider's headquarters is in the municipal area and was able to assist with the service immediately.		

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes – X	**No**	**Uncertain**
Explain or motivate your response		
As higher loadshedding levels persisted, the demand for generators from other towns in the municipal area increased as their ability to produce drinking water came under threat. It was therefore necessary to inspect and if satisfied thereafter, accede to their generator requests to ensure the sustainability of water distribution is not adversely affected.		

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes	No – X	Uncertain
Explain or motivate your response		
No formal contract or SLA was entered into due to urgency of the October 2022 water crisis. SCM processes would have paralysed the pace required to respond to the emergency, SCM and MFMA makes provision for emergency situations. Generators were leased but if a formal contract had to be entered into, the lease would have been cancelled and this would have negatively impacted on service delivery.		

8

Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with		
Yes	No – X	Uncertain
Motivate or explain your response		
The municipality is not yet able to procure backup generators due to fiscal constraints and have resorted to leasing the generators. Invoices are paid as they are generated.		

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements		
Yes – X	No	Uncertain
Please explain or motivate your response above		
Council received value for money as the service delivery operations towns was able to continue uninterrupted.		

10

Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements		
Yes	No – X	Uncertain
Please explain or motivate your response above		
The generators ensured that water continued to be pumped and treated despite loadshedding. municipality was able to fulfil its constitutional obligation of access to sustainable and safe drinking water.		

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes – X	**No**	Uncertain
Please explain or motivate your response above		
The municipality is not in a position to procure the generators due to fiscal constraints and warning signs have been issued that loadshedding levels will continue to increase, thus threatening its ability to provide safe and clean drinking water in a sustainable manner.		

12

Has the director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price		
Yes – X	**No**	**Uncertain**
Please explain or motivate your response above		
The municipality would have had to cut down drastically on operating expenditure if it had to procure its own generators, the service rendered by ZWH Projects and Development in leasing these generators is assisting the municipality's water license permit conditions immensely.		

14

Could any form of non-compliance have been prevented		
Yes	**No – X**	**Uncertain**
Explain or motivate your response above		
Owing to the water crisis experienced as a result of higher loadshedding levels in October 2022, the municipality leased generators to ensure service delivery continues. To follow a competitive bidding process would mean that the lease must be stopped and because no timeframe can be coupled with such a process, this would have adversely affected service delivery.		

15

What remedies have been put in place to prevent any non-compliance being repeated		
Yes	**No**	**Uncertain**
Explain or motivate your response above		
The municipality approached the Water and Sanitation Department to assist with funding for upgrading water and sewer infrastructure. Management remains seized with the issue of procuring generators for critical municipal infrastructure.		

16

General or additional Comments of the Director Concerned	
M.A. Aaron [illegible] Signature of Director Concerned	07/06/2023 Date

17

General Comments/Findings and recommendations of the CFO
At all time we ~~must~~ follow through with proper procurement processes.
Signature of CFO Date:

18

General Comments/Findings and or recommendations of the Chief Audit Executive
Supported
Signature of Chief Audit Executive Date 07/06/2023

19

Final response of the Director Concerned for consideration by the Municipal Manager
Supported
Ms. A. K. Salomons-Johannes Signature of the Director concerned Date 07.06.2023

20

General Comments and findings of the Municipal Manager
Approved
Ms. A. K. Salomons-Johannes Signature of the Municipal Manager Date 07.06 2023

THEEWATERSKLOOF MUNISIPALITEIT

Z00036

ZWH PROJECTS & DEVELOPMENT

Datum : 31/05/2023

Tjek nr.: CASHFOCUS

Besonderhede van Betaling/Details of payment :

	1842913,70
	1842913,70

Belasting		Posnommer					Bedrag
Inklusief	Eksklusief						
							1842913,70

Besonderhede van uitgawe nagegaan en gekontroleer

Ek/Ons sertifiseer dat geen vorige betaling in hierdie verband gemaak is nie.

1842913,70

Direkteur : Finansies

GH LAKAY
Opgestel deur

Nagesien deur

985

MUNISIPALITEIT THEEWATERSKLOOF FINANSIES 2023-05-31 FINANCE MUNICIPALITY

R0018752

Invoice

DATE 5/31/2023
Invoice # TWK24000
Customer ID

ZWH

1 Pine Street
Botrivier
7185

Vat Nr: 4170311833

Invoice For:

Theewaterskloof Municipality
6 Plein Street
Caledon
7230

Vat Nr: 4000846248

Invoice valid until: 6/30/2023
Prepared by: Wilfred Herman

Services Period: 1 - 30 April 2023

Comments or Special Instructions: GRABOUW Town Office, Elkenhof, Steenbars, Daily Maintenance, Diesel and Servicing and Security

Item	DESCRIPTION	Unit	Quantity	Rate	AMOUNT
1	Rental of 500 KVA Generator	month	2	R300,191.45	R 600,382.90
2	Rental of 100 KVA Generator	month	1	R 125,000.00	R125,000.00
2	ATS Internal Monthly	months	1	R 14,200.00	R14,200.00
6	Rate for technician & assistance	Hrs.	7.5	R -	R0.00
7	Damage Waiver	Ea.	1.5	R -	R0.00
8	Testing & Commissiong of Diesel Generator	Ea.	1	R -	R0.00
9	Rate for Supervision and coordination work	Hrs.	4	R -	R0.00
13	Weekly Inspection and Testing	Week	4	R -	R0.00
14	DI Travel Time Technician & Assistant	Hrs.	7.5	R -	R0.00
16.1	Security Services Monday - Sunday - 7 Nights Per Week 1 x Grade C Night Shift				R88,541.95
16.2	Security Services Monday - Sunday - 7 Nights Per Week 1 x Grade C Night Shift				R123,141.98

Banking Details
Account Name: ZWH Projects & Development Ptv Ltd
Account NO: 10183757376
Bank & Branch Code: Standard Bank 001509

	R 951,266.83
DISCOUNT	R 150,000.00
Sub Total	R 801,266.83
Vat	R 120,190.02
TOTAL	R 921,456.85

If you have any questions concerning this invoice, contact Wilfred Herman, +27 71 554 33633 or wilfred@zwhprojects.co.za.

THANK YOU

PAID

MUNISIPALITEIT THEEWATERSKLOOF
BETAAL SERTIFIKAAT
Ek sertifiseer dat:
Die dienste / goedere soos hierin gespesifiseer, aan die Raad gelewer is en dat die pryse / fooie redelik en volgens ooreenkoms / kontrak is.

N.A.F. Adamons

Handtekening Datum

TU015

Production

Invoices - Approval

JOANLE PRETORIUS

31 MAY 2023 16:17

Select an Invoice 2223 2305 Invoices - Capture TWK24000 Z00036 GARRICKLA Ready for Approval

Financial Period		Invoice Details		Supplier Information			Capture Information	
Fin Year	2223	Number	TWK24000	Z00036 ZWH PROJECTS AND DEVELOPMENT (PTY) LTD			Captured By	GARRICKLA
Fin Month	2305	Date	20230531	Payment Method	Default	EFT Reference	Approved By	
		User	00000	VAT Number	000004170311833		Updated	No
		Total	921,456.85+					

Seq No	Order No	GRN No	Expenditure	Posting Description	Store	Fin Source	Comp	Quantity	VAT	Amount (Incl)	Excl	Retention
1		R0018752	677010001551	Machinery and Equipment (New)		7010		1.00+	.0	921,456.85+	No	N/A
						Calculated Amounts :			120,190.02+	801,266.83+		

Message

Approval

Screen was successfully displayed

986

987

R0018753

Invoice

DATE 5/31/2023
Invoice # TWK24001
Customer ID

MUNISIPALITEIT THEEWATERSKLOOF
FINANSIES FINANCE
2023-05-31
MUNICIPALITY

ZWH

1 Pine Street
Botrivier
7185

Vat Nr: 4170311833

Invoice For:

Theewaterskloof Municipality
6 Plein Street
Caledon
7230

Vat Nr: 4000846248

Invoice valid until: 6/30/2023
Prepared by: Wilfred Herman

Services Period: 1 - 31 May 2023

Comments or Special Instructions: GRABOUW Town Office, Eikenhof, Steenbars, Daily Maintenance, Diesel and Servicing and Security

Item	DESCRIPTION	Unit	Quantity	Rate	AMOUNT
1	Rental of 500 KVA Generator	month	2	R300,191.45	R 600,382.90
2	Rental of 100 KVA Generator	month	1	R 125,000.00	R125,000.00
2	ATS Internal Monthly	months	1	R 14,200.00	R14,200.00
6	Rate for technician & assistance	Hrs.	7.5	R -	R0.00
7	Damage Waiver	Ea.	1.5	R -	R0.00
8	Testing & Commissiong of Diesel Generator	Ea.	1	R -	R0.00
9	Rate for Supervision and coordination work	Hrs.	4	R -	R0.00
13	Weekly Inspection and Testing	Week	4	R -	R0.00
14	DI Travel Time Technician & Assistant	Hrs.	7.5	R -	R0.00
16.1	Security Services Monday - Sunday - 7 Nights Per Week 1 x Grade C Night Shift				R88,541.95
16.2	Security Services Monday - Sunday - 7 Nights Per Week 1 x Grade C Night Shift				R123,141.98

Banking Details
Account Name: ZWH Projects & Development Pty Ltd
Account NO: 10183757376
Bank & Branch Code: Standard Bank 001509

SUBTOTAL	R	951,266.83
DISCOUNT	R	150,000.00
SUBTOTAL	R	801,266.83
DISCOUNT	R	120,190.02
TOTAL	R	921,456.85

GVL

If you have any questions concerning this invoice, contact Wilfred Herman, +27 71 554 33633 or wilfred@zwhprojects.co.za.

THANK YOU

PAID

MUNISIPALITEIT THEEWATERSKLOOF
BETAAL SERTIFIKAAT
Ek sertifiseer dat:
Die dienste / goedere soos hierin gespesifiseer, aan die Raad gelewer is en dat die pryse / fooie redelik en volgens ooreenkoms / kontrak is.

Handtekening .... Datum

Production

IOANLE PRETORIUS

Invoices - Approval

Select an Invoice 2223 2205 Invoices - Capture TWK24001 [200036] GARRICKLA Ready for Approval

Financial Period
Fin Year 2223
Fin Month 2305

Invoice Details
Number TWK24001
Date 20230531
Loan 00000
Total 921,456.85+

Supplier Information
200036 ZWH PROJECTS AND DEVELOPMENT (PTY) LTD
Payment Method Default EFT Reference
VAT Number 0000041703[illegible]

Capture Information
Captured By GARRICKLA
Approved By
Updated No

Seq No	Order No	GRN No	Expenditure	Posting Description	Store	Fin Source	Comp	Quantity	VAT	Amount (Incl)	Excl	Retention	
1		R0018753	072010001551	Machinery and Equipment (New)		7010		1.00+	0	921,456.85+	No	N/A	0
						Calculated Amounts :			120,190.02+	801,266.83+			

Message

Approval

Screen was successfully displayed Page 1 of 1 OK

988

989

Garrick Lakay

From: Ashwille Riddles
Sent: Tuesday, 30 May 2023 15:05
To: Carisha Hendricks; Garrick Lakay; Joanie Pretorius
Cc: Tarin Holworthy; Petula Fortuin
Subject: Please be on Standby

Hi

As soon as council meeting is adjourned, I need to see you for tomorrow's payments:

- Sibakulu (Only R4,5 million)
- ZWH (April and May invoices for Grabouw Rentals, Diesel Invoices, 1st trance payment on capital purchase – approximately 9 million).
- WB Tippers (Only R1 million)

Garrick, please prepare the payments (invoices) for the above breakdown. I will provide the votes.

Keep in mind I am not available tomorrow.

And on Thursday we start with month end.

Greetings

Ashwille

2511 Informal Settlements	4 Contracted Services - Contractors	109 Maintenance of Equipment	WC031_Emergency Security Informal Settlement	0	12511075040	5 544 458,00	5 544 458,00				5 544 458,00
7010 Water: Distribution	23 Operating Leases - Machinery and Equipme	105 Machinery and Equipment	WC031_Water Crises - Lease of Generators (Diesel)	1	17010159401	526 986,00	526 986,00	395 243,00	485 892,27	90 649,27	41 893,73
7010 Water: Distribution	23 Operating Leases - Machinery and Equipme	105 Machinery and Equipment	WC031_Water Crises - Lease of Generators	2	17010159400	3 347 719,00	3 347 719,00	2 555 295,00	2 397 205,38	158 089,52	950 513,62
7010 Water: Distribution	76 Expenditure Operational Cost Wet Fuel	802 Fuel	WC031_Water Crises - Lease of Generators (Diesel)	0	17010090170	1 800 000,00	1 800 000,00				1 800 000,00

990

991

KRED

Production

Supplier Master

GARRICK LAKAY

30 MAY 2023 15:18

Business Information

Internal Creditor Code	200036
Full Registered Name	WH PROJECTS AND DEVELOPMENT PTY) LTD
Trading Name	WH PROJECTS AND DEVELOPMENT PTY LTD
Company Registration No	2020/446685/07
VAT Registration No	4170311833
Income Tax Reference No	9020255288
Business Municipal Account No	
City Council	
BBBEE Status Level	1
HDI %	Total 0 Female 0
Business Size	
Secondary Banking Detail	☐
Business Sector	
Discount	0
Discount Term	

Control Accounts (Creditors)

Invoices (Deposits)	
Payments (Withdrawals)	

Banking Details

Bank Code	SCBL
Bank Name	STANDARD CHARTERED BANK
Branch Code	051001
Branch Name	CALEDON
Account No	10183757376
Account Type	Cheque/Current
Action Date and Time	2022OCT 1601
Creditor Utilization blocked?	No
Reason for Utilization Block	0

Internal Status

Currently Active	☑
Payments Blocked	☐
Sundry Beneficiary	☐
Applied for Accreditation	☐
Accredited Supplier	☑
Direct Invoicing	☑
EFT Reference Required?	☐
Default EFT Reference	

Financial Year Transaction Summary

Orders	88,596.17+
GRN	24,346,576.60+
Credit Notes	2.50-
Invoices	24,346,574.10-
Cheque Payments	0
EFT Payments	24,346,574.10+
Outstanding Payments	0
Journals	0
Year-End Journals	0

Age Analysis

Customer Type	Trade Creditors
0 - 30 Days	
31 - 60 Days	
61 - 90 Days	
91 - 120 Days	
121 - 150 Days	
151 - 180 Days	
181 Days - 1 Year	
Over 1 Year	

Record was successfully displayed

THEEWATERSKLOOF MUNICIPALITY

CREDITOR'S RECONCILIATION

NAME OF CREDITOR: ZWH PROJECTS & DEVELOPMENT (Z00036)

Balance as per tax invoice dated:

TWK24000 (31/05/2023)	921 456,85
TWK24001 (31/05/2023)	921 456,85
OUTSTANDING BALANCE	**1 842 913,70**

ITEM HEADING

C181/2022 DIRECTORATE FINANCE: CONSIDERATION AND APPROVAL OF THE ADJUSTMENT BUDGET 2022/2023 AND INDICATIVE FOR THE PROJECTED TWO OUTER YEARS 2023/2024 AND 2024/2025

[English version of the report is the original]

FILE NUMBER

5/1/1-2022/2023; 5/1/1-2023/2024; 5/1/1-2024/2025

PURPOSE / AIM OF REPORT

This report serves to submit the 2022/2023 and indicative two outer year's annual adjustment budget for approval.

BACKGROUND

Section 29 of the Municipal Finance Management Act. No 56 of 2003 states:

1. The mayor of a municipality may in emergency or other exceptional circumstances authorise unforeseeable and unavoidable expenditure for which no provision was made in an approved budget.

In accordance with section 71 (1) of the Municipal Budget and Reporting Regulation:

1. *The mayor of a municipality may authorise expenditure in terms of section 29 of the Act only if:*
   a) *the expenditure could not have been foreseen at the time the annual budget of the municipality was passed*
   b) *the delay that will be caused pending approval of an adjustment budget by the municipal council in terms of section 28(2)(c) of the Act to authorise the expenditure*

DISCUSSION

The National load shedding program caused the municipal Water Treatment and Waste Water Treatment infrastructure including pumps and distribution to shutdown, which in turn means no drinking water and no sanitation services for the community of Theewaterskloof municipality.

Eskom introduced stage 6 load shedding during this time which means shutdowns of up to 4 hours per load shedding slot, 3 times per day. This does not give the pumps and treatment process enough time to fill reservoirs and distribute water to the communities. The bulk drinking water supplier, Overberg Water (specific for Caledon), also falls under the same water crisis situation when load shedding occurs and is busy with their own interventions to supply water.

The expenditure from July, September up until the 11th of October 2022 for the hiring of water tankers was R 516 thousand (VAT incl.). The provisional estimated amount for the hiring of water tankers from the 17th of October 2022 until the 31st of October 2022 will amount to R 2 million (VAT incl.).

During this period the water supply was not sufficient for the sanitation services as well. This situation is continuing and is having an adverse effect on the municipality to implement its mandate to provide portable water i.t.o SANS 241.

This in turn is becoming a health risk due to the lack of water to accommodate proper sanitation services and treatment. The municipality's biggest industrial user SABM also had to decrease their production as well as other businesses due to insufficient water supply which in turn will have an extremely negative effect on our economy.

Non provision of this basic services is in contradiction of "The Constitution of the Republic of South Africa of 1996" and the Water Services Act 108 of 1998 – which states the following:

"Chapter 3 – Water Services Authority
Duty to provide access to water services
11..(1) Every water services authority has a duty to all consumers or potential consumers in its area of jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to water services."

A quotation was obtained for the hiring and installation of four (4) generators with Change-Over Switches (to run automatically when load shedding occurs) for Caledon and Myddleton at strategic points for raw water supply, purification and distribution to consumers. A quotation was also obtained for the procurement of a 37kW Submersible Borehole pump for the conveyance of raw water supply to the Purification Plants. The one quotation was requested as there is currently a huge need for generators all over the Western Cape and is this infrastructure becoming a scarce commodity.

