MUNISIPALITEIT **THEEWATERSKLOOF** MUNICIPALITY

[15 OKTOBER / OCTOBER 2026]

KENNISGEWING / NOTICE

RAADSVERGADERING / COUNCIL MEETING

A G E N D A

DATUM / DATE : 22 OKTOBER / OCTOBER 2026

PLEK / VENUE : RAADSAAL / COUNCIL CHAMBERS: CALEDON

TYD / TIME : 09:00

MUNISIPALITEIT THEEWATERSKLOOF

Kantoor van die Munisipale Bestuurder
Munisipale Kantore
CALEDON

15 Oktober 2026

KENNISGEWING AAN ALLE RAADSLEDE

RAADSVERGADERING VAN DIE THEEWATERSKLOOF MUNISIPALE RAAD

Kennis geskied hiermee dat 'n Raadsvergadering geskeduleer is vir Donderdag, 22 Oktober 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

15 October 2026

NOTICE TO ALL COUNCILLORS

COUNCIL MEETING OF THE THEEWATERSKLOOF MUNICIPAL COUNCIL

Notice is hereby given that a Council Meeting is scheduled for Thursday, 22 October 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 CT Cloete
Raadsheer/Alderman S Fredericks
Raadslid/Councillor M Gana
Raadslid/Councillor DA Jacobs
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 MH Witbooi
Raadsheer/Alderman C Wood
Raadslid/Councillor V Papier
Raadsheer/Alderman M Plato-Mentoor
Raadslid/Councillor MS Shale
Raadslid/Councillor J Smit
Raadslid/Councillor C Smith
Raadslid/Councillor PJ Stander
Raadslid/Councillor YM van Tonder
Raadslid/Councillor TB Zimmermann

MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY

RAADSVERGADERING / COUNCIL MEETING

AGENDA

[22 OKTOBER / OCTOBER 2026]

ITEM NO	ITEM BESKRYWING / DESCRIPTION	BLADSY / PAGE NO

A. **OPENING: VERWELKOMING / OPENING: WELCOME**

B. **VERKIESING VAN SPEAKER** *(indien nodig)*
ELECTION OF SPEAKER *(if necessary)*

C. **BYWONINGSREGISTER**
ATTENDANCE REGISTER

C.1 Teenwoordig / Present

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

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

D.1. UBK vergadering – 17 September 2026
EMC Meeting – 17 September 2026

D.2. Spesiale UBK vergadering – 29 September 2026
Special EMC Meeting – 29 September 2026

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

E.1. Raadsvergadering – 30 September 2026
Council Meeting – 30 September 2026

E.2. Spesiale Raadsvergadering – 08 Oktober 2026
Special Council Meeting – 08 October 2026

ITEM NO	ITEM BESKRYWING / DESCRIPTION	BLADSY / PAGE NO
F.	**VERKLARINGS EN MEDEDELINGS DEUR DIE SPEAKER / STATEMENTS AND COMMUNICATIONS BY THE SPEAKER**	
G.	**VERKLARINGS EN MEDEDELINGS DEUR DIE UITVOERENDE BURGEMEESTER / STATEMENTS AND COMMUNICATIONS BY THE EXECUTIVE MAYOR**	
H.	**VOORLEGGINGS PRESENTATIONS**	
H.1.	Geen / None	
I.	**VERSLAE VOORGELê DEUR DIE KANTOOR VAN DIE MUNISIPALE BESTUURDER REPORTS SUBMITTED BY THE OFFICE OF THE MUNICIPAL MANAGER**	
C248/2026	Internal Audit: Performance- and Audit Committee Report 1 July 2025 – 30 June 2026 [5/14/1/2]	1 – 10
J.	**VERSLAE VOORGELê DEUR DIE DIREKTORAAT TEGNIESE & INFRASTRUKTUUR IMPLEMENTERINGSDIENSTE REPORTS SUBMITTED BY THE DIRECTORATE TECHNICAL & INFRASTRUCTURE IMPLEMENTATION SERVICES**	
C249/2026	Integrated Waste By-Law and 4th Generation Integrated Waste Management Plan [16/5/1/4]	11 – 18
C250/2026	Outcome of Public Participation Process: Updated Draft Water Services Development Plan (WSDP) 2027 [16/1/12/B]	19 – 25
C251/2026	Reporting on performance of contractors: July - September 2026 (Technical Services) [8/2/3/5/5]	26 – 44
C252/2026	Reporting on performance of contractors: July – September 2026 (Electrical Services) [8/2/3/5/5]	45 – 49

ITEM NO	ITEM BESKRYWING / DESCRIPTION	BLADSY / PAGE NO
K.	**VERSLAE VOORGELê DEUR DIE DIREKTORAAT GEMEENSKAPSDIENSTE REPORTS SUBMITTED BY THE DIRECTORATE COMMUNITY SERVICES**	
C253/2026	Waste Collection Services Expansion Plan for Informal Settlements - 4th Quarter 2025/2026 [16/5/2/R]	50 – 58
L.	**VERSLAE VOORGELê DEUR DIE DIREKTORAAT EKONOMIESE ONTWIKKELING & BEPLANNING REPORTS SUBMITTED BY THE DIRECTORATE ECONOMIC DEVELOPMENT & PLANNING**	
C254/2026	Human Settlements: Irregular Expenditure Report – ASLA Construction 2023/2024 [6/3/1/5/1]	59 – 167
C255/2026	Human Settlements: Irregular Expenditure Report – ASLA Construction - 2024/2025 [6/3/1/5/1]	168 – 231
M.	**VERSLAE VOORGELê DEUR DIE DIREKTORAAT FINANSIES REPORTS SUBMITTED BY THE DIRECTORATE FINANCE**	
C256/2026	SCM: Deviation Report for September 2026 [6/3/3/6]	232 – 234
C257/2026	Treasury Circular Mun No. 4/2026 – Consistent enforcement of debt collection and credit control measures for Councillors and Employees [5/11/1]	235 – 246
C258/2026	Withdrawals from Municipal Bank Accounts: July - September 2026 [5/16/R]	247 – 251
C259/2026	Reporting on performance of contractors: 1st Quarter: July, August and September 2026 [8/2/3/5/3]	252 – 264
N.	**ITEMS VANAF DIE MKOOR VERGADERINGS ITEMS FROM THE MPAC MEETINGS**	
C260/2026	Operations: Irregular Expenditure - Siswa Trading and Project [6/3/1/5/1]	265 – 318
C261/2026	Operations: Irregular Expenditure - WB Tipper Truck and Plant [6/3/1/5/1]	319 – 357

ITEM NO	ITEM BESKRYWING / DESCRIPTION	BLADSY / PAGE NO
C262/2026	Operations: Irregular Expenditure – ZWH Projects and Development [6/3/1/5/1] *[The Annexure is too big therefore the Annexure will be send electronically as a separate PDF document with the Agenda]*	358 – 359
C263/2026	HR: Irregular Expenditure: Payment of Cedar Psychological Services (psychological treatment for a staff member in terms of Council's Employee Assistance Policy) [6/3/1/5/1]	360 – 388
C264/2026	HR: Irregular Expenditure: Payment of Bowl Addiction Treatment Service (Addiction treatment for two staff members in terms of Council's Employee Assistance Policy) [6/3/1/5/1]	389 – 417
C265/2026	HR: Irregular Expenditure: Emergency Procurement of Personal Protective Equipment (PPE) 2023/2024 [6/3/1/5/1]	418 – 457
C266/2026	HR: Irregular Expenditure: Payment for Occupational Therapist Services in terms of Council's Employee Assistance Policy [6/3/1/5/1]	458 – 491
C267/2026	HR: Irregular Expenditure: Payment to University of Stellenbosch for Minimum Competency Training Provided in conjunction with Overberg District Municipality for the 2023/24 financial year [6/3/1/5/1]	492 – 530
C268/2026	Technical- and Infrastructure Implementation Services: Irregular Expenditure Report on SCM Non-Compliance (Kani Motors Repairs and Spares cc) [6/3/1/5/1]	531 – 619
C269/2026	Technical- and Infrastructure Implementation Services: Irregular Expenditure Report on SCM Non-Compliance – Umzali [6/3/1/5/1] *[The Annexure is too big therefore the Annexure will be send electronically as a separate PDF document with the Agenda]*	620 – 621
C270/2026	Technical- and Infrastructure Implementation Services: Irregular Expenditure Report on SCM Non-Compliance – Enviroserv [6/3/1/5/1] *[The Annexure is too big therefore the Annexure will be send electronically as a separate PDF document with the Agenda]*	622 – 623
C271/2026	Technical- and Infrastructure Implementation Services: Irregular Expenditure Report on SCM Non-Compliance: Enviroserv [6/3/1/5/1]	624 – 711

ITEM NO	ITEM BESKRYWING / DESCRIPTION	BLADSY / PAGE NO
C272/2026	Human Settlements: Irregular Expenditure Report – Grabouw Auto Spares - 2023/2024 [6/3/1/5/1]	712 – 730
O.	**VERSLAE VOORGELê DEUR DIE DIREKTORAAT KORPORATIEWE DIENSTE REPORTS SUBMITTED BY THE DIRECTORATE CORPORATE SERVICES**	
C273/2026	Office of Director Corporate Services: Reporting on performance of contractors: July till September 2026 [8/2/3/5/2]	731 – 768
C274/2026	Administration: Composition of Ward Committees – 2026 – 2032 [3/4/1]	769 – 775
C275/2026	Administration: Quarterly Report regarding resolutions taken at Council Meetings for the 1st, 2nd and 4th Quarter of 2025/2026, which is still outstanding for notification and resolutions taken at Council Meetings for the 1st Quarter of 2026/2027 (01 July 2026 to 30 September 2026) for approval [5/1/3]	776 – 795
P.	**DRINGENDE AANGELEENTHEDE / URGENT MATTERS**	
C276/2026	Sustainable Development: Consolidated Annual Assessment of Sports Facilities: 2026/27 [17/8/1/1; 17/8/1/2]	796 – 805
Q.	**OORWEGING VAN KENNISGEWINGS VAN MOSIES / CONSIDERATION OF NOTICES OF MOTIONS**	
R.	**OORWEGING VAN KENNISGEWINGS EN VRAE / CONSIDERATION OF NOTICES AND QUESTIONS**	
S.	**OORWEGING VAN DRINGENDE MOSIES / CONSIDERATION OF URGENT MOTIONS**	
T.	**IN-KOMITEEVERGADERING AGENDA-ITEMS VIR BESPREKING IN-COMMITTEE MEETING AGENDA-ITEMS FOR DISCUSSION**	
U.	**VERDAGING / ADJOURNMENT**	

ITEM TITLE

C248/2026 OFFICE OF THE MUNICIPAL MANAGER: DEPARTMENT INTERNAL AUDIT: PERFORMANCE- AND AUDIT COMMITTEE REPORT 1 JULY 2025 – 30 JUNE 2026

[English version of the report is the original]

FILE NUMBER

5/14/1/2

PURPOSE OF REPORT

The purpose of the report is to report to Council on the functions of the Performance- and Audit Committee (PAC) performed for the period 1 July 2025 – 30 June 2026.

BACKGROUND

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

(2) An audit committee is an independent advisory body which must-

(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to-

a) internal financial control and internal audits;
b) risk management;
c) accounting policies;
d) the adequacy, reliability and accuracy of financial reporting and information;
e) performance management;
f) effective governance;
g) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
h) performance evaluation; and
i) any other issues referred to it by the municipality or municipal entity;

DISCUSSION

The revised Performance- and Audit Committee Charter was approved by Council on 7 August 2025.

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

The Annual PAC report for the period 1 July 2025 – 30 June 2026 is attached to this item.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

None.

LEGAL IMPLICATIONS (ITEM AUTHOR)

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

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended that Council takes note of the Performance- and Audit Committee Report for the period 1 July 2025 – 30 June 2026.

Theewaterskloof Municipality

THEEWATERSKLOOF MUNICIPALITY

Theewaterskloof Municipality

2025/2026 ANNUAL REPORT OF THE PERFORMANCE AUDIT AND AUDIT COMMITTEE

Speaker, Executive Mayor, Members of Council, The Municipal Manager, Directors, Ladies and Gentleman, it is my duty to deliver the annual report of the Performance Audit and Audit Committee (PAC) to Council for the financial year ending 30 June 2026.

Performance Audit and Audit Committee

As a statutory, independent committee its duties and responsibilities are clearly articulated in the Municipal Finance Management Act, Act 56 of 2003 and the PAC Charter as approved by Council.

The PAC was appointed by Council on 10 March 2022, 26 April 2022 and 7 August 2025. The PAC Charter was revised and approved by Council on 7 August 2025.

PAC consisted of three (3) independent members who are all appropriately qualified, who are financially literate and who are acquainted with the Risk Management and Performance Management disciplines.

The PAC conducted self-assessments and Management and the Municipal Public Accounts Committee conducted assessments of the PAC during April 2026 to measure its performance. The results of the assessments were reviewed and discussed at the PAC Meeting of 2 July 2026. The following concerns were raised in the assessments:

1. More skills are required on the PAC, the one vacancy on the PAC be filled with the relevant skills and expertise with particular reference to integrated and enterprise risk as well as IT skills, including business continuity but no limited thereto.

2. The PAC struggles with attendance of Directors, MM and Mayor at times

3. It must be noted, that the PAC need to maintain its independence and therefore do not involve itself with operational aspects and any internal conflicts within the Municipality.

4. We take notice of the filling of some of the vacant position, but for the municipality to perform effectively, it is crucial that all the vacant positions are filled.

5. The PAC struggle at times with the lengthy agenda. The packs can sometime be up to 350 - 400 pages, leaving inadequate time to properly prepare and cover all the detail contained in the agenda.

6. There is a concern that the compliance monitoring tool (software); Eunomia iComply is being cancelled from 1 July 2026. This tool is used by Directors and management to monitor compliance to applicable legislation. Although alternatives are being considered, this may not have the effectiveness the current tool have.

The PAC is short of the 4th member of the committee and the challenges to maintain the quorum are sometimes stretched.
The PAC held 11 (eleven) meetings during the financial year under review.

Dates of Performance Audit and Audit Committee meetings:

- 3 July 2025
- 8 August 2025
- 28 August 2025
- 12 September 2025
- 24 November 2025
- 28 November 2025
- 5 December 2025
- 17 December 2025
- 6 February 2026
- 13 March 2026
- 12 June 2026

Composition of Performance Audit and Audit Committee and Attendance of Meetings:

Name of Member	Number of Meetings Attended
EP Lakey (Chairperson)	10
R Gani	10
WJ Swart	9

Internal Audit

In terms of the Global Internal Audit Standards, the Internal Audit Unit must undergo an internal quality assessment. In April 2026 the PAC and the Management team evaluated the Internal Audit Unit. The results of the evaluations were discussed at the PAC Meeting of 2 July 2026.

The following concerns were raised in the assessments:

1. Uncertain as to whether the Internal Audit charter is communicated and known in the entire municipality including towns. That an intensive education and awareness drive be undertaken to improve the understanding of the internal audit charter.

2. That the Internal Audit Unit be capacitated and resourced with the appropriate tools and skills (training) to assist with identification of risk, fraud, corruption, non-compliance, etc. That a dashboard system/tool be developed and/or purchased for enterprise risk and integrated combined assurance by monitoring audit engagements, audit findings, action plans, audit universe, audit committee actions, in respect of audit and assurance management; including the IUFWE Register; Risk and compliance (risk register; compliance calendar; council resolutions; POPIA compliance; but not limited thereto.

3. Council and the municipal management should consider enhancing the IA complement, to strengthen its independence. The IA Department is not adequately staffed and this needs to be attended to. It is advised to increase the IA personnel.

4. The budget of the Internal Audit function is not sufficiently funded.

5. The effort that the PAC members exert, is not reflected in the remuneration received.

An External Quality Assurance Review was performed for the Internal Audit Department. The results of the review found that the Internal Audit Department partially conforms to the Global Internal Audit Standards with some areas of improvement. Work has taken place to address these issues and are subject to ongoing internal monitoring and reporting to the Performance- and Audit Committee. The report was presented to the PAC on 12 June 2026 and the PAC will monitor action plans and implementation of recommendations made in the report.

In line with the MFMA, Internal Audit provides the PAC and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by a risk based Internal Audit plan, internal audit assessing the adequacy of controls, mitigating the risks and the PAC monitoring implementation of corrective actions.

The Internal Audit Charter and Internal Audit Methodology were revised and approved by the PAC on 2 July 2026.

The Internal Audit Department tabled 27 audit reports to the PAC during the period under review: (1 July 2025 - 30 June 2026)

- 169 findings were identified;
- 48 of these findings were regarded as significant (serious). Management gives quarterly feedback on the status of these findings to the Performance- and Audit Committee; and
- The remaining 121 findings were regarded as housekeeping (minor transgressions which could easily be rectified) and remains the responsibility of administration to address and the PAC to oversee.

All the audits on the approved 2025/2026 annual internal audit plan were completed. The following internal audit reports were tabled to the PAC during the period under review:

- Follow-up Audit on Auditor General Action Plan (2 reports);
- Supply Chain Management 1 November 2023 – 31 January 2024;
- Supply Chain Management 1 February 2025 – 30 April 2025;
- Supply Chain Management 1 May 2025 – 31 July 2025;
- Supply Chain Management 1 August 2025 – 31 October 2025;
- Supply Chain Management & UIFWE 1 November 2025 – 31 January 2026;
- Cash Management and Investment Audit;
- Risk Management Audit (2 reports);
- 2024/2025 Year End Stock Counts;
- Solid Waste 3rd Quarter Audit 2024/2025;
- Solid Waste 1st Quarter Audit 2025/2026;
- Solid Waste 3rd Quarter Audit 2025/2026;
- Wastewater Audit (2 reports);
- Performance Management 4th Quarter 2024/2025 Audit;
- Performance Management 1st Quarter 2025/2026 Audit;
- Performance Management 2nd quarter 2025/2026 Audit;
- Division of Revenue Act Audit;
- Financial Recovery Plan Audit (2 reports);
- Water Use Licence Audit;
- Ad Hoc Creditors Ageing Investigation
- Follow-up on outstanding Internal Audit Findings Quarter 4 of 2024/2025;
- Follow-up on outstanding Internal Audit Findings Quarter 1 of 2025/2026;
- Follow-up on outstanding Internal Audit Findings Quarter 2 of 2025/2026.

The Effectiveness of Internal Control

Internal control is the system of controls and directives that are designed to provide cost effective assurance that assets are safeguarded, that liabilities and working capital are efficiently managed and that the municipality fulfils its mandate, in compliance with all relevant statutory and governance duties and requirements.

The PAC reviewed all the Internal Audit reports.

Key control deficiencies were noted by Internal Audit in the following areas:

- Wastewater;
- Risk Management;
- Solid Waste;
- Performance Management;
- Cash Management and Investment; and
- Supply Chain Management.

The Internal Audit findings are serious and require urgent management attention. The PAC is concerned about repeat findings especially in the Solid Waste and Wastewater Audits.

Risk Management

The following Risk Management reports were presented to the PAC for the period under review:

- Independent External Chairperson as per Public Sector Risk Management Framework.
- Risk Management Implementation Plan;
- Combined Assurance Model;
- Progress on the implementation of risk action plans – Office of the Municipal Manager;
- Progress on FARMCO Performance Evaluation Report;
- Introduction and Approval Process for the Whistle-Blowing Policy;
- Strategic, Operational and Fraud Risk Registers.

The PAC commends the Risk Officer for improvements made with regards to the Risk Management function since her appointment.

One member of the PAC attends FARMCO meetings. The following FARMCO Meetings were attended by a member of the PAC:

- 16 September 2025
- 19 November 2025
- 1 April 2026

The PAC supports the request that the FARMCO (Fraud and Risk Management Committee) Chairperson should be independent and not a staff member of TWK.

KRI's should be linked to the individual director's performance as this will benefit the director's performance evaluations.

The PAC raised their concern about the lack of co-operation from the Directorates with regards to the updating of action plans on Risk Mitigations.

Risk appetite and tolerance need to be reestablished and where above tolerance level risk responses and action plans with due dates need to be in place.

The Committee is concerned about the frequent postponement of the Fraud and Risk Management Committee meetings.

Performance Management

The 2024/25 Draft Annual Performance report was presented to the PAC on 28 August 2025.

The PAC have reviewed the quarterly Top Layer SDBIP Performance Reports.
The PAC requested that all underperforming KPI's should have detailed corrective measures indicated to prevent unnecessary questions / confusion.

The PAC raised its concern that the standard of Service Delivery might regress as a result of underperforming KPI's.

The PAC raised concern and risk around slow processes for Capital budget spending and requested that projects are completed as a matter of urgency as it seems that there are a few projects that are in-progress.

The PAC reviewed and discussed the quarterly Internal Audit Departmental SDBIP reports. (

2024/2025 Annual Report

The Draft 2024/2025 Annual Report was presented to the PAC on 6 February 2026. The PAC provided comments on the Annual Report to the Acting Manager: IDP & Performance Management.

Compliance with Legislation

The PAC is well informed and satisfied with reports regarding the Status of Compliance with Legislation in TWK. A compliance report was presented to the PAC quarterly containing the following legislation:

- Supply Chain Management Regulations;
- Municipal Finance Management Act;
- Planning and Performance Management Regulations;
- Investment Regulations;
- Budget and Reporting Regulations;
- Property Rates Act;
- Municipal Structures Act;
- Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers;
- Municipal Systems Act; and
- Disaster Management Act.

The PAC requested that Management urgently give attention to those actions that indicates non-compliance to legislation.

The PAC expressed concern regarding the discontinuation of the Eunomia compliance system, which served as a management tool for monitoring compliance with applicable legislation. The absence of such a monitoring mechanism increases the risk that legislative non-compliance may not be timeously identified, reported or brought to the attention of Council and Management.

Financial Information

The PAC raised its concern regarding financial state of the municipality. Concerns raised by the PAC includes the Debt Collection efforts, underspending of the Capital Expenditure Budget, the Cash flow of the municipality (the ability to pay creditors and the low debtor recovery) and high Overtime and Standby expenditure.

The PAC has:

- Reviewed and discussed the budget statements (Section 71 reports) for July 2025, August 2025, October 2025, January 2026 and April 2026;
- Reviewed the Financial Recovery Plan Status on 5 December 2025, 13 March 2026 and 12 June 2026; and
- Reviewed the skills and adequacy of staff.
- Reviewed the interim Financial Statements for the period ending 31 March 2026

The PAC would encourage proper planning for the upcoming financial year-end, to enhance the AFS preparation processes. To achieve a clean audit, is to start with proper planning and execution from day one of the financial year.

Auditor-General

The PAC discussed the following with the Auditor-General:

- Auditor General Engagement Letter and Strategy of the 2024/2025 Audit; and
- The report of the Auditor-General for the 2024/2025 audit.

The PAC raised its concern about the possibility of the budget for the audit being overspent as was the case in the previous year.

The PAC provided oversight over the report regarding the status of the Audit Action Plan (Containing actions to be taken to resolve findings made by the Auditor-General in the 2024/2025 Management Report).

Information and Communication Technology

The ICT Department reports to the PAC on the status of Information and Communications Technology on a quarterly basis.

The PAC commends the ICT Department for cost saving measures implemented.

Municipal Public Accounts Committee

All internal audit reports are presented to the Municipal Public Accounts Committee (MPAC) after it was presented to the PAC. The Chairperson of the PAC attend MPAC meetings, where internal audit reports are discussed.

MPAC Meetings attended:
26 August 2025
9 October 2025
5 February 2026
29 April 2026

The PAC is nevertheless concerned about the backlog of responsibilities of the MPAC governance structure over the deviations, irregular, fruitless and wasteful expenditure and subsequent consequence management in terms of section 36 & 47 with reference to the AG Management report and Internal Audit findings where processes were not adhered to.

Events after reporting period (1 July 2025 – 30 June 2026):

Evaluation of Financial Statements and Annual Performance Report

The Draft 2025/2026 Annual Financial Statements were presented to the PAC on 28 August 2026. The PAC has reviewed, discussed and provided input on the unaudited draft Annual Financial Statements prior to submission to the Auditor-General. The draft AFS were methodically scrutinised with the Finance Department.

The PAC made the following comments with regard to the Annual Financial Statements:

- Will the municipality be able to provide the necessary obligations in the 2026/2027 financial year (going concern)?
- Are Legal fees managed and monitored to ensure that there are no unnecessary service requirements?
- The PAC enquired about the process to recover outstanding debt and the reasons why outstanding debt and debt impairment figures were so high.
- The PAC is concerned about the increase in overtime and standby; Mr. Riddles explained that this is due to prior year work performed, only being paid in July / August of the reporting period.
- The PAC enquired if Water and Electricity losses were within the National Norms.
- The PAC requested that they are updated about changes made to the AFS submitted to the PAC versus AFS submitted to the AGSA.

The Draft 2025/2026 Annual Performance Report was presented to the PAC on 28 August 2026. The PAC noted that this is not the final report and the completion of the report is dependent on the completion of the Annual Financial Statements.

The PAC made the following comments with regard to the Annual Performance Report:

- It should be ensured that the information on the Annual Financial Statement and the Annual Performance Report agree.
- The PAC requested that it should be ensured that there are appropriate reasons documented for under-performance.
- The PAC enquired about the reasons for under-performance.
- The PAC further recommended that the municipality look at the manner of reporting (comments provided, Corrective Measures, Proof of Evidence) as a way forward and look at ways of improving the Overall Performance of the Municipality. The Municipality have to look at the reasons for non-performance by doing a SWOT analysis.

Appreciation

The PAC wishes to express its appreciation to the Management of the Municipality and the Internal Audit Department for the co-operation and information they have provided to enable us to compile this report.



Mr EP Lakey
Chairperson of the Performance Audit and Audit Committee
October 2026

ITEM TITLE

C249/2026 DIRECTORATE TECHNICAL- AND INFRASTRUCTURE IMPLEMENTATION SERVICES: INTEGRATED WASTE BY LAW AND 4th GENERATION INTEGRATED WASTE MANAGEMENT PLAN

[English version of the report is the original]

FILE NUMBER

16/5/1/4

PURPOSE OF REPORT

This report aims to obtain Council approval on the reviewed integrated waste by-law and also the integrated waste management plan.

BACKGROUND

Legislation requires municipalities to have by -law for the operation towards waste management on refuse removal, transportation and the disposal at drop-off and waste transfer stations. The current by-law of 2015 is outdated and a new by-law streamlined with The Integrated Waste Management Plan (IWMP) was drafted to be compliant with the National norms and standards. The IWMP was sent to (DEADP) Department of environmental affairs and development in June 2023 via consultants and DEADP only report back in October 2023. Subsequent to the beforementioned the draft bylaw was tabled and workshop with Council respectively on 24 October 2024 and 28 November 2024 where after a public participation process was embarked upon. No comments were received and therefor the item being brought back to Council for final approval.

DISCUSSION

A new integrated by -law has been developed in 23/24 financial year to comply with the legislation due to the outdated bylaw of 2015. The primary objective of this by-law is to establish a waste management hierarchy of priorities, in the following order of priority for activities —

(a) avoidance, minimization and reduction of waste;

(b) re-use of waste;

(c) recycling, reclaiming, processing and treatment of waste; and

(d) disposal of waste.

The main objects of this By-law are:

1. to regulate the collection,
2. handling,
3. storage,
4. transport,

5. recycling,
6. treatment and disposal of waste;

Currently 5 towns are on a split bag recycling system to minimize our waste stream in Grabouw, Villiersdorp, Caledon, Greyton and Riviersonderend. The percentage of 15.93% of material is recycled from the waste stream.

Theewaterskloof Municipality develop an Integrated Waste Management Plan (IWMP) as required by the National Waste Management Strategy (NWMS) 2020 and therefore placed an obligation on the Theewaterskloof Municipality to develop an IWMP and review it every five years as part of the strategic sector plans of the IDP.

The plan covers all 14 wards of the municipality falling within Grabouw, Villierdorp, Caledon, Genadendal, Greyton, Riviersonderend, Botrivier and Tesselaarsdal. It reviews services currently rendered, identify needs and sets goals to be achieved in order to meet the set requirements of the National Environmental Waste Management Act (Act 59 of 2008) (NEWMA), as amended and the NWMS.

The development of the plan included the following steps:

1. Background study.
2. Status quo analysis.
3. Legislative and policy review
4. Identifying gaps and needs
5. Development of goal and objectives
6. Development of an implementation strategy
7. Development of a monitoring plan
8. Public consultation

The priorities and goals in terms of the bylaw and integrated waste plan is that the municipality should attain with regards to waste management. Using the information collected on the historical and current waste management situation the following strategic goals for the IWMP were developed:

The following Goals pertaining to waste management within the TWKM were identified:

Strategic

Key interventions and outcomes from NWMS 2020.
Relevant and up to date Waste Management By-Laws.

General

Render a sustainable, equitable and cost-effective removal service to all domestic and business premises in TWKM area. Improve refuse collection in informal settlements.

Promote separation of waste at source, i.e. at the point of generation (commencing with recycling and composting projects).
Assist and encourage the development of buy-back centres, recycling sorting centres following separation at source. Provide for public recycling drop-off facilities such as at shopping centres, landfills, etc.
Manage Industrial Waste.

Landfill site and WDFs

Ensure that all WDF meets license requirements and have sufficient security.
Rehabilitation of landfill sites to commence.
Public awareness Community involvement, awareness and education programmes concerning recycling, separation at source and waste management in general.

Waste minimisation and recycling

Implement OWDP and WMP.

Service provision (Collection)

Domestic collection Rendering a sustainable, affordable, reliable and effective collection service to all residential areas within the TWKM.

Commercial collection

To render a sustainable cost-effective commercial refuse removal service in formal areas as per the required frequency. To further ensure the standardisation of commercial containers and adequate storage space at the service point.

Public dumping facilities / garden sites.

To investigate the feasibility of public dumping facilities to provide an additional facility for the community to primarily take their garden waste and uncollected domestic waste to and as a method of reducing illegal dumping, collection time and transport cost.

Equipment

Vehicle replacement policy and allocation of budget to implement policy.

Street sweeping

To implement a proper, adequately staffed street cleaning service in all business areas, decentralised business areas and along all major routes at the various towns within the TWKM area.

To place an adequate number of litter bins within business areas and high use areas throughout the TWKM which are serviced on a regular basis.

Personnel

Have adequate, medically fit, well-trained personnel to cover the range of tasks required to deliver a total waste management service to the communities. All management and supervisory positions need to be filled.

Industrial and Health Care Risk Waste

To ensure the safe handling and disposal of Industrial (non-hazardous and hazardous) waste and HCRW generated or handled within the municipal area.

Finances / income / revenue

Have council committed to the IWMP, to ensure that the correct budgeting takes place and that the appropriate revenue collections systems are in place.

COMMENTS FROM DIRECTORATE

By -law was advertised for public comments and no comments were received.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

Theewaterskloof Integrated Waste Plan must be linked to the Integrated Development plan. A new vote number must be put on phoenix financial system. Attached are the future financial planning on IWMP for Theewaterskloof which are not cast in stone.

Waste by -law R 35 000.00 for Provincial Gazette.

LEGAL IMPLICATIONS (ITEM AUTHOR)

National Environmental Management Act 1989

National Waste Management strategy 2020

Constitution

National Waste Management Act 2008

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Risk of non-compliance with the National strategy may impose that Theewaterskloof Municipality will forfeit possible funding opportunities as well of directives may ensure.

COMMENTS FROM THE OFFICE OF THE MUNICIPAL MANAGER

Though I support the item and recommendations the documents are not attached or I was unable to open it.

COMMENTS FROM THE DIRECTORATE CORPORATE SERVICES

Recommendation is supported.

COMMENTS FROM THE DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING (HUMAN SETTLEMENT)

Supported.

COMMENTS FROM THE DIRECTORATE COMMUNITY SERVICES (OPERATIONAL)

Support in principle, but the By-law and IWMP need to be made availeble with the report to read and fully understand the content of it for internal input.

COMMENTS FROM TOWN MANAGER: BOTRIVER

Support recommendation.

COMMENTS FROM THE TOWN MANAGER: GRABOUW

Noted

COMMENTS FROM THE TOWN MANAGER: VILLIERSDORP

Draft By-law for public comments is noted.

COMMENTS FROM THE TOWN MANAGER: GREYTON/GENADENDAL

The report is noted.

COMMENTS: TOWN MANAGER: RIVIERSONDEREND

Support recommendation.

RECOMMENDATION BY MANAGEMENT TO COUNCIL: 24 OCTOBER 2024

It is recommended:

1. **That Council takes note of the implementation of the Integrated Waste By-law and Integrated Waste Management Plan.**

2. **That Council approves the reviewed Integrated Waste By-law and the 4th Generation Integrated Waste Management Plan.**

3. **That the reviewed Integrated Waste By-law be advertised for public comment whereafter the reviewed bylaw will be workshopped with Council prior to final approval and proclamation in the Government Gazette.**

RECOMMENDATION TO COUNCIL:

It is recommended:

1. **That Council takes note of the implementation on the Integrated Waste By-law and Integrated Waste Management Plan.**

2. **That Council approves the reviewed Integrated Waste By-law and the 4th Generation Integrated Waste Management Plan.**

3. **That the reviewed Integrated Waste By-law be advertised for public comment whereafter the reviewed bylaw will be workshopped with Council prior to final approval and proclamation in the Government Gazette.**

RECOMMENDATION BY COUNCIL TO A WORKSHOP: 28 NOVEMBER 2024

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

1. **Council takes note of the implementation on the Integrated Waste By-law and Integrated Waste Management Plan.**

2. **Council approves the reviewed Integrated Waste By-law and the 4th Generation Integrated Waste Management Plan.**

3. **That the reviewed Integrated Waste By-law be advertised for public comment.**

4. **That the reviewed Integrated Waste Bylaw and the 4th Generation Integrated Management Plan be referred to the next Council Workshop.**

RESOLVED BY WORKSHOP: 22 JANUARY 2025

Council noted the reviewed Integrated Waste Bylaw and the 4th generation Integrated Management Plan.

FINAL RECOMMENDATION TO THE COUNCIL:

It is recommended:

1. **That Council approves the bylaw since all legal requirements have been met in terms of the public participation and obtaining comments from the sector departments.**

2. **That Council notes that the bylaw will be promulgated in the Government Gazette.**

RESOLVED BY COUNCIL: 07 AUGUST 2025

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

1. *Agenda-item referred back.*
2. *For finalization by the Director: Technical- and Infrastructure Implementation Services, Mr H Matthee*

FINAL RECOMMENDATION TO THE COUNCIL:

It is recommended:

1. **That Council approves the bylaw since all legal requirements have been met in terms of the public participation and obtaining comments from the sector departments.**

2. **That Council notes that the bylaw will be promulgated in the Government Gazette.**

Theewaterskloof
Municipality

NOTICE OF AMENDMENT TO THE INTEGRATED WASTE BY-LAW AND 4TH GENERATION INTEGRATED WASTE MANAGEMENT PLAN

The Theewaterskloof Municipality hereby gives notice in terms of National Environmental Waste Management Act (Act 59 of 2008) (NEWMA) and in terms of Section 21 and 21A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) that the local community and affected parties are invited to submit comments or representations on the proposed amendments to the Integrated Waste By-Law and 4th Generation Integrated Waste Management Plan. Such comments or representations must be submitted by not later than Wednesday, 13 June 2025 at business closing time.

Such presentation, comments or objections must be submitted via email to Mr Ashley Hendricks at ashleyhe@twk.gov.za or hand-delivered at the Technical Department, 26 Kerk Street, Caledon.

The proposed amendments can be inspected at the Municipality's head and satellite offices during the official office hours or accessed on the Municipality's official website www.twk.gov.za, from Wednesday, 14 May 2025.

Enquiries can be directed to Mr A Hendricks only by email: ashleyhe@twk.gov.za.

Persons who are physically disabled or who cannot read or write or lack of understanding of the contents of this notice and requires assistance to put their submission in writing may, at their request, be assisted by Mr A Hendricks and may only come during office hours to the Municipal Technical Department Office, 23 Kerk Street, Caledon.

Act. Municipal Manager
Walter Hendricks

ITEM TITLE

C250/2026 DIRECTORATE TECHNICAL- AND INFRASTRUCTURE IMPLEMENTATIONS SERVICES - OUTCOME OF PUBLIC PARTICIPATION PROCESS: UPDATED DRAFT WATER SERVICES DEVELOPMENT PLAN (WSDP) 2027

[English version of the report is the original]

FILE NUMBER

16/1/12/B

PURPOSE OF REPORT

The purpose of this report is to inform Council of the outcome of the public participation process undertaken in respect of the Updated Draft Water Services Development Plan (WSDP) 2027 for Theewaterskloof Municipality.

The report seeks Council to note that the public participation period has closed and that no comments, inputs, objections or recommendations were received from the public or stakeholders during the prescribed comment period.

Council is requested to consider the outcome of the public participation process and to proceed with the consideration and final approval of the Updated WSDP 2027.

BACKGROUND

The Water Services Development Plan (WSDP) is the primary planning instrument for water services authorities and provides a strategic framework for the planning, development, management and provision of water services within the municipal area.

Theewaterskloof Municipality, as the Water Services Authority (WSA), is required to prepare, maintain and update its WSDP in accordance with the applicable legislative and regulatory framework.

The Updated Draft WSDP 2027 was prepared with the assistance of GLS and IX Engineers, appointed through the Municipality's Framework Contract for the Appointment of Professional Services (TECH01).

The Updated Draft WSDP was considered through the Municipality's internal political and administrative processes. Council, at its meeting held on 28 May 2026, resolved, inter alia, that:

"The Draft WSDP, after comments from Council, be made available for Public Participation and that the Draft, with comments, be referred to a Council Workshop and to Council thereafter for final approval."

Council also noted that no additional comments or inputs were provided by Council on the Updated Draft WSDP Sector Report.

In accordance with the Council resolution, the Updated Draft WSDP 2027 was subsequently made available for public participation.

DISCUSSION

PUBLIC PARTICIPATION PROCESS

In order to facilitate public and stakeholder participation, a public notice inviting members of the public and interested and affected parties to submit comments, inputs and/or recommendations on the Updated Draft WSDP 2027 was published in the following local newspapers:

- Transoverberg – public notice published on 23 July 2026; and
- Hermanus Times – public notice published on 23 July 2026.

The public notice provided an opportunity for members of the public, interested and affected parties and other stakeholders to review the Updated Draft WSDP and submit written comments, inputs or recommendations to the Municipality.

The Draft WSDP was also distributed to Department of Water and Sanitation and other relevant authorities

The closing date for submissions was 31 August 2026.

The public participation period has subsequently closed.

OUTCOME OF PUBLIC PARTICIPATION

Following the closure of the public participation period on 31 August 2026, the Municipality assessed the submissions received in response to the public notice.

It is hereby reported to Council that no comments, inputs, objections, representations or recommendations were received from members of the public, interested and affected parties or stakeholders during the public participation period.

Accordingly, there are no public comments or recommendations that require consideration or incorporation into the Updated Draft WSDP 2027.

The absence of submissions does not negate the public participation process. The prescribed opportunity for public and stakeholder participation was provided through the publication of the public notice in the Trans Overberg and Hermanus Times on 23 July 2026, with the closing date clearly indicated as 31 August 2026.

The Municipality can therefore proceed with the next stage of the WSDP approval process.

UPDATED WSDP 2027

The Updated WSDP 2027 provides a comprehensive assessment and planning framework for water services within the Theewaterskloof Municipal jurisdiction.

The WSDP addresses, amongst others, the following key components:

- Section A: Status Quo Overview – Provides an overview of the current status of water services within the municipal area in terms of the relevant water services functional business elements.
- Section B: State of Water Services Planning – Provides an overview of the current water services planning environment and the Municipality's existing planning instruments.
- Section C: Water Services Existing Needs Perspective – Identifies and assesses existing water service's needs, challenges and problem areas within the municipal jurisdiction.
- Section D: Water Services Objectives and Strategies – Sets out the five-year water services objectives, strategies and interventions required to address identified needs and challenges.
- Section E: Water Services MTEF Projects – Identifies water services projects aligned with the Municipality's Medium-Term Expenditure Framework and associated funding sources.
- Section F: WSDP Projects – Sets out projects identified through the WSDP process to achieve the Municipality's water services objectives and strategies.

The WSDP is also intended to support the integration of water services planning with the Municipality's Integrated Development Plan (IDP), budget, infrastructure planning, operations and maintenance requirements and applicable grant funding programmes.

COMMENTS FROM THE DIRECTORATE TECHNICAL AND INFRASTRUCTURE IMPLEMENTATION SERVICES

The recommendation is supported.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The preparation and updating of the WSDP was funded from the Municipality's Operating Expenditure (OPEX) budget.

The approved WSDP is an important planning instrument and is required to support applications and planning associated with various water and sanitation infrastructure funding programmes, including, where applicable:

- Water Services Infrastructure Grant (WSIG);
- Municipal Infrastructure Grant (MIG);
- Department of Local Government funding; and
- Department of Water and Sanitation (DWS) programmes and funding.

No additional financial implications arise directly from the recording of the outcome of the public participation process.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Sections 12 and 13 of the Water Services Act, 1997 (Act No. 108 of 1997) place obligations on Water Services Authorities in relation to the preparation and maintenance of a Water Services Development Plan.

The WSDP process must provide appropriate consultation and participation by relevant stakeholders and the public.

The Updated Draft WSDP 2027 was made available for public participation following the Council resolution of 28 May 2026.

The public notice was published in the Trans Overberg and Hermanus Times on 23 July 2026, providing the public with an opportunity to submit comments, inputs and recommendations until 31 August 2026.

No submissions were received during the prescribed period.

The public participation process can therefore be recorded as having been undertaken, with the outcome that no public comments or recommendations were received for consideration.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

The completion of the public participation process reduces the risk of the Updated WSDP 2027 being finalised without providing the public and relevant stakeholders with an opportunity to provide input.

The publication of the public notice and provision of a defined comment period provides an auditable record of the Municipality's public participation process.

The absence of public submissions means that no amendments arising specifically from public comments are required at this stage.

It is recommended, however, that proof of publication of the public notices and records confirming that no submissions were received be retained as part of the official WSDP project and Council records.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

1. **That Council notes the outcome of the public participation process undertaken in respect of the Updated Draft Water Services Development Plan (WSDP) 2027.**

2. **That Council notes that the public notice was published in the Transoverberg and Hermanus Times Local Newspapers on 23 July 2026, inviting comments, input and recommendations on the Updated Draft WSDP 2027.**

3. **That Council notes that the closing date for public submissions was 31 August 2026.**

4. **That Council notes that no comments, inputs, objections, representations or recommendations were received from the public, interested and affected parties or stakeholders during the public participation period.**

5. **That Council notes that, as no public comments were received, no amendments to the Updated Draft WSDP 2027 are required as a result of the public participation process.**

6. **That Council, following consideration of the Updated WSDP 2027, approves and adopts the Updated Water Services Development Plan 2027 for Theewaterskloof Municipality.**

Theewaterskloof
MUNISIPALITEIT • MUNICIPALITY • UMASIPALA

PUBLIC NOTICE

ADOPTION OF THE DRAFT WATER SERVICES DEVELOPMENT PLAN (WSDP) AND INVITATION FOR PUBLIC COMMENT

Duly authorised by resolution of Council, the Theewaterskloof Local Municipality hereby gives notice, in terms of Section 12 of the Water Services Act, 1997 (Act 108 of 1997), read together with Sections 21 and 21A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), that the Draft Water Services Development Plan (WSDP) has been prepared and is available for public inspection and comment.

The Water Services Development Plan serves as the Municipality's strategic planning document for the provision of sustainable water supply and sanitation services within the municipal area. The Plan sets out the current status of water and sanitation services, identifies future infrastructure requirements, outlines planned capital investment, and provides strategies to ensure the efficient, reliable and sustainable delivery of water services to all communities within the Theewaterskloof Municipal area.

The Draft Water Services Development Plan will be available for public inspection from 13 July 2026 and may be accessed on the Municipality's official website at **Website. www.twk.gov.za | Facebook** or during normal office hours at the offices of the Theewaterskloof Municipality.

Notice is hereby further given that all interested and affected parties, stakeholders, residents and members of the public are invited to submit written comments, objections or representations on the Draft Water Services Development Plan.

Such comments or representations must be submitted no later than 17:00 on 31 August 2026.

Comments or representations must be submitted in a sealed envelope clearly endorsed:
"Comments on the Draft Water Services Development Plan (WSDP)"

All submissions must be addressed to:
The Municipal Manager
Theewaterskloof Municipality
6 Plein Street
P.O. Box 24
CALEDON 7230

Alternatively, comments may be submitted electronically to: lesterpa@twk.gov.za

Enquiries can be directed to: Mr L. Parnell
Tel: 028 214 3300
E-mail: lesterpa@twk.org.za

W. Hendricks
Municipal Manager

167211

Theewaterskloof
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PUBLIC NOTICE

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Theewaterskloof Municipality
6 Plein Street
P.O. Box 24
CALEDON 7230

Alternatively, comments may be submitted electronically to: lesterpa@twk.gov.za

Enquiries can be directed to: Mr L. Parnell
Tel: 028 214 3300
E-mail: lesterpa@twk.org.za

W. Hendricks
Municipal Manager

157211

ITEM TITLE

C251/2026 DIRECTORATE TECHNICAL- AND INFRASTRUCTURE IMPLEMENTATION SERVICES: REPORTING ON PERFORMANCE OF CONTRACTORS: JULY - SEPTEMBER 2026 (TECHNICAL SERVICES)

[English version of the report is the original]

FILE NUMBER

8/2/3/5/5

PURPOSE OF REPORT

To present a report to Council in terms of the contract and performance management of the Technical- and Infrastructure Implementation Services Departments contractors for the period from July - September 2026 to ensure the municipality receives value for money and that contracts are completed on time and within the approved budget.

BACKGROUND

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

The accounting officer of a municipality or municipal entity must –

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

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

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

DISCUSSION

Reporting pattern of Technical- and Infrastructure Implementation Services:

Department:	July 2026	August 2026	September 2026
Technical- and Infrastructure Implementation Services	Submitted	Submitted	Submitted

Find attached checklists consisting of the summaries done for the Directorate Technical- and Infrastructure Implementation Services.

No blockages occurred.

COMMENTS FROM THE DIRECTORATE TECHNICAL AND INFRASTRUCTURE IMPLEMENTATION SERVICES

Report is supported.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

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

LEGAL IMPLICATIONS (ITEM AUTHOR)

Chapter 8 Municipal Finance Management Act. 56 of 2003.

COMMENTS FROM INTERNAL AUDIT

No comments.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Not applicable.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended that Council takes cognisance of the report.

PMU

1. TECH01/2022/23: Botrivier WWTW PH 2 Provision of professional services: *Water & Wastewater Engineering*

2. ENG11/2024/25: Upgrading of Botrivier WWTW Phase 2: *JVZ Construction*

3. TECH01/2025/26: Riviersonderend WTP: Provision of professional services: *BIGEN*

PROJECT MANAGER:	*Nigel Kayser*		**PROJECT CHAMPION:**	*Denver Damons*			
Sept-26	**Technical Services**					***Funding Source***	
Complete Tender No. & Description	*TECH 01/2022/23: BOTRIVIER WWTW PH 2 PROVISION OF PROFESSIONAL SERVICES*					***Own***	***Other***
SDBIP REF **TL 13**						***X***	***X***
Service Provider	***Water & Wastewater Engineering***						
Commencement Date	30/06/2025	**Total Contract Amount (Excl VAT)**	R5 361 305,00	**Value of VO's Approved**	***Not applicable***		
Completion Date	30/06/2028						
Adjusted Contract Amount (Excl VAT)	*R 5 361 305,00*	**Adjusted Completion Date**	*Undetermined at this stage*			**Project on Time**	Yes

Date of Report	**30/09/2026**	**July**	**August**	**September**
Report Numbers	*14-16*	***14***	***15***	***16***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy		***Not applicable***	***Not applicable***	***Not applicable***
Overall performance including Rand Value in terms of the Empowerment Goals		***Not applicable***	***Not applicable***	***Not applicable***
Overall Performance incl. quality of work to date		*Water & waste water engineering has performed admirably in the execution of their duties*	*Water & waste water engineering has performed admirably in the execution of their duties*	*Water & waste water engineering has performed admirably in the execution of their duties*
Blockages and Problems		*The invoice due in July was not paid due to the MIG tranche that was not received*	*Their invoice was paid end of August*	*None to report*
Recommended Action and Resolutions required to unblock blockages & problems		*The MIG tranche is expected in the week of 2 August. Payment should be effected as soon as possible thereafter. This will be communicated with the contractor and consulting engineer*	*The tranche was paid over*	*No actions and resolutions required*
Actual Amount Paid to Date (Excl VAT)		*R 4 136 012,03*	*R 4 294 845,84*	*R 4 294 845,84*
Number of Invoices /Certificates		*13*	*14*	*14*
VOTE NUMBERS		76011700904	76011700904	76011700904
Disputed Invoices / Certificates		*none*	*none*	*none*

PROJECT MANAGER:	*Nigel Kayser*		**PROJECT CHAMPION:**	*Denver Damons*	
Sept-26	**Technical Services**			***Funding Source***	
Complete Tender No. & Description	*ENG 11/2024/26: Botrivier WWTW Upgrading, Phase 2*			***Own***	***Other***
SDBIP REF TL 13				*x*	*x*
Service Provider	***JVZ Construction***				
Commencement Date	11/08/2025	**Total Contract Amount (Excl VAT)**	R33 072 043,00	**Value of VO's Approved**	*1096260,06*
Completion Date	25/11/2026				
Adjusted Contract Amount (Excl VAT)	*R 33 072 043,00*	**Adjusted Completion Date**	*Undetermined at this stage*	**Project on Time**	Yes

Date of Report	**30/09/2026**	**July**	**August**	**September**
Report Numbers	*13-15*	***13***	***14***	***15***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy		***As per contract ENG 11/2024/25, special conditions of tender***	***As per contract ENG 11/2024/25, special conditions of tender***	***As per contract ENG 11/2024/25, special conditions of tender***
Overall performance including Rand Value in terms of the Empowerment Goals		***ly reporting in terms of special conditions of co***	***Monthly reporting in terms of special conditions of contract***	***Monthly reporting in terms of special conditions of contract***
Overall Performance Incl. quality of work to date		*JVZ Construction has performed well in the execution of their duties*	*JVZ Construction has performed well in the execution of their duties*	*JVZ Construction achieved practical completion of the works in September*
Blockages and Problems		*The latest payment claim was not paid in July due to the MIG tranche that was not received.*	*The latest payment claim was paid at the end of August*	*None to report for September*
Recommended Action and Resolutions required to unblock blockages & problems		*The MIG tranche is expected in the week of 2 August. Payment should be effected as soon as possible thereafter. This will be communicated with the contractor and consulting engineer*	*The MIG tranche was paid over in August*	*No actions and resolutions required*
Actual Amount Paid to Date (Excl VAT)		*R 13 575 620,24*	*R 19 000 678,73*	*R21 358 869,31*
Number of Invoices /Certificates		*10*	*11*	*12*
VOTE NUMBERS		76010700900	76010700900	76010700900
Disputed Invoices / Certificates		*none*	*none*	*none*

PROJECT MANAGER:	*Nigel Kayser*		**PROJECT CHAMPION:**	*Denver Damons*	
Sept-26	**Technical Services**			**Funding Source**	
Complete Tender No. & Description	*TECH 01/2025/26: RIVIERSONDEREND WTP: PROVISION OF PROFESSIONAL SERVICES*			**Own**	**Other**
SDBIP REF TL 16				*x*	*x*
Service Provider	*Bigen*				
Commencement Date	18/06/2026	**Total Contract Amount (Excl VAT)**	R5 000 000,00	**Value of VO's Approved**	*N/a*
Completion Date	30/06/2028				
Adjusted Contract Amount (Excl VAT)	*R 5 000 000,00*	**Adjusted Completion Date**	*Undetermined at this stage*	**Project on Time**	No

Date of Report	**30/09/2026**	**July**	**August**	**September**
Report Numbers	*1-3*	*1*	*2*	*3*
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy		*Not applicable*	*Not applicable*	*Not applicable*
Overall performance including Rand Value in terms of the Empowerment Goals		*Not applicable*	*Not applicable*	*Not applicable*
Overall Performance Incl. quality of work to date		*Bigen are performing well thus far*	*Bigen are performing well thus far*	*Bigen are performing well thus far*
Blockages and Problems		*None to report for July*	*The co funding required for the construction contract is not available- the tender cannot*	*The co funding required for the construction contract is not available- the*
Recommended Action and Resolutions required to unblock blockages & problems		*None required*	*Matter to be discussed internally*	*The matter was discussed internally and emails were sent to SCM Manager, Acting CFO and MM. No resolution could be found. The status quo remains as is, no co funding is available and the construction tender is suspended until co funding can be committed to*
Actual Amount Paid to Date (Excl VAT)		*R 1 300 000,00*	*R 1 300 000,00*	*R1 300 000,00*
Number of Invoices /Certificates		*1*	*1*	*1*
VOTE NUMBERS		77011400332	77011400332	77011400332
Disputed Invoices / Certificates		*none*	*none*	*none*

SOLID WASTE & WWTW

1. Waste Disposal Agreement between ODM, Overstrand and TWK: *Overberg District Municipality*

2. ENG01/2025/26: Provision of D6 Dozer until 30 June 2027: *X Moore*

3. TWK2 Recycling service: *Wastewant*

4. Transport of containerized municipal solid waste and chipping of garden waste for the period from 1 February 2024 till 30 June 2027*: Enviroserve*

5. ENG01/2023/24: Provision of Services: Taking of water and sewage samples, analysing and monitoring: *A L Abbott and Associates*

Quarterly !Jul - Sept 2026

PROJECT MANAGER:	*Jeremy Prins*		PROJECT CHAMPION:	*Denver Damons*			
SDBIP REF: N/A	Financial Services					Fnding Source	
Complete Tender No. & Description	*Karwyderskraal Waste Disposal SLA*					Own	Other
Service Provider	*ODM*					*15611095550*	
Commencement Date	*01 Julie 2026*	Total Contract Amount	*R 4 220 243,00*	Value of VO's Approved	0		
Completion Date	*14-Apr-74*						
Adjusted Contract Amount	*R0*	Adjusted Completion Date	N/A			Project on	Yes

Date of Report	JUL	AUG	SEPT
Report Numbers *86 76 88*	*Collaboration Number:*	*Collaboration Number:*	*Collaboration Number:*
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*Skills transfer for the operation of a Regional Landfill Site.*	*Skills transfer for the operation of a Regional Landfill Site.*	*Skills transfer for the operation of a Regional Landfill Site.*
Overall performance including Rand Value in terms of the Empowerment Goals	*Overall performance is good. A Regional Monitoring committee meeting was held to discuss the facilities compliance against external audit that was conducted.*	*Overall performance is good. A Regional Monitoring committee meeting was held to discuss the facilities compliance against external audit that was conducted.*	*Overall performance is good. A Regional Monitoring committee meeting was held to discuss the facilities compliance against external audit that was conducted.*
Overall Performance Incl. quality of work to date	*good*	*good*	*good*
Blockages and Problemes	*None*	*None*	*None*
Recommanded Action and	*n/a*	*n/a*	*n/a*
Actual Amount Paid to Date	R 0,00	R 418 697,00	R 914 965,17
Number of Invoices /Certificates	*80*	*81*	*82*
Disputed Invoices / Certificates	*0*	*0*	*0*

Quarterly | Jul - Sept 2026

PROJECT MANAGER:	Jeremy Prins		PROJECT CHAMPION:	Denver Damons				
SDBIP REF: N/A							Fnding Source	
Complete Tender No. & Description	Hiring of pland for caledon Landfill						Own	Other
Service Provider	X Moore						15511158400	
Commencement Date	#REF!	Total Contract Amount	R 292 298,95	Value of VO's Approved	0			
Completion Date	30-Sept-26							
Adjusted Contract An		Adjusted Completion Date					Project on	Yes
Date of Report	JAN		FEB		MAR			
Report Numbers 7 8 9	Collaboration Number:		Collaboration Number:		Collaboration Number:			
Indicate the Empowerment Goals	Skills transfer for the operation of a CaledonLandfill Site.		Skills transfer for the operation of a CaledonLandfill Site.		Skills transfer for the operation of a Caledon Landfill Site.			
Overall performance	0		0		0			
Overall Performance	good		good		good			
Blockages and	0		None		None			
Recommanded	0		n/a		n/a			
Actual Amount Paid t	R 0,00		R 0,00		R 63 037,31			
Number of Invoices	5		6		7			
Disputed Invoices / C	0		0		0			

Quarterly | Jul - Sept 2026

PROJECT MANAGER:	Jeremy Prins		PROJECT CHAMPION:	Denver Damons			
SDBIP REF: N/A						Fnding Source	
Complete Tender No. & Description	Recycling Services					Own	Other
Service Provider	Wastewant					55101/2/3/4/517568	
Commencement Date		Total Contract Amount	R 217 479,78	Value of VO's Approved	0		
Completion Date	31/10/26						
Adjusted Contract Am		Adjusted Completion Date				Project on	Yes
Date of Report	JUL		AUG		SEPT		
Report Numbers 1 2 3	Collaboration Number:		Collaboration Number:		Collaboration Number:		
Indicate the Empowerment Goals	Local labour		Local labour		Local labour		
Overall performance	0		0		0		
Overall Performance	good		good		good		
Blockages and	Mechnical		None		None		
Recommanded	0		n/a		n/a		
Actual Amount Paid t	R 0,00		R 0,00		R 63 037,60		
Number of Invoices	1		2		3		
Disputed Invoices / C	0		0		0		

PROJECT MANAGER:	*Jeremy Prins*		**PROJECT CHAMPION:**	*Denver Damoms*			
SDBIP REF: N/A	**Financial Services**					***Fnding Source***	
Complete Tender No. & Description	***TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE FOR THE PERIOD FROM 1 JULY 2024 TILL FURTHER NOTICE***					***Own***	***Other***
Service Provider	***Enviroserv Waste Management***					***015510175680, 015510275680,***	
Commencement Date	*01-Feb-25*	**Total Contract Amount**	***R28 686 981,90 exl Vat***	**Value of VO's Approved**	0		
Completion Date	*30-Jun-27*						
Adjusted Contract Amount	*N/A*	**Adjusted Completion Date**	*N/A*			**Project on Tim: NO**	
Date of Report	**JUL**		**AUG**		**SEPT**		
Report Numbers *18 19 20*	***Collaboration Number:***		***Collaboration Number:***		***Collaboration Number:***		
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy*		*Teaching TWK employees/staff at Waste Facilities how to Separate Green Waste / how to Manage and Control to do proper seperation an chipping*		*Teaching TWK employees/staff at Waste Facilities how to Separate Green Waste / how to Manage and Control to do proper seperation an chipping*		
Overall performance including Rand Value in terms of the Empowerment			*Making use of Local Drivers as far as possible and available.*		*Making use of Local Drivers as far as possible and available.*		
Overall Performance Incl. quality of work to date	*Service was good*		*Service was good*		*Service was good*		
Blockages and Problemes	*None*		*None*		*None*		
Recommanded Action and			*None*		*None*		
Actual Amount Paid to Date	R 9 477 392,28		R 9 774 005,92		R10589594.23		
Number of Invoices /Certificates	*18*		*19*		*20*		
Disputed Invoices / Certificates	*0*		*0*		*0*		

PROJECT MANAGER:	*Denver Damons*		**PROJECT CHAMPION:**	*Hendrik Matthee*		
Department	Technical Services				***Funding Source***	
Complete Tender No. & Description	*ENG 01/2026/27 - PROVISION OF SERVICES: TAKING OF WATER AND SEWERAGE SAMPLES, ANALYSING, AND MONITORING IT IN BOTRIVIER, CALEDON, TESSELAARSDAL, GENADENDAL, GRABOUW, GREYTON, RIVIERSONDEREND AND VILLIERSDORP FOR THE PERIOD FROM 01 JULY 2026 TO 30 JUNE 2029*				***Own***	***Other***
SDBIP REF	*N/A*				*X*	
Service Provider	*A.L. ABBOTT AND ASSOCIATES*					
Commencement Date	2026/07/01	**Total Contract Amount (Excl VAT)**	Rates Based Award	**Value of VO's Approved**	*N/A*	
Completion Date	30-Jun-29					
Adjusted Contract Amount (Excl VAT)	*Rates Based Award*	**Adjusted Completion Date**		*N/A*	**Project on Time**	Yes

Date of Report	**30/09/2026**	**July**	**August**	**September**
Report Numbers	*1-3*	**1**	**2**	**3**
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy		*Skills transfer and interpretation of analysis results and taking of samples. Analysis interpretation and inspection findings discussed in Lab report.*	*Skills transfer and interpretation of analysis results and taking of samples. Analysis interpretation and inspection findings discussed in Lab report.*	*Skills transfer and interpretation of analysis results and taking of samples. Analysis interpretation and inspection findings discussed in Lab report.*
Overall performance including Rand Value in terms of the Empowerment Goals		*Satisfactory*	*Satisfactory*	*Satisfactory*
Overall Performance incl. quality of work to date		*This contract aid in Blue and Green Drop water quality monitoring compliance. Satisfactory - Sampling,Testing and provision of results is done according to contract.*	*This contract aid in Blue and Green Drop water quality monitoring compliance. Satisfactory - Sampling,Testing and provision of results is done according to contract.*	*This contract aid in Blue and Green Drop water quality monitoring compliance. Satisfactory - Sampling,Testing and provision of results is done according to contract.*
Blockages and Problems		*none*	*none*	*none*
Recommended Action and Resolutions required to unblock blockages & problems		*N/A*	*N/A*	*N/A*
Actual Amount Paid to Date (Excl VAT)		*R 39 320,00*	*R 92 798,00*	*R92 798,00*
Number of Invoices /Certificates		*1*	*2*	*2*
VOTE NUMBERS		01/6111/0/7541/0 01/7111/0/7541/0	01/6111/0/7541/0 01/7111/0/7541/0	01/6111/0/7541/0 01/7111/0/7541/0
Disputed Invoices / Certificates		*none*	*none*	*none*

CIVIL

1. 20 Year contract: Overberg Water: *Overberg Water Board*

2. ENG08/2024/25: The web based remote monitoring of all water and sewage infrastructure in the Theewaterskloof area for a three-year period: *Bigetron*

3. Three (3) year SLA: Groenland Water Users Association – Provision of baulk raw water to Grabouw: Groenland Water Users

4. TECH01/2022/23: Damaged pavilion at the Caledon Sport field: *Lukhozi*

5. Eng04/2025/26: Remedial works to damaged pavilion at the Caledon sportsground: *Dynamic R Consultants (PTY) Ltd*

6. ENG06/2025/26: Design, manufacture and construction steel portal frame structure – Grabouw Taxi rank: *Limit State Construction CC*

PROJECT MANAGER:	*Lester Parnell*		**PROJECT CHAMPION:**	*Denver Damons*		
	Technical Services				**Funding Source**	
Complete Tender No. & Description	*20 Year Contract: Overberg Water*				***Own***	***Other***
Service Provider	***Overberg Water***					
Commencement Date	*13-12-2010*	**Total Contract Amount**	***R 24 967 000,00***	**Value of VO's Approved**	***None***	
Completion Date	*n/a*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	None		**Project on Time**	yes

Date of Report	**31 July 2026**	**31 August 2026**	**30 September 2026**
Report Numbers *1,2,3*	***Collaboration Number: 1***	***Collaboration Number: 2***	***Collaboration Number: 3***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	N/A	N/A	N/A
Overall performance including Rand Value in terms of the Empowerment Goals	N/A	N/A	N/A
Overall Performance Incl. quality of work to date	*Overall performance and deliverables is gradually increasing with specific focus on communication and resource sharing*	*Overall performance and deliverables has been reached in terms of the contract with regards to quality and delivery. Overberg water is currently supplying Caledon, Myddleton with SANS 241 drinking water.*	*Overall performance and deliverables is gradually increasing with specific focus on communication and resource sharing. I*
Blockages and Problemes	*None*	*None*	*None*
Recommanded Action and Resolutions required to unblock blockages & problems	*Quarterly meeting held to discuss SLA and how to improve on the desired deliverables.*	*Quarterly meeting held to discuss SLA and how to improve on the desired deliverables.*	*None Required*
Actual Amount Paid to Date	R2 831 020,61	R5 907 669,26	*R 5 907 669,26*
Number of Invoices /Certificates	*2*	*4*	*4*
Disputed Invoices / Certificates	*no*	*no*	*no*

PROJECT MANAGER:	*Lester Parnell*	**PROJECT CHAMPION:**	*Denver Damons*				
	Technical Services					***Funding Source***	
Complete Tender No. & Description	*ENG 01/2021/22 - THE WEB BASED REMOTE MONITORING OF ALL WATER AND SEWAGE INFRASTRUCTURE IN THE THEEWATERSKLOOF AREA FOR A THREE-YEAR PERIOD*					***Own***	***Other***
Service Provider	***BIGETRON***						
Commencement Date	*21/12/2021*						
Completion Date	*n/a*	**Total Contract Amount**	***Rates Based Tender.***	**Value of VO's Approved**		***None***	
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	None			**Project on Time**	yes

Date of Report	**30 July 2026**	**31 August 2026**	**30 September 2026**
Report Numbers *1,2,3*	***Collaboration Number: 1***	***Collaboration Number:2***	***Collaboration Number:3***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	N/A	N/A	N/A
Overall performance including Rand Value in terms of the Empowerment Goals	N/A	N/A	N/A
Overall Performance Incl. quality of work to date	*No work done*	*No work done*	*NO WORK DONE*
Blockages and Problemes	*No work done*	*No work done*	*No blockages with regards to performance*
Recommanded Action and Resolutions required to unblock blockages & problems	*n/a*	*n/a*	*n/a*
Actual Amount Paid to Date	R0,00	R0,00	*R 0,00*
Number of Invoices /Certificates	*0*	*0*	*0*
Disputed Invoices / Certificates	*no*	*no*	*no*

PROJECT MANAGER:A2:Q28	*Lester Parnell*	**PROJECT CHAMPION:**	*Denver Damons*				
	Technical Services					**Funding Source**	
Complete Tender No. & Description	*Three Year SLA - Groenland Water Users Association - Provision of Bulk Raw Water to Grabouw*					**Own**	**Other**
Service Provider	***Groenland Water Users Association***						
Commencement Date	*12-Nov-24*	**Total Contract Amount**	***R 1 200 000,00***	**Value of VO's Approved**		***None***	
Completion Date	*12-Nov-27*						
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	None			**Project on Time**	yes

Date of Report		**31 July 2026**	**31 August 2026**	**30 September 2026**
Report Numbers	*1,2,3*	***Collaboration Number: 1***	***Collaboration Number: 2***	***Collaboration Number: 3***
Indicate the Empowerment Goals that were set		N/A	N/A	N/A
Overall performance including Rand Value in		N/A	N/A	N/A
Overall Performance Incl. quality of work to date		*Overall performance and deliverables is gradually increasing with specific focus on*	*Overall performance and deliverables has been reached in terms of the contract with regards to quality and delivery.*	*Overall performance and deliverables is good.*
Blockages and Problemes		*none*	*none*	*none*
Recommanded Action and Resolutions required to unblock blockages & problems		*None Required*	*None required*	*None required*
Actual Amount Paid to Date		R0,00	R54 766,35	*R 54 766,35*
Number of Invoices /Certificates		*0*	*1*	*1*
Disputed Invoices / Certificates		*no*	*no*	*no*

PROJECT MANAGER:	*Lester Parnell*		**PROJECT CHAMPION:**	*Denver Damons*			
	Technical Services					**Funding Source**	
Complete Tender No. & Description	*LUKHOZI - DAMAGED PAVILLION AT THE CALEDON SPORTFIELD - TECH 01/2022/23*					***Own***	***Other***
Service Provider	***LUKHOZI***						
Commencement Date	*01-Jun-25*	**Total Contract Amount**	***R 169 916,00***	**Value of VO's Approved**		***None***	
Completion Date	*30-Jun-26*						
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	30-Jun-27			**Project on Time**	yes
Date of Report		**31 July 2026**	**31 August 2026**	**30 September 2026**			
Report Numbers	*9,10,11*	***Collaboration Number:9***	***Collaboration Number:10***	***Collaboration Number:11***			
Indicate the Empowerment Goals that were set for this		N/A	N/A	N/A			
Overall performance including Rand Value in terms of the		N/A	N/A	N/A			
Overall Performance Incl. quality of work to date		*Physical project is late due to tax compliance by preferred bidders*	*Physical project is late due to tax compliance by preferred bidders. Another bidder was approached due to TAX issues by the first*	*Contract is well underway.*			
Blockages and Problemes		*None*	*None*	*New design details of joints were required that was found to be discovered during construction only. This will form part of the contingency plan.*			
Recommanded Action and Resolutions required to unblock		*n/a*	*n/a*	*n/a*			
Actual Amount Paid to Date		R72 417,39	R107 780,36	*R 107 780,36*			
Number of Invoices /Certificates		*2*	*3*	*3*			
Disputed Invoices / Certificates		*no*	*no*	*no*			

PROJECT MANAGER:	*Lester Parnell*		**PROJECT CHAMPION:**	*Denver Damons*		
	Technical Services				***Funding Source***	
Complete Tender No. & Description	*UPGRADING THE CALEDON PAVILLION - ENG 04/2025/26*				***Own***	***Other***
Service Provider	***DYNAMIC R CONSULTANTS***					
Commencement Date	*30/04/2026*	**Total Contract Amount**	***R 1 030 062,94***	**Value of VO's Approved**	***None***	
Completion Date	*30/09/2026*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	N/A		**Project on Time**	yes
Date of Report	**31 July 2026**		**31 August 2026**		**30 September 2026**	
Report Numbers *3,4,5*	***Collaboration Number:3***		***Collaboration Number:4***		***Collaboration Number:5***	
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	N/A		3		3	
Overall performance including Rand Value in terms of the			7300		7300	
Overall Performance Incl. quality of work to date	*Overall performance is good*		*Overall performance is good*			
Blockages and Problemes	*No blockages have been encountered yet. Project will be rolling over to the 2026/27 FY due to late appointment. Contractor is onsite busy with preparation of the steel work.*		*Contractor experienced delays in delivery of steel. The Structural steel Engineer approved the delay as it was not material and requested the contractor to submit a revised program, which he did. New closing date is 11 September 2026*		*New design drawings were required and issued during the final phase of the project due to unforeseen circumstances that could only be discovered with this last phase. New closing date is 09 October 2026*	
Recommanded Action and Resolutions required to unblock	*n/a*		*n/a*			
Actual Amount Paid to Date	R300 000,00		R300 000,00		*R 318 183,40*	
Number of Invoices /Certificates	*1*		*1*		*2*	
Disputed Invoices / Certificates	*no*		*no*		*no*	

PROJECT MANAGER:	*Lester Parnell*		**PROJECT CHAMPION:**	*Denver Damons*		
	Technical Services				***Funding Source***	
Complete Tender No. & Description	*DESIGN, MANUFACTURE AND CONSTRUCTION OF STRUCTURALL STEEL PORTAL FRAME STRUCTURE - GRABOUW TAXI RANK - ENG06/2026/25*				***Own***	***Other***
Service Provider	***LIMIT STATE CONSTRUCTION***					
Commencement Date	*15/04/2026*	**Total Contract Amount**	***R 1 445 733,00***	**Value of VO's Approved**	***None***	
Completion Date	*30/04/2026*					
Adjusted Contract Amount	*R 1 301 710,29*	**Adjusted Completion Date**	09-Oct-26	**Project on Time**	yes	

Date of Report		**31 July 2026**	**31 August 2026**	**30 September 2026**
Report Numbers	*3,4,5*	***Collaboration Number:3***	***Collaboration Number:4***	***Collaboration Number:5***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy		7 local employees	7 local employees	7
Overall performance including Rand Value in terms of the		R57000	R57000	57000
Overall Performance Incl. quality of work to date		*Overall performance is good*	*Overall performance is good*	*Overall performance is good*
Blockages and Problemes		*No blockages have been encountered yet. Project will be rolling over to the 2026/27 FY due to late appointment.*	*No blockages have been encountered yet. Project will be rolling over to the 2026/27 FY due to late appointment. Contractor have excavated all foundations.*	*Project reached practical completion phase. During snag list we discovered structural snags that requires additional work a to be fixed. Contractor did claim for extension of time for adverse weather, steel daleys and Underground services not on any plans or drawings.*
Recommanded Action and Resolutions required to unblock		*n/a*	*n/a*	*n/a*
Actual Amount Paid to Date		R449 900,00	R1 301 040,94	*R 1 301 040,94*
Number of Invoices /Certificates		*1*	*3*	*3*
Disputed Invoices / Certificates		*no*	*no*	*no*

ITEM TITLE

C252/2026 DIRECTORATE TECHNICAL- AND INFRASTRUCTURE IMPLEMENTATION SERVICES: REPORTING ON PERFORMANCE OF CONTRACTORS: JULY – SEPTEMBER 2026 (ELECTRICAL SERVICES)

[English version of the report is the original]

FILE NUMBER

8/2/3/5/5

PURPOSE OF REPORT

To present a report to Council in terms of the contract and performance management of the Technical- and Infrastructure Implementation Services Departments contractors for the period from July - September 2026 to ensure the municipality receives value for money and that contracts are completed on time and within the approved budget.