The expenditure at mention will be funded from various expenditure votes.

LEGAL RESPONSIBILITIES

Section 28 of the Municipal Finance Management Act, 56 of 2003 and section 23 (4) of the Municipal Budget and Reporting Regulations.

Section 29 of the Municipal Finance Management Act. No 56 of 2003.

FINANCIAL RESPONSIBILITIES

As contained in the detail report.

CLIENT CARE IMPLICATION

None

RISK MANAGEMENT IMPLICATION

None

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that the Council considers the report and adopts the Adjustment Budget report.

RESOLVED BY COUNCIL: 27 OCTOBER 2022

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

Council approves the adjustments budget for the financial year 2022 – 2023 as contained in the listed Tables B1 – B10 detailed below:

1. **Table B1 – Adjustments Budget Summary**
2. **Table B2 – Adjustments Budgeted Financial Performance (Revenue and Expenditure by standard classification)**
3. **Table B3 - Adjustments Budgeted Financial Performance (Revenue and Expenditure by municipal vote)**
4. **Table B4 - Adjustments Budgeted Financial Performance (Revenue and Expenditure)**
5. **Table B5 – Adjustments Capital Expenditure by Vote, Standard classification and Funding**
6. **Table B6 – Adjustments Budgeted Financial Position**
7. **Table B7 – Adjustments Budgeted Cash Flow**
8. **Table B8 – Cash backed reserves/Accumulated surplus reconciliation**
9. **Table B9 – Asset Management**
10. **Table B10 – Basic service delivery measurement**

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

ITEM TITLE

SC30/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING: DEPARTMENT PROPERTY MANAGEMENT: IRREGULAR EXPENDITURE - MEDIA 24 - PLACEMENT OF ADVERTISEMENT MOTOR SPORT DEVELOPMENT

[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 expense occurred with the advertisement that was placed in the Hermanus Times regarding a possible development of a motor sport facility on a portion of Erf 2830, Caledon. The Committee can in terms of Section 32 of the MFMA:

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 unauthorised, irregular, fruitless and wasteful expenditure currently.

BACKGROUND

In the draft 2023/2024 IDP of the municipality, a possible motor sport facility was identified as a project, to be developed on a portion of Erf 2830, Caledon. The Mayor requested that public participation be conducted to determine public sentiment on the proposed development.

The officials that formed part of the preliminary studies regarding the proposed development were not sure what type of public participation to complete as:

1. Council did not decide on whether or not the portion of land may be utilized for the proposed use and therefore public participation in terms of the MFMA could not be completed; and
2. The proposed land use does not require any land use approvals, as the zoning of the property allows for sport development on the property and therefore public participation in terms of the Theewaterskloof Municipality Bylaw on Municipal Land Use Planning could not be done.

The officials determined that the best option was to conduct a round of public participation, along with the public participation of the 2023/2023 IDP, to gather comments on the proposal. In hindsight this was not the correct decision and should the matter first have been referred to Senior Management for guidance.

In light of the above, a quotation was obtained from the News24 to place an advertisement in the Hermanus Times, which was loaded onto the Collaborator system for processing (refer Annexure A). Unfortunately, there was a miscommunication between the Property Management Office and the offices of News24, and the advertisement was placed before an order could be generated.

As a result of the last-mentioned, the item is referred to the Municipal Public Accounts Committee.

DISCUSSION

As mentioned above, a motor sport development was identified within the draft 2023/2024 IDP as a possible project. This was as a result of a preliminary scan that was completed by the Town Planning Section (refer Annexure B). It must however be stressed that this was a preliminary scan, and further studies will be required, should a final decision be made on the proposal.

Following the closing of the public participation process, a number of objections were received against the development proposal. These objections can be submitted to Council, should the project on the IDP be approved for further investigation. From the objections it is clear that the proposed development site may not be as favourable for the development as initially thought. It may well be that an alternative development area must be identified should the motor sport facility be developed in future. It is therefore maintained that this preliminary public participation process provided an initial indication to Council regarding how the public views the proposed development, eliminating the need for further and future studies that may need to be conducted for the proposed development.

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 Council certifies the irregular expenditure as irrecoverable, after the Municipal Public Accounts Committee has investigated and recommended it. Irregular expenditure for the purposes of the 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 which has not been condoned in term of such policy.

In light of the above report, it is therefore evident that the expenditure that was incurred can be defined as irregular expenditure.

FINANCIAL IMPLICATIONS

An amount of R 2 280.00 (VAT Inclusive) was paid to the service provider for the placement of the advertisement

CLIENT CARE IMPLICATIONS

No client care implications have been identified at this point in time. The above process did however ensure that an additional round of public participation was conducted on the proposed development.

RISK MANAGEMENT IMPLICATIONS

The risks that were identified within the context of the item is possible ignorance and non-compliance with the MFMA and the approved SCM Regulations and Policy.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 2 280.00 (VAT Inclusive) for the financial year 2022/2023 be approved and accepted.

COMMENTS BY CHIEF AUDIT EXECUTIVE:

Not supported – “Draft” 2023-2024 IDP.

RECOMMENDATION BY MANAGEMENT TO MPAC: 12 JUNE 2023

1. **It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 2 280.00 (VAT Inclusive) for the financial year 2022/2023 be approved and accepted.**

2. **Management resolves that the Acting Municipal Manager, Mr. WSE Solomons-Johannes, will issue a directive for publications/placements of advertisements and will the categories be in line with the delegations for each Director as per the approved delegations of Council.**

RECOMMENDATION BY MPAC TO COUNCIL: 22 JUNE 2023

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman BB Mkhwibiso, and seconded by Councillor MA Nomkoko 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 recommended that the irregular expense in the amount of R 2 280.00 (VAT Inclusive) for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION TO COUNCIL:

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 2 280.00 (VAT Inclusive) for the financial year 2022/2023 be approved and accepted.

RESOLVED BY COUNCIL: 29 JUNE 2023

After the Chairperson had given the Councilors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor RL Mienies and seconded by Councillor TP Lesesa, 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 2 280.00 (VAT Inclusive) for the financial year 2022/2023 be approved and accepted.

For finalization by the Deputy Director: Economic Development and Planning, Mr KE Nontshiza.

RECOMMENDATION TO COUNCIL:

Reconsideration of agenda-item as per National Treasury outcome assessment which stipulated Section 32 non-compliance for agenda-item tabled.

Supplier	Service Description	Commencement date of contract
HERMANUS TIMES	Advertisement	

1

What was the initial Purpose of the contract
A contract is not applicable in this instance. An advertisement was placed in the Hermanus Times before the final order was provided by SCM.

2

Initial Scope of Contract and if uncertain please explain
As mentioned above, no contract is applicable in this instance.

3

Initial Contract Value and if uncertain please explain
Refer comments above. The cost involved in the placement of the advertisement is R 2 280.00 (VAT Inclusive)

4

Initial Expiry Date and if uncertain please explain
Not applicable.

5

Was normal SCM Process followed and complied with		
	no X	Uncertain
Explain of motivate your response		
A quote was obtained for the placement of the advertisement as discussed in the attached item. As result of a miscommunication between the Property Management office and News24, the advertisement was placed before the final order was provided.		

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes	No X	Uncertain
Explain or motivate your response		
As discussed in the above sections, no contract is applicable in this instance.		

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes	No X	Uncertain
Explain or motivate your response		
It was not a requirement as no contract is applicable.		

8

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

Yes	No X	Uncertain
Motivate or explain your response		
Not applicable, for the reasons stated above.		

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements		
Yes X	No	Uncertain
Please explain or motivate your response above		
The advertisement regarding the development was placed in the local newspaper. A number of comments and objections were submitted against the proposal, which Council can now consider in the future planning and decision making of the site.		

10

Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements		
Yes	No X	Uncertain
Please explain or motivate your response above		
Even though the public participation was not approved as explained as per attached item, a round of public participation was still conducted, which informs the process going forward.		

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes X	No	Uncertain
Please explain or motivate your response above		
Yes. The advertisement was placed in the newspaper. No further actions are however required.		

12

Has the director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price		
Yes	No X	Uncertain
Please explain or motivate your response above		
There are only two local newspapers that circulate in the Municipal area, of which Hermanus Times is one of them.		

14

Could any form of non-compliance have been prevented		
Yes X	No	Uncertain
Further measures can be put in place to avoid a similar future situation. Annual training in terms of SCM procedures can also be beneficial to staff.		

15

What remedies have been put in place to prevent any non-compliance being repeated		
Yes **X**	No	Uncertain
Explain or motivate your response above		
The applicable protocol and procedure was communicated to staff members to avoid a similar future situation.		

16

General or additional Comments of the Director Concerned

Signature of Director Concerned .... Date 22/06/2023

17

General Comments/Findings and recommendations of the CFO

Signature of CFO Date

18

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

Signature of Chief Audit Executive Date

19

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

Mr. A. K. Solomon

Signature of the Director concerned Date

20

General Comments and findings of the Municipal Manager

1.

Mr A. K. Solomon

Signature of the Municipal Manager Date

1003

Janine Joorst

From:	Olivia Dickson <Olivia.Dickson@media24.com>
Sent:	Thursday, March 30, 2023 8:14 AM
To:	Janine Joorst
Subject:	FW: Advert Proof: Mun TWK MOTOR SPORT DEVELOPMENT-000000000-20x3-HL050423
Attachments:	Mun TWK MOTOR SPORT DEVELOPMENT-000000000-20x3-HL050423.jpg; Mun TWK MOTOR SPORT DEVELOPMENT-000000000-20x3-HL050423.pdf

More Janine

Ek hoop dit gaan goed vanoggend

Hiermee aangeheg die advertensie vir goedkeuring

Prys: R2 280 (BTW ingesluit)

Vriendelike groete

Sales Consultant
Verkoopsverteenwoordiger

Olivia Dickson

021 406 2026 | 082 329 4398
odickson@hermanustimes.co.za
www.netwerk24.com/hermanustimes
34 Main Road, Birkenhead Village (next to NG Church), Hermanus
34 Hoofweg, Birkenhead Village (langs NG Kerk), Hermanus

HERMANUS Times

MEDIA24

BOLAND media

From: Glaudia Potgieter <Glaudia.Potgieter@media24.com>
Sent: Thursday, March 30, 2023 8:09 AM
To: Olivia Dickson <Olivia.Dickson@media24.com>
Subject: Advert Proof: Mun TWK MOTOR SPORT DEVELOPMENT-000000000-20x3-HL050423

Publication: Hermanus Times

Publication Date: Wednesday 05 April 2023

Advert Size: 20x3

Advert Id: 000000000

1004

Description: Mun TWK MOTOR SPORT DEVELOPMENT

Sent: 08:08 on 30 March 2023

PROOFREADING
The responsibility of spelling/grammar will be that of the representative and the client for approval.

PROOFS
- Only 3 proofs are allowed per client for in-house designing.
- All proofs have to be signed off or approved via e-mail.

PROEFLEESWERK
Die verantwoordelikheid van die spelling/grammatika lê by die verteenwoordiger en die kliënt wat goedkeuring moet gee.

PROEWE
- Slegs 3 proewe word per kliënt toegelaat vir advertensies wat intern opgemaak is.
- Alle proewe moet afgeteken of per e-pos goedgekeur word.

NB: Geen advertensie wat deur 'n Grafiese Ontwerper van Media24 ontwerp is mag ingevolge artikel 12(7) van die Wet op Outeursreg, 1987 sonder verlof van Media24 gereproduseer word nie!
NB: In accordance with article 12(7) of the of the Copyright Act, 1987, no advertisement designed by a graphic designer of Media24 may be reproduced without the permission of Media24.

SITE ANALYSIS REPORT

To: E Lotriet
Manager: Local Economic Development

From: Johann Pienaar
Manager: Town Planning and Building Control

Date: 11 February 2022

Subject: Site analysis for possible motor sport development

---

1. INTRODUCTION

1.1. With reference to the meeting that was held regarding the above matter on 09 February 2022, the town planning section conducted a site analysis on two areas that were identified to accommodate the proposed development. The erven that formed part of the analysis includes Erf 2830, Caledon and Remainder Erf 1, Caledon (refer Annexure A). The analysis covers the following headings:

1.1.1. Location;
1.1.2. Accessibility;
1.1.3. Extent;
1.1.4. Existing infrastructure;
1.1.5. Security and access control;
1.1.6. Slope;
1.1.7. Zoning;
1.1.8. Natural environment;
1.1.9. Noise pollution; and
1.1.10. Spectator safety.

2. LOCATION

2.1. The possible development area that was identified on Erf 2830, Caledon, is indicated as Annexure B. Erf 2830 is the location of the Caledon sports fields. The area in question does not currently form part of the formal sports facilities and is not being utilised for any specific purpose.

2.2. The portion identified on the Remainder of Erf 1, Caledon is indicated in Annexure C. The area in question is located next to the abovementioned Caledon sports fields and the Caledon golf club. The property is not currently being utilised for any purpose.

3. ACCESSIBILITY

3.1. Erf 2830 is accessible via an existing access point located within Agri Avenue. In the absence of a traffic impact statement, it appears as if the existing access road and access point is sufficient to provide access to the site itself. There is however not vehicular access to the potential paved area where the motor sport will take place. It will therefore be necessary to construct such an access road. The possible alignment of such an access road is indicated in Annexure D.

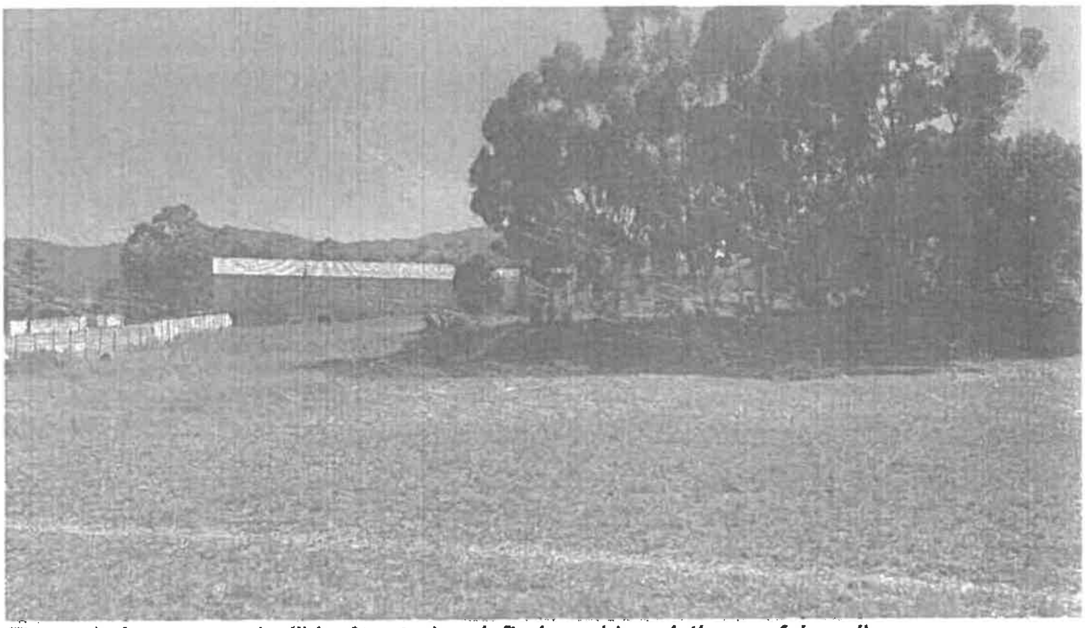

Figure 1: Access road will be located on left alongside existing prefab wall.

3.2. The portion identified on Remainder Erf 1 is accessible via Sports Avenue. However, the aforementioned road is only paved up to the point of the access gates to the sports field. Again, in the absence of a traffic impact statement, the author is of the opinion that a formal, paved access road will have to be constructed to ensure safe access to the development area. The extent of the aforementioned road is indicated in Annexure E.

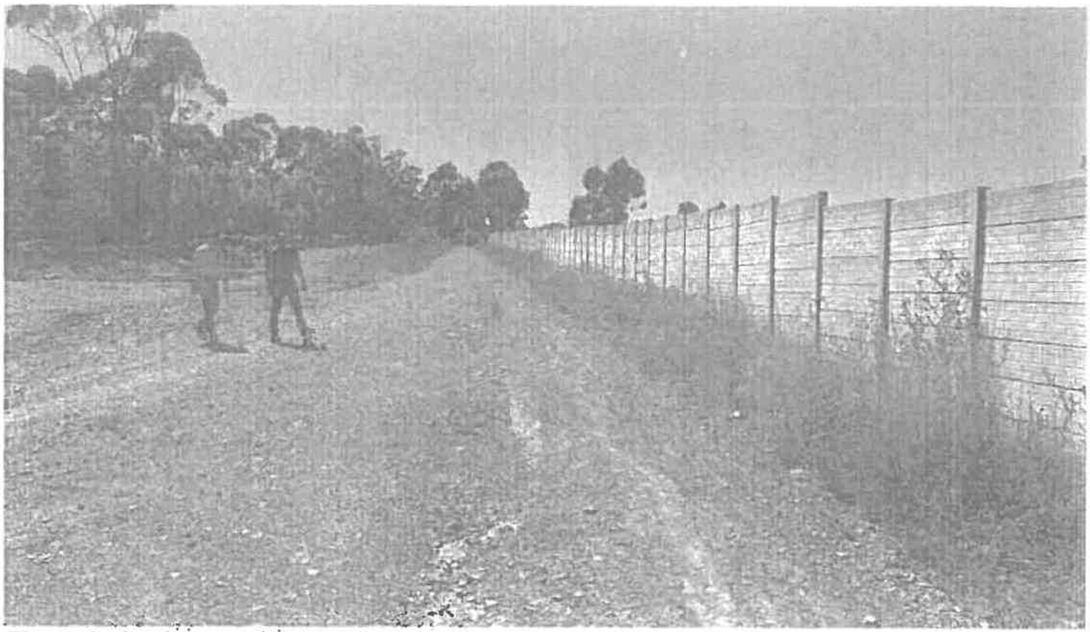

Figure 2: Access road to be upgraded

4. EXTENT

4.1. From the documentation that was presented to the town planning section, an area of approximately 1 500m² is required for the development area.

4.2. The area identified on Erf 2830 for the proposed activity has an extent of approximately 3 860m². This area is for the possible motor sport track alone. It does not include the area that is available for spectator areas and parking. The area identified on Erf 1 has an approximate extent of 3 hectares. This 3 hectare area must include the motor sport track, parking as well as spectator areas.

4.3. From the above it is therefore evident that both identified areas are large enough to accommodate the proposed land use.

5. EXISTING INFRASTRUCTURE

5.1. As Erf 2830 forms part of the existing sports fields, extensive infrastructure is available that can be utilised for the purposes of the proposed land use. The existing parking area of the sports field can be used for the purposes of the proposed land use. The sports field is furthermore developed with ablution facilities that can also be utilized. The area identified on Erf 2830 lastly has a spectator area that, with some minor upgrading, can be used.

5.2. The portion identified on Erf 1 does not have any existing infrastructure. It will therefore be necessary to construct parking areas, ablution facilities for spectators as well as spectator viewing areas.

6. SECURITY AND ACCESS CONTROL

6.1. Access to Erf 2830 can easily be controlled as the sports field is walled and fenced. It will therefore be easy to secure the area and prevent unauthorised access to the site.

6.2. As it currently stands, the area identified on Erf 1, will have to be secured by constructing a wall or erecting a fence. This will form part of the overall project budget should this area be considered for development.

7. SLOPE

7.1. The area identified on Erf 2830 is flat with very little, to no slope at all. The author is of the opinion that earth works will not be required to ensure a suitable area for the proposed track.

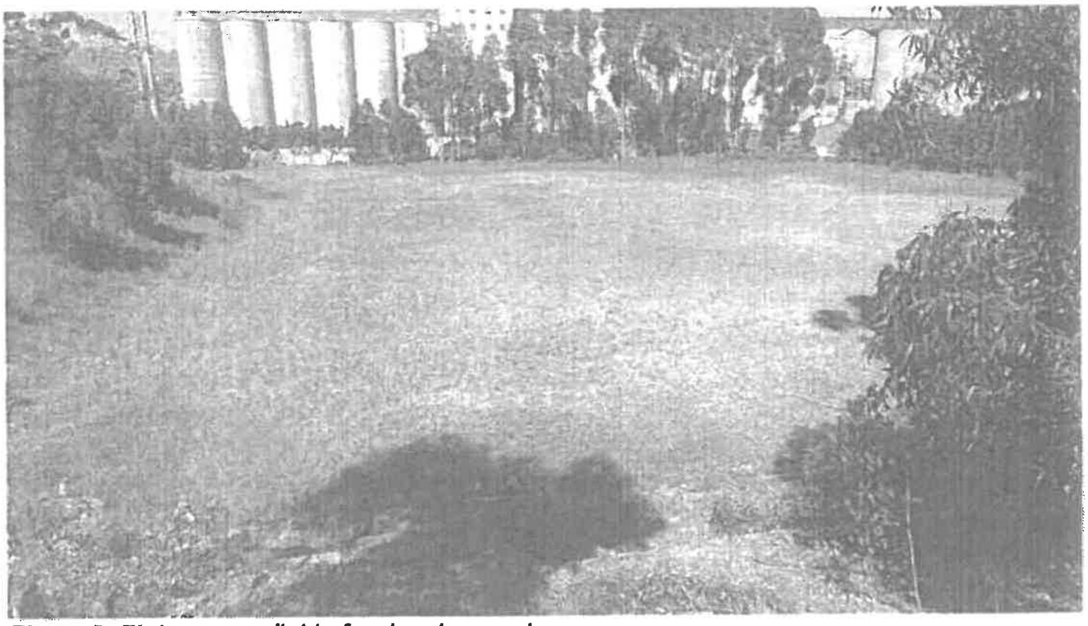

Figure 3: Flat area available for development

7.2. The identified area on Erf 1 has a slope that runs in an easterly to westerly direction. Although the slope is not regarded as significant in terms of development criteria, the author is of the opinion that some earthworks will be required to ensure a suitable area for the proposed track. These earthworks will also form part of the overall budget should this area be considered for development.

Figure 4: East-west sloping terrain

8. ZONING

8.1. Erf 2830 is currently zoned as Open Space Zone 1 in terms of the Theewaterskloof Municipality Zoning Bylaw. The primary land use rights associated with this zoning includes public open space. The land use description for this use means land, with or without access control set aside for the public as an open space for recreation or outdoor sport. Motor sport is regarded as an outdoor sport and therefore the current zoning for Erf 2830 allows for the proposed activity to take place on the property, without the need for any further land use approvals.

8.2. Erf 1 is currently zoned as Utility Zone in terms of the Theewaterskloof Municipality Zoning Bylaw. The primary use for this particular zoning is utility service which is limited to infrastructure that is required to provide engineering and associated services for the proper functioning of urban development (e.g. water reservoirs, purification works, electricity substations, etc). In order to establish the proposed land use on Erf 1 either a departure or rezoning application will have to be submitted to the town planning section for processing.

9. NATURAL ENVIRONMENT

9.1. Erf 2830 is an existing sport complex with no natural vegetation or sensitive areas present. No negative impact within this regard is foreseen.

9.2. The area identified on Erf 1 does contain sensitive vegetation and is located next to an area that contains critically sensitive vegetation. This is confirmed in a botanical study that was completed in 2019 for the municipality (refer Annexure F). The recommendation in the report is that should the area with less sensitive vegetation be considered for development, which a 10 meter buffer be left between the development area and the critically endangered area. In light of the above information, it is likely that any development proposal on this area will require an environmental authorisation process in terms of the National Environmental Management Act. However, this must be confirmed with the Department of Environmental Affairs and Development Planning, should this area be considered for development.

10. NOISE POLLUTION

11. Given the location of the identified area on Erf 2830, the silos of the malt factory, provide a buffer between the development area and the residential areas of Bergsig and Uitsig. However, the possibility exists that noise is also reflected from the silos towards the CBD area of Caledon.

Figure 5: Possible noise buffers

11.1. No buffer exists between the area identified on Erf 1 and the neighbouring residential area of Bergsig. Noise pollution is therefore a very real possibility.

11.2. In the absence of a noise impact study, it is impossible to say with certainty what the impact of noise will be on the surrounding urban environment. However, on face value, it would appear that Erf 2830 does contain certain mitigating features that might limit the impact of noise on the surrounding area.

12. SPECTATOR SAFETY

12.1. The physical characteristics of Erf 2830 offers the opportunity to easily separate spectators from the motor sport activities itself. Spectator safety can therefore be ensured with very little intervention.

Figure 6: Possible spectator area

Figure 7: Possible elevated spectator area

12.2. Erf 1 will require the construction of a designated spectator area to ensure the safety of spectators during motor sport activities.

13. SUMMARY AND CONCLUSION

13.1. The following table summarises the characteristics of both areas that were evaluated:

Criteria	Erf 2830	Erf 1
Location	✓	✓
Accessibility	✓	X
Extent	✓	✓
Existing infrastructure	✓	X
Security and access control	✓	X
Slope	✓	X
Zoning	✓	X
Natural environment	✓	X
Noise pollution	✓	X
Spectator safety	✓	X

In light of the above assessment, it is the author's opinion that Erf 2830 is more suitable to accommodate the proposed land use.

Prepared by:

J Pienaar
Manager: Town Planning and Building Control

ITEM TITLE

SC31/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING: DEPARTMENT HUMAN SETTLEMENTS: IRREGULAR EXPENDITURE – K2C CONSTRUCTION (PTY) LTD

[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 Municipal Public Accounts Committee on the irregular expenditure that could be incurred with regard to the rental of chemical toilets for the Siyayanzela and Lost City informal settlements located in Grabouw.

BACKGROUND

The Theewaterskloof Municipality initially appointed K2C Construction for the provision of 18 chemical toilets and the cleansing thereof once a week.

The original scope of the contract entailed the rental of 18 chemical toilets and the cleansing thereof once a week with a total amounting to R67 896.00 inclusive of VAT.

The toilets were dispatched to the informal settlements of Lost City with 5 and the remaining 13 were allocated to the Kgutsong. Both the mentioned informal settlement was established in 2014/15 with approximately more than 2000 informal structures both with limited and no sanitation services. A new contract was entered into to increase the number of sanitation services to 32 chemical toilets in both settlements to improve the level of service in the mentioned areas.

DISCUSSION

Deviation approval was granted from November 2022 to February 2023 to allow the department again to advertise a formal 3-year tender as no further deviations will be supported (Approved Deviation Attached). During the 4-month contract period the municipality went through a competitive bidding process by advertising (DEV01 2022/23), to test the market for the provision of chemical toilets. The three-year tender (Dev 01/2022/23) was advertised 21st of October 2022 and closed on the 11th of November 2022. The tender was only adjudicated 10th of March 2023 and the appointment to Moreki Distibutors was only made on the 24th of March 2023 (Appointment Letter Attached) hence the toilets had to remain on site for the month of March. The new service provider indicated that it needed the 14-days lead time for the delivery of its toilets and logistical arrangement between the 2 services providers had to be to ensure that once Moreki delivers, K2C can remove to ensure sure that the community is not left without sanitation services.

K2C removed its toilets on the 14th of April 2023 and Moreki delivered on the same day hence the expenditure incurred was for the month March 2023 and the remaining 14 days in April 2023. (Invoice attached.)

The provision of sanitation services must continue uninterrupted because the community would not allow the service provider to remove the toilets unless they are replaced.

Access to basic services is a constitutional right of all people and is the core function of the municipality. The health and safety of this community is also at risk as the unavailability of this basic service could result in the spread of diseases. The community threatened that should the current toilets be removed without replacing them so that they would embark on mass protest action. This would result in the possible closure of the N2 which will again result in the damaging of private, municipal property and infrastructure.

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 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.

FINANCIAL IMPLICATIONS

R 67 896.00

CLIENT CARE IMPLICATIONS

Not applicable.

RISK MANAGEMENT IMPLICATIONS

The community threatened that should the current toilets be removed without replacing them so that they would embark on mass protest action. This would result in the possible closure of the N2 which will again result in the damaging of private, municipal property and infrastructure.

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 67 896.00 be condoned.

RECOMMENDATION BY MANAGEMENT TO MPAC: 12 JUNE 2023

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 67 896.00 be condoned.

RECOMMENDATION BY MPAC TO COUNCIL: 22 JUNE 2023

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman BB Mkhwibiso, and seconded by Councillor MA Nomkoko it was recommended 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 R 67 896.00 be condoned.

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 67 896.00 be condoned.

RESOLVED BY COUNCIL: 29 JUNE 2023

After the Chairperson had given the Councilors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor RL Mienies and seconded by Councillor TP Lesesa, 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, It is resolved the irregular expenditure in the amount of R 67 896.00 be approved and accepted.

For finalization by the Acting Deputy Director: Human Settlements, Mr S Tebele.

RECOMMENDATION TO COUNCIL:

Reconsideration of agenda-item as per National Treasury outcome assessment which stipulated Section 32 non-compliance for agenda-item tabled.

Status Report on KC2 Construction in terms of SCM and MFMA requirements and remedial action required if necessary

Supplier	**Service Description**	**Commencement date of contract**
K2CConstruction	Provision of chemical toilets	01 November 2022

1

What was the initial Purpose of the contract
Provision of chemical toilets in Grabouw Informal settlements.

2

Initial Scope of Contract and if uncertain please explain
The scope of the contract and work activities given by the service provider was to provide sanitation services through chemical toilets on daily basis.

3

Initial Contract Value and if uncertain please explain
R 48 944.00 (R 67 896,00)

4

Initial Expiry Date and if uncertain please explain
The initial appointment was for a period of 6 months commencing on 23 September 2021 ending 23 March 2022

5

Was normal SCM Process followed and complied with		
Yes X	no	Uncertain
Explain of motivate your response		
Competitive bidding process followed (TWK2) contract no JB 02/2021/22		

1017

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes X	No	Uncertain
Explain or motivate your response		

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes X	No	Uncertain
Explain or motivate your response		
Deviation approval was granted from June 2022- August 2022 and again from November 2022 to February 2023		

8

Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with		
Yes X	No	Uncertain
Motivate or explain your response		
A formal contract was entered into with K2C Construction in term of applicable SCM regulations. Request for deviation was sought for a 4-month period until the formal tender process is finalised.		

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements		
Yes x	No	Uncertain
Please explain or motivate your response above		
The council continue to receive value for the expenditure incurred in the project as Theewaterskloof municipality is delivering basic services and responsive to its constitutional mandate.		

10

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

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes X	No	Uncertain
Please explain or motivate your response above		
The currently service provider is providing good sanitation services which is satisfactory and the comments from the community leadership regarding the service provider are in complimentary nature.		

12

Has the director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price		
Yes X	No	Uncertain
Please explain or motivate your response above		
The department advertised a 3-year tender for chemical toilets and was awarded to Moreki Distributors		

14

Could any form of non-compliance have been prevented		
Yes	No X	Uncertain
Explain or motivate your response above		
The community threatened that should the current toilets be removed without replacing them that they would embark on mass protest action. This would result in the possible closure of the N2 which will again result in the damaging of private, municipal property and infrastructure.		

1019

15

What remedies have been put in place to prevent any non-compliance being repeated		
Yes **X**	No	Uncertain
Explain or motivate your response above		
Competitive bidding process followed by advertising a new tender. Monthly contract reporting to be monitored to ensure compliance in terms of completion date of contracts. Proper procurement planning mechanism to be put in place.		

16

General or additional Comments of the Director Concerned	
Mr. A. K. Solomons	....
Signature of Director Concerned	Date

17

General Comments/Findings and recommendations of the CFO	
Signature of CFO	Date

18

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

19

Final response of the Director Concerned for consideration by the Municipal Manager	
Mr. A. K. Solomons Signature of the Director concerned	Date

20

General Comments and findings of the Municipal Manager	
1.	
Mr. A. K. Solomons Signature of the Municipal Manager	Date

Tax Invoice 1020

K2C CONSTRUCTION

1 Liverpool Road
Croydon, Faure
7131
T: 084 775 2317 / 084 472 0709
E: candice.ziegers@gmail.com
E: k2cconstructionpty@gmail.com
Vat No: 4400273415

Order Date:	07/12/2022
Order No:	F0002823
Invoice No:	IN602
Customer ID:	THE001
Invoice Date:	13/04/2023
Customer Vat No:	4000846248

Shipping Address

Warren Moses
Theewaterskloof Municipality
1 Arbor Avenue
Grabouw
7160
Tel: 028 214 3300

Invoice Address

Warren Moses
Theewaterskloof Municipality
P.O.Box 24
Caledon
7230
Tel: 028 214 3300

Item	Description	Quantity Ordered	Price Excl	Amount Incl Vat
2000/600	Rental of toilet per month	32	20,800.00	R 23,920.00
2000/600	Service and cleansing of toilets per month	32	16,960.00	R 19,504.00
2000/600	Monthly transport cost for the service and cleansing of the toilets	1	1,600.00	R 1,840.00
	Rental for March 2023			
	01 March till 31 March 2023			
2000/600	Rental of toilet per month	32	10,400.00	R 11,960.00
2000/600	Service and cleansing of toilets per month	32	8,480.00	R 9,752.00
2000/600	Monthly transport cost for the service and cleansing of the toilets	1	800.00	R 920.00
	Rental for April 2023			
	01 April till 14 April 2023			

BANK DETAILS: FNB
Acc Number: 625 7 999 6334
Branch: 200-912

Excl	R 59,040.00
Vat	R 8,856.00
Total	R 67,896.00

Notice must be given to us of any goods not received within 10 days taken from the date of despatch stated on invoice,
Any shortage or damage must be notified within 72 hours of receipt of goods.
Complaints can only be accepted if made in writing within 30 days of receipt of goods.
No goods may be returned without prior authorisation from company

Thank you for your business!

1021

Theewaterskloof Municipality

Theewaterskloof Municipality Head Office
6 Plein Street
P.O.Box 24
Caledon
7230
Telephone: +27 (28) 2143300
Fax: +27 (28) 2141289
Website: www.twk.gov.za

Ref. No.: DEV 01/2022/23
Contact: Mr. H. September
Date: 24 March 20223
Email: sales@morekisolutions.co.za

Attention: Mr. J. Kempe
Moreki Distributors (Pty) Ltd.
3 Cradick Street
Parow Industria
Cape Town

Dear Sir,

TENDER NO: DEV 01/2022/23 –THE APPOINTMENT OF A SERVICE PROVIDER TO SUPPLY AND DELIVR NON-FLUSH CHEMICAL TOILETS TO VARIOUS AREAS IN THEEWATERSKLOOF MUNICIPAL AREA ON AN AD-HOC BASIS FOR THE PERIOD FROM DATE OF APPOINTMENT TO JUNE 2025

We have pleasure informing you of a resolution taken by our Bid Adjudication Committee on 10 March 2023 to award the above mentioned tender to **Moreki Distributors (Pty) Ltd.**in the estimated amount of **R 1 889 942.35** (One Million Eight Hundred Eighty Eight Thousand Nine Hundred and Fourty Two rand Thirty Five cents only) Vat incl.

The award is subject to the availability of funds

It is further recommended that the addendum is compiled with the condition that the Contract ends if the above stated amount is reached or on 30 June 2025 whichever comes first.