BACKGROUND

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

The accounting officer of a municipality or municipal entity must –

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

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

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

DISCUSSION

Reporting pattern of Technical- and Infrastructure Implementation Services:

Department:	July 2026	August 2026	September 2026
Technical- and Infrastructure Implementation Services	Submitted	Submitted	Submitted

Find attached checklists consisting of the summaries done for the Directorate Technical- and Infrastructure Implementation Services.

COMMENTS FROM THE DIRECTORATE TECHNICAL AND INFRASTRUCTURE IMPLEMENTATION SERVICES

Report noted.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

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

LEGAL IMPLICATIONS (ITEM AUTHOR)

Chapter 8 Municipal Finance Management Act. 56 of 2003.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Not applicable.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended that Council takes cognisance of the report.

Contract Manager	*M Theunissen*		**Contract Owner**	*Z Benjamin*		
Directorate	**Electrical Services**				***Funding Source***	
Complete Tender No & Description	*TECH01/2022/23 Appointment of Consulting Eng for Tender ELEC 04/2024/25 Electrification Informal houses in Riemvasmaak Caledon*				***Own***	***Other***
Service Provider	***Lyners Consulting Eng***				*INEP*	
Commencement Date	*19-Jul-24*	**Total Contract Amount (Vat incl.)**	***R3,567,383.00***	**Value of Expansions Approved (Vat excl.)**	***R0.00***	
Completion Date	*30-Jun-27*					
Adjusted Contract Amount		**Adjusted Completion Date**	*30-Jun-26*		**Project on Time**	YES

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***23***	***24***	***25***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*In terms of TECH 01*	*In terms of TECH 01*	*In terms of TECH 01*
Overall performance including Rand Value in terms of the Empowerment Goals	*Good*	*Good*	*Good*
Overall Performance incl. quality of work to date	*The Consultant's performance has been satisfactory to date*	*The Consultant's performance has been satisfactory to date*	*The Consultant's performance has been satisfactory to date*
Blockages and Problemes	*Subject to rollover and riemvasmaak site readiness*	*Subject to rollover and riemvasmaak site readiness*	*Subject to rollover and riemvasmaak site readiness*
Recommanded Action and Resolutions required to unblock blockages & problems	*rollover to be granted and housing related civil works to be implemented before electrification can be implemented and funds can be further spent*	*rollover to be granted and housing related civil works to be implemented before electrification can be implemented and funds can be further spent*	*rollover to be granted and housing related civil works to be implemented before electrification can be implemented and funds can be further spent*
Actual Amount Paid to Date (Vat excl.)	*R 405,805.49*	*R 405,805.49*	*R 405,805.49*
Number of Invoices /Certificates	*2*	*2*	*2*
Disputed Invoices / Certificates	*None*	*None*	*None*

Contract Manager	*M Theunissen*		**Contract Owner**	*Z Benjamin*		
Directorate	**Electrical Services**				**Funding Source**	
Complete Tender No. & Description	*ELEC 04/2024/25 Electrification of informal houses Riemvasmaak Caledon*				**Own**	**Other**
Service Provider	***Adenco Construction***				*OWN*	
Commencement Date	*19-Mar-25*	**Total Contract Amount (Vat incl.)**	***R3,647,339.15***	**Value of Expansions Approved (Vat excl.)**	***R0.00***	
Completion Date	*30-Jun-27*					
Adjusted Contract Amount		**Adjusted Completion Date**	*30-Jun-26*		**Project on Time**	YES

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***16***	***17***	***18***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*As per special conditions of ELEC 04/2024/25*	*As per special conditions of ELEC 04/2024/25*	*As per special conditions of ELEC 04/2024/25*
Overall performance including Rand Value in terms of the Empowerment Goals	*Good*	*Good*	*Good*
Overall Performance incl. quality of work to date	*The Consultant's performance has been satisfactory to date*	*The Consultant's performance has been satisfactory to date*	*The Consultant's performance has been satisfactory to date*
Blockages and Problemes	*Subject to rollover and riemvasmaak site readiness*	*Subject to rollover and riemvasmaak site readiness*	*Subject to rollover and riemvasmaak site readiness*
Recommanded Action and Resolutions required to unblock blockages & problems	*rollover to be granted and housing related civil works to be implemented before electrification can be implemented and funds can be further spent*	*rollover to be granted and housing related civil works to be implemented before electrification can be implemented and funds can be further spent*	*rollover to be granted and housing related civil works to be implemented before electrification can be implemented and funds can be further spent*
Actual Amount Paid to Date (Vat excl.)	*R 2,092,383.04*	*R 2,092,383.04*	*R 2,092,383.04*
Number of Invoices /Certificates	*3*	*3*	*3*
Disputed Invoices / Certificates	*None*	*None*	*None*

Contract Manager	*M Theunissen*		**Contract Owner**	*Z Benjamin*		
Directorate	**Electrical Services**				***Funding Source***	
Complete Tender No. & Description	*TECH01/2022/23 Appointment of Consulting Eng for Electrification of Destiny in Villiersdorp*				***Own***	***Other***
Service Provider	***Lyners Consulting Eng***				*INEP*	
Commencement Date	*19-Jul-24*	**Total Contract Amount (Vat incl.)**	***R3,567,383.00***	**Value of Expansions Approved (Vat excl.)**	***R0.00***	
Completion Date	*30-Jun-27*					
Adjusted Contract Amount		**Adjusted Completion Date**			**Project on Time**	YES

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***1***	***2***	***3***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*In terms of TECH 01*	*In terms of TECH 01*	*In terms of TECH 01*
Overall performance including Rand Value in terms of the Empowerment Goals	*Good*	*Good*	*Good*
Overall Performance Incl. quality of work to date	*The Consultant's performance has been satisfactory to date*	*The Consultant's performance has been satisfactory to date*	*The Consultant's performance has been satisfactory to date*
Blockages and Problemes	*None*	*None*	*None*
Recommanded Action and Resolutions required to unblock blockages & problems	*Pre-Engineering funds allocated from INEP.*	*Pre-Engineering funds allocated from INEP.*	*Pre-Engineering funds allocated from INEP.*
Actual Amount Paid to Date (Vat excl.)	*R 0.00*	*R 0.00*	*R 0.00*
Number of Invoices /Certificates	*0*	*0*	*0*
Disputed Invoices / Certificates	*None*	*None*	*None*

ITEM TITLE

C253/2026 DIRECTORATE COMMUNITY SERVICES: WASTE COLLECTION SERVICES EXPANSION PLAN FOR INFORMAL SETTLEMENTS - 4th QUARTER 2025/2026

[English version of the report is the original]

FILE NUMBER

16/5/2/R

PURPOSE OF REPORT

The purpose of this item is to inform Management and the EMC of the Waste Collection Services Expansion Plan for Informal Settlements, the progress made with the implementation thereof, and the corrective measures being undertaken in response to the Internal Audit finding relating to KPI D123 under the 4th Quarter 2025/2026 Performance Management Audit.

BACKGROUND

Theewaterskloof Municipality has 40 informal settlements, comprising approximately 22,201 structures, distributed across the municipal area as follows:

TOWN	NUMBER OF INFORMAL SETTLEMENTS
Grabouw	18
Villiersdorp	13
Botrivier	2
Riviersonderend	2
Caledon	2
Genadendal	3
Total	**40**

The provision of sustainable waste management services within informal settlements remains a significant challenge due to narrow access routes, high population densities, inadequate infrastructure, illegal dumping and limited municipal machinery and equipment.

The Municipality's existing machinery is shared with other service delivery functions, including roads, stormwater, water and sanitation. This affects the availability of dedicated machinery to address illegal dumping and waste removal in informal settlements on a regular and sustainable basis.

The Waste Collection Services Expansion Plan promotes a community-centred and integrated approach to waste management. The approach extends beyond basic waste collection and incorporates waste minimisation, recycling, composting, community participation and local economic opportunities.

The Plan is aligned with the principles of the National Waste Management Strategy (NWMS) 2020, including the waste hierarchy of reduce, reuse and recycle, the expansion of waste collection services and the promotion of a circular economy.

DISCUSSION

1. WASTE SERVICE EXPANSION PLAN

The Waste Collection Services Expansion Plan focuses on the following key areas:

1.1 Infrastructure and Service Provision

1.1.1. Establishment of decentralised communal waste collection points in accessible and safe locations;
1.1.2. Provision of adequate and durable waste containers;
1.1.3. Provision of sufficient refuse bags based on actual waste generation;
1.1.4. Improvement and maintenance of roads and pathways to facilitate waste collection; and
1.1.5. More frequent and reliable removal of waste from illegal dumping sites.

1.2 Community Engagement and Empowerment

The Plan adopts a bottom-up approach through:

1.2.1. Involvement of residents and community-based organisations in planning and implementation;
1.2.2. Community education and awareness programmes;
1.2.3. Promotion of proper waste disposal, separation at source and recycling; and
1.2.4. Encouragement of community ownership and responsibility for maintaining clean environments.

1.3 Economic Opportunities

The Plan provides for the potential integration of informal waste pickers into formal waste management systems through training, equipment and potential contractual arrangements.

It further supports local recycling contractors and community-led social enterprises that may create income-generating opportunities through recycling, composting and related initiatives.

2. INTERNAL AUDIT FINDING – KPI D123

As part of the 4th Quarter 2025/2026 Performance Management Audit, Internal Audit reviewed the supporting evidence against the actual performance recorded on the SDBIP.

Internal Audit identified six KPIs where, in its opinion, the evidence did not agree with the actual achievement recorded on the SDBIP. One of the identified KPIs pertaining to the Directorate: Community Services was:

KPI Ref.	Actual on SDBIP	Actual Recalculated by Internal Audit	KPI	Directorate
D123	1	0	Develop the Waste Service Expansion Plan and submit it to the 28 Portfolio Committee by February	Community Services

The finding was considered against the requirements of the Performance Management Policy, specifically:

- Paragraph 9.3.6, which requires the evidence to speak to the actual performance achieved and confirm the actual report; and
- Paragraph 14.5, which requires reported performance results to be a true reflection of the results contained in the performance management system.

The Internal Audit finding identifies incorrect calculation/reporting of actual and possible changes in the performance management system as contributing factors, with the risk of non-compliance with the Performance Management Policy and inaccurate performance reporting.

3. MANAGEMENT RESPONSE AND CORRECTIVE ACTION

Management agrees with the Internal Audit findings and recommendation pertaining to KPI D123.

The Waste Expansion Plan was submitted to Ashley Hendricks on 07 July 2026, as required in terms of the FRP Implementation Plan for reporting purposes.

The Plan is also intended to be subject to dual reporting, with the relevant reporting to be submitted to Management and the EMC.

The corrective action is therefore to ensure that:

1. The Waste Service Expansion Plan and supporting evidence are properly retained and made available for audit purposes;
2. The submission and reporting of the Plan are reflected accurately on the performance management system;

3. Evidence submitted for performance reporting clearly corresponds with the actual achievement recorded on the SDBIP;
4. The Waste Expansion Plan is included in the appropriate reporting cycle to the Community Services Portfolio Committee; and
5. Future SDBIP actuals are verified against the available supporting evidence before being finalised on the performance management system.

This corrective action is intended to strengthen the alignment between reported performance, supporting evidence and actual achievement, thereby addressing the Internal Audit concern.

4. FLEET AND EQUIPMENT

A significant component of the Waste Collection Services Expansion Plan is the provision of dedicated machinery for the removal of waste from illegal dumping sites.

The Municipality identified the need for dedicated machinery because existing equipment is shared across various service delivery functions, which limits the Municipality's ability to address illegal dumping consistently.

The initial fleet requirement identified in the Plan included:

- Two (2) front-end loaders;
- Two (2) 5m³ tipper trucks; and
- One (1) 4-ton truck.

The acquisition of this fleet is intended to improve the Municipality's capacity to address illegal dumping, reduce service delivery backlogs and improve public health and environmental conditions.

5. IMPLEMENTATION PROGRESS

As part of the implementation of the initiative, two tipper trucks (FAW-15.220 FD) and two front-end loaders (GIANT-G958) were procured and funded through the Municipal Infrastructure Grant (MIG).

These specialised vehicles are dedicated to the identified 40 informal settlements, with the objective of enabling more frequent and efficient removal of solid waste from illegal dumping sites.

The Municipality has committed to assuming responsibility for the maintenance costs of the new fleet to ensure the sustainability of the investment and continued service delivery.

6. EXPECTED BENEFITS

The implementation of the Waste Collection Services Expansion Plan is expected to contribute towards:

1. Improved waste collection services in informal settlements;
2. Reduction of illegal dumping;
3. Improved public health and environmental conditions;
4. Cleaner and safer communities;
5. Increased municipal capacity to respond to waste-related service delivery demands;
6. Greater community participation and ownership;
7. Increased opportunities for recycling and waste minimisation;
8. Potential local economic development and employment opportunities; and
9. Improved living conditions and dignity for residents of underserved communities.

The Plan seeks to establish reliable, sustainable and community-centred waste services through collaboration between the Municipality, residents and relevant community stakeholders.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The acquisition of the additional fleet was funded through the Municipal Infrastructure Grant (MIG).

The Municipality is responsible for the ongoing maintenance costs associated with the new fleet.

Any further financial requirements arising from the implementation and expansion of waste collection services will be managed through the Municipality's approved budget and applicable external funding mechanisms.

LEGAL IMPLICATIONS (ITEM AUTHOR)

The Waste Collection Services Expansion Plan supports the Municipality's responsibility to provide sustainable waste management services and promote appropriate waste management practices within communities.

The Plan is aligned with the principles of the National Waste Management Strategy (NWMS) 2020.

The incorporation of the Internal Audit corrective action further supports compliance with the Municipality's Performance Management Policy, specifically the requirement that reported performance must be supported by appropriate evidence and accurately reflect actual achievement.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

The implementation of the Waste Collection Services Expansion Plan is intended to mitigate risks associated with illegal dumping, inadequate waste collection services, environmental pollution and public health hazards within informal settlements.

The Internal Audit finding relating to KPI D123 also highlights the risk of inaccurate performance reporting where supporting evidence does not correspond with the actual recorded on the SDBIP.

Corrective measures will therefore strengthen the alignment between supporting evidence, actual performance and reported performance, thereby reducing the risk of non-compliance with the Performance Management Policy.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that Management:

1. **Take notice of the Waste Collection Services Expansion Plan for Informal Settlements;**

2. **Take notice of the challenges experienced by the Municipality in providing sustainable waste management services to the 40 informal settlements;**

3. **Take notice of the progress made towards strengthening waste collection services through the acquisition and dedicated allocation of waste management fleet;**

4. **Take notice of the Internal Audit finding relating to KPI D123, where the actual recorded on the SDBIP was 1 and the actual recalculated by Internal Audit was 0;**

5. **Take notice that Management has agreed with the Internal Audit findings and recommendations and has undertaken corrective measures to ensure that the Waste Service Expansion Plan, supporting evidence and reported performance are accurately aligned;**

6. **Take notice that the Waste Expansion Plan was submitted to Ashley Hendricks on 07 July 2026 in accordance with the FRP Implementation Plan for reporting purposes; and**

7. **Take notice that the Plan will be incorporated into the appropriate Community Services Portfolio Committee reporting process to strengthen oversight, monitoring and reporting of the Municipality's waste service expansion initiatives.**

RESOLVED BY MANAGEMENT: 09 SEPTEMBER 2026

Management resolved that the agenda-item be referred to the next Management meeting for discussion.

RECOMMENDATION BY MANAGEMENT TO COUNCIL: 28 SEPTEMBER 2026

1. **Management takes cognizance of the Waste Collection Services Expansion Plan for Informal Settlements;**

2. **Management takes cognizance of the challenges experienced by the Municipality in providing sustainable waste management services to the 40 informal settlements;**

3. **Management takes cognizance of the progress made towards strengthening waste collection services through the acquisition and dedicated allocation of waste management fleet;**

4. **Management takes cognizance of the Internal Audit finding relating to KPI D123, where the actual recorded on the SDBIP was 1 and the actual recalculated by Internal Audit was 0;**

5. **Management agreed with the Internal Audit findings and recommendations and has undertaken corrective measures to ensure that the Waste Service Expansion Plan, supporting evidence and reported performance are accurately aligned;**

6. **Management takes cognizance that the Waste Expansion Plan was submitted to Ashley Hendricks on 07 July 2026 in accordance with the FRP Implementation Plan for reporting purposes; and**

7. **Management takes cognizance that the Plan will be incorporated into the appropriate Community Services Portfolio Committee reporting process to strengthen oversight, monitoring and reporting of the Municipality's waste service expansion initiatives.**

8. **Management recommends that the Waste Collection Services Expansion Plan for Informal Settlements be referred to Council for cognizance.**

RECOMMENDATION TO COUNCIL:

It is recommended that Council takes cognizance of the Waste Collection Services Expansion Plan for Informal Settlements.

THEEWATERSKLOOF FINDING RESPONSE FORM

2026-001 PERFORMANCE MANAGEMENT 4TH QUARTER 2025/2026 AUDIT

1. SUPPORTING EVIDENCE VS ACTUAL ACHIEVEMENT COMPLETED ON IGNITE

<table>
<tr><th>Finding / Condition</th><th>Possible Cause</th><th>Impact / Risk</th><th>Audit Recommendation</th><th>Management comment / Corrective action</th></tr>
<tr>
<td>
Background: According to the Performance Management Policy, Paragraph 9.3.6: The POE should speak to the actual performance achieved and confirm the actual as was updated.

According to the Performance Management Policy, Paragraph 14.5: The performance results reported should be a true reflection of the results reported in the performance management system.

Finding: Internal Audit recalculated the actuals of the KPI's selected for the audit, based on the evidence available. There were 6 KPI's where IA is of the opinion that the evidence does not agree with the actual completed on the SDBIP:
<table>
<tr><th>KPI Ref</th><th>Actual on SDBIP</th><th>Actual recalculated by IA</th><th>KPI Name</th><th>Directorate</th></tr>
<tr><td>TL53</td><td>3</td><td>0</td><td>Submit monthly reports for Financial Services regarding the implementation of FRP together with supporting documentation</td><td>Community Services</td></tr>
<tr><td>D123</td><td>1</td><td>0</td><td>Develop the Waste Service Expansion Plan and submit to 28 Portfolio Committee by February</td><td>Community Services</td></tr>
<tr><td>D38</td><td>2</td><td>4</td><td>Submit reports to Management on the progress made with regards to the implementation of</td><td>Financial Services</td></tr>
</table>
</td>
<td>Oversight

Incorrect calculation of actuals

Change in performance management system

Non-Compliance to the Performance Management Policy</td>
<td>Lack of service delivery due to performance not optimal / Incorrect performance reported.

Misalignment and manipulation of performance information.</td>
<td>End Users should ensure that the actuals are calculated correctly.</td>
<td>
MANAGEMENT AGREE WITH AUDIT FINDING:

YES ✓
NO

MANAGEMENT AGREE WITH AUDIT RECOMMENDATION

YES ✓
NO

IF NO: I ACCEPT THE RISK

IF YES:

ACTION DATE: 28.08.2026

PERSON RESPONSIBLE: Wilfred Schrevian Evan Solomons-Johannes

POSITION: Director: Community Services

CORRECTIVE ACTION:

TL53: Inadvertently uploaded report for August 2026 instead of August 2026, however, reports available for audit but the system
</td>
</tr>
</table>

			Audit Action Plan					
D75	5	4	Submit a quarterly report to Management on staff movement	Corporate Services				
D82	5	4	Submit quarterly report to Management on the implementation of Individual Performance Management	Corporate Services				
D262	4	3	Submit quarterly report to the Portfolio Committee on Property Management Activities	Economic Developme nt and Planning				

is closed.

D123: Waste Expansion Plan submitted to Ashley Hendricks 07.07.2026 as required by FRP Implementation Plan for reporting. Dual reporting to be submitted to be submitted to Community Services Portfolio Committee.

ITEM TITLE

C254/2026 DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING: DEPARTMENT HUMAN SETTLEMENTS: IRREGULAR EXPENDITURE REPORT - ASLA CONSTRUCTION 2023/2024

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

For Irregular Expenditure Report - Asla Construction for the 2023/2024 financial year.

BACKGROUND

See attached Annexure.

DISCUSSION

See attached Annexure.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

See attached Annexure.

LEGAL IMPLICATIONS (ITEM AUTHOR)

See attached Annexure.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

See attached Annexure.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that Management consider whether this irregular expenditure be referred to MPAC for its recovery assessment as contemplated in section 32(2) of the MFMA.

DISCUSSION DURING THE MEETING: 06 OCTOBER 2026

Mr A Riddles - The irregular status of the ASLA contract and its potential impact on the Destiny Project needs to be discussed. The irregularity arose from a technical issue concerning the piggy backing arrangement, which had been the subject of discussions between National Treasury, the Auditor-General and the Municipality. The matter related, among other things, to the interpretation of the piggy backing provisions and the scope and additional projects included in the arrangement.

I need clarity regarding how the irregular status of the ASLA contract would affect the Destiny Project, particularly as the irregularity was not considered to relate to any recovery or recommendation. What aspects of the matter would ultimately be determined by MPAC?

Mr W Hendricks - Based on the explanation provided, the matter may not fall within the mandate of MPAC, as MPAC's role is primarily to consider recovery or write-off. National Treasury and the Auditor-General had indicated that MPAC should determine whether an amount should be recovered or written off.

The matter could be considered at a management meeting comprising the Municipal Manager and Directors. Management would consider whether the item, as well as the subsequent item, falls within MPAC's mandate, with the Accounting Officer taking responsibility for the appropriate determination and further process.

Mr GW Hermanus - A request was made that, although the recommendation may proceed to Council for consideration, an opinion or input from the Provincial Government also be obtained in respect of the recommendation before the matter is finalised.

RECOMMENDATION FROM MANAGEMENT TO COUNCIL: 06 OCTOBER 2026

Management resolved that the agenda-item is not referred to Municipal Public Accounts Committee but be referred to Council for consideration.

It is recommended that Council:

1. **Notes that the expenditure relating to the Destiny Project remains classified as irregular expenditure;**

2. **Notes that value for money was received in respect of the project and that no criminal referral is recommended in relation to the expenditure;**

3. **Notes that the Destiny Project is an ongoing project and that expenditure relating to the continuation of the project remains ongoing;**

4. **Resolves that the irregular expenditure status of the expenditure be retained, subject to the applicable legislative and regulatory requirements and the determination of the Accounting Officer;**

5. **Recommends that the irregular expenditure be considered for write-off, subject to the applicable legislative requirements and processes; and**

6. **Requests that the appropriate determination and treatment of the irregular expenditure be recorded for future reference and guidance in similar matters.**

RECOMMENDATION TO COUNCIL:

It is recommended that Council:

1. **Notes that the expenditure relating to the Destiny Project remains classified as irregular expenditure;**

2. **Notes that value for money was received in respect of the project and that no criminal referral is recommended in relation to the expenditure;**

3. **Notes that the Destiny Project is an ongoing project and that expenditure relating to the continuation of the project remains ongoing;**

4. **Resolves that the irregular expenditure status of the expenditure be retained, subject to the applicable legislative and regulatory requirements and the determination of the Accounting Officer;**

5. **Recommends that the irregular expenditure be considered for write-off, subject to the applicable legislative requirements and processes; and**

6. **Requests that the appropriate determination and treatment of the irregular expenditure be recorded for future reference and guidance in similar matters.**

Annexure:E

Irregular Expenditure Report on Supply Chain Management Non-Compliance - Asla Construction

1. Introduction

- This report has been drafted for submission to the Municipal Public Accounts Committee (MPAC) in accordance with section 32 of the Municipal Finance Management Act 56 of 2003 (MFMA) and regulation 74 of the Municipal Budget and Reporting Regulations.
- This report focuses on irregular expenditure incurred due an audit finding by the Auditor General SA for the 2023/2024 financial year.
- The report analyses the expenditure incident and the events that led to the irregular expenditure, identifies the responsible officials, and outlines the measures taken or proposed to prevent recurrence.

2. The legal implications of the report

The legal implications of this report are governed by section 32 of the MFMA, which mandates the identification, reporting, and management of unauthorised, irregular, fruitless, and wasteful expenditure (UIFWE).

3. Type of UIFWE applicable to this report

The type of UIFWE applicable to this report is irregular expenditure incurred due to non-compliance with supply chain management regulations, specifically the failure to follow competitive bidding procedures for transactions above the prescribed threshold.

4. Discussion of events/ reasons that led to the UIFWE

Theewaterskloof Municipality ("the Municipality") entered into an Implementing Agent Agreement with ASLA Construction ("ASLA"), referenced as DEV 06/2012/13, during December 2012 for the implementation of the Villiersdorp Destiny Farm Project. The agreement provided the contractual framework under which ASLA was appointed to undertake the implementation of the project on behalf of the Municipality.

During the subsequent implementation and auditing of the agreement, various findings and concerns were raised by the Auditor-General of South Africa (AGSA) relating to the administration, amendments and management of the contractual arrangement. In response to the identified concerns and to strengthen the Municipality's internal controls regarding amendments to contracts, the then Chief Financial Officer introduced Standard Operating Procedure (SOP) 02/2018/19, dated 19 March 2019.

The SOP was intended to establish a formal mechanism and procedural framework for the consideration, processing and approval of addenda and amendments to agreements concluded by the Municipality.

Following the emergence of various legal opinions and audit findings concerning, inter alia, the validity and legal status of the original Implementing Agent Agreement, the Municipality and ASLA subsequently agreed to terminate the agreement by mutual consent.

ASLA confirmed its agreement to the cancellation on 19 April 2022. The cancellation was therefore undertaken against the background of the legal and audit considerations that had arisen in relation to DEV 06/2012/13. The termination of the original agreement was intended to bring the existing contractual arrangement to an end and to provide an appropriate basis for determining how the outstanding project scope should thereafter be addressed.

Following the cancellation of the original agreement, the Municipality proceeded with a further appointment of ASLA through a deviation process in terms of Regulation 36 of the Municipal Supply Chain Management Regulations. The deviation was dated 12 May 2022.

The deviation process was undertaken as the procurement mechanism relied upon by the Municipality to secure the continued implementation of the outstanding project requirements. The relevant approval and supporting documentation formed the basis upon which the Municipality proceeded with the subsequent contractual arrangement.

Pursuant to the deviation appointment, the Municipality and ASLA concluded a Memorandum of Agreement (MOA) on 9 June 2022. The MOA consequently constituted the contractual instrument governing the relationship between the Municipality and ASLA following the cancellation of the original DEV 06/2012/13 agreement.

Auditor-General's Finding During the 2023/24 Audit

During the 2023/24 financial year audit, AGSA considered the circumstances surrounding the deviation and the subsequent MOA entered into between the Municipality and ASLA.

AGSA expressed the view that it did not concur with the reasons and/or motivation relied upon by the Municipality in support of the deviation appointment. Based on AGSA's assessment, the deviation did not sufficiently satisfy the applicable requirements for the deviation from the normal competitive procurement process.

Consequently, AGSA questioned the validity of the procurement arrangement arising from the deviation and, in particular, the resulting MOA between the Municipality and ASLA. AGSA therefore regarded expenditure incurred in terms of the MOA as irregular expenditure, on the basis that the procurement process did not comply with the applicable supply chain management requirements as interpreted and applied by AGSA.

It is important to distinguish between the Municipality's position at the time the deviation was approved and AGSA's subsequent audit conclusion. The deviation was processed and approved by the Municipality in terms of Regulation 36, and the subsequent MOA was concluded on the basis of that approved procurement process. The subsequent classification of the expenditure as irregular arose from AGSA's audit assessment of the compliance and validity of that process.

Notwithstanding the audit finding concerning the procurement process, AGSA further indicated that the Municipality should continue with the existing arrangement to ensure that the outstanding scope of the project was completed, but will remain irregular until the completion of the project scope.

Based on the AGSA audit finding, expenditure incurred under the MOA was identified for purposes of irregular expenditure reporting. The classification of such expenditure does not, in itself, constitute a finding of financial misconduct against any particular official or individual. The determination of accountability, if any, would require consideration of the circumstances, responsibilities, approvals, applicable delegations, evidence available and the relevant legislative and policy framework.

The AG however maintains that although the deviation was approved by the Accounting Officer it was not impractical to obtain price quotations in contravention with regulation 36(1)(a), which lead to irregular expenditure of R 20 666 001.75

5. Official(s) or councillor(s) responsible for the UIFWE incurred

- According to the Municipality's SCM Policy, the SCM Manager oversees the competitive bidding process and ensures compliance with all SCM prescripts.
- The CFO is responsible for oversight in terms of section 81 of the MFMA to ensure that SCM processes are adhered to and that deviations are properly documented and approved.
- Director/Deputy responsible for the Economic Development and Planning Directorate under which the Human Settlements Department resorts, is responsible for the general procurement oversight of the Department
- The Manager Human Settlement is responsible for operational implementation of SCM processes of the department

6. Why is the expenditure irregular expenditure?

- The appointment of the service provider as per the findings of the AGSA indicates that the appointment of Asla did not comply with the supply chain management prescripts, although a deviation was approved by the Accounting Officer.

7. Consideration of deliberate or negligent conduct relating to UIFWE incurred

Section 32 of the MFMA requires that consideration be given to whether irregular expenditure was incurred as a result of deliberate or negligent action or inaction by an official. This assessment is necessary to support the determination of liability and the appropriate consequence management response.

The facts presented in this report indicate a procurement process was followed in accordance with the prescribed supply chain management requirements. However was flagged as irregular by the AGSA.

There is no evidence at this stage that the SCM process was intentionally bypassed for personal gain. The available information does not suggest fraud, collusion, or any intentional misconduct related to the transaction.

On the balance of probabilities, the irregular expenditure appears to have arisen from delayed processes rather than deliberate misconduct. The conduct reflects a lapse in control and compliance oversight.

8. Mitigating controls to prevent similar UIFWE in the future

a) Formal tender process to be followed for future projects.

9. Confirmation by author of report that information in report is a true reflection of facts

I, Warren Moses, confirm that this report has been compiled based on the information, records and documentation available to me at the time of its preparation. The contents reflect my understanding of the matters based on the information at my disposal and the records made available for consideration.

It should be noted that, at the time of compiling this report, certain officials and individuals who were directly involved in the events and circumstances giving rise to the reported irregular expenditure were not available to provide input, clarification or supporting information. Accordingly, the report should be read and considered within the context of the information and documentation available to me as the author at the time of compilation and does not purport to constitute a first-hand account of matters in respect of instances were I was not directly involved.

10. Confirmation if UIFWE matter has been referred for disciplinary actions & if not, why not ?

For the consideration of MPAC

11. Measures already taken to recover the UIFWE

- N/A

12. Cost of the measures already taken to recover UIFWE

- None as yet.

13. Estimated cost & benefit of further measures that can be taken to recover the UIFWE

For consideration of MPAC

14. Annexures

Supporting documents attached to this report include:

- Auditor General Finding (COMAF 14 of 2023)
- Prevous MPAC Template
- Approved Deviation
- New MOA ALSA Construction

15. Conclusion of report

a) In conclusion, this report highlights the irregular expenditure resulting from the Audit opinion of the Auditor General

b) The analysis provided aims to ensure accountability and transparency within the Municipality's financial management practices.

c) It is recommended that MPAC recommend to Council that the amount of

R 20 666 001.62 be confirmed as irregular expenditure resulting from AGSA findings.

16. Referral of report to the MPAC

This report is hereby referred to the MPAC for its UIFWE recovery assessment as contemplated in section 32(2) of the MFMA.

Report compiled by:	Date:	Designation:	Signature:
Mr W Moses		Manager: Human Settlements	

Report approved by:	Date:	Designation:	Signature:
Ms N Baliso		Director: Economic Development & Planning	28/09/2026

Report authorised for ~~MPAC~~ referral by: Council	Date:	Designation:	Signature:
Mr W Hendricks	06/10/2026	Municipal Manager	

COMAF 14

AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
Theewaterskloof Municipality
PO Box 24
Caledon
7230

09 November 2023

Reference: Communication No.14 of 2023

Dear Mr. W Solomons-Johannes

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

Background

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

Required

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

Yours sincerely
Unathi Mnqanqeni
Senior Manager: Western Cape

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

Acknowledgement of receipt by management:

Received by _____ Date _____

DETAILED AUDIT FINDING

Procurement and contract management – Deviation not justifiable – ASLA Construction (Pty) Ltd

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

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

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

(1) A supply chain management policy may allow the accounting officer to procure goods or services for the municipality or municipal entity under a contract secured by another organ of state, but only if-

(a) the contract has been secured by that organ of state by means of a competitive bidding process applicable to that organ of state;

(b) the municipality or entity has no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits for the municipality or entity to do so; and

(d) that the other organ of state and the provider have consented to such procurement in writing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Internal control deficiency

Financial and Performance Management

Review and monitor compliance with applicable legislation

Management followed a deviation process to ovoid future irregular expenditure.

Recommendation

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

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

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

Management response

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

Name: Paul Mabhena
Position: Act. CFO
Date: 16/11/2023

Auditor's conclusion:

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

ASLA CONSTRUCTION PTY (LTD)

SECTION 32 TEMPLATE

ANNEXURE A

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

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

1

What was the initial Purpose of the contract
The appointment of an Implementing Agent for the Low-Cost Housing Developments in the town of Villiersdorp

2

Initial Scope of Contract and if uncertain please explain
Berg en Dal insitu upgrade of 182 erven Destiny Farm servicing of approximately 1800 erven, the construction of which, are not subject to the construction of a 2ML reservoir. Housing top structures as may be supported by the Department of Infrastructure (DOI) as well as related bulk services. Relocation of people currently residing in informal settlements in Destiny Upgrading of Phukom, Goniwe Park, Protea Heights and Westside in line with the Super-Blocking strategy of DOI

3

Initial Contract Value and if uncertain please explain
Contract value estimated at R 315 196 183.21 subject to funding approval from DOI

4

Initial Expiry Date and if uncertain please explain
30 June 2025

ANNEXURE A

5

Was normal SCM Process followed and complied with		
Yes X	no	Uncertain
Explain of motivate your response		
Deviation approval obtained (attached) Signed MOA (Attached)		

6

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

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes X	No	Uncertain
Explain or motivate your response		
Deviation approval obtained (attached) Signed MOA (Attached)		

8

Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with		
Yes X	No	Uncertain
Motivate or explain your response		
Deviation approval obtained (attached) Signed MOA (Attached)		

9

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

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

10

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

11

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

12

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

14

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

ANNEXURE A

15

What remedies have been put in place to prevent any non-compliance being repeated		
Yes X	No	Uncertain
Explain or motivate your response above		
Monthly contract reporting to be monitored to ensure compliance in terms of completion date of contracts. Adherence to SOP 02/2018/19 relating to processes to be followed when entering into Addendums with Asla.		

16

General or additional Comments of the Director Concerned	
Marie Baloi	28/08/2024
Signature of Director Concerned	Date

17

General Comments/Findings and recommendations of the CFO	
	02/04/2024
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	
Marie Baloi	
Signature of the Director concerned	Date 28/08/2024

20

General Comments and findings of the Municipal Manager	
1.	
M.A.E. Adamson	04.04.2024
Signature of the Municipal Manager	Date

(1) Irregular expenditure will reflect until such time the project is completed as well as with delays in implementation affecting timelines, scope and costs.

(2) Review stages/phases of projects to suspend or terminate project to prevent any further irregular expenditure mitigating/avoiding audit findings.

APPROVED DEVIATION

Theewaterskloof Municipality

THEEWATERSKLOOF MUNICIPALITY

Office of the Director: Financial Services

SUPPLY CHAIN MANAGEMENT POLICY

REQUEST FOR DEVIATION FORM IN TERMS OF REGULATION 36

Section A

Reg. 36	Reason for Deviation	(Mark with X where applicable)
(1)(a)(i)	**In an Emergency; (An emergency is an unforeseeable sudden event with harmful or potential harmful consequences for the municipality which requires urgent action to address.)**	
	Circumstances that warrant emergency dispensation Circumstances that warrant emergency dispensation includes but are not limited to -	
	a) the possibility of human injury or death,	
	b) the prevalence of human suffering or deprivation of rights,	
	c) the possibility of damage to property, or suffering and death of livestock and animals, the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the municipality as a whole, the possibility of serious damage occurring to the natural environment,	
	d) the possibility that failure to take necessary action may result in the municipality not being able to render an essential community service,	
	e) the possibility that the security of the state could be compromised.	
The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal tender process.		
(ii)	**Sole supplier**	
(iii)	**Acquisition of special works of art or historical objects where specifications are difficult to compile.**	
(iv)	**Acquisition of animals for zoos and/or nature and games reserves.**	
(v)	**Any other exceptional case where it is impractical or impossible to follow the official procurement processes.**	X

Section B

Furnish and motivate reasons for the required deviation:

Deviation required:

The deviation required is to allow ASLA to proceed with the work related to:

1. Implementation of Berg en Dal-insitu upgrade of 182 erven
2. Destiny- servicing of approximately 1800 erven which are not subject to the construction of a reservoir This includes housing top structures as may be supported by the DoHS as well as related bulk services.

   (the 1800 are to be implemented in phases)
3. Relocation of people currently residing in the informal settlements to Destiny.
4. Upgrading of Phukom, Goniwe Park, Protea Heights and West Side in line with the Super-blocking strategy which entails clearing of Road reserves and provision of Basic Services.

Impracticality:

It is impractical or impossible to follow the official procurement processes due to the following reasons:

In December 2012, the Theewaterskloof Municipality has appointed ASLA Construction (PTY) LTD as a Turnkey Housing Implementation Agent via SCM Regulation 32.

terrain conditions, it is impossible to provide access roads for emergency vehicles.

There are also other older informal settlements informal settlements that do not have access to the minimum level of basic services prescribed.

Risk

The following risk has been identified if immediate action towards the implementation of the Destiny Project is delayed:

- Funding being lost of shifted out due to the contractual issue being unresolved
- Invasion of the Destiny site, rendering planning mostly fruitless
- Containment of current settlements - limited
- Community Conflict/ Protest / Unrest
- Damage to property (municipal and private)
- Reputational damage to the Municipality
- Rights of the community as it pertains to basic services.

Financial Implication

- Servicing of Sites =R 47 241 per site (April 22 Subsidy Quantum)
- Top Structures = R 141 294 per top structure (April 22 Subsidy Quantum)
- Upgrading of informal settlement= R59 092 per HH (April 22 Quantum)

The rates exclude extra over items not covered by the Geotechnical variance calculator including additional costs associated with required link and or bulk services for which motivations must be submitted to DoHS.

In total the following estimated amounts are attached to this deviation request

1. Destiny Sewer Pumpstation - R2 800 000 million (Annexure A)
   (Escalations to be taken into account)
2. Berg en Dal in-situ upgrade - R13 193 264.00(Annexure B)
   (revision /correction pending as submitted to provincial department)
3. Destiny – R162 402 919.21(Annexure C)
4. Super blocking of informal settlements and related servicing costs to the Villiersdorp Informal Settlements (Annexure D) - 136 800 000.00 (based on 3000 opportunities)
   (Values related to 4 based on actual cost of project of similar size and scope- @ +/- 46 600 per site)

- *The above is subject to readiness, funding and variations owing to ground conditions.*

RECOMMENDATIONS:

- Asla Construction (PTY) LTD to be appointed as Implementation Agent for the nominated projects, namely: Bergendal, Destiny Sewer Pumpstation, Destiny Farm (±1800 erven), Upgrading/Super blocking of the informal settlements (Goniwe Park, Phukom, West side, Protea Heights)
- Conclude an Addendum, prior to commencement of construction, per project on confirmation of funding together with an implementation program and Cash flow
- Apply the Standard Operating Procedure as instated for the Asla Construction contract DEV/06/2012/13 to civil construction resulting from the new Agreement, to be concluded.
- Appropriate Governance as well as measures to ensure cost effectiveness must be included in the Agreement.

Annexures: Please attached all relevant proof, i.e. quotes, sole provider, etc.

SCM Deviations

6. Received by SCM	Name	Signature	Date
7. SCM Comments:			
Reviewed by:	Name	Signature	Date
8. Received by Delegated Authority	BM NGUBO		11/05/2022
	Name	Signature	Date
9. Approved/ ~~Not Approved~~	J. Jonker		12/05.2022
MM / Dir. / Dep. Dir. Financial Services	Name	Signature	Date
10. Provide reason if not approved:			
11. Received by SCM	S. FRANCIS		24.06.2022
	Name	Signature	Date

MOA

THEEWATERSKLOOF MUNICIPALITY

&

ASLA CONSTRUCTION PTY (LTD)

MEMORANDUM OF AGREEMENT

Entered into by and between

THEEWATERSKLOOF MUNICIPALITY
(Hereinafter represented by Mr Johannes Jonkers in his capacity as Acting Municipal Manager, duly authorised thereto)

(Hereinafter referred to as the "THEEWATERSKLOOF")

AND

ASLA CONSTRUCTION (PTY) LTD
(Hereinafter represented by Mr Petrus Arnoldus Blaauw in his capacity as Director, duly authorised thereto)

(Hereinafter referred to as the "ASLA"

WHEREAS:

a. THEEWATERSKLOOF evaluated the circumstances related to the execution of a particular scope of works and after due consideration decided to appoint ASLA in terms of SCM Regulation 36 as per letter annexed hereto marked "A";

b. ASLA agreed to the terms as per letter annexed hereto marked "B".

c. The Parties wish to record their agreement in writing.

THEREFORE the PARTIES record their AGREEMENT as follows:

1. APPOINTMENT

THEEWATERSKLOOF hereby confirms the appointment of ASLA and, ASLA accepts the appointment as Implementing Agent, inter alia in terms of clause 2.2.2(a) of the Integrated Residential Development Program of the National Housing Code on the terms and conditions herein recorded:

2. SCOPE

ASLA will act as Implementing Agent for the delivery of the following:

2.1. Berg en Dal insitu upgrade of 182 erven.

2.2. Destiny, servicing of approximately 1800 erven, the construction of which, are not subject to the construction of a 2ML reservoir. Housing top structures as may be supported by the Department of Human Settlements (DoHS) as well as related bulk services. A phased approach may be applicable in line with funding availability.

2.3. Relocation of people currently residing in informal settlements to Destiny.

2.4. Upgrading of Phukom, Goniwe Park, Protea Heights and West Side in line with the Super-Block strategy of DoHS which entails amongst other clearing of road reserves and provision of basic services.

2.5. This agreement is subject to a periodic review process as contemplated in clause 116(1)(b)(iii) of the Municipal Finance Management Act No 56, 2003.

3. COMMENCEMENT DATE AND PERIOD

3.1. The Agreement shall commence on the date of signature of this Agreement by the last Party signing in time and will be renewed on 30 June 2025 as per clause 2.5.

3.2. Should it become apparent from the project plan that the execution of a particular phase pertaining to the scope of work will exceed the 3 (three) financial year period after such execution has been recorded in the annual budget of THEEWATERSKLOOF, the Parties agree that no financial commitment will be made, unless the prescribed process as per section 33 of the MFMA has been successfully exhausted pertaining to such.

4. DUTIES AND OBLIGATIONS OF ASLA

ASLA shall execute all the duties and obligations set out in Annexure A + B hereto as amplified by the terms and conditions of this agreement and in so far as it does not conflict with the terms and conditions contained in the Annexures hereto.

ASLA shall:-

4.1. Prepare and compile an Integrated Residential Development Program for THEEWATERSKLOOF, for the demarcated areas and submit the Program to THEEWATERSKLOOF for consideration and approval of the said Program prior to its implementation with the understanding that focus will be on advancement of Local Economic Development in line with the Local Economic Strategy and the 2030 strategy of the Municipality.

4.2. Be allowed to conclude implementation of projects listed in Section 2 of this Agreement where ASLA proceeded with assigned duties to get such projects ready for implementation.

4.3. Draw and submit a Development Plan and Implementation Program to THEEWATERSKLOOF and all relevant authorities for approval prior to its implementation to ensure the co-coordinated development of the demarcated areas with due regard to all the terms and conditions of this agreement; the Development Plan shall comply with sound town planning principles and indicate the intended use zoning of all land within a demarcated area.

4.4. Compile and submit project applications on behalf of THEEWATERSKLOOF for submission to the Department of Human Settlement (herein after called "DoHS").

4.5. Compile and submit applications on behalf of THEEWATERSKLOOF for funding through the Regional Bulk Infrastructure Grants (RBIG"), Municipal Infrastructure Grants (MIG), Department of Energy (DOE) and other sources of funding available to fund the various projects as prioritized by THEEWATERSKLOOF.

4.6. Design, construct and install all bulk, link, internal, external, connector and rudimentary engineering services required in part or in its entirely, to unlock housing development within the demarcated areas, in accordance with THEEWATERSKLOOF's service standards. ASLA may deviate from THEEWATERSKLOOF's service standards provided such deviation was successfully motivated to and accepted by Director Infrastructure Development Services in writing prior to implementation thereof.

4.7. Design and construct Top Structures, in accordance with the specifications, standards and requirements of the DoHS

4.7.1. in consultation with the community-based committees representing the beneficiaries; where after

4.7.2. the proposed designs shall be submitted for approval by THEEWATERSKLOOF; and

4.7.3. by the DoHS.

4.8. Provide, at its discretion, bridging finance for top structures and internal services, if required.

4.9. Complete, administer and submit on behalf of THEEWATERSKLOOF

4.9.1. all Housing Subsidy Applications of beneficiaries to the DoHS;

4.9.2. prepare all Deeds of Sale, arrange the registration of transfer to all approved subsidy beneficiaries; and

4.9.3. hand the registered title deeds to the relevant beneficiaries.

4.10. Acknowledge and incorporate all existing contracts between THEEWATERSKLOOF and the various consultants/professionals where required by THEEWATERSKLOOF and, where feasible, accommodate them in the overall development co-ordination of the area concerned.

4.11. Liaise with the various communities and facilitate community participation.

4.12. Conduct a survey of all the informal structures within a demarcated area as determined by THEEWATERSKLOOF from time to time, identify and compile a list of such structures, its occupants, the number of families and the number of potential beneficiaries who qualify for government housing subsidies.

4.13. Hand over Civil Engineering Services on practical completion of the Civil Engineering Services (up to the erf boundaries). The services may be phased into sub-phases to allow for the provision of services to certain areas in stages to expedite delivery of the Top Structures in certain areas. As-built drawings, in electronic format compatible with THEEWATERSKLOOF's format, and printed copies to be submitted to THEEWATERSKLOOF at the handover of each phase.

4.14. Be liable for any latent and patent defects in the civil engineering services for a 12 (twelve)-month period from date of the handover of services or any sub-phase thereof. Such defects shall be repaired at ASLA's cost and to the satisfaction of THEEWATERSKLOOF.

4.15. Provide THEEWATERSKLOOF with 2 (two) sets of typical Top Structure plans including the related site plan of such Top Structure and at the completion of the project, provide the Municipality with a site layout of each erf on the layout plan. The plan shall indicate the erf numbers, the type and position of the Top Structures and the position of water and sewerage connections.

4.16. Ensure that on the date a beneficiary is given occupation of a Top Structure a Final Completion Certificate ("Happy Letter") for each Top Structure is signed by the authorized representatives of ASLA's and THEEWATERSKLOOF, and, by the beneficiary.

4.17. Be liable for any latent and patent defects of each constructed Top Structure for a 3 (three)-month period from the date of signing the Final Completion Certificate of such a Top Structure. A final Inspection Certificate will be signed by the authorized representatives of ASLA and THEEWATERSKLOOF, and, by the beneficiary on completion of the 3 (three)-month period.

4.18. Be liable for any latent and patent defects in the roof construction and, waterproofing of the Top Structure for a period of 12 (twelve)-months calculated from the date of signing the Final Completion Certificate of such a Top Structure.

4.19. Be liable for all costs in respect of the repair work contemplated in clauses 4.17 and 4.18.

4.20. Provide at its site office in respect of each particular development undertaken in terms of this agreement a Complaints Record Book wherein beneficiaries shall note their complaints after they have taken occupation of their houses. ASLA undertakes to react to these complaints within one week after such complaint is entered in the complaints book.

4.21. Pay all charges in respect of water and electricity consumed during construction of the Project and shall make a suitable arrangement with the THEEWATERSKLOOF to ensure that meter readings can be taken.

4.22. Act as an independent Implementing Agent and not as a general representative for THEEWATERSKLOOF, save as recorded otherwise in this agreement. ASLA hereby undertakes not to do anything or allow anything to be done which may create the impression that it acts as a general agent for THEEWATERSKLOOF outside the scope of this agreement.

4.23. Comply with the Expanded Public Works Program (EPWP) and ASLA shall maximize the use of local labour and provide training for local labour to enable such learners to work as Sub-contractors during the construction of Top Structures; the employment and training of local labour as contemplated in this clause shall be accepted as compliance with the EPWP. Training as provided by the Department of Labour will be utilized to the benefit of the local community.

5. DUTY AND OBLIGATIONS OF THEEWATERSKLOOF

THEEWATERSKLOOF hereby accepts all the duties and obligations imposed on it in terms of the appointment, as amplified by this agreement in so far as it does not conflict with the terms and conditions contained in the Annexures hereto.

THEEWATERSKLOOF shall:-

5.1. Give ASLA vacant occupation of land identified and approved by THEEWATERSKLOOF for development.

5.2. Expedite all the housing subsidy applications to the DoHS for beneficiaries.

5.3. Expedite all applications made for RBIG, MIG, DOE and/or any other sources of funding and budget for the shortfall in funding for the installation of bulk, link, external, connector and rudimentary services as contemplated in clause 4.4 and 4.5 above.

5.4. Support all other applications for funding related to housing projects undertaken in terms of this agreement, subject to approval of the Municipal Manager.

5.5. Expedite and facilitate the prompt approval of all town planning applications and engineering designs provided such applications and designs comply with its requirements.

5.6. Provide funding for installations all electrical networks, street lighting and electrical house connections within the approved available budget.

5.7. Provide ASLA with approved street names by dates mutually agreed upon.

5.8. Ensure that the hand over of township and other services from ASLA to THEEWATERSKLOOF is expedited to ensure that transfer of erven is registered as expeditiously as possible to avoid any delay that may influence payment of subsidy and other payments to ASLA negatively.

5.9. THEEWATERSKLOOF shall be responsible for cost as it relates to product specification by THEEWATERSKLOOF, exceeding the minimum standards, as per the Housing Code.

5.10. Respond to applications by ASLA or its agents for Rates Clearance certificates within 7 working days upon receiving such a request, provided that such a request complies with the standard requirements of THEEWATERSKLOOF pertaining to such clearance requests.

THEEWATERSKLOOF hereby:-

5.11. Appoints ASLA to execute and sign all deeds of sale, powers of attorney and related documentation to effect registration of transfer on its behalf.

5.12. Authorizes ASLA to allocate erven in a Project to purchasers provided by THEEWATERSKLOOF, who have demonstrated the ability to pay for their erf and any improvements thereon, by means of an approved housing subsidy or otherwise, and to sign, on THEEWATERSKLOOF's behalf, Deeds of Sale of erven to be transferred and registered to purchasers.

6. COMPENSATION

THEEWATERSKLOOF shall compensate ASLA as follows:-

6.1. In respect of all subsidized erven

6.1.1. Pay ASLA, an amount equal to the housing subsidy payable by the DoHS from time to time; to this end THEEWATERSKLOOF hereby irrevocably and unconditionally undertakes to pay forthwith, without set off or delay, any and all monies as and when received by THEEWATERSKLOOF from the DoHS in respect of any and all claims it may have for payment by the DoHS in respect of the said erven.

6.1.2. Pay all grants or such other funding allocated to this project from time to time, as per work done.

6.1.3. Bridge funding will be reimbursed at the subsidy quantum applicable at time of payment.

6.2. In respect of all bulk, link, external, connector and rudimentary services an amount as certified by the Engineers, appointed in terms of this agreement.

6.3. THEEWATERSKLOOF and ASLA agrees that the servicing of non-residential sites and related costs to the installation will be dealt with in an Addendum to this Agreement.

6.4. THEEWATERSKLOOF will however not be held accountable by ASLA in the event where funds and/or subsidies are not approved. It is also recorded that THEEWATERSKLOOF will not be held accountable by ASLA for any retention monies held back by DoHS and that ASLA confirms that the successful completion of the DoHS subsidized Top Structures or projects is totally subject to the building guidelines laid down by DoHS.

7. GOVERNANCE ARRANGEMENTS

In compliance with sections 116(2)(a) to (d) of the MFMA, the following governance framework will apply to manage the contract within a sound governance environment, ensuring proper contract enforcement, monitoring monthly performance, and reporting on the performance of the contract:

7.1 The Director: Economic Development & Planning, or delegated official, will be the contract manager for all housing provision and related matters by overseeing the execution of related services by ASLA.

7.2. The Director Economic Development & Planning:, or delegated official, will be the contract manager for all services related to electrical, water, wastewater, and related matters by overseeing the execution of related services by ASLA.

7.3. A Subsidized Housing Steering Committee consisting of the relevant Directors and delegated managers from the Municipality and ASLA and Provincial Department of Human Settlements and Directors and Managers from applicable division within will serve as operational reporting platform as more fully elaborated in this Agreement.

7.4. The Council Housing Portfolio Committee consisting of relevant Directors and delegated Managers from applicable divisions within the Municipality and Portfolio Councillors, reporting to the Executive Mayoral Committee will provide oversight as per legislation.

7.5. All submissions to the Department of Human Settlements must be submitted under the signature of the Municipal Manager after collective approval by the Director Economic Development & Planning Services.

8. ROLES AND RESPONSIBILITIES

The roles and responsibilities for each of the aforesaid role-players are defined as follows:

8.1. Director Economic Development & Planning Services will manage:

8.1.1. All legally prescribed powers, roles and responsibilities, within their area of responsibility;

8.1.2. All related project and contract management activities as it relates to ASLA;

8.1.3. All communication between relevant functions of the Municipality and ASLA;

8.1.4. Relevant secretarial functions of the subsidized Housing Steer-Com;

8.1.5. Facilitation of payments, subject to the payment process where the Municipality signs a claim that is submitted to the relevant grant funding Provincial Department. This claim will be evaluated to confirm progress and support the amount claimable as per the original costing structure as tested in market relatedness.

8.2. Director Economic Development & Planning Services and the Human Settlements Project Manager in consultation with the Director Technical & Infrastructure Implementation Services

8.2.1. All legally prescribed powers, functions, roles and responsibilities as it relates to:

8.2.1.1. Roads and Stormwater;

8.2.1.2. Electricity;

8.2.1.3. Water;

8.2.1.4. Sanitation;

8.2.1.5. Other such infrastructure services as may be determined.

8.2.2. Provide input, commentary, and direction as to the minimum standard either as set out in the Human Settlements Building Standards, Blue Book, Building Control Standards, etc;

8.2.3. To fairly represent the municipality regarding the infrastructure portfolio without unduly, hampering, limiting, or restricting the submission of

Human Settlements Plans (HSP) for the various towns in the municipality;

8.2.4. To report on any deviations from these standards in writing to the Municipal Manager, setting out the following:

8.2.4.1. Operational consequences of the non-compliance of the specific standards;

8.2.4.2. Potential financial consequences for the Municipality of the non-compliances of the specific standards;

8.2.4.3. Cost of remedial actions to minimize, limit or reduce the negative impacts of the ASLA proposals as regards the Human Settlements.

8.2.5. To report to the Housing portfolio committee on all matter as set out in clauses 8.2.1. to 8.2.4.

8.3. Subsidized Housing Steering Committee

8.3.1. Monitors that:

8.3.1.1. Contract performances management principles are adhered to;

8.3.1.2. Quality assurance mechanisms are agreed and complied with;

8.3.1.3. Service levels and Key performance indicators are agreed and complied with;

8.3.1.4. Payment schedule is determined and adhered to, on quality and quantity milestones progress achieved.

8.3.2. Sign off on proof of progress in reports;

8.3.3. Review and recommend approval of development plans, implementation programs, funding applications and any other relevant applications, documents or forms required for project implementation;

8.3.4. Review contract performance as per MFMA section 116 and make improvement recommendations;

8.3.5. Act as first body reference when a dispute arises as provided for a cause 19 of the Main contract;

8.3.6. Manages the process to discuss the practical packaging and implementation of the mandate;

8.3.7. Monitors and advises on progress related to current projects and milestones process, inclusive of updates on administrative matters relating to project applications and grand funding approvals.

8.4. Council Housing Portfolio Committee

8.4.1. Determines, notes and monitors the mandate for housing delivery in accordance with the objectives of the Municipality;

8.4.2. Review and recommend approval of HSP;

8.4.3. Oversight on housing delivery in accordance with the HSP of the Municipality

9. COST EFFECTIVENESS

To sustainably manage cost effectiveness, transparency and assist with compliance to the Standard Operating Procedure (Annexure C) pertaining to the scope of work, the following will be submitted by ASLA for a project or phase thereof as may be applicable:

9.1. A cost effectiveness report compiled by the engineer appointment in terms of the Agreement considering:

9.1.1. A detailed Bill of Quantities (BoQ) of the internal engineering services, including the electricity-, streetlighting, civil-, roads & storm water, potable water-, sewer water born – and other related services that will ensure functionality of all services;

9.1.2. A detailed bill of quantities of all link, connector and external services as may be applicable and provided a cost estimation and comparison in an Implementation Agent Project Cost Estimation Report.

9.2. A cost report submitted by ASLA based on the costs associated with top structures in support of the motivation for funds as submitted to the Department of Human Settlements, including an indication of the applicable rate as set out in the

Implementation Agent Project Cost Estimation Report related to management services and other indirect costs, as may be relevant.

9.3. The Implementation Agent Project Cost Estimation report will set out the costs incurred in the submission of the budget, provide an analysis of the risk methodology, the consequences of the time delays, the delays in payments and sets out how it achieves the goals of cost efficiency, cost effectiveness and economic competitiveness.

9.4. Any variation on change in scope, standards and designed with or without a financial Impact must be documented in a variation order for approval by the Municipal Manager.

10. POSSESSION AND RISK

10.1. ASLA accept possession, subject and limited to the intent and purpose of this Agreement, of THEEWATERSKLOOF's land within a demarcated area on the agreed commencement date, from which date ASLA shall be liable to take out contractor's all risk insurance, including public liability insurance pertaining to its activities within the demarcated area, more fully dealt with in clause 17 hereunder.

10.2. ASLA shall not be liable for the payment of any rates, taxes, service charges, and/or any levies imposed by THEEWATERSKLOOF and/or any local and/or any other competent authority upon or in connection with the property and/or the improvements to the erected thereon.

11. ILLEGAL OCCUPATION OF VACANT LAND

11.1. THEEWATERSKLOOF shall, as from date of signature of this agreement, before or after ASLA has accepted possession of the THEEWATERSKLOOF land, whichever is applicable, without delay, attend to the removal of any and all illegal occupants from any land to which this Agreement applies. ASLA shall, immediately after becoming aware of any and all illegal occupation of sites under construction, report such illegal occupation to THEEWATERSKLOOF. THEEWATERSKLOOF shall, without delay, proceed to remove any and all illegal occupants from any land to which this Agreement applies.

11.2. THEEWATERSKLOOF acknowledges ASLA's concern with regards to the detrimental effects of a possible land invasion of the land to which this Agreement applies. THEEWATERSKLOOF accordingly agrees and undertakes that, in the event of one or more persons invading or occupying any portion of the said land, whether on a temporary or permanent basis, it shall immediately take all the necessary steps, including, but not limited to instituting eviction proceedings in the High Court at its expense for their eviction and/or prohibition of further invasion and/or trespassing.

11.3. THEEWATERSKLOOF furthermore undertakes to be liable for any and all legal and other costs related to the removal of the invaders, including but not limited to, the costs of the Sheriff of the Court, private security companies and removal companies.

11.4. THEEWATERSKLOOF acknowledges that in the event of the eviction, for whatever reason, not being successfully completed within ninety (90) days of the commencement of invasion, the invasion shall be regarded as a *vis* major event, or combination of events as contemplated in terms of clause 22 hereof and ASLA shall be entitled to withdraw from this Agreement or from that specific project, in which event compensation will be payable as per the approved funding from the Provincial Department of Human Settlements, to ASLA in terms of clause 22.4 (vis major) of this Agreement.

11.5. ASLA acknowledges that funding for the Project is provided inter alia by the DoHS in the form of housing subsidies. In the event of an invasion of vacant land, or any other delay resulting in a valid claim for compensation by ASLA, ASLA undertakes to re-negotiate the scope of this Agreement should such an invasion result in a delay of sixty (60) days or more and where such delay has a financial impact on the scope of this Agreement.

12. PERFORMANCE GUARANTEE FOR PARTIAL COMPLETION OF SERVICES

12.1. In order to expedite the registration of transfer to Beneficiaries and to facilitate the payment of the subsidies to ASLA at the earliest opportunity, THEEWATERSKLOOF shall provide clearances in respect of the municipal services constructed and/or installed by ASLA in terms of this Agreement, even though the installation and/or construction of such services have not been fully completed, provided that THEEWATERSKLOOF, may in such instances call on ASLA to provide performance guarantees, issued by a financial institution in a

format acceptable to THEEWATERSKLOOF, for amounts representing the prior mutually agreed estimated costs for the completion of such services, subject thereto that such services shall be provided on the same standard as specified in approved plan, as determined by the Consulting Engineer appointed to certify payment in terms of this Agreement.

12.2. Any guarantee referred to in clause 9.1 above shall remain in force until such work has been completed and certified as such by the said Engineer.

13. SALE AND TRANSFER OF ERVEN

13.1. Upon the successful negotiation between ASLA and a Purchaser in respect of the sale of an Erf and/or Dwelling, ASLA shall prepare a Deed of Sale. ASLA, acting on behalf of THEEWATERSKLOOF in terms of a Special Power of Attorney as granted by the Municipal Manager, shall sign such deed, that conforms to a draft Deed of Sale approved by THEEWATERSKLOOF submitted prior to the execution of the Special Power of Attorney.

13.2. All property transfers will be done by Attorneys and Conveyancers appointed by ASLA and all costs associated with the registration of transfer shall be included in the project cost.

14. FUNDING

14.1. The services to be rendered and the civil and other construction work to be executed in terms of this Agreement shall be funded through project-based subsidies obtained from the DoHS and through funds obtained as contemplated in terms of clauses 4.5, 5.3, 6.1 and 6.2 above.

14.2. THEEWATERSKLOOF shall not be liable to compensate ASLA for any costs incurred by ASLA in respect of any preliminary services rendered until funding is available for the projects envisaged by the parties as set out in this agreement.

15. INSPECTION

15.1. Any authorized employee of THEEWATERSKLOOF may at all reasonable times enter upon or inspect any area demarcated in terms of this Agreement in order to satisfy itself that the conditions of this Agreement are being properly observed and carried out and ASLA undertakes to afford such employee all reasonable access and facilities for such inspection. Such employee, whilst making use of the said facilities, shall be bound to comply with all safety regulations laid down by ASLA.

15.2. Since the approval of subsidies is subject to approval of DoHS it is recorded that if any phase or structure is not approved by DoHS that phase or structure must be completed in accordance with the recommendations by DoHS and THEEWATERSKLOOF not be held responsible by ASLA for any payments by DoHS for that phase or structure until the phase of structure is completed in terms of the recommendations of DoHS and subsequent payment by DoHS.

16. APPOINTMENT OF CONTRACTORS, CONSULTANTS AND PROFESSIONALS

16.1. ASLA shall be entitled to appoint, at its cost and upon such terms as it may determine, all sub-contractors, professionals or other consultants as it may deem necessary for the development, subject to clause 4.10. ASLA shall submit to THEEWATERSKLOOF all the names of sub-contractors, professionals and consultants appointed by ASLA.

16.2. Bulk, link and rudimentary services will be done in accordance with a separate Service Level Agreement stipulating the scope and agreed amount. Rates will be verified as market average by the appointed Engineer.

16.3. There shall be no privity of contract between any such sub-contractors, professionals or other consultants on the one hand and THEEWATERSKLOOF on the other and ASLA indemnifies THEEWATERSKLOOF against any claims that may be brought against the later by any such sub-contractors, professionals or other consultants appointed by ASLA in terms of this Agreement.

17. CESSION

17.1. ASLA shall not have the right to dispose, cede, assign, mortgage or in any way hypothecate its rights or obligations in terms of this Agreement or a demarcated area or any portion thereof other than as may be recorded herein or without the prior written consent of THEEWATERSKLOOF.

17.2. ASLA shall be entitled to cede its rights or assign its obligations in terms of this agreement should its bankers require a cession of ASLA's rights as security for any bridging finance provided by ASLA to fund the implementation of this agreement.

18. OCCUPATIONAL HEALTH AND SAFETY ACT

18.1. ASLA acknowledges that for purposes of the provisions of the Occupational Health and Safety Act, 1993 (Act NO. 85 of 1993) it is deemed to be an employer in its own right. In order to comply with the requirements of legislation, the Form of Undertaking, annexed hereto marked Annexure D shall be completed by ASLA prior to commencing the project.

18.2. The indemnity contained in clause 15 will mutatis mutandis apply to any claims or actions of whatsoever nature that may be instituted in consequence of any non-compliance with the provisions of the said Act.

19. INDEMNITY

ASLA hereby indemnifies THEEWATERSKLOOF and will keep THEEWATERSKLOOF indemnified against all actions, proceedings, claims, costs, demands, damages and expenses which may be levied or made against THEEWATERSKLOOF, or which THEEWATERSKLOOF may sustain or incur arising from any act or omission by ASLA or any of its agents, employees or sub-contractors in carrying out the works, or the standard or quality of works, or performing any other obligation under the Agreement of whatsoever nature.

20. INSURANCE

ASLA shall take out adequate insurance cover against all risks assumed by it in terms of this agreement and to fulfill its obligations in terms of clause 16 above, before commencement of the works and for the duration of this agreement and deliver proof of such insurance to THEEWATERSKLOOF from time to time, including proof of the due payment of all premiums due from time to time. ASLA shall cede all its rights in the said insurance policy to THEEWATERSKLOOF for the duration of this agreement.

21. BREACH BY THE PARTIES

21.1. In the event of any party failing to fulfill any of the terms and/or conditions of this agreement, including any performance required to be undertaken by a due date and remaining in default for a period of 14 (fourteen) days after the other party shall have given notice in writing to the defaulting party, calling upon the defaulting party to remedy such default within 14 days; or

21.2. In the event of application being made for the sequestration or liquidation of the defaulting party's estate whether provisional or final; or commit an act of insolvency; or of the defaulting party assigning or offering to assign his estate for the benefit of his creditors, or if the defaulting party is found to have made a material misstatement of fact in any application form or other document submitted by him to the other party; then and in any such event the other party shall be entitled without further notice, in addition to and without prejudice to any other rights available at law:-

21.2.1. To cancel the agreement by notice in writing to the effect sent by registered post to the address at which the defaulting party has chosen domicilium citandi et executandi, in which event the defaulting party shall forfeit all monies and guarantees paid to the other party in terms hereof, without prejudice to the other party's other legal rights and remedies; or

21.2.2. To require the fulfillment by the defaulting party of all the other terms and conditions of this agreement.

21.3. In the event of a breach of this agreement by the defaulting party, the other party shall in addition to any other remedy it may have, be entitled to claim damages as it may be able to proof.

21 4. The defaulting party shall be liable for all legal costs, including attorney and client costs and collection commission incurred by the other party in enforcing any of its rights in terms of this agreement.

21.5. If the development is not proceeded with due to the cancellation of this agreement in terms of clause 18 above or for any other reason and the transfer of any erf or erven have not been registered, such erf or erven shall remain vested in THEEWATERSKLOOF. In such an event all material supplied and/or supplied and installed by ASLA will remain ASLA's property and may be removed by ASLA.

22. VIS MAJOR

22.1. If any event or combination of events adversely affecting the ability of either party to perform its obligations under this agreement arises from, or is attributable to, acts, events, omissions or accidents beyond the reasonable control of the party whose ability is so affected, negligence excluded, for a period of at least 20 (twenty) consecutive working days, then the provisions of clause 22.3 shall apply at the election of the party whose ability is adversely affected. Any such event shall include, without derogating from the generality of the aforegoing:

22.1.1. Strikes, lockouts and other industrial action taken by the employees of a party or of any third party, whether or not the party against whom such action is taken could have avoided the same by acceding to the demands of the employees or third party responsible for such action;

22.1.2. Civil commotion, embargo, governmental legislation or regulation, riot, invasion, war, the threat of or preparation for war;

22.1.3. Fire explosion, storm, flood, earthquake, subsidence, epidemic or other natural physical disaster;

22.1.4. Illegal occupation and/or invasion of the Theewaterskloof land, or any part thereof.

22.2. If either party is prevented or delayed in the performance of any of its obligations under this agreement as a result of an event of the nature referred to in clause 22.1, it shall forthwith notify the other party of the same, fully detailing the

background to, and all relevant matters connected with, such event together with such evidence thereof as it may reasonably be able to give and, specifying the period for which such prevention or delay can reasonably be expected to continue. If a party shall have complied with its obligations under this clause, he shall be relieved from the performance of his obligations under this agreement from the date of such notice until such event no longer exists to the extent that his performance is adversely affected by such event provided, however, that during this period a party shall be entitled to terminate this agreement forthwith upon notice given in terms of clause 22.1 above to such effect;

22.3. In an event as contemplated in 22.2, and if termination did not take place, the appropriate basis to quantify cost implications will be in accordance with the contractual basis as agreed by the parties at the site hand-over meeting of each individual project emanating from this Agreement. THEEWATERSKLOOF will assess such cost claims and support application for financial relief in accordance with its assessment.

22.4. Upon a termination of this agreement in terms of clause 22.1 or 22.2:-

22.4.1. ASLA shall, unless otherwise agreed in writing with THEEWATERSKLOOF, hand over to THEEWATERSKLOOF the project which are then in his possession or under his control; and

22.4.2. The compensation payable to ASLA for work completed shall be calculated pro-rata for each sub-category of the progress payment claims laid down by the DoHS.