The Award will be made as follows for all towns at the following rates

Grabouw		
No	**Description**	**Unit Price (Per Toilet Per Month)**
1	Rental of toilet per month	98.00
2	Service and cleaning of toilets per month (Toilets to be serviced twice a week) (price per toilet per month)	712.00
3	Service and cleaning of toilets per month (Toilets to be serviced thrice a week) (price per toilet per month)	1,068.00
4	Cost of one anche per toilet (Once-off)	2.00
	Sub Total (Y)	**1880.00**
5	**Once-off delivery and pick-up cost**	
No	**Description**	**Unit Price (Per delivery)**
5.1	1-10 Toilets (per toilet)	2.00
5.2	Up to 20 Toilets (per toilet)	2.00
5.3	21 and more Toilets (per toilet)	2.00

Theewaterskloof Municipality

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Website: www.twk.gov.za

Genadendal/Greyton		
No	**Description**	**Unit Price (Per Toilet Per Month)**
1	Rental of toilet per month	98.00
2	Service and cleaning of toilets per month (Toilets to be serviced twice a week) (price per toilet per month)	712.00
3	Service and cleaning of toilets per month (Toilets to be serviced thrice a week) (price per toilet per month)	N/A
4	Cost of one anche per toilet (Once-off)	2.00
	Sub Total (Y)	**812.00**
5	**Once-off delivery and pick-up cost**	
No	**Description**	**Unit Price (Per delivery)**
5.1	1-10 Toilets (per toilet)	2.00
5.2	Up to 20 Toilets (per toilet)	2.00
5.3	21 and more Toilets (per toilet)	2.00

Riviersonderend		
No	**Description**	**Unit Price (Per Toilet Per Month)**
1	Rental of toilet per month	98.00
2	Service and cleaning of toilets per month (Toilets to be serviced twice a week) (price per toilet per month)	712.00
3	Service and cleaning of toilets per month (Toilets to be serviced thrice a week) (price per toilet per month)	N/A
4	Cost of one anche per toilet (Once-off)	2.00
	Sub Total (Y)	**812.00**
5	**Once-off delivery and pick-up cost**	
No	**Description**	**Unit Price (Per delivery)**
5.1	1-10 Toilets (per toilet)	2.00
5.2	Up to 20 Toilets (per toilet)	2.00
5.3	21 and more Toilets (per toilet)	2.00

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1023

Botrivier		
No	Description	Unit Price (Per Toilet Per Month)
1	Rental of toilet per month	98.00
2	Service and cleaning of toilets per month (Toilets to be serviced twice a week) (price per toilet per month)	712.00
3	Service and cleaning of toilets per month (Toilets to be serviced thrice a week) (price per toilet per month)	N/A
4	Cost of one anche per toilet (Once-off)	2.00
	Sub Total (Y)	812.00

5	Once-off delivery and pick-up cost	
No	Description	Unit Price (Per delivery)
5.1	1-10 Toilets (per toilet)	2.00
5.2	Up to 20 Toilets (per toilet)	2.00
5.3	21 and more Toilets (per toilet)	2.00

Caledon		
No	Description	Unit Price (Per Toilet Per Month)
1	Rental of toilet per month	98.00
2	Service and cleaning of toilets per month (Toilets to be serviced twice a week) (price per toilet per month)	712.00
3	Service and cleaning of toilets per month (Toilets to be serviced thrice a week) (price per toilet per month)	N/A
4	Cost of one anche per toilet (Once-off)	2.00
	Sub Total (Y)	812.00

5	Once-off delivery and pick-up cost	
No	Description	Unit Price (Per delivery)
5.1	1-10 Toilets (per toilet)	2.00
5.2	Up to 20 Toilets (per toilet)	2.00
5.3	21 and more Toilets (per toilet)	2.00

Villiersdorp		
No	Description	Unit Price (Per Toilet Per Month)
1	Rental of toilet per month	98.00
2	Service and cleaning of toilets per month (Toilets to be serviced twice a week) (price per toilet per month)	712.00
3	Service and cleaning of toilets per month (Toilets to be serviced thrice a week) (price per toilet per month)	1,068.00
4	Cost of one anche per toilet (Once-off)	2.00
	Sub Total (Y)	1880.00

5	Once-off delivery and pick-up cost	
No	Description	Unit Price (Per delivery)
5.1	1-10 Toilets (per toilet)	2.00
5.2	Up to 20 Toilets (per toilet)	2.00
5.3	21 and more Toilets (per toilet)	2.00

Theewaterskloof
Municipality

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Kindly note that this award is conditional and subject to an appeal of 21 calendar days from date of this decision, for the unsuccessful tenderers, after which we will inform you again in writing for the contract to be concluded to confirm your official appointment.

We however trust that the relationship will be mutually beneficial for us to carry out our constitutional mandate of service delivery.

Yours faithfully

S. FRANCIS
MANAGER: SCM

ITEM TITLE

SC32/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE COMMUNITY SERVICES: IRREGULAR EXPENDITURE – SPECIALIZED AGRI PROTECTION SERVICES

[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 occurred during services delivered by Specialized Agri Protection Services, 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:

Specialized Agri Protection Services - R 21 340.00

DISCUSSION

It was common practice in the past years that each town, at the start of each financial year, appointed a service provider through a TWK2 SCM process (between R30 000.00 and R 200 000.00) for the delivery of security services and armed response on a one-year contract for the monitoring and response of municipal properties. For the current financial year, the towns did start their SCM processes to appoint service providers, but the total amount of all these services in total exceeded the amount of R 200 000.00. For this reason, it was decided to follow a tender process to appoint service providers for the delivery of security services (monitoring and response) over a 3-year contract period.

After consultation with the Acting CFO and Manager SCM, it was decided that while the tender process for security services will be underway, no other SCM process can proceed as it will be in conflict with the same services requested through a tender process. It was collectively decided that the same service providers that were appointed the previous financial year for security services need to proceed on a month-to-month basis with monitoring and response services to mitigate the safety risk of municipal properties and assets.

Because of the circumstances at the time and as explained, no procurement process could be followed to appoint any new service providers to safeguard municipal properties. The best way to secure and safeguard municipal properties was to proceed with the same service providers on a month-to-month basis until the tender process is completed and awarded and a service provider be appointed.

The Council did not suffer any losses or any damage and did receive value for money.

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 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.

FINANCIAL IMPLICATIONS

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

Note needs to be taken that the rates since the previous TWK2 appointment have not changed.

CLIENT CARE IMPLICATIONS

Not applicable.

RISK MANAGEMENT IMPLICATIONS

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.

<u>RECOMMENDATION BY ITEM AUTHOR:</u>

It is therefore recommended that the following expenditure, because there is no reason to suspect any possible fraud, and that Council has received value for money and did not suffer any financial losses or damages. As there are no grounds for a claim against any official for any possible fraud, it is recommended that the irregular expense in the amount of R 21 340.00 for the 2022/2023 financial year be approved and accepted.

<u>RECOMMENDATION BY MANAGEMENT TO MPAC: 12 JUNE 2023</u>

It is therefore recommended that the following expenditure, because there is no reason to suspect any possible fraud, and that Council has received value for money and did not suffer any financial losses or damages. As there are no grounds for a claim against any official for any possible fraud, it is recommended that the irregular expense in the amount of R 21 340.00 for the 2022/2023 financial year be approved and accepted.

<u>RECOMMENDATION BY MPAC TO COUNCIL: 22 JUNE 2023</u>

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman BB Mkhwibiso, and seconded by Councillor MA Nomkoko it was recommended as follows:

In the view of the fact that there is no reason to suspect any possible fraud, and that Council has received value for money and did not suffer any financial losses or damages. As there are no grounds for a claim against any official for any possible fraud, it is recommended that the irregular expense in the amount of R 21 340.00 for the 2022/2023 financial year be approved and accepted.

<u>RECOMMENDATION TO COUNCIL:</u>

It is therefore recommended that the following expenditure, because there is no reason to suspect any possible fraud, and that Council has received value for money and did not suffer any financial losses or damages. As there are no grounds for a claim against any official for any possible fraud, it is recommended that the irregular expense in the amount of R 21 340.00 for the 2022/2023 financial year be approved and accepted.

RESOLVED BY COUNCIL: 29 JUNE 2023

After the Chairperson had given the Councilors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor RL Mienies and seconded by Councillor TP Lesesa, it was resolved as follows:

In the view of the fact that there is no reason to suspect any possible fraud, and that Council has received value for money and did not suffer any financial losses or damages. As there are no grounds for a claim against any official for any possible fraud, it is resolved that the irregular expense in the amount of R21 340.00 for the 2022/2023 financial year be approved and accepted.

For finalization by the Deputy Director: Community Services, Mr J Barnard.

RECOMMENDATION TO COUNCIL:

Reconsideration of agenda-item as per National Treasury outcome assessment which stipulated Section 32 non-compliance for agenda-item tabled.

Status Report regarding Specialized Agri Protection Services in terms of SCM and MFMA requirements and remedial action required if necessary.

Supplier	Service Description	Commencement date of contract / Payment
Specialized Agri Protection Services	Security Services – Monitoring and Response	July 2022

1

What was the initial purpose of the contract
The provision of alarming monitoring and armed response security services to Theewaterskloof Municipality

2

Initial Scope of Contract and if uncertain please explain
The provision of alarming monitoring and armed response security services at the office buildings of Caledon-, Greyton/Genadendal and Villiersdorp Town Offices as well as the Public Safety department on a month-to-month basis until Tender OPE 09/2022/2023 is awarded.

3

Initial Contract Value and if uncertain please explain
R21 340.

4

Initial Expiry Date and if uncertain please explain
30 June 2022. The services of the service provider were extended on a month-to- month basis as explained at point 9.

5

Was normal SCM Process followed and complied with		
Yes	**No X**	Uncertain
Explain or motivate your response		
The services of SAPS were extended on a month-to-month basis until the tender process for the appointment of new service providers on the new panel tender.		

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes - X	**No**	**Uncertain**
Explain or motivate your response		
Yes, the services of the service provider were extended. Refer to point 9 for the full explanation.		

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes - X	**No**	**Uncertain**
Explain or motivate your response		
Yes, there was initially a formal contract with the service provider which lapsed at the end of the previous financial year.		

8

Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with?		
Yes - X	**No**	**Uncertain**
Motivate or explain your response		
A contract existed until 30 June 2022. In the new financial year the various towns followed a formal written quotation process for alarm monitoring and armed response services, which result led to a decision to draw up a three year tender, due to the fact that the marker price exceeded the value of R200 000 limit – which is the limit for formal written quotations, from the value of R 200 001 the municipality is obliged to follow a competitive bidding process. As the tender was only recently completed and advertised, no other SCM processes could be pursued.		

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements		
Yes - X	**No**	**Uncertain**
Please explain or motivate your response above		
Yes, Council did receive value for money, although there were no formal SCM process followed to appoint the service provider. It was common practice in the past years that each town, at the start of each financial year, appointed a service provider through a TWK2 SCM process for the delivery of security services on a one-year contract for the monitoring and response of municipal properties. For the current financial year, the end-users did start with their SCM processes to appoint service providers, but the total amount of all these services in total would exceed the amount of R 200 000.00. For this reason, it was decided to follow a tender process to appoint service providers for the delivery of security services (monitoring and response) over a 3-year contract period. After consultation with the Acting CFO and SCM, it was decided that while the tender process for security services will be underway, no other SCM process can proceed as it will be in conflict with the same services,		

as requested through a tender process. It was collectively decided that the service provider that were appointed through a SCM process during the previous financial year for security services, need to proceed on a month-to-month basis with the monitoring and response services to mitigate the safety risk of municipal properties. It needs to be kept in mind that there is a legislative requirement on Council to safeguard and protect its properties and assets. Because of the circumstances at the time, no procurement process could be followed to appoint a new service provider to safeguard municipal properties. The best option to secure and safeguard municipal properties and assets was to proceed with the same service providers on a month-to-month basis until the tender could be awarded and a service provider be appointed.

10

Has the Municipality suffered any losses or damages as a result of non -compliance with any of the MFMA or SCM requirements		
Yes	**No – X**	**Uncertain**
Please explain or motivate your response above		
The municipality did not suffer any losses or damages.		

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes - X	**No**	**Uncertain**
Please explain or motivate your response above		
The performance of the service provider is satisfactory, and they are a well-established business in the Theewaterskloof area.		

12

Has the Director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price.		
Yes	No **X**	Uncertain
Please explain or motivate your response above		
There was no need for an investigation nor for the appointment of another service provider. Given the situation, as already explained, and after consultation with the CFO and SCM, this was the best option to reduce the safety risks of municipal properties and assets until the tender process could be awarded.		

1031

14

Could any form of non-compliance have been prevented.		
Yes	No - X	Uncertain
Explain or motivate your response above		
The security needs for Theewaterskloof did change and were no more limited to just the monitoring and response of municipal properties. The tender did not only include for the security services for the monitor and response of properties, but also include VIP protection and security guards.		

15

What remedies have been put in place to prevent any non-compliance being repeated		
Yes	No	Uncertain
Explain or motivate your response above		
A tender process, to appoint service providers over a 3-year contract period for security services, were followed to prevent similar situations and to address the whole basket of security needs of the municipality and to prevent any SCM non-compliance in the future.		

16

General or additional Comments of the Director Concerned	
Mr A. E. Solomons - Gelderblom	12/06/23
Signature of Director Concerned	Date

17

General Comments/Findings and recommendations of the CFO	
	12.06.2023
Signature of CFO	Date

18

General Comments/Findings and or recommendations of the Chief Audit Executive	
Supported.	12/06/2023
Signature of Chief Audit Executive	Date

19

General Comments and findings of the Municipal Manager	
Ms A. B. Solomons-Gonsalves Signature of the Municipal Manager	13/06/23 Date

ITEM HEADING

SC33/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE COMMUNITY SERVICES: GRABOUW TOWN OFFICE: IRREGULAR EXPENDITURE – MACHAIRA PROJECTS

[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 irregular expenses that occurred during services delivered by Machaira Projects, and that the Committee considers the report with the 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:

Machaira Projects – R 80 290.82

DISCUSSION

Critical municipal buildings such as pump stations urgently required protection in Grabouw especially after loadshedding was implemented nationally, and alarms and CCTV cameras were not functioning during load shedding periods and were insufficient to protect the infrastructure. The situation was worsened by the ongoing water crises which led to further fears of water pump stations and sewer pump stations being targeted. A request for quotation (TWK2) was advertised (AM10/2021/22) for security guards at high-risk areas whereby Machaira Projects was appointed to protect the Council properties and assets.

The water- and sewer pump stations that were targeted caused either major sewer spillages into the adjacent rivers or a lack of water in the community.

High-risk sites in Grabouw include:

- Lower Steenbras Reservoir
- Palmiet Sewer pump station
- Pineview pump station
- Grabouw Depo

The contract period was initially valid until 30 June 2022 as per AM10/2021/22 however it was decided to extend all guarding services up to until 30 September 2022. It was decided to follow a tender process for the appointment of service providers for security services. While the tender process was in process, no other SCM process for the same services could proceed due to the threshold value.

The security tender OPE09/2022/23 was prepared however took longer than expected thus Machaira Projects was requested to continue with the service on a month-to-month basis until 07 November when Machaira Projects ended the service with the municipality. Council already approved August to November (C 101/2023) however July still needs approval.

COMMENTS FROM THE DIRECTORATE COMMUNITY SERVICES

Emergency and essential repair works required to safeguard and protect municipal facility/(ies) due to theft, damages, criminal activities, vandalism and acts of criminality. The prevailing situation results in impractical and impossible to follow the established and approved SCM processes, ad-hoc repairs relates to damage to property, impacting on service delivery. The process is underway to advertise a tender/s for a framework contract of panels for the provision of security services.

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 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.

FINANCIAL RESPONSIBILITIES

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

CLIENT CARE IMPLICATION

Not applicable.

RISK MANAGEMENT IMPLICATION

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 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 recommended that the irregular expense in the amount of R 80 290.82 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION BY MANAGEMENT TO MPAC: 12 JUNE 2023

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 80 290.82 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION BY MPAC TO COUNCIL: 22 JUNE 2023

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman BB Mkhwibiso, and seconded by Councillor MA Nomkoko 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 recommended that the irregular expense in the amount of R 80 290.82 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION TO COUNCIL:

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 80 290.82 for the financial year 2022/2023 be approved and accepted.

RESOLVED BY COUNCIL: 29 JUNE 2023

After the Chairperson had given the Councilors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor RL Mienies and seconded by Councillor TP Lesesa, 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 80 290.82 for the financial year 2022/2023 be approved and accepted.

For finalization by the Deputy Director: Community Services, Mr J Barnard.

RECOMMENDATION TO COUNCIL:

Reconsideration of agenda-item as per National Treasury outcome assessment which stipulated Section 32 non-compliance for agenda-item tabled.

Status report on deviations in terms of SCM and MFMA requirements and remedial action required if necessary.

Supplier	Service Description	Commencement date of contract
Machaira Projects	Security: Guarding Municipal Buildings	17 May 2022

1

What was the initial Purpose of the contract
Some critical municipal buildings such as pumpstation urgently required protection in Grabouw especially after loadshedding was implemented nationally, and alarms and CCTV cameras were not functioning during load shedding periods and was insufficient to protect the infrastructure. The situation was worsened by the ongoing water crises which led to further fears of water pumpstation and sewer pumpstations being targeted. An TWK2 was advertised (AM10/2021/22) for security guards at high-risk areas whereby Machaira Projects was appointed to protect the Council properties and assets. The initial contact was valid until 30 June 2022, however the contract was extended until 07 November 2022. Council already approved August to November (C 101/2023) however July still need approval.

2

Initial Scope of Contract and if uncertain please explain

The Grabouw Town experienced serious vandalism and theft at the municipal properties as loadshedding was implemented nationwide. The water- and sewer pumpstations that was targeted caused either major sewer spillages into the adjacent rivers or lack in water supply to the community.

The Machaira Projects, a security company was positioned at high-risk sites which immediately neutralized the burglary attempts by safeguarding infrastructure and reducing service delivery downtime.

High risk sites in Grabouw:

- Lower Steenbras Reservoir
- Palmiet Sewer pumpstation
- Pineview pumpstation
- Grabouw Depo

The contract period was valid until 30 June 2022 as per AM10/2021/22 however it was decided to extend all guarding services up to until 30 September 2022. (SCM was reluctant to advertise TWK2's for security services for the towns individually as the collective value would have exceeded R200 000 threshold). It was decided to follow a tender process for the appointment of service providers for security services. While the tender process was in process, no other SCM process for the same services could proceed.