23. DISPUTE RESOLUTION

In the event of a dispute arising in regard to this agreement, the following procedures shall apply:-

23.1. The party alleging the dispute shall within 7 (seven) working days of the dispute arising or within such further period as the parties may agree upon in writing, give written notice to the other party, which notice shall:-

23.1.1. Set out the nature of the dispute;

23.1.2. Propose a solution to the dispute.

23.2. After receipt of the notice, the parties involved in the dispute shall endeavor to resolve the dispute by negotiation.

23.3. If such negotiations fail or do not occur within 14 (fourteen) days after dispute arises, the dispute shall not become the subject of litigation or arbitration until it has been heard by a mediator.

23.4. Such dispute shall be referred to mediation before a mediator within 14 (fourteen) days after the dispute arises, or as soon thereafter as is reasonably possible. The mediator shall be appointed by the parties or failing agreement by them as to the mediator, shall be nominated by the chairman for the time being of the Arbitration Foundation of South Africa.

23.5. The mediation shall terminate upon the mediator informing the Disputants that in the mediator's opinion no useful purpose will be achieved in continuing the mediation.

23.6. All communication made by the disputants to the mediator or to each other during or in connection with the mediation are made without prejudice to any rights which they may have and form part of bona fide settlement negotiations.

23.7. The parties shall keep the mediation proceedings and any recommendations made by the mediator confidential, save to the extent otherwise contemplated herein. The mediator shall not be compelled by any disputant to disclose any fact learnt in the course of the mediation in any subsequent legal proceedings which may take place and the parties waive their rights to require the mediator to testify regarding what transpired in the mediation.

23.8. The mediator shall:

23.8.1. Be entitled to communicate and meet with any disputant either in the presence of the other disputant(s) or in private;

23.8.2. Not disclose any information furnished in confidence by any one disputant to the mediator, to any other disputant without the prior written consent of the disputant who furnished the information;

23.8.3. Act impartially and disclose to the disputants any relationship or dealings which the mediator may have had with any of the disputants;

23.8.4. Not make any decision which is binding upon the disputants, the resolution of the dispute depending entirely upon the disputants achieving agreement in respect thereof.

23.9. If the dispute remains unresolved for a further period of 5 (five) working days, the parties shall endeavor to agree on suitably qualified person to act as an arbitrator for the purpose of resolving the dispute;

23.10. If agreement cannot be reached within a further 7 working days as to the appointment of a qualified person, then the Chairperson of the Cape Bar Council shall nominate an Arbitrator who will be a practicing advocate of not less than 15 (fifteen) years practice experience.

23.11 The arbitrators terms of reference shall be "To determine the dispute in such a manner as he my consider fair and equitable, having due consideration to the law, provided that the arbitrator shall be entitled to award either damages or costs to any party".

23.12. The arbitrator shall resolve the dispute after hearing each of the parties in such manner as he may consider appropriate and shall endeavor to reach his conclusion within 14 (fourteen) days of the referral.

23.13. The arbitration shall be held:-

23.13.1. With the parties and/or their representatives, including legal representatives, present there;

23.13.2. At THEEWATERSKLOOF.

23.14. The arbitrator shall be entitled to determine the procedures in resolving the dispute and may call upon the parties to discover and produce such documents as may be necessary.

23.15. The arbitrator shall be obliged to give his award in writing fully supported by reasons.

23.16. The parties shall keep the evidence in the arbitration proceedings and any order made by any arbitrator confidential unless otherwise contemplated herein.

23.17. Save as expressly provided in this agreement to the contrary, the arbitration shall be subject to the arbitration legislation for the time being in force in the Republic of South Africa and the provisions of this clause shall be severable from the rest of this agreement and shall remain in effect even if this agreement is terminated for any reason.

23.18. Each of the parties irrevocably consents to the arbitrational provisions of this clause and neither of them shall be entitled to withdraw here from or to claim at any arbitration proceedings that he is not bound by the provisions of this clause. It is however recorded that both parties will have the right of review of the final order made by the arbitrator within three months thereafter.

23.19. The parties acknowledge and agree that the provisions of this clause shall not preclude either of them from proceeding against the other of them in any court of competent jurisdiction where relief is being sought on an urgent and interim basis.

24 DOMICILIUM CITANDI ET EXECUTANDI

The parties hereby choose the following addresses as domicilium citandi et executandi for the purposes of this agreement:-

24.1. BY THEEWATERSKLOOF: Office of the Municipal Manager
6 Plein Street
CALEDON
7230

24.2. BY ASLA: ASLA Construction (Pty) Ltd
25 Conradie Cresc
Asla Park
STRAND
7140

25. GOOD FAITH

In the implementation of this agreement, the parties undertake to observe the utmost good faith and warrant that in their dealings with each other they shall not do anything or refrain from doing anything which might prejudice or detract from their rights, assets or interest or each other in terms of this agreement.

26. GENERAL

26.1. THEEWATERSKLOOF will not be responsible for any expenses or disbursements which ASLA may incur in the execution of any of its rights or obligations save as determined in terms of this Agreement.

26.2. None of the terms and conditions of this agreement is capable of being waived, amended, added to or deleted, unless such waiver, amendment, addition or deletion is reduced to writing and is signed by the parties hereto.

26.3. No indulgence on the part of any party in exercising any right conferred upon such party in terms of this agreement shall constitute a waiver or novation of any such right, nor shall any single or partial exercise of any right preclude any other or future exercise thereof or the exercise of any other right under this agreement.

DATED AND SIGNED AT Strand THIS 9th DAY OF June 2022.

AS WITNESSES:

1. _____

2. _____

for and on behalf of
ASLA CONSTRUCTION (PTY) LTD

_____

Capacity

DATED AND SIGNED AT Caledon THIS 9th DAY OF June 2022.

AS WITNESSES:

1. _____

2. _____

duly authorized and on behalf of
THEEWATERSKLOOF MUNICIPALITY

_____

Capacity

ANNEXURES INCLUDED

Annexure A	Appointment Letter
Annexure B	ASLA Response Letter
Annexure C	Standard Operating Procedure
Annexure D	Form of Undertaking

ANNEXURE A

APPOINTMENT LETTER

Theewaterskloof
Municipality

Theewaterskloof Municipality Head Office
6 Plein Street/Straat
P.O.Box/Posbus 24
Caledon
7230
Telephone/Telefoon: +27 (28) 2143300
Fax/Faks: +27 (28) 2141289
Email: honeygx@twk.org.za

Navrae/Enquiries/Imibuzo
WARREN MOSES

Verw. No. / Ref. Nr. / Inom.yesal.
Asla Constuction Appointment

Date/Date/Umhla
28 JUNE 2022

ASLA CONSTRUCTION
P.O. BOX 118
GORDONS BAY
7151

ATTENTION: MR. P BLAAUW

VILLIERSDORP: DESTINY FARM LOW-COST HOUSING DEVELOPMENT

Herewith receive confirmation that a decision was taken by the Accounting Officer on 12 May 2022 to appoint Asla Construction as the housing implementation agent for the Villiersdorp Destiny Farm housing project in terms of Regulation 36 of the Supply Chain Management policy.

The appointment is subject to the following:

1. The approval of funding from the Provincial Department of Human Settlements for the duration of the contract
2. An agreement be entered into between the Municipality and Asla Construction to complete the agreed scope of works
3. Compliance with the Standard Operating Procedure (SOP 02/2018/19) dated 19 March 2019 with regards to contract addendums
4. The adherence to the Occupational Health and Safety Agreement
5. Local Employment Opportunities must be created for the town of Villiersdorp as far as possible.

We trust that our relationship will be mutually beneficial in order for us to carry out our constitutional mandate of service delivery and the provision of sustainable human settlements.

Yours sincerely.

.....
M.B. Ngubo
Acting: Municipal Manager

ANNEXURE B

ASLA RESPONSE LETTER

TWK/Villiersdorp-Destiny/114-2022

19 April 2022

The Municipal Manager
Theewaterskloof Municipality
P O Box 24
CALEDON
7230

Attention: Mr JJ Jonkers

Dear Sir

VILLIERSDORP: DESTINY LOW COST HOUSING DEV – Appointment of an Implementing Agent - Contract: DEV06-2012/13

1. We acknowledge receipt of you letter dated ref: 17/7/3/R and respond herewith.

2. ASLA takes cognisance of your desire to cancel the current Memorandum of Agreement (MoA) between ASLA and the Municipality (signed December 2012) as well as the fact that you wish to appoint ASLA in terms of a deviation as contained in the Municipal Supply Chain Management Regulations 36 as issued in terms of the Municipal Finance Management Act No 56 of 2003.

3. ASLA is amenable to the cancellation of the current MoA commensurate with the conclusion of the appointment of ASLA in terms of Regulation 36 and the signing of a new MoA.

4. ASLA takes note of the proposed Scope of Works as well as the Standard Operating Procedures and propose that the new MoA is drafted based in this data.

Kind regards

PIERRE BLAAUW
For and on behalf of:
ASLA CONSTRUCTION (PTY) LTD

Theewaterskloof Municipality

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

HOOFKANTOOR/HEAD OFFICE

Navrae/Enquiries/Imibuzo
Benita Petersen

Verw. No./Ref. Nr./Inom. yesal.
17/7/3/R

Date/Datu/Umhla
08 April 2022

Asia DEVCO
P.O.Box 118
Gordons Bay
7151

Attention: Mr. Pierre Blaauw
cc: Mrs. B Swartland

VILLIERSDORP: DESTINY LOW-COST HOUSING DEVELOPMENT
Contract: DEV06-2012/13: Appointment of an implementing agent for the town of Villiersdorp

We refer to the above project and our engagements leading up to, and specifically of 08 April 2022.

As discussed, the Theewaterskloof Municipality has decided to proceed with the following process:

1. Cancelation of the current Implementing Agent Agreement
2. Appointment of Asia by means of a deviation (regulation 36 of the MFMA) on a reduced scope of work.

In reference to the reduced scope, it has been resolved that Asia will continue with the implementation of the work that has reached an advanced stage of planning and that is implementation ready. Work that is subject to the construction of additional bulk services are excluded from this scope, as follow:

A	1. **Implementation** of Berg en Dal-insitu upgrade of 182 erven 2. Destiny- servicing of approximately 1800 erven **which are not subject to the construction of a reservoir.** This includes housing top structures as may be supported by the DoHS as well as related bulk services. (The 1800 are to be implemented in phases) 3. **Relocation** of people currently residing in the informal settlements to Destiny. 4. **Upgrading** of Phukom, Goniwe Park, Protea Heights and West Side in line with the Super-blocking strategy of DoHS which entails clearing of Road reserves and provision of Basic Services.
B	5. Remove the balance of the Farm Rhadyn (±130 ha), including the Caravan Park from the scope of works.

Furthermore, until otherwise communicated note that it is still a requirement that the implementing agent comply with Standard Operating Procedure (annexed) as the pertains to all work done by Asla.

Please contact us should you require any additional information.

Mr. JJ Jonkers
Municipal Manager
Theewaterskloof Municipality

ANNEXURE C

STANDARD OPERATING PROCEDURE

DIREKTORAAT: FINANSIES
VOORSIENINGSKANAAL-BESTUURSEENHEID

Theewaterskloof Municipality

DIRECTORATE: FINANCE
SUPPLY CHAIN MANAGEMENT UNIT

MEMORANDUM

AAN / TO	MUNICIPAL MANAGER DIRECTORS
MEMO #	SOP 02/2018/19 **DATUM / DATE** 19 MARCH 2019
VAN / FROM	SUPPLY CHAIN MANAGEMENT
NAVRAE / ENQUIRIES	A HENDRICKS
ONDERWERP / SUBJECT	Standard Operating Procedures for ASLA Construction Addendums - DEV 06/2012/13

Colleagues,

The Auditor General recommended that guidelines or procedures be drafted that will enhance the effectiveness of the reports submitted to the BAC with regards to the requests for additional works on the main contract of ASLA Construction – DEV 06/2012/13 - Appointment of a Implementing Agent to facilitate and draft a future Housing Development Plan for the town of Villiersdorp.

Find below the procedure:

Step 1:

- *It is required from the end-user to obtain a Bill of Quantities, specifications (inclusive of timeframe of the works), and drawings for the works that must be done. (Proof to accompany Agenda item)*

Step 2:

- *After obtaining the above a complete market related cost comparison (if possible) of at least 3 similar size projects that is currently in progress or that has been completed in the last five years must be done. (Proof to accompany Agenda item)*

Step 3:

- *Draft a report consisting of the comparison done between the Step 1 and Step 2. (Proof to accompany Agenda item)*

Step 4:

- *Obtain SCM documentation from the SCM Department for ex. TCC, Municipal / Lease Agreement, TransUnion Proof, Tender Defaulter, etc. (Proof to accompany Agenda Item)*

Step 5:

- *Obtain proof of funding. (Proof to accompany Agenda Item)*

Step 6:

- *Obtain comments from the SCM and Legal Depart that must form part of the report submitted to the BAC.*

Step 7:

- *Draft a final report consisting of the following:*
  - *Purpose;*
  - *Background;*
  - *Discussion;*
  - *Legal Implications;*
  - *Financial Implications;*
  - *Communication Implications;*
  - *Comments from SCM and Legal Departments;*
  - *Recommendation; and*
  - *Annexures*

Example of a Recommendation:

- *Technical Services confirm that the contract amount of R.... inclusive of VAT and ...% contingencies and Professional Fees for "Current Works / Project Name" is market related.*
- *It is recommended that the Municipal Manager approved the works as stated in the report.*

Step 8:

- *After approval is granted an addendum must be entered into.*

Yours Faithfully

D LOUW
CFO

ANNEXURE D

FORM OF UNDERTAKING

FORM OF UNDERTAKING

OCCUPATIONAL HEALTH AND SAFETY AGREEMENT

FOR WORK UNDERTAKEN BY CONTRACTORS/MANDATORIES

Agreement made and entered into between

THEEWATERSKLOOF MUNICIPALITY
(Hereinafter referred to as the THEEWATERSKLOOF Municipality)

AND

ASLA CONSTRUCTION (PTY) LTD
(Hereinafter referred to as the Mandatory)

IN TERMS OF SECTION 37(2) OF THE OCCUPATIONAL HEALTH AND SAFETY ACT (ACT NO. 85 OF 1993 AS AMENDED

I, **Petrus Arnoldus Blaauw**, representing **Asla Construction (Pty) Ltd** as an employer in its own right, do hereby undertake to ensure, as far as is reasonably practicable, that all work will be performed, and all equipment, machinery and plant used in such a manner as to comply with the provisions of the Occupational Health and Safety Act and the Compensation of Occupational Injuries and Diseases Act.

I furthermore confirm that **Asla Construction (Pty) Ltd** is registered with the Compensation Commissioner and that all registration and assessment monies due to the Compensation Commissioner have been fully paid. My/our COID registration number is 9934.

I undertake to abide with the provisions of the Occupational Health and Safety Act (Act No. 85 of 1993 as amended). I further undertake to ensure that any persons/contractors employed by me will enter into an Occupational Health and Safety Agreement separately, and that

I hereby declare that I have read and understand the appended Occupational Health and Safety Conditions and undertake to comply therewith at all times.

SIGNED AT Strand AT THIS 9th DAY OF June 2022.

WITNESS

THE MANDATORY

SIGNED AT Caledon AT THIS 9th DAY OF June 2022.

WITNESS

FOR AND ON BEHALF OF THE
THEEWATERSKLOOF MUNICIPALITY

OCCUPATIONAL HEALTH AND SAFETY CONDITIONS

1. The mandatory shall assume the responsibility in terms of Section 16(1) of the Occupational health and Safety Act. Should the mandatory assign any duty in terms of Section 16(2) a copy of such assignment shall immediately be provided to the THEEWATERSKLOOF.

2. All work performed on premises of the THEEWATERSKLOOF shall be performed under the close supervision of the mandatory's employees who are to be trained to understand the hazards associated with any work that the mandatory performs on the premises of the THEEWATERSKLOOF.

3. The contractor shall appoint a competent person who shall be trained on any occupational health and safety aspect pertaining to them or to the work that is to be performed.

4. The mandatory shall ensure that he familiarises himself with the requirements of the Occupational Health and Safety Act and that he, his employees, and any mandatory, comply with them.

5. Discipline in the interest of occupational health and safety shall be strictly enforced.

6. Personal protective equipment shall be issued by the mandatory as required and shall be worn at all times.

7. Written safe working procedures and appropriate precautionary measures shall be available and enforced, and all employees shall be made conversant with the contents of these practices.

8. No unsafe equipment/machinery/articles or substances shall be used on THEEWATERSKLOOF's premises.

9. All incidents referred to in the Occupational health and Safety Act shall be reported by the contractor to the Department of Labour and the THEEWATERSKLOOF.

10. The THEEWATERSKLOOF hereby obtains an interest in the issue of any formal inquiry conducted in terms of Section 32 of the Occupational Health and Safety Act and into any incident involving a mandatory and/or his employees and/or his sub-contractors.

11. No use shall be made of any THEEWATERSKLOOF's machinery/plant/equipment/substance or personal protective equipment or any other article without prior arrangement and written approval.

12. No alcohol or any other intoxicating substance shall be allowed on the premises of the THEEWATERSKLOOF. Any person suspected of being under the influence of alcohol or any other intoxicating substance shall not be permitted access to or allowed to remain on the premises.

ANNEXURE E

AUTHORITY OF SIGNATURE

CERTIFICATE OF AUTHORITY FOR SIGNATORY

By resolution of the Board of Directors passed at a meeting on
9 June 2022 at 25 Jan Conradie Cresc, ASLA PARK, Strand,

PETRUS ARNOLDUS BLAAUW

has been duly authorised to sign the Contract for the

Memorandum of Agreement made and entered into by
and between Theewaterkloof Municipality

and any other documents and correspondence in connection with this contract on behalf of:

ASLA CONSTRUCTION (PTY) LTD

SIGNED ON BEHALF OF COMPANY	: (1)	.....(2).....
IN HIS CAPACITY AS	: (1)	~~Chairman~~ CEO (2) Secretary
DATE	:	13 June 2022
SIGNATURE OF SIGNATORY	:	.....

Warren Moses

123

From: Bevan Ellman
Sent: Wednesday, 08 June 2022 14:54
Subject: FW: WAARNEMING AS MUNISIPALE BESTUURDER

FYI

From: Annette Swart <AnnetteSw@twk.org.za>
Sent: Wednesday, June 8, 2022 8:58 AM
To: Bevan Ellman <BevanEl@twk.org.za>; Jermaine Wildschut <JermaineWi@twk.org.za>
Subject: WAARNEMING AS MUNISIPALE BESTUURDER

Mr/Ms

Neem asseblief kennis dat Mnr Jonkers vanaf Woensdag 8 Junie 2022 tot Vrydag 10 Junie 2022 nie op kantoor is nie. Mnr Ngubo sal waarneem as Munisipale Bestuurder.

Kindly note that Mr Jonkers will be out of office from Wednesday 8 June 2022 to Friday 10 June 2022. Mr Ngubo will be acting as Municipal Manager.

Regards

Annette

Obo Mr Jonkers

Theewaterskloof Municipality

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

HOOFKANTOOR/HEAD OFFICE

Navrae/Enquiries/Imibuzo	Verw. No./Ref. Nr./Inom. yesal.	Date/Date/Umhla
Benita Petersen	17/7/3/R	03 June 2020

Asla DEVCO
P.O.Box 118
Gordons Bay
7151

Attention: Mr. Pierre Blaauw
cc: Mrs. B Swartland (Asla)

VILLIERSDORP: DESTINY LOW COST HOUSING DEVELOPMENT
Contract: DEV06-2012/13: Appointment of an implementing agent for the town of Villiersdorp

We refer to the above project and your appointment as implementing agent.

Following a special EMC meeting on 25 May 2020, the following was resolved and is herewith communicated to Asla:

1. The implementing agent must continue with the current work package as it pertains to the planning and intended implementation of phased housing opportunities; and

2. Concurrent to the above, it must be noted that the Theewaterskloof Municipality intends to seek legal advice and ultimately a legal remedy that will clarify/ satisfy the findings on the "*Asla Contract*" as presented by the Auditor General.

Furthermore, until otherwise communicated note that it is still a requirement that the implementing agent comply with Standard Operating Procedure hereto attached.

Lastly, it is also requested that we be provided with your reconciliation of the full financial details on the project, i.e what has been spent to date (inclusive of and disaggregated to all activities) and what is anticipated to be spent in the phased implementation of the project.

Please contact us should you require any additional information.

Mr D Louw
Municipal Manager (acting)
Theewaterskloof Municipality

DIREKTORAAT: FINANSIES
VOORSIENINGSKANAAL-BESTUURSEENHEID

Theewaterskloof Municipality

DIRECTORATE: FINANCE
SUPPLY CHAIN MANAGEMENT UNIT

MEMORANDUM

AAN / TO	MUNICIPAL MANAGER DIRECTORS		
MEMO #	SOP 02/2018/19	**DATUM / DATE**	19 MARCH 2019
VAN / FROM	SUPPLY CHAIN MANAGEMENT		
NAVRAE / ENQUIRIES	A HENDRICKS		
ONDERWERP / SUBJECT	Standard Operating Procedures for ASLA Construction Addendums - DEV 06/2012/13		

Colleagues,

The Auditor General recommended that guidelines or procedures be drafted that will enhance the effectiveness of the reports submitted to the BAC with regards to the requests for additional works on the main contract of ASLA Construction – DEV 06/2012/13 - Appointment of a Implementing Agent to facilitate and draft a future Housing Development Plan for the town of Villiersdorp.

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- *It is recommended that the Municipal Manager approved the works as stated in the report.*

Step 8:

- *After approval is granted an addendum must be entered into.*

Yours Faithfully,

D LOUW
CFO

AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
Theewaterskloof Municipality
PO Box 24
Caledon
7230

05 November 2018

Reference: 21429REG17/18 - ComAF 13 of 2018

Dear Mr Louw

For attention: Francois van der Westhuizen

COMMUNICATION OF FINDINGS IDENTIFIED DURING THE AUDIT OF COMPLIANCE WITH LEGISLATION FOR THE YEAR ENDED 30 JUNE 2018

Background

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

Required

3. You are requested to indicate whether you agree with the facts stated in the annexure including whether you agree with the identified internal control deficiency. Should you disagree, please provide us with documentary evidence to the contrary within five days from the date of this communication, as agreed in the engagement letter.
4. Should you agree, you are hereby requested to make the necessary corrections.
5. Should you choose not to make the necessary corrections, kindly communicate your reasons for this within five days from the date of this communication, as agreed in the engagement letter. The instances of non-compliance will then be evaluated for reporting purposes based on materiality.
6. Should you choose to make the necessary corrections, kindly refer the point(s) described below and provide us with the necessary information within five days from the date of this communication, as agreed in the engagement letter:
7. Please provide us with the reasons for the instances of non-compliance and the steps that will be taken to rectify the matter in future.

Yours sincerely

Preston Wareley
Acting Senior Manager: Western Cape

Enquiries: Khaleel Zalgaonker
Telephone: (021) 528 4100
Fax: (021) 528 4200
Email: KhaleelZ@agsa.co.za

Acknowledgement of receipt by management:

Received by _____ Date _____

DETAILED AUDIT FINDING

ComAF 13 of 2018 - Piggy back contracts

Procurement and Contract Management – Regulation 32 contracts

MFMA Section 116 (3) states that- "*A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after—*
(a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; and
(b) the local community—
(I) has been given reasonable notice of the intention to amend the contract or agreement; and
(ii) has been invited to submit representations to the municipality or municipal entity."
In terms of SCM regulation 32 "Procurement of goods and services under contracts secured by other organs of state:
A supply chain management policy may allow the accounting officer to procure goods and services for the municipality or municipal entity under a contract secured by another organ of state, but only if –
The contract has been secured by the organ of state by means of a competitive bidding process applicable to that organ of state;
(a) The municipality or entity has no reason to believe that such contract was not validly procured;
(b) There are demonstrable discount or benefits for the municipality or entity to do so; and
(c) That other organ of state and the provider have consented to such procurement in writing…"

Upon performing audit procedures as per audit of deviations in procurement and contract management, the following findings were noted. The findings will be grouped as follows:

(A) Scope of work does not correspond to the original contract

(B) Extension of the contract

PART A – Scope of work does not correspond to the original contract

SCM regulation 32 states that a municipality's supply chain management policy may allow the accounting officer to procure goods and services for the municipality under a contract secured by another organ of state.

Thus the contract used by another organ of state should be the same as the contract used by the piggy backing municipality

For contracts to be the identical or similar, the scope of work should be the same.

Theewaterskloof Municipality piggy backed on a contract from Langeberg municipality (DEV 06/2012/13). The nature of the services provided is for low cost housing with ASLA Construction as the service provider. In both the original contract and the piggy back contract, ASLA was appointed as an implementing agent to provide a turnkey solution to housing projects.

Upon inspection of the piggy back (Theewaterskloof municipality) and original contract (Langeberg municipality), the following discrepancy was noted.

Through inspection of the piggy back contract (Theewaterskloof municipality) for the scope of work done, and cross-referenced it to the original contract (Langeberg municipality), it was noted that the scope of work done in the piggy back contract does not correspond to the scope of work done in the original contract.

Below is an extract from the Theewaterskloof municipality contract:

Theewaterskloof Municipality: "4.2 Be allowed to conclude implementation of projects listed in section 2 of this agreement where ASLA proceeded with the assigned duties to get such projects ready for implementation"

Based on the above quoted paragraph, the contract allows ASLA to complete the work that has already been started on. It does not make provision for starting of new projects.

It should also be noted that the original contract between Langeberg and ASLA only makes provision for the construction of housing units as stated above.

However, based on the inspection of minutes of a council meeting dated 03 December 2015 in point number four (4) it was confirmed that the following items which are outside the scope of the contract have been completed by ASLA Construction:

- Rugby field
- Netball courts
- Parking area
- Access and fencing

It was further noted that the only incomplete item under the Villiersdorp Sports Field is the ablution facility which was estimated to be 90% complete as at that date.

The council meeting minutes dated 03 December 2015 contained provincial treasury's view in this matter. Below is an extract:

"The municipality should be mindful of the fact that in a piggy backing contract arrangement, all terms, conditions and costing of the originating contract of the principle municipality apply in the same manner in all material respects to that of the procuring municipality and cannot be changed (contract (sic) must mirror each other), and no additions can be made. In light of the requested extension period the original time of the original contract, it common cause (sic) that scope and costing will be directly affected and thus resulting in misalignment to the original contract, leading to non-compliance with section 32 of the SCM regulations."

As discussed with management at Theewaterskloof municipality, the above projects had to be constructed due to community unrest. The housing project could not go ahead without the rugby field, netball field etc. being built. Due to the fact the ASLA was appointed as turnkey implementing agent for that area, the municipality was obligated to allow ASLA to construct these facilities, even though constructions of these facilities was in conflict with piggy back requirements.

Therefore, expenditure incurred as a result of the finding noted above constitutes irregular expenditure for the entire duration of the contract period.

Expenditure amounting to R3 155 666,25 incurred in the current year on the piggy back contract constitutes irregular expenditure. However, expenditure incurred in the previous years, on the piggy back contract could not be ascertained, which too constitutes irregular expenditure.

Management should provide the auditors with the rand value for the expenditure incurred on the piggy back contract for the previous years (from 13 December 2012) with supporting schedules.

The prevention of irregular expenditure criteria was assessed and found not to constitute material non-compliance.

The amount noted above together with other irregular expenditure findings constitutes a material misstatement on the irregular expenditure note in the annual financial statements. The finding will be reported in the management report and might have an impact on the audit report if remained uncorrected.

Part B - Extension of the contract

Upon inspection of the council meeting minutes dated 03 December 2015, Theewaterskloof municipality extended their piggy back contract until 12 December 2018. This is an extension of exactly three years.

Section 116 (3) of the MFMA provides for extension of a contract secured through the SCM policy of the municipality. It does not provide for extension of contracts secured by another organ of state.
When the period of participation as per SCM regulation 32 expired, Theewaterskloof municipality should have used its own SCM policy to procure similar goods and services.
The extension of ASLA Construction by Theewaterskloof municipality is non-compliance with SCM Regulation 19 (a) and Section 116 (3) of the MFMA cannot be applied to extend the contract. Since competitive bidding process was not followed, any expenditure incurred on the extended contract results in irregular expenditure.
Expenditure amounting to R3 155 666,25 incurred in the current year on the piggy back contract constitutes irregular expenditure. However, expenditure incurred in the previous years, on the piggy back contract could not be ascertained, which too constitutes irregular expenditure.

Management should provide the auditors with the rand value for the expenditure incurred on the piggy back contract from when the extension took place (from 13 December 2015) with supporting schedules.

The prevention of irregular expenditure criteria was assessed and found not to constitute material non-compliance.

The amount noted above together with other irregular expenditure findings constitutes a material misstatement on the irregular expenditure note in the annual financial statements. The finding will be reported in the management report and might have an impact on the audit report if remained uncorrected.

Internal control deficiency

Leadership: *Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.*

Leadership did not have sufficient monitoring controls to ensure the proper implementation of the overall process relating to procurement of goods and services under contracts secured by other organs of state (piggy back contracts). This lead to irregular expenditure over multiple financial years.

Financial and performance management: *Management did not review and monitor compliance with applicable laws and regulations.*

Management did not ensure that a competitive procurement process was followed after the piggy back contract expired.

Management did not consider the implications of appointing a supplier as a turnkey implementing agent, especially given that it related to a piggy back contract. Management did not consider that a supplier appointed as a turnkey implementing agent for low cost housing would need a much longer time period than three years to complete the project.

Management did not ensure that reasonable steps were taken to prevent irregular expenditure.

Recommendation

Management should exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls. Moreover, management should review and monitor compliance with applicable laws and regulations.

Management should ensure that when the municipality enters in to a piggy back contract the validity period is adhered to and that the scope of work corresponds with the original contract procured by another organ of state.

Management should ensure that piggy back contracts are not extended beyond the original piggy back contract.

Management should provide the auditors with the rand value for the expenditure incurred during the period the contract between Langeberg municipality and ASLA had expired with supporting schedules.

Management should adjust the irregular expenditure note to account for irregular expenditure identified in the findings noted above and should also provide the auditors with the supporting irregular expenditure register adjusted for the findings noted above.

Management response

Management comment on the audit finding:

Management do not agree with the finding. Please find attached the Council decision as well as a legal opinion. It is our respectful submission that the Municipal Council obtained legal counsel from an advocate and Council's attorney (Fairbridges). Both these opinions indicated that the Municipality can extend the contract in order to complete the incompleted word which has already been commenced with. In addition, the scope of works has not changed since this was a turnkey appointment and the sportsfield had to be moved in order for the housing project to be unlocked. This is specifically provided for in the turnkey appointments and implementation agent contracts.

The Municipality therefore took reasonable steps to ensure compliance with legislation by obtaining legal opinions on the matter as it was difficult to interpret and the circumstances at the time including protest action and damage to municipal property as well as endangering peoples' lives and the prevention / interruption of service delivery were all factors that had to be considered at the time. Based on the legal opinions, the matter was tabled to Council for consideration as per section 116(3) of the MFMA and we are therefore of the view that this is not irregular expenditure. Should the AG persist with the irregular expenditure, we submit that although the expenditure was incurred over more than one financial year, it relates to one contract and it can therefore not be seen as a re-occurrence of irregular expenditure.

With regards to whether contract could be extended, we have also obtained written feedback from the National Treasury MFMA Implementation Unit. The National Treasury stated in their response as follows: "*MFMA Circular 62 provides guidance on how municipalities and municipal entities can extend the monetary value of a particular contract. Our understanding is that contracts normally makes provision for variations, which can also include extension of the completion date of a particular project. This in our view will not be subject to section 116(3) of the MFMA.*"

There is further no legal basis on the current interpretation of section 116(3) by the AG. The legislation nowhere excludes processes that was not procured by normal internal SCM processes. Section 32 procurements also forms part of the supply chain management system and is there no logical reason why the general principles of amendment and extension should not be applicable to all options of procurement. The only conditions in terms of the legislation and piggyback contracts are stipulated in section 32. It is further important to note that the contract makes specific provision for extension. Section 116(3) is relevant to the amendment of a contract. It is therefore not clear on which provision the opinion of the AG is based and is it flawed. We cannot agree that the municipality was not allowed to extend the contract and that there are irregular expenditure because of that action. The municipality acted on the advice of specialist in this subject and legal arguments have to be presented to challenge these opinions.

It is stated in the finding that section 116 is only applicable to contracts procured through the Municipality's SCM Policy. The Municipality's Supply Chain Management Policy of the municipality makes specific provision for procurement in terms of regulation 32 of the Supply Chain Management Regulations.

It should also be noted that clause 4.6 and 4.7 of both the Langeberg contract and the

TWK contract makes reference to bulk, link, internal, external, connector, rudimentary engineering services and Top Structures.
Management comment on the root cause identified within the audit finding: Management do not agree with the root cause identified. Refer to legal opinion attached.
Management comment on the recommendation: Management do not agree with the recommendation. Refer to legal opinion attached.
Reason for non-compliance: N/A
Remedial action: N/A

What actions will be taken:	By whom:	By when:
If the above findings affects an amount (s) disclosed in the financial statements:		
Please give an indication of whether the correcting journal entry shall be processed:		
If yes, please indicate the accounting entry:		
If no, please provide the reason why such a conclusion:		

Name: Z. Gagiano
Position: Deputy Director Corporate Services
Date: 12 November 2018

Auditor's conclusion

Management's response is noted.

Part A

The finding raised was based on SCM regulation 32, procurement goods and services under a contract secured by another organ of state. Although the change of scope might be acceptable for turnkey appointments and implementation agent contracts, a change in scope cannot be effected under piggy back contracts.

No legal opinions were obtained by the municipality before the change of scope had taken place. We understand the nature of such type of low cost housing projects in that they are vulnerable to protest action and community demands. It is with this in mind that the municipality should have not opted for a piggy back contract but rather instituted its own tender process.

The Langeberg municipality contract (originating contract) only scoped in the building of low-cost housing and not the building of sport fields. Due to the fact that the Theewaterskloof municipality requested ASLA to build a sport field, it resulted in the terms of the originating contract with Langeberg municipality not being the same, which thus triggers the change in scope. The expenditure which was incurred as a result of the change in scope will constitute irregular expenditure. This amounts to R17 125 605.

The above results in non-compliance with SCM regulation 32, which results in irregular expenditure of R17 125 605 which will be reported as such in the annual financial statements.

Part B

The finding was written based on a worse-case scenario pending the outcome of a technical consultation on this matter. After extensive legal and technical consultation had been done on this matter, the following conclusion was reached.

Section 116(3) of the MFMA states, *"A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after…*

(a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality;

(b) the local community—

(i) has been given reasonable notice of the intention to amend the contract or agreement; and

(ii) has been invited to submit representations to the municipality or municipal entity"

SCM regulation 32 "Procurement of goods and services under contracts secured by other organs of state:

A supply chain management policy may allow the accounting officer to procure goods and services for the municipality or municipal entity under a contract secured by another organ of state, but only if –

The contract has been secured by the organ of state by means of a competitive bidding process applicable to that organ of state;

(a) The municipality or entity has no reason to believe that such contract was not validly procured;

(b) There are demonstrable discount or benefits for the municipality or entity to do so; and

(c) That other organ of state and the provider have consented to such procurement in writing…"

MFMA s116(3) provides for amendment of a contract procured through the SCM policy of a municipality. I.e. the original contract should have been procured through a municipality's' own competitive processes and not that of another municipality.

A contract secured through SCM regulation 32 cannot be said to have been procured through the SCM policy of Theewaterskloof municipality, as such contract was procured through the SCM policy of Langeberg municipality.

Therefore Theewaterskloof municipality cannot use section 116(3) to amend a contract secured by Langeberg municipality as the contract was not originally procured through Theewaterskloof.
However, ASLA must complete the work that it was contracted to perform. Extension of the period is justifiable if it is to allow the service provider to complete the work that was supposed to have been completed during the initial period of the contract (three years).
We have thus assessed the extension to be justifiable as the main purpose was for ASLA to complete work originally contracted to perform. I.e. to construct low cost housing in Villiersdorp, Destiny farm and Radyn farm.
The expenditure incurred in the extension period (other than that which constituted a change in scope in Part A above) is thus not considered to be irregular expenditure.

Further auditor's conclusion

After discussions held in the final management report and draft audit report meeting, requests were made by management to re-look at information in considerations to resolve the finding relating to the change in scope.

Management provided the following document:

Langeberg Municipality advertised per TENDER 44/2011 to appoint **an implementing agent** for their (Langeberg's) **HOUSING DEVELOPMENT**. It states under TENDER SPECIFICATIONS..."*The proposal is aimed at implementing agents that can demonstrate their knowledge of the housing subsidy market, as well as their capacity to deliver housing on a large scale subject to the NATIONAL NORMS AND STANDARDS FOR HOUSING...."*

The definition as per the Housing code for a housing development can be found underneath:

PART A: INTEGRATED RESIDENTIAL DEVELOPMENT PROGRAMME

1 OVERVIEW

The Comprehensive Plan for the Development of Sustainable Human Settlements approved on 1 September 2004, represents a paradigm shift for the national housing programme. Having achieved the initial housing delivery targets, Government shifted its development focus towards addressing settlement inefficiencies through the development of integrated human settlements which will contribute towards more compact settlement form and provide a range of housing and social economic opportunities.

The existing housing policy programmes focus primarily on the development of subsidised housing and do not provide much scope for area wide settlement planning and the integration of a range of housing types and price categories, together with commercial and social amenities in a project.

As the name suggests, this programme provides a tool to plan and develop integrated settlements that include all the necessary land uses and housing types and price categories to become a truly integrated community.

The Programme in particular provides for planning and developing an integrated project, providing for the housing, social and economic needs of different income categories. It does away with the requirement found in other policy programmes to identify subsidised housing recipients up front and provides for both subsidised, as well as finance linked housing, social and rental housing, commercial, institutional and other land uses to be developed.

Owing to the holistic planning and development approach, the instrument also provides for substantial economies of scale to be realised. Integration is achieved through the provision of both bonded and subsidised housing in a mix appropriate to the projects location, which in turn lends itself to facilitating inclusionary housing development (which requires a certain number of affordable housing units to be delivered in any residential development).

Projects can be planned and developed in two phases. The first phase encompassing planning, land acquisition, township establishment and providing serviced residential stands in a variety of price categories as well as stands for other land uses to ensure a holistic and sustainable community. In the second phase houses are constructed for qualifying housing beneficiaries and the sale of stands to non qualifying beneficiaries and to commercial interests etc. is undertaken.

With reference to the appointment of an Implementing agent, the Housing code has the following definition:

2.2.2 CHOOSING AN APPROPRIATE CONTRACTING STRATEGY

The developer identifies an appropriate contracting strategy for the project. The options available are as follows:

a) Through the **turnkey contracting strategy**, a turnkey contractor is appointed by the developer through a public tender to do all work related to the successful completion of the project. This includes inter alia the planning of the approved land, the township establishment process, the design and installation of internal reticulation services to the construction of houses. The developer has a contract with only the successful tenderer and no separate contracts with any of the other participants in the development process. The successful tenderer is at risk for any financial overruns, which are not provided for in the contract and concludes agreements in own right with all the required providers of housing goods and services.

The Theewaterskloof Municipality has appointed ASLA Construction (PTY) LTD as a

Turnkey Housing Implementation Agent in terms of clause 2.2.2(a) of the Integrated Residential Development Program (IRDP) of the National Housing Code through section 32 of Municipal Supply Chain Management Regulations based on the appointment principles of Langeberg Municipality.

In the attached document it was decided by the community benefiting from the housing project to utilise the then current sport field, since there was no other possible land to construct the 225 housing opportunities. With the utilisation of the then current field the need for the new sport field arose and therefore the construction of a sport field adhering to the minimum standard of Sport and recreation.

This construction of the sport field is in my opinion not IRREGULAR since it is part of the appointment of the implementing agent to create housing developments that is inclusive of social amenities such as sport fields, community halls ect. As per the Langeberg appointment.

Denver

Further auditor's conclusion

The additional information provided by management is based on the turnkey implementing agent concept.

The basis of our conclusion and the technical consultation is that of SCM regulation 32 and not the implementing agent contract.

This was previously considered and communicated as part of our technical consultation.

We acknowledge that it is correct for a turnkey implementing agent to carry out work such as the rugby field, netball courts etc. if the implementing agent was procured through a competitive bidding process by Theewaterskloof municipality.

As previously stated in our auditor's conclusion, a change in scope cannot be effected under piggy back contracts. Although Langeberg municipality also had an implementing agent contract with ASLA, at the time of contracting, the primary intention and scope was for housing.

The housing development was the primary basis of the piggy back contract, and in terms of SCM regulation 32, no deviations from this should have been effected.

Although it may have been acceptable in terms of the turnkey implementing agent contract, by allowing ASLA to carry out additional work to the piggy back, Theewaterskloof Municipality had effectively changed the scope of the work and went beyond the scope of the original contract when it comes to SCM regulation 32.

Thus the expenditure incurred on the additional projects results in non-compliance with SCM regulation 32, and the amount of R17 125 605 constitutes irregular expenditure.

Inspected the amended annual financial statements and confirmed that R17 125 605 was disclosed as irregular expenditure.

7. Compliance SCM: Compliance with Municipal Supply Chain Regulation 32 (COMAF 14)

Audit finding

Requirement

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

Section 110(2)(c) of the MFMA states that Chapter 11, Part 1: Supply chain management, states that: "*This Part, except where specifically provided otherwise, does not apply if a municipality or*

municipal entity contracts with another organ of state for the procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement".

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

(1) A supply chain management policy may allow the accounting officer to procure goods or services for the municipality or municipal entity under a contract secured by another organ of state, but only if-

(a) the contract has been secured by that organ of state by means of a competitive bidding process applicable to that organ of state;

(b) the municipality or entity has no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits for the municipality or entity to do so; and

(d) that the other organ of state and the provider have consented to such procurement in writing.

The following two court cases provided rulings on the interpretation of SCM regulation 32:

- Blue Nightingale Trading 397 (Pty) Ltd t/a Siyenza Group v Amathole District Municipality [2016] 1 All SA 721 (ELC)
- Kwadukuza Municipality v Skilful 1169 CC and Another (11060/2017) [2018] ZAKZDHC 35

These court rulings have the force of law and must form the basis against which the application of regulation 32 is tested.

The above court case provides the following example and rulings in terms of the interpretation of section 110(2)(c) of the MFMA (referred to as LGMFMA in rulings):

(a) Ruling 32: The usual example would be where an organ of state contracts, in accordance with a Section 217 compliant process, with a supplier to supply say R5 Million Rand's worth of A4 paper. If that organ of state thereafter does not intend to utilize the entire consignment, it is permissible for another organ of state to, as it were, 'take up the slack' in respect of the remaining portion of the same contract.

(b) Ruling 33: I must add that the second organ of state will do so by procuring the A4 paper under the contract between the first organ of state and the supplier, as required by section 110(2)(c).

(c) Ruling 34: The constitutionality of the exemption will always depend on the facts of the particular case. For the exemption to operate under section 110(2) of LGMFMA, I cannot conceive compliance with the constitutional imperatives unless the goods or services procured by the

second organ of state are the same as that required by the first organ of state, and the contract price is the same

(d) Ruling 35: In my respectful view, the terms and conditions of a procurement contract between the second organ of state and the supplier which complies with Chapter 11 of the LGMFMA (including section 116 thereof which requires the contract to be in writing and stipulates the nature of the terms and conditions thereof and the management of the contract) cannot be deleted or amended or compromised in such a manner as to render the contract with the first organ of state not compliant with either Chapter 11 or with the constitutional imperatives.

(e) Ruling 36: The words "... under a contract secured by another organ of state ..." in the Regulation can only refer to the "... contract with another organ of state ..." as contemplated by section 110(2) of the empowering legislation (LGMFMA).

(f) Ruling 37: In my respectful view, this can only refer to the situation where the municipality, with the consent of the supplier, either becomes a party to the existing contract between the other organ of state and the supplier; or where the other organ of state concludes a contract with the supplier for the benefit of a third party, namely for the benefit of the municipality, against payment by the municipality of the approved contract price. In either case, the material terms and contract price of the contract already secured by that organ of state remain binding, and thus remain compliant with section 217 of the Constitution and with the procurement policy of the other organ of state, and therefore with LGMFMA.

MFMA Circular No. 96 was issued on 24 July 2019 *to provide further elaboration to municipalities and municipal entities on the principle as captured in Regulation 32 of SCM Regulations when procuring good or services from contracts secured by other organs of state.*

Nature and Cause

The legal interpretation results in the application of regulation 32 in a procurement process, effectively meaning that the accounting officer of the original contracting organ of state is willing to forfeit a portion of its contract, in terms of contract value and quantity that has not already been utilised, to the accounting officer who is requesting to procure under that contract.

The following regulation 32 deviations were identified on which expenditure was incurred during the 2018-19 financial year:

Other organ of state	Award number	Contract start date	Supplier name	Award value	Expenditure incurred in 2018-19 R	Irregular expenditure 2018-19 as per the AFS R	Irregular expenditure 2017-18 as per the AFS
Langeberg Municipality	DEV 06/2012/2013	30 Oct 2012	Asla Construction (Pty) Ltd	1000 Houses (unit price is not stated in the contract) Total expenditure on the contract R91 759 815 (Excl. Vat).	8 237 075	241 779	17 377 200

No evidence was submitted to audit as part of the documents supporting the regulation 32 awards listed above that indicated that any portion of these contracts equals a portion of the original contract that was forfeited by the other organ of state.

Impact

Any expenditure, from inception of the contract, incurred on the above contracts, or on any other similar contracts on which expenditure was incurred during the 2018-19 financial year, and which is not incurred on a portion forfeited by the other organ of state, meets the definition of irregular expenditure detailed in section 1 of the MFMA.

This also constitutes non-compliance with SCM regulation 19, which has been assessed as material.

Internal control deficiency

Financial and performance management-

Review and monitor compliance with applicable laws and regulations.

Management did not identify that its historical interpretation and application of SCM regulation 32 has resulted in non-compliance with the regulation and/or has failed to provide audit with evidence that the expenditure incurred by it on so-called "piggy-back" contracts were limited to the portion forfeited by the other organ of state, resulting in the incurring of irregular expenditure.

Recommendation

Management should review its interpretation and implementation of SCM regulation 32 and implement the principles as clarified by the courts in the matters of *Blue Nightingale Trading 397 (Pty) Ltd t/a Siyenza Group v Amathole District Municipality* and *Kwadukuza Municipality v Skilful 1169 CC and Another* as it has the force of law and must form the basis against which the application of regulation 32 is measured.

The outcomes of the court judgement are to be applied retrospectively and applies to contracts where expenditure has been incurred in the 2018-19 financial year.

Management should investigate all regulation 32 contracts on which expenditure was incurred in 2018-19 to identify any other instances where the prescribed requirements were not complied with, or alternatively, provide audit with evidence, obtained from the other organ of state, confirming that that expenditure was incurred on a forfeited portion of the original award. Evidence of any such investigation, as well as the outcome thereof, should be provided for auditing.

Management is advised to review their existing SCM policies and effect the necessary amendments where appropriate for approval by the municipal council.

Management response

Management comment on audit finding

Before addressing the merits of the finding, we wish to place on record that the Asla contract was entered into during 2012 after which the TWK Municipality was awarded clean audits for 5 consecutive years since 2012/13 and until 2016/17. During 2017/18, the Asla contract became the subject of intense scrutiny by the Auditor General and eventually a finding of irregular expenditure was raised on the basis that the Municipality had incurred expenditure which was according to the AG not within the scope of the original Langeberg contract. The Municipality contended that it had obtained legal advice and that the sportsfield was part of an integrated human settlements solution, as such, the AG erred in its interpretation and subsequent finding. The AG then referred the matter to its technical division and despite the Municipality's arguments against the finding, the AG maintained its position that the expenditure was indeed irregular.

Whilst we respectfully disagreed with the audit finding, the Municipality had no choice but to amend the Annual Financial Statements to disclose the expenditure as irregular and to follow the process outlined in section 32 of the MFMA to dispose of the irregular expenditure. Throughout our

engagements with the AG including a meeting with the audit team and the Business Executive of the AG on 30 November 2019, we were given the assurance that the municipality will not be issued with another finding of irregular expenditure and that the Municipality may proceed with the contract. We specifically raised the question whether the contract should be terminated to prevent any similar future audit findings.

In respect of the substance and merits of the finding, the Municipality had obtained legal advice and which is copied below:

BACKGROUND

28. In performing the audit of compliance with legislation, the AG identified instances of non-compliance as described below and indicated that the effect of these instances of non-compliance could potentially be material.

29. The following legislative requirements were listed by the AG:

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

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

(3) ***Regulation 32 of the Municipal Supply Chain Management Regulations*** *(SCM Regulations) reads as follows: 'A supply chain management policy may allow the accounting officer to procure goods or services for the municipality or municipal entity under a contract secured by another organ of state, but only if-*

a. *the contract has been secured by that organ of state by means of a competitive bidding process applicable to that organ of state;*
b. *the municipality or entity has no reason to believe that such contract was not validly procured;*
c. *there are demonstrable discounts or benefits for the municipality or entity to do so; and*
d. *that the other organ of state and the provider have consented to such procurement in writing."*

30. The AG then relies on two High-court judgements, as follows:

a. *"The following two court cases provided rulings on the interpretation of SCM regulation 32:*

- *Blue Nightingale Trading 397 (Pty) Ltd t/a Siyenza Group v Amathole District Municipality [2016] 1 All SA 721 (ELC)*
- *Kwadukuza Municipality v Skilful 1169 CC and Another (11060/2017) [2018] ZAKZDHC 35*

b. *These court rulings have the force of law and must form the basis against which the application of regulation 32 is tested.*

c. *The above court case provides the following example and rulings in terms of the interpretation of section 110(2)(c) of the MFMA (referred to as LGMFMA in rulings):* ***...."[note: for purposes of brevity author will not repeat the 'rulings' highlighted by the AG, suffice to say it quoted 'obiter' 32 – 37. Where relevant these will be referenced in the discussion below]***

31. The AG continues to state that: *"MFMA Circular No. 96 was issued on 24 July 2019 to provide further elaboration to municipalities and municipal entities on the principle as captured in Regulation 32 of SCM Regulations when procuring good or services from contracts secured by other organs of state."*

32. The AG thereafter purported to interpret SCM TR 32 as follows: "*The legal interpretation results in the application of regulation 32 in a procurement process, effectively meaning that the accounting officer of the original contracting organ of state is willing to forfeit a portion of its contract, in terms of contract value and quantity that has not already been utilised, to the accounting officer who is requesting to procure under that contract."*

33. Based on its interpretation the AG then concluded the following:

"The following regulation 32 deviations were identified on which expenditure was incurred during the 2018-19 financial year:

Other organ of state	Award number	Contract start date	Supplier name	Award value	Expenditure incurred in 2018-19 R	Irregular expenditure 2018-19 as per the AFS R	Irregular expenditure 2017-18 as per the AFS
Langeberg Municipality	DEV 06/2012/2013	30 Oct 2012	Asla Construction (Pty) Ltd	1000 Houses (unit price is not stated in the contract) Total expenditure on the contract R91 759 815 (Excl. Vat).	8 237 075	241 779	17 377 200

No evidence was submitted to audit as part of the documents supporting the regulation 32 awards listed above that indicated that any portion of these contracts equals a portion of the original contract that was forfeited by the other organ of state."

34. The AG recommended that that Municipality must:

"(i) *Management should review its interpretation and implementation of SCM regulation 32 and implement the principles as clarified by the courts in the matters of Blue Nightingale Trading 397 (Pty) Ltd t/a Siyenza Group v Amathole District Municipality and Kwadukuza Municipality v Skilful 1169 CC and Another as it has the force of law and must form the basis against which the application of regulation 32 is measured.*

(ii) The outcomes of the court judgement are to be applied retrospectively and applies to contracts where expenditure has been incurred in the 2018-19 financial year.

(iii) Management should investigate all regulation 32 contracts on which expenditure was incurred in 2018-19 to identify any other instances where the prescribed requirements were not complied with, or alternatively, provide audit with evidence, obtained from the other organ of state, confirming that that expenditure was incurred on a forfeited portion of the original award. Evidence of any such investigation, as well as the outcome thereof, should be provided for auditing.

(iv) Management is advised to review their existing SCM policies and effect the necessary amendments where appropriate for approval by the municipal council."

RELEVANT CONSIDERATIONS:

35. In considering the validity of the AG's interpretation, author reviewed the following 30 points of reference:

Case law (common law):

1) Blue Nightingale Trading 397 (Pty) Ltd t/a Siyenza Group v Amathole District Municipality [2016] 1 All SA 721 (ELC) – [Blue Nightingale judgement]
2) Kwadukuza Municipality v Skilful 1169 CC and Another (11060/2017) [2018] ZAKZDHC 35 – [KDM judgement].
3) Kaknis v Absa Bank Limited & another (08/16) [2016] ZASCA 206 (15 December 2016).
4) Fidelity Services (Pty) LTD v Mogale City Local Municipality and others, Case number 32719/15, Gauteng High Court [2016].
5) Sizabonke vs Zululand DM [CASE NO:10878/2009].
6) AllPay Consolidated Investments Holdings (Pty) Ltd and Others v Chief Executive Officer of the South African Social Security Agency and Others (No 2) CCT 48/13.
7) City of Cape Town v Aurecon SA (Pty) Ltd [2017] ZACC 5.
8) Buffalo City Metropolitan Municipality v ASLA Construction (Pty) Ltd, [2019], ZACC 15.

9) Transnet Ltd v Chairman, National Transport Commission, & others 1999 (4) SA 1 (SCA).

Legislation (statutory law):

10) The Constitution of RSA.

11) The Municipal Finance Management Act, 2003 (Act 56 of 2003) – [MFMA]

12) Public Finance Management Act, 2003 (Act 1 of 1999) – [PFMA]

13) The relevant MFMA SCM Regulations [SCMR] issued in terms of the MFMA.

14) The relevant MFMA SCM Regulations [SCMR] issued in terms of the PFMA [SCMR 16A].

15) Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)-[PAJA]

16) Interpretation Act, 1957 (Act 33 of 1957)

17) Public Audit Act, 2004 (Act 25 of 2004 as amended by Act 5 of 2018)

18) The Municipal SCM Policy [SCMP].

Treasury circulars:

19) MFMA Treasury Circular 96 of July 2019 relating to SCMR 32 contracts;

20) MFMA Treasury Circular 80 of March 2016 and its amendment on 18 October 2016 as well as the Treasury letter of 5 February 2019, relating to RT 25-2016 transversal contract and the application of SCMR 32.

21) MFMA Treasury Circular 62 of July 2013 relating to various SCM matters including the amendment of contracts.

22) MFMA circular 68, as updated in June 2019 relating to unauthorised, irregular and fruitless and wasteful expenditure.

23) Kwa Zulu Natal Provincial Treasury, circular 01/2016, effective from 1 April 2017, relating to SCMR 32 contracts.

Treasury guidelines:

24) National Treasury Guide to Participation in Transversal Term Contracts Facilitated by National Treasury, March 2017

Academic records:

25) Prof P Bolton in '*The Law of Government Procurement in South Africa*', LexisNexis Butterworths, Durban, 2007.

26) Adv Reason Misiiwa Baloyi in '*Termination of Contracts by Organs of State*', Master Thesis (Student No.: 16395922), January 2018.

27) '*Researching South African Law*', by Amanda Barratt and Pamela Snyman and updated by Salona Lutchman in March 2018

28) '*The Government Procurement Review*', 6th edition, May 2018 Law Business Research, Adams & Adams.

29) Lourens M du Plessis, '*The Re-Interpretation of Statutes*', LexisNexis, 2002.

30) LM du Plessis "Statute Law and Interpretation" LAWSA (volume 25(1) 2nd ed) para 302.

DISCUSSION

36. It is argued that the validity of the AG's interpretation in this matter is challengeable and may be set aside by a competent court of law, based on the following **NINE** considerations *[heads of argument]*, which is discussed on a high-level further in the document:

A. Incorrect understanding of the application of case-law, specifically in terms of:

A1. Jurisdiction of a high court judgement.

A2. 'Case law' when compared with 'customary law'.

A3. 'Ruling' versus 'Dictum'.

B. Incorrect interpretation and application of the retrospective application of 'case law'.

C. Incorrect interpretation and application of section 1 of the MFMA, i.e. definition of irregular expenditure.

D. Failure to consider and test of all relevant legislation.

E. Incorrect understanding and application of Treasury circulars.

F. Inconsistent interpretation of application of its audit test at various municipalities.

G. Incorrect interpretation and application of SCMR 32 as a 'deviation'.

H. Alternative arguments [potential points in limine]:

H1. Blue Nightingale judgement poses grounds for further judicial review.

H2. KDM judgement poses grounds for further judicial review.

H3. The legality and enforceability of MFMA, section 110(2)(c) read with and applied with SCMR's 2(4), 11(3), 19(a) and 32.

I. Impact of AG finding is enforced.

J. Alternative solution.

A1. INCORRECT UNDERSTANDING OF THE APPLICATION OF CASE-LAW, SPECIFICALLY IN TERMS OF JURISDICTION OF A HIGH COURT JUDGEMENT:

37. It appears that the AG is uncertain of how the judiciary system in South Africa is applied and what the jurisdiction of the various courts are.

38. Clarity is provided by the Governmental website[6] - www.gov.za, stipulating that:

a. The judicial authority in South Africa is vested in the courts, which are independent and subject only to the Constitution and the law.

i. The Constitution provides for the following courts:

ii. Constitutional Court.

[6] https://www.gov.za/about-government/judicial-system#transformation – accessed on 3 November 2019

iii. Supreme Court of Appeal.
iv. High courts, including any high court of Appeal that may be established by an Act of Parliament to hear appeals from high courts.
v. Magistrates' courts
vi. Any other court established or recognised in terms of an Act of Parliament, including any court of a status similar to either high courts or magistrates' courts.

b. In consideration of the jurisdiction of the courts, the following is relevant:
i. **The Constitutional Court [CC]** makes the **final decision** on whether an Act of Parliament, a provincial Act or the conduct of the President **is constitutional**.
ii. **The Supreme Court of Appeal [SCA]** has jurisdiction to hear and determine an appeal against any decision of a High Court. **Decisions** of the Supreme Court of Appeal **are binding on all courts of a lower order**.
iii. **14 High Courts in the country** hear matters that are of such a serious nature that the lower courts would not be competent to make an appropriate judgment or to impose a penalty. Decisions of high courts are **binding on magistrates' courts within the respective areas of jurisdiction of the divisions**.

39. Additionally, it is important to understand that **Statutory law**[7] is defined as: "*The body of law consisting of written laws adopted by a legislative body. Statute law is often **contrasted with case law**, which originates from decisions of the **appellate courts**; and with constitutional law, based on a country's written constitution.*" [Own emphasis].

40. It must be noted that the Blue Nightingale judgement was made by a high court in the Eastern Cape and the KDM judgement by a high court in KwaZulu-Natal, which means that the application of the stated judgements is limited to the relevant jurisdictions of the Eastern Cape and KwaZulu-Natal Provinces.

41. Neither of these judgements were tested by the Supreme Court of Appeal or the Constitutional Court, which means that its application of the stated judgements to the country as a whole is not allowed.

42. Lastly, both judgements concluded that the relevant contracts were unconstitutional and therefore invalid, unlawful and *void ab initio*. These judgements are bound by the principle that an order of constitutional invalidity has no force unless confirmed by the Constitutional Court[8].

[7] http://www.businessdictionary.com/definition/statute-law.html - accessed on 3 November 2019
[8] http://www.justice.gov.za/sca/aboutsca.htm - accessed on 3 November 2019

43. ***Argument in A1: The AG erred in its understanding of the application of case-law, specifically in terms of jurisdiction of a high court judgement, as:***
    a. *A judgement from a high court is limited to the jurisdiction of the province where it applies. The Blue Nightingale judgement was made by a high court in the Eastern Cape and the KDM judgement by a high court in KwaZulu-Natal, which means that the application of the stated judgements is limited to the relevant jurisdictions of the Eastern Cape and KwaZulu-Natal Provinces.*
    b. *Neither of these judgements were tested by the Supreme Court of Appeal or the Constitutional Court, which means that its application of the stated judgements to the country as a whole is not allowed.*
    c. *Both judgements tested the constitutionality of the contracts and concluded that the relevant contracts were unconstitutional and therefore invalid, unlawful and void ab initio. These judgements are therefore bound by the principle that an order of constitutional invalidity has no force unless confirmed by the Constitutional Court*[9].

A2. INCORRECT UNDERSTANDING OF THE APPLICATION OF CASE-LAW, SPECIFICALLY IN TERMS OF 'CASE LAW' COMPARED TO 'CUSTOMARY LAW':

44. It is important to understand the difference between the different 'types of law' and its interpretation, as:
    a. **Customary law** is defined as: "*Traditional common **rule or practice that has become an intrinsic part of the accepted and expected conduct** in a community, profession, or trade **and is treated as a legal requirement***[10]*."* **[Own emphasis]**
    b. **Case law** is defined as: "*Part of common law, consisting of judgments given by **higher (appellate) courts in interpreting the statutes (or the provisions of a constitution)** applicable in cases brought before them. Called precedents, they are binding on all courts (**within the same jurisdiction**) to be followed as the law in similar cases. Over time, these precedents are recognized, affirmed, and enforced by the subsequent court decisions, thus continually expanding the common law*[11]*.'* **[Own emphasis].**

45. Based on the above definitions, the following is evident:
    a. 'Customary law' considers a common rule or practice which has become an integral part of acceptable conduct and therefore treated as a legal requirement.

[9] http://www.justice.gov.za/sca/aboutsca.htm - accessed on 3 November 2019
[10] http://www.businessdictionary.com/definition/customary-law.html - accessed on 3 November 2019
[11] http://www.businessdictionary.com/definition/case-law.html- accessed on 3 November 2019

b. 'Case law' on the other hand interprets legislation and is given by higher (appellate) courts and binding on all courts within the same jurisdiction.

46. In terms of the South African Constitution, sections 30 and 31, customary law is an equal partner to the hybrid legal system[12]. Customary law has been defined by the Constitutional Court of South Africa in Bhe v Magistrate Khayelitsha (CCT 9/03)[2004] ZACC 17; 2005 (1) SA 580 (CC); 2005 (1) BCLR 1 (CC) (15 October 2004) as having three different forms, namely (1) law that is practised in the community; (2) law that is found in statutes, (3) case law or textbooks on official customary law and academic law that is used for teaching purposes.

47. The common practice, since the promulgation of the MFMA in 2003 and its supporting SCM Regulation in 2005, was to apply SCMR 32 contracts, or so-called 'piggy back' contracts, where the participating municipality will conclude its own contract with the service provider, based materially on the same terms and conditions of the initial tender, subject to compliance with the provisions of SCMR 32(1)(a) – (d). This common practice was endorsed by guidelines provided by the National Treasury and certain provincial treasuries, such as:
    a. National Treasury Guide to Participation in Transversal Term Contracts Facilitated by National Treasury, March 2017, refer to page 5.
    b. MFMA Treasury Circular 80 of March 2016, refer to items 7 and 8 (pages 12 to 15).
    c. MFMA Treasury Circular 80, amended on 18 October 2016, refer to item 3(iv).
    d. National Treasury letter of 5 February 2019, relating to RT 25-2016 transversal contract and the application of SCMR 32.
    e. Kwa Zulu Natal Provincial Treasury, circular 01/2016, effective from 1 April 2017, relating to SCMR 32 contracts, Annexure A, items 3.1.2 and 3.1.3.

48. ***Argument in A2: The AG erred in its understanding of the application of case-law, specifically in terms of 'case law' compared to 'customary law', specifically considering the practice in the application of SCMR 32, as:***
    (i) *The 'common practice or customary practice', since the promulgation of the MFMA in 2003 and its supporting SCM Regulation in 2005, was to apply SCMR 32 contracts, or so-called 'piggy back' contracts, where the participating municipality will conclude its own contract with the service provider, based materially on the same terms and conditions of the initial tender, subject to compliance with the provisions of SCMR 32(1)(a) – (d).*

[12] *'Researching South African Law'*, by Amanda Barratt and Pamela Snyman and updated by Salona Lutchman in March 2018 (accessible at https://www.nyulawglobal.org/globalex/South_Africa1.html.

(ii) *This common practice was endorsed through various National Treasury circulars and guidelines.*

(iii) *This means that for the past 14 years, municipalities applied a specific common practice, concluded and honoured contracts.*

(iv) *With the alternative interpretation by the stated judgements, it appears that the 'common practice' is now regarded as unconstitutional and therefore invalid, unlawful and void ab initio.*

(v) *Neither of these judgements considered the 'customary law' application of SCMR 32 and the implication thereof if such 'practice' is now impugned.*

(vi) *Prior to concluding that on matters of constitutional matters, whether 'case law' will trump 'customary law, by virtue of common practice', the impact must be tested by an appropriate court of law in order to reach a 'just and equitable remedy' as provided for in section 172(1)(b) of the Constitution.*

A3. INCORRECT UNDERSTANDING OF THE APPLICATION OF CASE-LAW, SPECIFICALLY IN TERMS OF 'A RULING' VERSUS 'AN OBITER DICTUM':

49. It is important to understand the difference between 'a court ruling' and 'an obiter dictum', its interpretation and its application, as:

(i) **A court ruling** is defined as: "***A decision made by a court***[13]" ***[own emphasis].***

(ii) **Obiter dictum is defined as:** *"Obiter dictum is an opinion, or a remark made by a judge which does not form a necessary part of the court's decision. The word obiter dicta is a Latin word which means "things said by the way." Obiter dicta can be passing comments,* ***opinions or examples*** *provided by a judge.* ***Statements constituting obiter dicta are therefore not binding[14]." [own emphasis]***

50. The AG selectively referenced only 6 items of the Blue Nightingale judgement, namely items 32 to 37 and regard those excerpts as '**rulings**', as follows:

"Ruling 32: The ***usual example*** *would be where an organ of state contracts, in accordance with a Section 217 compliant process, with a supplier to supply say R5 Million Rand's worth of A4 paper. If that organ of state thereafter does not intend to utilize the entire consignment, it is permissible for another organ of state to, as it were, 'take up the slack' in respect of the remaining portion of the same contract.*

[13] https://www.collinsdictionary.com/dictionary/english/court-ruling - accessed on 4 November 2019

[14] https://definitions.uslegal.com/o/obiter-dictum/ - accessed on 4 November 2019

Ruling 33: ***I must add*** *that the second organ of state will do so by procuring the A4 paper under the contract between the first organ of state and the supplier, as required by section 110(2)(c).*

Ruling 34: *The constitutionality of the exemption will always depend on the facts of the particular case. For the exemption to operate under section 110(2) of LGMFMA,* ***I cannot conceive*** *compliance with the constitutional imperatives unless the goods or services procured by the second organ of state are the same as that required by the first organ of state, and the contract price is the same*

Ruling 35: ***In my respectful view****, the terms and conditions of a procurement contract between the second organ of state and the supplier which complies with Chapter 11 of the LGMFMA (including section 116 thereof which requires the contract to be in writing and stipulates the nature of the terms and conditions thereof and the management of the contract) cannot be deleted or amended or compromised in such a manner as to render the contract with the first organ of state not compliant with either Chapter 11 or with the constitutional imperatives.*

Ruling 36: *The words "... under a contract secured by another organ of state ..." in the Regulation can only refer to the "... contract with another organ of state ..." as contemplated by section 110(2) of the empowering legislation (LGMFMA).*

Ruling 37: ***In my respectful view****, this can only refer to the situation where the municipality, with the consent of the supplier, either becomes a party to the existing contract between the other organ of state and the supplier; or where the other organ of state concludes a contract with the supplier for the benefit of a third party, namely for the benefit of the municipality, against payment by the municipality of the approved contract price. In either case, the material terms and contract price of the contract already secured by that organ of state remain binding, and thus remain compliant with section 217 of the Constitution and with the procurement policy of the other organ of state, and therefore with LGMFMA.'* ***[own emphasis]***

51. When the highlighted/emphasised portions above in paragraph 25 are considered, it is evident that in 5 of the 6 items quoted, the judge specifically referred to either an **'example'** or an **'opinion'**, which means that 5 of the 6 items quoted are regarded as '**obiter dicta'** which are not regarded as binding.

52. ***Argument in A3: The AG erred in its understanding of the application of case-law, specifically in terms of 'a ruling' versus 'an obiter dictum', as:***

a. *The AG regarded 'obiter dicta' as a 'court ruling', thereby incorrectly interpreted obiter dicta as binding on all organs of state.*

b. *When the highlighted/emphasised portions in paragraph 25 are considered, it is evident that in 5 of the 6 items quoted, the judge specifically referred to either an **'example'** or an **'opinion'**, which means that 5 of the 6 items quoted are regarded as '**obiter dicta**' which are not regarded as binding.*

B. INCORRECT INTERPRETATION AND APPLICATION OF THE RETROSPECTIVE APPLICATION OF 'CASE LAW':

53. Lourens M du Plessis, '*The Re-Interpretation of Statutes*', LexisNexis, 2002[15], advises that legislation in South-Africa should be interpreted according to the common law rules and presumptions, mindful of the interpretation measures provided for by the Constitution of 1996. One of the considerations is the common law presumptions adopted and applied by our courts since 1994, more specifically the presumption that: "***A statute does not apply retroactively, unless specifically so enacted"***.

54. The Constitution, section 36(1) provides clear guidelines of when rights may be limited in terms of ***law of general application*** to the extent that the ***limitation is reasonable and justifiable in an open and democratic society*** based on human dignity, equality and freedom, taking into account all relevant factors, including—
(a) the nature of the right;
(b) the importance of the purpose of the limitation;
(c) the nature and extent of the limitation;
(d) the relation between the limitation and its purpose; and
(e) less restrictive means to achieve the purpose.

55. In Transnet Ltd v Chairman, National Transport Commission, & others 1999 (4) SA 1 (SCA) para 12, Olivier JA said: '*One may start the conspectus by stating the time-honoured principle formulated in Peterson v Cuthbert & Co Ltd 1945 AD 420 at 430, based upon the Roman-Dutch law, that no statute is to be construed as having retrospective operation (**in the sense of taking away or impairing a vested right acquired under existing laws**), unless the Legislature clearly intended the statute to have that effect.'**[own emphasis]***

56. In the 2007 SCA judgement of Veldman v Director of Public Prosecutions, Witwatersrand Local Division 2007 (3) SA 210 (CC) para 26, Mokgoro J held that: "***The principle that legislation will affect only future matters and not take away existing rights, is founded on the rule***

[15] ISBN 978 0 409 02509 5.

of law. It also follows that if the ***court is left in doubt*** as to the retrospective effect of a provision, the presumption against the ***retrospectivity would not be rebutted***." **[own emphasis]**

57. In the 2016 SCA judgement of Kaknis v Absa Bank Limited & another (08/16) [2016] ZASCA 206 (15 December 2016), the court considered the following aspects:
    a. [12] The reasoning behind the presumption against the retrospective application of legislation is premised upon the unwillingness of the courts to inhibit vested rights.
    b. [13] Thus a statute is presumed not to apply retrospectively, unless it is expressly or by necessary implication provided otherwise in the relevant legislation. It is for that reason presumed that the legislature only intends to regulate future matters.
    c. [14] It has been held that the crux of the matter is not the prospectively or retrospectivity of legislation as such, but the fair treatment befalling those subject to the legislation should the legislation be held to apply in that manner.

58. ***Argument in B: The AG erred in its understanding of the application of the retrospective application of 'case law', as:***
    a. *The common law of rules and presumptions presumes that a statute does not apply retroactively, unless specifically so enacted, which is supported by various SCA judgements as reflected in paragraphs 30 – 32 above.*
    b. *Although 'case law' is not necessarily 'legislation or statutory law', it is argued that this presumption will also apply to 'case law' as the Constitution in section 36(1) provides clear guidelines of when rights may be limited in terms of* ***law of general application*** *to the extent that the* ***limitation is reasonable and justifiable in an open and democratic society.***
    c. *Prior to concluding that the relevant judgements as case law, must be applied retrospectively, it is argued that an appropriate court of law should consider, in terms of section 36(1) of the Constitution, whether a retrospective application will limit rights and whether such limitation is reasonable and justifiable in an open and democratic society section.*

C. INCORRECT INTERPRETATION AND APPLICATION OF SECTION 1 OF THE MFMA, i.e. DEFINITION OF IRREGULAR EXPENDITURE:

59. Mindful of the guidance provided in MFMA circular 68, as updated in June 2019, it is clear that in order to qualify as 'irregular expenditure' the 'expenditure' must relate to any use of municipal funds that is in contravention of the following legislation:
    e. Municipal Finance Management Act, Act 56 of 2003, and its regulations;
    f. Municipal Systems Act, Act 32 of 2000, and its regulations;

g. Public Office-Bearers Act, Act 20 of 1998, and its regulations; and
h. The municipality's supply chain management policy, and any by-laws giving effect to that policy.

60. It is noted that the MFMA specifically refers to 'legislation' and not 'law'.

61. In applying the common law rules of interpretation adopted and applied by our courts since 1994 , such as the Golden Rule, by adhering to the 'ordinary meaning-rule', it is argued that the intention of the legislature was to limit 'irregular expenditure' to a contravention of 'legislation', i.e. 'statutory law' and not 'case law' *[refer to relevant definitions in paragraphs 14 and 19 above].*

62. The above argument is supported in the Public Audit Act, where it defines "material irregularity" also specifically referencing to 'legislation', i.e: "*Any **non-compliance with, or contravention of, legislation**, fraud, theft or a breach of a fiduciary duty identified during an audit performed under this Act that resulted in or is likely to result in a material financial loss, the misuse or loss of a material public resource or substantial harm to a public sector institution or the general public."**[own emphasis].***

63. Where 'legislation' is regarded as inclusive of case-law, such will only be the case where such case law originates from decisions of the appellate courts, and not provincial high courts, as is the matter in this AG finding.

64. ***Argument in C: The AG erred in its interpretation and application of section 1 of the MFMA, i.e. definition of irregular expenditure, as:***
    a. *The MFMA specifically reference 'legislation' and not 'law', thereby limiting 'irregular expenditure' to a contravention of 'legislation', i.e. 'statutory law' and not 'case law'. This argument is supported by the Public Audit Act in its definition of 'material irregularity' to relate to "any non-compliance with, or contravention of, legislation…"*
    b. *Alternatively, where 'legislation' is regarded as inclusive of case-law, such will only be the case where such case law originates from decisions of the appellate courts, and not provincial high courts, as is the matter in this AG finding*[16].

D. FAILURE TO CONSIDER AND TEST OF ALL RELEVANT LEGISLATION:

[16] http://www.businessdictionary.com/definition/statute-law.html - accessed on 3 November 2019

65. In relation to SCM matters relevant to this matter, MFMA in section 1 provides that 'irregular expenditure' must relates to a contravention of the Municipal Finance Management Act, Act 56 of 2003, and its regulations.

66. It is argued that in order to test non-compliance or a contravention of the MFMA and its regulations, such test **MUST** consider and test all relevant legislative prescripts in relation to 'procurement of goods and services under a contract secured by another organ of state'.

67. The AG considered ONLY 3 of the following 9 MFMA and SCMR prescripts that relates to 'procurement of goods and services under a contract secured by another organ of state':
    a. **MFMA section 1 defines irregular expenditure as:** *".. in relation to a municipality or municipal entity, means -(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with,* ***a requirement of this Act, and which has not been condoned in terms of section 170****; or ….".*
    b. **MFMA section 110(2)(c):** *"(2)This Part, except where specifically provided otherwise, does not apply if a municipality or municipal entity* ***contracts with another organ of state for*** *- (c)* ***the procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement.***"
    c. **MFMA section 112(1)(o)**: *"(1) The supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and* ***comply with a prescribed regulatory framework*** *for municipal supply chain management, which must cover at least the following: (o)* ***the procurement of goods and services by municipalities or municipal entities through contracts procured by other organs of state****."*
    d. **SCMR 2(4) with regards to SCM Policies determine that:** "*Sub regulations (l), (2) and (3) do not apply in the circumstances described in section 110(2) of the Act,* ***except where specifically provided otherwise in these Regulations****."*
    e. **SCMR 11 dealing with Acquisition Management under 11(2) provides that:** "*A supply chain management policy,* ***except where provided otherwise in these Regulations****, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including …"*
    f. **SCMR 11(3):** *"A municipality or municipal entity* ***procuring goods or services contemplated in section 11(2)*** *of the Act* ***must make public the fact that it procures such goods or services otherwise than through its supply chain management system****, including-*

        (a) the kind of goods or services; and

(b) the name of the supplier."

g. **SCMR 19(a):** *"A supply chain management policy must specify - (a) that goods or services above a transaction value of R200 000 (VAT included) and long term contracts may be procured by the municipality or municipal entity only through a competitive bidding process,* ***subject to regulation 11(2)****;.."*

h. **SCMR 32:** *"A supply chain management policy* ***may allow the accounting officer to procure goods or services for the municipality or municipal entity under a contract secured by another organ of state, but only if-***

   a) *the contract has been secured by that organ of state by means of a competitive bidding process applicable to that organ of state;*
   b) *the municipality or entity has no reason to believe that such contract was not validly procured;*
   c) *there are demonstrable discounts or benefits for the municipality or entity to do so; and*
   d) *that the other organ of state and the provider have consented to such procurement in writing."*

i. **SCMR 36(2) and (3):** *"(2) The accounting officer must record the reasons for any deviations in terms of sub regulation (l)(a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements. (3) Sub regulation (2) does not apply to the* ***procurement of goods and services contemplated in regulation 11(2)****."*

68. In considering the 'common law rules' that apply to legislative interpretation, the rule of Contextualism[17], provides that the meaning of a provision is determinable by reading its words in context. One of the specific rules relates to the *Interpretation ex visceribus actus,* meaning that a particular provision of a statute is to be understood as part of the **more encompassing legislative instrument in which it has been included**.

69. The rationale for such a rule is that when interpreting a specific provision, the interpreter should not apply nit-picking in only considering certain provisions of the Act but consider the provision in context as a whole.

70. This rule was also applied in 2016 SCA judgement of Kaknis v Absa Bank Limited & another (08/16) [2016] ZASCA 206 (15 December 2016), where the court applied this rule, stating that it considered the legislation comprehensively, as a whole (dicta 31).

[17] Lourens du Plessis, 'The Re-Interpretation of Statutes', page 100 onwards, par. 5 3.

71. Further guidance is provided in the South African Law Commission, Discussion Paper on the Interpretation Act, September 2006[18] at item 6: *"When reading legislation as a whole in order to determine the meaning of a provision – (a) all the provisions of the legislation must be taken into account, including – (i) their sequence, segmentation and punctuation; and (ii) the general organisation and structure of the legislation; …"*

72. The importance of interpreting the provisions related to the 'procurement of goods and services under a contract secured by another organ of state', will be discussed in more detail in paragraphs 69 to 70 below.

73. ***Argument in D: The AG failed to consider, and test of all relevant legislation related to the 'procurement of goods and services under a contract secured by another organ of state' as it considered ONLY 3 of the relevant 9 MFMA and SCMR prescripts.***

E. INCORRECT UNDERSTANDING AND APPLICATION OF TREASURY CIRCULARS:

74. MFMA section 168(3) determines that: *"(3)* ***No guidelines*** *issued in terms of subsection (1)* ***are binding on*** *- (a)* ***a municipality unless adopted by its council." [own emphasis]***

75. It is a general principle of South African law that a statutory instrument needs to be promulgated in order for that instrument to have the status of law. Promulgation is a process conceptually distinct from passing[19].

76. An essential element of promulgation is that the instrument be officially published as confirmed in the Interpretation Act 33 of 1957. Section 13 of the Interpretation Act determines that a law will come into effect when published in the Gazette. The term **"law"** as used in section 13 is defined in section 2 as "*any law, proclamation, ordinance, Act of Parliament or other enactment having the force of law*".

77. The question at issue here is whether National Treasury MFMA circulars qualifies as secondary legislation, i.e. the power of sub-ordinate legislation. The absence of proper publication, as prescribed in the Interpretation Act, strips the National Treasury MFMA circulars of its potential legislative status. Simply put, the National Treasury MFMA circulars cannot qualify as legislation in the absence of publication in the Government Gazette.

78. Alternatively, it is further argued that the legality and enforceability of some of the provisions of MFMA circular 96 are questionable as:

[18] ISBN: 0-621-36904-7, page 54
[19] LM du Plessis "Statute Law and Interpretation" LAWSA (volume 25(1) 2nd ed) para 302

a. The circular fails to indicate its application, i.e. retrospectively or prospectively.
b. The circular fails to address transversal contracts.
c. Contradictory provisions are made in MFMA circular 80 and also the RT 25-2016 transversal contract, which is inconsistent with the intend and application of MFMA circular 96.
d. The provision that an 'addendum to the original contract' is required is inconsistent with the provisions of the Blue Nightingale judgement.
e. The interpretation and application of the 'Implications for the contract owner' is ambiguous as:
    i. The type of contract envisaged is unclear, i.e. 'tri-partite contract' or 'cession' or 'addendum'?
    ii. No definition is provided for a 'shared contract' as referenced.
    iii. No indication is given of the 'accountability and liability' arrangements as two accounting officers participate in the same contract.
    iv. As the original contract owner may not participate contract anymore, it is not clear why he/she must maintain and enforce a contract on behalf of another organ of state.
f. The exclusion of framework agreements is inconsistent with CIDB practice note 15 of August 2010 which provides that: *"The Supply Chain Management Regulations issued in terms of the Public Finance Management Act and the Municipal Finance Management Act permit one organ of state to make use of another organ of state's contract that is put in place by means of a competitive procurement process. Framework contracts are well suited to such applications."*
g. It is unclear with the interpretation by the National Treasury stating the 'panels of service providers' are seen as ***'not being contracts'*** and therefore excluded from the application of SCMR 32.
h. The reference to and application of treasury 'transversal contracts' require clarity as it is not provided for in the MFMA or SCMR's and the current application in terms of RT 25-2016 is inconsistent with what the provision is this circular is purported to provide.

79. ***Argument in E: The AG incorrectly understood the application of National Treasury MFMA circulars as the latter do not amount to valid and binding legislation, as contemplated by MFMA section 168(3). It follows that non-compliance with the provisions of a National Treasury MFMA circular cannot be the basis for a finding of irregular expenditure, unless the content was adopted by the relevant Municipal Council. Alternatively, it is important to note that the legality and enforceability of some of the provisions of MFMA circular 96 are questionable.***

F. INCONSISTENT INTERPRETATION AND APPLICATION OF ITS AUDIT TEST AT VARIOUS MUNICIPALITIES:

80. With a review of the AG findings in relation to the application of SCMR 32 contracts, the following findings were issued during the 2018/2019 municipal audits:
    a. Mossel Bay – COMAF 13;
    b. Hessequa – COMAF 9;
    c. Bergrivier – COMAF tbd;
    d. Theewaterskloof – COMAFS 13 & 14;
    e. Swellendam – COMAF 21;
    f. Prins Albert – COMAF 24;
    g. Siyancuma - ISS.27; and
    h. Oudtshoorn – COMAF 22.

81. A high-level review of the aforesaid AG findings confirms inconsistencies in the interpretation and application of SCMR 32 contracts as follows:
    a. In some COMAF's the AG refers to non-compliance with SCMR 19 and in others non-compliance with SCMR 17&18.
    b. In certain findings the AG applied retrospective application of its finding and in others it is not the case.
    c. In some findings the AG refers to materiality and in others it is silent on the matter.
    d. In certain findings the AG refers to 'total expenditure' and in other findings the AG differentiate between the 'amounts awarded' versus the 'amount spend'.
    e. In one finding the AG tested full compliance with National Treasury MFMA circular 96, whilst it only reference the circular in other findings.
    f. The recommendations are inconsistently applied for the same findings.

82. ***Argument in F: The AG inconsistently interpreted and applied its audit test for non-compliance with SCMR 32 contracts at various municipalities. A high-level review of the aforesaid AG findings confirms inconsistencies in the interpretation and application of SCMR 32 contracts at eight (8) different municipalities as follows:***
    (i) *In some COMAF's the AG refers to non-compliance with SCMR 19 and in others non-compliance with SCMR 17&18.*
    (ii) *In certain findings the AG applied retrospective application of its finding and in others it is not the case.*
    (iii) *In some findings the AG refers to materiality and in others it is silent on the matter.*

(iv) *In certain findings the AG refers to 'total expenditure' and in other findings the AG differentiate between the 'amounts awarded' versus the 'amount spend'.*

(v) *In one finding the AG tested full compliance with National Treasury MFMA circular 96, whilst it only reference the circular in other findings.*

(vi) *The recommendations are inconsistently applied for the same findings.*

G. ERROR IN LAW DUE TO INCORRECT INTERPRETATION AND APPLICATION OF SCMR 32 AS A 'DEVIATION':

83. **SCMR 36(2) and (3) in relation to Deviations provides that:** *"(2) The accounting officer must record the reasons for any deviations in terms of sub regulation (l)(a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements. (3) Sub regulation (2) does not apply to the* ***procurement of goods and services contemplated in regulation 11(2)****."*

84. **SCMR 11 dealing with Acquisition Management under 11(2) provides that:** *"A supply chain management policy,* ***except where provided otherwise in these Regulations****, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including …"*

85. In its finding at Mossel bay, COMAF 13, the AG concluded that: *"The following* ***regulation 32 deviations*** *were identified on which expenditure was incurred during the 2018-19 financial year: …"* ***[own emphasis]***

86. It is clear that the intention of the legislature is that 'SCMR 36 deviations' are DOES NOT APPLY to MFMA section 110(2) contracts.

87. ***Argument in G: The AG made an error in law due to incorrect interpretation and application of SCMR 32 as a 'deviation' as SCMR 36(3) clearly provides that deviations do not apply to the procurement of goods and services contemplated in regulation 11(2), i.e. MFMA section 110(2) contracts'.***

H1. ALTERNATIVE ARGUMENTS [POTENTIAL POINTS IN LIMINE] - BLUE NIGHTINGALE JUDGEMENT POSES GROUNDS FOR FURTHER JUDICIAL REVIEW:

88. As discussed above, in order for the Blue Nightingale judgement to be applicable to the country as a whole, it requires a judgement from the Supreme Court of Appeal [SCA], and if such judgement relates to constitutional invalidity, it will only be regarded as having force in law if confirmed by the Constitutional Court [CC].

89. It is however argued, that when this matter is brought to the SCA and/or CC, there are various considerations, that, on a balance of probabilities, may make the validity and enforceability of the judgement reviewable, of which the following is a high-level summary of some elements:
    a. At paragraph 20 the court incorrectly concluded that: '*The procurement policy of an organ of state must therefore be compliant with section 217(1) and must be implemented* ***within the framework prescribed by national legislation****. The national legislation contemplated by sub-section (3) are the Preferential Procurement Policy Framework Act (PPPFA 5 of 2000)* ***read with Part 1, Chapter 11 (Goods and Services) (ss110-120) of the LGMFMA' [own emphasis].*** The required framework prescribed by national legislation is specifically provided for in section 217(3) of the Constitution and relates to the preferential procurement policy referred to in section 217(2). NO reference is made in section 217(3) to the system required by section 217(1) of the Constitution, which the court purports to link to the 'framework prescribed by national legislation'.
    b. The court failed to consider the current practice in the implementation of SCMR 32.
    c. The court failed to consider, and test of all relevant legislation related to the 'procurement of goods and services under a contract secured by another organ of state' as it considered ONLY 2 of the relevant 8 MFMA and SCMR prescripts.
    d. The court failed to consider the current practices in the application and differences between '***transversal contracts = PFMA Treasury Regulations 16A6.5***[20]' versus ***'piggy-back contracts = SCMR 32'.***
    e. It is argued that the intention of the legislature was that contracts intended by MFMA section 110(2)(c) differ from contracts intended by MFMA section 112(1)(o) read with SCMR 32 [*refer to later discussion under paragraphs 69 to 70].*
    f. The court failed to consider the type of contract required to adhere to its finding that as per MFMA section 110(2)(c) the municipality must contract with MISA, i.e. whether such a contract constitute a tri-partite agreement?
    g. The court failed to consider the liability and accountability requirements of its finding that as per MFMA section 110(2)(c) the municipality must contract with MISA as both organs of state are governed by different legislation, being the MFMA and the PFMA respectively.
    h. The court failed to consider the application of PAJA.

[20] Guide to Participation in Transversal Term Contracts Facilitated by National Treasury (March 2017). "***Transversal Term Contract"*** means a centrally facilitated contract arranged by the National Treasury for goods or services that are required by one or more than one institution.

i. The court failed to consider it jurisdiction under the matter, i.e. in terms of which legislation is this matter brought to court for review, i.e. contract law and/or administrative law and/or constitutional law.

j. The court failed to consider the implications of a 'just and equitable remedy' as guided by the Constitutional Court judgement in AllPay Consolidated Investments Holdings (Pty) Ltd and Others v Chief Executive Officer of the South African Social Security Agency and Others (No 2) CCT 48/13.

90. ***Argument in H1: It is argued that the Blue Nightingale judgement poses grounds for further judicial review, as:***

a. *The judgement concluded that the constitutionality of the contracts and concluded that the relevant contracts were unconstitutional and therefore invalid, unlawful and void ab initio. These judgements are therefore bound by the principle that an order of constitutional invalidity has no force unless confirmed by the Constitutional Court.*

b. *There are about ten (10) considerations, that, on a balance of probabilities, may make the validity and enforceability of the judgement reviewable by a SCA or CC.*

H2. ALTERNATIVE ARGUMENTS [POTENTIAL POINTS IN LIMINE] - KDM JUDGEMENT POSES GROUNDS FOR FURTHER JUDICIAL REVIEW:

91. As discussed above, in order for the KDM judgement to be applicable to the country as a whole, it requires a judgement from the Supreme Court of Appeal [SCA], and if such judgement relates to constitutional invalidity, it will only be regarded as having force in law if confirmed by the Constitutional Court [CC].

92. It is however argued, that when this matter is brought to the SCA and/or CC, there are various considerations, that, on a balance of probabilities, may make the validity and enforceability of the judgement reviewable, of which most of the same considerations listed in paragraph 63 above will apply *mutatis mutandis* in this regard as the judgement relied significantly on the Blue Nightingale judgement.

93. ***Argument in H2: It is argued that the KDM judgement poses grounds for further judicial review, as:***

a. *The judgement concluded that the constitutionality of the contracts and concluded that the relevant contracts were unconstitutional and therefore invalid, unlawful and void ab initio. These judgements are therefore bound by the principle that an order of constitutional invalidity has no force unless confirmed by the Constitutional Court.*

b. *There are most of the same considerations listed in paragraph 63 above will apply mutatis mutandis, that, on a balance of probabilities, may make the validity and enforceability of the judgement reviewable by a SCA or CC.*

H3. ALTERNATIVE ARGUMENTS [POTENTIAL POINTS IN LIMINE] - THE LEGALITY AND ENFORCEABILITY OF MFMA, SECTIONS 110(2)(C) AND 112(1)(o) READ WITH AND APPLIED WITH SCMR'S 2(4), 11(3), 19(a) AND 32 ARE QUESTIONABLE:

94. The relevant sections are quoted in paragraph 43 above.

95. From a review of all the relevant prescripts in the MFMA and the SCMR it appears as if the prescripts provide for two (2) types of 'contracts' for the 'procurement of goods and services under a contract secured by another organ of state', namely:
    a. **MFMA section 110(2)(c) contracts**, which provides for a contract with another organ of state for the procurement of goods and services under a contract secured by that other organ of state. It is notable that MFMA section 110(2) contracts are excluded from the Municipal SCM System framework as prescribed by the SCMR as contemplated by SCMR 2(4); SCMR 11(2) and (3) and SCMR 19(a).
    b. **MFMA section 112(1)(o) contracts**, which provides for a procurement contract (so-called piggy-back contract) under a contract secured by another organ of state. It appears that these types of contracts are specifically catered for in SCMR 32. It is notable that both MFMA section 112(1)(o) and SCMR specifically excludes the reference to MFMA section 110(2) and also '*a contract with another organ of state*' as contemplated in MFMA section 110(2).

96. ***Argument H3: The legality and enforceability of MFMA sections 110(2)(c) and 112(1)(o) read with and applied with SCMR's 2(4), 11(3), 19(a) and 32 are questionable as:***
    a. *The two judgements quoted by the AG only considered the application of MFMA section 110(2) read with SCMR 2(4); SCMR 11(2) and (3) and SCMR 19(a) – all provisions specifically reference MFMA section 110(2).*
    b. *No consideration was had to the potential provision of another type of contract, namely a MFMA section 112(1)(o) read with SCMR 32 – which specifically excludes the reference to MFMA section 110(2) and also 'a contract with another organ of state'.*
    c. *It is therefore argued that an appropriate court of law should consider the legality and enforceability of the relevant prescripts in context and advise accordingly.*

F. IMPACT IF AG FINDING IS ENFORCED:

97. The court in Oudekraal Estates (Pty) Ltd v The City of Cape Town and Others 2004 (6) SA 222 (SCA) pointed out that a public authority cannot justify a refusal on its part to perform a public duty by relying, on the invalidity of the originating administrative act: ***it is required to take action to have it set aside and not simply to ignore it.***

98. The same court remarked that: "*The substantive validity or invalidity of an administrative act will seldom have relevance in isolation of the consequences that it is said to have produced – the validity of the administrative act might be relevant in relation to some consequences, or even in relation to some persons, and not in relation to others – and for this reason* ***it will generally be inappropriate for a court to pronounce by way of declaration upon the validity or invalidity of such an act in isolation of particular consequences that are said to have been produced.***"

99. ***The above therefore means that if the AG insists on its finding that the interpretation and application of SCMR 32, contrary to current practice, is irregular, the impact would be significant cost implications, time delays, legal uncertainty and service delivery will be detrimentally affected as:***
    a. *All implicated Municipalities will have to approach the court for a 'declaratory order to invalidate its SCMR 32 contracts; and*
    b. *The courts will have to consider each matter on own merits as it is regarded as inappropriate for a court to pronounce by way of declaration upon the validity or invalidity of such an act in isolation of particular consequences that are said to have been produced, and*
    c. *Affected service providers may claim damages due to breach of contract, OR estoppel due to the creation of legitimate expectations, OR estoppel due to the principle of functus officio OR delictual claims OR remedies due to the 'fettering of discretion[21]'.*

CONCLUSION

100. It is author's considered opinion that the AG is incorrect in its finding and that the relevant COMAF's related to SCMR 32, should be retracted.

RECOMMENDATION

101. According to the Justice website, the doctrine of judicial precedent binds courts to uphold the law as expressed in previous decisions of superior courts, courts of co-ordinate jurisdiction and its own decisions. ***A court may however depart from decisions of courts of co-ordinate jurisdiction or its own decisions if it can demonstrate that they were wrongly decided.***

[21] P Bolton book, ibid, page 86-97

102. It is therefore offered that mindful of the 13 considerations discussed above, consideration be given to consider the following alternative approach in that all implicated municipalities make a specific note under its disclosure note in relation to irregular expenditure that:

"The current interpretation and application of SCMR 32 contracts are inconsistent. Recent high court judgements attempted to provide clarity on interpretation. However, as the matter relates to the interpretation of various pieces of legislation and is underpinned by a constitutional test, only the Supreme Court of Appeal, endorsed by the Constitutional Court, may provide appropriate interpretation advice. In agreement with the AG, National Treasury, the relevant treasuries and implicated municipalities, the matter will be submitted for formal review and guidance to the relevant Supreme Court of Appeal. The outcome of such judgement will be implemented by the Municipality together with the appropriate consequence management requirements and relevant 'just and equitable' remedies allowed."

Management comment on internal control deficiencies		
Management does not agree, please refer to detailed legal opinion and response provided above.		
Management comment on recommendation		
Management does not agree, please refer to detailed legal opinion and response provided above.		
Remedial action		
What actions will be taken	By whom	By when
If the above finding affects an amount(s) disclosed in the financial statements:		
Please give an indication of whether a correcting journal entry shall be processed	YES	NO
If yes, please indicate the accounting entry		
If no, please provide the reason why such a conclusion has been reached Not applicable.		

Name: F. van der Westhuizen
Position: Deputy Director Finance
Date: 31 October 2019

Auditor's conclusion

PROCUREMENT AND CONTRACT MANAGEMENT

The audit finding is not based on MFMA Circular No 96 issued in July of 2019 by National Treasury to provide further elaboration to municipalities and municipal entities on the principles captured in regulation 32 of the Municipal Supply Chain Management Regulations 2005 (SCM Regulations) when procuring goods or services from contracts secured by other organs of state.

Circular 96 provides important principles for the effective implementation of regulation 32 of the municipal supply chain management regulations, and as a consequence section 110(2) of the MFMA.

However, the circular is not used to raise the non-compliance.

There have also been two court judgments which provide an understanding of regulation 32 and section 110(2). They were delivered in the High Court of South Africa KwaZulu-Natal division (Durban) on 6 July 2018 (KwaDukuza) and in the High Court of South Africa (Eastern Cape circuit court, East London) on 24 November 2015 (Amathole) which were based on the interpretation of regulation 32.

In both judgements, the contracts between the supplier and the municipality were declared to be *null and void ab initio*. Part of the reasons for the decisions are that the original contract had expired at the time the municipality participated and the terms and conditions were different and therefore the conditions for the section 110(2) exemption were not met.

The court judgements (KwaDukuza and Amathole) provide a lens through which regulation 32 and section 110(2) can be interpreted. However, they are not the criteria we use to base and conclude a non-compliance on.

Section 110(2) provides for an exemption from competitive processes established in terms of municipal SCM policies when municipalities ***contract*** with other organs of state for the procurement of goods or services under ***a contract secured by that other organ of state***, *provided that the relevant supplier has agreed to such procurement.*

The exclusion of Part 1 under Chapter 11 of the MFMA may not detract from or erode the constitutional imperatives of fairness, equity, competiveness and cost-effectiveness.
Regulations must be read subject to the empowering legislation. The regulation may not be used as an aid to interpret a provision of the statute. The regulations shall not be used as an aid to interpreting any of the statutory provisions, nor can the regulations be used to extend the meaning of the enactment.
A provision in a statute must be interpreted before the regulation is considered as stated in paragraph 26 of the Amathole judgement.

Regulation 32 must therefore be interpreted to mean that the municipality or municipal entity must conclude a contract with another organ of state as required by section 110(2) and procure within that contract only the goods or services that have been procured though the contract secured by another organ of state and not more.

The "section 110(2) contract" must be in writing as required by section 116 of the MFMA.

The municipality is not legislatively empowered to contract directly with the supplier, as the exemption provided by section 110(2) is applicable only if the municipality contracts **(enters into a contract) with another organ of state**.
The municipality procures under the contract through the other organ of state. The municipality cannot substitute itself in place of the other organ of state.
A municipality or entity cannot conclude a contract with any supplier without a section 217(1) fair, equitable, transparent, competitive, and cost effective procurement process in terms of paragraph 50 of the Amathole judgement.

Non-compliance with regulation 32 (remaining scope, term, etc.) is based on the fact that the municipality did not procure **under a contract secured by another organ of state as required by MFMA section 110(2)(c)**. The case law (the 2 court judgments referred to above) assists in understanding the requirements of MFMA section 110(2)(c) and SCM regulation 32.

Overall auditor's conclusion:

Management disclosed the irregular expenditure and the finding will be reported under other important matters in the management report.

ITEM TITLE

C255/2026 DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING: DEPARTMENT HUMAN SETTLEMENTS: IRREGULAR EXPENDITURE REPORT - ASLA CONSTRUCTION - 2024/2025

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

For MPAC to consider the irregular expenditure for Asla Construction for the 2024/2025 financial year.

BACKGROUND

See attached Annexure.

DISCUSSION

See attached Annexure.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

See attached Annexure.

LEGAL IMPLICATIONS (ITEM AUTHOR)

See attached Annexure.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

See attached Annexure.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that Management consider whether this irregular expenditure be referred to MPAC for its recovery assessment as contemplated in section 32(2) of the MFMA.

RECOMMENDATION FROM MANAGEMENT TO COUNCIL: 06 OCTOBER 2026

Management resolved that the agenda-item is not referred to Municipal Public Accounts Committee but be referred to Council for consideration.

It is recommended that Council:

1. **Notes that the expenditure relating to the Destiny Project remains classified as irregular expenditure;**

2. **Notes that value for money was received in respect of the project and that no criminal referral is recommended in relation to the expenditure;**

3. **Notes that the Destiny Project is an ongoing project and that expenditure relating to the continuation of the project remains ongoing;**

4. **Resolves that the irregular expenditure status of the expenditure be retained, subject to the applicable legislative and regulatory requirements and the determination of the Accounting Officer;**

5. **Recommends that the irregular expenditure be considered for write-off, subject to the applicable legislative requirements and processes; and**

6. **Requests that the appropriate determination and treatment of the irregular expenditure be recorded for future reference and guidance in similar matters.**

RECOMMENDATION TO COUNCIL:

It is recommended that Council:

1. **Notes that the expenditure relating to the Destiny Project remains classified as irregular expenditure;**

2. **Notes that value for money was received in respect of the project and that no criminal referral is recommended in relation to the expenditure;**

3. **Notes that the Destiny Project is an ongoing project and that expenditure relating to the continuation of the project remains ongoing;**

4. **Resolves that the irregular expenditure status of the expenditure be retained, subject to the applicable legislative and regulatory requirements and the determination of the Accounting Officer;**

5. **Recommends that the irregular expenditure be considered for write-off, subject to the applicable legislative requirements and processes; and**

6. **Requests that the appropriate determination and treatment of the irregular expenditure be recorded for future reference and guidance in similar matters.**

Annexure:E

Irregular Expenditure Report on Supply Chain Management Non-Compliance - Asla Construction

1. Introduction

- This report has been drafted for submission to the Municipal Public Accounts Committee (MPAC) in accordance with section 32 of the Municipal Finance Management Act 56 of 2003 (MFMA) and regulation 74 of the Municipal Budget and Reporting Regulations.
- This report focuses on irregular expenditure incurred due an audit finding by the Auditor General SA for the 2024/2025 financial year.
- The report analyses the expenditure incident and the events that led to the irregular expenditure, identifies the responsible officials, and outlines the measures taken or proposed to prevent recurrence.

2. The legal implications of the report

The legal implications of this report are governed by section 32 of the MFMA, which mandates the identification, reporting, and management of unauthorised, irregular, fruitless, and wasteful expenditure (UIFWE).

3. Type of UIFWE applicable to this report

The type of UIFWE applicable to this report is irregular expenditure incurred due to non-compliance with supply chain management regulations, specifically the failure to follow competitive bidding procedures for transactions above the prescribed threshold.

4. Discussion of events/ reasons that led to the UIFWE

Theewaterskloof Municipality ("the Municipality") entered into an Implementing Agent Agreement with ASLA Construction ("ASLA"), referenced as DEV 06/2012/13, during December 2012 for the implementation of the Villiersdorp Destiny Farm Project. The agreement provided the contractual framework under which ASLA was appointed to undertake the implementation of the project on behalf of the Municipality.

During the subsequent implementation and auditing of the agreement, various findings and concerns were raised by the Auditor-General of South Africa (AGSA) relating to the administration, amendments and management of the contractual arrangement. In response to the identified concerns and to strengthen the Municipality's internal controls regarding amendments to contracts, the then Chief Financial Officer introduced Standard Operating Procedure (SOP) 02/2018/19, dated 19 March 2019.

The SOP was intended to establish a formal mechanism and procedural framework for the consideration, processing and approval of addenda and amendments to agreements concluded by the Municipality.

Following the emergence of various legal opinions and audit findings concerning, inter alia, the validity and legal status of the original Implementing Agent Agreement, the Municipality and ASLA subsequently agreed to terminate the agreement by mutual consent.

ASLA confirmed its agreement to the cancellation on 19 April 2022. The cancellation was therefore undertaken against the background of the legal and audit considerations that had arisen in relation to DEV 06/2012/13. The termination of the original agreement was intended to bring the existing contractual arrangement to an end and to provide an appropriate basis for determining how the outstanding project scope should thereafter be addressed.

Following the cancellation of the original agreement, the Municipality proceeded with a further appointment of ASLA through a deviation process in terms of Regulation 36 of the Municipal Supply Chain Management Regulations. The deviation was dated 12 May 2022.

The deviation process was undertaken as the procurement mechanism relied upon by the Municipality to secure the continued implementation of the outstanding project requirements. The relevant approval and supporting documentation formed the basis upon which the Municipality proceeded with the subsequent contractual arrangement.

Pursuant to the deviation appointment, the Municipality and ASLA concluded a Memorandum of Agreement (MOA) on 9 June 2022. The MOA consequently constituted the contractual instrument governing the relationship between the Municipality and ASLA following the cancellation of the original DEV 06/2012/13 agreement.

Auditor-General's Finding During the 2023/24 Audit

During the 2023/24 financial year audit, AGSA considered the circumstances surrounding the deviation and the subsequent MOA entered into between the Municipality and ASLA.

AGSA expressed the view that it did not concur with the reasons and/or motivation relied upon by the Municipality in support of the deviation appointment. Based on AGSA's assessment, the deviation did not sufficiently satisfy the applicable requirements for the deviation from the normal competitive procurement process.

Consequently, AGSA questioned the validity of the procurement arrangement arising from the deviation and, in particular, the resulting MOA between the Municipality and ASLA. AGSA therefore regarded expenditure incurred in terms of the MOA as irregular expenditure, on the basis that the procurement process did not comply with the applicable supply chain management requirements as interpreted and applied by AGSA.

It is important to distinguish between the Municipality's position at the time the deviation was approved and AGSA's subsequent audit conclusion. The deviation was processed and approved by the Municipality in terms of Regulation 36, and the subsequent MOA was concluded on the basis of that approved procurement process. The subsequent classification of the expenditure as irregular arose from AGSA's audit assessment of the compliance and validity of that process.

Notwithstanding the audit finding concerning the procurement process, AGSA further indicated that the Municipality should continue with the existing arrangement to ensure that the outstanding scope of the project was completed, but will remain irregular until the completion of the project scope.

Based on the AGSA audit finding, expenditure incurred under the MOA was identified for purposes of irregular expenditure reporting. The classification of such expenditure does not, in itself, constitute a finding of financial misconduct against any particular official or individual. The determination of accountability, if any, would require consideration of the circumstances, responsibilities, approvals, applicable delegations, evidence available and the relevant legislative and policy framework.

The AG however maintains that although the deviation was approved by the Accounting Officer it was not impractical to obtain price quotations in contravention with regulation 36(1)(a), which lead to irregular expenditure.

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

Expenditure incurred for the for the 2024/25 financial year amounts to

R 68 100 407.62 to be reported to MPAC for consideration and approval.

5. Official(s) or councillor(s) responsible for the UIFWE incurred

- According to the Municipality's SCM Policy, the SCM Manager oversees the competitive bidding process and ensures compliance with all SCM prescripts.
- The CFO is responsible for oversight in terms of section 81 of the MFMA to ensure that SCM processes are adhered to and that deviations are properly documented and approved.
- Director/Deputy responsible for the Economic Development and Planning Directorate under which the Human Settlements Department resorts, is responsible for the general procurement oversight of the Department
- The Manager Human Settlement is responsible for operational implementation of SCM processes of the department

6. Why is the expenditure irregular expenditure?

- The appointment of the service provider as per the findings of the AG indicates that the appointment of Asla did not comply with the supply chain management prescripts, as neither a competitive SCM process although a deviation was approved by the Accounting Officer.

7. Consideration of deliberate or negligent conduct relating to UIFWE incurred

Section 32 of the MFMA requires that consideration be given to whether irregular expenditure was incurred as a result of deliberate or negligent action or inaction by an official. This assessment is necessary to support the determination of liability and the appropriate consequence management response.

The facts presented in this report indicate a procurement process was followed in accordance with the prescribed supply chain management requirements. However was flagged as irregular by the AGSA.

There is no evidence at this stage that the SCM process was intentionally bypassed for personal gain. The available information does not suggest fraud, collusion, or any intentional misconduct related to the transaction.

On the balance of probabilities, the irregular expenditure appears to have arisen from delayed processes rather than deliberate misconduct. The conduct reflects a lapse in control and compliance oversight.

8. Mitigating controls to prevent similar UIFWE in the future

a) Formal tender process to be followed for future projects.

9. Confirmation by author of report that information in report is a true reflection of facts

I, Warren Moses, confirm that this report has been compiled based on the information, records and documentation available to me at the time of its preparation. The contents reflect my understanding of the matters based on the information at my disposal and the records made available for consideration.

It should be noted that, at the time of compiling this report, certain officials and individuals who were directly involved in the events and circumstances giving rise to the reported irregular expenditure were not available to provide input, clarification or supporting information. Accordingly, the report should be read and considered within the context of the information and documentation available to me as the author at the time of compilation and does not purport to constitute a first-hand account of matters in respect of instances were I was not directly involved.

10. Confirmation if UIFWE matter has been referred for disciplinary actions & if not, why not ?

For the consideration of MPAC

11. Measures already taken to recover the UIFWE

- N/A

12. Cost of the measures already taken to recover UIFWE

- None as yet.

13. Estimated cost & benefit of further measures that can be taken to recover the UIFWE

For consideration of MPAC

14. Annexures

Supporting documents attached to this report include:

- Auditor General Finding (COMAF 14 of 2023)
- Prevous MPAC Template
- Approved Deviation
- New MOA ALSA Construction

15. Conclusion of report

a) In conclusion, this report highlights the irregular expenditure resulting from the Audit opinion of the Auditor General

b) The analysis provided aims to ensure accountability and transparency within the Municipality's financial management practices.

c) It is recommended that MPAC recommend to Council that the amount of

R 68 100 407.62 be confirmed as irregular expenditure resulting from AGSA findings.

16. Referral of report to the MPAC

This report is hereby referred to the MPAC for its UIFWE recovery assessment as contemplated in section 32(2) of the MFMA.

Report compiled by:	Date:	Designation:	Signature:
Mr W Moses	08/09/2026	Manager: Human Settlements	

Report approved by:	Date:	Designation:	Signature:
Ms N Baliso	Nbaliso	Director: Economic Development & Planning	28/09/2026

Report authorised for ~~MPAC~~ referral by: Council	Date:	Designation:	Signature:
Mr W Hendricks	06/10/2026	Municipal Manager	

AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
Theewaterskloof Municipality
PO Box 24
Caledon
7230

09 November 2023

Reference: Communication No.14 of 2023

Dear Mr. W Solomons-Johannes

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

Background

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

Required

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

Yours sincerely
Unathi Mnqanqeni
Senior Manager: Western Cape

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

Acknowledgement of receipt by management:

Received by _____ Date _____

DETAILED AUDIT FINDING

Procurement and contract management – Deviation not justifiable – ASLA Construction (Pty) Ltd

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

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

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

(1) A supply chain management policy may allow the accounting officer to procure goods or services for the municipality or municipal entity under a contract secured by another organ of state, but only if-

(a) the contract has been secured by that organ of state by means of a competitive bidding process applicable to that organ of state;

(b) the municipality or entity has no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits for the municipality or entity to do so; and

(d) that the other organ of state and the provider have consented to such procurement in writing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Internal control deficiency

Financial and Performance Management

Review and monitor compliance with applicable legislation

Management followed a deviation process to ovoid future irregular expenditure.

Recommendation

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

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

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

Management response

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

Name: Paul Mabhena
Position: Act. CFO
Date: 16/11/2023

Auditor's conclusion:

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

ANNEXURE A

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

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

1

What was the initial Purpose of the contract
The appointment of an Implementing Agent for the Low-Cost Housing Developments in the town of Villiersdorp

2

Initial Scope of Contract and if uncertain please explain
Berg en Dal insitu upgrade of 182 erven Destiny Farm servicing of approximately 1800 erven, the construction of which, are not subject to the construction of a 2ML reservoir. Housing top structures as may be supported by the Department of Infrastructure (DOI) as well as related bulk services. Relocation of people currently residing in informal settlements in Destiny Upgrading of Phukom, Goniwe Park, Protea Heights and Westside in line with the Super-Blocking strategy of DOI

3

Initial Contract Value and if uncertain please explain
Contract value estimated at R 200 000 000.00 subject to funding approval from DOI

4

Initial Expiry Date and if uncertain please explain
30 June 2025

5

Was normal SCM Process followed and complied with		
Yes X	no	Uncertain
Explain of motivate your response		

ANNEXURE A

Deviation approval obtained (attached) Signed MOA (Attached)

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes X	No	Uncertain
Explain or motivate your response		
Various Addendums entered into due to various project changes		

7

Was a formal contract or SLA initially entered into in terms of SCM and MFMA Requirements		
Yes X	No	Uncertain
Explain or motivate your response		
Deviation approval obtained (attached) Signed MOA (Attached)		

8

Should a contract not have existed has it since been entered into and has all compliance requirements like as it applies in respect of the SCM process and or for purposes of deviations been complied with		
Yes X	No	Uncertain
Motivate or explain your response		
Deviation approval obtained (attached) Signed MOA (Attached)		

9

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

10

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

11

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

12

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

14

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

15

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

ANNEXURE A

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

16

General or additional Comments of the Director Concerned	
Nanetalia	27/01/2026
Signature of Director Concerned	Date

17

General Comments/Findings and recommendations of the CFO	
Signature of CFO	Date 28/01/2026

18

General Comments/Findings and or recommendations of the Chief Audit Executive	
Signature of Chief Audit Executive	Date 28/01/2026.

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.	
Signature of the Municipal Manage	Date 28/1/2026

THEEWATERSKLOOF
Municipality

Applications are hereby invited from persons to serve on the **PERFORMANCE AUDIT AND AUDIT COMMITTEE (x4) - CALEDON**

Remuneration will be according to the National Treasury guidelines.

Terms of Office will coincide with the terms of office for the Council and meetings will take place during normal office hours.

In terms of the Municipal Finance Management Act (No.56 of 2003), Section 166, suitable candidates are invited to serve as members of the Performance Audit and Audit Committee as from 1 February 2027 and/or that are not currently serving on three (3) other local government audit committees.

Requirements: Candidate must be computer literate and in possession of a three-year tertiary qualification or higher in either Auditing / Accounting / Performance Management or Risk Management. Candidates must be able to prove that they have adequate knowledge of municipal governance, finance, performance, risk management, legislation and internal control processes.

Special Conditions & Geographical Preference

Preference will be given to candidates from the Western Cape geographic area (especially those residing within the regional municipal boundaries) to ensure timeous meeting dedication and logistical efficiency.

Candidates must be willing to travel to the designated municipal headquarters for statutory quarterly or special meetings when required

Responsibilities would be as prescribed in the delegations from Council and the Audit Committee Charter and is available on request to shortlisted candidates.

If you do not receive any feedback, within two (2) months after the closing date, kindly assume that your application was unsuccessful. The Council reserves the right not to make any appointment.

Theewaterskloof Municipality is committed to equal opportunity.

Applicants must complete the prescribed application from. Originally certified copies of qualifications and ID document, must be attached to the application form in order to be considered for the position. Application forms must be forwarded to the Manager: Human Resources, Theewaterskloof Municipality, P O Box 24 Caledon 7230.

Please note: No e-mailed, scanned or faxed applications will be accepted, and shortlisted candidates will be required to produce original copies of academic qualifications on the day of the interview. Only original application forms before the closing date will be accepted.

APPLICANTS WHO DO NOT COMPLETE THE PRESCRIBED APPLICATION FORM WILL AUTOMATICALLY BE DISQUALIFIED.

Further information can be obtained from Mr J P A Opperman at 028 214 3300 or e-mail to antonop@twk.org.za

Municipal Manager, W Hendricks
P O Box 24, 6 Plein Street, Caledon 7230

Closing date: Friday 23 October 2026 at 12h00 pm. (no applications will be accepted or considered after the closing date)

THEEWATERSKLOOF
Municipality

Applications are hereby invited from persons to serve on the **PERFORMANCE AUDIT AND AUDIT COMMITTEE (x4) - CALEDON**

Remuneration will be according to the National Treasury guidelines.

Terms of Office will coincide with the terms of office for the Council and meetings will take place during normal office hours.

In terms of the Municipal Finance Management Act (No.56 of 2003), Section 166, suitable candidates are invited to serve as members of the Performance Audit and Audit Committee as from 1 February 2027 and/or that are not currently serving on three (3) other local government audit committees.

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P O Box 24, 6 Plein Street, Caledon 7230

Closing date: Friday 23 October 2026 at 12h00 pm. (no applications will be accepted or considered after the closing date)

Theewaterskloof Municipality

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

HOOFKANTOOR/HEAD OFFICE

Navrae/Enquiries/Imibuzo	Verw. No./Ref. Nr./Inom. yesal.	Date/Date/Umhla
Benita Petersen	17/7/3/R	03 June 2020

Asla DEVCO
P.O.Box 118
Gordons Bay
7151

Attention: Mr. Pierre Blaauw
cc: Mrs. B Swartland (Asla)

VILLIERSDORP: DESTINY LOW COST HOUSING DEVELOPMENT
Contract: DEV06-2012/13: Appointment of an implementing agent for the town of Villiersdorp

We refer to the above project and your appointment as implementing agent.

Following a special EMC meeting on 25 May 2020, the following was resolved and is herewith communicated to Asla:

1. The implementing agent must continue with the current work package as it pertains to the planning and intended implementation of phased housing opportunities; and

2. Concurrent to the above, it must be noted that the Theewaterskloof Municipality intends to seek legal advice and ultimately a legal remedy that will clarify/ satisfy the findings on the "*Asla Contract*" as presented by the Auditor General.

Furthermore, until otherwise communicated note that it is still a requirement that the implementing agent comply with Standard Operating Procedure hereto attached.

Lastly, it is also requested that we be provided with your reconciliation of the full financial details on the project, i.e what has been spent to date (inclusive of and disaggregated to all activities) and what is anticipated to be spent in the phased implementation of the project.

Please contact us should you require any additional information.

Mr D Louw
Municipal Manager (acting)
Theewaterskloof Municipality

DIREKTORAAT: FINANSIES
VOORSIENINGSKANAAL-
BESTUURSEENHEID

Theewaterskloof
Municipality

DIRECTORATE: FINANCE
SUPPLY CHAIN MANAGEMENT
UNIT

MEMORANDUM

AAN / TO	MUNICIPAL MANAGER DIRECTORS		
MEMO #	SOP 02/2018/19	**DATUM / DATE**	19 MARCH 2019
VAN / FROM	SUPPLY CHAIN MANAGEMENT		
NAVRAE / ENQUIRIES	A HENDRICKS		
ONDERWERP / SUBJECT	Standard Operating Procedures for ASLA Construction Addendums - DEV 06/2012/13		

Colleagues,

The Auditor General recommended that guidelines or procedures be drafted that will enhance the effectiveness of the reports submitted to the BAC with regards to the requests for additional works on the main contract of ASLA Construction – DEV 06/2012/13 - Appointment of a Implementing Agent to facilitate and draft a future Housing Development Plan for the town of Villiersdorp.

Find below the procedure:

Step 1:

- *It is required from the end-user to obtain a Bill of Quantities, specifications (inclusive of timeframe of the works), and drawings for the works that must be done. (Proof to accompany Agenda item)*

Step 2:

- *After obtaining the above a complete market related cost comparison (if possible) of at least 3 similar size projects that is currently in progress or that has been completed in the last five years must be done. (Proof to accompany Agenda item)*

Step 3:

- *Draft a report consisting of the comparison done between the Step 1 and Step 2. (Proof to accompany Agenda item)*

Step 4:

- *Obtain SCM documentation from the SCM Department for ex TCC, Municipal / Lease Agreement, TransUnion Proof, Tender Defaulter, etc. (Proof to accompany Agenda Item)*

Step 5:

- *Obtain proof of funding. (Proof to accompany Agenda Item)*

Step 6:

- *Obtain comments from the SCM and Legal Depart that must form part of the report submitted to the BAC.*

Step 7:

- *Draft a final report consisting of the following:*
  - *Purpose;*
  - *Background;*
  - *Discussion;*
  - *Legal Implications;*
  - *Financial Implications;*
  - *Communication Implications;*
  - *Comments from SCM and Legal Departments;*
  - *Recommendation; and*
  - *Annexures*

Example of a Recommendation:

- *Technical Services confirm that the contract amount of R.... inclusive of VAT and ...% contingencies and Professional Fees for "Current Works / Project Name" is market related.*
- *It is recommended that the Municipal Manager approved the works as stated in the report.*

Step 8:

- *After approval is granted an addendum must be enterea into.*

Yours Faithfully,

D LOUW
CFO

AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
Theewaterskloof Municipality
PO Box 24
Caledon
7230

05 November 2018

Reference: 21429REG17/18 - ComAF 13 of 2018

Dear Mr Louw

For attention: Francois van der Westhuizen

COMMUNICATION OF FINDINGS IDENTIFIED DURING THE AUDIT OF COMPLIANCE WITH LEGISLATION FOR THE YEAR ENDED 30 JUNE 2018

Background

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

Required

3. You are requested to indicate whether you agree with the facts stated in the annexure including whether you agree with the identified internal control deficiency. Should you disagree, please provide us with documentary evidence to the contrary within five days from the date of this communication, as agreed in the engagement letter.
4. Should you agree, you are hereby requested to make the necessary corrections.
5. Should you choose not to make the necessary corrections, kindly communicate your reasons for this within five days from the date of this communication, as agreed in the engagement letter. The instances of non-compliance will then be evaluated for reporting purposes based on materiality.
6. Should you choose to make the necessary corrections, kindly refer the point(s) described below and provide us with the necessary information within five days from the date of this communication, as agreed in the engagement letter:
7. Please provide us with the reasons for the instances of non-compliance and the steps that will be taken to rectify the matter in future.

Yours sincerely

Preston Wareley
Acting Senior Manager: Western Cape

Enquiries: Khaleel Zalgaonker
Telephone: (021) 528 4100
Fax: (021) 528 4200
Email: KhaleelZ@agsa.co.za

Acknowledgement of receipt by management:

Received by _____ Date _____

DETAILED AUDIT FINDING

ComAF 13 of 2018 - Piggy back contracts

Procurement and Contract Management – Regulation 32 contracts

MFMA Section 116 (3) states that- "*A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after—*
(a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; and
(b) the local community—
(I) has been given reasonable notice of the intention to amend the contract or agreement; and
(ii) has been invited to submit representations to the municipality or municipal entity."
In terms of SCM regulation 32 "Procurement of goods and services under contracts secured by other organs of state:
A supply chain management policy may allow the accounting officer to procure goods and services for the municipality or municipal entity under a contract secured by another organ of state, but only if –
The contract has been secured by the organ of state by means of a competitive bidding process applicable to that organ of state;
(a) The municipality or entity has no reason to believe that such contract was not validly procured;
(b) There are demonstrable discount or benefits for the municipality or entity to do so; and
(c) That other organ of state and the provider have consented to such procurement in writing…"

Upon performing audit procedures as per audit of deviations in procurement and contract management, the following findings were noted. The findings will be grouped as follows:
(A) Scope of work does not correspond to the original contract

(B) Extension of the contract

PART A – Scope of work does not correspond to the original contract

SCM regulation 32 states that a municipality's supply chain management policy may allow the accounting officer to procure goods and services for the municipality under a contract secured by another organ of state.

Thus the contract used by another organ of state should be the same as the contract used by the piggy backing municipality

For contracts to be the identical or similar, the scope of work should be the same.

Theewaterskloof Municipality piggy backed on a contract from Langeberg municipality (DEV 06/2012/13). The nature of the services provided is for low cost housing with ASLA Construction as the service provider. In both the original contract and the piggy back contract, ASLA was appointed as an implementing agent to provide a turnkey solution to housing projects.

Upon inspection of the piggy back (Theewaterskloof municipality) and original contract (Langeberg municipality), the following discrepancy was noted.

Through inspection of the piggy back contract (Theewaterskloof municipality) for the scope of work done, and cross-referenced it to the original contract (Langeberg municipality), it was noted that the scope of work done in the piggy back contract does not correspond to the scope of work done in the original contract.

Below is an extract from the Theewaterskloof municipality contract:

Theewaterskloof Municipality: "4.2 Be allowed to conclude implementation of projects listed in section 2 of this agreement where ASLA proceeded with the assigned duties to get such projects ready for implementation"

Based on the above quoted paragraph, the contract allows ASLA to complete the work that has already been started on. It does not make provision for starting of new projects.

It should also be noted that the original contract between Langeberg and ASLA only makes provision for the construction of housing units as stated above.

However, based on the inspection of minutes of a council meeting dated 03 December 2015 in point number four (4) it was confirmed that the following items which are outside the scope of the contract have been completed by ASLA Construction:

- Rugby field
- Netball courts
- Parking area
- Access and fencing

It was further noted that the only incomplete item under the Villiersdorp Sports Field is the ablution facility which was estimated to be 90% complete as at that date.

The council meeting minutes dated 03 December 2015 contained provincial treasury's view in this matter. Below is an extract:

"The municipality should be mindful of the fact that in a piggy backing contract arrangement, all terms, conditions and costing of the originating contract of the principle municipality apply in the same manner in all material respects to that of the procuring municipality and cannot be changed (contract (sic) must mirror each other), and no additions can be made. In light of the requested extension period the original time of the original contract, it common cause (sic) that scope and costing will be directly affected and thus resulting in misalignment to the original contract, leading to non-compliance with section 32 of the SCM regulations."

As discussed with management at Theewaterskloof municipality, the above projects had to be constructed due to community unrest. The housing project could not go ahead without the rugby field, netball field etc. being built. Due to the fact the ASLA was appointed as turnkey implementing agent for that area, the municipality was obligated to allow ASLA to construct these facilities, even though constructions of these facilities was in conflict with piggy back requirements.

Therefore, expenditure incurred as a result of the finding noted above constitutes irregular expenditure for the entire duration of the contract period.

Expenditure amounting to R3 155 666,25 incurred in the current year on the piggy back contract constitutes irregular expenditure. However, expenditure incurred in the previous years, on the piggy back contract could not be ascertained, which too constitutes irregular expenditure.

Management should provide the auditors with the rand value for the expenditure incurred on the piggy back contract for the previous years (from 13 December 2012) with supporting schedules.

The prevention of irregular expenditure criteria was assessed and found not to constitute material non-compliance.

The amount noted above together with other irregular expenditure findings constitutes a material misstatement on the irregular expenditure note in the annual financial statements. The finding will be reported in the management report and might have an impact on the audit report if remained uncorrected.

Part B - Extension of the contract

Upon inspection of the council meeting minutes dated 03 December 2015, Theewaterskloof municipality extended their piggy back contract until 12 December 2018. This is an extension of exactly three years.

Section 116 (3) of the MFMA provides for extension of a contract secured through the SCM policy of the municipality. It does not provide for extension of contracts secured by another organ of state.
When the period of participation as per SCM regulation 32 expired, Theewaterskloof municipality should have used its own SCM policy to procure similar goods and services.
The extension of ASLA Construction by Theewaterskloof municipality is non-compliance with SCM Regulation 19 (a) and Section 116 (3) of the MFMA cannot be applied to extend the contract. Since competitive bidding process was not followed, any expenditure incurred on the extended contract results in irregular expenditure.
Expenditure amounting to R3 155 666,25 incurred in the current year on the piggy back contract constitutes irregular expenditure. However, expenditure incurred in the previous years, on the piggy back contract could not be ascertained, which too constitutes irregular expenditure.

Management should provide the auditors with the rand value for the expenditure incurred on the piggy back contract from when the extension took place (from 13 December 2015) with supporting schedules.

The prevention of irregular expenditure criteria was assessed and found not to constitute material non-compliance.

The amount noted above together with other irregular expenditure findings constitutes a material misstatement on the irregular expenditure note in the annual financial statements. The finding will be reported in the management report and might have an impact on the audit report if remained uncorrected.

Internal control deficiency

Leadership: *Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.*

Leadership did not have sufficient monitoring controls to ensure the proper implementation of the overall process relating to procurement of goods and services under contracts secured by other organs of state (piggy back contracts). This lead to irregular expenditure over multiple financial years.

Financial and performance management: *Management did not review and monitor compliance with applicable laws and regulations.*

Management did not ensure that a competitive procurement process was followed after the piggy back contract expired.

Management did not consider the implications of appointing a supplier as a turnkey implementing agent, especially given that it related to a piggy back contract. Management did not consider that a supplier appointed as a turnkey implementing agent for low cost housing would need a much longer time period than three years to complete the project.

Management did not ensure that reasonable steps were taken to prevent irregular expenditure.

Recommendation

Management should exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls. Moreover, management should review and monitor compliance with applicable laws and regulations.

Management should ensure that when the municipality enters in to a piggy back contract the validity period is adhered to and that the scope of work corresponds with the original contract procured by another organ of state.

Management should ensure that piggy back contracts are not extended beyond the original piggy back contract.

Management should provide the auditors with the rand value for the expenditure incurred during the period the contract between Langeberg municipality and ASLA had expired with supporting schedules.

Management should adjust the irregular expenditure note to account for irregular expenditure identified in the findings noted above and should also provide the auditors with the supporting irregular expenditure register adjusted for the findings noted above.

Management response

Management comment on the audit finding:

Management do not agree with the finding. Please find attached the Council decision as well as a legal opinion. It is our respectful submission that the Municipal Council obtained legal counsel from an advocate and Council's attorney (Fairbridges). Both these opinions indicated that the Municipality can extend the contract in order to complete the incompleted word which has already been commenced with. In addition, the scope of works has not changed since this was a turnkey appointment and the sportsfield had to be moved in order for the housing project to be unlocked. This is specifically provided for in the turnkey appointments and implementation agent contracts.

The Municipality therefore took reasonable steps to ensure compliance with legislation by obtaining legal opinions on the matter as it was difficult to interpret and the circumstances at the time including protest action and damage to municipal property as well as endangering peoples' lives and the prevention / interruption of service delivery were all factors that had to be considered at the time. Based on the legal opinions, the matter was tabled to Council for consideration as per section 116(3) of the MFMA and we are therefore of the view that this is not irregular expenditure. Should the AG persist with the irregular expenditure, we submit that although the expenditure was incurred over more than one financial year, it relates to one contract and it can therefore not be seen as a re-occurrence of irregular expenditure.

With regards to whether contract could be extended, we have also obtained written feedback from the National Treasury MFMA Implementation Unit. The National Treasury stated in their response as follows: "*MFMA Circular 62 provides guidance on how municipalities and municipal entities can extend the monetary value of a particular contract. Our understanding is that contracts normally makes provision for variations, which can also include extension of the completion date of a particular project. This in our view will not be subject to section 116(3) of the MFMA.*"

There is further no legal basis on the current interpretation of section 116(3) by the AG. The legislation nowhere excludes processes that was not procured by normal internal SCM processes. Section 32 procurements also forms part of the supply chain management system and is there no logical reason why the general principles of amendment and extension should not be applicable to all options of procurement. The only conditions in terms of the legislation and piggyback contracts are stipulated in section 32. It is further important to note that the contract makes specific provision for extension. Section 116(3) is relevant to the amendment of a contract. It is therefore not clear on which provision the opinion of the AG is based and is it flawed. We cannot agree that the municipality was not allowed to extend the contract and that there are irregular expenditure because of that action. The municipality acted on the advice of specialist in this subject and legal arguments have to be presented to challenge these opinions.

It is stated in the finding that section 116 is only applicable to contracts procured through the Municipality's SCM Policy. The Municipality's Supply Chain Management Policy of the municipality makes specific provision for procurement in terms of regulation 32 of the Supply Chain Management Regulations.

It should also be noted that clause 4.6 and 4.7 of both the Langeberg contract and the

TWK contract makes reference to bulk, link, internal, external, connector, rudimentary engineering services and Top Structures.			
Management comment on the root cause identified within the audit finding: Management do not agree with the root cause identified. Refer to legal opinion attached.			
Management comment on the recommendation: Management do not agree with the recommendation. Refer to legal opinion attached.			
Reason for non-compliance: N/A			
Remedial action: N/A			
What actions will be taken:	By whom:	By when:	
If the above findings affects an amount (s) disclosed in the financial statements:			
Please give an indication of whether the correcting journal entry shall be processed:			
If yes, please indicate the accounting entry:			
If no, please provide the reason why such a conclusion:			

Name: Z. Gagiano
Position: Deputy Director Corporate Services
Date: 12 November 2018

Auditor's conclusion

Management's response is noted.

Part A

The finding raised was based on SCM regulation 32, procurement goods and services under a contract secured by another organ of state. Although the change of scope might be acceptable for turnkey appointments and implementation agent contracts, a change in scope cannot be effected under piggy back contracts.

No legal opinions were obtained by the municipality before the change of scope had taken place. We understand the nature of such type of low cost housing projects in that they are vulnerable to protest action and community demands. It is with this in mind that the municipality should have not opted for a piggy back contract but rather instituted its own tender process.

The Langeberg municipality contract (originating contract) only scoped in the building of low-cost housing and not the building of sport fields. Due to the fact that the Theewaterskloof municipality requested ASLA to build a sport field, it resulted in the terms of the originating contract with Langeberg municipality not being the same, which thus triggers the change in scope. The expenditure which was incurred as a result of the change in scope will constitute irregular expenditure. This amounts to R17 125 605.

The above results in non-compliance with SCM regulation 32, which results in irregular expenditure of R17 125 605 which will be reported as such in the annual financial statements.

Part B

The finding was written based on a worse-case scenario pending the outcome of a technical consultation on this matter. After extensive legal and technical consultation had been done on this matter, the following conclusion was reached.

Section 116(3) of the MFMA states, *"A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after…*

(a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality;

(b) the local community—

(i) has been given reasonable notice of the intention to amend the contract or agreement; and

(ii) has been invited to submit representations to the municipality or municipal entity"

SCM regulation 32 "Procurement of goods and services under contracts secured by other organs of state:

A supply chain management policy may allow the accounting officer to procure goods and services for the municipality or municipal entity under a contract secured by another organ of state, but only if –

The contract has been secured by the organ of state by means of a competitive bidding process applicable to that organ of state;

(a) The municipality or entity has no reason to believe that such contract was not validly procured;

(b) There are demonstrable discount or benefits for the municipality or entity to do so; and

(c) That other organ of state and the provider have consented to such procurement in writing…"

MFMA s116(3) provides for amendment of a contract procured through the SCM policy of a municipality. I.e. the original contract should have been procured through a municipality's' own competitive processes and not that of another municipality.

A contract secured through SCM regulation 32 cannot be said to have been procured through the SCM policy of Theewaterskloof municipality, as such contract was procured through the SCM policy of Langeberg municipality.

Therefore Theewaterskloof municipality cannot use section 116(3) to amend a contract secured by Langeberg municipality as the contract was not originally procured through Theewaterskloof.
However, ASLA must complete the work that it was contracted to perform. Extension of the period is justifiable if it is to allow the service provider to complete the work that was supposed to have been completed during the initial period of the contract (three years).
We have thus assessed the extension to be justifiable as the main purpose was for ASLA to complete work originally contracted to perform. I.e. to construct low cost housing in Villiersdorp, Destiny farm and Radyn farm.
The expenditure incurred in the extension period (other than that which constituted a change in scope in Part A above) is thus not considered to be irregular expenditure.

Further auditor's conclusion

After discussions held in the final management report and draft audit report meeting, requests were made by management to re-look at information in considerations to resolve the finding relating to the change in scope.

Management provided the following document:

Langeberg Municipality advertised per TENDER 44/2011 to appoint **an implementing agent** for their (Langeberg's) **HOUSING DEVELOPMENT**. It states under TENDER SPECIFICATIONS..."*The proposal is aimed at implementing agents that can demonstrate their knowledge of the housing subsidy market, as well as their capacity to deliver housing on a large scale subject to the NATIONAL NORMS AND STANDARDS FOR HOUSING...."*

The definition as per the Housing code for a housing development can be found underneath:

PART A: INTEGRATED RESIDENTIAL DEVELOPMENT PROGRAMME

1 OVERVIEW

The Comprehensive Plan for the Development of Sustainable Human Settlements approved on 1 September 2004, represents a paradigm shift for the national housing programme. Having achieved the initial housing delivery targets, Government shifted its development focus towards addressing settlement inefficiencies through the development of integrated human settlements which will contribute towards more compact settlement form and provide a range of housing and social economic opportunities.

The existing housing policy programmes focus primarily on the development of subsidised housing and do not provide much scope for area wide settlement planning and the integration of a range of housing types and price categories, together with commercial and social amenities in a project.

As the name suggests, this programme provides a tool to plan and develop integrated settlements that include all the necessary land uses and housing types and price categories to become a truly integrated community.

The Programme in particular provides for planning and developing an integrated project, providing for the housing, social and economic needs of different income categories. It does away with the requirement found in other policy programmes to identify subsidised housing recipients up front and provides for both subsidised, as well as finance linked housing, social and rental housing, commercial, institutional and other land uses to be developed.

Owing to the holistic planning and development approach, the instrument also provides for substantial economies of scale to be realised. Integration is achieved through the provision of both bonded and subsidised housing in a mix appropriate to the projects location, which in turn lends itself to facilitating inclusionary housing development (which requires a certain number of affordable housing units to be delivered in any residential development).

Projects can be planned and developed in two phases. The first phase encompassing planning, land acquisition, township establishment and providing serviced residential stands in a variety of price categories as well as stands for other land uses to ensure a holistic and sustainable community. In the second phase houses are constructed for qualifying housing beneficiaries and the sale of stands to non qualifying beneficiaries and to commercial interests etc. is undertaken.

With reference to the appointment of an Implementing agent, the Housing code has the following definition:

2.2.2 CHOOSING AN APPROPRIATE CONTRACTING STRATEGY

The developer identifies an appropriate contracting strategy for the project. The options available are as follows:

a) Through the **turnkey contracting strategy**, a turnkey contractor is appointed by the developer through a public tender to do all work related to the successful completion of the project. This includes inter alia the planning of the approved land, the township establishment process, the design and installation of internal reticulation services to the construction of houses. The developer has a contract with only the successful tenderer and no separate contracts with any of the other participants in the development process. The successful tenderer is at risk for any financial overruns, which are not provided for in the contract and concludes agreements in own right with all the required providers of housing goods and services.

The Theewaterskloof Municipality has appointed ASLA Construction (PTY) LTD as a

Turnkey Housing Implementation Agent in terms of clause 2.2.2(a) of the Integrated Residential Development Program (IRDP) of the National Housing Code through section 32 of Municipal Supply Chain Management Regulations based on the appointment principles of Langeberg Municipality.

In the attached document it was decided by the community benefiting from the housing project to utilise the then current sport field, since there was no other possible land to construct the 225 housing opportunities. With the utilisation of the then current field the need for the new sport field arose and therefore the construction of a sport field adhering to the minimum standard of Sport and recreation.

This construction of the sport field is in my opinion not IRREGULAR since it is part of the appointment of the implementing agent to create housing developments that is inclusive of social amenities such as sport fields, community halls ect. As per the Langeberg appointment.

Denver

Further auditor's conclusion

The additional information provided by management is based on the turnkey implementing agent concept.

The basis of our conclusion and the technical consultation is that of SCM regulation 32 and not the implementing agent contract.

This was previously considered and communicated as part of our technical consultation.

We acknowledge that it is correct for a turnkey implementing agent to carry out work such as the rugby field, netball courts etc. if the implementing agent was procured through a competitive bidding process by Theewaterskloof municipality.

As previously stated in our auditor's conclusion, a change in scope cannot be effected under piggy back contracts. Although Langeberg municipality also had an implementing agent contract with ASLA, at the time of contracting, the primary intention and scope was for housing.

The housing development was the primary basis of the piggy back contract, and in terms of SCM regulation 32, no deviations from this should have been effected.

Although it may have been acceptable in terms of the turnkey implementing agent contract, by allowing ASLA to carry out additional work to the piggy back, Theewaterskloof Municipality had effectively changed the scope of the work and went beyond the scope of the original contract when it comes to SCM regulation 32.

Thus the expenditure incurred on the additional projects results in non-compliance with SCM regulation 32, and the amount of R17 125 605 constitutes irregular expenditure.

Inspected the amended annual financial statements and confirmed that R17 125 605 was disclosed as irregular expenditure.

7. Compliance SCM: Compliance with Municipal Supply Chain Regulation 32 (COMAF 14)

Audit finding

Requirement

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

Section 110(2)(c) of the MFMA states that Chapter 11, Part 1: Supply chain management, states that: "*This Part, except where specifically provided otherwise, does not apply if a municipality or*

municipal entity contracts with another organ of state for the procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement".

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

(1) A supply chain management policy may allow the accounting officer to procure goods or services for the municipality or municipal entity under a contract secured by another organ of state, but only if-

(a) the contract has been secured by that organ of state by means of a competitive bidding process applicable to that organ of state;

(b) the municipality or entity has no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits for the municipality or entity to do so; and

(d) that the other organ of state and the provider have consented to such procurement in writing.

The following two court cases provided rulings on the interpretation of SCM regulation 32:

- Blue Nightingale Trading 397 (Pty) Ltd t/a Siyenza Group v Amathole District Municipality [2016] 1 All SA 721 (ELC)
- Kwadukuza Municipality v Skilful 1169 CC and Another (11060/2017) [2018] ZAKZDHC 35

These court rulings have the force of law and must form the basis against which the application of regulation 32 is tested.

The above court case provides the following example and rulings in terms of the interpretation of section 110(2)(c) of the MFMA (referred to as LGMFMA in rulings):

(a) Ruling 32: The usual example would be where an organ of state contracts, in accordance with a Section 217 compliant process, with a supplier to supply say R5 Million Rand's worth of A4 paper. If that organ of state thereafter does not intend to utilize the entire consignment, it is permissible for another organ of state to, as it were, 'take up the slack' in respect of the remaining portion of the same contract.

(b) Ruling 33: I must add that the second organ of state will do so by procuring the A4 paper under the contract between the first organ of state and the supplier, as required by section 110(2)(c).

(c) Ruling 34: The constitutionality of the exemption will always depend on the facts of the particular case. For the exemption to operate under section 110(2) of LGMFMA, I cannot conceive compliance with the constitutional imperatives unless the goods or services procured by the

second organ of state are the same as that required by the first organ of state, and the contract price is the same

(d) Ruling 35: In my respectful view, the terms and conditions of a procurement contract between the second organ of state and the supplier which complies with Chapter 11 of the LGMFMA (including section 116 thereof which requires the contract to be in writing and stipulates the nature of the terms and conditions thereof and the management of the contract) cannot be deleted or amended or compromised in such a manner as to render the contract with the first organ of state not compliant with either Chapter 11 or with the constitutional imperatives.

(e) Ruling 36: The words "... under a contract secured by another organ of state ..." in the Regulation can only refer to the "... contract with another organ of state ..." as contemplated by section 110(2) of the empowering legislation (LGMFMA).

(f) Ruling 37: In my respectful view, this can only refer to the situation where the municipality, with the consent of the supplier, either becomes a party to the existing contract between the other organ of state and the supplier; or where the other organ of state concludes a contract with the supplier for the benefit of a third party, namely for the benefit of the municipality, against payment by the municipality of the approved contract price. In either case, the material terms and contract price of the contract already secured by that organ of state remain binding, and thus remain compliant with section 217 of the Constitution and with the procurement policy of the other organ of state, and therefore with LGMFMA.