The security tender OPE09/2022/23 was prepared however took longer than expected thus Machaira Projects was requested to continue with the service on a month-to-month basis until 07 November when Machaira Projects ended the service with the municipality. Council already approved August to November (C 101/2023) however July still need approval.

3

Initial Contract Value and if uncertain please explain
R 80 290,82 for the month of July 2022.

4

Initial Expiry Date and if uncertain please explain
The AM10/2021/22 contract expired 30 June 2022.

5

Was normal SCM Process followed and complied with		
Yes X	No	Uncertain
Explain of motivate your response		
The TWK2 was advertised and awarded to Machaira Projects. The service provider was requested to continue with his security service on a month-to-month basis, as towns were waiting for the security tender OPE09/2022/23 to be completed. The tender process was delayed longer than expected thus only ended 07 November 2022. It was attempted to follow a deviation process however it was rejected and directed to the MPAC Committee. The contract could not be readvertised as the R200 000 threshold would have been exceeded and SCM thus opted for the tender process. Should the security company have been removed from site until tender was awarded council would have suffered major infrastructure losses and essential service delivery delays.		

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes X	No	Uncertain -
Explain or motivate your response		
The purpose and the scope of the initial contract were the same, but the contract period was extended. The initial contract expired 30 June 2022, however the service provider was requested to continue on a month-to-month basis until the tender process could be completed.		

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes X	No	Uncertain
Explain or motivate your response		
The initial contract was AM10/2021/22 for the delivery of security services in Grabouw.		

8

Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with		
Yes	No	Uncertain - X
Motivate or explain your response		
The initial contract, AM10/2021/22 complied to all SCM requirements, however the contractor was used beyond the contract period for reasons given. The deviation process to extend the contract was rejected, for reasons already explained, and directed to the MPAC Committee.		

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements		
Yes X	No	Uncertain
Please explain or motivate your response above		
Council did received value for money as premises was safeguarded for the period until 7 November 2022. Vandalism/theft reduced, and essential service delivery continued.		

10

Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements		
Yes	No X	Uncertain
Please explain or motivate your response above		
The Municipality did not suffer any loss or any damages. The security company was protecting Council property and assets which was required from the Council.		

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes X	No	Uncertain
Please explain or motivate your response above		
Services was rendered and properties protected.		

12

Has the Director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price		
Yes **X**	No	Uncertain
Please explain or motivate your response above		
The contract of the service provider, at the time, was extended while a tender process was in process to appoint service providers for security services on a 3-year contract period. Although it was the intention to follow a TWK2 SCM process to appoint a security service provider, we could not proceed while a tender process was underway.		

14

Could any form of non-compliance have been prevented		
Yes	No X	Uncertain
Explain or motivate your response above		
The situation required immediate protection of Council assets by using security guards. The CCTV cameras and alarms were not functional during loadshedding periods. The company was appointed initially via SCM procurement process, however as the end user was unable to re-advertise until a tender was awarded no other suitable optioned remained but to continue month-to-month with security company which was already protecting the sites. The deviation process was rejected and directed to the MPAC Committee.		

15

What remedies have been put in place to prevent any non-compliance being repeated		
Yes X	No	Uncertain
Explain or motivate your response above		
A tender was advertised (OPE09/2022/23) for the monitoring of alarms including security guards which will reduce the need to deviate the SCM policy for such emergencies.		

16

General or additional Comments of the Director Concerned	
……………………………………… Signature of Director Concerned	……………………………………… Date

17

General Comments/Findings and recommendations of the CFO	
Signature of CFO	12. 06. 2023 Date

18

ANNEXURE A

General Comments/Findings and or recommendations of the Chief Audit Executive
Supported
Signature of Chief Audit Executive Date 6/12/2023

Theewaterskloof Municipality

THEEWATERSKLOOF MUNISIPALITEIT : THEEWATERSKLOOF MUNICIPALITY

OFFICIAL ORDER

Order
E0004826

1042

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

Delivery : 1 ARBOR AVENUE
GRABOUW
7160

VAT Registration number:4000846248

SUPPLIER NAME: MACHAIRA PROJECTS (PTY) LTD. [M00204]
SUPPLIER TEL NO:
SUPPLIER FAX NO:
PHYSICAL ADDRESS: 36 ABBOR AVENUE
MOLTENO PARK
DATE: 20220511

DIRECTORATE: Development and Community Serv
COST CENTRE: Town Administration
NAME: Arendorff B
REQ NO: 23484

DESCRIPTION	QUANTITY	UNIT PRICE EXCL.	AMOUNT EXCL.	AMOUNT INCL.
AM 10/2021/22 - Day shift (06:00-18:00)	66.00	68.69	4533.54	5213.57
Night Shift (18:00-06:00)	66.00	69.73	4602.18	5292.51
weekend shift (Friday 06:00-Monday 06:00)	66.00	301.55	19902.30	22887.65
Public holidays (24 hour shifts. if there is any)	66.00	617.88	40780.08	46897.09
		GRAND TOTAL	69818.10	80290.82

APPROVED BY: Signature: Name In Print: MARTIN A Date: 2022/05/11

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

Order - Payment

E0004826

VAT Registration number:4000846248

SUPPLIER NAME: MACHAIRA PROJECTS (PTY) LTD. [M00204]
SUPPLIER TEL NO:
SUPPLIER FAX NO:
VAT REGISTRATION NO: 000004230289961
PHYSICAL ADDRESS: 36 ABBOR AVENUE MOLTENO PARK
DATE: 20220511

DIRECTORATE: Development and Community Services
COST CENTRE: Town Administration
NAME: Arendorff B

mSCOA CONFIG	DESCRIPTION	QUANTITY	UNIT PRICE EXCL.	AMOUNT EXCL.	AMOUNT INCL.	DISCOUNT
012024190101	AM 10/2021/22 - Day shift (06:00-18:00)	66.00	68.69	4533.54	5213.57	
012024190101	Night Shift (18:00-06:00)	66.00	69.73	4602.18	5292.51	
012511370370	weekend shift (Friday 06:00-Monday 06:00)	66.00	301.55	19902.30	22887.65	
012511370370	Public holidays (24 hour shifts. if there is any)	66.00	617.88	40780.08	46897.09	
			GRAND TOTAL	69818.10	80290.82	

PAYMENT AUTHORIZATION	
DATE	2022/05/11
HEAD OF DEPARTMENT	PROCUREMENT OFFICER

GRAND TOTAL	80290.82
LESS DISCOUNT	0.00
NETT AMOUNT	80290.82

1043

2022-08-19

1044

22933

THEEWATERSKLOOF MUNISIPALITEIT

M00204

MACHAIRA PROJECTS (PTY) LTD.

Datum : 19.08.2022

Tjek nr.: CASHFOCUS

Besonderhede van Betaling/Details of payment :

Betaling	141003.53
	141003.53

Belasting		Posnommer					Bedrag
Inklusief	**Eksklusief**		**Balans oorgebring**				
							141003.53
							141003.53
							0.00

Besonderhede van uitgawe nagegaan en gekontroleer

Ek/Ons sertifiseer dat geen vorige betaling in hierdie verband gemaak is nie.

Direkteur : Finansies

S JOORST
Opgestel deur

Nagesien deur

E0004827
1045

Tel: 0212053211
Fax:0866850360
Comp.Reg: 201948053707
Vat Regsitration:4230289961
E-mail:rancha@machaira.co.za

Machaira Projects (Pty) Ltd
Your one stop staffing shop!!!
36 Abborlaan Avenue
Grabouw
7160

Tax Invoice

Date	20/07/2022
Page	1
Document No	ING 20220

Theewaterskloof Municipality
Po Box 24
Caledon
7230
Order No: E0004826

Deliver to

MUNISIPALITEIT THEEWATERSKLOOF
FINANSIES FINANCE
2022 -08- 17
MUNICIPALITY

Account	Your Reference	Tax Exempt	Tax Reference	Sales Code
IN100	Security	N	4000846248	

Exclusive

Code	Description	Quantity	Unit	Unit Price	Disc%	Tax	Nett Price
NT100	Period 01 – 20 July2022 (Security 4 x sites Grabouw) (Lower pump, Pine view, Depo & Fish Market)	20 days		R4'548.50		15.00%	79'104.35

MUNISIPALITEIT THEEWATERSKLOOF
BETAAL SERTIFIKAAT
Ek sertifiseer dat:
Die dienste / goedere soos hierin gespesifiseer, aan die Raad gelewer is en dat die pryse / fooie redelik en volgens ooreenkoms / kontrak is.

Handtekening 19/08/22 Datum

Bank Name:
STANDARD BANK
Acc. No:401832953
Branch Code:051001

Received in good order

Signed________ Date________

Sub Total		79'104.35
Discount @	0.00%	0.00
Amount Excl Tax		79'104.35
Tax		11'865.65
Total		90'970.00

PAID

R0004833

1046

Tel: 0212053211
Fax:0866850360
Comp.Reg: 201948053707
Vat Regsitration:4230289961
E-mail:rancha@machaira.co.za

Machaira Projects (Pty) Ltd
Your one stop staffing shop!!!
36 Abborlaan Avenue
Grabouw
7160

Tax Invoice

Date	31/07/2022
Page	1
Document No	ING 20221

Theewaterskloof Municipality
Po Box 24
Caledon
7230
Order No: E0004826

Deliver to

MUNISIPALITEIT THEEWATERSKLOOF
FINANSIES FINANCE
2022-08-19
MUNICIPALITY

Account	Your Reference	Tax Exempt	Tax Reference	Sales Code
'N100	Security	N	4000846248	

Exclusive

Code	Description	Quantity	Unit	Unit Price	Disc%	Tax	Nett Price
NT100	Period 21– 31 July2022 (Security 4 x sites Grabouw) (Lower pump, Pine view, Depo & Fish Market)	11 days		R3'955.22		15.00%	43'507.43

MUNISIPALITEIT THEEWATERSKLOOF
BETAAL SERTIFIKAAT
Ek sertifiseer dat:
Die dienste / goedere soos hierin gespesifiseer, aan die Raad gelewer is en dat die pryse / fooie redelik en volgens ooreenkoms / kontrak is.

19/08/22

Handtekening .... Datum

Bank Name:
STANDARD BANK
Acc. No:401832953
Branch Code:051001

Received in good order

Sub Total		43'507.43
Discount @	0.00%	0.00
Amount Excl Tax		43'507.43
Tax		6'526.11
Total		50'033.53

Signed____________________ Date____________________

Reg. No.: 2019/480537/07

PO Box 407
Eersterivier
7103

Machaira Projects (Pty)Ltd

03/08/2022

Theewaterskloof Municipality
Caledon

Re: Payment terms

Dear Madam/ Sir

We hereby like to apply for fourteen (14) day payment terms.

We a small to medium enterprise that service different areas in Grabouw under Theewaterskloof municipality.

We would like to request an early payment of invoices as deem fit by the municipality.

Regards.

PP AFillies
Philip Octber
Managing Director

MUNISIPALITEIT THEEWATERSKLOOF
BETAAL SERTIFIKAAT
Ek sertifiseer dat:
Die dienste/goedere hierin gespesifiseer.
aand die Raad gelewer is en dat die pryse/fooie redelik en volgens ooreenkoms/kontrak is.
04/08/2022
Handtekening Datum

021 205 3211
susan@machaira.co.za
www.machaira.co.za
Unit2, 4B Barewood Close, Blackheath, 7580
Directors: | A Fillies | S Davids | K Antonie

1048

Shantley Fortuin

Subject: FW: Security votes for Grabouw

From: Joanle Pretorius <joanleno@twk.gov.za>
Sent: Friday, August 19, 2022 9:15 AM
To: Shantley Fortuin <ShantleyFo@twk.org.za>
Subject: FW: Security votes for Grabouw

From: Ashwille Riddles <ashwilleri@twk.gov.za>
Sent: Thursday, 18 August 2022 11:46
To: Andre Meyer <Andreme@twk.gov.za>; Petula Fortuin <petulafo@twk.gov.za>; Joanle Pretorius <joanleno@twk.gov.za>
Cc: Rodwin Biggs <rodwinbi@twk.gov.za>; Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>
Subject: RE: Security votes for Grabouw

Will be referred to sec 32. Deviation will serve no purpose now. 1

From: Andre Meyer <Andreme@twk.gov.za>
Sent: Thursday, 18 August 2022 11:23
To: Ashwille Riddles <ashwilleri@twk.gov.za>; Petula Fortuin <petulafo@twk.gov.za>; Joanle Pretorius <joanleno@twk.gov.za>
Cc: Rodwin Biggs <rodwinbi@twk.gov.za>; Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>
Subject: RE: Security votes for Grabouw

Thanks Ashwille,

Can I start a deviation process with this vote, or will it automatically be a SEC32?

We did not force the decision thus feels incorrect that we will be liable for the SEC32 if required.

Regards

Andre

From: Ashwille Riddles <ashwilleri@twk.gov.za>
Sent: Thursday, 18 August 2022 08:11
To: Andre Meyer <Andreme@twk.gov.za>; Petula Fortuin <petulafo@twk.gov.za>; Joanle Pretorius <joanleno@twk.gov.za>
Cc: Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: RE: Security votes for Grabouw

Use this vote:

6010	Sewerage: Networks	Contracted Services - Contractors	Maintenance of Buildings and Facilities	WC031_Maintenance: Grounds and Buildings	2	16010275710	1 436 000,00	1 436 000,00	-	160 954,00	244 279,53	213 052,85

From: Andre Meyer <Andreme@twk.gov.za>
Sent: Tuesday, 16 August 2022 11:15
To: Petula Fortuin <petulafo@twk.gov.za>
Cc: Ashwille Riddles <ashwilleri@twk.gov.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: FW: Security votes for Grabouw

Morning Petula,

Soos gister bespreek moet Machaira dringend betaal word.

Ashwille het genoem dat hy die pos waaruit hulle betaal moet word vir jou sal deurgee.

Ashwille, moet ek eers die afwyking doen op die pos wat jy deurgee of hoe gaan julle betaal?

Andre

From: Andre Meyer
Sent: Thursday, 11 August 2022 11:46
To: Sergio Francis <sergiofr@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>
Cc: Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: Security votes for Grabouw

Sergio,

1049

Please do not forget about the funds for security.

The company is phoning me daily for payment of July and I'm still to load a deviation for the work.

Regards
Andre

From: Andre Meyer
Sent: Wednesday, 10 August 2022 16:21
To: Sergio Francis <sergiofr@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>
Cc: Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: RE: Security votes for Grabouw

Sergio,

See attach mail.

The invoices for the month of July ($1^{st} – 31^{st}$) – R141 003.53

Remember this is only for July 2022.

We need to budget for August and remaining months until security tender is appointed I assume?

Awaiting your feedback.

Regards
Andre

From: Sergio Francis <sergiofr@twk.gov.za>
Sent: Wednesday, 10 August 2022 14:19
To: Andre Meyer <Andreme@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>
Cc: Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: RE: Security votes for Grabouw

Andre How much do you need in total ?

From: Andre Meyer <Andreme@twk.gov.za>
Sent: Wednesday, 10 August 2022 13:09
To: Sergio Francis <sergiofr@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>
Cc: Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: RE: Security votes for Grabouw
Importance: High

Afternoon Sergio,

We completed a devation for SAPS security for armed response and monitoring. The value was R32000 for 6 months.

The remaining funds is supposedly R38 000 however remember we require funds for the last 6 months armed and response also.

The matter remains urgent please provide feedback and the way forward.

Regards
Andre

From: Sergio Francis <sergiofr@twk.gov.za>
Sent: Wednesday, 10 August 2022 10:58
To: Andre Meyer <Andreme@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>
Cc: Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: RE: Security votes for Grabouw

Good day Andre

Hope all is well

How much is available on the current budget ?

From: Andre Meyer <Andreme@twk.gov.za>
Sent: Monday, 08 August 2022 09:33
To: Ashwille Riddles <ashwilleri@twk.gov.za>; Sergio Francis <sergiofr@twk.gov.za>
Cc: Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: FW: Security votes for Grabouw
Importance: High

1051

1052

Colleagues,

I'm not getting any feedback on my email for the funds.

What do you propose? We are already busy with August months' work.

I need an answer urgently it still needs to go through the deviation process.

Regards
Andre

From: Andre Meyer
Sent: Friday, 05 August 2022 15:31
To: Romeo Hendricks <RomeoHe@twk.org.za>; Elliot Mkosini <ElliotMk@twk.org.za>; Georgina Kweleta <GeorginaKw@twk.org.za>; Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Jean-Pierre Williams <Jean-PierreWi@twk.org.za>; Joanna Marzec-Visagie <JoannaDi@twk.gov.za>; Jeremy Prins <JeremyPr@twk.org.za>; Marco de Jongh <Marcode@twk.org.za>
Cc: Sergio Francis <sergiofr@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>
Subject: Security votes for Grabouw
Importance: High

Colleagues,

I'm urgently looking for funds to pay our security contractor. R140 000 for the month of July 2022.

Attach is the budget for security in TWK.

Can anyone support with funds?

Thanks
Andre

Shantley Fortuin

From: Joanle Pretorius
Sent: Thursday, August 18, 2022 8:14 AM
To: Shantley Fortuin
Subject: FW: Security votes for Grabouw

HI Shantley
Hier is die vote waarvoor jy nog wag

groete

From: Ashwille Riddles <ashwilleri@twk.gov.za>
Sent: Thursday, 18 August 2022 08:11
To: Andre Meyer <Andreme@twk.gov.za>; Petula Fortuin <petulafo@twk.gov.za>; Joanle Pretorius <joanleno@twk.gov.za>
Cc: Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: RE: Security votes for Grabouw

Use this vote:

6010	Sewerage: Networks	Contracted Services - Contractors	Maintenance of Buildings and Facilities	WC031_Maintenance: Grounds and Buildings

From: Andre Meyer <Andreme@twk.gov.za>
Sent: Tuesday, 16 August 2022 11:15
To: Petula Fortuin <petulafo@twk.gov.za>
Cc: Ashwille Riddles <ashwilleri@twk.gov.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: FW: Security votes for Grabouw

Morning Petula,

Soos gister bespreek moet Machaira dringend betaal word.