MFMA Circular No. 96 was issued on 24 July 2019 *to provide further elaboration to municipalities and municipal entities on the principle as captured in Regulation 32 of SCM Regulations when procuring good or services from contracts secured by other organs of state.*

Nature and Cause

The legal interpretation results in the application of regulation 32 in a procurement process, effectively meaning that the accounting officer of the original contracting organ of state is willing to forfeit a portion of its contract, in terms of contract value and quantity that has not already been utilised, to the accounting officer who is requesting to procure under that contract.

The following regulation 32 deviations were identified on which expenditure was incurred during the 2018-19 financial year:

Other organ of state	Award number	Contract start date	Supplier name	Award value	Expenditure incurred in 2018-19 R	Irregular expenditure 2018-19 as per the AFS R	Irregular expenditure 2017-18 as per the AFS
Langeberg Municipality	DEV 06/2012/2013	30 Oct 2012	Asla Construction (Pty) Ltd	1000 Houses (unit price is not stated in the contract) Total expenditure on the contract R91 759 815 (Excl. Vat).	8 237 075	241 779	17 377 200

No evidence was submitted to audit as part of the documents supporting the regulation 32 awards listed above that indicated that any portion of these contracts equals a portion of the original contract that was forfeited by the other organ of state.

Impact

Any expenditure, from inception of the contract, incurred on the above contracts, or on any other similar contracts on which expenditure was incurred during the 2018-19 financial year, and which is not incurred on a portion forfeited by the other organ of state, meets the definition of irregular expenditure detailed in section 1 of the MFMA.

This also constitutes non-compliance with SCM regulation 19, which has been assessed as material.

Internal control deficiency

Financial and performance management-

Review and monitor compliance with applicable laws and regulations.

Management did not identify that its historical interpretation and application of SCM regulation 32 has resulted in non-compliance with the regulation and/or has failed to provide audit with evidence that the expenditure incurred by it on so-called "piggy-back" contracts were limited to the portion forfeited by the other organ of state, resulting in the incurring of irregular expenditure.

Recommendation

Management should review its interpretation and implementation of SCM regulation 32 and implement the principles as clarified by the courts in the matters of *Blue Nightingale Trading 397 (Pty) Ltd t/a Siyenza Group v Amathole District Municipality* and *Kwadukuza Municipality v Skilful 1169 CC and Another* as it has the force of law and must form the basis against which the application of regulation 32 is measured.

The outcomes of the court judgement are to be applied retrospectively and applies to contracts where expenditure has been incurred in the 2018-19 financial year.

Management should investigate all regulation 32 contracts on which expenditure was incurred in 2018-19 to identify any other instances where the prescribed requirements were not complied with, or alternatively, provide audit with evidence, obtained from the other organ of state, confirming that that expenditure was incurred on a forfeited portion of the original award. Evidence of any such investigation, as well as the outcome thereof, should be provided for auditing.

Management is advised to review their existing SCM policies and effect the necessary amendments where appropriate for approval by the municipal council.

Management response

Management comment on audit finding

Before addressing the merits of the finding, we wish to place on record that the Asla contract was entered into during 2012 after which the TWK Municipality was awarded clean audits for 5 consecutive years since 2012/13 and until 2016/17. During 2017/18, the Asla contract became the subject of intense scrutiny by the Auditor General and eventually a finding of irregular expenditure was raised on the basis that the Municipality had incurred expenditure which was according to the AG not within the scope of the original Langeberg contract. The Municipality contended that it had obtained legal advice and that the sportsfield was part of an integrated human settlements solution, as such, the AG erred in its interpretation and subsequent finding. The AG then referred the matter to its technical division and despite the Municipality's arguments against the finding, the AG maintained its position that the expenditure was indeed irregular.

Whilst we respectfully disagreed with the audit finding, the Municipality had no choice but to amend the Annual Financial Statements to disclose the expenditure as irregular and to follow the process outlined in section 32 of the MFMA to dispose of the irregular expenditure. Throughout our

engagements with the AG including a meeting with the audit team and the Business Executive of the AG on 30 November 2019, we were given the assurance that the municipality will not be issued with another finding of irregular expenditure and that the Municipality may proceed with the contract. We specifically raised the question whether the contract should be terminated to prevent any similar future audit findings.

In respect of the substance and merits of the finding, the Municipality had obtained legal advice and which is copied below:

BACKGROUND

28. In performing the audit of compliance with legislation, the AG identified instances of non-compliance as described below and indicated that the effect of these instances of non-compliance could potentially be material.

29. The following legislative requirements were listed by the AG:

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

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

(3) ***Regulation 32 of the Municipal Supply Chain Management Regulations*** *(SCM Regulations) reads as follows: 'A supply chain management policy may allow the accounting officer to procure goods or services for the municipality or municipal entity under a contract secured by another organ of state, but only if-*

a. *the contract has been secured by that organ of state by means of a competitive bidding process applicable to that organ of state;*
b. *the municipality or entity has no reason to believe that such contract was not validly procured;*
c. *there are demonstrable discounts or benefits for the municipality or entity to do so; and*
d. *that the other organ of state and the provider have consented to such procurement in writing."*

30. The AG then relies on two High-court judgements, as follows:

a. *"The following two court cases provided rulings on the interpretation of SCM regulation 32:*

- *Blue Nightingale Trading 397 (Pty) Ltd t/a Siyenza Group v Amathole District Municipality [2016] 1 All SA 721 (ELC)*
- *Kwadukuza Municipality v Skilful 1169 CC and Another (11060/2017) [2018] ZAKZDHC 35*

b. *These court rulings have the force of law and must form the basis against which the application of regulation 32 is tested.*

c. *The above court case provides the following example and rulings in terms of the interpretation of section 110(2)(c) of the MFMA (referred to as LGMFMA in rulings):* ***...."[note: for purposes of brevity author will not repeat the 'rulings' highlighted by the AG, suffice to say it quoted 'obiter' 32 – 37. Where relevant these will be referenced in the discussion below]***

31. The AG continues to state that: *"MFMA Circular No. 96 was issued on 24 July 2019 to provide further elaboration to municipalities and municipal entities on the principle as captured in Regulation 32 of SCM Regulations when procuring good or services from contracts secured by other organs of state."*

32. The AG thereafter purported to interpret SCM TR 32 as follows: "*The legal interpretation results in the application of regulation 32 in a procurement process, effectively meaning that the accounting officer of the original contracting organ of state is willing to forfeit a portion of its contract, in terms of contract value and quantity that has not already been utilised, to the accounting officer who is requesting to procure under that contract."*

33. Based on its interpretation the AG then concluded the following:

"The following regulation 32 deviations were identified on which expenditure was incurred during the 2018-19 financial year:

Other organ of state	Award number	Contract start date	Supplier name	Award value	Expenditure incurred in 2018-19 R	Irregular expenditure 2018-19 as per the AFS R	Irregular expenditure 2017-18 as per the AFS
Langeberg Municipality	DEV 06/2012/2013	30 Oct 2012	Asla Construction (Pty) Ltd	1000 Houses (unit price is not stated in the contract) Total expenditure on the contract R91 759 815 (Excl. Vat).	8 237 075	241 779	17 377 200

No evidence was submitted to audit as part of the documents supporting the regulation 32 awards listed above that indicated that any portion of these contracts equals a portion of the original contract that was forfeited by the other organ of state."

34. The AG recommended that that Municipality must:

"(i) *Management should review its interpretation and implementation of SCM regulation 32 and implement the principles as clarified by the courts in the matters of Blue Nightingale Trading 397 (Pty) Ltd t/a Siyenza Group v Amathole District Municipality and Kwadukuza Municipality v Skilful 1169 CC and Another as it has the force of law and must form the basis against which the application of regulation 32 is measured.*

(ii) The outcomes of the court judgement are to be applied retrospectively and applies to contracts where expenditure has been incurred in the 2018-19 financial year.

(iii) Management should investigate all regulation 32 contracts on which expenditure was incurred in 2018-19 to identify any other instances where the prescribed requirements were not complied with, or alternatively, provide audit with evidence, obtained from the other organ of state, confirming that that expenditure was incurred on a forfeited portion of the original award. Evidence of any such investigation, as well as the outcome thereof, should be provided for auditing.

(iv) Management is advised to review their existing SCM policies and effect the necessary amendments where appropriate for approval by the municipal council."

RELEVANT CONSIDERATIONS:

35. In considering the validity of the AG's interpretation, author reviewed the following 30 points of reference:

Case law (common law):

1) Blue Nightingale Trading 397 (Pty) Ltd t/a Siyenza Group v Amathole District Municipality [2016] 1 All SA 721 (ELC) – [Blue Nightingale judgement]
2) Kwadukuza Municipality v Skilful 1169 CC and Another (11060/2017) [2018] ZAKZDHC 35 – [KDM judgement].
3) Kaknis v Absa Bank Limited & another (08/16) [2016] ZASCA 206 (15 December 2016).
4) Fidelity Services (Pty) LTD v Mogale City Local Municipality and others, Case number 32719/15, Gauteng High Court [2016].
5) Sizabonke vs Zululand DM [CASE NO:10878/2009].
6) AllPay Consolidated Investments Holdings (Pty) Ltd and Others v Chief Executive Officer of the South African Social Security Agency and Others (No 2) CCT 48/13.
7) City of Cape Town v Aurecon SA (Pty) Ltd [2017] ZACC 5.
8) Buffalo City Metropolitan Municipality v ASLA Construction (Pty) Ltd, [2019], ZACC 15.

9) Transnet Ltd v Chairman, National Transport Commission, & others 1999 (4) SA 1 (SCA).

Legislation (statutory law):

10) The Constitution of RSA.

11) The Municipal Finance Management Act, 2003 (Act 56 of 2003) – [MFMA]

12) Public Finance Management Act, 2003 (Act 1 of 1999) – [PFMA]

13) The relevant MFMA SCM Regulations [SCMR] issued in terms of the MFMA.

14) The relevant MFMA SCM Regulations [SCMR] issued in terms of the PFMA [SCMR 16A].

15) Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)-[PAJA]

16) Interpretation Act, 1957 (Act 33 of 1957)

17) Public Audit Act, 2004 (Act 25 of 2004 as amended by Act 5 of 2018)

18) The Municipal SCM Policy [SCMP].

Treasury circulars:

19) MFMA Treasury Circular 96 of July 2019 relating to SCMR 32 contracts;

20) MFMA Treasury Circular 80 of March 2016 and its amendment on 18 October 2016 as well as the Treasury letter of 5 February 2019, relating to RT 25-2016 transversal contract and the application of SCMR 32.

21) MFMA Treasury Circular 62 of July 2013 relating to various SCM matters including the amendment of contracts.

22) MFMA circular 68, as updated in June 2019 relating to unauthorised, irregular and fruitless and wasteful expenditure.

23) Kwa Zulu Natal Provincial Treasury, circular 01/2016, effective from 1 April 2017, relating to SCMR 32 contracts.

Treasury guidelines:

24) National Treasury Guide to Participation in Transversal Term Contracts Facilitated by National Treasury, March 2017

Academic records:

25) Prof P Bolton in '*The Law of Government Procurement in South Africa*', LexisNexis Butterworths, Durban, 2007.

26) Adv Reason Misiiwa Baloyi in '*Termination of Contracts by Organs of State*', Master Thesis (Student No.: 16395922), January 2018.

27) '*Researching South African Law*', by Amanda Barratt and Pamela Snyman and updated by Salona Lutchman in March 2018

28) '*The Government Procurement Review*', 6th edition, May 2018 Law Business Research, Adams & Adams.

29) Lourens M du Plessis, '*The Re-Interpretation of Statutes*', LexisNexis, 2002.

30) LM du Plessis "Statute Law and Interpretation" LAWSA (volume 25(1) 2nd ed) para 302.

DISCUSSION

36. It is argued that the validity of the AG's interpretation in this matter is challengeable and may be set aside by a competent court of law, based on the following **NINE** considerations *[heads of argument]*, which is discussed on a high-level further in the document:

A. Incorrect understanding of the application of case-law, specifically in terms of:

A1. Jurisdiction of a high court judgement.

A2. 'Case law' when compared with 'customary law'.

A3. 'Ruling' versus 'Dictum'.

B. Incorrect interpretation and application of the retrospective application of 'case law'.

C. Incorrect interpretation and application of section 1 of the MFMA, i.e. definition of irregular expenditure.

D. Failure to consider and test of all relevant legislation.

E. Incorrect understanding and application of Treasury circulars.

F. Inconsistent interpretation of application of its audit test at various municipalities.

G. Incorrect interpretation and application of SCMR 32 as a 'deviation'.

H. Alternative arguments [potential points in limine]:

H1. Blue Nightingale judgement poses grounds for further judicial review.

H2. KDM judgement poses grounds for further judicial review.

H3. The legality and enforceability of MFMA, section 110(2)(c) read with and applied with SCMR's 2(4), 11(3), 19(a) and 32.

I. Impact of AG finding is enforced.

J. Alternative solution.

A1. INCORRECT UNDERSTANDING OF THE APPLICATION OF CASE-LAW, SPECIFICALLY IN TERMS OF JURISDICTION OF A HIGH COURT JUDGEMENT:

37. It appears that the AG is uncertain of how the judiciary system in South Africa is applied and what the jurisdiction of the various courts are.

38. Clarity is provided by the Governmental website[6] - www.gov.za, stipulating that:

a. The judicial authority in South Africa is vested in the courts, which are independent and subject only to the Constitution and the law.

i. The Constitution provides for the following courts:

ii. Constitutional Court.

[6] https://www.gov.za/about-government/judicial-system#transformation – accessed on 3 November 2019

iii. Supreme Court of Appeal.
iv. High courts, including any high court of Appeal that may be established by an Act of Parliament to hear appeals from high courts.
v. Magistrates' courts
vi. Any other court established or recognised in terms of an Act of Parliament, including any court of a status similar to either high courts or magistrates' courts.

b. In consideration of the jurisdiction of the courts, the following is relevant:
   i. **The Constitutional Court [CC]** makes the **final decision** on whether an Act of Parliament, a provincial Act or the conduct of the President **is constitutional**.
   ii. **The Supreme Court of Appeal [SCA]** has jurisdiction to hear and determine an appeal against any decision of a High Court. **Decisions** of the Supreme Court of Appeal **are binding on all courts of a lower order**.
   iii. **14 High Courts in the country** hear matters that are of such a serious nature that the lower courts would not be competent to make an appropriate judgment or to impose a penalty. Decisions of high courts are **binding on magistrates' courts within the respective areas of jurisdiction of the divisions**.

39. Additionally, it is important to understand that **Statutory law**[7] is defined as: "*The body of law consisting of written laws adopted by a legislative body. Statute law is often **contrasted with case law**, which originates from decisions of the **appellate courts**; and with constitutional law, based on a country's written constitution.*" [Own emphasis].

40. It must be noted that the Blue Nightingale judgement was made by a high court in the Eastern Cape and the KDM judgement by a high court in KwaZulu-Natal, which means that the application of the stated judgements is limited to the relevant jurisdictions of the Eastern Cape and KwaZulu-Natal Provinces.

41. Neither of these judgements were tested by the Supreme Court of Appeal or the Constitutional Court, which means that its application of the stated judgements to the country as a whole is not allowed.

42. Lastly, both judgements concluded that the relevant contracts were unconstitutional and therefore invalid, unlawful and *void ab initio*. These judgements are bound by the principle that an order of constitutional invalidity has no force unless confirmed by the Constitutional Court[8].

[7] http://www.businessdictionary.com/definition/statute-law.html - accessed on 3 November 2019
[8] http://www.justice.gov.za/sca/aboutsca.htm - accessed on 3 November 2019

43. ***Argument in A1: The AG erred in its understanding of the application of case-law, specifically in terms of jurisdiction of a high court judgement, as:***
    a. *A judgement from a high court is limited to the jurisdiction of the province where it applies. The Blue Nightingale judgement was made by a high court in the Eastern Cape and the KDM judgement by a high court in KwaZulu-Natal, which means that the application of the stated judgements is limited to the relevant jurisdictions of the Eastern Cape and KwaZulu-Natal Provinces.*
    b. *Neither of these judgements were tested by the Supreme Court of Appeal or the Constitutional Court, which means that its application of the stated judgements to the country as a whole is not allowed.*
    c. *Both judgements tested the constitutionality of the contracts and concluded that the relevant contracts were unconstitutional and therefore invalid, unlawful and void ab initio. These judgements are therefore bound by the principle that an order of constitutional invalidity has no force unless confirmed by the Constitutional Court*[9].

A2. INCORRECT UNDERSTANDING OF THE APPLICATION OF CASE-LAW, SPECIFICALLY IN TERMS OF 'CASE LAW' COMPARED TO 'CUSTOMARY LAW':

44. It is important to understand the difference between the different 'types of law' and its interpretation, as:
    a. **Customary law** is defined as: "*Traditional common **rule or practice that has become an intrinsic part of the accepted and expected conduct** in a community, profession, or trade **and is treated as a legal requirement**[10]."* **[Own emphasis]**
    b. **Case law** is defined as: "*Part of common law, consisting of judgments given by **higher (appellate) courts in interpreting the statutes (or the provisions of a constitution)** applicable in cases brought before them. Called precedents, they are binding on all courts (**within the same jurisdiction**) to be followed as the law in similar cases. Over time, these precedents are recognized, affirmed, and enforced by the subsequent court decisions, thus continually expanding the common law*[11]*.'* **[Own emphasis].**

45. Based on the above definitions, the following is evident:
    a. 'Customary law' considers a common rule or practice which has become an integral part of acceptable conduct and therefore treated as a legal requirement.

[9] http://www.justice.gov.za/sca/aboutsca.htm - accessed on 3 November 2019
[10] http://www.businessdictionary.com/definition/customary-law.html - accessed on 3 November 2019
[11] http://www.businessdictionary.com/definition/case-law.html- accessed on 3 November 2019

b. 'Case law' on the other hand interprets legislation and is given by higher (appellate) courts and binding on all courts within the same jurisdiction.

46. In terms of the South African Constitution, sections 30 and 31, customary law is an equal partner to the hybrid legal system[12]. Customary law has been defined by the Constitutional Court of South Africa in Bhe v Magistrate Khayelitsha (CCT 9/03)[2004] ZACC 17; 2005 (1) SA 580 (CC); 2005 (1) BCLR 1 (CC) (15 October 2004) as having three different forms, namely (1) law that is practised in the community; (2) law that is found in statutes, (3) case law or textbooks on official customary law and academic law that is used for teaching purposes.

47. The common practice, since the promulgation of the MFMA in 2003 and its supporting SCM Regulation in 2005, was to apply SCMR 32 contracts, or so-called 'piggy back' contracts, where the participating municipality will conclude its own contract with the service provider, based materially on the same terms and conditions of the initial tender, subject to compliance with the provisions of SCMR 32(1)(a) – (d). This common practice was endorsed by guidelines provided by the National Treasury and certain provincial treasuries, such as:

a. National Treasury Guide to Participation in Transversal Term Contracts Facilitated by National Treasury, March 2017, refer to page 5.
b. MFMA Treasury Circular 80 of March 2016, refer to items 7 and 8 (pages 12 to 15).
c. MFMA Treasury Circular 80, amended on 18 October 2016, refer to item 3(iv).
d. National Treasury letter of 5 February 2019, relating to RT 25-2016 transversal contract and the application of SCMR 32.
e. Kwa Zulu Natal Provincial Treasury, circular 01/2016, effective from 1 April 2017, relating to SCMR 32 contracts, Annexure A, items 3.1.2 and 3.1.3.

48. ***Argument in A2: The AG erred in its understanding of the application of case-law, specifically in terms of 'case law' compared to 'customary law', specifically considering the practice in the application of SCMR 32, as:***

(i) *The 'common practice or customary practice', since the promulgation of the MFMA in 2003 and its supporting SCM Regulation in 2005, was to apply SCMR 32 contracts, or so-called 'piggy back' contracts, where the participating municipality will conclude its own contract with the service provider, based materially on the same terms and conditions of the initial tender, subject to compliance with the provisions of SCMR 32(1)(a) – (d).*

[12] *'Researching South African Law'*, by Amanda Barratt and Pamela Snyman and updated by Salona Lutchman in March 2018 (accessible at https://www.nyulawglobal.org/globalex/South_Africa1.html.

(ii) *This common practice was endorsed through various National Treasury circulars and guidelines.*

(iii) *This means that for the past 14 years, municipalities applied a specific common practice, concluded and honoured contracts.*

(iv) *With the alternative interpretation by the stated judgements, it appears that the 'common practice' is now regarded as unconstitutional and therefore invalid, unlawful and void ab initio.*

(v) *Neither of these judgements considered the 'customary law' application of SCMR 32 and the implication thereof if such 'practice' is now impugned.*

(vi) *Prior to concluding that on matters of constitutional matters, whether 'case law' will trump 'customary law, by virtue of common practice', the impact must be tested by an appropriate court of law in order to reach a 'just and equitable remedy' as provided for in section 172(1)(b) of the Constitution.*

A3. INCORRECT UNDERSTANDING OF THE APPLICATION OF CASE-LAW, SPECIFICALLY IN TERMS OF 'A RULING' VERSUS 'AN OBITER DICTUM':

49. It is important to understand the difference between 'a court ruling' and 'an obiter dictum', its interpretation and its application, as:

(i) **A court ruling** is defined as: "***A decision made by a court***[13]" ***[own emphasis].***

(ii) **Obiter dictum is defined as:** *"Obiter dictum is an opinion, or a remark made by a judge which does not form a necessary part of the court's decision. The word obiter dicta is a Latin word which means "things said by the way." Obiter dicta can be passing comments,* ***opinions or examples*** *provided by a judge.* ***Statements constituting obiter dicta are therefore not binding[14]." [own emphasis]***

50. The AG selectively referenced only 6 items of the Blue Nightingale judgement, namely items 32 to 37 and regard those excerpts as '**rulings**', as follows:

"Ruling 32: The ***usual example*** *would be where an organ of state contracts, in accordance with a Section 217 compliant process, with a supplier to supply say R5 Million Rand's worth of A4 paper. If that organ of state thereafter does not intend to utilize the entire consignment, it is permissible for another organ of state to, as it were, 'take up the slack' in respect of the remaining portion of the same contract.*

[13] https://www.collinsdictionary.com/dictionary/english/court-ruling - accessed on 4 November 2019

[14] https://definitions.uslegal.com/o/obiter-dictum/ - accessed on 4 November 2019

Ruling 33: ***I must add*** *that the second organ of state will do so by procuring the A4 paper under the contract between the first organ of state and the supplier, as required by section 110(2)(c).*

Ruling 34: The constitutionality of the exemption will always depend on the facts of the particular case. For the exemption to operate under section 110(2) of LGMFMA, ***I cannot conceive*** *compliance with the constitutional imperatives unless the goods or services procured by the second organ of state are the same as that required by the first organ of state, and the contract price is the same*

Ruling 35: ***In my respectful view****, the terms and conditions of a procurement contract between the second organ of state and the supplier which complies with Chapter 11 of the LGMFMA (including section 116 thereof which requires the contract to be in writing and stipulates the nature of the terms and conditions thereof and the management of the contract) cannot be deleted or amended or compromised in such a manner as to render the contract with the first organ of state not compliant with either Chapter 11 or with the constitutional imperatives.*

Ruling 36: The words "... under a contract secured by another organ of state ..." in the Regulation can only refer to the "... contract with another organ of state ..." as contemplated by section 110(2) of the empowering legislation (LGMFMA).

Ruling 37: ***In my respectful view****, this can only refer to the situation where the municipality, with the consent of the supplier, either becomes a party to the existing contract between the other organ of state and the supplier; or where the other organ of state concludes a contract with the supplier for the benefit of a third party, namely for the benefit of the municipality, against payment by the municipality of the approved contract price. In either case, the material terms and contract price of the contract already secured by that organ of state remain binding, and thus remain compliant with section 217 of the Constitution and with the procurement policy of the other organ of state, and therefore with LGMFMA.' **[own emphasis]***

51. When the highlighted/emphasised portions above in paragraph 25 are considered, it is evident that in 5 of the 6 items quoted, the judge specifically referred to either an **'example'** or an **'opinion'**, which means that 5 of the 6 items quoted are regarded as '**obiter dicta'** which are not regarded as binding.

52. ***Argument in A3: The AG erred in its understanding of the application of case-law, specifically in terms of 'a ruling' versus 'an obiter dictum', as:***

a. *The AG regarded 'obiter dicta' as a 'court ruling', thereby incorrectly interpreted obiter dicta as binding on all organs of state.*

b. *When the highlighted/emphasised portions in paragraph 25 are considered, it is evident that in 5 of the 6 items quoted, the judge specifically referred to either an **'example'** or an **'opinion'**, which means that 5 of the 6 items quoted are regarded as **'obiter dicta'** which are not regarded as binding.*

B. INCORRECT INTERPRETATION AND APPLICATION OF THE RETROSPECTIVE APPLICATION OF 'CASE LAW':

53. Lourens M du Plessis, *'The Re-Interpretation of Statutes'*, LexisNexis, 2002[15], advises that legislation in South-Africa should be interpreted according to the common law rules and presumptions, mindful of the interpretation measures provided for by the Constitution of 1996. One of the considerations is the common law presumptions adopted and applied by our courts since 1994, more specifically the presumption that: ***"A statute does not apply retroactively, unless specifically so enacted"***.

54. The Constitution, section 36(1) provides clear guidelines of when rights may be limited in terms of ***law of general application*** to the extent that the ***limitation is reasonable and justifiable in an open and democratic society*** based on human dignity, equality and freedom, taking into account all relevant factors, including—
(a) the nature of the right;
(b) the importance of the purpose of the limitation;
(c) the nature and extent of the limitation;
(d) the relation between the limitation and its purpose; and
(e) less restrictive means to achieve the purpose.

55. In Transnet Ltd v Chairman, National Transport Commission, & others 1999 (4) SA 1 (SCA) para 12, Olivier JA said: *'One may start the conspectus by stating the time-honoured principle formulated in Peterson v Cuthbert & Co Ltd 1945 AD 420 at 430, based upon the Roman-Dutch law, that no statute is to be construed as having retrospective operation (**in the sense of taking away or impairing a vested right acquired under existing laws**), unless the Legislature clearly intended the statute to have that effect.'**[own emphasis]***

56. In the 2007 SCA judgement of Veldman v Director of Public Prosecutions, Witwatersrand Local Division 2007 (3) SA 210 (CC) para 26, Mokgoro J held that: ***"The principle that legislation will affect only future matters and not take away existing rights, is founded on the rule***

[15] ISBN 978 0 409 02509 5.

of law. It also follows that if the ***court is left in doubt*** as to the retrospective effect of a provision, the presumption against the ***retrospectivity would not be rebutted***." **[own emphasis]**

57. In the 2016 SCA judgement of Kaknis v Absa Bank Limited & another (08/16) [2016] ZASCA 206 (15 December 2016), the court considered the following aspects:
    a. [12] The reasoning behind the presumption against the retrospective application of legislation is premised upon the unwillingness of the courts to inhibit vested rights.
    b. [13] Thus a statute is presumed not to apply retrospectively, unless it is expressly or by necessary implication provided otherwise in the relevant legislation. It is for that reason presumed that the legislature only intends to regulate future matters.
    c. [14] It has been held that the crux of the matter is not the prospectively or retrospectivity of legislation as such, but the fair treatment befalling those subject to the legislation should the legislation be held to apply in that manner.

58. ***Argument in B: The AG erred in its understanding of the application of the retrospective application of 'case law', as:***
    a. *The common law of rules and presumptions presumes that a statute does not apply retroactively, unless specifically so enacted, which is supported by various SCA judgements as reflected in paragraphs 30 – 32 above.*
    b. *Although 'case law' is not necessarily 'legislation or statutory law', it is argued that this presumption will also apply to 'case law' as the Constitution in section 36(1) provides clear guidelines of when rights may be limited in terms of* ***law of general application*** *to the extent that the* ***limitation is reasonable and justifiable in an open and democratic society.***
    c. *Prior to concluding that the relevant judgements as case law, must be applied retrospectively, it is argued that an appropriate court of law should consider, in terms of section 36(1) of the Constitution, whether a retrospective application will limit rights and whether such limitation is reasonable and justifiable in an open and democratic society section.*

C. INCORRECT INTERPRETATION AND APPLICATION OF SECTION 1 OF THE MFMA, i.e. DEFINITION OF IRREGULAR EXPENDITURE:

59. Mindful of the guidance provided in MFMA circular 68, as updated in June 2019, it is clear that in order to qualify as 'irregular expenditure' the 'expenditure' must relate to any use of municipal funds that is in contravention of the following legislation:
    e. Municipal Finance Management Act, Act 56 of 2003, and its regulations;
    f. Municipal Systems Act, Act 32 of 2000, and its regulations;

g. Public Office-Bearers Act, Act 20 of 1998, and its regulations; and
h. The municipality's supply chain management policy, and any by-laws giving effect to that policy.

60. It is noted that the MFMA specifically refers to 'legislation' and not 'law'.

61. In applying the common law rules of interpretation adopted and applied by our courts since 1994 , such as the Golden Rule, by adhering to the 'ordinary meaning-rule', it is argued that the intention of the legislature was to limit 'irregular expenditure' to a contravention of 'legislation', i.e. 'statutory law' and not 'case law' *[refer to relevant definitions in paragraphs 14 and 19 above]*.

62. The above argument is supported in the Public Audit Act, where it defines "material irregularity" also specifically referencing to 'legislation', i.e: "*Any **non-compliance with, or contravention of, legislation**, fraud, theft or a breach of a fiduciary duty identified during an audit performed under this Act that resulted in or is likely to result in a material financial loss, the misuse or loss of a material public resource or substantial harm to a public sector institution or the general public."**[own emphasis].***

63. Where 'legislation' is regarded as inclusive of case-law, such will only be the case where such case law originates from decisions of the appellate courts, and not provincial high courts, as is the matter in this AG finding.

64. ***Argument in C: The AG erred in its interpretation and application of section 1 of the MFMA, i.e. definition of irregular expenditure, as:***
   a. *The MFMA specifically reference 'legislation' and not 'law', thereby limiting 'irregular expenditure' to a contravention of 'legislation', i.e. 'statutory law' and not 'case law'. This argument is supported by the Public Audit Act in its definition of 'material irregularity' to relate to "any non-compliance with, or contravention of, legislation…"*
   b. *Alternatively, where 'legislation' is regarded as inclusive of case-law, such will only be the case where such case law originates from decisions of the appellate courts, and not provincial high courts, as is the matter in this AG finding*[16].

D. FAILURE TO CONSIDER AND TEST OF ALL RELEVANT LEGISLATION:

[16] http://www.businessdictionary.com/definition/statute-law.html - accessed on 3 November 2019

65. In relation to SCM matters relevant to this matter, MFMA in section 1 provides that 'irregular expenditure' must relates to a contravention of the Municipal Finance Management Act, Act 56 of 2003, and its regulations.

66. It is argued that in order to test non-compliance or a contravention of the MFMA and its regulations, such test **MUST** consider and test all relevant legislative prescripts in relation to 'procurement of goods and services under a contract secured by another organ of state'.

67. The AG considered ONLY 3 of the following 9 MFMA and SCMR prescripts that relates to 'procurement of goods and services under a contract secured by another organ of state':

a. **MFMA section 1 defines irregular expenditure as:** *".. in relation to a municipality or municipal entity, means -(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with,* ***a requirement of this Act, and which has not been condoned in terms of section 170****; or ….".*

b. **MFMA section 110(2)(c):** *"(2)This Part, except where specifically provided otherwise, does not apply if a municipality or municipal entity* ***contracts with another organ of state for*** *- (c)* ***the procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement.***"

c. **MFMA section 112(1)(o)**: *"(1) The supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and* ***comply with a prescribed regulatory framework*** *for municipal supply chain management, which must cover at least the following: (o)* ***the procurement of goods and services by municipalities or municipal entities through contracts procured by other organs of state.***"

d. **SCMR 2(4) with regards to SCM Policies determine that:** "*Sub regulations (I), (2) and (3) do not apply in the circumstances described in section 110(2) of the Act,* ***except where specifically provided otherwise in these Regulations.***"

e. **SCMR 11 dealing with Acquisition Management under 11(2) provides that:** "*A supply chain management policy,* ***except where provided otherwise in these Regulations****, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including …"*

f. **SCMR 11(3):** "*A municipality or municipal entity* ***procuring goods or services contemplated in section 11(2)*** *of the Act* ***must make public the fact that it procures such goods or services otherwise than through its supply chain management system****, including-*

(a) the kind of goods or services; and

(b) the name of the supplier."

g. **SCMR 19(a):** *"A supply chain management policy must specify - (a) that goods or services above a transaction value of R200 000 (VAT included) and long term contracts may be procured by the municipality or municipal entity only through a competitive bidding process,* ***subject to regulation 11(2)****;.."*

h. **SCMR 32:** *"A supply chain management policy* ***may allow the accounting officer to procure goods or services for the municipality or municipal entity under a contract secured by another organ of state, but only if-***

a) *the contract has been secured by that organ of state by means of a competitive bidding process applicable to that organ of state;*

b) *the municipality or entity has no reason to believe that such contract was not validly procured;*

c) *there are demonstrable discounts or benefits for the municipality or entity to do so; and*

d) *that the other organ of state and the provider have consented to such procurement in writing."*

i. **SCMR 36(2) and (3):** *"(2) The accounting officer must record the reasons for any deviations in terms of sub regulation (l)(a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements. (3) Sub regulation (2) does not apply to the* ***procurement of goods and services contemplated in regulation 11(2)****."*

68. In considering the 'common law rules' that apply to legislative interpretation, the rule of Contextualism[17], provides that the meaning of a provision is determinable by reading its words in context. One of the specific rules relates to the *Interpretation ex visceribus actus,* meaning that a particular provision of a statute is to be understood as part of the **more encompassing legislative instrument in which it has been included**.

69. The rationale for such a rule is that when interpreting a specific provision, the interpreter should not apply nit-picking in only considering certain provisions of the Act but consider the provision in context as a whole.

70. This rule was also applied in 2016 SCA judgement of Kaknis v Absa Bank Limited & another (08/16) [2016] ZASCA 206 (15 December 2016), where the court applied this rule, stating that it considered the legislation comprehensively, as a whole (dicta 31).

[17] Lourens du Plessis, 'The Re-Interpretation of Statutes', page 100 onwards, par. 5 3.

71. Further guidance is provided in the South African Law Commission, Discussion Paper on the Interpretation Act, September 2006[18] at item 6: *"When reading legislation as a whole in order to determine the meaning of a provision – (a) all the provisions of the legislation must be taken into account, including – (i) their sequence, segmentation and punctuation; and (ii) the general organisation and structure of the legislation; …"*

72. The importance of interpreting the provisions related to the 'procurement of goods and services under a contract secured by another organ of state', will be discussed in more detail in paragraphs 69 to 70 below.

73. ***Argument in D: The AG failed to consider, and test of all relevant legislation related to the 'procurement of goods and services under a contract secured by another organ of state' as it considered ONLY 3 of the relevant 9 MFMA and SCMR prescripts.***

E. INCORRECT UNDERSTANDING AND APPLICATION OF TREASURY CIRCULARS:

74. MFMA section 168(3) determines that: *"(3)* ***No guidelines*** *issued in terms of subsection (1)* ***are binding on*** *- (a)* ***a municipality unless adopted by its council." [own emphasis]***

75. It is a general principle of South African law that a statutory instrument needs to be promulgated in order for that instrument to have the status of law. Promulgation is a process conceptually distinct from passing[19].

76. An essential element of promulgation is that the instrument be officially published as confirmed in the Interpretation Act 33 of 1957. Section 13 of the Interpretation Act determines that a law will come into effect when published in the Gazette. The term **"law"** as used in section 13 is defined in section 2 as "*any law, proclamation, ordinance, Act of Parliament or other enactment having the force of law*".

77. The question at issue here is whether National Treasury MFMA circulars qualifies as secondary legislation, i.e. the power of sub-ordinate legislation. The absence of proper publication, as prescribed in the Interpretation Act, strips the National Treasury MFMA circulars of its potential legislative status. Simply put, the National Treasury MFMA circulars cannot qualify as legislation in the absence of publication in the Government Gazette.

78. Alternatively, it is further argued that the legality and enforceability of some of the provisions of MFMA circular 96 are questionable as:

[18] ISBN: 0-621-36904-7, page 54

[19] LM du Plessis "Statute Law and Interpretation" LAWSA (volume 25(1) 2nd ed) para 302

a. The circular fails to indicate its application, i.e. retrospectively or prospectively.
b. The circular fails to address transversal contracts.
c. Contradictory provisions are made in MFMA circular 80 and also the RT 25-2016 transversal contract, which is inconsistent with the intend and application of MFMA circular 96.
d. The provision that an 'addendum to the original contract' is required is inconsistent with the provisions of the Blue Nightingale judgement.
e. The interpretation and application of the 'Implications for the contract owner' is ambiguous as:
    i. The type of contract envisaged is unclear, i.e. 'tri-partite contract' or 'cession' or 'addendum'?
    ii. No definition is provided for a 'shared contract' as referenced.
    iii. No indication is given of the 'accountability and liability' arrangements as two accounting officers participate in the same contract.
    iv. As the original contract owner may not participate contract anymore, it is not clear why he/she must maintain and enforce a contract on behalf of another organ of state.
f. The exclusion of framework agreements is inconsistent with CIDB practice note 15 of August 2010 which provides that: *"The Supply Chain Management Regulations issued in terms of the Public Finance Management Act and the Municipal Finance Management Act permit one organ of state to make use of another organ of state's contract that is put in place by means of a competitive procurement process. Framework contracts are well suited to such applications."*
g. It is unclear with the interpretation by the National Treasury stating the 'panels of service providers' are seen as ***'not being contracts'*** and therefore excluded from the application of SCMR 32.
h. The reference to and application of treasury 'transversal contracts' require clarity as it is not provided for in the MFMA or SCMR's and the current application in terms of RT 25-2016 is inconsistent with what the provision is this circular is purported to provide.

79. ***Argument in E: The AG incorrectly understood the application of National Treasury MFMA circulars as the latter do not amount to valid and binding legislation, as contemplated by MFMA section 168(3). It follows that non-compliance with the provisions of a National Treasury MFMA circular cannot be the basis for a finding of irregular expenditure, unless the content was adopted by the relevant Municipal Council. Alternatively, it is important to note that the legality and enforceability of some of the provisions of MFMA circular 96 are questionable.***

F. INCONSISTENT INTERPRETATION AND APPLICATION OF ITS AUDIT TEST AT VARIOUS MUNICIPALITIES:

80. With a review of the AG findings in relation to the application of SCMR 32 contracts, the following findings were issued during the 2018/2019 municipal audits:
    a. Mossel Bay – COMAF 13;
    b. Hessequa – COMAF 9;
    c. Bergrivier – COMAF tbd;
    d. Theewaterskloof – COMAFS 13 & 14;
    e. Swellendam – COMAF 21;
    f. Prins Albert – COMAF 24;
    g. Siyancuma - ISS.27; and
    h. Oudtshoorn – COMAF 22.

81. A high-level review of the aforesaid AG findings confirms inconsistencies in the interpretation and application of SCMR 32 contracts as follows:
    a. In some COMAF's the AG refers to non-compliance with SCMR 19 and in others non-compliance with SCMR 17&18.
    b. In certain findings the AG applied retrospective application of its finding and in others it is not the case.
    c. In some findings the AG refers to materiality and in others it is silent on the matter.
    d. In certain findings the AG refers to 'total expenditure' and in other findings the AG differentiate between the 'amounts awarded' versus the 'amount spend'.
    e. In one finding the AG tested full compliance with National Treasury MFMA circular 96, whilst it only reference the circular in other findings.
    f. The recommendations are inconsistently applied for the same findings.

82. ***Argument in F: The AG inconsistently interpreted and applied its audit test for non-compliance with SCMR 32 contracts at various municipalities. A high-level review of the aforesaid AG findings confirms inconsistencies in the interpretation and application of SCMR 32 contracts at eight (8) different municipalities as follows:***
    (i) *In some COMAF's the AG refers to non-compliance with SCMR 19 and in others non-compliance with SCMR 17&18.*
    (ii) *In certain findings the AG applied retrospective application of its finding and in others it is not the case.*
    (iii) *In some findings the AG refers to materiality and in others it is silent on the matter.*

(iv) *In certain findings the AG refers to 'total expenditure' and in other findings the AG differentiate between the 'amounts awarded' versus the 'amount spend'.*

(v) *In one finding the AG tested full compliance with National Treasury MFMA circular 96, whilst it only reference the circular in other findings.*

(vi) *The recommendations are inconsistently applied for the same findings.*

G. ERROR IN LAW DUE TO INCORRECT INTERPRETATION AND APPLICATION OF SCMR 32 AS A 'DEVIATION':

83. **SCMR 36(2) and (3) in relation to Deviations provides that:** *"(2) The accounting officer must record the reasons for any deviations in terms of sub regulation (l)(a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements. (3) Sub regulation (2) does not apply to the* ***procurement of goods and services contemplated in regulation 11(2)****."*

84. **SCMR 11 dealing with Acquisition Management under 11(2) provides that:** *"A supply chain management policy,* ***except where provided otherwise in these Regulations****, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including ..."*

85. In its finding at Mossel bay, COMAF 13, the AG concluded that: *"The following* ***regulation 32 deviations*** *were identified on which expenditure was incurred during the 2018-19 financial year: ..."* ***[own emphasis]***

86. It is clear that the intention of the legislature is that 'SCMR 36 deviations' are DOES NOT APPLY to MFMA section 110(2) contracts.

87. ***Argument in G: The AG made an error in law due to incorrect interpretation and application of SCMR 32 as a 'deviation' as SCMR 36(3) clearly provides that deviations do not apply to the procurement of goods and services contemplated in regulation 11(2), i.e. MFMA section 110(2) contracts'.***

H1. ALTERNATIVE ARGUMENTS [POTENTIAL POINTS IN LIMINE] - BLUE NIGHTINGALE JUDGEMENT POSES GROUNDS FOR FURTHER JUDICIAL REVIEW:

88. As discussed above, in order for the Blue Nightingale judgement to be applicable to the country as a whole, it requires a judgement from the Supreme Court of Appeal [SCA], and if such judgement relates to constitutional invalidity, it will only be regarded as having force in law if confirmed by the Constitutional Court [CC].

89. It is however argued, that when this matter is brought to the SCA and/or CC, there are various considerations, that, on a balance of probabilities, may make the validity and enforceability of the judgement reviewable, of which the following is a high-level summary of some elements:
    a. At paragraph 20 the court incorrectly concluded that: '*The procurement policy of an organ of state must therefore be compliant with section 217(1) and must be implemented* ***within the framework prescribed by national legislation****. The national legislation contemplated by sub-section (3) are the Preferential Procurement Policy Framework Act (PPPFA 5 of 2000)* ***read with Part 1, Chapter 11 (Goods and Services) (ss110-120) of the LGMFMA' [own emphasis].*** The required framework prescribed by national legislation is specifically provided for in section 217(3) of the Constitution and relates to the preferential procurement policy referred to in section 217(2). NO reference is made in section 217(3) to the system required by section 217(1) of the Constitution, which the court purports to link to the 'framework prescribed by national legislation'.
    b. The court failed to consider the current practice in the implementation of SCMR 32.
    c. The court failed to consider, and test of all relevant legislation related to the 'procurement of goods and services under a contract secured by another organ of state' as it considered ONLY 2 of the relevant 8 MFMA and SCMR prescripts.
    d. The court failed to consider the current practices in the application and differences between '***transversal contracts = PFMA Treasury Regulations 16A6.5***[20]' versus '***piggy-back contracts = SCMR 32'.***
    e. It is argued that the intention of the legislature was that contracts intended by MFMA section 110(2)(c) differ from contracts intended by MFMA section 112(1)(o) read with SCMR 32 [*refer to later discussion under paragraphs 69 to 70].*
    f. The court failed to consider the type of contract required to adhere to its finding that as per MFMA section 110(2)(c) the municipality must contract with MISA, i.e. whether such a contract constitute a tri-partite agreement?
    g. The court failed to consider the liability and accountability requirements of its finding that as per MFMA section 110(2)(c) the municipality must contract with MISA as both organs of state are governed by different legislation, being the MFMA and the PFMA respectively.
    h. The court failed to consider the application of PAJA.

[20] Guide to Participation in Transversal Term Contracts Facilitated by National Treasury (March 2017). "***Transversal Term Contract***" means a centrally facilitated contract arranged by the National Treasury for goods or services that are required by one or more than one institution.

i. The court failed to consider it jurisdiction under the matter, i.e. in terms of which legislation is this matter brought to court for review, i.e. contract law and/or administrative law and/or constitutional law.

j. The court failed to consider the implications of a 'just and equitable remedy' as guided by the Constitutional Court judgement in AllPay Consolidated Investments Holdings (Pty) Ltd and Others v Chief Executive Officer of the South African Social Security Agency and Others (No 2) CCT 48/13.

90. ***Argument in H1: It is argued that the Blue Nightingale judgement poses grounds for further judicial review, as:***

a. The judgement concluded that the constitutionality of the contracts and concluded that the relevant contracts were unconstitutional and therefore invalid, unlawful and void ab initio. These judgements are therefore bound by the principle that an order of constitutional invalidity has no force unless confirmed by the Constitutional Court.

b. There are about ten (10) considerations, that, on a balance of probabilities, may make the validity and enforceability of the judgement reviewable by a SCA or CC.

H2. ALTERNATIVE ARGUMENTS [POTENTIAL POINTS IN LIMINE] - KDM JUDGEMENT POSES GROUNDS FOR FURTHER JUDICIAL REVIEW:

91. As discussed above, in order for the KDM judgement to be applicable to the country as a whole, it requires a judgement from the Supreme Court of Appeal [SCA], and if such judgement relates to constitutional invalidity, it will only be regarded as having force in law if confirmed by the Constitutional Court [CC].

92. It is however argued, that when this matter is brought to the SCA and/or CC, there are various considerations, that, on a balance of probabilities, may make the validity and enforceability of the judgement reviewable, of which most of the same considerations listed in paragraph 63 above will apply *mutatis mutandis* in this regard as the judgement relied significantly on the Blue Nightingale judgement.

93. ***Argument in H2: It is argued that the KDM judgement poses grounds for further judicial review, as:***

a. The judgement concluded that the constitutionality of the contracts and concluded that the relevant contracts were unconstitutional and therefore invalid, unlawful and void ab initio. These judgements are therefore bound by the principle that an order of constitutional invalidity has no force unless confirmed by the Constitutional Court.

97. The court in Oudekraal Estates (Pty) Ltd v The City of Cape Town and Others 2004 (6) SA 222 (SCA) pointed out that a public authority cannot justify a refusal on its part to perform a public duty by relying, on the invalidity of the originating administrative act: ***it is required to take action to have it set aside and not simply to ignore it.***

98. The same court remarked that: "*The substantive validity or invalidity of an administrative act will seldom have relevance in isolation of the consequences that it is said to have produced – the validity of the administrative act might be relevant in relation to some consequences, or even in relation to some persons, and not in relation to others – and for this reason* ***it will generally be inappropriate for a court to pronounce by way of declaration upon the validity or invalidity of such an act in isolation of particular consequences that are said to have been produced.***"

99. ***The above therefore means that if the AG insists on its finding that the interpretation and application of SCMR 32, contrary to current practice, is irregular, the impact would be significant cost implications, time delays, legal uncertainty and service delivery will be detrimentally affected as:***

   a. *All implicated Municipalities will have to approach the court for a 'declaratory order to invalidate its SCMR 32 contracts; and*
   b. *The courts will have to consider each matter on own merits as it is regarded as inappropriate for a court to pronounce by way of declaration upon the validity or invalidity of such an act in isolation of particular consequences that are said to have been produced, and*
   c. *Affected service providers may claim damages due to breach of contract, OR estoppel due to the creation of legitimate expectations, OR estoppel due to the principle of functus officio OR delictual claims OR remedies due to the 'fettering of discretion*[21]*'.*

CONCLUSION

100. It is author's considered opinion that the AG is incorrect in its finding and that the relevant COMAF's related to SCMR 32, should be retracted.

RECOMMENDATION

101. According to the Justice website, the doctrine of judicial precedent binds courts to uphold the law as expressed in previous decisions of superior courts, courts of co-ordinate jurisdiction and its own decisions. ***A court may however depart from decisions of courts of co-ordinate jurisdiction or its own decisions if it can demonstrate that they were wrongly decided.***

[21] P Bolton book, ibid, page 86-97

102. It is therefore offered that mindful of the 13 considerations discussed above, consideration be given to consider the following alternative approach in that all implicated municipalities make a specific note under its disclosure note in relation to irregular expenditure that: ***"The current interpretation and application of SCMR 32 contracts are inconsistent. Recent high court judgements attempted to provide clarity on interpretation. However, as the matter relates to the interpretation of various pieces of legislation and is underpinned by a constitutional test, only the Supreme Court of Appeal, endorsed by the Constitutional Court, may provide appropriate interpretation advice. In agreement with the AG, National Treasury, the relevant treasuries and implicated municipalities, the matter will be submitted for formal review and guidance to the relevant Supreme Court of Appeal. The outcome of such judgement will be implemented by the Municipality together with the appropriate consequence management requirements and relevant 'just and equitable' remedies allowed."***
Management comment on internal control deficiencies Management does not agree, please refer to detailed legal opinion and response provided above.
Management comment on recommendation Management does not agree, please refer to detailed legal opinion and response provided above.

Remedial action		
What actions will be taken	By whom	By when

If the above finding affects an amount(s) disclosed in the financial statements:		
Please give an indication of whether a correcting journal entry shall be processed	YES	~~NO~~
If yes, please indicate the accounting entry		
If no, please provide the reason why such a conclusion has been reached Not applicable.		

Name: F. van der Westhuizen
Position: Deputy Director Finance
Date: 31 October 2019

Auditor's conclusion

PROCUREMENT AND CONTRACT MANAGEMENT

The audit finding is not based on MFMA Circular No 96 issued in July of 2019 by National Treasury to provide further elaboration to municipalities and municipal entities on the principles captured in regulation 32 of the Municipal Supply Chain Management Regulations 2005 (SCM Regulations) when procuring goods or services from contracts secured by other organs of state.

Circular 96 provides important principles for the effective implementation of regulation 32 of the municipal supply chain management regulations, and as a consequence section 110(2) of the MFMA.

However, the circular is not used to raise the non-compliance.

There have also been two court judgments which provide an understanding of regulation 32 and section 110(2). They were delivered in the High Court of South Africa KwaZulu-Natal division (Durban) on 6 July 2018 (KwaDukuza) and in the High Court of South Africa (Eastern Cape circuit court, East London) on 24 November 2015 (Amathole) which were based on the interpretation of regulation 32.

In both judgements, the contracts between the supplier and the municipality were declared to be *null and void ab initio*. Part of the reasons for the decisions are that the original contract had expired at the time the municipality participated and the terms and conditions were different and therefore the conditions for the section 110(2) exemption were not met.

The court judgements (KwaDukuza and Amathole) provide a lens through which regulation 32 and section 110(2) can be interpreted. However, they are not the criteria we use to base and conclude a non-compliance on.

Section 110(2) provides for an exemption from competitive processes established in terms of municipal SCM policies when municipalities ***contract*** with other organs of state for the procurement of goods or services under ***a contract secured by that other organ of state***, *provided that the relevant supplier has agreed to such procurement.*

The exclusion of Part 1 under Chapter 11 of the MFMA may not detract from or erode the constitutional imperatives of fairness, equity, competiveness and cost-effectiveness.
Regulations must be read subject to the empowering legislation. The regulation may not be used as an aid to interpret a provision of the statute. The regulations shall not be used as an aid to interpreting any of the statutory provisions, nor can the regulations be used to extend the meaning of the enactment.
A provision in a statute must be interpreted before the regulation is considered as stated in paragraph 26 of the Amathole judgement.

Regulation 32 must therefore be interpreted to mean that the municipality or municipal entity must conclude a contract with another organ of state as required by section 110(2) and procure within that contract only the goods or services that have been procured though the contract secured by another organ of state and not more.

The "section 110(2) contract" must be in writing as required by section 116 of the MFMA.

The municipality is not legislatively empowered to contract directly with the supplier, as the exemption provided by section 110(2) is applicable only if the municipality contracts **(enters into a contract) with another organ of state**.
The municipality procures under the contract through the other organ of state. The municipality cannot substitute itself in place of the other organ of state.
A municipality or entity cannot conclude a contract with any supplier without a section 217(1) fair, equitable, transparent, competitive, and cost effective procurement process in terms of paragraph 50 of the Amathole judgement.

Non-compliance with regulation 32 (remaining scope, term, etc.) is based on the fact that the municipality did not procure **under a contract secured by another organ of state as required by MFMA section 110(2)(c)**. The case law (the 2 court judgments referred to above) assists in understanding the requirements of MFMA section 110(2)(c) and SCM regulation 32.

Overall auditor's conclusion:

Management disclosed the irregular expenditure and the finding will be reported under other important matters in the management report.

ITEM TITLE

C256/2026 DIRECTORATE FINANCE: DEPARTMENT SUPPLY CHAIN MANAGEMENT: DEVIATION REPORT FOR SEPTEMBER 2026

[English version of the report is the original]

FILE NUMBER

6/3/3/6

PURPOSE OF REPORT

To present a report to Council consisting of the reasons for deviating in terms of subparagraphs 36(1)(a) and (b) of the SCM Policy for the month of September 2026.

Please note that there were no Deviations for the month of September 2026

BACKGROUND

(1) The Accounting Officer may –

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

(i) in an emergency; (An emergency is an unforeseeable sudden event with harmful or potential harmful consequences for the municipality which requires urgent action to address.)

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

a) the possibility of human injury or death,

b) the prevalence of human suffering or deprivation of rights,

c) the possibility of damage to property, or suffering and death of livestock and animals, the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the municipality as a whole, the possibility of serious damage occurring to the natural environment,

d) the possibility that failure to take necessary action may result in the municipality not being able to render an essential community service,

e) the possibility that the security of the state could be compromised.

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

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

(ii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iii) acquisition of animals for zoos and/or nature and game reserves; or

(iv) in any other exceptional case where it is impractical or impossible to follow the official procurement processes;

(v) ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids; and

(vi) strip and quote

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

DISCUSSION

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

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

As per attachment.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Regulation 36 of the Supply Chain Management Policy.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Not applicable.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended that Council takes cognisance of the report.

DEVIATION REPORT

REPORT ON PURCHASE DEVIATIONS APPROVED BY THE MUNICIPAL MANAGER IN TERMS OF SECTION 36 OF THE SUPPLY CHAIN MANAGEMENT POLICY/REGULATIONS /

For period from 01 September 2026 to 30 September 2026

No	Reg. 45 Declaration	Related parties (if any)	Requested by	Recommended by Manager	Recommended by Dir or Dep Dir.	Motivation of Directorate	Approved by	Approval date	Order Date	Supplier	Details of goods or services supplied	Amount (R)	Town	Directorate	Reason for deviation	Voldoen aan / Complies with	Task ID
GRAND TOTAL																	

SUMMARY	
GRAND TOTAL	

ITEM TITLE

C257/2026 DIRECTORATE FINANCE: PROVINCIAL TREASURY CIRCULAR MUN NO. 4/2026 – CONSISTENT ENFORCEMENT OF DEBT COLLECTION AND CREDIT CONTROL MEASURES FOR COUNCILLORS AND EMPLOYEES

[English version of the report is the original]

FILE NUMBER

5/11/1

PURPOSE OF REPORT

To table Provincial Treasury Circular Mun No. 4/2026: Consistent Enforcement of Debt Collection and Credit Control Measures for Councillors and Employees, dated 31 August 2026, before Council as an official agenda item as required by paragraph 4.2.1.1 of the circular, and to obtain a Council resolution confirming the Municipality's compliance with the credit control and debt collection obligations set out therein, for submission to the Provincial Treasury.

BACKGROUND

Treasury Circular Mun No. 4/2026 (reference RCS/C.5) was issued by the Deputy Director-General: Fiscal and Economic Services, Western Cape Provincial Treasury, and addressed to the Mayors, Municipal Managers and Chief Financial Officers of all municipalities in the Western Cape, including Theewaterskloof Municipality.

The circular reminds municipalities of their statutory obligations to ensure strict compliance with the Code of Conduct for Councillors (Schedule 7 of the Municipal Structures Act), the Code of Conduct for Councillors Regulations (GN 3538, GG 48786, published on 14 June 2023), and all other applicable legislation regulating the financial obligations of municipal councillors and employees.

The circular further seeks to strengthen the implementation and enforcement of municipal credit control and debt collection measures in respect of serving councillors, outgoing councillors, incoming councillors and municipal employees, and reinforces the responsibility of all councillors and employees to maintain their municipal accounts in good standing and to settle all municipal charges when due.

The circular also serves as a reminder of PT Circular 12 of 2025, which underscores the necessity of consistently applying credit control and debt collection measures throughout the year, including during the festive season. Consistent enforcement safeguards municipal revenue, prevents selective enforcement, ensures sustainable delivery of public services, and complies with the constitutional principle of equality before the law.

In terms of paragraph 4.2 of the circular, municipalities are required to table the circular as an official agenda item at the next available council meeting and to submit a copy of the formal council agenda item and the relevant council resolution to the Provincial Treasury as proof of compliance. This item is submitted in compliance with that requirement.

DISCUSSION

The circular is attached hereto as an annexure. The salient requirements are summarised below.

Key financial and governance risks identified by the Provincial Treasury:

(a) Financial instability – failing to recover debt owed by public officials results in immediate revenue losses, cash flow constraints and an increase in irrecoverable debt, which directly threatens the financial sustainability of the Municipality and service delivery.

(b) Regulatory non-compliance – inconsistent application of credit control policies represents a breach of statutory duties, resulting in adverse municipal audit findings, weak internal governance controls and heightened regulatory scrutiny.

(c) Erosion of public confidence – applying the rules to ordinary citizens while exempting public officials undermines public confidence, weakens the broader payment culture and exposes the Municipality to significant reputational and legal risks.

Required administrative and credit control actions:

TARGET GROUP	CREDIT CONTROL ACTION TO BE IMPLEMENTED	APPLICABLE LEGISLATIVE AUTHORITY
Outgoing Councillors	Immediately implement measures to recover all outstanding debt prior to the expiration of their term. Outstanding balances must be deducted from final remuneration, allowances, gratuities or other monies due to them, in accordance with local policies and applicable legislation.	Schedule 7 (Item 14) of the Municipal Structures Act
Incoming/Newly Elected Councillors	Any incoming councillor whose municipal account is in arrears must enter into a formal, binding repayment agreement immediately upon taking office, which must include provisions for automatic salary and allowance deductions to bring the account up to date.	Schedule 7 (Item 14) of the Municipal Structures Act
Municipal Employees in Arrears	Actively enforce debt recovery processes against staff members whose accounts are in arrears for more than three (3) months. Implement direct salary deductions to recover outstanding	Schedule 2 (Section 10) of the MSA

	amounts in accordance with the credit control policy, collective agreements and applicable legislation.	
Newly Appointed Employees	Newly appointed employees with outstanding municipal debt must enter into formal, binding repayment agreements upon appointment, incorporating automatic salary deduction clauses to clear the outstanding balances.	Municipal Credit Control and Debt Collection Policy

Implementation at Theewaterskloof Municipality: the actions required by the circular are already provided for in the Municipality's approved Credit Control and Debt Collection Policy and the related by-law. Enforcement will therefore be given effect within existing policy, delegations and operational credit control processes, and will be applied uniformly to councillors, employees and all other debtors. The Revenue Section will identify councillor and employee accounts in arrears from the financial system on a monthly basis and process these in terms of the prescribed steps, and the Chief Financial Officer will report on the status of councillor and employee arrears to Council on a quarterly basis.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The tabling of the circular holds no direct financial implication, and no additional budget provision is required, as enforcement is undertaken within the existing credit control function. Consistent enforcement of credit control measures against councillors and employees will have a positive effect on collection levels, cash flow and the reduction of irrecoverable debt.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) [MSA]: Section 96 obligates a municipality to collect all money due and payable to it. Section 98 requires the Municipality to adopt, maintain and implement a credit control and debt collection policy consistent with its rates and tariff policies, which must be given legal effect through municipal by-laws.

Code of Conduct for Councillors (Schedule 7, Municipal Structures Act): Item 14 explicitly prohibits a councillor from being in arrears to the Municipality for rates and service charges for a period longer than three (3) months. Failure to comply constitutes a breach of the Code of Conduct.

Code of Conduct for Councillors Regulations, 2023 (GN 3538): the Municipal Manager must notify a councillor in writing when their account is in arrears for more than two (2) months and request settlement. If the arrears exceed three (3) months, the Municipal Manager must immediately refer the matter to the Speaker, who is legally required to ensure that the outstanding debt is recovered. This procedure applies uniformly, including to newly elected councillors.

Staff arrears (Schedule 2, Section 10 of the MSA): municipal staff members are prohibited from being in arrears on their municipal accounts for more than three (3) months, and the Municipality is empowered to automatically deduct any outstanding amounts from the staff member's salary after this period.

Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) [MFMA]: compels the implementation of effective revenue management systems, requiring the Municipal Manager and delegated officials to actively implement credit control procedures to recover arrear amounts from both staff and councillors.

Section 173(5)(a) of the MFMA: any councillor or municipal official who interferes with the implementation of a municipality's approved credit control policy commits an offence and, upon conviction, is liable to a fine or imprisonment for a period of up to five (5) years.

Section 171 of the MFMA: the failure by an official to properly implement the approved credit control policy constitutes financial misconduct. The Municipality is legally obligated to investigate such failures and, where necessary, to institute formal disciplinary proceedings.

Theewaterskloof Municipality's approved Credit Control and Debt Collection Policy and Credit Control and Debt Collection By-law.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Failure to table the circular and to enforce credit control measures consistently exposes the Municipality to the risks identified in paragraph 3 of the circular, namely financial instability, regulatory non-compliance (including adverse audit findings and heightened regulatory scrutiny) and the erosion of public confidence. Non-compliance with the tabling and reporting requirements of paragraph 4.2 of the circular constitutes non-compliance with a Provincial Treasury instruction and may attract an audit finding. In addition, non-enforcement carries personal consequences for councillors (breach of the Code of Conduct) and for officials (financial misconduct in terms of section 171 of the MFMA).

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

1. **That Council notes the contents of Provincial Treasury Circular Mun No. 4/2026: Consistent Enforcement of Debt Collection and Credit Control Measures for Councillors and Employees, dated 31 August 2026, as attached.**
2. **That Council notes that the circular is hereby tabled as an official agenda item in compliance with paragraph 4.2.1.1 of the circular, and that all councillors and executive officials are accordingly apprised of their personal and statutory financial obligations.**

3. **That Council resolves that the Municipality's Credit Control and Debt Collection Policy and By-law be enforced consistently, uniformly and without exception in respect of serving councillors, outgoing councillors, incoming councillors and municipal employees, throughout the financial year.**
4. **That the Municipal Manager ensures that a councillor whose municipal account is in arrears for more than two (2) months is notified in writing and requested to settle the account, and that arrears exceeding three (3) months are immediately referred to the Speaker for recovery, in terms of the Code of Conduct for Councillors Regulations, 2023.**
5. **That debt recovery process, including direct salary deductions, be enforced against staff members whose accounts are in arrears for more than three (3) months, in terms of Schedule 2 (Section 10) of the Municipal Systems Act, the Credit Control and Debt Collection Policy and applicable collective agreements.**
6. **That all outstanding amounts owed by outgoing councillors be recovered prior to the expiration of their term, including by deduction from final remuneration, allowances, gratuities or other monies due to them.**
7. **That incoming councillors and newly appointed employees with outstanding municipal debt be required to enter into formal, binding repayment agreements upon taking office or upon appointment, incorporating automatic salary and allowance deduction clauses.**
8. **That the Chief Financial Officer reports quarterly to Council on the status of councillor and employee arrears and on the credit control measures applied.**
9. **That a copy of this council agenda item and the council resolution taken hereon be submitted to the Provincial Treasury at mfma.mfma@westerncape.gov.za immediately after the meeting, as proof of compliance in terms of paragraph 4.2.1.2 of the circular.**

DISCUSSION DURING MEETING: 30 SEPTEMBER 2026

Alderman C Wood:

- Theewaterskloof Municipality must first notify the Councillors.
- Councillors must grant approval that the amounts can be deducted.
- Conclusion of a payment arrangement must be taken into consideration.

Councillor TB Zimmermann:

- Executive Mayor and EMC Members backpay – must stand over until the "interim" Mayor matter is resolved.
- Money cannot be deducted once off.
- Clarity must be given by the Municipal Manager what is meant by "accounts". Is the backpay also classified as an "account"?

RECOMMENDATION BY COUNCIL: 30 SEPTEMBER 2026

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

1. **That a decision is not taken at this stage until clarity was given by the Municipal Manager on the questions raised.**

2. **That the agenda-item be presented at the next Council Meeting for consideration.**

RECOMMENDATION TO COUNCIL:

It is recommended:

1. **That Council notes the contents of Provincial Treasury Circular Mun No. 4/2026: Consistent Enforcement of Debt Collection and Credit Control Measures for Councillors and Employees, dated 31 August 2026, as attached.**
2. **That Council notes that the circular is hereby tabled as an official agenda item in compliance with paragraph 4.2.1.1 of the circular, and that all councillors and executive officials are accordingly apprised of their personal and statutory financial obligations.**
3. **That Council resolves that the Municipality's Credit Control and Debt Collection Policy and By-law be enforced consistently, uniformly and without exception in respect of serving councillors, outgoing councillors, incoming councillors and municipal employees, throughout the financial year.**
4. **That the Municipal Manager ensures that a councillor whose municipal account is in arrears for more than two (2) months is notified in writing and requested to settle the account, and that arrears exceeding three (3) months are immediately referred to the Speaker for recovery, in terms of the Code of Conduct for Councillors Regulations, 2023.**
5. **That debt recovery process, including direct salary deductions, be enforced against staff members whose accounts are in arrears for more than three (3) months, in terms of Schedule 2 (Section 10) of the Municipal Systems Act, the Credit Control and Debt Collection Policy and applicable collective agreements.**
6. **That all outstanding amounts owed by outgoing councillors be recovered prior to the expiration of their term, including by deduction from final remuneration, allowances, gratuities or other monies due to them.**
7. **That incoming councillors and newly appointed employees with outstanding municipal debt be required to enter into formal, binding repayment agreements upon taking office or upon appointment, incorporating automatic salary and allowance deduction clauses.**

8. **That the Chief Financial Officer reports quarterly to Council on the status of councillor and employee arrears and on the credit control measures applied.**

9. **That a copy of this council agenda item and the council resolution taken hereon be submitted to the Provincial Treasury at mfma.mfma@westerncape.gov.za immediately after the meeting, as proof of compliance in terms of paragraph 4.2.1.2 of the circular.**

Western Cape Government

Provincial Treasury
Victor Senna
Fiscal and Economic Services
Victor.Senna@westerncape.gov.za | Tel: 021 483 2666

Reference number: RCS/C.5

Private Bag X9165
CAPE TOWN
8000

TREASURY CIRCULAR MUN NO. 4/2026

THE MAYOR, CITY OF CAPE TOWN
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY
THE MAYOR, MATZIKAMA MUNICIPALITY
THE MAYOR, CEDERBERG MUNICIPALITY
THE MAYOR, BERGRIVIER MUNICIPALITY
THE MAYOR, SALDANHA BAY MUNICIPALITY
THE MAYOR, SWARTLAND MUNICIPALITY
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY
THE MAYOR, WITZENBERG MUNICIPALITY
THE MAYOR, DRAKENSTEIN MUNICIPALITY
THE MAYOR, STELLENBOSCH MUNICIPALITY
THE MAYOR, BREEDE VALLEY MUNICIPALITY
THE MAYOR, LANGEBERG MUNICIPALITY
THE MAYOR, OVERBERG DISTRICT MUNICIPALITY
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY
THE MAYOR, OVERSTRAND MUNICIPALITY
THE MAYOR, CAPE AGULHAS MUNICIPALITY
THE MAYOR, SWELLENDAM MUNICIPALITY
THE MAYOR, GARDEN ROUTE DISTRICT MUNICIPALITY
THE MAYOR, KANNALAND MUNICIPALITY
THE MAYOR, HESSEQUA MUNICIPALITY
THE MAYOR, MOSSEL BAY MUNICIPALITY
THE MAYOR, GEORGE MUNICIPALITY
THE MAYOR, OUDTSHOORN MUNICIPALITY
THE MAYOR, BITOU MUNICIPALITY
THE MAYOR, KNYSNA MUNICIPALITY
THE MAYOR, CENTRAL KAROO DISTRICT
THE MAYOR, LAINGSBURG MUNICIPALITY
THE MAYOR, PRINCE ALBERT MUNICIPALITY
THE MAYOR, BEAUFORT WEST MUNICIPALITY

} For information

THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR L MBANDAZAYO
THE MUNICIPAL MANAGER, WEST COAST DISTRICT MUNICIPALITY: MR D JOUBERT
THE MUNICIPAL MANAGER, MATZIKAMA MUNICIPALITY: MR L PHILLIPS
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR G MATTHYSE
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: ADV. H LINDE
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR H METTLER
THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR J SCHOLTZ
THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT MUNICIPALITY: MR H PRINS
THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: DR J LEIBBRANDT
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MS G METTLER
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR D LUBBE
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR E PHILLIPS (ACTING)
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR W HENDRICKS
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR E JANTJIES (ACTING)
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR W RABBETS
THE MUNICIPAL MANAGER, SWELLENDAM MUNICIPALITY: MS A VORSTER
THE MUNICIPAL MANAGER, GARDEN ROUTE DISTRICT MUNICIPALITY: MS N RAISA-MLANDU (ACTING)
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: ADV. D SEREO
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THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: MR C PUREN
THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: DR D O'NEILL (ACTING)
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR M YEKANI
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR F WILLIAMS (ACTING)
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MR B NGUBO (ACTING)
THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT MUNICIPALITY: MS B KOOPMAN (ACTING)
THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR J BOOYSEN
THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: ADV. T GILIOMEE
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR G ESAU (ACTING)

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THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT MUNICIPALITY: MR H NIEHAUS
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THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR J BOOYSEN
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THE CHIEF FINANCIAL OFFICER, OVERBERG DISTRICT MUNICIPALITY: MR S STANLEY
THE CHIEF FINANCIAL OFFICER, THEEWATERSKLOOF MUNICIPALITY: MR A RIDDLES (ACTING)
THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MR D LOUW
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THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR S THYS
THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR R DU PLESSIS
THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR G DE JAGER
THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR C MAPEYI
THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MS B LUBELWANA (ACTING)
THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT MUNICIPALITY: MS K MAKALIMA
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THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR B JACOBS

THE HEAD OFFICIAL: PROVINCIAL TREASURY (MS J GANTANA)
THE DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES (MR V SENNA)
THE DEPUTY DIRECTOR-GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR I SMITH)
THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MR O WILLCOX)
THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS A PICK)
THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (MR S KENYON)
THE CHIEF DIRECTOR: ASSET MANAGEMENT (MS N EBRAHIM)
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THE CHIEF FINANCIAL OFFICER (MS A SMIT)
THE HEAD OF MINISTRY (MS C VARNEY)
THE DIRECTOR: BUSINESS INFORMATION AND DATA MANAGEMENT (MS T BOSSER) (ACTING)
THE DIRECTOR: CORPORATE GOVERNANCE (MS M VAN NIEKERK)
THE DIRECTOR: FISCAL POLICY (MS C HORTON) (ACTING)
THE DIRECTOR: INFRASTRUCTURE (MR Z MAJIET)
THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (MR F SALIE)
THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (DR M BOOYSEN)
THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MS K NEETHLING)
THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR I TSIE)
THE DIRECTOR: LOCAL GOVERNMENT MFMA COORDINATION (MR D CRONJE)
THE DIRECTOR: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS S ROY)
THE DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING (MS T MFAMANA)
THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MR P PRINSLOO) (ACTING)
THE DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MR S ARNOLD) (ACTING)
THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS L CUPIDO) (ACTING)
THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS N ISMAIL)
THE DIRECTOR: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR B GORDON)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT

THE DEPUTY DIRECTOR-GENERAL: CORPORATE ASSURANCE, DEPARTMENT OF THE PREMIER (MS H ROBSON)

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT

THE CHIEF DIRECTOR: INTEGRATED SERVICE DELVIERY – DEPARTMENT OF LOCAL GOVERNMENT

THE CHIEF DIRECTOR: MUNICIPAL PERFORMANCE MONITORING AND SUPPORT– DEPARTMENT OF LOCAL GOVERNMENT

THE CHIEF DIRECTOR: DISASTER MANAGEMENT AND FIRE BRIGADE SERVICES – DEPARTMENT OF LOCAL GOVERNMENT

RE: CONSISTENT ENFORCEMENT OF DEBT COLLECTION AND CREDIT CONTROL MEASURES FOR COUNCILLORS AND EMPLOYEES

1. PURPOSE

1.1 The purpose of this circular is to remind municipalities of their statutory obligations to ensure strict compliance with the Code of Conduct for Councillors (Schedule 7 of the Municipal Structures Act), the Code of Conduct for Councillors Regulations (GN 3538, GG 48786, published on 14 June 2023), and all other applicable legislation regulating the financial obligations of municipal councillors and employees.

1.2 This circular further seeks to strengthen the implementation and enforcement of municipal credit control and debt collection measures in respect of serving councillors, outgoing councillors, and municipal employees. It serves to reinforce the responsibility of all councillors and employees to maintain their municipal accounts in good standing and to settle all municipal charges when due.

1.3 Additionally, this circular serves as a critical reminder of PT Circular 12 of 2025, which underscores the necessity of consistently applying credit control and debt collection measures throughout the year, including during the festive season. Consistently enforcing credit control protections safeguards municipal revenue, prevents selective enforcement, ensures the sustainable delivery of public services, and complies with the constitutional principle of equality before the law.

2. LEGAL CONTEXT AND STATUTORY FRAMEWORK

2.1 The duty of municipalities to collect revenues for services rendered is firmly established in municipal legislation. The relevant statutory provisions governing this mandate include:

2.1.1 Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) [MSA]: Section 96 obligates a municipality to collect all money due and payable to it. To give effect to this duty, Section 98 requires the Municipality to adopt, maintain, and implement a credit control and debt collection policy consistent with its rates and tariff policies, which must be given legal effect through municipal by-laws.

2.1.2 Code of Conduct for Councillors (Schedule 7, Municipal Structures Act): Item 14 explicitly prohibits a councillor from being in arrears to the Municipality for rates and service charges for a period longer than three (3) months. Failure to comply constitutes a breach of the Code of Conduct.

2.1.3 Code of Conduct for Councillors Regulations, 2023 (GN 3538): These regulations provide procedural steps for managing councillor arrears. The Municipal Manager must notify a councillor in writing when their account is in arrears for more than two (2) months and request settlement. If arrears exceed three (3) months, the Municipal Manager must immediately refer the matter to the Speaker, who is legally required to ensure the outstanding debt is recovered. This procedure applies uniformly, including to newly elected councillors.

2.1.4 Staff Arrears (Schedule 2, Section 10 of the MSA): Municipal staff members are prohibited from being in arrears on their municipal accounts for more than three (3) months. The Municipality is empowered to automatically deduct any outstanding amounts from the staff member's salary after this period.

2.1.5 Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) [MFMA]: Compels the implementation of effective revenue management systems. This duty requires the Municipal Manager and delegated officials to actively implement credit control procedures to recover arrear amounts from both staff and councillors.

2.1.6 Policy Interference: In terms of Section 173(5)(a) of the MFMA, any councillor or municipal official who interferes with the implementation of a municipality's approved credit control policy commits an offence. Upon conviction, such interference carries a statutory penalty of a fine or imprisonment for up to five (5) years.

2.1.7 Financial Misconduct: In terms of Section 171 of the MFMA, the failure by an official to properly implement the approved credit control policy constitutes financial misconduct. The Municipality is legally obligated to investigate such failures and, where necessary, institute formal disciplinary proceedings.

3. KEY FINANCIAL AND GOVERNANCE RISKS

3.1 Failing to enforce credit control measures against councillors and employees creates severe operational and governance risks. Municipalities must actively mitigate the following vulnerabilities:

3.1.1. Financial Instability: Failing to recover debt owed by public officials results in immediate revenue losses, cash flow constraints, and an increase in irrecoverable debt, which directly threatens the financial sustainability of the Municipality and service delivery.

3.1.2. Regulatory Non-Compliance: Inconsistent application of credit control policies represents a breach of statutory duties, resulting in adverse municipal audit findings, weak internal governance controls, and heightened regulatory scrutiny.

3.1.3. Erosion of Public Confidence: Applying rules to ordinary citizens while exempting public officials undermines public confidence, weakens the broader societal payment culture, and exposes the Municipality to significant reputational and legal risks.

4. REQUIRED ADMINISTRATIVE AND CREDIT CONTROL ACTIONS

4.1. To ensure compliance with the legislative framework, municipal administrations are requested to assist in implementing the following credit control and administrative actions:

TARGET GROUP	CREDIT CONTROL ACTION TO BE IMPLEMENTED	APPLICABLE LEGISLATIVE AUTHORITY
Outgoing Councillors	Immediately implement measures to recover all outstanding debt prior to the expiration of their term. Municipalities must deduct any outstanding balances from final remuneration, allowances, gratuities, or other monies due to them, in accordance with local policies and in compliance with applicable legislation.	*Schedule 7 (Item 14) of Municipal Structures Act.*
Incoming/Newly Elected Councillors	Ensure that any incoming councillor whose municipal accounts are in arrears enters into a formal, binding repayment agreement immediately upon taking office, which must include provisions for automatic salary and allowance deductions to bring their accounts up to date.	*Schedule 7 (Item 14) of Municipal Structures Act.*

TARGET GROUP	CREDIT CONTROL ACTION TO BE IMPLEMENTED	APPLICABLE LEGISLATIVE AUTHORITY
Municipal Employees in Arrears	Actively enforce debt recovery processes against staff members whose accounts are in arrears for more than three (3) months. Implement direct salary deductions to recover outstanding amounts in accordance with the credit control policy and collective agreements and in compliance with applicable legislation.	*Schedule 2 (Section 10) of MSA.*
Newly Appointed Employees	Ensure that newly appointed employees with outstanding municipal debt enter into formal, binding repayment agreements upon appointment, incorporating automatic salary deduction clauses to clear the outstanding balances.	*Municipal Credit Control Policy.*

4.2. **COUNCIL TABLING AND SUBMISSION REQUEST**

4.2.1. To ensure high-level awareness and formal compliance, municipalities are requested to do the following:

4.2.1.1. **Council Tabling:** This circular must be tabled as an official agenda item at the next available council meeting. This is to ensure that all serving councillors, as well as executive officials, are fully apprised of their personal and statutory financial obligations.

4.2.1.2. **Submission of Proof:** Once tabled, municipalities must immediately submit a copy of the formal council agenda item and the relevant council resolution demonstrating compliance to the Provincial Treasury via email at: mfma.mfma@westerncape.gov.za

5. Municipalities are reminded that revenue collection is the lifeblood of municipal survival. Failing to enforce our credit control policies uniformly not only violates our statutory obligations under the Municipal Systems Act, but it also compromises the constitutional principle of equality before the law.

Victor Senna

Digitally signed by Victor Senna
Date: 2026.08.31 08:22:04 +02'00'

VICTOR SENNA
DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES
DATE:

ITEM TITLE

C258/2026 DIRECTORATE FINANCE: WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS: JULY - SEPTEMBER 2026

[English version of the report is the original]

FILE NUMBER

5/16/R

PURPOSE OF REPORT

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

BACKGROUND

As per attached.

DISCUSSION

A consolidated list of withdrawals in terms of Section 11(1)(b) to (j) of the Local Government: Municipal Financial Management Act, 2003, during the quarter ending March 2026, is attached hereto.

The following information is supplementary to the list of withdrawals:

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

No withdrawals

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

No withdrawals

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

No withdrawals

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

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

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

No withdrawals

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

No withdrawals

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

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

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

No withdrawals

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

No withdrawals

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

As per attached.

LEGAL IMPLICATIONS (ITEM AUTHOR)

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

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

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

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended that:

1. **The council confirms the list of withdrawals in terms of Section 11(1)(b) to (j) of the Local Government: Municipal Financial Management Act, 2003 for the quarter ended 30 September 2026.**

2. **The report accordingly be presented to the Provincial Treasury: Western Cape and Auditor – General, as determined by Section 11(4)(b) of the Local Government: Municipal Finance Management Act, 2003.**

Municipality Theewaterskloof

List of withdrawals in Terms of Section 11(1)b to (j) of the Legislation on Local Government: Municipal Financial Management, 2003

Month	Supplier Name	Description		Amount
JULY	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	29 016,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	382 856,18
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	642 679,23
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	41 184,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	20 808,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	378 677,85
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	27 864,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	472 700,93
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	35 208,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	442 264,60
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	454 424,80
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	35 928,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	16 748,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	10 191,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	2 133,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	8 216,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	8 216,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	2 133,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	16 748,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	10 191,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	27 864,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	472 700,93
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	35 208,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	442 264,60
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	454 424,80
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	35 928,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	731 922,70
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	46 080,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	27 864,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	472 700,93
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	35 208,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	442 264,60
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	454 424,80
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	35 928,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	731 922,70
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	46 080,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	8 216,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	2 133,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	16 748,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	10 191,00
	STANDARD BANK	INVESTMENT	R	6 695 734,13
	TOTAL WITHDRAWALS FOR JULY 2026		**R**	**14 263 995,78**

Municipality Theewaterskloof

List of withdrawals in Terms of Section 11(1)b to (j) of the Legislation on Local Government: Municipal Financial Management, 2003

Month	Supplier Name	Description		Amount
AUGUST	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	731 922,70
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	46 080,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	619 184,55
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	36 144,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	926 866,93
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	50 400,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	630 659,41
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	38 016,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	16 985,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	14 378,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	2 686,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	7 821,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	619 184,55
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	36 144,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	14 378,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	16 985,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	2 686,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	7 821,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	926 866,93
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	50 400,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	630 659,41
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	38 016,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	628 809,93
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	49 032,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	14 378,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	16 985,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	2 686,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	7 821,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	619 184,55
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	36 144,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	926 866,93
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	50 400,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	630 659,41
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	38 016,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	628 809,93
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	49 032,00
	STANDARD BANK	INVESTMENT	R	6 421 476,14
	TOTAL WITHDRAWALS FOR AUGUST 2026		**R**	**15 584 585,37**

Municipality Theewaterskloof

List of withdrawals in Terms of Section 11(1)b to (j) of the Legislation on Local Government: Municipal Financial Management, 2003

Month	Supplier Name	Description		Amount
SEPTEMBER	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	276 937,55
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	15 264,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	567 737,59
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	58 752,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	604 252,35
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	42 408,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	628 809,93
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	49 032,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	1 067 987,08
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	59 328,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	19 671,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	14 141,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	3 239,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	9 085,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	3 239,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	19 671,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	9 085,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	14 141,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	1 067 987,08
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	59 328,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	276 937,55
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	15 264,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	567 737,59
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	58 752,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	604 252,35
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	42 408,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	1 067 987,08
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	59 328,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	276 937,55
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	15 264,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	567 737,59
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	58 752,00
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS(LICENSE FEES)	LICENSE FEES	R	604 252,35
	DEPARTMENT OF TRANSPORT AND PUBLIC WORKS (TRANSACTION FEES)	TRANSACTION FEES	R	42 408,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	3 239,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	19 671,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	9 085,00
	DRIVING LICENCE CARD ACCOUNT (DEPARTMENT OF TRANSPORT)	DRIVING LICENCE CARD	R	14 141,00
	STANDARD BANK	INVESTMENT	R	2 711 919,17
	TOTAL WITHDRAWALS FOR SEPTEMBER 2026		**R**	**11 606 168,81**
	TOTAL WITHDRAWALS FOR JULY - SEPTEMBER 2026		**R**	**41 454 749,96**

ITEM TITLE

C259/2026 DIRECTORATE FINANCE: REPORTING ON PERFORMANCE OF CONTRACTORS: 1st QUARTER: JULY, AUGUST AND SEPTEMBER 2026

[English version of the report is the original]

FILE NUMBER

8/2/3/5/3

PURPOSE OF REPORT

To present a report to Council in terms of the contract and performance management of the Financial Departments contractors for the 1st Quarter period from July to September 2026.

BACKGROUND

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

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

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

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

DISCUSSION

Reporting pattern of the Financial Department:

Department :	July 26	August 26	September 26
Financial Services	Submitted	Submitted	Submitted

Please note that there were blockages that occurred on one contract during this quarter.

Quotation number: FI 02/2026/27 – The provision of Bill Payment services from 01 July 2026 until 30 June 2027

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

Tenders and Quotations:

- FIN 01/2024/25 – The provision of Printing and Mailing accounts
- FIN 06/2024/25 – The provision of Security Services for the collection, transportation and depositing of cash
- The provision of Administration of Electricity prepayment uniform vending systems
- The provision of Short Term Insurance for the period from 01 July 2025 to 30 June 2028
- Provision of Professional Services: Financial Management and Accounting services for a period from 01 July 2025 to 30 June 2028
- FIN 05/2024/25 – Provision of Banking Services for the period from 01 October 2026 to 30 June 2030
- The Appointment of a service provider for the Licensing, support and maintenance of the current Municipal Financial Management system for a period from 01 April 2023 to 30 June 2033
- FI 01/2026/27 – The provision of services to provide an electronic(web-based) functionality for tracing, adverse credit listing online electronic property searches, verification of information and other related services
- FI 02/2026/27 – The provision of Bill Payment services from 01 July 2026 to 30 June 2027
- The provision of professional services for the execution and maintenance of the General Valuation roll 2023/24 and the supplementary roll form 2022/23 - 2028/29 in the jurisdiction area of the Theewaterskloof Municipality in compliance with the Local Government: Municipal Property Rates Act 2004

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

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

LEGAL IMPLICATIONS (ITEM AUTHOR)

Chapter 8 Municipal Finance Management Act. 56 of 2003.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Not applicable.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended that Council takes cognisance of the report.

Contract Manager	J van Niekerk		Contract Owner	A Riddles		
Directorate	Financial Services				Fnding Source	
Complete Tender No. & Description	FIN 01/2024/25 - THE PROVISION OF PRINTING & MAILING OF ACCOUNTS				Own	Other
Service Provider	CABHOLDINGS				OWN	
Commencement Date	01-Feb-25	Total Contract Amount (Vat excl.)	Estimate R2 804 079.18	Value of Expansions Approved (Vat excl.)	R0.00	
Completion Date	30-Jun-27					
Adjusted Contract Amount		Adjusted Completion Date	N/A		Project on Time	YES

Date of Report	31 July 2026	31 August 2026	30 September 2026
Report Numbers	18	19	20
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	n/a	n/a	n/a
Overall performance including Rand Value in terms of the Empowerment Goals	n/a	n/a	n/a
Overall Performance Incl. quality of work to date	Overall performance satisfactory	Overall performance satisfactory	Overall performance satisfactory
Blockages and Problemes	n/a	n/a	n/a
Recommanded Action and Resolutions required to unblock blockages & problems	n/a	n/a	n/a

Actual Amount Paid per period (Vat excl.)	R 68,053.70	R 67,664.47	R 68,254.43	TOTAL PAID TO DATE (Vat excl.)	TOTAL PROJECTED OUTSTANDINGPAYMENTS (Vat excl.)
Number of Invoices /Certificates	3	3	3	R1,173,868.45	68 254.43
Disputed Invoices / Certificates	None	None	None		

Contract Manager	*J van Niekerk*	**Contract Owner**	*A Riddles*			
Directorate	**Financial Services**				**Finding Source**	
Complete Tender No. & Description	FI 01/2026-27 - THE PROVISION OF SERVICES TO PROVIDE AN ELECTRONIC (WEB-BASED) FUNCTIONALITY FOR TRACING, ADVERSE CREDIT LISTING, ON-LINE ELECTRONIC PROPERTY SEARCHES, VERFICATION OF INFORMATION AND OTHER RELATED SERVICES.				***Own***	***Other***
Service Provider	***Consumer Profile Bureau (Pty) Ltd***				*OWN*	
Commencement Date	*01-Jul-26*	**Total Contract Amount (Vat excl.)**	***Rates based***	**Value of Expansions Approved (Vat excl.)**	***R0.00***	
Completion Date	*30-Jun-27*					
Adjusted Contract Amount	*N/A*	**Adjusted Completion Date**	N/A		**Project on Time**	YES

Date of Report	**31 July 2026**	**31 August 2026**	**30 September 2026**
Report Numbers	***1***	***2***	***3***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/A*	*N/A*	*N/A*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/A*	*N/A*	*N/A*
Overall Performance Incl. quality of work to date	satisfactory	*satisfactory.*	*satisfactory*
Blockages and Problemes	no blockage	no blokkage	*no blokkage*
Recommanded Action and Resolutions required to unblock blockages & problems	*n/a*	*n/a*	*n/a*

Actual Amount Paid per period (Vat excl.)	*R 0.00*	*R 2,349.00*	*R 8,887.50*	***TOTAL PAID TO DATE (Vat excl.)***	***TOTAL PROJECTED OUTSTANDING PAYMENTS (Vat excl.)***
Number of Invoices /Certificates	*0*	*2*	*2*	*R11,236.50*	*R2,500.00*
Disputed Invoices / Certificates	*None*	*None*	*None*		

Contract Manager	*J van Niekerk*	**Contract Owner**	*A Riddles*			
Directorate	**Financial Services**				***Fnding Source***	
Complete Tender No. & Description	*FIN 06/2024/25 - THE PROVISION OF SECURITY SERVICES FOR THE COLLECTION, TRANSPORTATION AND DEPOSITING OF CASH*				***Own***	***Other***
Service Provider	***Fidelity Cash Solutions***				*OWN*	
Commencement Date	*01-Jun-25*	**Total Contract Amount (Vat excl.)**	***R1,592,408.16***	**Value of Expansions Approved (Vat excl.)**	***R0.00***	
Completion Date	*31-May-25*					
Adjusted Contract Amount	*n/a*	**Adjusted Completion Date**	N/A		**Project on Time**	YES

Date of Report	**30 April 2026**	**31 May 2026**	**30 June 2026**
Report Numbers	***14***	***15***	***16***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/A*	*N/A*	*N/A*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/A*	*N/A*	*N/A*
Overall Performance incl. quality of work to date	satisfactory.	*satisfactory.*	*satisfactory.*
Blockages and Problemes	no major blokkage	no major blokkage	*no major blokkage*
Recommanded Action and Resolutions required to unblock blockages & problems	*n/a*	*n/a*	*n/a*

Actual Amount Paid per period (Vat excl.)	*R 44,232.58*	*R 43,587.94*	*R 44,232.58*	***TOTAL PAID TO DATE (Vat excl.)***	***TOTAL PROJECTED OUTSTANDING PAYMENTS (Vat excl.)***
Number of Invoices /Certificates	*1*	*1*	*1*	*R571,660.18*	*R44,232.58*
Disputed Invoices / Certificates	*None*	*None*	*None*		

Contract Manager	J van Niekerk	**Contract Owner**	A Riddles			
Directorate	**Financial Services**			**Fnding Source**		
Complete Tender No. & Description	THE PROVISION OF ADMINISTRATION OF ELECTRICITY PREPAYMENT UNIFORM VENDING SYSTEMS			**Own**	**Other**	
Service Provider	**Utilties World (Pty) Ltd**			OWN		
Commencement Date	01-Oct-25	**Total Contract Amount (Vat excl.)**	**Estimated Total R1 001 396.32 (Commission based)**	**Value of Expansions Approved (Vat excl.)**	**R0.00**	
Completion Date	Estimate 31 October 2026					
Adjusted Contract Amount	n/a	**Adjusted Completion Date**	N/A	**Project on Time**	YES	

Date of Report	**31 July 2026**	**31 August 2026**	**30 September 2026**
Report Numbers	**10**	**11**	**12**
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	N/A	N/A	N/A
Overall performance including Rand Value in terms of the Empowerment Goals	N/A	N/A	N/A
Overall Performance Incl. quality of work to date	Satisfactory	Satisfactory	Satisfactory
Blockages and Problemes	N/A	N/A	N/A
Recommanded Action and Resolutions required to unblock blockages & problems	N/A	N/A	N/A

Actual Amount Paid per period (Vat excl.)	R 132,200.88	R 122,621.95	R 123,648.59	***TOTAL PAID TO DATE (Vat excl.)***	***TOTAL PROJECTED OUTSTANDING PAYMENTS (Vat excl.)***
Number of Invoices /Certificates	1	1	1	R1,314,772.71	R120,000.00
Disputed Invoices / Certificates	None	None	None		

Contract Manager	*J. Colyn*		**Contract Owner**	*A. Riddles*		
Directorate	**Financial Services**				**Funding Source**	
Complete Tender No. & Description	*THE PROVISION OF SHORT TERM INSURANCE FOR THE PERIOD FROM 01 JULY 2025 TO 30 JUNE 2028*				***Own***	***Other***
Service Provider	***Lateral Unison Insurance Brokers (Pty) Ltd***				*OWN*	
Commencement Date	*01-Jul-25*	**Total Contract Amount (Vat Incl.)**	***R6 309 839.78 (3 years) Estimated***	**Value of Expansions Approved (Vat incl.)**	*R0.00*	
Completion Date	*30-Jun-28*					
Adjusted Contract Amount	*N/A*	**Adjusted Completion Date**	N/A		**Project on Time**	N/A

Date of Report	**31 July 2026**	**31 August 2026**	**30 September 2026**
Report Numbers	***13***	***14***	***15***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*This is an expert service*	*This is an expert service*	*This is an expert service*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/A*	*N/A*	*N/A*
Overall Performance incl. quality of work to date	*Claims are dealt with efficiently and progress on claims are received during the month.*	*Claims are dealt with efficiently and progress on claims are received during the month.*	*Claims are dealt with efficiently and progress on claims are received during the month.*
Blockages and Problemes	*N/A*	*N/A*	*N/A*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/A*	*N/A*	*N/A*
Actual Amount Paid to Date (Vat incl.)	*R 3,255,475.07*	*R 3,255,475.07*	*R 3,255,475.07*
Number of Invoices /Certificates	*8*	*8*	*8*
Disputed Invoices / Certificates	*None*	*None*	*None*

Contract Manager	A. Riddles		Contract Owner	A. Riddles		
Directorate	Financial Services				Funding Source	
Complete Tender No. & Description	Provision of Professional Services: Financial Management and Accounting Services for a period from 1 July 2025 to 30 June 2028				Own	Other
Service Provider	Siyanda Business Solutions (Pty) Ltd.				OWN	
Commencement Date	01-Jul-25	Total Contract Amount (Vat excl.)	R3,575,254 (3 years) (contract awarded based on rates)	Value of Expansions Approved (Vat excl.)	R0.00	
Completion Date	30-Jun-28					
Adjusted Contract Amount	N/A	Adjusted Completion Date	N/A		Project on Time	N/A

Date of Report	31 July 2026	31 August 2026	30 September 2026
Report Numbers	13	14	15
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	N/A	N/A	N/A
Overall performance including Rand Value in terms of the Empowerment Goals	N/A	N/A	N/A
Overall Performance Incl. quality of work to date	Excellent	Excellent	Excellent
Blockages and Problemes	None	None	None
Recommanded Action and Resolutions required to unblock blockages & problems	N/A	N/A	N/A
Actual Amount Paid to Date (Vat excl.)	R 2,274,399.28	R 2,274,399.28	2025/26 : R2,005,742.60 2026/27 : R666,370.96
Number of Invoices /Certificates	15	16	17
Disputed Invoices / Certificates	None	None	None

PROJECT MANAGER:	A. Riddles	**PROJECT CHAMPION:**	P.C. Fortuin			
	Financial Services			**Fnding Source**		
Complete Tender No. & Description	FIN 05/2024/25 - PROVISION OF BANKING SERVICES FOR THE PERIOD FROM 01 OCTOBER 2025 - 30 JUNE 2030			Own	Other	
Service Provider	STANDARD BANK OF SOUTH AFRICA			OWN		
Commencement Date	01.10.2025	Total Contract Amount	R 4 333 980,00	Value of VO's Approved	N/A	
Completion Date	30-Jun-30					
Adjusted Contract Amount	N/A	Adjusted Completion Date	N/A	Project on Time	YES	

Date of Report	July 2026	August 2026	September 2026	YTD Total
Report Numbers 38 39 40	Collaboration Number:	Collaboration Number:	Collaboration Number:	
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	N/A	N/A	N/A	
Overall performance including Rand Value in terms of the Empowerment Goals	N/A	N/A	N/A	
Overall Performance incl. quality of work to date	The Consultant's performance has been satisfactory to date	The Consultant's performance has been satisfactory to date	The Consultant's performance has been satisfactory to date	
Blockages and Problemes	N/A	N/A	N/A	
Recommanded Action and Resolutions required to unblock blockages & problems	N/A	N/A	N/A	
Actual Amount Paid to Date	R 71 729,55	R 168 926,05	R 273 655,02	TOTAL PAID TO DATE: R938 288,51
Number of Invoices /Certificates	10	11	12	TOTAL PROJECTED:
Disputed Invoices / Certificates	None	None	None	

CONTRACT MANAGER:	J Colyn		**CONTRACT OWNER:**	A. Riddles			
	Financial Services			**Funding Source**			
Complete Tender No. & Description	The Appointment of a Service Provider for the Licensing, Support and Maintenance of the current Municipal Financial Management System for a period from 1 April 2023 to 30 June 2033			**Own**		**Other**	
Service Provider	**Phoenix ERP (Pty) Ltd (VESTA)**			OWN			
Commencement Date	1-Apr-23	**Total Contract Amount**	**R 1670 250 (VAT excl) for the first year, thereafter CPI + 1% increase**	**Value of VO's Approved**	N/A		
Completion Date	30-Jun-33						
Adjusted Contract Amount	N/A	**Adjusted Completion Date**	N/A	**Project on Time**		N/A	
Date of Report	**31/07/2026**	**31/08/2026**		**30/09/2026**			
Report Numbers	40, 41 & 42	***Collaboration Number:***	***Collaboration Number:***	***Collaboration Number:***			
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	N/A	N/A	N/A				
Overall performance including Rand Value in terms of the Empowerment Goals	N/A	N/A	N/A				
Overall Performance incl. quality of work to date	Overall performance satisfactory	Overall performance satisfactory	Overall performance satisfactory				
Blockages and Problemes	none	none	none				
Recommanded Action and Resolutions required to unblock blockages & problems	none	none	none				
Amount paid per period (Vat excl)	R 209,699.31	R 0.00	R0.00	**TOTAL PAID TO DATE**			
Number of Invoices /Certificates	2	0	1	**R6 480 199.31**			
Disputed Invoices / Certificates	No	No	No	**Projected outstanding payments for 2025/2026**			
				R213 406.56			

Contract Manager	J van Niekerk		**Contract Owner**	A Riddles		
Directorate	**Financial Services**				**Fnding Source**	
Complete Tender No. & Description	FI 02/2026/27 THE PROVISION OF BILL PAYMENT SERVICES FROM 1 JULY 2026 UNTIL 30 JUNE 2027				**Own**	**Other**
Service Provider	**Cigicell (Pty) Ltd**				OWN	
Commencement Date	01-Jul-26	**Total Contract Amount (Vat excl.)**	**Estimated Total (Rates based)**	**Value of Expansions Approved (Vat excl.)**	**R0.00**	
Completion Date	30-Jun-27					
Adjusted Contract Amount	n/a	**Adjusted Completion Date**	N/A		**Project on Time**	YES

Date of Report	**31 July 2026**	**31 August 2026**	**30 September 2026**
Report Numbers	**1**	**2**	**3**
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	N/A	N/A	N/A
Overall performance including Rand Value in terms of the Empowerment Goals	N/A	N/A	N/A
Overall Performance incl. quality of work to date	Overall not satisfactory due to not in time with implementation.	Overall not satisfactory due to not in time with implementation. Forward to Supply chain management	Overall not satisfactory due to not in time with implementation. Forward to Supply chain management. Letter sent to service provider.
Blockages and Problemes	N/A	N/A	N/A
Recommanded Action and Resolutions required to unblock blockages & problems	N/A	N/A	N/A

Actual Amount Paid per period (Vat excl.)	R 0.00	R 0.00	R 0.00	***TOTAL PAID TO DATE (Vat excl.)***	***TOTAL PROJECTED OUTSTANDING PAYMENTS (Vat excl.)***
Number of Invoices /Certificates	0	0	0	R0.00	unknown
Disputed Invoices / Certificates	None	None	None		

CONTRACT MANAGER:	A Riddles		**CONTRACT OWNER:**	MC de Beer			
	Financial Services			Funding Source			
Complete Tender No. & Description	THE PROVISION OF PROFESSIONAL SERVICES FOR THE EXECUTION AND MAINTENANCE OF THE GENERAL VALUATION ROLL FOR 2023/2024 – 2028/2029 AND THE SUPPLEMENTARY ROLL FROM 2022/2023 - 2028/2029, IN THE JURISDICTION AREA OF THE THEEWATERSKLOOF MUNICIPALITY, IN COMPLIANCE WITH THE LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT, 2004 (ACT NO. 6 OF 2004 AS AMENDED)			Own		Other	
Service Provider	Terra Analytics (Pty) Ltd						
Commencement Date	25-May-22	**Total Contract Amount**	R2 882 142,33 Estimated (Actual dependant on number and category of properties valued)	**Value of VO's Approved**	None		
Completion Date	30-Jun-29						
Adjusted Contract Amount	None	**Adjusted Completion Date**	None	**Project on Time**		Yes	

Date of Report	31/07/2026	31/08/2026	30/06/2026
Report Numbers 50, 51 & 52	Collaboration Number:	Collaboration Number:	Collaboration Number:
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	N/A	N/A	N/A
Overall performance including Rand Value in terms of the Empowerment Goals	N/A	N/A	N/A
Overall Performance Incl. quality of work to date	Excellent	Excellent	Excellent
Blockages and Problemes	None	None	None
Recommanded Action and Resolutions required to unblock blockages & problems	N/A	N/A	N/A
Amount paid per period (Vat excl)	R 13,055.45	R 5,385.00	R 0.00
Number of Invoices /Certificates	3	3	0
Disputed Invoices / Certificates	None	None	None

TOTAL PAID TO DATE
R2,314,837.76
Projected outstanding payments for 2025/2026
0

ITEM HEADING

C260/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE COMMUNITY SERVICES - OPERATIONS: IRREGULAR EXPENDITURE - SISWA TRADING AND PROJECT

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE / AIM OF REPORT

The purpose of the report is to inform MPAC on irregular expenditures that were incurred by SISWA Trading and Project due to non-compliance with the supply chain management procedures for the 2022/23 financial year.

BACKGROUND

During the 2022/23 financial year, SISWA Trading and Projects were sourced to provide water tanker trucks for water distribution to communities in Caledon. Water provision to communities were affected by loadshedding when ESKOM started implementing loadshedding schedules in 2022 and 2023. It affected the pumping time of water to reservoirs and could not keep up with the water demand.

DISCUSSION

According to the finding of the Auditor General, SISWA Trading and Project were appointed for the provision of water tanker trucks without following a competitive bidding process as required by Section 19(a) of the Municipal Supply Chain Management Regulations. This is in contravention of Section 116 of the MFMA. There were no contracts or agreements in place for the service provider to provide these services.

Failing to follow a competitive SCM process, is in contravention with Section 19(a) of the SCM Regulations and therefore constitutes as an irregular expenditure in terms of Section 1 of the MFMA.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The expenditure that was considered irregular was R 7 385 116.00, as there was no competitive bidding process in the appointment of SISWA, and there was no contract for services between TWK Municipality and SISWA.

LEGAL IMPLICATIONS (ITEM AUTHOR)

The legal implications of this report are governed by Section 31 of the MFMA, which mandated the identification, reporting and management of unauthorized, irregular, fruitless and wasteful expenditure (UIFWE)

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Management should enhance its contract management processes by ensuring that formal SCM processes being followed and contracts are in place for all services procured, clearly outlined the terms and conditions and rates of services, to prevent the repeating of similar situations.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that MPAC consider the mitigation controls in the report.

RECOMMENDATION BY MANAGEMENT TO MPAC: 14 AUGUST 2026

It is recommended that MPAC considerers the report and the mitigation controls that were proposed.

NOTE: Upon the availability of the Council Resolution regarding Material Irregularity, a reconciliation will be done on any overlapsed items to determine the correct financial loss.

Additional information provided by the Deputy Director: Operations, Mr J Barnard during the MPAC Meeting of 22 September 2026:

- Question by MPAC – Who authorized each invoice?
  Response Mr Barnard – The Director: Community Services, Mr WSE Solomons-Johannes.
- Question by MPAC – Who verified that the trucks actually operated?
  Response Mr Barnard – No verification was done.
- Mr Barnard: Questions were raised by Mr JP Williams – Siswa Trading and Project never responded to the emails of Mr Williams. Questions were never answered regarding the information of the trucks.
- Mr Barnard: Appointment letter for plant and equipment was signed by Mr S Francis (SCM Manager), Mr A Riddles (Acting Director: Finance) and Mr B Ngubo (Acting Municipal Manager). Appointment letter did not include security services or living out allowances.
- Mr Barnard: Integrity of invoices have been questioned – double charges; no services rendered; no value for money; no procurement process adhere to; no invoices were verified that the trucks have been delivered (no logbook; living out allowances is never paid by the Municipality but by the service provider); no proper contract; no competitive bidding process was followed; no proper performance measuring of contractor.

- Mr Barnard: 1st invoices issued to Mr Barnard/Mr Williams – start asking questions – did not sign the invoices – invoices were signed off by the Director: Community Services, Mr WSE Solomons-Johannes. No further invoices were provided to Mr Barnard or Willaims for verification or signature. When the AG issued the COMAF, it was the 1st time that it came to his attention that additional invoices were signed off.

The content of Annexure J was read out loud during the meeting with the recommendation by MPAC to Council and is attached as annexure.

Questions from MPAC to Officials are also attached as annexure.

RECOMMENDATION BY MPAC TO COUNCIL: 22 SEPTEMBER 2026

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R7 385 116.00 constitutes irregular expenditure.**

2. **Recommends that the irregular expenditure to the amount of R7 385 116.00 not be written off as irrecoverable in terms of section 32 of the MFMA.**

3. **That the irregular expenditure of R 7 385 116.00 be referred to the Disciplinary Board for investigation. (Mr S Francis/Mr A Riddles/Mr B Ngubo for not ensure that procurement processes were followed and a contract signed.) (Mr WSE Solomons-Johannes for signing off the invoices without verification/ for not monitoring the performance of Siswa Trading and Project)**

4. **Does not recommend criminal referral at this stage as no criminal conduct is established.**

5. **Consider the possible recovery of the amount of R 7 385 116.00 as per the evidence given to MPAC by the Deputy Director: Operations, Mr J Barnard, that services were not rendered.**

6. **Notes that the appointment letter of Siswa Trading and Project was only for plant and equipment and not for security services and living out allowances.**

7. **Management be directed to strengthen controls over procurement processes and verification of invoices before signature.**

MPAC - IRREGULAR EXPENDITURE REPORT

TITLE: COMMUNITY SERVICES – SISWA TRADING AND PROJECT

1. **INTRODUCTION:**

The purpose of this report is to present a report to MPAC on irregular expenditures incurred due to non-compliance with the supply chain management processes for the 2022/2023 financial year. The report will analyse the expenditure incident and the events that led to the irregular expenditure, identifies the responsible officials and outlines the measures taken, or proposed measures to prevent similar recurrences.

2. **LEGAL IMPLICATIONS OF THE REPORT:**

The legal implications of this report are governed by Section 31 of the MFMA, which mandated the identification, reporting and management of unauthorized, irregular, fruitless and wasteful expenditure (UIFWE)

3. **TYPE OF UIFWE APPLICATION TO THIS REPORT:**

The type of UIFWE applicable to this report is an irregular expenditure that was incurred by not following a competitive bidding process in the appointment of a service provider, and the appointment being done without a valid contract.

4. **DISCUSSION OF EVENTS / REASONS THAT LED TO THE UIFWE:**

During the 2022/23 financial year, SISWA Trading and Projects were sourced to provide water tanker trucks for water distribution to communities in Caledon. Water provision to communities were affected that was caused by loadshedding when ESKOM start implementing loadshedding schedules in 2022 and 2023. It effected the pumping time of water to reservoirs and could not keep up with the water demand.

According to the finding of the Auditor General, SISWA Trading and Project were appointed for the provision of water tanker trucks without following a competitive bidding process as required by Section 19(a) of the Municipal Supply Chain Management Regulations. This is in contravention of Section 116 of the MFMA. There were no contracts or agreements in place for the service provider to provide these services.

It seems that SISWA Trading and Project received a letter of appointment from the Acting Manager SCM at the time, on 23 August 2022 for the provision of plant and equipment for a period from date of appointment until 30 June 2023. The appointment letter was signed off by the Acting Municipal Manager (as Accounting Officer) at the time. Although the appointment letter stated that a formal contract will be setup between TWK and SISWA, I could not find any formal contract. It seems that SISWA was appointed after a budget meeting by Senior Management, for the water crisis, as confirmed by the Acting Manager SCM (refer to email dated 17 October 2022). It seems that no formal bidding process were followed in the appointment of SISWA. The applicable documentation is attached to this report.

As part of managing the water crisis, a memorandum was submitted on 12 October 2022 from the Acting MM at the time, Mr Ngubo (Acting MM) to the Executive Mayor, requesting approval for unforeseen and unavoidable expenditure, including for the hiring of water tanker trucks for Caledon. During this time, ESKOM introduced a loadshedding program which effected the provision of water.

According to the Memo, the expenditure that was incurred from July, September up to 11 October 2022 for the hiring of water tanker trucks was R 516 462.38 (Including VAT). The provisional estimated expenditure for the hiring of water tanker trucks from 17 to 31 October 2022 amounts to R 1 572 000.55) (Including VAT).

Section 29 of the MFMA allows the Executive Mayor (at the time) to authorize any unforeseeable and unavoidable expenditure for which no provision was made in the approved budget, provided that it is an emergency or any other exceptional circumstances. The expenditure could not have been foreseen at the time the 2022/23 annual budget were approved. The total amount that was approved on 18 October 2022 for the hiring of water tanker trucks for Caledon, through the Section 29 process were:
July 2022 – R 77 765
September 2022 – **R** 267 083
October 2022 – R 1 386 957
Total – R 1 816 055

The unforeseen and unavoidable expenditure in terms of Section 29 was approved by Council on 27 October 2022.

Invoices that were submitted by SISWA for payments was:
28 October 2022 - R 780 436.00
4 November 2022 – R 1 294 992.00
24 November 2022 - R 767 510.00
22 December 2022 – R 821 123.00
26 January 2023 – R 879 428.00
9 February 2023 – R 1 535 368.00
27 February 2023 – R 1 306 262.00
Total – R 7 385 116.00

An invoice was sent to the Technical Officer of Caledon at the time, by e-mail dated 17 November 2022, to sign it off as end user that the services that were provided by SISWA. The Technical Officer sent an e-mail to SISWA on 17 November 2022, requesting them to confirm or give documentation on appointment, where the trucks were standing and the cost of security services and living out allowances were stipulated in the appointment of the service provider. SISWA never respond to the e-mail. An e-mail was sent again on 22 November to SISWA confirming a telephonic communication, and information of the address where the trucks were stationed, the vehicle registration numbers, the premisses the drivers were sleep/staying and the formal contract. It was followed up on 29 November 2022, with no response from SISWA.

Services that were claimed were for the hiring of water tanker trucks, including standing time, live out allowances and security. The rates that were charged per hour does not compare with the days the trucks were operated. Refer to Invoice 000001 where the invoice stated hire of Water-tanker Truck 1 normal time for 8/10/22 & 15/10/22 for 163 hours at a rate of R 1300.00 with a total of R 211 900.00. Although this report focused on the causes of the irregular expenditure that was incurred, the integrity of the invoices needs to be noted. The invoices paid were therefor not properly verified by ensuring that the services were regularly monitored and delivered as claimed. There were no logbooks that were signed by the drivers and a representative of the municipality as proof that the services were delivered.

Payments without formal agreements or contracts raise the risk of submitting fictious or inflated transactions.

If the expenditure were covered by the Section 29 process, it was only for the period July to October 2022. Any expenditure thereafter was not covered by the Section 29 process, as approved by the Mayor at the time, and subsequently approved by Council through a Section 28 Adjustment Budget process.

5. OFFICIALS RESPONCIBLE FOR THE UIFWE INCURRED:

According to the information obtained, the Acting MM at the time, Mr B Ngubo, sign off the letter of appointment for SISWA as the Accounting Officer, without following a competitive bidding process to appoint SISWA.

The invoices were signed off by the Director Community Services, for payment. There is no indication that the services claimed for, were verified and delivered, given the questions that was raised by the Technical Officer of Caledon at the time and were never responded to.

6. WHY IS THE EXPENDITURE AN IRREGULAR EXPENDITURE:

The expenditure was considered as irregular, as there was no competitive bidding process in the appointment of SISWA, and there was no contract for services between TWK Municipality and SISWA.

Failing to follow a competitive SCM process, is in contravention with Section 19(a) of the SCM Regulations and therefore constitutes as an irregular expenditure in terms of the Section 1 of the MFMA.

7. CONCIDERATION OF DELIBERATE OR NEGLIGENT CONDUCT RELATING TO UIFWE INCURRED:

The information and facts presented in this report indicated that the appointment of SISWA Trading and project for the hiring of water tanker trucks was not conducted in accordance with the prescribed SCM requirements. The appointment of SISWA was done without a competitive bidding process. These requirements form part of the Municipal SCM framework and are controlled measures that is applicable to all qualifying transactions.

The Acting MM at the time, as Accounting Officer, sign the letter of appointment of SISWA, and fail to comply with the prescribed procurement method, and reflect a lack of due care in executing his responsibilities.

On the balance of probabilities, the irregular expenditure appears to have arisen from his neglect action. The conduct reflects a lapse in control and compliance oversight.

8. MITIGATING CONTROLS TO PREVENT A SIMILAR UIFWE IN FUTURE:

To prevent similar irregular expenditure in the future, the following mitigating controls need to be implemented:

1. Reinforce SCM training for all relevant officials, focussing on prescribed procurement processes.
2. Management should enhance its contract management processes by ensuring that formal contracts are in place for all services procured, clearly outlined the terms and conditions aand rates of services.

3. Management should strengthen their review and monitoring processes for all service providers with proper performance reviews before payments being approved.
4. Introduced a mandatory checklist and approval workflows for SCM procurement and deviation processes in the financial system.
5. Require mandatory IA to conduct quarterly SCM compliance audits and report findings to the MPAC.
6. Embedded SCM compliance verifications into both the original and adjustment budget processes.

9. CONFIRMATION BY AUTHER:

I, Jan Barnard, confirm that the information contained in this report is a true and accurate reflection of the facts as they are known to me. This report is based on validated data to ensure reliability and accuracy.

10. ANNEXCURES:

Annexure A – E-mail correspondence regarding the appointment of SISWA, and clarification regarding the services they have claimed for.
Annexure B – Section 29 Memorandum and Council approval
Annexure C – Payment for 28 October 2022 - R 780 436.00
Annexure D – Payment for 4 November 2022 – R 1 294 992.00
Annexure E – Payment for 24 November 2022 - R 767 510.00
Annexure F – Payment for 22 December 2022 – R 821 123.00
Annexure G – Payment for 26 January 2023 – R 879 428.00
Annexure H – Payment for 9 February 2023 – R 1 535 368.00
Annexure I – Payment for 27 February 2023 – R 1 306 262.00

11. CONCLUSION OF THE REPORT:

In conclusion, the report highlights the irregular expenditure resulting from non-compliance with the SCM process, the event that led to it, and the actions taken to address it. The analysis provided aims to ensure accountability and transparency, within the municipality's financial management practices.

12. REFERAL OF REPORT TO MPAC:

This report is hereby referred to the MPAC for its UIFWE assessment as contemplated in Section 32(2) of the MFMA.

REPORT COMPILED BY	DATE	DESIGNATION	SIGNATURE
J Barnard	12/2/26	SD Operations	

REPORT APPROVED BY	DATE	DESIGNATION	SIGNATURE
W Hendricks	12/02/26	Municipal Manager	

REPORT AUTHORIZED FOR MPAC BY	DATE	DESIGNATION	SIGNATURE
WF Hendricks	14/08/24	Municipal Manager	

ANNEX A

Jan Barnard

From: Sergio Francis
Sent: Monday, 17 October 2022 08:34
To: Jan Barnard
Cc: Chivonne Cyster
Subject: RE: Water

They are registered on our database

We had a Budget meeting for the water crisis project.

The only part we were unsure about was the number of trucks

But Wilfred told me its 7 so we are covered.

Kind regards

From: Sergio Francis
Sent: Monday, 17 October 2022 08:32
To: Jan Barnard <janba@twk.gov.za>
Cc: Chivonne Cyster <chivonnecy@twk.gov.za>
Subject: Water

Good day Jan

Hope all is well

The name of the company is Siswa Trading and projects

They currently have two water tankers on site

Sergio Francis
Supply chain Manager (Acting)

Theewaterskloof Municipality

THEEWATERSKLOOF MUNICIPALITY
Head Office. Plein Street 6, Caledon, 7230

Tel. 028 214 4926 | Email. Sergiofr@twk.gov.za| Web. www.twk.gov.za

From: Jan Barnard <janba@twk.gov.za>
Sent: Friday, 14 October 2022 14:18
To: Sergio Francis <sergiofr@twk.gov.za>
Cc: Chivonne Cyster <chivonnecy@twk.gov.za>
Subject: RE: Water

Good day Sergio,,

Apologies for the late response, but I was at the Fire Awareness launch at the Victoria Hall.

There is currently 1 water tanker of Aqua Transport, 4 water tankers of WB Tipper Truck and 2 of the service provider that send the tankers on Monday the 10th October....don't know the name of the service provider.

According to my information there is 7 water tankers at the Caledon Depot.

Best regards.

Jan

From: Sergio Francis <sergiofr@twk.gov.za>
Sent: Friday, 14 October 2022 09:48
To: Jan Barnard <janba@twk.gov.za>
Cc: Chivonne Cyster <chivonnecy@twk.gov.za>
Subject: Water

Good day

Hope all is well

Can you indicate how many water trucks we have on site currently

Is it 7 trucks ?

Sergio Francis
Supply chain
Manager (Acting)

Theewaterskloof
Municipality

THEEWATERSKLOOF MUNICIPALITY
Head Office. Plein Street 6, Caledon, 7230

Tel. 028 214 4926 | Email. Sergiofr@twk.gov.za | Web. www.twk.gov.za

Jan Barnard

From: Jean-Pierre Williams
Sent: Thursday, 17 November 2022 17:31
To: xolikung100@gmail.com
Cc: Wilfred Solomons-Johannes; Jan Barnard; Kaylin Daliath
Subject: FW: Siswa Traiding and Projects invoive
Attachments: 000003_Siswa Projects_ Caledon Municipality (2).pdf

To whom it may concern,

I hope you are doing well. Can you kindly respond to the below questions for clarity on the attached quotation:

1) Can you kindly confirm or give documentation on who appointed you as a service provider for the service as you have claimed.
2) Please indicate on where these trucks where standing from 19/10/2022 till 18/11/2022 and who communicated that the need for the trucks to be on standby for this period.
3) The security and living out allowance were thus stipulated in the appointment of you as service provider that thus may be added to the service rendered.

I was on leave during this period of the water crisis when you started with the service and now the invoice landed on my desk to process and I just want clarity on the points listed to have proof of these services.

I hope you find this in order and I hope to hear from you soon.

Regards,

From: Wilfred Solomons-Johannes <wilfredso@twk.gov.za>
Sent: Thursday, 17 November 2022 16:24
To: Sergio Francis <sergiofr@twk.gov.za>
Cc: Boy Ngubo <boyng@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>; Jan Barnard <janba@twk.gov.za>; Jean-Pierre Williams <jean-pierrewi@twk.gov.za>
Subject: RE: Siswa Traiding and Projects invoive

Dear Sergio:

The matter has been sent to the Caledon Town (Operations Department: Community Services Directorate) for attention.

Kind Regards

Wilfred Schrevian Evan Solomons-Johannes
Director: Community Services
Theewaterskloof Municipality
Tel: 028 214 4211 or 028 214 3300
Cell: 084 711 7709 or 072 315 8898
E-mail: WilfredSo@twk.gov.za | Website: www.twk.gov.za

Theewaterskloof
Municipality

From: Sergio Francis sergiofr@twk.gov.za
Sent: 17 November 2022 14:40
To: Wilfred Solomons-Johannes wilfredso@twk.gov.za
Cc: Boy Ngubo boyng@twk.gov.za; Ashwille Riddles ashwilleri@twk.gov.za
Subject: FW: Siswa Traiding and Projects invoive

Good day

Hope all is well

Please see above attached invoice for water trucks

Sergio Francis
Supply chain
Manager (Acting)

Theewaterskloof Municipality

THEEWATERSKLOOF MUNICIPALITY
Head Office. Plein Street 6, Caledon, 7230

Tel. 028 214 4926 | Email. Sergiofr@twk.gov.za | Web. www.twk.gov.za

From: Xolisa Kungwayo <xolikung100@gmail.com>
Sent: Wednesday, 16 November 2022 13:18
To: Sergio Francis <sergiofr@twk.gov.za>
Subject: Siswa Traiding and Projects invoive

Good day Sergio

Please find attached invoice

Regards
Xolisa

277

INVOICE

Siswa Trading and Project

ISSUED TO

Theewaterskloof Municipality

Telephone +27(28) 214 3300
16 Plein Street, Caledon, 7230
VAT No. 4000846248

INVOICE
#INV-000003

DATE ISSUED
10.11.2022

DESCRIPTION	HOURS	RATE	TOTAL
Hire of Watertank Truck No.1 - Standing Time (12 hrs x 31 days) 19.10.2022 - 18.11.2022	372	R680	R252 960
Hire of Watertank Truck No.2 - Standing Time (12 hrs x 31 days) 19.10.2022 - 18.11.2022	372	R680	R252 960
Living Out Allowance 19.10.2022 - 18.11.2022	1	R35 000	R35 000
Security - Night Shift (Normal Time) 19.10.2022 - 21.10.2022 & 24.10.2022 - 28.10.22 & 31.10.2022 - 04.11.2022 & 07.11.2022 - 11.11.2022 & 14.11.2022 - 18.11.2022	276	R300	R82 800
Security - Night Shift (Overtime & Saturday) 22.10.2022 & 29.10.2022 & 05.11.2022 & 12.11.2022	48	R420	R20 160
Security - Night Shift (Sunday Overtime) 23.10.2022 & 30.10.2022 & 06.11.2022 & 13.11.2022	48	R490	R23 520

SUBTOTAL	R 667 400
VAT(15%)	R 100 110
TOTAL	R 767 510

PAYMENT DETAILS :

Thanks for your business.
BANK DETAILS
BANK NAME: ABSA
ACCOUNT NAME: SISWA TRADING & PROJECT
ACCOUNT NUMBER : 4092 15679
Branch Code : 632005

Company ID : 2007/241546/23
VAT : 4020285971
15994.JIKIZINTO STREET BLOEKOMBOS
KRAAIFONTEIN 7570 South Africa

Jan Barnard

From: Wilfred Solomons-Johannes
Sent: Wednesday, 23 November 2022 07:43
To: Jean-Pierre Williams; Jan Barnard
Cc: Kaylin Daliath
Subject: RE: Appointment letter fo Siswa Trading and Project
Attachments: SIGNED APPOINTMENT LETTER FOR PLANT & EQUIPMENT.pdf

Dear Jean-Pierre Williams:

Based on the appointment letter and the activation of the service by Sergio Francis the Acting Manager: SCM the service provider (Siswa Trading and Project) was appointed for the services.

Kind Regards

Wilfred Schrevian Evan Solomons-Johannes
Director: Community Services
Theewaterskloof Municipality
Tel: 028 214 4211 or 028 214 3300
Cell: 084 711 7709 or 072 315 8898
E-mail: WilfredSo@twk.gov.za | Website: www.twk.gov.za

Theewaterskloof
Municipality

From: Jean-Pierre Williams <jean-pierrewi@twk.gov.za>
Sent: 22 November 2022 15:55
To: Jan Barnard <janba@twk.gov.za>; Wilfred Solomons-Johannes <wilfredso@twk.gov.za>
Cc: Kaylin Daliath <kaylinda@twk.gov.za>
Subject: FW: Appointment letter fo Siswa Trading and Project

Hi Director/Deputy Director,

Please see response below from Siswa Trading Projects with regards to their appointment. He states they have 4 trucks on standby with 8 drivers at a premises in Caledon.

But the attached contract does not state this standing time and I am not aware of any of this request so I will not be able to process there invoice.

Please advise the way forward with this service provider.

Regards,

From: Xolisa Kungwayo <xolikung100@gmail.com>
Sent: Tuesday, 22 November 2022 11:00
To: Jean-Pierre Williams <jean-pierrewi@twk.gov.za>
Cc: Boy Ngubo <boyng@twk.gov.za>; Sergio Francis <sergiofr@twk.gov.za>
Subject: Appointment letter fo Siswa Trading and Project

279

Good day

Our appointment came through the chief financial officer, municipal manager and supply chain, please see attached document as proof.
We were called to bring water trucks to Caledon for water crisis, we now have four trucks not running with 8 drivers.
Trucks are currently standing at our premises in Caledon.

Regards
Xolisa

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

Date: 23 August 2022

Email: Khungwayo.gk@gmail.com

Attention: Mr. Gavin Khungwayo

Siswa Trading and Projects

15994 Jikizinto street
Bloemkombos
Kraaifontein
7570

Dear Madam/Sir

20/2022/23 PROVISION OF PLANT AND EQUIPMENT FOR A PERIOD FROM DATE OF APPOINTMENT UNTIL 30 JUNE 2023

We have the pleasure to inform you of a resolution taken by Senior management of Theewaterskloof Municipality;

Taken on the of 18th of August 2022, to appoint you for plant and equipment from date of appointment until 30 June 2023.

In terms of this appointment you are required to ensure that work is performed, and that plant and machinery is used, under your supervision. In particular you are required to ensure:

1. That work is performed, plant and machinery are used by suitably trained and authorized persons.
2. That the persons carrying out the work are fully conversant with the hazards attached to that work as well as the precautionary measures which should be taken and observed regarding there hazards
3. That the necessary discipline, in interest of health and safety, is enforced at the workplace at all time
4. That the contractor provide Public Liability Assurance of R 1 000 000.00 are eligible to submit tenders.

You are required to report any of the above mentioned deviations to myself, as SCM manager and the director of community services.

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

This will serve as an appointment letter, a formal contract will be setup between the municipality and Siswa trading projects.

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

Yours faithfully,

.....
S FRANCIS
ACTING MANAGER: SCM

.....
A RIDDLES
ACTING CHIEF FINANCIAL OFFICER

.....
B. NGUBO
ACTING MUNICIPAL MANAGER

Jan Barnard

From: Jean-Pierre Williams
Sent: Tuesday, 29 November 2022 08:49
To: Xolisa Kungwayo
Cc: Jan Barnard; Wilfred Solomons-Johannes
Subject: RE: Appointment letter fo Siswa Trading and Project

Hi Xolisa,

I am still awaiting on your response with regard to the below email send.

I hope to hear from you soon.

Regards,

From: Jean-Pierre Williams
Sent: Tuesday, 22 November 2022 16:52
To: Xolisa Kungwayo <xolikung100@gmail.com>
Cc: Jan Barnard <janba@twk.gov.za>; Wilfred Solomons-Johannes <wilfredso@twk.gov.za>
Subject: RE: Appointment letter fo Siswa Trading and Project

Hi Xolisa,

As per our telephonic communication, can you kindly confirm the following:

1) The address where the trucks are stationed for standby.
2) The vehicle registration numbers of these trucks.
3) The premises where the drivers are sleeping/staying
4) The formal contract as stated in your appointment letter.

I hope you find this in order and I hope to hear from you soon.

Regards,

From: Xolisa Kungwayo <xolikung100@gmail.com>
Sent: Tuesday, 22 November 2022 11:00
To: Jean-Pierre Williams <jean-pierrewi@twk.gov.za>
Cc: Boy Ngubo <boyng@twk.gov.za>; Sergio Francis <sergiofr@twk.gov.za>
Subject: Appointment letter fo Siswa Trading and Project

Good day

Our appointment came through the chief financial officer, municipal manager and supply chain, please see attached document as proof.
We were called to bring water trucks to Caledon for water crisis, we now have four trucks not running with 8 drivers.
Trucks are currently standing at our premises in Caledon.

Regards
Xolisa

Natalie Arendse
Financial Intern

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

Municipality

Enquiries: Mr Sergio Francis

MEMORANDUM

TO : **Mr K Papier – Executive Mayor**

FROM : **Mr Boy Ngubo – Acting Municipal Manager**

DATE : **12 October 2022**

REQUEST FOR APPROVAL FOR UNFORSEEN AND UNAVOIDABLE EXPENDITURE: LEASE OF GENERATORS, PURCHASE OF PUMP, SECURITY, AUTOMATIC SWITCH OVER CHANGES, HIRING OF WATER TANKERS AND DIESEL FOR GENARATORS

Dear Executive Mayor,

1. PURPOSE

To submit a report to the Mayor to approve the unforeseen and unavoidable expenditure that is required to sustain water supply in Caledon due to unforeseen pump failures and water purification plant inadequacies.

2. BACKGROUND

The National Loadshedding program caused the municipal Water Treatment and Wastewater Treatment infrastructure including pumps and distribution to shutdown, which in turn means no drinking water and no sanitation services for the consumers of TWKM.

ESKOM introduced Stage 6 Loadshedding during this time which means shutdowns of up to 4 hours per loadshedding timeslot, 3 times per day. This does not give the pumps and treatment processes enough time to fill reservoirs and distribute to communities. Our bulk drinking water supplier Overberg Water (specific for Caledon) also falls under the same water crisis when loadshedding occurs and is busy with their own interventions to supply water

The expenditure from July, September, up until 11 October 2022 for the hiring of water tanker was R516 462.38 (Incl. VAT). The provisional estimated sum for the hiring of water tankers from 17 October 2022 until 31 October 2022 amounts to R1 572 000.55 (Incl. VAT).

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 in terms of SANS 241

This in turn is becoming a health risk due to lack of water to accommodate proper sanitation services and treatment. Our 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 "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 4 generators with Change-over Switches (to run automatically when loadshedding 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. We requested the one quotation as there is currently a huge need for generators all over the Western Cape and is this infrastructure becoming a scarce commodity.

3. DISCUSSION

Considering the current water situation in Caledon as well as Grabouw and the obligation of the municipality to supply water to the community, action was immediate required to fulfil its mandatory obligations. The municipality would have been under greater threat was extra support not provided.

4. LEGAL RESPONSIBILITIES

Section 29 of the MFMA allows the Mayor to authorize unforeseeable and unavoidable expenditure for which no provision was made in the approved budget provided that it is an emergency or any other exceptional circumstances.

The expenditure could not have been foreseen at the time the annual budget of the municipality was passed;

It is further stated that if the Mayor has approved any unforeseen and unavoidable expenditure, this must be reported by the Mayor to Council at its next meeting and must be appropriated in an adjustments budget which must be passed within 60 days after the expenditure was incurred.

5. FINANCIAL IMPLICATIONS

Capital Expenditure

R 457 302.50 (Incl. VAT) – Change Over Switches
R 186 350.89 (Incl. VAT) – Borehole Pump

Total Operatin Expenditure

Contracted Services: Lease of Generators Caledon	632,461		2	1,264,921	1,264,921
Contracted Services: Diesel 4MEG	46,082		2	46,080	
Contracted Services: Diesel Ovies	50,874		2	101,748	
Contracted Services: Diesel Bsronsbos	50,874		2	101,748	351,324
Contracted Services: Diesel Badskop	50,874		2	101,748	
Contracted Services: Security Services Caledon	686,400		2	1,372,800	1,372,800
Contracted Services: Hiring of Water Tankers	77,765	July 202		77,765	
	104,250	Septemeber 2022		104,250	449,098
	267,083	01 - 11 October 2022		267,083	
Contracted Services: Hiring of Water Tankers	1,366,957	17 - 31 October 2022		1,366,957	
		November 2022 (Half month			1,366,957
		December 2022			
Total Caledon					4,805,100
Contracted Services: Security Services Grabouw	1,242,000	October 2022		1,242,000	
	1,330,000	November 2022		1,330,000	2,572,000
		December 2022			
Contracted Services: Lease of Generators Grabouw	435,693		1	435,693	
	957,402		2	1,914,803	2,350,497
Contracted Services: Securit / TWK	817,020			817,020	4,922,497
Total TWK Security					817,020
					817,020
					10,544,617

Total Capital Expenditure – R 643 653.39 (Excl. VAT)
Total Estimated Operational Expenditure – R 10 544 617.00 (Excl. VAT)
TOTAL – R 11 188 270.39 (Excl. VAT)
R12 866 510.95 (Inc. VAT)

6. RECOMMENDATION

It is recommended:

- **That the Executive Mayor approve this expenditure as unforeseen and unavoidable,**
- **That the unforeseen and unavoidable expenditure be appropriated as an adjustment in the current budget, and**
- **That the Mayor report such an expenditure within 60 days to the Council.**

I, D.M. Damons take cognisance of the need to procure a portable pump and the placement of 3 generators to ensure continuous water supply to Goudan.

Take cognisance:

Date : 18/10/22

Mr D. Damons
Deputy Director Technical and Infrastructure Implementation Services

Take cognisance:

Date: 18.10.2022

Mr W Solomons-Johannes
Director Community Services

Take cognisance:

Date: 18/10/2022

Mr A Riddles
Act. CFO

Recommended by:

Date: 18/10/2022

Mr. B Ngubo
Act. Municipal Manager

Approved by:

Date: 18/10/20

Mr K Papier
Executive Mayor

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:

4. 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.

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.

290

ANEXC

2022-10-28

23925

2022-10-28

THEEWATERSKLOOF MUNISIPALITEIT

S00272

SISWA TRADING & PROJECTS

Datum : **28/10/2022**

Tjek nr.: **CASHFOCUS**

Besonderhede van Betaling/Details of payment :

780436,00

780436,00

Belasting		Posnommer					Bedrag
Inklusief	**Eksklusief**						
							780436,00

Besonderhede van uitgawe Ek/Ons sertifiseer dat geen vorige betaling in nagegaan en gekontroleer hierdie verband gemaak is nie.

780436,00

Direkteur : Finansies

G LAKAY
Opgestel deur

Nagesien deur

291

INVOICE

Siswa Trading and Project

ISSUED TO

Theewaterskloof Municipality

Telephone +27(28) 214 3300
16 Plein Street, Caledon, 7230

INVOICE
#INV-000001

DATE ISSUED
26.10.2022

DESCRIPTION	HOURS	RATE	TOTAL
Hire of Watertank Truck No.1 – Normal Time 8.10.22 & 15.10.22	163	R 1300	R 211 900
Hire of Watertank Truck No.1 – Overtime & Saturdays 8.10.22 & 15.10.22	46	R 1350	R 62 100
Hire of Watertank Truck No.1 – Sunday Overtime 9.10.22 & 16.10.22	46	R 1420	R 65 320
Hire of Watertank Truck No.2 – Normal Time 10.10.22 -14.10.22 & 17.10.22 – 18.10.22	163	R 1300	R 211 900
Hire of Watertank Truck No.1 – Overtime & Saturdays 8.10.22 & 15.10.22	46	R 1350	R 62 100
e of Watertank Truck No.1 – Sunday Overtime .10.22 & 16.10.22	46	R 1420	R 65 320

APPROVED

Approval Date: 26.10.2022

SUBTOTAL	R 678 640
VAT(15%)	R 101 796
TOTAL	R 780 436

PAYMENT DETAILS :

Thanks for your business.
BANK DETAILS
BANK NAME: ABSA
ACCOUNT NAME: SISWA TRADING & PROJECT
ACCOUNT NUMBER: 4092115679
Branch Code : 632005

Company ID : 2007/241546/23
VAT : 4020285971
15994 JIKIZINTO STREET BLOEKOMBOS
KRAAIFONTEIN 7570 South Africa

2022-11-04

ANNEXD 23961

292

2022-11-04

THEEWATERSKLOOF MUNISIPALITEIT

S00272

SISWA TRADING & PROJECTS

Datum : **04/11/2022**

Tjek nr.: **CASHFOCUS**

Besonderhede van Betaling/Details of payment :

	1294992,00
	1294992,00

Belasting		Posnommer	Bedrag
Inklusief	**Eksklusief**		
			1294992,00
			1294992,00

Besonderhede van uitgawe Ek/Ons sertifiseer dat geen vorige betaling in nagegaan en gekontroleer hierdie verband gemaak is nie.

Direkteur : Finansies

G LAKAY
Opgestel deur

Nagesien deur

293

INVOICE

Siswa Trading and Project

ISSUED TO

Theewaterskloof Municipality

Telephone +27(28) 214 3300
16 Plein Street, Caledon, 7230
VAT No. 4000846248

INVOICE
#INV-000002

DATE ISSUED
01.11.2022

DESCRIPTION	HOURS	RATE	TOTAL
Hire of Watertank Truck No.1 - Normal Time 03.10.22 - 07.10.22 & 17.10.2022 - 19.10.2022	192	R 2180	R 418 560
Hire of Watertank Truck No.1 - Overtime & Saturdays 01.10.22	24	R 2920	R 70 080
Hire of Watertank Truck No.1 - Sunday Overtime 02.10.22	24	R 3100	R 74 400
Hire of Watertank Truck No.2 - Normal Time 03.10.22 - 07.10.22 & 17.10.2022 - 19.10.2022	192	R 2180	R 418 560
Hire of Watertank Truck No.1 - Overtime & Saturdays 01.10.22	24	R 2920	R 70 080
Hire of Watertank Truck No.1 - Sunday Overtime 02.10.22	24	R 3100	R 74 400

Wilfred Schrevian Evan Solomons-Johannes

Digitally signed by Wilfred Schrevian Evan Solomons-Johannes
Date: 2022.11.04 13:42:00 +02'00'

APPROVED

SUBTOTAL	R1 126 080
VAT(15%)	R 168 912
TOTAL	R 1294 992

PAYMENT DETAILS :

Thanks for your business.
BANK DETAILS
BANK NAME: ABSA
ACCOUNT NAME: SISWA TRADING & PROJECT
ACCOUNT NUMBER : 4092115679
Branch Code : 632005

Company ID : 2007/241546/23
VAT 4020285971
15994.JIKIZINTO STREET BLOEKOMBOS
KRAAIFONTEIN 7570 South Africa

294

2022 -11- 24

ANNEXE 24-278

2022 -11- 24

THEEWATERSKLOOF MUNISIPALITEIT

S00272 A

SISWA TRADING & PROJECTS

Datum : **23/11/2022**

Tjek nr.: **CASHFOCUS**

Besonderhede van Betaling/Details of payment :

	767510,00
	767510,00

Belasting		Posnommer					Bedrag
Inklusief	**Eksklusief**						
							767510,00
							A 767510,00

Besonderhede van uitgawe nagegaan en gekontroleer

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

Direkteur : Finansies

G LAKAY
Opgestel deur

Nagesien deur

295

INVOICE

Siswa Trading and Project

ISSUED TO

Theewaterskloof Municipality

Telephone +27(28) 214 3300
16 Plein Street, Caledon, 7230
VAT No. 4000846248

INVOICE
#INV-000003

DATE ISSUED
10.11.2022

DESCRIPTION	HOURS	RATE	TOTAL
Hire of Watertank Truck No.1 - Standing Time (12 hrs x 31 days) 19.10.2022 - 18.11.2022	372	R680	R252 960
Hire of Watertank Truck No.2 - Standing Time (12 hrs x 31 days) 19.10.2022 - 18.11.2022	372	R680	R252 960
Living Out Allowance 19.10.2022 - 18.11.2022	1	R35 000	R35 000
Security - Night Shift (Normal Time) 19.10.2022 - 21.10.2022 & 24.10.2022 - 28.10.22 & 31.10.2022 - 04.11.2022 & 07.11.2022 - 11.11.2022 & 14.11.2022 - 18.11.2022	276	R300	R82 800
Security - Night Shift (Overtime & Saturday) 22.10.2022 & 29.10.2022 & 05.11.2022 & 12.11.2022	48	R420	R20 160
Security - Night Shift (Sunday Overtime) 23.10.2022 & 30.10.2022 & 06.11.2022 & 13.11.2022	48	R490	R23 520

Wilfred Schrevian Evan Solomons-Johannes

Digitally signed by Wilfred Schrevian Evan Solomons-Johannes
Date: 2022.11.23 07:48:52 +02'00'

Approved based on the appointment letter and the activation of the service by Sergio Francis the Acting Manager: SCM as attached appointment letter.