Ashwille het genoem dat hy die pos waaruit hulle betaal moet word vir jou sal deurgee.

1053

Ashwille, moet ek eers die afwyking doen op die pos wat jy deurgee of hoe gaan julle betaal?

Andre

From: Andre Meyer
Sent: Thursday, 11 August 2022 11:46
To: Sergio Francis <sergiofr@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>
Cc: Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: Security votes for Grabouw

Sergio,

Please do not forget about the funds for security.

The company is phoning me daily for payment of July and I'm still to load a deviation for the work.

Regards
Andre

From: Andre Meyer
Sent: Wednesday, 10 August 2022 16:21
To: Sergio Francis <sergiofr@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>
Cc: Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: RE: Security votes for Grabouw

Sergio,

See attach mail.

The invoices for the month of July (1^{st} – 31^{st}) – R141 003.53

Remember this is only for July 2022.

We need to budget for August and remaining months until security tender is appointed I assume?

Awaiting your feedback.

Regards

Andre

From: Sergio Francis <sergiofr@twk.gov.za>
Sent: Wednesday, 10 August 2022 14:19
To: Andre Meyer <Andreme@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>
Cc: Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: RE: Security votes for Grabouw

Andre How much do you need in total ?

From: Andre Meyer <Andreme@twk.gov.za>
Sent: Wednesday, 10 August 2022 13:09
To: Sergio Francis <sergiofr@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>
Cc: Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: RE: Security votes for Grabouw
Importance: High

Afternoon Sergio,

We completed a devation for SAPS security for armed response and monitoring. The value was R32000 for 6 months.

The remaining funds is supposedly R38 000 however remember we require funds for the last 6 months armed and response also.

The matter remains urgent please provide feedback and the way forward.

Regards
Andre

From: Sergio Francis <sergiofr@twk.gov.za>
Sent: Wednesday, 10 August 2022 10:58
To: Andre Meyer <Andreme@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>
Cc: Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: RE: Security votes for Grabouw

Good day Andre

1055

Hope all is well

How much is available on the current budget ?

From: Andre Meyer <Andreme@twk.gov.za>
Sent: Monday, 08 August 2022 09:33
To: Ashwille Riddles <ashwilleri@twk.gov.za>; Sergio Francis <sergiofr@twk.gov.za>
Cc: Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Rodwin Biggs <rodwinbi@twk.gov.za>
Subject: FW: Security votes for Grabouw
Importance: High

Colleagues,

I'm not getting any feedback on my email for the funds.

What do you propose? We are already busy with August months' work.

I need an answer urgently it still needs to go through the deviation process.

Regards
Andre

From: Andre Meyer
Sent: Friday, 05 August 2022 15:31
To: Romeo Hendricks <RomeoHe@twk.org.za>; Elliot Mkosini <ElliotMk@twk.org.za>; Georgina Kweleta <GeorginaKw@twk.org.za>; Buyelwa Mbalo-Tshungwana <BuyelwaMb@twk.org.za>; Jean-Pierre Williams <Jean-PierreWi@twk.org.za>; Joanna Marzec-Visagie <JoannaDi@twk.gov.za>; Jeremy Prins <JeremyPr@twk.org.za>; Marco de Jongh <Marcode@twk.org.za>
Cc: Sergio Francis <sergiofr@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>
Subject: Security votes for Grabouw
Importance: High

Colleagues,

I'm urgently looking for funds to pay our security contractor. R140 000 for the month of July 2022.

Attach is the budget for security in TWK.

Can anyone support with funds?

Thanks
Andre

1058

Production

Supplier Master

SHANTLEY FO
19 AUGUST 202.

waterskloof Municipality Product

Business Information

Internal Creditor Code	M00204
Full Registered Name	MACHAIRA PROJECTS (PTY) LTD.
Trading Name	MACHAIRA PROJECTS (PTY) LTD.
Company Registration No	2019/480537/07
VAT Registration No	4230289961
Income Tax Reference No	9293318235
Business Municipal Account No	
City Council	
BBBEE Status Level	0
HDI %	Total 0 Female 0
Business Size	
Secondary Banking Detail	
Business Sector	
Discount	0
Discount Term	

Control Accounts (Creditors)

Invoices (Deposits)	
Payments (Withdrawals)	

Banking Details

Bank Code	SBZA
Bank Name	STANDARD BANK OF SOUTH AFRICA LIMITED,THE
Branch Code	051001
Branch Name	TYGER MANOR
Account No	401832953
Account Type	Cheque/Current
Action Date and Time	2022APR 920
Creditor Utilization blocked?	No
Reason for Utilization Block	0

Internal Status

Currently Active	☑
Payments Blocked	☐
Salary Beneficiary	☐
Applied for Accreditation	☐
Accredited Supplier	☑
Direct Invoicing	☑
EFT Reference Required?	☐
Default EFT Reference	

Financial Year Transaction Summary

Orders	0
GRN	80,290.82+
Invoices	80,290.82-
Cheque Payments	0
EFT Payments	80,290.82+
Outstanding Payments	0
Journals	0
Year-End Journals	0

Age Analysis

Customer Type	Other
0 - 30 Days	
31 - 60 Days	
61 - 90 Days	
91 - 120 Days	
121 - 150 Days	
151 - 180 Days	
181 Days - 1 Year	
Over 1 Year	

Record was successfully displayed

View Add Change Delete

THEEWATERSKLOOF MUNICIPALITY

CREDITOR'S RECONCILIATION

NAME OF CREDITOR: **MACHAIRA PROJECTS (PTY) LTD.**

RECONCILIATION DATED: 19.08.2022

Balance as per invoice dated:

	20220	20.07.2022	90,970.00
	20221	30.08.2022	50,033.53
Less Payments not yet credited:			
Cheque / ACB No. ....dated			0.00
			141003.53
Less: Interest waived			0.00
Credit Note			0.00
Discount allowed			0.00
Outstanding Balance			
Outstanding Balance:			
Inv. No.			0.00
Inv. No.			0.00
Inv. No.			0.00
Inv. No.			0.00
			141003.53

ITEM HEADING

SC34/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE COMMUNITY SERVICES: IRREGULAR EXPENDITURE – TERM GROUP

[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 payments of the value of R 1.00 to Term Group for the rental of 100KVA and 500KVA generators and cost associated therewith in various towns in the municipal area, 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 item relating to the possible irregular expenses incurred during a payment of R5 990 925,50 to Term Group for the leasing of generators, served before the Municipal Public Accounts Committee (MPAC) and at the Council meeting of 30 May 2023. MPAC granted permission that the amount of R 1 094 146.44 be added to the irregular expenditure amount of R4 896 779.06, and the total irregular amount of R5 990 925.50 be approved and accepted for the 2022/2023 financial year. However, the amount of R 5 990 925.50 has now resulted in a shortfall of R1.00 as the quotation amount from Term Group was R 5 990 926.50.

DISCUSSION

The sustainability of service delivery was under threat without the interventions undertaken by the management of the municipality.

The generators leased from Term Group ensures that the provision of water continues uninterrupted during loadshedding slots in the various towns where these generators are utilised.

The item for the approval and acceptance of the irregular expenses incurred during the payments made to Term Group was adopted by Council at its meeting of 30 May 2023. This item is now to report to the committee on the R1.00 shortfall.

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 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.

FINANCIAL IMPLICATIONS

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

CLIENT CARE IMPLICATIONS

Not applicable.

RISK MANAGEMENT IMPLICATIONS

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 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 recommended that the irregular expense in the amount of R 1.00 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION BY MANAGEMENT TO MPAC: 12 JUNE 2023

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 1.00 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION BY MPAC TO COUNCIL: 22 JUNE 2023

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman BB Mkhwibiso, and seconded by Councillor MA Nomkoko 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 recommended that the irregular expense in the amount of R 1.00 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION TO COUNCIL:

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 1.00 for the financial year 2022/2023 be approved and accepted.

RESOLVED BY COUNCIL: 29 JUNE 2023

After the Chairperson had given the Councilors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor RL Mienies and seconded by Councillor TP Lesesa, 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 1.00 for the financial year 2022/2023 be approved and accepted.

For finalization by the Deputy Director: Community Services, Mr J Barnard.

RECOMMENDATION TO COUNCIL:

Reconsideration of agenda-item as per National Treasury outcome assessment which stipulated Section 32 non-compliance for agenda-item tabled.

Section 32 : Provision of Generators: Theewaterskloof Municipality

Supplier	Service Description	Commencement date of contract
Term Group	Leasing of 100KVA and 500KVA Generators	October 2022

1

What was the initial Purpose of the contract
To lease 100KVA and 500KVA generators to Theewaterskloof Municipality.

2

Initial Scope of Contract and if uncertain please explain
The service provider was appointed to provide water tanker trucks to Theewaterskloof Municipality as and when the need arose to provide water to communities in towns in the municipal area experiencing difficulties in providing access to clean and safe drinking water.

3

Initial Contract Value and if uncertain please explain
R 1.00

4

Initial Expiry Date and if uncertain please explain
N/A

5

Was normal SCM Process followed and complied with		
Yes	**No – X**	**Uncertain**
Explain of motivate your response		
No, the services were procured on the basis of availability during emergency situations for which provision is made in the SCM Policy of the municipality.		

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes – X	**No**	**Uncertain**
Explain or motivate your response		
The service provide is renting the 100KVA and 500KVA generators to Grabouw Water Treatment Works.		

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes	**No – X**	**Uncertain**
Explain or motivate your response		
No formal contract or SLA was entered into due to urgency of the crisis. SCM processes would have paralysed the pace required to respond to the emergency, SCM and MFMA makes provision for emergency situations.		

8

Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with		
Yes	**No – X**	**Uncertain**
Motivate or explain your response		
The municipality is not yet able to procure backup generators due to fiscal constraints and have resorted to leasing the generators. Invoices are paid as they are generated.		

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements		
Yes – X	**No**	**Uncertain**
Please explain or motivate your response above		
The generators ensured that water continued to be pumped and treated despite loadshedding. The municipality was able to fulfil its constitutional obligation of access to sustainable and safe drinking water.		

10

Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements		
Yes	**No – X**	**Uncertain**
Please explain or motivate your response above		
The service provided the service and submitted an invoice which was thereafter paid by the municipality. Council did not suffer any losses.		

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes	No – X	Uncertain
Please explain or motivate your response above		
The municipality is not in a position to procure the generators due to fiscal constraints and warning signs have been issued that loadshedding levels will continue to increase, thus threatening its ability to provide safe and clean drinking water in a sustainable manner.		

12

Has the director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price		
Yes – X	No	Uncertain
Please explain or motivate your response above		
The municipality would have had to cut down drastically on operating expenditure if it had to procure its own generators, the service rendered by Term Group in leasing these generators is assisting the municipality's water license permit conditions immensely.		

14

Could any form of non-compliance have been prevented		
Yes	No – X	Uncertain
Explain or motivate your response above		
The municipality would have to terminate the lease of these generators to comply with the MFMA and SCM policy to follow a competitive bidding process, thus disrupting service delivery.		

15

What remedies have been put in place to prevent any non-compliance being repeated		
Yes	No	Uncertain
Explain or motivate your response above		
The municipality approached the Water and Sanitation Department to assist with funding for upgrading water and sewer infrastructure. Management remains seized with the issue of procuring generators for critical municipal infrastructure.		

16

General or additional Comments of the Director Concerned	
Signature of Director Concerned	**Date**

17

General Comments/Findings and recommendations of the CFO
At all time we must follow through with proper procurement processes.
Signature of CFO Date: 13/06/2023

18

General Comments/Findings and or recommendations of the Chief Audit Executive
Signature of Chief Audit Executive Date 13/06/2023

19

Final response of the Director Concerned for consideration by the Municipal Manager
Signature of the Director concerned Date 13/06/23

20

General Comments and findings of the Municipal Manager
Signature of the Municipal Manager Date 13/06/2023

ITEM TITLE

C103/2023 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE COMMUNITY SERVICES: IRREGULAR EXPENDITURE - TERM GROUP

[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 payments of the value of R4 896 779,06 to Term Group for the rental of 100KVA and 500KVA generators and cost associated therewith in various towns in the municipal area, 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

ESKOM rolled out stage 6 loadshedding in the month of October 2022. Stage entails three four-hour loadshedding slots daily, until such ESKOM downgrades loadshedding to a lower stage. This has major implications on the water and wastewater treatment works in the municipal area. Without electricity the pumps and associated treatment process was unable to fill up reservoirs to an optimal level to distribute water to communities. Overberg Water Board, the water service provider for Caledon submitted multiple applications to ESKOM to be exempted from loadshedding, but this was rejected by the power utility every time. The Caledon water crisis came about as a result of the abovementioned factors. In essence when there was loadshedding in Caledon, Overberg Water was able to pump water, due to them being on the Villiersdorp loadshedding and schedule, but the Caledon water treatment works was not able to receive, pump and treat the water and vice versa when Villiersdorp experienced loadshedding.

In order to comply with the obligation to provide sustainable access to clean and safe drinking imposed on the municipality by the Constitution, the Municipal Manager to write a memorandum titled "request for approval for unseen and unavoidable expenditure: lease of generators, purchase of pump, security, automatic switch over changes, hiring of water tankers and diesel for generators" to the Executive Mayor. The approval of this memorandum allowed the municipality to start looking at medium-and long-term solutions to the crisis. Term Group was approached by the municipality to lease generators to be stationed at the Caledon water treatment works. This ensured that water was able to be pumped during loadshedding the Caledon loadshedding slot as well as when Overberg Water was unable to pump water during the Villiersdorp loadshedding slot. Provision in the memorandum is made for diesel as well. Generators guzzle diesel at a high tempo. As the loadshedding levels increased and became more regular, the demand for generators increased as other towns in the municipal area started to experience issues with the provision of water.

DISCUSSION

The sustainability of service delivery was under threat without the interventions undertaken by the management of the municipality. The generators leased from Term Group ensures that the provision of water continues uninterrupted during loadshedding slots in the various towns where these generators are utilised. A total of 14 generators are leased for the Theewaterskloof municipal area. Since October 2022 to date, a total of invoices was received from the supplier and paid by the municipality. The total payment value to date stands at R4 896 779,06.

The attached invoices indicate the line items associated with the leasing of the generators, which include weekly inspections, security services, etc.

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.

SCM processes was not followed. The urgency and prevailing emergency circumstances warranted the emergency dispensation in terms of Clause 36 of the Theewaterskloof SCM Policy.

The incurring of emergency expenditure was authorized by the Executive Mayor in accordance with Section 29 of the MFMA, whereafter the matter was reported to Council in terms of Section 29 of the MFMA and consequently Section 28 Adjustment Budget approval vide Council Resolution C181/2022 dated 27 October 2022 in light of the unforeseen and unavoidable expenditure.

COMMENTS FROM THE DIRECTORATE COMMUNITY SERVICES

The nature of expenditure relates to ad-hoc emergency repairs to fleet to ensure continuity of operations; continued provision and rendering of service delivery supporting critical services to the effective functioning of the municipality that is in line with the provisions of Clause 36 of the TWK SCM Policy. Recommended for approval for the reasons and motivations set forth in accordance with the established and approved supply chain management processes.

LEGAL RESPONSIBILITY

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.

FINANCIAL IMPLICATIONS

The amount written off as not irregular or unauthorized in view of the explanation and reason explained in the report.

CLIENT CARE IMPLICATIONS

Not applicable.

RECOMMENDANTION BY ITEM AUTHOR:

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 4 896 779,06 for the financial year 2022/2023 be approved and accepted.

RECOMMENDANTION BY MANAGEMENT TO MPAC: 26 APRIL 2023

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 4 896 779,06 for the financial year 2022/2023 be approved and accepted.

DISCUSSION DURING MPAC MEETING:

Permission was granted by MPAC that the amount of R 1 094 146.44 be added to the irregular expenditure amount of R 4 896 779.06 for payments made on 28/04/2023. Proof of invoice attached as annexure.

RECOMMENDATION BY MPAC TO COUNCIL: 11 MAY 2023

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman BB Mkhwibiso, and seconded by Councillor MA Nomkoko 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 recommended that the irregular expense in the amount of R 5 990 925.50 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION TO COUNCIL:

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 5 990 925.50 for the financial year 2022/2023 be approved and accepted.

RESOLVED BY COUNCIL: 30 MAY 2023

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor MR Nongxaza and seconded by Alderman BB Mkhwibiso, 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 5 990 925.50 for the financial year 2022/2023 be approved and accepted.

For finalization by the Deputy Director: Community Services, Mr J Barnard.

ITEM TITLE

SC35/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE FINANCE: IRREGULAR EXPENDITURE – ELEC 03/2022/23 – MEDIUM AND LOW VOLTAGE ELECTRICAL UPGRADING IN CALEDON, VILLIERSDORP, RIVIERSONDEREND AND GREYTON

[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 Municipal Public Accounts Committee on the irregular expenditure that could be incurred with regards to the tender, ELEC 03/2022/23 – Medium And Low Voltage Electrical Upgrading In Caledon, Villiersdorp, Riviersonderend And Greyton.

BACKGROUND

The tender ELEC 03/2022/23 – Medium and Low Voltage Electrical Upgrading In Caledon, Villiersdorp, Riviersonderend and Greyton was advertised on Wednesday 24 August 2022 in the Newspaper, Municipal Website and E-Tender. The tender closed on 23 September 2022 and (11) eleven tenders were received.

The tender was evaluated by the Supply Chain Management and End user on 28 March 2023. The competitive bidding process was followed. The item was referred to Bid Adjudication Committee for final approval and the meeting was held on 31 March 2023.

DISCUSSION

The tender ELEC 03/2022/23 – Medium and Low Voltage Electrical Upgrading In Caledon, Villiersdorp, Riviersonderend and Greyton was served at Bid Adjudication Committee on 31 March 2023. On the day of the Bid Adjudication a constituted meeting was held at 09:00 with the members as stated below.