SUBTOTAL	R 667 400
VAT(15%)	R 100 110
TOTAL	R 767 510

PAYMENT DETAILS :

Thanks for your business.
BANK DETAILS
BANK NAME: ABSA
ACCOUNT NAME: SISWA TRADING & PROJECT
ACCOUNT NUMBER: 4092115679
Branch Code : 632005

Company ID : 2007/241546/23
VAT : 4020285971
15994.JIKIZINTO STREET BLOEKOMBOS
KRAAIFONTEIN 7570 South Africa

296 2022-12-22

ANNEX F 24695

2022 22

THEEWATERSKLOOF MUNISIPALITEIT

S00272

SISWA TRADING AND PROJECTS

Datum : 22/12/2022

Tjek nr.: CASHFOCUS

Besonderhede van Betaling/Details of payment :

Betaling	821 123,00
	821 123,00

Belasting		Posnommer	Bedrag
Inklusief	**Eksklusief**		
			821 123,00
			821 123,00

Besonderhede van uitgawe nagegaan en gekontroleer

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

0,00

Direkteur : Finansies

J HOFFMAN
Opgestel deur

Nagesien deur

297

INVOICE

Siswa Trading and Project

ISSUED TO

Theewaterskloof Municipality

Telephone +27(28) 214 3300
16 Plein Street, Caledon, 7230
VAT No. 4000846248

INVOICE
#INV-000004

DATE ISSUED
20.12.2022

DESCRIPTION	HOURS	RATE	TOTAL
Hire of Watertank Truck No.1 - Standing Time (12 hrs x 30 days) **19.11.2022 - 18.12.2022**	360	R680	R244 800
Hire of Watertank Truck No.2 - Standing Time (12 hrs x 31 days) **19.11.2022 - 18.12.2022**	360	R680	R244 800
Living Out Allowance **19.11.2022 - 18.12.2022**	1	R35 000	R35 000
Security - Night Shift (Normal Time) **21.11.2022 - 25.11.2022 & 28.11.2022 -02.12.2022 & 05.12.2022 - 09.12.2022 & 12.12.2022 - 15.12.2022**	228	R410	R93 480
Security - Night Shift (Overtime & Saturday) **19.11.2022 & 26.11.2022 & 03.12.2022 & 10.12.2022 & 17.12.2022**	60	R615	R36 900
curity - Night Shift (Sunday Overtime) **.11.2022 & 27.11.2022 & 04.12.2022 & 11.12.2022 & 18.12.2022**	60	R820	R49 200
Security - Night Shift (Public Holiday) **16.12.2022**	12	R820	R 9 840
		SUBTOTAL	R 714 020
		VAT(15%)	R 107 103
		TOTAL	R 821 123

PAYMENT DETAILS :

Thanks for your business.
BANK DETAILS
BANK NAME: ABSA
ACCOUNT NAME: SISWA TRADING & PROJECT
ACCOUNT NUMBER : 4092115679
Branch Code : 632005

Company ID : 2007/241546/23
VAT : 4020285971
15994.JIKIZINTO STREET BLOEKOMBOS
KRAAIFONTEIN 7570 South Africa

298

ANNEX G 25070

2023 -01- 2 6

THEEWATERSKLOOF MUNISIPALITEIT

S00272 ∧

SISWA TRADING AND PROJECT

Datum : **27/01/2023**

Tjek nr.: **CASHFOCUS**

Besonderhede van Betaling/Details of payment :

	879428,00
	879428,00

Belasting		Posnommer					Bedrag
Inklusief	**Eksklusief**						
							879428,00

Besonderhede van uitgawe Ek/Ons sertifiseer dat geen vorige betaling in hierdie verband gemaak is nie.
nagegaan en gekontroleer

∧ **879428,00**

Direkteur : Finansies

GH LAKAY
Opgestel deur

Nagesien deur

299

INVOICE

Siswa Trading and Project

ISSUED TO

Theewaterskloof Municipality

Telephone +27(28) 214 3300
16 Plein Street, Caledon, 7230
VAT No. 4000846248

FINANCE

INVOICE
#INV-000005

DATE ISSUED
18.01.2023

DESCRIPTION	HOURS	RATE	TOTAL
Hire of Watertank Truck No.1 - Standing Time (12 hrs x 30 days) **19.12.2022 - 18.01.2023**	372	R680	R252 960
Hire of Watertank Truck No.2 - Standing Time (12 hrs x 31 days) **19.12.2022 - 18.01.2023**	372	R680	R252 960
Living Out Allowance **19.12.2022 - 18.01.2023**	1	R62 000	R62 000
Security - Night Shift (Normal Time) **19.12.2022 - 23.12.2022 & 28.12.2022 - 30.12.2022 & 03.01.2023 - 06.01.2023 & 09.01.2023 - 13.12.2023 & 16.01.2023 - 18.01.2023**	240	R410	R98 400
Security - Night Shift (Overtime & Saturday) **24.12.2022 & 31.12.2022 & 07.12.2023 & 14.12.2023**	48	R615	R29 520
Security - Night Shift (Sunday Overtime) **25.12.2023 & 01.01.2023 & 08.01.2023 & 15.01.2023**	48	R820	R39 360
Security - Night Shift (Public Holiday) **26.12.2022 & 27.12.2022 & 02.01.2023**	36	R820	R 29 520
		SUBTOTAL	R 764 720
		VAT(15%)	R 114 708
		TOTAL	R 879 428

Approved : 26/01/2023
M A E. Solomons Acting MM.

PAYMENT DETAILS :

Thanks for your business.
BANK DETAILS
BANK NAME: ABSA
ACCOUNT NAME: SISWA TRADING & PROJECT
ACCOUNT NUMBER : 4092115679
Branch Code : 632005

0175100600000

Company ID : 2007/241546/23
VAT : 4020285971
15994 JIKIZINTO STREET BLOEKOMBOS
KRAAIFONTEIN 7570 South Africa

Goods Received Notices (GRN) - Capture

Financial Period
Fin Year 2223
Fin Month 2301

GRN Details
Receive Number R0012907
Date 20230126
Invoice Number INV-000005

Supplier Information
S00272 SISWA TRADING AND PROJECTS

Capture Information
Captured By GARRICKLA
Approved By
Updated No
GRN Total 879,428.00+

SeqNo	Order No	Expenditure	Store	Fin Source	Comp	Quantity	VAT	Amount	Excl	Escalation Invoice	Date	Delete
						0	0	0			0	
1		017510060000				1.00+	0	879,428.00+	No		0	
					Calculated Amounts :		114,708.00+	764,720.00+				

Submit for Approval

Screen successfully displayed

301

ANNEX H

2023 -02- 09

25185

2023 -02- 09

THEEWATERSKLOOF MUNISIPALITEIT

S00272 A

SISWA TRADING AND PROJECT

Datum : **09/02/2023**

Tjek nr.: **CASHFOCUS**

Besonderhede van Betaling/Details of payment :

	1535365,00
	1535365,00

Belasting		Posnommer					Bedrag
Inklusief	**Eksklusief**						
							1535365,00
							1535365,00

Besonderhede van uitgawe Ek/Ons sertifiseer dat geen vorige betaling in hierdie verband gemaak is nie.
nagegaan en gekontroleer

Direkteur : Finansies

GH LAKAY
Opgestel deur

Nagesien deur

Wilfred Schrevian Evan Solomons-Johannes

Digitally signed by Wilfred Schrevian Evan Solomons-Johannes
Date: 2023.02.08 20:18:17 +02'00'

302 KM12 1

INVOICE

Siswa Trading and Project

W.S.E. Solomons-Johannes

APPROVED

ISSUED TO

Theewaterskloof Municipality

Telephone +27(28) 214 3300
16 Plein Street, Caledon, 7230
VAT No. 4000846248

INVOICE
#INV-000006

DATE ISSUED
08.02.2023

DESCRIPTION	HOURS	RATE	TOTAL
Hire of Watertank Truck No.1 - Normal Time 19 January 2023 - 31 January 2023	77	R 1580	R 121 660
Hire of Watertank Truck No.1 - Saturdays & Overtime 21 January 2023 & 28 January 2023	81	R 1660	R 134 460
Hire of Watertank Truck No.1 - Sunday Overtime 22 January 2023 & 29 January 2023	32	R 1680	R 57 120
Hire of Watertank Truck No.2 - Normal Time 19 January 2023 - 31 January 2023	78	R 1580	R 123 240
Hire of Watertank Truck No.2 - Saturday & Overtime 21 January 2023 & 28 January 2023	57	R 1660	R 94 620
Hire of Watertank Truck No.2 - Sunday Overtime 22 January 2023 & 29 January 2023	31	R 1680	R 52 080
Hire of Watertank Truck No.3 - Normal Time 19 January 2023 - 31 January 2023	79	R 1580	R 124 820
Hire of Watertank Truck No.3- Saturday & Overtime 21 January 2023 & 28 January 2023	79	R 1660	R 124 500
Hire of Watertank Truck No.3 - Sunday Overtime 22 January 2023 & 29 January 2023	32	R 1680	R 53 760
Hire of Watertank Truck No.4 - Normal Time 19 January 2023 - 31 January 2023	74	R 1580	R 116 920
Hire of Watertank Truck No.4- Saturday & Overtime 21 January 2023 & 28 January 2023	69	R 1660	R 114 540
Hire of Watertank Truck No.4 - Sunday Overtime 22 January 2023 & 29 January 2023	31	R 1680	R 52 080
Hire of Watertank Truck No.5- Normal Time 19 January 2023 - 31 January 2023	74	R 1580	R 116 920
Hire of Watertank Truck No.5 - Saturday & Overtime 21 January 2023 & 28 January 2023	69	R 1660	R 114 540
Hire of Watertank Truck No.5 - Sunday Overtime	31	R 1680	R 52 080
		SUBTOTAL	R 1 335 100
		VAT(15%)	R 200 265
		TOTAL	R 1 535 365

MUNICIPALITY FINANCIES FINANCE 2023 -02- 08 MUNICIPALITY

PAYMENT DETAILS

Thanks for your business.
BANK DETAILS
BANK NAME: ABSA
ACCOUNT NAME: SISWA TRADING & PROJECT
ACCOUNT NUMBER: 4092115679
Branch Code: 632005

Company ID: 2007/241546/23
VAT: 4020285971
15994 JIKIZINTO STREET BLOEKOMBOS KRAAIFONTEIN 7570
South Africa

Production

GARRICK LAKAY

09 FEBRUARY 2023 13:06

Invoices - Capture

Financial Period

n Year 2223

n Month 2302

Invoice Details

Number INV-000006

Date 20230208

Loan

Supplier Information

S00272 SISWA TRADING AND PROJECTS

EFT Reference

Payment Method Default

Capture Information

Captured By GARRICKLA

Approved By

Updated No

Invoice Total 1,535,365.00+

303

eq	Order No	GRN No	Expenditure	Posting Description	Store	Fin Source	Comp	Quantity	VAT	Amount (Incl)	Excl	Retention	Delete
								0	0	0		N/A	0
1		R0013572	017510060000	Bulk Purchases - Electric				1.00+	0	1,535,365.00+	No	N/A	0
								Calculated Amounts	200,265.00+	1,335,100.00+			

Submit for Approval

ıvoice INV-000006 is successfully submitted for authorization

Garrick Lakay

From:	Wilfred Solomons-Johannes
Sent:	Wednesday, 08 February 2023 20:19
To:	Sergio Francis
Cc:	Garrick Lakay
Subject:	SISWA TRADING & PROJECTS: INVOICE 000006
Attachments:	20230208 INV000006_Siswa Trading Project Invoice WSESJ.pdf

Dear Sergio; Garrick:

ATTACHED hereto find signed Invoice No. 000006 from Siswa Trading and Projects.

Kind Regards

Wilfred Schrevian Evan Solomons-Johannes
Director: Community Services
Theewaterskloof Municipality
Tel: 028 214 4211 or 028 214 3300
Cell: 084 711 7709 or 072 315 8898
E-mail: WilfredSo@twk.gov.za | Website: www.twk.gov.za

Theewaterskloof
Municipality

From: Sergio Francis <sergiofr@twk.gov.za>
Sent: 08 February 2023 19:50
To: Wilfred Solomons-Johannes <wilfredso@twk.gov.za>
Cc: Garrick Lakay <garrickla@twk.gov.za>
Subject:

Good day

Hope all is well

Please see above attached invoice from Siswa projects

Kind regards

Sergio Francis

Garrick Lakay

From: Sergio Francis
Sent: Thursday, 09 February 2023 09:52
To: Garrick Lakay; Lloyd Mash
Cc: Petula Fortuin
Subject: RE: RE: INVOICE INV-000006

Hi Garrick

The services were for Villiersdorp

From: Garrick Lakay <garrickla@twk.gov.za>
Sent: Thursday, 09 February 2023 09:50
To: Lloyd Mash <mashlloyd@gmail.com>
Cc: Sergio Francis <sergiofr@twk.gov.za>; Petula Fortuin <petulafo@twk.gov.za>
Subject: FW: RE: INVOICE INV-000006
Importance: High

Good day,

Kindly email me invoice INV-000006 with the specific area/s where you service was provided.

Kind regards,
Garrick Lakay
Principle Clerk: Creditors
Theewaterskloof Municipality
028 214 3300
Jeremiah 29:11
"It always seems impossible until it is done!"
"The greatest are yet to come and that is inevitable."

Theewaterskloof
Municipality

306 -02-27
ANNEXI
25415

2023-02-27

THEEWATERSKLOOF MUNISIPALITEIT

S00272

SISWA TRADING AND PROJECT

Datum : **27.02.2023**

Tjek nr.: **CASHFOCUS**

Besonderhede van Betaling/Details of payment :

	1,306,262.00
	1,306,262.00

Belasting		Posnommer	Bedrag
Inklusief	**Eksklusief**		
			1,306,262.00

Besonderhede van uitgawe Ek/Ons sertifiseer dat geen vorige betaling in nagegaan en gekontroleer hierdie verband gemaak is nie.

1,306,262.00

Direkteur : Finansies

J ANDRIES
Opgestel deur

Nagesien deur

R 0014 350

307

INVOICE

SISWA TRADING AND PROJECT

ISSUED TO

Theewaterskloof Municipality

Telephone +27(28) 214 3300

16 Plein Street, Caledon, 7230

VAT No. 4000846248

Invoice

#INV – 000007

DATE ISSUED

24.02.2023

DESCRIPTIONS	ITEM	HOURS	RATE	TOTAL
Hire of watertanks - Normal time 30.01.23 - 03.02.23, 06.02.23 - 10.02.23	5	305	R1 580	R481 900
Hire of Watertanks – Saturday and Overtime 30.01.23 – 10.02.23	5	188	R1 660	R312 080
Hire of Watertanks – Sundays 05.02.23	5	45	R1 680	R75 600
Security – Night shift(Normal) 10.02.23 – 24.02.23	1	132	R240	R31 680
Hire of Watertanks – standing time 10.02.23 – 24.02.23	5	180	R680	R122 400
Leaving out allowance 10.02.23 – 24.02.23	1	1	R95 000	R95 000
Security –Night shift (Sundays) 12.02.23 – 19.02.23	1	12	R820	R9 840
Security – Night shift (Saturday) 11.02.23 – 18.02.23	1	12	R615	R7 380
		Sub-Total		**1 135 880**
		Tax (15%)		**170 382**
		Total		**1 306 262**

APPROVED

M.A.K. Solomons-Johannes

Wilfred Schrevian Evan Solomons-Johannes

Digitally signed by Wilfred Schrevian Evan Solomons-Johannes
Date: 2023.02.23 16:55:39 +02'00'

Company ID : 2007/241546/23
VAT : 4020285971 15994.
JIKIZINTO STREET BLOEKOMBOS KRAAIFONTEIN
7570
South Africa

TAX INVOICE

SISWA TRADING AND PROJECT

ISSUED TO

Theewaterskloof Municipality

Telephone +27(28) 214 3300
16 Plein Street, Caledon, 7230
VAT No. 4000846248

Invoice
#INV – 000007
DATE ISSUED
24.02.2023

DESCRIPTIONS	ITEM	HOURS	RATE	TOTAL
Hire of watertanks - Normal time 30.01.23 – 03.02.23, 06.02.23 – 10.02.23	5	305	R1 580	R481 900
Hire of Watertanks – Saturday and Overtime 30.01.23 – 10.02.23	5	188	R1 660	R312 080
Hire of Watertanks – Sundays 05.02.23	5	45	R1 680	R75 600
Security – Night shift(Normal) 10.02.23 – 24.02.23	1	132	R240	R31 680
Hire of Watertanks – standing time 10.02.23 – 24.02.23	5	180	R680	R122 400
Leaving out allowance 10.02.23 – 24.02.23	1	1	R95 000	R95 000
Security –Night shift (Sundays) 12.02.23 – 19.02.23	1	12	R820	R9 840
Security – Night shift (Saturday) 11.02.23 – 18.02.23	1	12	R615	R7 380

Sub-Total	**1 135 880**
Tax (15%)	**170 382**
Total	**1 306 262**

BANK DETAILS BANK NAME: ABSA
ACCOUNT NAME: SISWA TRADING & PROJECT
ACCOUNT NUMBER : 4092115679
Branch Code : 632005

Roderica Carels

From: Sergio Francis
Sent: Monday, 27 February 2023 14:56
To: Roderica Carels
Cc: Ashwille Riddles; Garrick Lakay
Subject: Payment 27/02/2023

309

Good day

Hope all is well,

Please use this vote to pay SISWA TRADING PROJECTS :

7010	Water: Distribution	07	7010	0	0155	1	077010001551	Machinery and Equipment (New)	Emergency Municipal Load-Shedding Relief Grant	-	1

Sergio Francis
Supply chain Manager

Theewaterskloof Municipality

THEEWATERSKLOOF MUNICIPALITY
Head Office. Plein Street 6, Caledon, 7230

Tel. 028 214 4926 | **Email.** Sergiofr@twk.gov.za| **Web.** www.twk.gov.za

ITEM TITLE

SECTION 32 COMMITTEE: DIRECTORATE COMMUNITY SERVICES: IRREGULAR EXPENDITURE – SISWA TRADING AND PROJECT

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

The purpose of the report is to inform the Section 32 Committee of the possible irregular expenses incurred during payment of an amount of R 7 385 116.00 to Siswa Trading and Project for the provision of water tankers to various communities in the municipal area as and when the need arose during the period October 2022 to February 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. 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 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. Invoices were submitted by Siswa Trading and Project when they rendered services to the municipality.

DISCUSSION

The water crisis challenged the ability of the municipality provide access to sustainable and safe drinking water during a time when ESKOM rolled out stage six (6) loadshedding and the water service provider for Caledon, Overberg Water was unable to provide water due to loadshedding. The municipality, with the approval of the Executive Mayor sourced the services of Siswa Trading and Project to provide water tankers to Caledon as and when it was necessary to do so.

A total of seven (7) invoices were submitted for payment. The total amount paid by the municipality to service provide was R 7 358 166.00.

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.

LEGAL RESPONSIBILITIES

Section 32 of the MFMA states that any official of a municipality who deliberately or negligently committed, made or authorized an irregular expenditure is liable for that expenditure. A municipality must recover such expenditure from the person liable for that expenditure, unless the irregular expenditure is certified by Council as irrecoverable, after the Section 32 Committee has investigated and recommended it.

Irregular expenditure for the purpose of this item means expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Supply Chain Management policy of the municipality and which has not been condoned in terms of such policy.

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.

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 7 385 116,00 for the financial year 2022/2023 be approved and accepted.

MPAC65/2026

DRAFT ANNEXURE J – MPAC UIFWE RECOVERY RECOMMENDATION REPORT TO COUNCIL

IRREGULAR EXPENDITURE – SISWA TRADING AND PROJECT

1. Purpose of the report

This report is submitted by the Municipal Public Accounts Committee to the Municipal Council in terms of section 32(2) of the Municipal Finance Management Act 56 of 2003 (MFMA).

The purpose of this report is to enable Council to determine whether the UIFWE is recoverable or irrecoverable, whether recovery measures must be pursued, whether the expenditure may be written off, and whether further disciplinary, criminal or other consequence-management action is required.

The report follows the minimum structure contemplated by Annexure J, including section 32(1) and regulation 74 considerations.

2. Summary of the UIFWE case

Type of UIFWE: Irregular expenditure

Financial year: 2022/2023

Amount involved: R7,385,116.00

Department / area: Directorate Community Services – Operations

Case: Appointment of SISWA for water tanker services without a competitive bidding process and without a formal contract.

3. Factual background and events leading to UIFWE

- SISWA was sourced to provide water tanker trucks for water distribution to Caledon communities during the loadshedding-related water crisis.
- An appointment letter dated 23 August 2022 was signed by the Acting Municipal Manager/Accounting Officer. The letter indicated that a formal contract would be established, but the report states that no formal contract could be found.
- Payments listed total R7,385,116.00 between October 2022 and February 2023.
- The Technical Officer queried SISWA regarding the appointment, truck locations, vehicle registration numbers, driver accommodation, security costs and formal contract. The report states that SISWA did not respond to the follow-ups.

- The report records concerns about rates, standing time, living-out allowances and security charges.
- The report states that there were no signed daily logbooks proving the services were delivered.
- The report concludes that the Acting Municipal Manager's failure to follow the prescribed procurement method reflected a lack of due care and that the expenditure appears to have arisen from neglect.

Additional information provided by the Deputy Director: Operations, Mr J Barnard during the MPAC Meeting:

- Question by MPAC – Who authorized each invoice?

Response Mr Barnard – The Director: Community Services, Mr WSE Solomons-Johannes.

- Question by MPAC – Who verified that the trucks actually operated?

Response Mr Barnard – No verification was done.

- Mr Barnard: Questions were raised by Mr JP Williams – Siswa Trading and Project never responded to the emails of Mr Williams. Questions were never answered regarding the information of the trucks.
- Mr Barnard: Appointment letter for plant and equipment was signed by Mr S Francis (SCM Manager), Mr A Riddles (Acting Director: Finance) and Mr B Ngubo (Acting Municipal Manager). Appointment letter did not include security services or living out allowances.
- Mr Barnard: Integrity of invoices have been questioned – double charges; no services rendered; no value for money; no procurement process adhere to; no invoices were verified that the trucks have been delivered (no logbook; living out allowances is never paid by the Municipality but by the service provider); no proper contract; no competitive bidding process was followed; no proper performance measuring of contractor.
- Mr Barnard: 1st invoices issued to Mr Barnard/Mr Williams – start asking questions – did not sign the invoices – invoices were signed off by the Director: Community Services, Mr WSE Solomons-Johannes. No further invoices were provided to Mr Barnard or Willaims for verification or signature. When the AG issued the COMAF, it was the 1st time that it came to his attention that additional invoices were signed off.

4. Identification of persons potentially responsible

- The SCM Manager, (Mr S Francis), the Acting Director: Finance (Mr A Riddles), the Acting Municipal Manager (Mr B. Ngubo) are identified as having signed the appointment letter.

- The Director Community Services (Mr WSE Solomons-Johannes) signed invoices for payment; the report states that the services claimed were not shown to have been properly verified.

The identification above is for the purpose of informing MPAC's section 32 recovery and consequence-management assessment. It does not, by itself, constitute a final finding of misconduct.

5. Section 32(1) test – deliberate or negligent conduct

The report itself makes a section 32(1) negligence finding: The Acting Municipal Manager, as Accounting Officer, the Supply Chain Manager and the Acting Director: Finance failed to comply with the prescribed procurement processes and the conclusion of a contract and the payment-verification failures by the Director: Community Services.

6. Recovery assessment in terms of section 32 and regulation 74

The report does not establish that the full R7,385,116 represents a proven financial loss, because the actual services delivered were not adequately verified although the invoices were signed off. **The current report provides no rational basis for an immediate write-off.**

7. Special considerations for irregular expenditure

- The expenditure is irregular because there were no competitive bidding process and no formal contract.
- Payments were made despite unresolved questions raised by the Technical Officer.
- No signed logbooks were available as proof of delivery.
- Section 29 emergency authorisation covered only the relevant approved period; expenditure outside that period requires separate scrutiny.

8. Disciplinary board referral considerations

The Acting Municipal Manager (Mr B Ngubo); the SCM Manager (Mr S Francis); the Acting Director: Finance (Mr A Riddles) for not ensuring that the procurement processes was followed and a contract was signed and the Director: Community Services (Mr WSE Solomons-Johannes) for not verifying the invoices, a **Disciplinary Board referral for investigation in terms of the Municipal Financial Misconduct Regulations is recommended.**

9. Criminal referral considerations

The current report does not identify criminal conduct at this stage. **No criminal referral is recommended.**

10. Other consequence-management considerations

- Strengthen control over procurement processes and concluding of contracts.
- Strengthen control over the verification of invoices before signature.

11. MPAC recommendation to Council:

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R7 385 116.00 constitutes irregular expenditure.**
2. **Recommends that the irregular expenditure to the amount of R7 385 116.00 not be written off as irrecoverable in terms of section 32 of the MFMA.**
3. **That the irregular expenditure of R 7 385 116.00 be referred to the Disciplinary Board for investigation. (Mr S Francis/Mr A Riddles/Mr B Ngubo for not ensure that procurement processes were followed and a contract signed.) (Mr WSE Solomons-Johannes for signing off the invoices without verification/ for not monitoring the performance of Siswa Trading and Project)**
4. **Does not recommend criminal referral at this stage as no criminal conduct is established.**
5. **Consider the possible recovery of the amount of R 7 385 116.00 as per the evidence given to MPAC by the Deputy Director: Operations, Mr J Barnard, that services were not rendered.**
6. **Notes that the appointment letter of Siswa Trading and Project was only for plant and equipment and not for security services and living out allowances.**
7. **Management be directed to strengthen controls over procurement processes and verification of invoices before signature.**

12. Supporting annexures

- Appointment letter dated 23 August 2022.
- Section 29 memorandum and Council approval.
- All seven payment/invoice annexures listed in the report.

13. Signatures

Prepared by	Municipal Public Accounts Committee
Reviewed by	Municipal Public Accounts Committee
Approved for MPAC submission Cllr A Gana **MPAC CHAIRPERSON**	22/09/2026
MPAC resolution reference	**MPAC65/2026**

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING: 24 AUGUST 2026

MPAC65/2026 DIRECTORATE COMMUNITY SERVICES – OPERATIONS: IRREGULAR EXPENDITURE: SISWA TRADING AND PROJECT

1. If the report finds neglect, why is MPAC being asked merely to consider mitigation controls?
2. Why are there no recovery recommendations?
3. Was the Acting Municipal Manager's conduct referred for financial misconduct investigation?
4. Who authorised each invoice?
5. Who verified that the trucks actually operated?
6. Where are the vehicle logbooks?
7. Are there GPS records?
8. Are there water-delivery records?
9. Who signed as end-user?
10. Why did SISWA not respond to the Technical Officer's requests?
11. What were the actual operating hours of each truck?
12. What were the rates agreed?
13. Why do invoices include standby/security/living-out allowances?
14. Were those allowances contractually authorised?
15. Which payments fell inside the Section 29 authorisation?
16. Which payments fell outside it?

NOTE: Questions were answered during the summary of events provided by the Deputy-Director: Operations, Mr J Barnard, during the MPAC Meeting of 22 September 2026.

MPAC was satisfied with the feedback provided by Mr Barnard.

ITEM HEADING

C2612026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE COMMUNITY SERVICES - OPERATIONS: IRREGULAR EXPENDITURE - WB TIPPER TRUCK AND PLANT

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE / AIM OF REPORT

The purpose of the report is to inform MPAC on irregular expenditures incurred due to non-compliance with the supply chain management processes by WB Tipper Truck and Plant for the 2022/23 financial year.

BACKGROUND

During the 2022/23 financial year, WB Tipper Truck and Plant provide water tanker trucks services to Riviersonderend for the distribution of water to communities. Water provision to communities was interrupted that was caused by loadshedding when ESKOM started implementing loadshedding schedules in 2022 and 2023. It affected the pumping time of water to reservoirs and the volumes of water needed could not keep up with the water demand from the communities.

DISCUSSION

WB Tipper Truck and Plant were appointed without following any SCM process by means of obtaining quotations, prior to their appointment, or through a competitive bidding process as required by Section 19(a) of the Municipal Supply Chain Management Regulations. No deviation process was followed that was approved by the Accounting Officer. This is in contravention of Section 116 of the MFMA. There were no contracts or agreements in place for the service provider to provide these services. Consequently, the transaction constitutes irregular expenditure due to non-compliance with Section 111 and 112 of the MFMA, read with the Municipal SCM Regulations and the Municipality's SCM Policy.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

Failing to follow a competitive SCM process, is in contravention with Section 19(a) of the SCM Regulations and therefore constitutes as an irregular expenditure in terms of Section 1 of the MFMA. The amount of irregular expenditure that was incurred by the payment for the services of WB Tipper Truck was R 995 394.00.

LEGAL IMPLICATIONS (ITEM AUTHOR)

The legal implications of this report are governed by Section 31 of the MFMA, which mandated the identification, reporting and management of unauthorized, irregular, fruitless and wasteful expenditure (UIFWE).

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Payments without formal agreements raise the risk of fictious or inflated transactions. Payments need to be made where there are valid contracts or service level agreements entered into with suppliers and payments of invoices being reviewed against their performance. Without a valid contract, no performance measures are in place to ensure effective contract management. Consequently, the municipality was unable to ensure that services that were provided were procured economically and aligned with planned budgeted procurement of services. It is therefore not possible to verify financial losses that were potentially suffered.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that MPAC considers the report and the proposed mitigation controls.

RECOMMENDATION BY MANAGEMENT TO MPAC: 14 AUGUST 2026

It is recommended that MPAC considerers the report and the mitigation controls that were proposed.

NOTE: Upon the availability of the Council Resolution regarding Material Irregularity, a reconciliation will be done on any overlapsed items to determine the correct financial loss.

Additional information provided by the Deputy Director: Operations, Mr J Barnard during the MPAC Meeting of 22 September 2026:

Mr J Barnard: Not under Section 29 of the MFMA. Long pass the Adjustment Budget. No competitive bidding process / SCM process. No emergency SCM process in terms of Section 36 of the MFMA. No contract or SLA with Theewaterskloof Municipality. Invoices signed off – no proof of verification or log sheets.

Councillor P Stander: The rates charged for 10 days give you a calculation of 9.8 hours every day that the trucks run just in Riviersonderend. Lack of evidence of daily log sheets to determine whether the services were rendered or not.

The content of Annexure J was read out loud during the meeting with the recommendation by MPAC to Council and is attached as annexure.

RECOMMENDATION BY MPAC TO COUNCIL: 22 SEPTEMBER 2026

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R995 394.00 constitutes irregular expenditure.**

2. **Recommends that the irregular expenditure to the amount of R995 394.00 not be written off as irrecoverable in terms of Section 32 of the MFMA.**

3. **That the irregular expenditure to the amount of R995 394.00 be referred to the Disciplinary Board for investigation. (Not a Section 29 of the MFMA process. No competitive bidding process was followed. Not an emergency SCM process in terms of Section 36 of the MFMA. No contract or SLA with Theewaterskloof Municipality. The Director: Community Services, Mr WSE Solomons-Johannes, signed off the invoices without any verification as no log sheets were available.)**

4. **Does not recommend criminal referral at this stage as no criminal conduct is established.**

5. **Management be directed to strengthen controls over procurement processes and verification of invoices before signature.**

MPAC - IRREGULAR EXPENDITURE REPORT

TITLE: COMMUNITY SERVICES – WB TIPPER TRUCK AND PLANT

1. **INTRODUCTION:**

The purpose of this report is to present a report to MPAC on irregular expenditures incurred due to non-compliance with the supply chain management processes for the 2022/2023 financial year. The report will analyse the expenditure incident and the events that led to the irregular expenditure, identifies the responsible officials and outlines the measures taken, or proposed measures to prevent similar recurrences.

2. **LEGAL IMPLICATIONS OF THE REPORT:**

The legal implications of this report are governed by Section 31 of the MFMA, which mandated the identification, reporting and management of unauthorized, irregular, fruitless and wasteful expenditure (UIFWE).

3. **TYPE OF UIFWE APPLICATION TO THIS REPORT:**

The type of UIFWE applicable to this report is an irregular expenditure that was incurred by not following a competitive bidding process in the appointment of a service provider (WB Tipper Truck and Plant)), and the appointment being done without a valid contract.

4. **DISCUSSION OF EVENTS / REASONS THAT LED TO THE UIFWE:**

During the 2022/23 financial year, WB Tipper Truck and Plant provide water tanker trucks services to Riviersonderend for the distribution of water to communities. Water provision to communities were interrupted that was caused by loadshedding when ESKOM start implementing loadshedding schedules in 2022 and 2023. It effected the pumping time of water to reservoirs and the volumes of water needed could not keep up with the water demand from the communities.

WB Tipper Truck and Plant were appointed without following any SCM process by means of obtaining quotations, prior to their appointment, or through a competitive bidding process as required by Section 19(a) of the Municipal Supply Chain Management Regulations. No deviation process was followed that was approved by the Accounting Officer. This is in contravention of Section 116 of the MFMA. There were no contracts or agreements in place for the service provider to provide these services. Consequently, the transaction constitutes irregular expenditure due to non-compliance with Section 111 and 112 of the MFMA, read with the Municipal SCM Regulations and the Municipality's SCM Policy.

The initial report that was submitted to MPAC, indicated that with the approval of the Executive Mayor, the services of WB Tipper Truck and Plant were sourced to provide water tanker services. The report also confirms that no SCM process was followed in the appointment of WB Tipper Truck. Further to this, the report also indicated that the emergency expenditure was authorized by the Executive Mayor in accordance with Section 29 of the MFMA, whereafter the matter was reported to Council and subsequently a Section 28 Adjustment Budget was approved through Council Resolution C 181 of 27 October 2022 in the light of the unforeseen and unavoidable expenditure.

As part of managing the water crisis, a memorandum was submitted on 12 October 2022 from the Acting MM at the time, Mr Ngubo (Acting MM) to the Executive Mayor, requesting approval for

unforeseen and unavoidable expenditure, including for the hiring of water tanker trucks for Caledon. According to the Memo, the expenditure that was incurred from July, September up to 11 October 2022 for the hiring of water tanker trucks was R 516 462.38 (Including VAT). The provisional estimated expenditure for the hiring of water tanker trucks from 17 to 31 October 2022 amounts to R 1 572 000.55) (Including VAT).

As mentioned above, Section 29 (1) of the MFMA allows the Executive Mayor to authorize any unforeseeable and unavoidable expenditure for which no provision was made in the approved budget, provided that it is an emergency or any other exceptional circumstances. The expenditure could not have been foreseen at the time with the approval of the 2022/23 annual budget. The total amount that was approved on 27 October 2022 for the hiring of water tanker trucks for Caledon (not Riviersonderend), through the Section 29 process were:
July 2022 – R 77 765
September 2022 – R 267 083
October 2022 – R 1 386 957
Total – R 1 816 055

The appointment of WB Tipper Truck for the hiring of water tanker trucks for Riviersonderend, and the expenditure incurred was not part of the Section 29 process. The services that WB Tipper Truck were paid for, was in delivered from 7 March to 17 March 2023, and from 18 March to 31 March 2023. The expenditures incurred by WB Tipper Truck, was not supported through the Section 29 process for the hiring of water tanker trucks. Therefore, the expenditure cannot be justified as an emergency under the Section 29 process of October 2022.

Invoices that were submitted by WB Tipper Trucks for payments was:
Hiring of water tanker trucks 7 to 17 March 2023 – R 420 152.50
Hiring of water tanker trucks 18 – 31 March 2023 -R 575 241.50
Total amount paid on 31 May 2023 was R 995 394.00

Services that were claimed was for the hiring of 2 x water tanker trucks for normal time, Saturday and Sunday overtime. It was noticed from the 2 x tax invoices that was submitted for payment, that the rates per hour differ from the one tax invoice to the other. Although this report focused on the causes of the irregular expenditure that was incurred, the integrity of the invoices needs to be noted. Unfortunately, without a proper contract it is very difficult to manage a service provider, as the contract will establish the conditions and rates for the services that needs to be delivered. No evidence could be found that the services were provided by means of a logbook that was signed daily by the driver and a representative of the municipality when the truck commence and complete the work.

5. OFFICIALS RESPONCIBLE FOR THE UIFWE INCURRED:

According to the MFMA the Municipal Manager acts as the Accounting Officer and is task with core duties, that includes the preventing of unauthorized or wasteful expenditure. The CFO is responsible for oversight in terms of Section 81 of the MFMA to ensure that SCM processes are adhere to and that deviations are promptly documented and approved.

The invoices were signed off by the Director Community Services, for payment. The invoices were not properly verified as rates differ from the one tax invoice to the other. No proof of a signed logbook as proof that the services were delivered.

6. WHY IS THE EXPENDITURE AN IRREGULAR EXPENDITURE:

The appointment of WB Tipper Trucks did not comply with the SCM procedures and prescripts, as neither a competitive SCM process nor a formal deviation process was followed and approved by the Municipal Manager.

Failing to follow a competitive SCM process, is in contravention with Section 19(a) of the SCM Regulations and therefore constitutes as an irregular expenditure in terms of the Section 1 of the MFMA. The amount of irregular expenditure that was incurred by the payment for the services of WB Tipper Truck were R 995 394.00.

7. CONCIDERATION OF DELIBERATE OR NEGLIGENT CONDUCT RELATING TO UIFWE INCURRED:

Section 32 of the MFMA requires that consideration be given to whether irregular expenditure was incurred because of deliberate or negligent actions or inaction by an official. The assessment is necessary to support the determination of liability and the appropriate consequence management response.

The information and facts presented in this report indicated that the appointment of WB Tipper Truck for the hiring of water tanker trucks was not conducted in accordance with the prescribed SCM requirements. The appointment of WB Tipper Truck was done without a competitive bidding process nor a deviation process. These requirements form part of the Municipal SCM framework and are controlled measures that is applicable to all qualifying transactions.

The failure to follow a competitive procurement process and the absence of an approved deviation indicate a breakdown in the application of the required financial controls. The MM, acting as Accounting Officer, and CFO as an oversight responsibility, need to ensure that the appropriate procurement governance was exercised.

The MM, as Accounting Officer, fail to comply with the prescribed procurement methods, and reflect a lack of due care in executing his responsibilities.

On the balance of probabilities, the irregular expenditure appears to have arisen from his neglect action. The conduct reflects a lapse in control and compliance oversight.

8. MITIGATING CONTROLS TO PREVENT A SIMILAR UIFWE IN FUTURE:

To prevent similar irregular expenditure in the future, the following mitigating controls need to be implemented:

1. Reinforce SCM training for all relevant officials, focussing on prescribed procurement processes.
2. Introduced a mandatory checklist and approval workflows for SCM procurement and deviation processes in the financial system.
3. Require mandatory IA to conduct quarterly SCM compliance audits and report findings to the MPAC.
4. Embedded SCM compliance verifications into both the original and adjustment budget processes.

9. CONFIRMATION BY AUTHER:

I, Jan Barnard, confirm that the information contained in this report is a true and accurate reflection of the facts as they are known. This report is based on validated data to ensure reliability and accuracy.

10. ANNEXURES:

Annexure A – Original report submitted to MPAC / Council SC37/2023
Annexure B – Section 29 Memorandum
Annexure C – Copy of Council Resolution C181/2022
Annexure D – Payment of R 995 394.00

11. CONCLUSION OF THE REPORT:

In conclusion, the report highlights the irregular expenditure resulting from non-compliance with the SCM process, the event that led to it, and the actions taken to address it. The analysis provided aims to ensure accountability and transparency, within the municipality's financial management practices.

12. REFERAL OF REPORT TO MPAC:

This report is hereby referred to the MPAC for its UIFWE assessment as contemplated in Section 32(2) of the MFMA.

REPORT COMPILED BY	DATE	DESIGNATION	SIGNATURE
J Barnard	12/8/26	DD Operates	

REPORT APPROVED BY	DATE	DESIGNATION	SIGNATURE
WF Hendricks	12/08/26	Municipal Manager	

REPORT AUTHORIZED FOR MPAC BY	DATE	DESIGNATION	SIGNATURE
WF Hendricks	14/08/26	Municipal Manager	

ITEM TITLE

SC37/2023 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 was 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 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 was 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 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 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.

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 995 394,00 for the financial year 2022/2023 be approved and accepted.

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

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.

ANNEXURE A

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	
Signature of Director Concerned	Date 07.06.2023

ANNEXURE A

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	
Signature of the Director concerned	Date 07.06.2023

20

General Comments and findings of the Municipal Manager	
Approved	
Signature of the Municipal Manager	Date 07.06.2023

ANNEX B

Municipality

Enquiries: Mr Sergio Francis

Theewaterskloof Municipality Head Office
6 Plein Street
P.O.Box 24
Caledon
7230
Telephone: +27 (28) 2149300
Fax: +27 (28) 2141289
Website: www.twk.org.za

MEMORANDUM

TO : **Mr K Papier – Executive Mayor**

FROM : **Mr Boy Ngubo – Acting Municipal Manager**

DATE : **12 October 2022**

REQUEST FOR APPROVAL FOR UNFORSEEN AND UNAVOIDABLE EXPENDITURE: LEASE OF GENERATORS, PURCHASE OF PUMP, SECURITY, AUTOMATIC SWITCH OVER CHANGES, HIRING OF WATER TANKERS AND DIESEL FOR GENARATORS

Dear Executive Mayor,

1. **PURPOSE**

To submit a report to the Mayor to approve the unforeseen and unavoidable expenditure that is required to sustain water supply in Caledon due to unforeseen pump failures and water purification plant inadequacies.

2. **BACKGROUND**

The National Loadshedding program caused the municipal Water Treatment and Wastewater Treatment infrastructure including pumps and distribution to shutdown, which in turn means no drinking water and no sanitation services for the consumers of TWKM.

ESKOM introduced Stage 6 Loadshedding during this time which means shutdowns of up to 4 hours per loadshedding timeslot, 3 times per day. This does not give the pumps and treatment processes enough time to fill reservoirs and distribute to communities. Our bulk drinking water supplier Overberg Water (specific for Caledon) also falls under the same water crisis when loadshedding occurs and is busy with their own interventions to supply water

The expenditure from July, September, up until 11 October 2022 for the hiring of water tanker was R516 462.38 (Incl. VAT). The provisional estimated sum for the hiring of water tankers from 17 October 2022 until 31 October 2022 amounts to R1 572 000.55 (Incl. VAT).

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 in terms of SANS 241

This in turn is becoming a health risk due to lack of water to accommodate proper sanitation services and treatment. Our 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 "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 4 generators with Change-over Switches (to run automatically when loadshedding 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. We requested the one quotation as there is currently a huge need for generators all over the Western Cape and is this infrastructure becoming a scarce commodity.

3. DISCUSSION

Considering the current water situation in Caledon as well as Grabouw and the obligation of the municipality to supply water to the community, action was immediate required to fulfil its mandatory obligations. The municipality would have been under greater threat was extra support not provided.

4. LEGAL RESPONSIBILITIES

Section 29 of the MFMA allows the Mayor to authorize unforeseeable and unavoidable expenditure for which no provision was made in the approved budget provided that it is an emergency or any other exceptional circumstances.

The expenditure could not have been foreseen at the time the annual budget of the municipality was passed;

It is further stated that if the Mayor has approved any unforeseen and unavoidable expenditure, this must be reported by the Mayor to Council at its next meeting and must be appropriated in an adjustments budget which must be passed within 60 days after the expenditure was incurred.

5. FINANCIAL IMPLICATIONS

Capital Expenditure

R 457 302.50 (Incl. VAT) – Change Over Switches
R 186 350.89 (Incl. VAT) – Borehole Pump

Total Operatin Expenditure

Contracted Services: Lease of Generators Caledon	632,461		2	1,264,921	1,264,921
Contracted Services: Diesel 4MEG	46,082		2	46,080	
Contracted Services: Diesel Ovies	50,874		2	101,748	
Contracted Services: Diesel Baronsbos	50,874		2	101,748	351,324
Contracted Services: Diesel Badskop	50,874		2	101,748	
Contracted Services: Security Services Caledon	686,400		2	1,372,800	1,372,800
Contracted Services: Hiring of Water Tankers	77,765	July 202		77,765	
	104,250	Septemeber 2022		104,250	449,098
Contracted Services: Hiring of Water Tankers	267,083	01 - 11 October 2022		267,083	
	1,366,957	17 - 31 October 2022		1,366,957	
		November 2022 (Half month)			1,366,957
		December 2022			
Total Caledon					4,805,100
Contracted Services: Security Services Grabouw	1,242,000	October 2022		1,242,000	
	1,330,000	November 2022		1,330,000	2,572,000
		December 2022			
Contracted Services: Lease of Generators Grabouw	435,693		1	435,693	
	957,402		2	1,914,803	2,350,497
Contracted Services: Securit / TWK	817,020				4,922,497
Total TWK Security				817,020	817,020
					817,020
					10,544,617

Total Capital Expenditure – R 643 653.39 (Excl. VAT)
Total Estimated Operational Expenditure – R 10 544 617.00 (Excl. VAT)
TOTAL – R 11 188 270.39 (Excl. VAT)
R12 866 510.95 (Inc. VAT)

6. RECOMMENDATION

It is recommended:

- **That the Executive Mayor approve this expenditure as unforeseen and unavoidable,**
- **That the unforeseen and unavoidable expenditure be appropriated as an adjustment in the current budget, and**
- **That the Mayor report such an expenditure within 60 days to the Council.**

I, B.M. Damons take cognisance of the need to procure a portable pump and the placement of 3 generators to ensure continuous water supply to Goudini.

Take cognisance:

Mr B. Damons
Deputy Director Technical and Infrastructure Implementation Services

Date: 18/10/22

Take cognisance:

Mr W Solomons-Johannes
Director Community Services

Date: 18.10.2022

Take cognisance:

Mr A Riddles
Act. CFO

Date: 18/10/2022

Recommended by:

Mr. B Ngubo
Act. Municipal Manager

Date: 18/10/2022

Approved by:

Mr K Papier
Executive Mayor

Date: 18/10/20

Cost Cent	Depart. Name	Pr ...n	Dept	Regi ...	Item ...	Iden tifi...	SCOA Config	Vote description	Project Description	Funding source	Original Budget 2021 - 2022	Adjust Budget 2021 - 202
7010	Water Distribution	01	7010	0	5071	0	0130100503[illegible]	Gains and Losses - Annua	Real Losses	WC031_Maintenance: Water network	Fund Non-Funding Transactions		6 342 246

KRED

342

Production

Supplier Master

GARRICK LAKAY

26 OCTOBER 2022 15:41

Business Information

Internal Creditor Code	S00272
Full Registered Name	SISWA TRADING AND PROJECTS
Trading Name	SISWA TRADING AND PROJECTS
Company Registration No	2007/241546/23
VAT Registration No	4020285971
Income Tax Reference No	9352199161
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	ABSA
Bank Name	ABSA BANK LIMITED
Brand Code	632005
Branch Name	CALEDON
Account No	4092115679
Account Type	Cheque/Current
Action Date and Time	2022AUG 1515
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	0
Invoices	0
Cheque Payments	0
EFT Payments	0
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	

ecord was successfully displayed

ANNEX C

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:

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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:

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9. **Table B9 – Asset Management**
10. **Table B10 – Basic service delivery measurement**

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

346

ANNEXD

26514

2023 -05- 31

THEEWATERSKLOOF MUNISIPALITEIT

W00101 A

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

Besonderhede van uitgawe nagegaan en gekontroleer

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

995394,00

Direkteur : Finansies

GH LAKAY
Opgestel deur

Nagesien deur

347

R00158708

FINANCE

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: 4300265288 • 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

GHL

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

aan:

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

31 MAY 2023 08:11

Goods Received Notices (GRN) - Capture

Print

Financial Period
Fin Year 2223
Fin 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+

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

Submit for Approval

GRN R0018708 successfully submitted for authorization

349

R0012709

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
...lik en volgens ooreenkoms / kontrak is.
M.A. Solomon
Datum
31.05.2023

Production

GARRICK LAKAY

31 MAY 2023 08:12

Received Notice (GRN)

Financial Period

Fin Year 2223

Fin 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+

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

Submit for Approval ☐

GRN R0018709 successfully submitted for authorization

350

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	WC091_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	WC091_Water Crises - Lease of Generators (Diesel)	1	17010159401	526 986,00	526 986,00	398 243,00	495 892,27		98 649,27	41 093,73
7010 Water: Distribution	23 Operating Leases - Machinery and Equipme	105 Machinery and Equipment	WC091_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	WC091_Water Crises - Lease of Generators (Diesel)	0	17010090170	1 800 000,00	1 800 000,00					1 800 000,00

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	20220CT 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

MPAC66/2026

DRAFT ANNEXURE J – MPAC UIFWE RECOVERY RECOMMENDATION REPORT TO COUNCIL

IRREGULAR EXPENDITURE – WB TIPPER TRUCK AND PLANT

1. Purpose of the report

This report is submitted by the Municipal Public Accounts Committee to the Municipal Council in terms of section 32(2) of the Municipal Finance Management Act 56 of 2003 (MFMA).

The purpose of this report is to enable Council to determine whether the UIFWE is recoverable or irrecoverable, whether recovery measures must be pursued, whether the expenditure may be written off, and whether further disciplinary, criminal or other consequence-management action is required.

The report follows the minimum structure contemplated by Annexure J, including section 32(1) and regulation 74 considerations.

2. Summary of the UIFWE case

Type of UIFWE: Irregular expenditure

Financial year: 2022/2023

Amount involved: R995,394.00

Department / area: Directorate Community Services – Operations; Riviersonderend

Case: Appointment and payment for water tanker services without competitive procurement, approved deviation or formal contract.

3. Factual background and events leading to UIFWE

- WB Tipper Truck and Plant provided water tanker services to Riviersonderend during March 2023.
- The report explains the broader water crisis and loadshedding background.
- The Section 29 approval referenced in the report related to water tankers for Caledon, not the Riviersonderend expenditure.
- WB's Riviersonderend services were delivered from 7–17 March 2023 and 18–31 March 2023.
- Payments were R420,152.50 and R575,241.50, totalling R995,394.00.

- The report states that the hourly rates differed between the two invoices and that no signed daily logbooks were found.
- The current report concludes that the then Municipal Manager failed to comply with procurement methods and that, on the balance of probabilities, the irregular expenditure appears to have arisen from neglect.
- An earlier MPAC item SC37/2023 concerning the same R995,394.00 payment is included as an annexure. This requires clarification of the status of the earlier Council/MPAC consideration.

Additional information provided by the Deputy Director: Operations, Mr J Barnard during the MPAC Meeting:

Mr J Barnard: Not under Section 29 of the MFMA. Long pass the Adjustment Budget. No competitive bidding process / SCM process. No emergency SCM process in terms of Section 36 of the MFMA. No contract or SLA with Theewaterskloof Municipality. Invoices signed off – no proof of verification or log sheets.

Councillor P Stander: The rates charged for 10 days give you a calculation of 9.8 hours every day that the trucks run just in Riviersonderend. Lack of evidence of daily log sheets to determine whether the services were rendered or not.

4. Identification of persons potentially responsible

- The Director Community Services signed the invoices for payment, although the report states that the invoices were not properly verified.

The identification above is for the purpose of informing MPAC's section 32 recovery and consequence-management assessment. It does not, by itself, constitute a final finding of misconduct.

5. Section 32(1) test – deliberate or negligent conduct

The report expressly indicates neglect by the Director: Community Services, Mr WSE Solomons-Johannes, in failing to use the prescribed procurement processes and the conclusion of a contract. The absence of signed logbooks and the payment-verification failures by the Director: Community Services, Mr WSE Solomons-Johannes.

6. Recovery assessment in terms of section 32 and regulation 74

The actual services delivered were not adequately verified although the invoices were signed off.

The current report provides no rational basis for an immediate write-off.

7. Special considerations for irregular expenditure

- There was no competitive SCM process, no approved deviation and no formal contract.
- No signed daily logbooks were found.

8. Disciplinary board referral considerations

A Disciplinary Board referral for investigation in terms of the Municipal Financial Misconduct Regulations is recommended. The Director: Community Services, Mr WSE Solomons-Johannes signed off invoices without verifying the invoices / no log sheets were available.

9. Criminal referral considerations

No criminal conduct is identified in the current report. Escalation would depend on further evidence of unsupported or fraudulent payments. **No criminal referral is recommended.**

10. Other consequence-management considerations

- Strengthen control over procurement processes and concluding of contracts.
- Strengthen control over the verification of invoices before signature.

11. MPAC recommendation to Council

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R995 394.00 constitutes irregular expenditure.**
2. **Recommends that the irregular expenditure to the amount of R995 394.00 not be written off as irrecoverable in terms of Section 32 of the MFMA.**
3. **That the irregular expenditure to the amount of R995 394.00 be referred to the Disciplinary Board for investigation. (Not a Section 29 of the MFMA process. No competitive bidding process was followed. Not an emergency SCM process in terms of Section 36 of the MFMA. No contract or SLA with Theewaterskloof Municipality. The Director: Community Services, Mr WSE Solomons-Johannes, signed off the invoices without any verification as no log sheets were available.)**
4. **Does not recommend criminal referral at this stage as no criminal conduct is established.**
5. **Management be directed to strengthen controls over procurement processes and verification of invoices before signature.**

12. Supporting annexures

- SC37/2023 original MPAC report/ Council decision – 29/06/2023.
- Section 29 memorandum and Council Resolution C181/2022.
- Payment proof for R995,394.00.
- Wipper Tipper Tuck and Plant tax invoices.

13. Signatures

Prepared by	Municipal Public Accounts Committee
Reviewed by	Municipal Public Accounts Committee
Approved for MPAC submission Cllr A Gana **MPAC CHAIRPERSON**	22/09/2026
MPAC resolution reference	**MPAC~~66~~/2026**

ITEM HEADING

C262/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE COMMUNITY SERVICES - OPERATIONS: 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 this report is to inform MPAC on irregular expenditures that were incurred due to non-compliance with the supply chain management processes, by ZWH Projects and Development, for the 2022/23 financial year.

BACKGROUND

During the 2022/23 financial year, the services of ZWH Projects and Development were obtained for the installation of generators, rental of generators, diesel supply, security services and standby fees for Caledon, Riviersonderend, Tesselaarsdal and Villiersdorp. Water provision to communities was interrupted by introducing loadshedding schedules by ESKOM in 2022 and 2023. The generators were used at water pumpstations and boreholes for the pumping of water during the loadshedding periods to ensure a constant supply of water to reservoirs to keep up with the water demand from the communities.

DISCUSSION

ZWH Projects were appointed without following any SCM process by means of obtaining quotations, prior to their appointment, or through a competitive bidding process as required by Section 19(a) of the Municipal Supply Chain Management Regulations or through a deviation process, approved by the Accounting Officer. This is in contravention of Section 116 of the MFMA. There were no contracts or agreements in place for the service provider to provide these services. Consequently, the transaction constitutes irregular expenditure due to non-compliance with Section 111 and 112 of the MFMA, read with the Municipal SCM Regulations and the Municipality's SCM Policy.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The appointment of ZWH Projects and Development did not comply with the SCM procedures and prescripts, as neither a competitive SCM process nor a formal deviation process was followed and approved by the Municipal Manager. Because of this, no contract or agreement between the Municipality and ZWH projects exists.

Failing to follow a competitive SCM process, is in contravention with Section 19(a) of the SCM Regulations and therefore constitutes as an irregular expenditure in terms of Section 1 of the MFMA. The amount of irregular expenditure that was incurred by the payment for the services of WB Tipper Truck was R 22 811 454.41.

LEGAL IMPLICATIONS (ITEM AUTHOR)

The legal implications of this report are governed by Section 32 of the MFMA, which mandated the identification, reporting and management of unauthorized, irregular, fruitless and wasteful expenditure (UIFWE).

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

Payments without formal agreements raise the risk of fictious or inflated transactions. Payments need to be done where there are valid contracts or service level agreements entered into with suppliers and payments of invoices being reviewed against their performance. Without a valid contract, no performance measures are in place to ensure effective contract management. Consequently, the municipality was unable to ensure that services that were provided were procured economically and aligned with planned budgeted procurement of services.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that MPAC considers the report and the proposed mitigation controls.

RECOMMENDATION BY MANAGEMENT TO MPAC: 14 AUGUST 2026

It is recommended that MPAC considerers the report and the mitigation controls that were proposed.

NOTE: Upon the availability of the Council Resolution regarding Material Irregularity, a reconciliation will be done on any overlapsed items to determine the correct financial loss.

RECOMMENDATION BY MPAC TO COUNCIL: 22 SEPTEMBER 2026

1. **MPAC takes cognizance of the irregular expenditure of R18 801 976.97 but did not discuss the report as it is part of the SIU investigation.**

2. **MPAC recommends that Council takes cognizance that a full inclusive report was presented to the SIU by the Deputy-Director: Community Services, Mr J Barnard.**

ITEM TITLE

C263/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE CORPORATE SERVICES: DEPARTMENT HUMAN RESOURCES: IRREGULAR EXPENDITURE: PAYMENT OF CEDAR PSYCHOLOGICAL SERVICES (PSYCHOLOGICAL TREATMENT FOR A STAFF MEMBER IN TERMS OF COUNCIL'S EMPLOYEE ASSISTANCE POLICY)

[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 expenditure incurred due to non-compliance with supply chain management processes for the 2024/25 financial year.

BACKGROUND

One of our staff members had a breakdown in the workplace and was required to consult a psychologist for a psychological assessment and to provide a report to the employer.

Five (5) quotations were obtained from the following service providers:

1. Dr G Hunt
2. Dr JC Kruger
3. Dr C Cheree
4. Dr Annadale
5. Dr C Maritz

Only one responded, namely Dr Annadale from Cedar Psychology.

As was reported to the Management meeting, this service provider is one of those who refuse to complete the forms to register on the database.

Management on 13 November 2023 resolved as follows:

"RESOLVED BY MANAGEMENT: 13 NOVEMBER 2023

1. **Management noted the reluctance of Medical Doctors and Specialists to register on the Municipality's database as Service Providers.**

2. **Management grants approval to deviate from the normal Supply Chain Management process for the referral of employees to medical doctors and specialists, for the interim until the framework tender for the appointment of a panel of service providers, is sorted out"**

DISCUSSION

Quotations were obtained from Service Providers. Unfortunately, none of the Service Providers were willing to complete the MBD4 forms as required by SCM.

The delay in priding the assistance to the employee could result in further harm and putting the employee at risk.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The irregular expenditure amounts to R4140.00

LEGAL IMPLICATIONS (ITEM AUTHOR)

Section 32 of the MFMA
Supply Chain Policy

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that Management consider whether this irregular expenditure be referred to MPAC for its recovery assessment as contemplated in section 32(2) of the MFMA.

RECOMMENDATION BY MANAGEMENT TO MPAC: 26 AUGUST 2026

Management recommend that the irregular expenditure be referred to MPAC for its recovery assessment as templated in Section 32(2) of the MFMA.

DISCUSSION DURING MPAC MEETING: 22 SEPTEMBER 2026

Questions from MPAC and answers provided by the Officials are included in Annexure J.

Additional questions and answers during the meeting:

Councillor P Stander: Was the market-related price paid?

Mr J Amansure: Could not be determined as the market was not interested/did not respond when quotations were requested – it was also an emergency situation.

Councillor P Stander: Was the handled within lawful delegation?

Mr J Amansure: The expenditure was approved by the Manager who do have the delegation to do so.

RECOMMENDATION BY MPAC TO COUNCIL: 22 SEPTEMBER 2026

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R4 140.00 constitutes irregular expenditure.**

2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**

3. **Recommends that the irregular expenditure to the amount of R4 140.00 be written off as irrecoverable in terms of section 32 of the MFMA.**

4. **No disciplinary board referral as the supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct.**

5. **No criminal referral as no criminal conduct is established.**

IRREGULAR EXPENDITURE: PAYMENT OF CEDAR PSYCHOLIGICAL SERVICES (PSYCHOLOGICAL TREATMENT FOR A STAFF MEMBER IN TERMS OF COUNCIL'S EMPLOYEE ASSISTANCE POLICY)

1. Introduction

- This report has been drafted for submission to the Municipal Public Accounts Committee (MPAC) in accordance with section 32 of the Municipal Finance Management Act 56 of 2003 (MFMA) and regulation 74 of the Municipal Budget and Reporting Regulations.
- This report focuses on irregular expenditure incurred due to non-compliance with supply chain management processes for the 2024/25 financial year.
- The report analyses the expenditure incident and the events that led to the irregular expenditure, identifies the responsible officials, and outlines the measures taken or proposed to prevent recurrence.

2. The legal implications of the report

The legal implications of this report are governed by section 32 of the MFMA, which mandates the identification, reporting, and management of unauthorised, irregular, fruitless, and wasteful expenditure (UIFWE).

3. Type of UIFWE applicable to this report

The type of UIFWE applicable to this report is irregular expenditure incurred due to non-compliance with supply chain management regulations, specifically the failure to follow competitive bidding procedures for transactions above the prescribed threshold.

4. Discussion of events/ reasons that led to the UIFWE

One of our staff members had a breakdown in the workplace and was required to consult a psychologist for a psychological assessment and to provide a report to the employer.
Five quotations were requested from the following service providers, but only one responded:

- Dr G Hunt
- Dr JC Kruger
- Dr C Cheree
- Dr Annandale
- Dr C Maritz

Only one responded, namely Dr Annandale from Cedar Psychology.

As was reported to the Management Meeting, this service provider is one of those who refuses to complete the forms required to register on the database.

Management on 13 November 2023 resolved as follows:

"**RESOLVED BY MANAGEMENT: 13 NOVEMBER 2023**

364

1. **Management noted the reluctance of Medical Doctors and Specialists to register on the Municipality's data base as Services Providers.**

2. **Management grants approval to deviate from the normal Supply Chain Management process for the referral of employees to medical doctors and specialists, for the interim until the framework tender for the appointment of a panel of service providers, is sorted out."**

5. Official(s) or councillor(s) responsible for the UIFWE incurred

- According to the Municipality's SCM Policy, the SCM Manager oversees the competitive bidding process and ensures compliance with all SCM prescripts.
- The CFO is responsible for oversight in terms of section 81 of the MFMA to ensure that SCM processes are adhered to and that deviations are properly documented and approved.

6. Why is the expenditure irregular expenditure?

One of our staff members had a breakdown in the workplace and was required to consult a psychologist for a psychological assessment and to provide a report to the employer.

7. Consideration of deliberate or negligent conduct relating to UIFWE incurred

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 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 requirements of the supply chain management policy of the municipality and which has not been condoned in terms of such policy.

8. Mitigating controls to prevent similar UIFWE in the future

As was reported to the Management Meeting, this service provider is one of those who refuses to complete the forms required to register on the database.

Management on 13 November 2023 resolved as follows:

"**RESOLVED BY MANAGEMENT: 13 NOVEMBER 2023**

1. Management noted the reluctance of Medical Doctors and Specialists to register on the Municipality's data base as Services Providers.

2. Management grants approval to deviate from the normal Supply Chain Management process for the referral of employees to medical doctors and specialists, for the interim until the framework tender for the appointment of a panel of service providers, is sorted out."

9. Confirmation by author of report that information in report is a true reflection of facts

I, Charles Fisher, confirm that the information contained in this report is a true and accurate reflection of the facts as they are known. This report is based on validated data to ensure reliability and accuracy.

10. Confirmation if UIFWE matter has been referred for disciplinary actions & if not, why not ?

The irregular expenditure has been referred to the Municipal Public Accounts Committee to make an recovery assessment as contemplated in section 32(2) of the MFMA.

11. Measures already taken to recover the UIFWE

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

12. Cost of the measures already taken to recover UIFWE

Not applicable

13. Estimated cost & benefit of further measures that can be taken to recover the UIFWE

RECOMMENDATION FROM MPAC TO COUNCIL: 04 DECEMBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor PJ Stander, and seconded by Councillor D Jacobs 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, in the amount of R4 140.00 be written off as irrecoverable.

RESOLVED BY COUNCIL: 12 DECEMBER 2025

Council approves the recommendation of the Municipal Public Accounts Committee dated 04 December 2025 as per Council resolution SC14/2025 of the Special Council Meeting of 12 December 2025.

14. Annexures

Supporting documents attached to this report include:

- A copy of Council Resolution of 12 December 2025 and other supporting documents.

15. Conclusion of report

a) In conclusion, this report highlights the irregular expenditure resulting from non-compliance with SCM processes, the events that led to it, and the actions taken to address it.

366

b) The analysis provided aims to ensure accountability and transparency within the Municipality's financial management practices.

16. Referral of report to the MPAC

This report is hereby referred to the MPAC for its UIFWE recovery assessment as contemplated in section 32(2) of the MFMA.

Report compiled by:	**Date:**	**Designation:**	**Signature:**
Mr C Fisher	14/08/2026	Manager HR Administration	

Report approved by:	**Date:**	**Designation:**	**Signature:**
Mr GW Hermanus		Director Corporate Services	
Mr. A Opperman		Chief Audit Executive	

Report authorised for MPAC referral by:	**Date:**	**Designation:**	**Signature:**
Mr W Hendricks	26/08/2026	Municipal Manager	

ITEM OPSKRIF/ITEM HEADING

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE CORPORATE SERVICES: DEPARTMENT HUMAN RESOURCES: PAYMENT OF CEDAR PSYCHOLIGICAL SERVICES

[English version of the report is the original]

ITEM DATUM/ITEM DATE
2024-10-31

LêER NOMMER/FILE NUMBER
6/3/1/5/1;

PURPOSE / AIM OF REPORT

The purpose of the report is to inform MPAC of the reasons why only one quotation was used in the SCM process and in the payment of an account of an employee who was referred for psychological assessment in terms of Council's Employee Assistance Policy. The amount of R4140,00 is for psychological services rendered.

The Committee can in terms of its mandate;

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

BACKGROUND

One of our staff members had a breakdown in the workplace and was required to consult a psychologist for a psychological assessment and to provide a report to the employer.

BESPREKING/DISCUSSION

Five quotations were requested from the following service providers, but only one responded:

- Dr G Hunt
- Dr JC Kruger
- Dr C Cheree
- Dr Annandale
- Dr C Maritz

Only one responded, namely Dr Annandale from Cedar Psychology.

As was reported to the Management Meeting, this service provider is one of those who refuses to complete the forms required to register on the database.

Management on 13 November 2023 resolved as follows:

"**RESOLVED BY MANAGEMENT: 13 NOVEMBER 2023**

1. **Management noted the reluctance of Medical Doctors and Specialists to register on the Municipality's data base as Services Providers.**

2. **Management grants approval to deviate from the normal Supply Chain Management process, for the referral of employees to medical doctors and specialists, for the interim until the framework tender for the appointment of a panel of service providers, is sorted out."**

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

FINANCIAL RESPONSIBILITIES

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

LEGAL RESPONSIBILITIES

Section 32 of the MFMA states that any official of a municipality who deliberately or negligently committed, made or authorized an irregular expenditure is liable for that expenditure. A municipality must recover such expenditure from the person liable for that expenditure, unless the irregular expenditure is certified by Council as irrecoverable, after the Section 32 Committee has investigated and recommended it.

Irregular expenditure for the purpose of this item means expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality and which has not been condoned in terms of such policy.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that in the view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 4140,00 be written off as irrecoverable.

RECOMMENDATION BY MANAGEMENT TO MPAC: 13 NOVEMBER 2024

That in the view of the fact that there is no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R4140,00 be written off as irrecoverable.

RESOLVED BY COUNCIL: 25 FEBRUARY 2025

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

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

1. Agenda-item be referred back.
2. For finalization by the Senior Manager: Human Resources, Mr J Amansure.

RESOLVED BY COUNCIL: 29 MAY 2025

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

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

For finalization by the Municipal Manager, Mr W Hendricks.

Agenda-item referred to MPAC meeting of 04 December 2025 for discussion.

RECOMMENDATION BY MPAC TO COUNCIL: 15 JANUARY 2025

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

That the following irregular expenditure, in view of the fact that there is no reason to suspect fraud, and that Council has received value for money and did not suffer any financial loss or damages. As there are no grounds for a claim against any official, in the amount of R4 140.00 be written off as irrecoverable.

RECOMMENDATION BY MPAC TO COUNCIL: 05 MAY 2025

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

That the following irregular expenditure, in view of the fact that there is no reason to suspect fraud, and that Council has received value for money and did not suffer any financial loss or damages. As there are no grounds for a claim against any official, in the amount of R4 140.00 be written off as irrecoverable.

RESOLVED BY COUNCIL: 24 NOVEMBER 2025

During a Special Council In-Committee Meeting held on 24 November 2025, Council resolved to rescind Council Resolution C134/2025 of 29 May 2025 and that the item be referred back to the Municipal Public Accounts Committee for a Section 32 investigation.

Agenda-item referred back to the Municipal Public Accounts Committee for consideration.

RECOMMENDATION FROM MPAC TO COUNCIL: 04 DECEMBER 2025

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor PJ Stander, and seconded by Councillor D Jacobs 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, in the amount of R4 140.00 be written off as irrecoverable.

RESOLVED BY COUNCIL: 12 DECEMBER 2025

Council approves the recommendation of the Municipal Public Accounts Committee dated 04 December 2025 as per Council resolution SC14/2025 of the Special Council Meeting of 12 December 2025.

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

371

2024 -04- 24

30273

2024 -04- 29

THEEWATERSKLOOF MUNISIPALITEIT

C00288 ∧

CEDAR PSYCHOLOGY

Datum : **26/04/2024**

Tjek nr.: **CASHFOCUS**

Besonderhede van Betaling/Details of payment :

	4 140,00
	4 140,00

Belasting		Posnommer	Bedrag
Inklusief	**Eksklusief**		
			4 140,00

Besonderhede van uitgawe Ek/Ons sertifiseer dat geen vorige betaling in nagegaan en gekontroleer hierdie verband gemaak is nie.

∧ **4 140,00** ∧

Direkteur : Finansies

E. MATONI
Opgestel deur

Nagesien deur

372

A Hendricks Lalla Partners TA Cedar Psychology

Billing practice no.: **1016652**

THERAPY CENTRE

Suite 6 UDS House
22 Gardner Williams Avenue
Paardevlei
7130

Office no: 0813036969
Email: admin@cedarpsychology.co.za

Tax Invoice 2404/00025

Invoice date: 04/04/2024

Account no.: SMI2

Medical aid: **Cash**

[redacted]
Theewaterskloof Municipality
P.O. Box 24
Caledon
7230

Patient: [redacted] D.o.b.: **25/07/1976**

Treating provider: **Maria Annandale** HPCSA: PS 0155110 Date of service: **04/04/2024**

ICD-10 diagnosis: Z71.9

Date of service	Tariff Code	Nappi Code	Description	ICD-10 Code	Amount
04/04/2024	86205		Psychology assessment consultation counselling and/or therapy (individual or family). Duration: 51-60min. QTY: 1	Z71.9	R 1,380.00

TOTAL **R 1,380.00** E.M

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.
9/4/24
Handtekening Datum

The total reflected above includes R 180.00 VAT

Bank details	**A Hendricks-Lalla Psychologist & Partners T/A Cedar Psychology**, **FNB**, Branch: **201109**, Account no.: **62939665438**, Account type: **Cheque**
EFT info	Payment ref.: **SMI2**. Send proof of payment to : **admin@cedarpsychology.co.za**
Company info	Registration no.: **2022/336688/21** VAT no.: **4270316377**

Please note that you are personally liable for any difference between the claimed amount and the amount paid by your medical aid.

healthbridge

A Hendricks Lalla Partners TA Cedar Psychology

Billing practice no.: **1016652**

THERAPY CENTRE

Suite 6 UDS House
22 Gardner Williams Avenue
Paardevlei
7130

Office no: 0813036969
Email: admin@cedarpsychology.co.za

Tax Invoice 2404/00037

Invoice date: 09/04/2024

[redacted]
Theewaterskloof Municipality
P.O. Box 24
Caledon
7230

Account no.: SMI2

Medical aid: **Cash**

Patient: [redacted] D.o.b.: **25/07/1976**

Treating provider: **Maria Annandale** HPCSA: PS 0155110 Date of service: **09/04/2024**

ICD-10 diagnosis: Z71.9

Date of Service	Tariff Code	Nappi Code	Description	ICD-10 Code	Amount
09/04/2024	86004		Review of medical records. QTY: 1	Z71.9	R 1,380.00
09/04/2024	86003		Report writing. QTY: 1	Z71.9	R 1,380.00

TOTAL **R 2,760.00**

PAID E.M

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.
9/4/24
Handtekening Datum

The total reflected above includes R 360.00 VAT

Bank details	**A Hendricks-Lalla Psychologist & Partners T/A Cedar Psychology**, **FNB**, Branch: **201109**, Account no.: **62939665438**, Account type: **Cheque**
EFT info	Payment ref.: **SMI2**. Send proof of payment to : **admin@cedarpsychology.co.za**
Company info	Registration no.: **2022/336688/21** VAT no.: **4270316377**

Please note that you are personally liable for any difference between the claimed amount and the amount paid by your medical aid.

healthbridge

374

Business Information

Internal Creditor Code	C00288
Full Registered Name	CEDAR PSYCHOLOGY
Trading Name	CEDAR PSYCHOLOGY
Company Registration No	
VAT Registration No	0
Income Tax Reference No	0
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
Branch Name	CALEDON
Account No	62939665438
Account Type	Cheque/Current
Action Date and Time	2024APR 1623
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	1,380.00+
Credit Notes	0
Invoices	1,380.00-
Cheque Payments	0
EFT Payments	1,380.00+
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: CEDAR PSYCHOLOGY

RECONCILIATION DATED: 16.04.2024

Balance as per invoice dated:			
	2404/00025	04.04.2024	1 380,00
	2404/00037	09.04.2024	2 760,00
Less Payments not yet credited:			
Cheque / ACB No. .....dated			
			4 140,00
Less: Interest waived			
Credit Note			
Discount allowed			
Outstanding Balance			**4 140,00**
Outstanding Balance:			
			4 140,00

Aldean Peka

From: Aldean Peka
Sent: Thursday, March 7, 2024 4:26 PM
To: Charles Fisher
Subject: FW: Confidential Request for Appointment

From: Maria Annandale <maria@cedarpsychology.co.za>
Sent: Thursday, March 7, 2024 4:24 PM
To: Aldean Peka <aldeanpe@twk.gov.za>
Cc: Cedar Psychology <admin@cedarpsychology.co.za>
Subject: Confidential Request for Appointment

You don't often get email from maria@cedarpsychology.co.za. Learn why this is important

Good afternoon Aldean,

I trust this email finds you well.