The following members were present: Mr A Riddles, Mr J Amansure, Ms N Baliso and Ms A Martin.

The following observer were present: Mr M Redelinghuys

There were only (3) three Senior Managers at the meeting and (1) one Senior SCM Practitioner and not stated as in the SCM policy.

The SCM policy and MFMA state the following:

Regulation 29 (b): BID ADJUDICATION COMMITTEES

1. a) A bid adjudication committee must consist of at least four senior managers of the Theewaterskloof Municipality which must include – a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
   b) at least one senior supply chain management practitioner who is an official of the Theewaterskloof Municipality; and
   c) a technical expert in the relevant field who is an official, if such an expert exists.

The Adjudication Committee confirms that the tender complies with the tender conditions and criteria, and recommends to the Adjudication that:

The award was made to JT Maritz Electrical cc in the estimated amount of R 4 794 000.44 (Four Million Seven Hundred Ninety-Four Thousand Rand Forty-Four Cents) Vat Incl.

LEGAL RESPONSIBILITY

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.

FINANCIAL IMPLICATIONS

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

CLIENT CARE IMPLICATIONS

Not applicable.

RISK MANAGEMENT IMPLICATIONS

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 4 794 000.44 be condoned for the financial year 2022/2023.

RECOMMENDATION BY MPAC TO COUNCIL: 22 JUNE 2023

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor MA Nomkoko, and seconded by Alderman BB Mkhwibiso it was recommended 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 R 4 794 000.44 be condoned for the financial year 2022/2023.

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 4 794 000.44 be condoned for the financial year 2022/2023.

RESOLVED BY COUNCIL: 29 JUNE 2023

After the Chairperson had given the Councilors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor RL Mienies and seconded by Councillor TP Lesesa, 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, it is resolved that the irregular expenditure in the amount of R 4 794 000.44 be condoned for the financial year 2022/2023.

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

RECOMMENDATION TO COUNCIL:

Reconsideration of agenda-item as per National Treasury outcome assessment which stipulated Section 32 non-compliance for agenda-item tabled.

1074 ANNEXURE A

Status Report– ELEC 03/2022/23 – MEDIUM AND LOW VOLTAGE ELECTRICAL UPGRADING IN CALEDON, VILLIERSDORP, RIVIERSONDEREND AND GREYTON

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

Supplier	**Service Description**	**Commencement date of contract**
JT Maritz Electrical cc	**ELEC 03/2022/23 – MEDIUM AND LOW VOLTAGE ELECTRICAL UPGRADING IN CALEDON, VILLIERSDORP, RIVIERSONDEREND AND GREYTON**	24 August 2023

1

What was the initial Purpose of the contract
ELEC 03/2022/23 – MEDIUM AND LOW VOLTAGE ELECTRICAL UPGRADING IN CALEDON, VILLIERSDORP, RIVIERSONDEREND AND GREYTON

2

Initial Scope of Contract and if uncertain please explain
MEDIUM AND LOW VOLTAGE ELECTRICAL UPGRADING IN CALEDON, VILLIERSDORP, RIVIERSONDEREND AND GREYTON

3

Initial Contract Value and if uncertain please explain
R 4 794 000.44 Including VAT

4

Initial Expiry Date and if uncertain please explain
30 June 2025

5

Was normal SCM Process followed and complied with		
Yes X	no	Uncertain
Explain of motivate your response		
The appointment was made base on a competitive bidding process (Tender) Contract number (ELEC 03/2022/23)		

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes	No x	Uncertain
Explain or motivate your response		

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes **X**	No	Uncertain
Explain or motivate your response		
The contract has been signed.		

8

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

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements		
Yes **X**	No	Uncertain
Please explain or motivate your response above		
Electricity Services for the Community. MEDIUM AND LOW VOLTAGE ELECTRICAL UPGRADING IN CALEDON, VILLIERSDORP, RIVIERSONDEREND AND GREYTON		

10

Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements		
Yes	No **X**	Uncertain
Please explain or motivate your response above		

Funding spent for the intended purpose and no losses or damages suffered.

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes **X**	No	Uncertain
Please explain or motivate your response above		
Services is still not completed. Duration is 24 August 2023		

12

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

14

Could any form of non-compliance have been prevented		
Yes	No **X**	Uncertain
Explain or motivate your response above		

15

What remedies have been put in place to prevent any non-compliance being repeated		
Yes **X**	No	Uncertain
Explain or motivate your response above		
All members should be present at the meeting. Proper checks if there is a quorum before meeting starts		

16

General or additional Comments of the Director Concerned	
....	14/06/2023 ....
Signature of Director Concerned	Date

17

General Comments/Findings and recommendations of the CFO	
Signature of CFO	Date

18

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

19

Final response of the Director Concerned for consideration by the Municipal Manager	
Signature of the Director concerned	Date 14/06/2023.

20

General Comments and findings of the Municipal Manager	
1.	
Signature of the Municipal Manager	Date 14/06/23

ITEM TITLE

SC36/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: FINANCE DEPARTMENT: IRREGULAR EXPENDITURE – OPE 10/2022/23 – SUPPLY & DELIVERY OF PRECAST TOILET CUBICLES TO THEEWATERKLOOF 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 Municipal Public Accounts Committee on the irregular expenditure that could be incurred with regards to the tender, OPE 10/2022/23 – Supply & Delivery of Precast Toilet Cubicles to Theewaterskloof Municipality

BACKGROUND

The tender OPE 10/2022/23 – Supply & Delivery of Precast Toilet Cubicles to Theewaterskloof Municipality was advertised on Friday 30 September 2022 in the Newspaper, Municipal Website and E-Tender. The tender closed on 21 October 2022 and (11) eleven tenders were received.

The tender was evaluated by the Supply Chain Management and End user on 28 March 2023. The competitive bidding process was followed. The item was referred to Bid Adjudication Committee for final approval and the meeting was held on 31 March 2023.

DISCUSSION

The tender OPE 10/2022/23 Supply & Delivery of Precast Toilet Cubicles to Theewaterskloof Municipality was served at Bid Adjudication Committee on 31 March 2023. On the day of the Bid Adjudication a constituted meeting was held at 09:00 with the members as stated below.

The following members were present: Mr A Riddles, Mr J Amansure, Ms N Baliso and Ms A Martin.

The following observer were present: Mr A Meyer

There were only (3) three Senior Managers at the meeting and (1) one Senior SCM Practitioner and not stated as in the SCM policy.

The SCM policy and MFMA state the following:

Regulation 29 (b): BID ADJUDICATION COMMITTEES

1. a) A bid adjudication committee must consist of at least four senior managers of the Theewaterskloof Municipality which must include – a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
   b) at least one senior supply chain management practitioner who is an official of the Theewaterskloof Municipality; and
   c) a technical expert in the relevant field who is an official, if such an expert exists.

The Adjudication Committee confirms that the tender complies with the tender conditions and criteria, and recommends to the Adjudication that:

The award was made to ABH Logistics (Pty) Ltd. in the amount of R 384 000.00 (Three Hundred Eighty-Four Thousand Rand Only) Vat Incl.

LEGAL RESPONSIBILITY

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.

FINANCIAL IMPLICATIONS

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

CLIENT CARE IMPLICATIONS

Not applicable

RISK MANAGEMENT IMPLICATIONS

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 384 000.00 be condoned for the financial year 2022/2023.

RECOMMENDATION BY MPAC TO COUNCIL: 22 JUNE 2023

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor MA Nomkoko, and seconded by Alderman BB Mkhwibiso it was recommended 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 R 384 000.00 be condoned for the financial year 2022/2023.

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 384 000.00 be condoned for the financial year 2022/2023.

RESOLVED BY COUNCIL: 29 JUNE 2023

After the Chairperson had given the Councilors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor RL Mienies and seconded by Councillor TP Lesesa, 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, it is resolved that the irregular expenditure in the amount of R 384 000.00 be condoned for the financial year 2022/2023.

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

RECOMMENDATION TO COUNCIL:

Reconsideration of agenda-item as per National Treasury outcome assessment which stipulated Section 32 non-compliance for agenda-item tabled.

ANNEXURE A

Status Report on OPE 10/2022/23 – SUPPLY & DELIVERY OF PRECAST TOILET CUBICLES TO THEEWATERKLOOF MUNICIPALITY

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

Supplier	Service Description	Commencement date of contract
ABH Logistics (Pty) Ltd	OPE 10/2022/23 – SUPPLY & DELIVERY OF PRECAST TOILET CUBICLES TO THEEWATERKLOOF MUNICIPALITY	30 June 2023

1

What was the initial Purpose of the contract
OPE 10/2022/23 – SUPPLY & DELIVERY OF PRECAST TOILET CUBICLES TO THEEWATERKLOOF MUNICIPALITY

2

Initial Scope of Contract and if uncertain please explain
SUPPLY & DELIVERY OF PRECAST TOILET CUBICLES TO THEEWATERKLOOF MUNICIPALITY

3

Initial Contract Value and if uncertain please explain
R 384 000.00 Including VAT

4

Initial Expiry Date and if uncertain please explain
30 June 2023

5

Was normal SCM Process followed and complied with		
Yes X	no	Uncertain
Explain of motivate your response		
The appointment was made bases on a competitive bidding process (Tender) Contract number (OPE 10/2022/23)		

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes	No x	Uncertain

Explain or motivate your response

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes **X**	No	Uncertain
Explain or motivate your response		
The contract OPE 10/2022/23 was in place.		

8

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

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements		
Yes **X**	No	Uncertain
Please explain or motivate your response above		
Supplying the community with toilets		

10

Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements		
Yes	No **X**	Uncertain
Please explain or motivate your response above		
Funding spent for the intended purpose and no losses or damages suffered.		

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes **X**	No	Uncertain
Please explain or motivate your response above		
30 June 2023		

12

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

14

Could any form of non-compliance have been prevented		
Yes	No **X**	Uncertain
Explain or motivate your response above		

15

What remedies have been put in place to prevent any non-compliance being repeated		
Yes **X**	No	Uncertain
Explain or motivate your response above		
All members should be present at the meeting. Checks must be done to verify if there is a quorum		

16

General or additional Comments of the Director Concerned	
M. A. K. Aaromeu ……………………… Signature of Director Concerned	……………………… 14/06/23 Date

17

General Comments/Findings and recommendations of the CFO	
Signature of CFO	Date

18

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

19

Final response of the Director Concerned for consideration by the Municipal Manager	
Signature of the Director Concerned M. A. E. Solomon	Date 14/06/23

20

General Comments and findings of the Municipal Manager	
1.	
Signature of the Municipal Manager M. A. E. Solomon	Date 14/06/23

ITEM TITLE

SC37/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE FINANCE: IRREGULAR EXPENDITURE – COR 05/2022/23 – GROUP LIFE INSURANCE SCHEME FOR THE PERIOD FROM 01 JULY 2023 TO 30 JUNE 2026

[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 Municipal Public Accounts Committee on the irregular expenditure that could be incurred with regards to the tender, COR 05/2022/23 – Group Life Insurance Scheme for the Period From 01 July 2023 to 30 June 2026.

BACKGROUND

The tender COR 05/2022/23 – Group Life Insurance Scheme for the period from 01 July 2023 to 30 June 2026 was advertised on Friday 17 March 2023 in the Newspaper, Municipal Website and E-Tender. The tender closed on 21 April 2022 and (4) four tenders were received.

The tender was evaluated by the Supply Chain Management and End user on 01 June 2023. The competitive bidding process was followed. The item was referred to Bid Adjudication Committee for final approval and the meeting was held on 09 June 2023

DISCUSSION

The tender COR 05/2022/23 – Group Life Insurance Scheme for the period from 01 July 2023 to 30 June 2026 was served at Bid Adjudication Committee on 09 June 2023. On the day of the Bid Adjudication a constituted meeting was held at 09:00 with the members as stated below.

The following members were present: Mr A Riddles, Mr J Barnard, Ms N Baliso and Ms A Martin.

The following observer were present: Mr N La Grange and Mr J Amansure

There were only (3) three Senior Managers and (1) one Senior SCM Practitioner at the meeting and not stated as in the SCM policy.

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The SCM policy and MFMA state the following:

Regulation 29 (b): BID ADJUDICATION COMMITTEES

1. a) A bid adjudication committee must consist of at least four senior managers of the Theewaterskloof Municipality which must include – a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
   b) at least one senior supply chain management practitioner who is an official of the Theewaterskloof Municipality; and
   c) a technical expert in the relevant field who is an official, if such an expert exists.

The Adjudication Committee confirms that the tender complies with the tender conditions and criteria, and recommends to the Adjudication that:

The award was made to Verso Financial Services (Pty) Ltd., in the estimated amount of R 10 667 411.16 (Ten Million Six Hundred Sixty-Seven Thousand Four Hundred Eleven Rand Sixteen Cents) Vat Incl.

LEGAL RESPONSIBILITY

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.

FINANCIAL IMPLICATIONS

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

CLIENT CARE IMPLICATIONS

Not applicable.

RISK MANAGEMENT IMPLICATIONS

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 10 667 411.16 be condoned for the financial year 2022/2023.

RECOMMENDATION BY MPAC TO COUNCIL: 22 JUNE 2023

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor MA Nomkoko, and seconded by Alderman BB Mkhwibiso it was recommended 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 R 10 667 411.16 be condoned for the financial year 2022/2023.

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 10 667 411.16 be condoned for the financial year 2022/2023.

RESOLVED BY COUNCIL: 29 JUNE 2023

After the Chairperson had given the Councilors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor RL Mienies and seconded by Councillor TP Lesesa, 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, it is resolved that the irregular expenditure in the amount of R 10 667 411.16 be condoned for the financial year 2022/2023.

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

RECOMMENDATION TO COUNCIL:

Reconsideration of agenda-item as per National Treasury outcome assessment which stipulated Section 32 non-compliance for agenda-item tabled.

ANNEXURE A

Status Report– COR 05/2022/23 – GROUP LIFE INSURANCE SCHEME FOR THE PERIOD FROM 01 JULY 2023 TO 30 JUNE 2026

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

Supplier	Service Description	Commencement date of contract
Verso Financial Services (Pty) Ltd.	**COR 05/2022/23 – GROUP LIFE INSURANCE SCHEME FOR THE PERIOD FROM 01 JULY 2023 TO 30 JUNE 2026**	30 June 2026

1

What was the initial Purpose of the contract
COR 05/2022/23 – GROUP LIFE INSURANCE SCHEME FOR THE PERIOD FROM 01 JULY 2023 TO 30 JUNE 2026

2

Initial Scope of Contract and if uncertain please explain
GROUP LIFE INSURANCE SCHEME FOR THE PERIOD FROM 01 JULY 2023 TO 30 JUNE 2026

3

Initial Contract Value and if uncertain please explain
R 10 667 411.16 Including VAT

4

Initial Expiry Date and if uncertain please explain
30 June 2026

5

Was normal SCM Process followed and complied with		
Yes X	no	Uncertain
Explain of motivate your response		
The appointment was made base on a competitive bidding process (Tender) Contract number (COR 05/2022/23)		

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes	No x	Uncertain
Explain or motivate your response		

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes **X**	No	Uncertain
Explain or motivate your response		
The contract still needs to be sign		

8

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

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements		
Yes **X**	No	Uncertain
Please explain or motivate your response above		
Services still needs to be rendered		

10

Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements		
Yes	No **X**	Uncertain
Please explain or motivate your response above		

Services still needs to be rendered from 01 July 2023 until 30 June 2026

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes **X**	No	Uncertain
Please explain or motivate your response above		
Services still needs to be rendered from 01 July 2023 until 30 June 2026		

12

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

14

Could any form of non-compliance have been prevented		
Yes	No **X**	Uncertain
Explain or motivate your response above		

15

What remedies have been put in place to prevent any non-compliance being repeated		
Yes **X**	No	Uncertain
Explain or motivate your response above		
All members should be present at the meeting. Proper checks if there is a quorum before meeting starts		

16

General or additional Comments of the Director Concerned

....

Signature of Director Concerned Date

17

General Comments/Findings and recommendations of the CFO

Signature of CFO Date

18

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

Signature of Chief Audit Executive Date

19

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

Signature of the Director concerned Date

20

General Comments and findings of the Municipal Manager

1.

M. A. K. Solomons 14/02/23

Signature of the Municipal Manager Date

ITEM HEADING

SC38/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE COMMUNITY SERVICES: IRREGULAR EXPENDITURE – TRAIL'S END BIKE HOTEL

[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 irregular expenses incurred during a payment to the value R 8 250.00 made to Trail's End Bike Hotel for the provision of conference facilities to 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 Knoflookskraal community is situated on the N2 between Grabouw and Botrivier. The community is ruled by traditional kings coming from various tribes. The community came about through the occupation of various portions of farms belonging to the national government. After the current council was inaugurated in November of 2021, national and regional offices of the Department of Public Works and Infrastructure as well as the South African Police Services (SAPS) and Infrastructure South Africa (ISA), which is located in the Presidency have been working hand in hand with the Overberg District Municipality and Theewaterskloof Municipality to address the issues raised by this community.

A number of high-level engagements have been held as well as community forum meetings with this community.

On 8 February 2023, at the behest of the Department of Public Works and Infrastructure another engagement was held at Trail's End Bike Hotel in Grabouw. The municipality was responsible for providing a conference facility.

DISCUSSION

In the spirit of cooperative governance, which the Constitution enjoins the different spheres of government to do, Theewaterskloof Municipality hosted the engagement with other government stakeholders and enlisted the services of Trail's End Bike Hotel to provide a conference facility.

One invoice was received and paid to the value of R 8 250.00.

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

Supported and approved for payment.

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 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.

FINANCIAL RESPONSIBILITIES

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

CLIENT CARE IMPLICATION

Not applicable.

RISK MANAGEMENT IMPLICATION

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 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 recommended that the irregular expense in the amount of R 8 250.00 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION BY MPAC TO COUNCIL: 22 JUNE 2023

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor MA Nomkoko, and seconded by Alderman BB Mkhwibiso 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 recommended that the irregular expense in the amount of R 8 250.00 for the financial year 2022/2023 be approved and accepted.

RECOMMENDATION TO COUNCIL:

It is therefore recommended that the following 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, it is recommended that the irregular expense in the amount of R 8 250.00 for the financial year 2022/2023 be approved and accepted.

RESOLVED BY COUNCIL: 29 JUNE 2023

After the Chairperson had given the Councilors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor RL Mienies and seconded by Councillor TP Lesesa, 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 8 250.00 for the financial year 2022/2023 be approved and accepted.

For finalization by the Deputy Director: Community Services, Mr. J Barnard.

RECOMMENDATION TO COUNCIL:

Reconsideration of agenda-item as per National Treasury outcome assessment which stipulated Section 32 non-compliance for agenda-item tabled.

Section 32 : Provision of Conference Facilities: Theewaterskloof Municipality

Supplier	Service Description	Commencement date of contract
Trail's End Bike Hotel	Provision of Conference Facilities: Theewaterskloof Municipality	8 February 2023

1

What was the initial Purpose of the contract
To provide conference facilities to Theewaterskloof Municipality.

2

Initial Scope of Contract and if uncertain please explain
The service provider was provided conference to Theewaterskloof Municipality on 8 February 2023 to host a meeting with the occupiers of Knoflokskraal.

3

Initial Contract Value and if uncertain please explain
R 8 250.00

4

Initial Expiry Date and if uncertain please explain
N/A

5

Was normal SCM Process followed and complied with		
Yes	No – X	Uncertain
Explain of motivate your response		
Normal SCM process was not followed and service was already rendered after the invoice was submitted		

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes	No - X	Uncertain
Explain or motivate your response		
No, the service was rendered and an invoiced received, which was paid in full.		

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7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes	**No – X**	**Uncertain**
Explain or motivate your response		
No formal contract or SLA was initially entered into as the service type is only procured if and when needed – ad-hoc basis.		

8

Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with		
Yes	**No – X**	**Uncertain**
Motivate or explain your response		
The municipality has a cost containment policy and catering, traveling and accommodation is only permitted in terms of the policy.		

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements		
Yes – X	**No**	**Uncertain**
Please explain or motivate your response above		
Council received value for money as the service invoiced for was delivered by the service provider.		

10

Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements		
Yes	**No – X**	**Uncertain**
Please explain or motivate your response above		
The municipality did not suffer any losses or damages as the service invoiced for, was rendered.		

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes	No - X	Uncertain
Please explain or motivate your response above		
The service was needed on an ad-hoc basis, for the sole purpose of providing conference facilities for the meeting with the Knoflokskraal Community.		

12

Has the director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price		
Yes	No - X	Uncertain
Please explain or motivate your response above		
These services are procured from various service providers as and when the need arose.		

14

Could any form of non-compliance have been prevented		
Yes	No – X	Uncertain
Explain or motivate your response above		
The logistical arrangements for the meeting was finalised on the eve of the meeting and the service provider was the only one who was willing to host the meeting.		

15

What remedies have been put in place to prevent any non-compliance being repeated		
Yes	No	Uncertain
Explain or motivate your response above		
All catering and conference facility service providers registered on the SCM database was compilated and in future SCM processes will be complied with.		

16

General or additional Comments of the Director Concerned	
Ms. S.K. Solomons-Goliath Signature of Director Concerned	13.06.2023 Date

17

General Comments/Findings and recommendations of the CFO
At all time we must follow through with proper procurement processes.
Signature of CFO **Date:**

18

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

19

Final response of the Director Concerned for consideration by the Municipal Manager
M. A. K. Solomons-Johannes 13.06.2023 Signature of the Director concerned Date

20

General Comments and findings of the Municipal Manager
M. A. K. Solomons-Johannes 13.06.2023 Signature of the Municipal Manager Date

1099

1

INVOICE 123

VAT NO: 470 0276 258

DATE: 8 February 2023

Attention:
Theewaterskloof Municipality
06 Plein Street, Caledon, 7230

FROM:
PO BOX 13
Elgin
Western Cape
South Africa. 7180

Cecil Nurse Conference Facilities 08-Feb-23	QUANTITY/PAX P ROOM	RATE(per room)	Amount of days	AMOUNT
Conference use half day specall rate norml rate R330	30	R250,00	1	R7 500,00
10% service fee				R750,00
GRAND TOTAL OUTSTANDING				R8 250,00

PAID

PLEASE MAKE ALL PAYMENTS TO:

TRAILS END BIKES (PTY) LTD			
Postal Address	Physical Address	Contact	pieter@trailsend.bike
PO BOX 13	Portion 41, Worcester Road	Email	+27 (21) 859 5193
Elgin, Western Cape	Grabouw, Western Cape	Tel	www.trailsend.bike
South Africa. 7180	South Africa. 7180	Website	
Company Registration	Directors		
2016/065816/07	PA Silberbauer, BL Silberbauer		

Account Name	Trails End Bikes (Pty) Ltd
Bank	Standard Bank, Helderberg
Account No	072410310
Branch Code	033012

MUNISIPALITEIT THEEWATERSKLOOF
BETAAL SERTIFIKAAT
Ek sertifiseer dat:
Die dienste / goedere soos hierin uiteengesit aan die Raad gelewer is en dat die pryse / fooie redelik en volgens ooreenkoms / kontrak is.

....
Handtekening   Datum

Approved: 21/02/2023

ITEM HEADING

SC39/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING: DEPARTMENT HUMAN SETTLEMENTS: IRREGULAR EXPENDITURE – K2C CONSTRUCTION (PTY) LTD (OCTOBER 2022)

[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 Account Committee on the irregular expenditure that could be incurred with regards to the rental of chemical toilets for the Siyayanzela and Lost City informal settlements located in Grabouw.

BACKGROUND

The Theewaterskloof Municipality has appointed K2C Construction on contract JB 02/2021/22 for the rental of 18 chemical toilets for a period of 6 months commencing 23 September 2021.

The original scope of the contract entailed the rental of 18 chemical toilets and the cleansing thereof once a week with the total amounting to R 48 944.00 inclusive of VAT.

The toilets were dispatched to the informal settlements of Lost City with 5 and the remaining 13 was allocated to the Kgutsong. Both the mentioned informal settlement was established in 2014/15 with approximately more than 2000 informal structures both with limited and or no sanitation services. This contract was entered into to increase the number of sanitation services in both settlements to improve the level of service in the mentioned areas.

DISCUSSION

The appointment of K2C was extended via a deviation from June to August 2022 to allow for a competitive bidding process to be followed by the end of September 2022. (WM 03/2022/23) Upon the receival of the offers it was found that no bidder was deemed responsive, and no award made hence the expense incurred for September 2022 was deemed irregular and was reported to the MPAC. A deviation request to allow for a formal tender to be advertised starting October 2022 however deviation approval was only from November 2022 to February 2023 rendering the expenditure incurred **October 2022**, irregular. During the 4-month contract period the municipality went through a competitive bidding process by advertising (DEV01 2022/23), to test the market for the provision of chemical toilets. The three-year tender (Dev 01/2022/23) was advertised 21st of October 2022 and closed on the 11th of November 2022.

The tender was only adjudicated 10th of March 2023, and the award was made to Moreki Distibutors.

The provision of sanitation services must continue uninterrupted because the community would not allow the service provider to remove the toilets unless it is replaced.

Access to basic services is a constitutional right of all people and is the core function of the municipality. The health and safety of this community is also at risk as the unavailability of this basic service could result in the spread of diseases. The community threatened that should the current toilets be removed without replacing them that they would embark on mass protest action. This would result in the possible closure of the N2 which will again result in the damaging of private, municipal property and infrastructure.

COMMENTS FROM THE OFFICE OF THE MUNICIPAL MANAGER

Supported and approved based on recommendation.

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 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.

FINANCIAL RESPONSIBILITIES

R 48 944.00

CLIENT CARE IMPLICATION

Not applicable.

RISK MANAGEMENT IMPLICATION

The community threatened that should the current toilets be removed without replacing them that they would embark on mass protest action. This would result in the possible closure of the N2 which will again result in the damaging of private, municipal property and infrastructure.

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 48 944.00 be condoned.

RECOMMENDATION BY MPAC TO COUNCIL: 22 JUNE 2023

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor MA Nomkoko, and seconded by Alderman BB Mkhwibiso it was recommended 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 R 48 944.00 be condoned.

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 48 944.00 be condoned.

RESOLVED BY COUNCIL: 29 JUNE 2023

After the Chairperson had given the Councilors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor RL Mienies and seconded by Councillor TP Lesesa, 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, it is resolved that the irregular expenditure in the amount of R 48 944.00 be condoned.

For finalization by the Acting Deputy Director: Human Settlements, Mr S Tebele.

RECOMMENDATION TO COUNCIL:

Reconsideration of agenda-item as per National Treasury outcome assessment which stipulated Section 32 non-compliance for agenda-item tabled.

Status Report on KC2 Construction in terms of SCM and MFMA requirements and remedial action required if necessary

Supplier	**Service Description**	**Commencement date of contract**
K2CConstruction	Provision of chemical toilets	01 October 2022

1

What was the initial Purpose of the contract
Provision of chemical toilets in Grabouw Informal settlements.

2

Initial Scope of Contract and if uncertain please explain
The scope of the contract and work activities given by the service provider was to provide sanitation services through chemical toilets on daily basis.

3

Initial Contract Value and if uncertain please explain
R 48 944.00

4

Initial Expiry Date and if uncertain please explain
The initial appointment was for a period of 6 months commencing on 23 September 2021 ending 23 March 2022

5

Was normal SCM Process followed and complied with		
Yes X	no	Uncertain
Explain of motivate your response		
Competitive bidding process followed (TWK2) contract no JB 02/2021/22		

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes X	No	Uncertain
Explain or motivate your response		

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes X	No	Uncertain
Explain or motivate your response		
Deviation approval was granted from June 2022- August 2022 and again from November 2022 to February 2023		

8

Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with		
Yes X	No	Uncertain
Motivate or explain your response		
A formal contract was entered into with K2C Construction in term of applicable SCM regulations. Request for deviation was sought for a 4-month period until the formal tender process is finalised.		

9

Did Council because of this transaction received best value for money i.e. in spite of non-compliance, if any with SCM or MFMA requirements		
Yes x	No	Uncertain
Please explain or motivate your response above		
The council continue to receive value for the expenditure incurred in the project as Theewaterskloof municipality is delivering basic services and responsive to its constitutional mandate.		

10

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

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes X	No	Uncertain
Please explain or motivate your response above		
The service provided good sanitation services which is satisfactory and the comments from the community leadership regarding the service provider are in complimentary nature.		

12

Has the director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price		
Yes X	No	Uncertain
Please explain or motivate your response above		
The department advertised a 3-year tender for chemical toilets and was awarded to Moreki Distributors		

14

Could any form of non-compliance have been prevented		
Yes	No X	Uncertain
Explain or motivate your response above		
The community threatened that should the current toilets be removed without replacing them that they would embark on mass protest action. This would result in the possible closure of the N2 which will again result in the damaging of private, municipal property and infrastructure.		

1106

15

What remedies have been put in place to prevent any non-compliance being repeated		
Yes **X**	No	Uncertain
Explain or motivate your response above		
Competitive bidding process followed by advertising a new tender. Monthly contract reporting to be monitored to ensure compliance in terms of completion date of contracts. Proper procurement planning mechanism to be put in place.		

16

General or additional Comments of the Director Concerned	
.... Signature of Director Concerned	.... Date

17

General Comments/Findings and recommendations of the CFO	
Signature of CFO	Date

18

General Comments/Findings and or recommendations of the Chief Audit Executive	
Signature of Chief Audit Executive	Date 22/06/2023

19

Final response of the Director Concerned for consideration by the Municipal Manager	
Signature of the Director concerned	Date 22/06/2023

20

General Comments and findings of the Municipal Manager	
1.	
M. A. SOLOMON Signature of the Municipal Manager	Date

1107

1/3

R88991.14

2022-11-29

24309

2022-11-29

THEEWATERSKLOOF MUNISIPALITEIT

K00029 ∧

K2C CONSTRUCTION

Datum : 30,11,2022

Tjek nr.: CASHFOCUS

Besonderhede van Betaling/Details of payment :

Betaling	48944,00
	48944,00

Belasting		Posnommer	Bedrag
Inklusief	Eksklusief	Balans oorgebring	
			48944,00

Besonderhede van uitgawe nagegaan en gekontroleer

Ek/Ons sertifiseer dat geen vorige betaling in hierdie verband gemaak is nie.

∧ 48944,00

0,00

Direkteur : Finansies

S JOORST
Opgestel deur

Nagesien deur

R0010082

1108

Tax Invoice

Tax Invoice

K2C CONSTRUCTION

1 Liverpool Road

Croydon, Faure

7131
T: 084 775 2317 / 084 472 0709
E: candice.ziegers@gmail.com
E: k2cconstructionpty@gmail.com
Vat No: 4400273415

Order Date:	30/09/2022
Order No:	No Order number as per Warren Moses and Simphiwe Tebele
Invoice No:	IN572
Customer ID:	THE001
Invoice Date:	20/10/2022
Customer Vat No:	4000846248

Shipping Address

Warren Moses
Theewaterskloof Municipality
1 Arbor Avenue
Grabouw
7160
Tel: 028 214 3300

Invoice Address

Warren Moses
Theewaterskloof Municipality
P.O.Box 24
Caledon
7230
Tel: 028 214 3300

Item	Description	Quantity Ordered	Price Excl	Amount Incl Vat
2000/600	Rental of toilet per month			
2000/600	Service and cleansing of toilets per month	32	22 400,00	R 25 760,00
		32	18 560,00	R 21 344,00
2000/600	Monthly transport cost for the service and cleansing of the toilets	1	1 600,00	R 1 840,00
	Rental for October 2022:			
	01 October 2022 till 31 October 2022			

BANK DETAILS: FNB
Acc Number: 625 7 999 6334
Branch: 200-912

Excl	R 42 560,00
Vat	R 6 384,00
Total	R 48 944,00

Notice must be given to us of any goods not received within 10 days taken from the date of despatch stated on invoice.
Any shortage or damage must be notified within 72 hours of receipt of goods.
Complaints can only be accepted if made in writing within 30 days of receipt of goods.
No goods may be returned without prior authorisation from company

Thank you for your business!

MUNISIPALITEIT THEEWATERSKLOOF
BETAAL SERTIFIKAAT
Ek sertifiseer dat:
Die dienste/goedere soos hierin gespesifiseer, aan die Raad gelewer is en dat die pryse/fooie redelik en volgens ooreenkoms/kontrak is.
Handtekening 23/11/2022 Datum

PAID

MUNISIPALITEIT THEEWATERSKLOOF
BETAAL SERTIFIKAAT
Ek sertifiseer dat:
Die dienste/goedere soos hierin gespesifiseer, aan die Raad gelewer is en dat die pryse/fooie redelik en volgens ooreenkoms/kontrak is.
Handtekening 23/11/22 Datum

01 2211 0 96608

K2C CONSTRUCTION

Company Registration: 2015/444605/07
VAT Number: 4400273415

1 Liverpool Road
Croydon
Faure
7130
Cellphone Number: 084 775 2317
Email: candice.ziegers@gmail.com / k2cconstructionpty@gmail.com

Date: 20/10/2022

Attention: Mr. Warren Moses

Re: 32 Chemical Toilets

Order Number: No order number as per Warren Moses and Simphiwe Tebele

Good day

We are a SME entity with 100% Black owned and 100% female owned and request the Municipality pay Invoice IN572 within 10 days.

Your kind cooperation would be appreciated.

Kind regards

Candice Ziegers

Director

C. Ziegers

1110

Production

Supplier Master

SHANTLEY FO

23 NOVEMBER 202

Business Information

Internal Creditor Code	K00029
Full Registered Name	K2C CONSTRUCTION
Trading Name	K2C CONSTRUCTION
Company Registration No	2015 444605/07
VAT Registration No	4400273415
Income Tax Reference No	9727446164
Business Municipal Account No	
City Council	
BBBEE Status Level	0
HDI %	Total 0 Female 0
Business Size	
Secondary Banking Detail	☐
Business Sector	
Discount	0
Discount Term	

Control Accounts (Creditors)

Invoices (Deposits)	
Payments (Withdrawals)	

Banking Details

Bank Code	FIRN
Bank Name	FIRSTRAND BANK LTD HEAD OFFICE INCL. DIVISIONS FIRST NATIONA
Branch Code	250655 Λ
ch Name	SOMERSET MALL
Account No	62579996334 Λ
Account Type	Cheque/Current
Action Date and Time	2017JUL 1313
Creditor Utilization blocked?	No
Reason for Utilization Block	0

Internal Status

Currently Active	☑
Payments Blocked	☐
Sundry Beneficiary	☐
Applied for Accreditation	☐
Accredited Supplier	☑
Direct Invoicing	☑
EFT Reference Required?	☐
Default EFT Reference	

Financial Year Transaction Summary

Orders	115,230.00+
GRN	383,921.63+
Invoices	355,121.49-
Cheque Payments	0
EFT Payments	355,121.49+
Outstanding Payments	0
Journals	0
Year-End Journals	0

Age Analysis

Customer Type	Trade Creditors
0 - 30 Days	
31 - 60 Days	
61 - 90 Days	
91 - 120 Days	
121 - 150 Days	
151 - 180 Days	
181 Days - 1 Year	
Over 1 Year	

Record was successfully displayed

Shantley Fortuin

From:	Warren Moses
Sent:	Wednesday, 23 November 2022 16:15
To:	Shantley Fortuin
Cc:	Simphiwe Tebele; Honey Gxoyiya; Nicolette Amsterdam; Shaniel Gertse; Vuyolwethu Mbewu
Subject:	K2C Construction

Hi Shantley

The October invoice is due and payable to service provider. The department submitted a deviation request on in October for the appointment of the service provider until February 2023, but this deviation was not approved before the 31st of October, hence the service was provided in full and the amount paid to the service provider will have to paid and reported to Section 32 committee.

Kind Regards.

Warren.