I have received your request for a psychological assessment of one of your employees. I am happy to assist considering that your employee has also given informed consent.

I understand that the individual will be able to travel to Somerset West for sessions. We can either schedule a few sessions on consecutive days if that is easier, or we can do weekly sessions on days that are suitable. Please indicate what will work best.

We will send through documents that need to be signed by the patient. Please provide us with the relevant email address to do so.

Considering the sensitive nature of our work, all information obtained during the psychological assessment will be confidential subject to signed consent from the patient to release any information.

I look forward to hearing from you.
Please feel free to email or call us if you have any questions.

Kind regards,

Aldean Peka

From: Aldean Peka
Sent: Tuesday, February 13, 2024 11:29 AM
To: info@garethhunt.co.za
Subject: REQUEST FOR QUOTATION FOR EVALUATION: [redacted]

Good day

The employer wants to refer one of our employees for an evaluation for her Mental health to determine if she is fit to do her duties.

We therefore would like to request a quotation for medical evaluation and a medical report.

The quotation should be made out to:
Theewaterskloof Municipality
PO Box 24
Caledon
7230
0282143300
VAT Number: 4000846248

The usual process is as follow:

1. A quotation will be requested for the services required
2. If quote is accepted, we will submit a requisition to SCM Department for approval
3. If approved, an order is sent to the service provider
4. Appointment for consultation and medical report
5. We request an invoice after the work evaluation
6. Invoice is sent to Creditors Department for payment

Regards,

Aldean Peka
Administrator: Human Resources
Human Resources
Directorate: Corporate Services

THEEWATERSKLOOF MUNICIPALITY
Head Office. 6 Plein Street, Caledon, 7230
Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** aldeanpe@twk.gov.za
Website. www.twk.gov.za | **Follow us on Facebook, X, Instagram.** @twkmun

378

Aldean Peka

From: Aldean Peka
Sent: Tuesday, March 5, 2024 4:38 PM
To: krugjc@gmail.com
Cc: Charles Fisher
Subject: REQUEST FOR QUOTATION FOR PSYCHOLOGICAL [redacted]
Attachments: [redacted]

Good day Dr JC Kruger

We would like to request a quotation for one of our employees for an psychological assessment and report. Attached is a letter with background information.

The quotation should be made out to:
Theewaterskloof Municipality
PO Box 24
Caledon
7230
0282143300
VAT Number: 4000846248

Please note closing date for quotations is **Thursday, 07 March @ 12h00.**

Kind regards,

Aldean Peka
Administrator: Human Resources
Human Resources
Directorate: Corporate Services

THEEWATERSKLOOF MUNICIPALITY
Head Office. 6 Plein Street, Caledon, 7230
Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** aldeanpe@twk.gov.za
Website. www.twk.gov.za | **Follow us on Facebook, X, Instagram.** @twkmun

Aldean Peka

From: Aldean Peka
Sent: Monday, March 4, 2024 3:23 PM
To: Cheree Schorn
Subject: REQUEST FOR QUOTATION FOR PSYCHOLOGICAL ASSESMENT: [redacted]
Attachments: SKM_36724030415150.pdf

Good day Dr Cheree

We would like to request a quotation for one of our employees for an psychological assessment and report. Attached is a letter with background information.

The quotation should be made out to:
Theewaterskloof Municipality
PO Box 24
Caledon
7230
0282143300
VAT Number: 4000846248

Kind regards,

Aldean Peka
Administrator: Human Resources
Human Resources
Directorate: Corporate Services

THEEWATERSKLOOF MUNICIPALITY
Head Office. 6 Plein Street, Caledon, 7230
Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** aldeanpe@twk.gov.za
Website. www.twk.gov.za | **Follow us on Facebook, X, Instagram.** @twkmun

Joseph Amansure

From: Aldean Peka
Sent: Thursday, 22 February 2024 12:30
To: Christel Maritz; admin@psychpractice.org
Cc: Charles Fisher; Joseph Amansure
Subject: FW: REQUEST FOR QUOTATION [redacted]
Attachments: SPrinter_Co24021509220.pdf

Good day Dr Maritz

With reference to the below email. I would just like to know as to when you will be able to give us a quotation in order for us to make an appointment.

Kind regards
Aldean

From: Aldean Peka
Sent: Thursday, February 22, 2024 12:21 PM
To: admin@psychpractice.org
Subject: FW: REQUEST FOR QUOTATION: [redacted]

From: Aldean Peka
Sent: Monday, February 19, 2024 3:08 PM
To: admin@psychpractice.org
Subject: FW: REQUEST FOR QUOTATION: [redacted]

From: Aldean Peka
Sent: Thursday, February 15, 2024 9:43 AM
To: Christel Maritz <cmaritz67@gmail.com>
Cc: Charles Fisher <charlesfi@twk.gov.za>
Subject: RE: REQUEST FOR QUOTATION [redacted]

Good day Christel

Attached is a letter from the employer with background information as requested.

Kind regards
Aldean

From: Christel Maritz <cmaritz67@gmail.com>
Sent: Wednesday, February 14, 2024 12:58 PM
To: Aldean Peka <aldeanpe@twk.gov.za>
Subject: Re: REQUEST FOR QUOTATION [redacted]

You don't often get email from cmaritz67@gmail.com. Learn why this is important

Good day Aldean, I am a psychologist so I would not be able to give a medical report. I can only give a psychological report. For me to be able to give a quotation and to determine whether I would be the suitable person to address your need, I need more background information about the situation at work.

You are more than welcome to send me the info, then I will be able to more accurately determine how to go about doing the evaluation.

Kind regards
Christel

Confidentiality Notice and Disclaimer: This email and the attached files contain confidential and personal health information intended only for the addressee's exclusive perusal and/or use. The information is confidential and legally privileged and protected by law. Access is authorised only by the intended recipient. Interception of this email is illegal. If you are not an intended recipient, do not peruse, use, disseminate, distribute, copy, or rely upon the information in this message or the attached files (directly or indirectly). The sender shall not be held liable for any loss damage, injury, or expense however caused, whether direct, indirect, or consequential if this prohibition is disregarded. If you receive this message and/or the attached files in error, please notify the sender immediately by e-mail, fax, or telephone and destroy the original message.
The views or representations contained in this communication, whether expressed or implied, are those of the sender only.
The sender shall not be liable if any variations are affected to any document or correspondence emailed unless that variation has been approved in writing by the person dealing with the matter.
Although our communication is believed to be free of viruses, it is the responsibility of the recipient to ensure that they are virus free, and no responsibility is accepted for any loss or damage arising from receipt or use thereof.
The sender does not enter into contracts, agreements, or reports via email, nor are personnel authorized to do so verbally. All agreements, contracts, and reports must be paper-based versions signed by the practitioner or someone duly authorised by the practitioner to do so.

From: Aldean Peka <aldeanpe@twk.gov.za>
Date: Tuesday, 13 February 2024 at 11:05
To: "cmaritz67@gmail.com" <cmaritz67@gmail.com>
Subject: REQUEST FOR QUOTATION [redacted]

Good day

The employer wants to refer one of our employees for an evaluation for her Mental health to determine if she is fit to do her duties.

We therefore would like to request a quotation for medical evaluation and a medical report.

The quotation should be made out to:
Theewaterskloof Municipality
PO Box 24
Caledon
7230
0282143300
VAT Number: 4000846248

The usual process is as follow:

1. A quotation will be requested for the services required
2. If quote is accepted, we will submit a requisition to SCM Department for approval
3. If approved, an order is sent to the service provider
4. Appointment for consultation and medical report
5. We request an invoice after the work evaluation
6. Invoice is sent to Creditors Department for payment

Regards,

382
ITEM OPSKRIF/ITEM HEADING

DIRECTORATE CORPORATE SERVICES: DEPARTMENT HUMAN RESOURCES: MEDICAL COMPETENCY INVESTIGATIONS – SCM CHALLENGES

[English version of the report is the original]

ITEM DATUM/ITEM DATE
2023-10-27

LêER NOMMER/FILE NUMBER
5/10/1;4/9/2;

PURPOSE / AIM OF REPORT

To inform Management of the challenges currently experiencing with the medical competency investigations.

BACKGROUND

It happens from time to time that employees are unable to perform their normal duties as a result of their medical conditions.

There is an obligation on the Employer to reasonably accommodate an employee who no longer can carry out their duties due to ill-health or injury.

DISCUSSION

In order to determine the extent of the incapacity and whether it is temporary or permanent, the Employer needs to refer the employee for a medical assessment to a medical specialist. The doctor will then provide the Employer with a detailed medical report with clear recommendations pertaining to the condition of the employee.

At this stage it is a huge challenge to find medial service providers to assist us with medical reports because the doctors and specialist are very reluctant and in some instances not willing to complete the required SCM forms to register on the data base.

It is important that the Employer obtain a medical report to assess the employee's ability to performs his / her duties but more importantly to use the information as part of the documents for submission to the respective funds, should the parties decide to apply for medical boarding.

The situation has a negative impact on the operations of the municipality as we are currently sitting with employees who are unable to perform their duties, due to their medical condition.

COMMENTS FROM THE DIRECTORATE FINANCE

Financial implication to be assessed once quotations are received and budget assessment will be performed .

COMMENTS FROM THE DIRECTORATE CORPORATE SERVICES

The circumstances that give rise to the request is exceptional. Should the matter not be dealt with effectively and efficiently, the Council (employer) will experience a loss

of productive time in respect of ongoing absenteeism. The employee's condition could also affect his/her occupational health and safety in the workplace and expose the employer to damages and legal claims.

COMMENTS FROM THE DIRECTORATE COMMUNITY SERVICES

Supported due to impractical reasons provided. That a panel tender be provided for the provision of locum staff to the municipality, depending on the service required, that must be provided by an Occupational Health Practitioner qualified in medicine or nursing who holds an additional qualification in occupational health as recognised by the Health Professions Council of South Africa (HPCSA) or the South African Nursing Council (SANC) and the registration with the relevant professional body shall be valid.

FINANCIAL IMPLICATIONS

The financial implication can only be determined once the quotation is obtained from the medical specialist.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended:

1. That Management takes note of the reluctance of Medical Doctors and Specialists to register on the Municipality's data base as Services Providers.

2. That Management grants approval to deviate from the normal Supply Chain Management process with regards to the referral of employees to medical doctors and specialist as it is impractical to follow the official procurement process.

3. That approval be granted to obtain a quotation from the relevant doctor depending on the condition of the employee and the employee be referred once the quotation is approved without requiring the doctors to register on the data base.

RESOLVED BY MANAGEMENT: 13 NOVEMBER 2023

1. Management noted the reluctance of Medical Doctors and Specialists to register on the Municipality's data base as Services Providers.

2. Management grants approval to deviate from the normal Supply Chain Management process for the referral of employees to medical doctors and specialists, for the interim until the framework tender for the appointment of a panel of service providers, is sorted out.

3. Management resolved that the Acting Director: Finance, Mr P Mabhena and the Acting Director: Corporate Services, M R Stevens, must prioritize this tender as a matter of urgency to be served at the Bid Specification Committee.

For finalization by the Acting Director: Corporate Services, Mr R Stevens (point 2 and 3) and Acting Director: Finance, Mr B Mabhena (point 3).

MPAC68/2026

DRAFT ANNEXURE J – MPAC UIFWE RECOVERY RECOMMENDATION REPORT TO COUNCIL

IRREGULAR EXPENDITURE – CEDAR PSYCLOLOGICAL SERVICES – PSYCHOLOGICAL ASSESSMENT

Financial year	2023/2024
Amount involved	R4,140.00
Type	UIFWE / Irregular expenditure
Department / project	As recorded in the existing Item Annexure J/supporting material
Core issue	Psychological service obtained through a deviation / non-standard SCM process.

1. Purpose of this Annexure

- Incorporate Management's written answers into the existing Annexure J assessment.
- Identify which answers are adequate, partially answered, unanswered or raise a material red flag.
- Assess accountability, actual financial loss, recovery, disciplinary/financial-misconduct and other consequence-management issues.
- This is a draft MPAC assessment and does not itself constitute a final finding of personal liability.

2. MPAC approach

- Irregular expenditure must be distinguished from actual financial loss. Receipt of goods/services does not automatically establish value for money or absence of loss.
- An assertion that there was no fraud or negligence is not a substitute for an evidence-based individual Section 32(1) assessment.
- No write-off/irrecoverability recommendation should be made while material loss, authority, responsibility or recovery questions remain unresolved.

3. Questions by MPAC and Management responses

1. Why was a quotation from only one responding service provider treated as sufficient to justify the deviation, and what specific SCM provision authorised this?

Quotations from three (3) Service Providers were requested:

- **Dr C Maritz - No Response**
- **Dr. JC Kruger – Responded – not interested**
- **Dr. M Annadale - Reponded**
- **Dr. C Cheree - Responded – not interested**
- **Dr G Hunt – No Response**

2. Who requested the quotations, who evaluated the response from Cedar Psychology, and who recommended the deviation?

Mr. Fisher: Manager HR Administration requested Ms. A Peka: HR Administrator to obtain the quotations.

3. Who authorised the deviation and on what date was that authorisation given before the service was rendered?

The deviation was granted by Management at their meeting held on 13 November 2023 after challenges were experienced by doctors etc. who refused to register on the supplier database of the municipality.

4. Management states that Cedar Psychology was one of the providers who refused to register on the municipal database. What documentary evidence exists to prove that this prevented a normal SCM process?

The service provider was one of five who quoted to render the service and were treated in terms of Management resolution dated 13 November 2023.

5. Was the service actually urgent to the extent that the normal procurement process could not be followed?

Mental health struggles are time sensitive. In this case the staff member needed urgent phycological treatment. A delay in securing counseling or medical attention could have caused irreparable stress or anxiety which had the potential to spiral into severe clinical depression.

6. What evidence establishes that R4,140 was a reasonable market-related price? Was the price compared with the quotations that were requested from the other four providers?

Five service providers were requested to give quotations, and this was the only one who responded by the due date. The other service providers did not respond to the request for quotation despite several follow-ups.

This caused further delays in getting the much-needed human care for the employee.

7. Who verified that the psychological service was actually rendered before payment was authorised?

The Service Provider made it clear that the Confidential Report would only be released once the payment has been made. The Municipality received the Confidential Report as proof that the Service was actually rendered.

8. Has any official been assessed under Section 32(1) for negligence? If not, why does Management believe that failure to follow the SCM process was not negligent?

The SCM process was initially followed, but unfortunately healthcare professionals are widely reluctant to complete Supply Chain Management (SCM) forms because of severe time constraints and heavy clinical workloads. When forced to choose between paperwork and patient care, medical staff will always prioritize their patients.

Management had to mitigate the risks in ensuring that the particular employee receive the necessary professional assistance.

9. If Management says there was no financial loss, please identify the evidence establishing that the Municipality could not have obtained the same service for less through a compliant competitive process.

The service providers were given an opportunity in terms of SCM policy to provide quotations at the closing date / time as indicated in the request. This was the only response received. The municipality was pressed for time to get the staff member psychological attention as the situation was critical.

10. Why should the Municipality write off the amount rather than first determine whether any portion of the expenditure is recoverable from the official responsible for the irregular procurement?

Quotations were requested from five service providers. One on responded by the due date.

The Municipality received value for money.

There was an attempt by Management to obtain quotations as required by SCM procedures. There was no willful or negligent behavior by any employee.

Additional questions and answers during the meeting:

Councillor P Stander: Was the market-related price paid?

Mr J Amansure: Could not be determined as the market was not interested/did not respond when quotations were requested – it was also an emergency situation.

Councillor P Stander: Was the handled within lawful delegation?

Mr J Amansure: The expenditure was approved by the Manager who do have the delegation to do so.

4. Section 32(1) accountability assessment

- No fraud/deliberate conduct is established.

5. MPAC Recovery assessment

With the verification of the invoices and the service rendered, MPAC can reasonably conclude that the irregularity does not, in the present evidence, establish a recoverable municipal financial loss.

MPAC can reasonably recommend that the amount be certified as irrecoverable.

6. Disciplinary board referral considerations

The supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct. On the present record, **a disciplinary board referral is not recommended**.

7. Criminal referral considerations

- No criminal conduct is established. **Criminal referral is not recommended.**

8. Other consequence management considerations

- Improve urgent HR/SCM referral procedures, approved-provider arrangements and deviation controls.

9. MPAC recommendation to Council:

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R4 140.00 constitutes irregular expenditure.**
2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**
3. **Recommends that the irregular expenditure to the amount of R4 140.00 be written off as irrecoverable in terms of section 32 of the MFMA.**
4. **No disciplinary board referral as the supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct.**
5. **No criminal referral as no criminal conduct is established.**

10. Supporting annexures:

- Previous MPAC agenda-item/resolution and resolution of Council dated 12 December 2025.
- Signed invoices and proof of payment.
- Several emails regarding the request for quotations.
- Management resolution dated 13 November 2023 regarding the SCM challenges for medical competency investigations.

11. Signatures

Prepared by	Municipal Public Accounts Committee
Reviewed by	Municipal Public Accounts Committee
Approved for MPAC submission Cllr A Gana **MPAC CHAIRPERSON**	22/09/2026
MPAC resolution reference	**MPAC68/2026**

ITEM TITLE

C264/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE CORPORATE SERVICES: DEPARTMENT HUMAN RESOURCES: IRREGULAR EXPENDITURE: PAYMENT OF BOWL ADDICTION TREATMENT SERVICE (ADDICTION TREATMENT FOR TWO STAFF MEMBERS IN TERMS OF COUNCIL'S EMPLOYEE ASSISTANCE POLICY)

[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 expenditure incurred due to non-compliance with supply chain management processes for the 2024/25 financial year.

BACKGROUND

Two of our staff members approached the Employer for assistance in terms of the Employee Assistance Policy as it relates to substance abuse.

The two members were referred to the social workers of BADISA who did an assessment and referred them to Bowl Addiction Treatment Services whereafter the Municipality were issued with an account for the services rendered. The service that BADISA renders are free of charge as the social workers are employed by the Department of Social Development (WC). Bowl Addiction Treatment Services is a service provider appointed by BADISA to deal with such instances and the Municipality was not requested, nor could we follow our internal SCM processes to test the market.

DISCUSSION

The service that BADISA renders are free of charge as the social workers are employed by the Department of Social Development (WC). Bowl Addiction Treatment Services is a service provider appointed by BADISA to deal with such instances and the Municipality was not requested, nor could we follow our internal SCM processes to test the market.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The irregular expenditure amounts to R10 500.00.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Section 32 of the Municipal Finance Management Act
SCM Policy
Council's Employee Assistance Policy

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that Management consider whether this irregular expenditure be referred to MPAC for its recovery assessment as contemplated in section 32(2) of the MFMA.

RECOMMENDATION BY MANAGEMENT TO MPAC: 26 AUGUST 2026

Management recommend that the irregular expenditure be referred to MPAC for its recovery assessment as templated in Section 32(2) of the MFMA.

DISCUSSION DURING MPAC MEETING: 22 SEPTEMBER 2026

Questions from MPAC and answers provided by the Officials are included in Annexure J.

Additional questions and answers during the meeting:

Councillor P Stander: Is there any measures put in place to prevent future occurrence?

Mr J Amansure: It has been arranged that the service provider will first clarify with Theewaterskloof Municipality before decided for any referrals.

Councillor P Stander: Theewaterskloof Municipality did receive value for money. The Municipality benefits on their return.

Mr J Amansure: Previously the costs were very high. The Officials are still satisfied.

RECOMMENDATION BY MPAC TO COUNCIL: 22 SEPTEMBER 2026

MPAC recommends that the Municipal Council:

6. **Determines that the expenditure of R10 500.00 constitutes irregular expenditure.**

7. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**

8. **Recommends that the irregular expenditure to the amount of R4 140.00 be written off as irrecoverable in terms of section 32 of the MFMA.**
   The Manager: Human Resources Manager, Mr J Amansure, confirmed that it was a once-off case and that after consultation, it did not happen again.

9. **No disciplinary board referral as the supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct.**

10. **No criminal referral as no criminal conduct is established.**

IRREGULAR EXPENDITURE: PAYMENT OF BOWL ADDICTION TREATMENT SERVICE (ADDICTION TREATMENT FOR TWO STAFF MEMBERS IN TERM SOF COUNCIL'S EMPLOYEE ASSISTANCE POLICY)

1. Introduction

- This report has been drafted for submission to the Municipal Public Accounts Committee (MPAC) in accordance with section 32 of the Municipal Finance Management Act 56 of 2003 (MFMA) and regulation 74 of the Municipal Budget and Reporting Regulations.
- This report focuses on irregular expenditure incurred due to non-compliance with supply chain management processes for the 2024/25 financial year.
- The report analyses the expenditure incident and the events that led to the irregular expenditure, identifies the responsible officials, and outlines the measures taken or proposed to prevent recurrence.

2. The legal implications of the report

The legal implications of this report are governed by section 32 of the MFMA, which mandates the identification, reporting, and management of unauthorised, irregular, fruitless, and wasteful expenditure (UIFWE).

3. Type of UIFWE applicable to this report

The type of UIFWE applicable to this report is irregular expenditure incurred due to non-compliance with supply chain management regulations, specifically the failure to follow competitive bidding procedures for transactions above the prescribed threshold.

4. Discussion of events/ reasons that led to the UIFWE

Two of our staff members approached the employer for assistance in terms of the Employee Assistance Policy as it relates to substance abuse.

The two staff members were referred to the social workers of BADISA who did an assessment and referred them to Bowl Addiction Treatment Services whereafter the Municipality were issued with an account for the services rendered. The services that BADISA renders are free as the social workers are employed by the Dept of Social Development (WC). Bowl Addiction Treatment Services is a service provider appointed by BADISA to deal with such instances and the Municipality was not requested nor could we follow our internal SCM processes to test the market.

5. Official(s) or councillor(s) responsible for the UIFWE incurred

- According to the Municipality's SCM Policy, the SCM Manager oversees the competitive bidding process and ensures compliance with all SCM prescripts.
- The CFO is responsible for oversight in terms of section 81 of the MFMA to ensure that SCM processes are adhered to and that deviations are properly documented and approved.

6. Why is the expenditure irregular expenditure?

The two staff members were referred to the social workers of BADISA who did an assessment and referred them to Bowl Addiction Treatment Services whereafter the Municipality were issued with an account for the services rendered. The services that BADISA renders are free as the social workers are employed by the Dept of Social Development (WC). Bowl Addiction Treatment Services is a service provider appointed by BADISA to deal with such instances and the Municipality was not requested nor could we follow our internal SCM processes to test the market.

7. Consideration of deliberate or negligent conduct relating to UIFWE incurred

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 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 requirements of the supply chain management policy of the municipality and which has not been condoned in terms of such policy.

8. Mitigating controls to prevent similar UIFWE in the future

As was reported to the Management Meeting, this service provider is one of those who refuses to complete the forms required to register on the database.

Management on 13 November 2023 resolved as follows:

"**RESOLVED BY MANAGEMENT: 13 NOVEMBER 2023**

1. Management noted the reluctance of Medical Doctors and Specialists to register on the Municipality's data base as Services Providers.

2. Management grants approval to deviate from the normal Supply Chain Management process for the referral of employees to medical doctors and specialists, for the interim until the framework tender for the appointment of a panel of service providers, is sorted out."

9. Confirmation by author of report that information in report is a true reflection of facts

I, Charles Fisher, confirm that the information contained in this report is a true and accurate reflection of the facts as they are known. This report is based on validated data to ensure reliability and accuracy.

10. Confirmation if UIFWE matter has been referred for disciplinary actions & if not, why not ?

The irregular expenditure has been referred to the Municipal Public Accounts Committee to make an recovery assessment as contemplated in section 32(2) of the MFMA.

11. Measures already taken to recover the UIFWE

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

12. Cost of the measures already taken to recover UIFWE

Not applicable

13. Estimated cost & benefit of further measures that can be taken to recover the UIFWE

RECOMMENDATION FROM MPAC TO COUNCIL: 04 DECEMBER 2025

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

1. In view of the fact that there is no reason to suspect fraud, and that Council has received value for money and did not suffer any financial loss or damages. As there are no grounds for a claim against any official, in the amount of R10 500.00 be written off as irrecoverable.

2. The Municipal Public Accounts Committee resolved that the Directorate Finance must include a clause in the SCM Policy that provides for an exemption from disclosing irregular expenditure, in order to prevent future concerns or findings from the Auditor-General.

RESOLVED BY COUNCIL: 12 DECEMBER 2025

Council approves the recommendation of the Municipal Public Accounts Committee dated 04 December 2025 as per Council resolution SC14/2025 of the Special Council Meeting of 12 December 2025.

14. Annexures

Supporting documents attached to this report include:

- A copy of Council Resolution of 12 December 2025 and other supporting documents.

15. Conclusion of report

a) In conclusion, this report highlights the irregular expenditure resulting from non-compliance with SCM processes, the events that led to it, and the actions taken to address it.

b) The analysis provided aims to ensure accountability and transparency within the Municipality's financial management practices.

16. Referral of report to the MPAC

This report is hereby referred to the MPAC for its UIFWE recovery assessment as contemplated in section 32(2) of the MFMA.

395

Report compiled by:	Date:	Designation:	Signature:
Mr C Fisher	14/08/2026	Manager HR Administration	

Report approved by:	Date:	Designation:	Signature:
Mr GW Hermanus		Director Corporate Services	
Mr. A Opperman		Chief Audit Executive	

Report authorised for MPAC referral by:	Date:	Designation:	Signature:
Mr W Hendricks	26/08/2026	Municipal Manager	

ITEM OPSKRIF/ITEM HEADING

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE CORPORATE SERVICES: DEPARTMENT HUMAN RESOURCES: PAYMENT OF BOWL ADDICTION TREATMENT SERVICE

[English version of the report is the original]

ITEM DATUM/ITEM DATE
2024-10-31

LêER NOMMER/FILE NUMBER
6/3/1/5/1;

PURPOSE / AIM OF REPORT

The purpose of the report is to inform MPAC of the reasons why the SCM process could not be followed in the payment of an account of two employees who were referred for addiction treatment in terms of Council's Employee Assistance Policy. The amount of R10 500,00 is for the services rendered.

The Committee can in terms of its mandate;

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

BACKGROUND

Two of our staff members approached the employer for assistance in terms of the Employee Assistance Policy as it relates to substance abuse.

The two staff members were referred to the social workers of BADISA who did an assessment and referred them to Bowl Addiction Treatment Services whereafter the Municipality were issued with an account for the services rendered. The services that BADISA renders are free as the social workers are employed by the Dept of Social Development (WC). Bowl Addiction Treatment Services is a service provider appointed by BADISA to deal with such instances and the Municipality was not requested nor could we follow our internal SCM processes to test the market.

DISCUSSION

As was reported to the Management Meeting, this service provider is one of those who refuses to complete the forms required to register on the database.

Management on 13 November 2023 resolved as follows:

"**RESOLVED BY MANAGEMENT: 13 NOVEMBER 2023**

1. **Management noted the reluctance of Medical Doctors and Specialists to register on the Municipality's data base as Services Providers.**

2. **Management grants approval to deviate from the normal Supply Chain Management process for the referral of employees to medical doctors and specialists, for the interim until the framework tender for the appointment of a panel of service providers, is sorted out."**

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

FINANCIAL RESPONSIBILITIES

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

LEGAL RESPONSIBILITIES

Section 32 of the MFMA states that any official of a municipality who deliberately or negligently committed, made or authorized an irregular expenditure is liable for that expenditure. A municipality must recover such expenditure from the person liable for that expenditure, unless the irregular expenditure is certified by Council as irrecoverable, after the Section 32 Committee has investigated and recommended it.

Irregular expenditure for the purpose of this item means expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality and which has not been condoned in terms of such policy.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that in the view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 10 500,00 be written off as irrecoverable.

RECOMMENDATION BY MANAGEMENT TO MPAC: 13 NOVEMBER 2024

That in the view of the fact that there is no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 10 500,00 be written off as irrecoverable.

RESOLVED BY COUNCIL: 25 FEBRUARY 2025

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

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

1. Agenda-item be referred back.

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

RESOLVED BY COUNCIL: 29 MAY 2025

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

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

For finalization by the Municipal Manager, Mr W Hendricks.

RECOMMENDATION BY MPAC TO COUNCIL: 15 JANUARY 2025

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

That the following irregular expenditure, in view of the fact that there is no reason to suspect fraud, and that Council has received value for money and did not suffer any financial loss or damages. As there are no grounds for a claim against any official, in the amount of R10 500.00 be written off as irrecoverable.

RECOMMENDATION BY MPAC TO COUNCIL: 05 MAY 2025

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

1. **The Municipal Public Accounts Committee resolved that a 2-year SLA be put in place for service providers to be registered.**

2. **That the following irregular expenditure, in view of the fact that there is no reason to suspect fraud, and that Council has received value for money and did not suffer any financial loss or damages. As there are no grounds for a claim against any official, in the amount of R10 500.00 be written off as irrecoverable.**

RESOLVED BY COUNCIL: 24 NOVEMBER 2025

During a Special Council In-Committee Meeting held on 24 November 2025, Council resolved to rescind Council Resolution C135/2025 of 29 May 2025 and that the item be referred back to the Municipal Public Accounts Committee for a Section 32 investigation.

Agenda-item referred back to the Municipal Public Accounts Committee for consideration.

RECOMMENDATION FROM MPAC TO COUNCIL: 04 DECEMBER 2025

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

1. In view of the fact that there is no reason to suspect fraud, and that Council has received value for money and did not suffer any financial loss or damages. As there are no grounds for a claim against any official, in the amount of R10 500.00 be written off as irrecoverable.

2. The Municipal Public Accounts Committee resolved that the Directorate Finance must include a clause in the SCM Policy that provides for an exemption from disclosing irregular expenditure, in order to prevent future concerns or findings from the Auditor-General.

RESOLVED BY COUNCIL: 12 DECEMBER 2025

Council approves the recommendation of the Municipal Public Accounts Committee dated 04 December 2025 as per Council resolution SC14/2025 of the Special Council Meeting of 12 December 2025.

For finalization by the Senior Manager: Human Resources, Mr J Amansure (point 1 of MPAC recommendation) and Director: Finance, Mr P Mabhena (point 2 of MPAC recommendation).

400

2024-04-10

30058

2024-04-12

THEEWATERSKLOOF MUNISIPALITEIT

B00216

BOWL ADDICTION TREATMENT SERVICE

Datum : **12/04/2024**

Tjek nr.: **CASHFOCUS**

Besonderhede van Betaling/Details of payment :

	10 500,00
	10 500,00

Belasting		Posnommer	Bedrag
Inklusief	**Eksklusief**		
			10 500,00

Besonderhede van uitgawe Ek/Ons sertifiseer dat geen vorige betaling in hierdie verband gemaak is nie.
nagegaan en gekontroleer

10 500,00

Direkteur : Finansies

E. MATONI
Opgestel deur

Nagesien deur

401

BOWL Addiction Treatment Service
NPC Reg# K2017173706
CSD Reg# MAAA 0538101
91 Russell Street, Cape Winelands
Municipality, Worcester
Tel 023-346 47 49 **Fax** 086 416 12 78

BOWL ADDICTION TREATMENT SERVICES

INVOICE NM0001 – [redacted] 3.27.2024

INVOICE TO

TWK MUNICIPALITY

PREPARED BY

BOWL Addiction Treatment Service
Joe van der Berg
Programme Director
084 8999 894
023-3 46 47 49

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
3	Testing	R 150.00	R 450.00
	6-week Community Based Treatment:		
	Screening		
	Assessment & IDTP		
	Early Recovery Skills Group		
	Relapse Prevention Groups		
	Anger Management		
	Wellness Programs		
	6-week Aftercare Services:		
	Relapse Prevention & Reintegration Services		R4 800.00

MUNISIPALITEIT THEEWATERSKLOOF
BETAAL SERTIFIKAAT
Ek sertifiseer dat:
Die dienste/goedere soos hierin gespesifiseer, aan die Raad geleweris en dat die pryse/fooie redelik en volgens ooreenkoms/kontrak is.
27/3/24
Handtekening Datum

BANKING DETAILS
BANK : FIRST NATIONAL BANK
ACC NAME : Bowl Community Centre NPC
ACC NUMBER : 628 30259 538
BRANCH CODE : 200407
REFERENCE : Quotation nr

SUBTOTAL

TOTAL R 5'250.00

PAYMENT DUE 3.30.2024

PAID

C1/1113/9/7508/0

BOWL Addiction Treatment Service
NPC Reg# K2017173706
CSD Reg# MAAA 0538101
91 Russell Street, Cape Winelands
Municipality, Worcester
Tel 023-346 47 49 **Fax** 086 416 12 78

INVOICE NM0001 – [redacted] 27 March 2024

INVOICE TO

TWK MUNICIPALITY
6 Plein Street
Caledon, 7230
Vat nr: 4000846248

PREPARED BY

BOWL Addiction Treatment Service
Joe van der Berg
Programme Director
084 8999 894
023-3 46 47 49

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
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9/4/24
Handtekening Datum

BOWL Addiction Treatment Service
91 Russell Street, Cape Winelands
Municipality, Worcester
Tel 023-346 47 49 **Fax** 086 416 12 78

QUOTATION – [redacted] 3.14.2024

QUOTATION TO
TWK MUNICIPALITY

PREPARED BY
BOWL Addiction Treatment Service
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QUOTATION VALID UNTIL
3.15.2024

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BOWL ADDICTION TREATMENT SERVICES

INVOICE JM0002 –

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SUBTOTAL
TOTAL **R 5'250.00**

QUOTATION VALID UNTIL
3.15.2024

Charles Fisher

From: sw1cbt@bowlcc.co.za
Sent: Friday, 08 March 2024 10:40
To: Joseph Amansure; 'Carmen Abrahams'
Cc: Charles Fisher; 'Joe van der Berg'
Subject: RE: [redacted]

You don't often get email from sw1cbt@bowlcc.co.za. Learn why this is important

Good day. Thank you for the referral Carmen.

We would be happy to assist in this matter Mr. Amansure. If possible could it be arranged that the two which is [redacted] visit our offices on Tuesday the 12th of March 2024 at 10:00 for screening? Please let me know regarding this.

Kind regards

Brent Voigt
Social Worker
SACSSP Reg: 10-57708
BOWL Addiction Treatment Services [illegible]
Cell: 082 470 6857 Email: sw1cbt@bowlcc.co.za
International Recovery Ally, Colombo Plan Sri Lanka; Member of the International Society for Substance Use Professionals [ISSUP]

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From: Carmen Abrahams <Carmen.Abrahams2@westerncape.gov.za>
Sent: Thursday, 07 March 2024 13:58
To: Joseph Amansure <josepham@twk.gov.za>; sw1cbt@bowlcc.co.za; Joe van der Berg <ceo@bowlcc.co.za>
Cc: Charles Fisher <charlesfi@twk.gov.za>
Subject: RE: [redacted]

Goeie Middag Mnr Amansure,

Baie dankie vir die verwysings.

BOWL is 'n geregistreerde NGO wie dienste lewer spesifiek aan persone wie alkohol-en dwelms misbruik in die Villiersdorp omgewing.

Mnr Brent Voigt is die maatskaplike werker, en ek CC hom in hierdie epos. BOWL se kantore is by die Resource Centre in Villiersdorp, en dus is dit makliker vir kliente om toegang tot hulle dienste te he.

@sw1cbt@bowlcc.co.za Brent, sien asb die onderstaande epos. Kan jy groot asseblief die 2 beamptes sien en die nodige dienste lewer? Ek reel gewoonlik 'n eerste afspraak deur Mnr Amansure of Mnr Fisher.

Baie dankie vir julle goeie werk. Jy is welkom om my te kontak as jy enige ander navrae het.

Groete,

Carmen Abrahams
Social Worker for Substance Abuse
Department of Social Development: Caledon Local Office/ TWK SDA
10 Plein Street,Caledon
Tel: 028 214 3000
E-mail: Carmen.Abrahams2@westerncape.gov.za
Website: www.westerncape.gov.za

Western Cape Government
PCR YOU

Be 110% Green. Read from the screen.

From: Joseph Amansure <josepham@twk.gov.za>
Sent: Thursday, March 7, 2024 11:34 AM
To: Carmen Abrahams <Carmen.Abrahams2@westerncape.gov.za>
Cc: Charles Fisher <charlesfi@twk.gov.za>
Subject: [redacted]

Goeie dag Me Abrahams,
Ons het kennis gekry van twee van ons personneellede wie aagedui het dat hulle 'n drankprobleem het en graag gehelp wil word.
Beide is werksaam by ons Dorpkantoor te Villiersdorp en hul adresse is soos volg:
[redacted] Villiersdorp
[redacted] Villiersdorp
Byvoorbaat dankie
J Amansure

Subject: [redacted]

Goeie Dag Mnr Amansure

Mnre [redacted] was hier by my, hulle het aan my erken hulle het 'n drank probleem en soek hulp. Hulle het my versoek om by u te verneem of die werkgewer hulle nie kan help.

Baie dankie

Groete

MKP

"All views or opinions expressed in this electronic message and its attachments are the view of the sender and do not necessarily reflect the views and opinions of the Western Cape Government (the WCG). No employee of the WCG is entitled to conclude a binding contract on behalf of the WCG unless he/she is an accounting officer of the WCG, or his or her authorised representative.

409

Charles Fisher

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Subject: RE: [redacted]

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@sw1cbt@bowlcc.co.za Brent, sien asb die onderstaande epos. Kan jy groot asseblief die 2 beamptes sien en die nodige dienste lewer? Ek reel gewoonlik 'n eerste afspraak deur Mnr Amansure of Mnr Fisher.

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Groete,

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Social Worker for Substance Abuse
Department of Social Development: Caledon Local Office/ TWK SDA
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[redacted]
[redacted]villiersdorp
Byvoorbaat dankie
J Amansure

Subject: [redacted]

Goeie Dag Mnr Amansure

[redacted] was hier by my, hulle het aan my erken hulle het 'n drank probleem en soek hulp. Hulle het my versoek om by u te verneem of die werkgewer hulle nie kan help.

Baie dankie

Groete

MKP

"All views or opinions expressed in this electronic message and its attachments are the view of the sender and do not necessarily reflect the views and opinions of the Western Cape Government (the WCG). No employee of the WCG is entitled to conclude a binding contract on behalf of the WCG unless he/she is an accounting officer of the WCG, or his or her authorised representative.

Production

Supplier Master

ERIK MATONI

09 APRIL 2024 08:48

Business Information

Internal Creditor Code	B00216
Full Registered Name	BOWL ADDICTION TREATMENT SERVICE
Trading Name	BOWL ADDICTION TREATMENT SERVICE
Company Registration No	
VAT Registration No	0
Income Tax Reference No	0
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
Branch Name	CALEDON
Account No	62830259538
Account Type	Cheque/Current
Action Date and Time	2024APR 1625
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	0
Credit Notes	0
Invoices	0
Cheque Payments	0
EFT Payments	0
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	

411

Record was successfully displayed

THEEWATERSKLOOF MUNICIPALITY

CREDITOR'S RECONCILIATION

NAME OF CREDITOR: BOWL ADDICTION TREATMENT SERVICE

RECONCILIATION DATED: 09.04.2024

Balance as per invoice dated:			
	NM0001	27.03.2024	5 250,00
	JM0002	27.03.2024	5 250,00
			10 500,00
Less Payments not yet credited:			
Cheque / ACB No. .....dated			
Less: Interest waived			
Credit Note			
Discount allowed			
Outstanding Balance			**10 500,00**
Outstanding Balance:			
			10 500,00

MPAC69/2026

DRAFT ANNEXURE J – MPAC UIFWE RECOVERY RECOMMENDATION REPORT TO COUNCIL

IRREGULAR EXPENDITURE – BOWL ADDICTION TREATMENT SERVICES – TWO EMPLOYEES

Financial year	2024/2025
Amount involved	R10,500.00
Type	UIFWE / Irregular expenditure
Department / project	As recorded in the existing Item Annexure J/supporting material
Core issue	Addiction-treatment services obtained through employee assistance without the municipality's normal SCM appointment process.

1. Purpose of this Annexure

- Incorporate Management's written answers into the existing Annexure J assessment.
- Identify which answers are adequate, partially answered, unanswered or raise a material red flag.
- Assess accountability, actual financial loss, recovery, disciplinary/financial-misconduct and other consequence-management issues.
- This is a draft MPAC assessment and does not itself constitute a final finding of personal liability.

2. MPAC approach

- Irregular expenditure must be distinguished from actual financial loss. Receipt of goods/services does not automatically establish value for money or absence of loss.
- An assertion that there was no fraud or negligence is not a substitute for an evidence-based individual Section 32(1) assessment.
- No write-off/irrecoverability recommendation should be made while material loss, authority, responsibility or recovery questions remain unresolved.

3. Management responses and MPAC assessment

1. The report confirms that BOWL's services were available free of charge through the Department of Social Development. Why did the Municipality incur R10,500 when free service was apparently available?

The Employer refers all staff members who suffer from alcohol addiction problems to the Department of Social Development free of charge, who will interview the employees and then determine whether or not further intervention will be required.

The Department of Social Development took the initiative upon themselves to refer the Employees to BOWL, a service provider appointed by the Department of Social Development, which is an Addiction Treatment Centre in Villiersdorp without the knowledge or approval from the municipality.

2. Who decided to use BOWL rather than the free service offered through the Department of Social Development?

The Employees was referred to BOWL Addiction Centre by the Department of Social Development on good intent and because BOWL specifically deal with alcohol dependency cases.

3. Was Management aware before appointing BOWL that the same treatment could be obtained at no cost to the Municipality?

The service provider was not appointed by the municipality. The initial idea as per the practice was to obtain the service free of charge, hence why the employees was referred to the Department of Social Development.

4. What was the exact benefit obtained by the Municipality for R10,500?

The benefits to the Municipality (Employer):

- **Reduced Absenteeism: Treated employees take fewer sick days and have lower rates of unexcused absences.**
- **Higher Productivity: Recovery restores focus, efficiency, and quality of work.**
- **Lower Turnover: Supporting an existing worker costs significantly less than recruiting and training a replacement.**
- **Improved Workplace Safety: Fewer impaired workers mean a lower risk of accidents, injuries, and liability issues.**
- **Positive Culture: Compassionate support builds company loyalty and boosts overall team morale.**

5. Please provide the assessment/recommendation from the social workers showing why BOWL was selected over the available free service.

The feedback from the Social Worker was as follows:

"BOWL is a registered NGO and their offices is at the Resource Centre in Villiersdorp, and it will therefore be easier for the staff members to gain access to the facility.

BOWL will be able to assist the employees as they specifically deal with alcohol dependency cases"

6. Was there any medical, therapeutic or operational reason why the Department of Social Development service was unsuitable?

The Department of Social Development themselves we of the view that they will not be able to provide the professional assistance needed by the relevant staff members and because they are working closely with their service provider BOWL Addiction center who specialized in alcohol dependency treatment and due to the fact that they are situated in Villiersdorp where the particular staff resides appears at the time to be the best option.

7. If no such reason exists, does Management accept that the R10,500 may represent an avoidable financial loss, rather than merely irregular expenditure?

No this was irregular expenditure not caused by management or any staff member but by the Department of Social Development. The employees completed the treatment, and the Employer received value for money.

8. Who authorized the payment and who verified that the Municipality was liable for the cost?

Mr. J Amansure: Senior Manager Human Resources – the service was rendered by Bowl Addiction centre on request from the Social worker from the Department of Social Services.

9. Has the official responsible been assessed for negligent conduct under Section 32(1)?

N/A – no staff member was involved in the sourcing and appointment of the service provider

10. If the Municipality could have received equivalent services without payment, why should the R10,500 not be considered for recovery from the official(s) responsible?

The service is a professional service, provided to staff as outpatients treatment. No centre provides this kind of service free of charge.

The alternative option was to book the employee in at a private institution in Cape Town for a period of 8 weeks at a minimum cost of R20 000.00 per person (travel and accommodation excluded).

Additional questions and answers during the meeting:

Councillor P Stander: Is there any measures put in place to prevent future occurrence?

Mr J Amansure: It has been arranged that the service provider will first clarify with Theewaterskloof Municipality before decided for any referrals.

Councillor P Stander: Theewaterskloof Municipality did receive value for money. The Municipality benefits on their return.

Mr J Amansure: Previously the costs were very high. The Officials are still satisfied.

4. Section 32(1) accountability assessment

- No fraud/deliberate conduct is established.

5. Recovery assessment

With the verification of the invoices and the service rendered, MPAC can reasonably conclude that the irregularity does not, in the present evidence, establish a recoverable municipal financial loss.

MPAC can reasonably recommend that the amount be certified as irrecoverable.

6. Disciplinary / financial misconduct

The supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct. On the present record, **a disciplinary board referral is not recommended**.

7. Criminal referral

- No criminal conduct is established. **Criminal referral is not recommended.**

8. Other consequence management

- Improve urgent HR/SCM referral procedures, approved-provider arrangements and deviation controls.

9. MPAC recommendation to Council:

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R10 500.00 constitutes irregular expenditure.**
2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**
3. **Recommends that the irregular expenditure to the amount of R4 140.00 be written off as irrecoverable in terms of section 32 of the MFMA.**
   The Manager: Human Resources Manager, Mr J Amansure, confirmed that it was a once-off case and that after consultation, it did not happen again.
4. **No disciplinary board referral as the supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct.**
5. **No criminal referral as no criminal conduct is established.**

10. Supporting annexures:

- Previous MPAC agenda-item/resolution and resolution of Council dated 12 December 2025.
- Signed invoices and proof of payment.
- Several emails regarding the request for quotations.

11. Signatures

Prepared by	Municipal Public Accounts Committee
Reviewed by	Municipal Public Accounts Committee
Approved for MPAC submission Cllr A Gana **MPAC CHAIRPERSON**	22/09/2026
MPAC resolution reference	**MPAC69/2026**

ITEM TITLE

C265/2026 PUBLIC ACCOUNTS COMMITTEE: IRREGULAR EXPENDITURE: EMERGENCY PROCUREMENT OF PERSONAL PROTECTIVE EQUIPMENT (PPE) 2023/2024

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

To inform the Municipal Public Accounts Committee (MPAC) in accordance with Section 32 of the Municipal Finance Management Act 56 of 2003 (MFMA) and regulation 74 of the Municipal Budget and Reporting Regulations of irregular expenditure incurred due to non-compliance with supply chain management processes for the 2023/2024 financial year.

BACKGROUND

See attached Annexure.

DISCUSSION

See attached Annexure.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The irregular expenditure incurred was to the amount of R198 368.91.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Municipal Finance Management Act 56 of 2003.

Regulation 74 of the Municipal Budget and Reporting Regulations.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that the report be referred to the Municipal Public Accounts Committee for its UIFWE recovery assessment as contemplated in section 32(2) of the MFMA.

RECOMMENDATION BY MANAGEMENT TO MPAC: 26 AUGUST 2026

Management recommend that the irregular expenditure be referred to MPAC for its recovery assessment as templated in Section 32(2) of the MFMA.

DISCUSSION DURING MEETING: 22 SEPTEMBER 2026

Questions from MPAC and answers provided by the Officials are included in Annexure J.

Additional questions and answers during the meeting:

Councillor P Stander – PPE were urgently required. The procurement process was started. BAC approval of the tender was outstanding.

Councillor P Stander raised the following question:

When did Management first become aware that PPE stocks were approaching an unacceptable level?

Response by Mr J Barnard:

- Tender was submitted to the BAC. BAC no quorum and was dysfunctional at that stage.
- No PPE in stock.
- Pressure from the Unions/LLF why staff were not issued with PPE.
- Quotations were obtained to procure the most critical PPE until the PPE tender was approved.
- After tender was awarded, it was also awarded to Pienaar Brothers.

Response by Ms A Madyosi:

- Tender process was run by Community Services.
- Needs analysis were done before the tender process.
- BAC could not continue.
- Deviation was approved.
- Quotations were obtained from BKB and Pienaar Brothers.
- Only safety cloves; safety jackets; earplugs and dust masks were procured.

Councillor P Stander – Why did the service take away from Human Resources and transferred to Community Services?

Mr J Barnard – The Municipal Manager at this stage, Mr B Ngubo, took the decision. 3-year tender were done. Mr Andre Meyer prepared the tender document.

Ms A Madyosi – The material was delivered and distributed by Community Services.

Mr J Barnard – Needs analysis was done to determine what PPE is needed. Delivery notes were received – source documents as proof of delivery.

Councillor P Stander - Negligence taken away from junior staff as the BAC was not functioning and a shortage of stock levels exists. Prices were market-related as the tender was also awarded to Pienaar Brothers – most cost-effective / value for money was received.

RECOMMENDATION BY MPAC TO COUNCIL:

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R198 368.91 constitutes irregular expenditure.**

2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**

3. **Recommends that the irregular expenditure to the amount of R198 368.91 be written off as irrecoverable in terms of section 32 of the MFMA.**
   (The BAC did not function. Deviation was approved. Value for money was received as the PPE were delivered.)

4. **No disciplinary board referral as the supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct.**

5. **No criminal referral as no criminal conduct is established.**

11. **Directs Management to strengthen controls relating to the appointment of BAC Members.**

IRREGULAR EXPENDITURE: EMERGENCY PROCUREMENT OF PERSONAL PROTECTIVE EQUIPMENT (PPE) – 2023/2024

1. Introduction

- This report has been drafted for submission to the Municipal Public Accounts Committee (MPAC) in accordance with section 32 of the Municipal Finance Management Act 56 of 2003 (MFMA) and regulation 74 of the Municipal Budget and Reporting Regulations.
- This report focuses on irregular expenditure incurred due to non-compliance with supply chain management processes for the 2023/24 financial year.
- The report analyses the expenditure incident and the events that led to the irregular expenditure, identifies the responsible officials, and outlines the measures taken or proposed to prevent recurrence.

2. The legal implications of the report

The legal implications of this report are governed by section 32 of the MFMA, which mandates the identification, reporting, and management of unauthorised, irregular, fruitless, and wasteful expenditure (UIFWE).

3. Type of UIFWE applicable to this report

The type of UIFWE applicable to this report is irregular expenditure incurred due to non-compliance with supply chain management regulations, specifically the failure to follow competitive bidding procedures for transactions above the prescribed threshold.

4. Discussion of events/ reasons that led to the UIFWE

The purpose of this report is to place before the Municipal Public Accounts Committee ("MPAC") the circumstances surrounding the procurement of Personal Protective Equipment ("PPE") amounting to **R198 368.91** during the 2023/2024 financial year, which was procured through an emergency deviation approved by the Accounting Officer.

The report seeks to provide MPAC with a comprehensive explanation of the circumstances that necessitated the deviation, the reasons for the Accounting Officer's approval, the steps taken by the Municipality to obtain the required PPE, and the measures implemented to mitigate the risk of recurrence.

The expenditure is reported as irregular expenditure for purposes of section 32 of the Municipal Finance Management Act, 2003 (Act 56 of 2003) ("MFMA"). The reporting of the expenditure as irregular does not, however, mean that the goods were procured without justification or that the Accounting Officer's decision to approve the deviation was unreasonable in the circumstances prevailing at the time.

5. Official(s) or councillor(s) responsible for the UIFWE incurred

- According to the Municipality's SCM Policy, the SCM Manager oversees the competitive bidding process and ensures compliance with all SCM prescripts.

- The CFO is responsible for oversight in terms of section 81 of the MFMA to ensure that SCM processes are adhered to and that deviations are properly documented and approved.

6. Why is the expenditure irregular expenditure?

The Municipality requires PPE on an ongoing basis to protect employees who perform operational duties involving exposure to hazardous working conditions, including employees working with waste, sewerage and other potentially hazardous materials.

During September 2023, the Municipality experienced an urgent shortage of essential PPE, particularly protective gloves. The shortage became critical to the extent that employees were required to utilise their own protective clothing and gloves in order to perform their duties.

The matter was raised by employees and through the Municipality's Health and Safety structures. Complaints were also received from organised labour regarding the absence of adequate PPE.

At the time, the Municipality was also preparing for the onset of the rainy season and associated flooding. The operational circumstances therefore created an increased occupational health and safety risk, particularly for employees required to work with waste, raw sewerage and other hazardous materials.

The shortage of PPE consequently had the potential to interrupt essential municipal services and compromise the health and safety of employees.

CIRCUMSTANCES NECESSITATING THE EMERGENCY DEVIATION

The circumstances prevailing at the time of the procurement were materially different from an ordinary procurement requirement.
The Municipality had effectively run out of essential protective gloves. Employees performing work involving waste and raw sewerage were consequently exposed to potential health and safety risks.

The situation was aggravated by:

- the imminent rainy and flooding conditions;
- the nature of the work performed by affected employees;
- complaints received from employees regarding the lack of PPE;
- concerns raised through organised labour;
- the potential for employees to refuse or discontinue work because of unsafe working conditions;
- the potential interruption of essential municipal services;
- the inability to finalise the existing tender due to the absence of a properly constituted BAC; and
- the fact that the Municipality was already in the process of recruiting the Directors required to restore the functionality of the BAC.

The circumstances therefore required the Municipality to take immediate steps to secure essential PPE rather than allow employees to continue working without appropriate protective equipment.
The decision to utilise the emergency deviation provision was therefore based on **the immediate health, safety and operational risks confronting the Municipality**, and not merely on administrative convenience.

EXISTING PROCUREMENT PROCESS

It is important to record that the Municipality had **not simply failed to initiate a procurement process** for PPE.

A formal tender process for PPE had already been initiated prior to the emergency procurement. The tender process had progressed to the stage where prices had been evaluated. However, the process could not be finalised because the Bid Adjudication Committee ("BAC") could not obtain the required quorum due to vacancies in the positions of permanent Directors.

The Municipality was simultaneously undertaking a recruitment process to fill the vacant Director positions.

The inability to constitute the BAC resulted in the existing tender process being delayed and prevented the Municipality from finalising the procurement within the period required to address the immediate PPE shortage.

The Department of Finance further advised that a new quotation process for the same goods could not simply be conducted concurrently with the existing tender process.

Accordingly, the Municipality found itself in a situation where a formal procurement process was already underway, but could not be concluded within the required timeframe, while the stock of essential PPE had reached a critically low level.

7. Consideration of deliberate or negligent conduct relating to UIFWE incurred

The Municipality submits that the circumstances should be considered in their entirety.

The emergency did not arise solely from the absence of a BAC. The critical issue was that the Municipality had **run out of essential PPE required by employees performing hazardous operational duties**, while the existing formal procurement process could not be concluded because the BAC could not obtain a quorum.

The Municipality had therefore reached a point where waiting for the completion of the normal procurement process would have resulted in employees continuing to perform potentially hazardous work without adequate PPE.

The fact that a procurement process had commenced should further be regarded as evidence that the Municipality had taken steps to address its PPE requirements through normal SCM processes. The emergency deviation was utilised because the existing procurement process could not be concluded within the timeframe required to address the immediate health and safety risk.

The deviation was accordingly not utilised as a substitute for normal procurement planning, but as an intervention to address an immediate operational requirement while the normal procurement process was unable to be finalised..

8. Mitigating controls to prevent similar UIFWE in the future

The Municipality acknowledges that the circumstances highlight the importance of ensuring that procurement planning for essential PPE is undertaken sufficiently in advance and that appropriate contingency arrangements are maintained.

The following measures should be implemented or strengthened:

1. PPE requirements must be incorporated into the annual procurement plan.
2. Minimum stock levels for critical PPE must be established and monitored.
3. Re-order points must be introduced for essential PPE.
4. User departments must submit PPE requirements sufficiently in advance of anticipated shortages.
5. Procurement processes for essential operational items must be monitored to ensure that delays are escalated timeously.
6. Vacancies affecting the functionality of SCM structures must be prioritised.
7. Emergency deviations must only be utilised where the circumstances objectively justify such action.
8. All emergency deviations must contain a detailed motivation setting out the specific circumstances giving rise to the emergency.
9. The Accounting Officer must continue to exercise oversight over emergency procurement and deviations.

9. The Municipality must ensure that deviations are reported and dealt with in accordance with the applicable SCM Policy and MFMA requirements Confirmation by author of report that information in report is a true reflection of facts

I, Charles Fisher, confirm that the information contained in this report is a true and accurate reflection of the facts as they are known. This report is based on validated data to ensure reliability and accuracy.

10. Confirmation if UIFWE matter has been referred for disciplinary actions & if not, why not ?

Section 32 of the MFMA requires irregular expenditure to be dealt with through the prescribed accountability processes.

The fact that the Accounting Officer approved the deviation does not mean that accountability processes should be disregarded. It does, however, provide important context when determining whether any individual should be held financially liable.

In the circumstances of this matter, consideration should be given to the following:

1. The procurement was undertaken for a legitimate municipal purpose.
2. The PPE was required to protect employees performing potentially hazardous duties.
3. A formal tender process was already underway.

4. The tender process could not be finalised because of the inability to constitute a quorum of the BAC.
5. The Municipality was actively addressing the vacancies that prevented the BAC from functioning.
6. The emergency deviation was considered and approved by the Accounting Officer.
7. The goods were received and utilised.
8. The Municipality did not suffer an identified financial loss.
9. There is no evidence presently before MPAC of fraud, corruption or personal enrichment.

It is therefore submitted that there is no factual basis on the information currently available to recommend personal financial liability against an official.

11. Measures already taken to recover the UIFWE

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

12. Cost of the measures already taken to recover UIFWE

Not applicable

13. Estimated cost & benefit of further measures that can be taken to recover the UIFWE

RECOMMENDATION TO MPAC

It is recommended that the Municipal Public Accounts Committee:

1. **Notes** the irregular expenditure of **R198 368.91** incurred during the 2023/2024 financial year in respect of the emergency procurement of PPE;
2. **Notes** that the deviation from the normal SCM process was considered and approved by the Accounting Officer in accordance with the Municipality's SCM Policy;
3. **Notes** that the deviation was necessitated by the critical shortage of essential PPE, the health and safety risks to employees, the impending adverse weather conditions, and the inability to finalise the existing tender process due to the lack of a quorum of the Bid Adjudication Committee;
4. **Notes** that a formal PPE tender process was already underway and had progressed to the evaluation of prices at the time of the emergency procurement;
5. **Notes** that the PPE was received and utilised by the Municipality for its intended purpose;
6. **Notes** that no financial loss or damage to the Municipality has been identified and that there is no evidence of fraud, corruption, personal enrichment or bad faith on the information presently available;

7. **Recommends to Council** that the irregular expenditure of **R198 368.91** be recognised and dealt with in accordance with section 32 of the MFMA and that, subject to the applicable legislative requirements and the outcome of the accountability process, the expenditure be certified as irrecoverable and written off;

8. **Recommends** that no personal financial liability be imposed on any official in the absence of evidence establishing financial loss, negligence, fraud, corruption or wilful misconduct; and

9. **Recommends** that Management strengthen PPE procurement planning, minimum stock controls, procurement monitoring and contingency arrangements to prevent a recurrence of similar circumstances.

14. Annexures

Supporting documents attached to this report include:

- A copy of Council Resolution of 23 October 2025 and other supporting documents.

15. Conclusion of report

The Municipality acknowledges that the procurement resulted in irregular expenditure and that the matter must be dealt with in accordance with section 32 of the MFMA.

However, the circumstances surrounding the transaction demonstrate that the procurement was undertaken to address a genuine and immediate operational requirement.

The Municipality had run out of essential PPE, employees performing hazardous duties were exposed to health and safety risks, complaints had been received, adverse weather conditions were anticipated, and the existing formal tender process could not be finalised because the BAC could not obtain the required quorum.

The Accounting Officer considered these circumstances and approved the emergency deviation in terms of the Municipality's SCM Policy.

The procurement was therefore not undertaken for the convenience or benefit of any official. It was undertaken to protect employees and ensure the continued provision of essential municipal services.

The Municipality received the PPE procured, the goods were utilised for their intended purpose, and no financial loss or damage to the Municipality has been identified. There is also no evidence presently available indicating fraud, corruption or personal enrichment.

The Municipality accordingly requests MPAC to consider the **substantive circumstances surrounding the Accounting Officer's decision to approve the deviation**, while recognising the procedural irregularity for purposes of the MFMA.

16. Referral of report to the MPAC

This report is hereby referred to the MPAC for its UIFWE recovery assessment as contemplated in section 32(2) of the MFMA.

Report compiled by:	Date:	Designation:	Signature:
Mr C Fisher	26/8/2026	Manager HR Administration	

Report approved by:	Date:	Designation:	Signature:
Mr J Amansure	20/8/26	Senior Manager: HR (Ret)	

Report authorised for MPAC referral by:	Date:	Designation:	Signature:
Mr W Hendricks	26/08/2026	Municipal Manager	

ANNEXURE A

Status Report– Preferential Procurement Regulations 2022

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

1

What was the initial Purpose
The purpose of the report is to inform the Municipal Public Accounts Committee of the possible/alleged irregular expenses occurred to an amount of R 198 368.91 funded by the Municipality, and that the Committee consider the report with explanatory template for the irregular expenditure in terms of Section 32 of the MFMA.

2

Initial Scope of Contract and if uncertain please explain
Cotton Gloves with studs
Pigskin Gloves
PVC Shoulder Length Gloves Red
PVC Shoulder Length Gloves Black
Chainsaw Gloves
6 Cm Green Welders Glove
Masks FFP2
Safety Glasses
Earplugs
Safety Reflector Vests
Garden Gloves
PVC Rubber Short Red

3

Initial Contract Value and if uncertain please explain
The value of the deviation was R 198 368.91

4

Initial Expiry Date and if uncertain please explain
There was no expiry date as it was a deviation.

5

Was normal SCM Process followed and complied with		
Yes	no x	Uncertain
Explain of motivate your response		

SCM process of obtaining more than one quotation through RFQ advertisement was not followed due to the emergency of the situation. The situation was life threatening as official's health and rights were compromised as the whole of municipality had completely ran out of gloves including those working with waste and raw sewerage and were on the verge to down tools

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 extension or expansion was required. We requested for specific item as an emergency and received them as requested and that was the end of it.		

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. A contract was entered into.		

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		
Tender process was eventually completed and service providers appointed for supply and delivery of PPE where a contracts were entered into that are compliant with SCM processes.		

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. The council received best value for money as goods and services were received satisfactory.		

10

Has the Municipality suffered any losses or damages as a result of non-compliance with any of the MFMA or SCM requirements		
Yes	No x	Uncertain
Please explain or motivate your response above		
No. The council did not suffer any financial loss as goods and services were received satisfactory.		

11

Are you satisfied with the performance of the current service providers		
Yes	No	Uncertain x
Please explain or motivate your response above		
PPE is no longer with Corporate Services. It is now with Community Service.		

12

Has the director investigated and established whether or not there is not at this point a better service provider, price or product which would justify a new procurement process and a reconsideration of the current service provider, product or price		
Yes	No	Uncertain x
Please explain or motivate your response above		
Director and Deputy Director Community Services would be the best to respond on their investigations as PPE is now with their directorate.		

14

Could any form of non-compliance have been prevented		
Yes	No	Uncertain x
Explain or motivate your response above		
If we were given approval to advertise on RFQ for the emergency PPE when we requested for it there would not have been a need to go out on a deviation. On the same note, I don't know if that too would not have been a non-compliance as there was already a tender process in progress of the same items. Running both processes concurrently could have violated the procurement principles (I stand to be corrected).		

15

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

There is a tender 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

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.	
Signature of the Municipal Manager	Date

AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
Theewaterskloof Municipality
PO Box 24
Caledon
7230

28 October 2024

Reference: Communication No.21 of 2023

Dear Mr. R Stevens

COMMUNICATION OF FINDINGS IDENTIFIED DURING THE AUDIT OF COMPLIANCE WITH LEGISLATION FOR THE YEAR ENDED 30 JUNE 2024

SCM: Reason for not following the official procurement processes (Deviation) not justifiable

Background

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

Required

3. You are requested to indicate whether you agree with the facts stated in the annexure including whether you agree with the identified internal control deficiency. Should you disagree, please provide us with documentary evidence to the contrary within 5 days from the date of this communication, as agreed in the engagement letter.
4. Should you agree, you are hereby requested to make the necessary corrections.
5. Should you choose not to make the necessary corrections, kindly communicate your reasons for this within 5 days from the date of this communication, as agreed in the engagement letter. The remaining uncorrected misstatement will then be evaluated for reporting purposes based on materiality.
6. Should you choose to make the necessary corrections, kindly refer the point(s) described below and provide us with the necessary information within 5 days from the date of this communication, as agreed in the engagement letter.
7. Please provide us with the reasons for the instances of non-compliance and the steps that will be taken to rectify the matter in future.

Yours sincerely

Unathi Mnqanqeni
Senior Manager: Western Cape

Enquiries: Henno Pretorius
Cell phone: 064 907 4146
Telephone: (021) 528 4100
Fax: (021) 528 4200
Email: hennop@agsa.co.za

Acknowledgement of receipt by management:

_____ _____

Received by Date

DETAILED AUDIT FINDING

Procurement and contract management

Unjustified deviations from normal Supply chain processes

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

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

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

a) *that goods or services above a transaction value of R200 000 (VAT included) and long-term contracts may be procured by the municipality or municipal entity only through a competitive bidding process, subject to regulation 11(2); and*
b) *that no requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process."*

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

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

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

(3.) In terms of the Supply Chain Management (SCM) regulations 5: "An accounting officer may in terms of section 79 or 1 06 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of regulation 4(1), but any such sub delegation must be consistent with sub regulation (2) and regulation 4".

Furthermore, paragraph 37 of the municipality's supply chain policy states that:
"37. DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES

1. The Accounting Officer may –

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

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

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

2. *The Accounting Officer must record the reasons for any deviations in terms of subparagraphs 36(1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.*
3. *Subparagraph 36(2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy."*

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

Part A: Inadequate Justification for Procurement Deviations

No	Name of supplier and service provided	Category	Actual value of contract	Deviation date of approval	Auditor's comment	Management comments
1.	**Procurement PPE - Pienaar Brothers (Pty) Ltd**	Emergency	R198 368,91	09 September 2023	The municipality justified this deviation by citing a non-functional Bid Adjudication Committee (BAC), as there were no permanent directors in place to facilitate the formal tender process. However, this deviation does not meet the criteria for an emergency, as it was not an unforeseeable event necessitating urgent action. The situation could have been managed through a formal quotation process, and the failure to plan adequately for PPE needs led to the unjustifiable deviation. **Impact:** This results in non-compliance with regulation 17(1)(a) and (c) as goods were procured without obtaining the required price quotations. Deviations were approved by the accounting officer even though it was not impractical obtain price quotations in contravention with regulation 36(1)(a). This results to irregular expenditure of R198 368,91. The non-compliance will be evaluated with other instances.	

Theewaterskloof Municipality

THEEWATERSKLOOF MUNISIPALITEIT : THEEWATERSKLOOF MUNICIPALITY

OFFICIAL ORDER

Order

G0000981

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

Delivery : 10 CHURCH STREET
CALEDON
7230

VAT Registration number:4000846248

SUPPLIER NAME: PIENAAR BROTHERS (PTY) LTD [P00042]
SUPPLIER TEL NO: 021 511 8131
SUPPLIER FAX NO: 021 510 4470
PHYSICAL ADDRESS: 22 AUCKLAND STREET
DATE: 20230920

DIRECTORATE: Community Services
COST CENTRE: Property Services
NAME: Botha D
REQ NO: 32906

DESCRIPTION	QUANTITY	UNIT PRICE EXCL.	AMOUNT EXCL.	AMOUNT INCL.
GLOVE PVC MW	170.00	51.15	8695.50	9999.82
GLOVE PVC	50.00	51.15	2557.50	2941.13
GLOVE PVC	50.00	58.82	2941.13	2941.13
GLOVE PVC	80.00	51.15	4092.00	4705.80
GLOVE PVC	150.00	51.15	7672.50	8823.38
GLOVE PVC	130.00	51.15	6649.50	7646.93
GLOVES PVC	60.00	51.15	3069.00	3529.35
GLOVES PVC	150.00	51.15	7672.50	8823.38
Glove PVC Med	60.00	16.18	970.80	1116.42
Glove Ntrile Dura Lite	50.00	11.90	595.00	684.25
Jacket Reflect hv200 2xl	15.00	52.95	794.25	913.39
Jacket Reflect Lime HV200 S	20.00	52.95	1059.00	1217.85
Jacket Refflect Lime HV200 XL	45.00	52.95	2382.75	2740.16
EARPLUG FOAM CORD QUIET	100.00	8.95	895.00	1029.25
SPECS RAVEN AVENGER	350.00	34.05	11917.50	13705.13
MASK FFP2	20.00	127.50	2550.00	2932.50
GLOVE LEATHER 65CM GREEN LINED	6.00	48.73	292.38	336.24
CHAIN PLASTIC RED/WHITE	5.00	368.75	1843.75	2120.31
GLOVE RED/WHITE	5.00	368.75	1843.75	2120.31
GLOVE PVC	10.00	51.15	511.50	588.23
GLOVE RUBBER 40CM ROUGH	450.00	54.60	24570.00	28255.50
GLOVE RUBBER 40CM ROUGH	25.00	54.60	1365.00	1569.75

APPROVED BY: Signature: Name In Print: MARTIN A Date: 2023 09 20

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.

Theewaterskloof Municipality

THEEWATERSKLOOF MUNISIPALITEIT : THEEWATERSKLOOF MUNICIPALITY

OFFICIAL ORDER

Order

G0000981

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

Delivery : 10 CHURCH STREET
CALEDON
7230

438

VAT Registration number:4000846248

SUPPLIER NAME: PIENAAR BROTHERS (PTY) LTD [P00042]
SUPPLIER TEL NO: 021 511 8131
SUPPLIER FAX NO: 021 510 4470
PHYSICAL ADDRESS: 22 AUCKLAND STREET
DATE: 20230920

DIRECTORATE: Community Services
COST CENTRE: Property Services
NAME: Botha D
REQ NO: 32906

DESCRIPTION	QUANTITY	UNIT PRICE EXCL.	AMOUNT EXCL.	AMOUNT INCL.
GLOVE RUBBER 40CM	200.00	54.60	10920.00	12558.00
GLOVE RUBBER 40CM ROUGH	25.00	54.60	1365.00	1569.75
GLOVE RUBBER 40CM ROUGH	150.00	54.60	8190.00	9418.50
GLOVE POLKADOT REVERSEABLE	500.00	8.75	4375.00	5031.25
GLOVE LEATHER PIGSKIN	600.00	26.88	16128.00	18547.20
GLOVES PIGSKIN	250.00	26.88	6720.00	7728.00
GLOVES LEATHER PIGSKIN	250.00	26.88	6720.00	7728.00
GLOVES LEATHER PIGSKIN	350.00	26.88	9408.00	10819.20
GLOVES LEATHER PIGSKIN	350.00	26.88	9408.00	10819.20
GLOVES LEATHER PIGSKIN	100.00	26.88	2688.00	3091.20
GLOVES LEATHER PIGSKIN	75.00	26.88	2016.00	2318.40
		GRAND TOTAL	172878.31	198368.91

APPROVED BY: Signature: Name In Print: MARTIN A Date: 2023 09 20

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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
G0000981

VAT Registration number:4000846248

SUPPLIER NAME: PIENAAR BROTHERS (PTY) LTD [P00042]
SUPPLIER TEL NO: 021 511 8131 SUPPLIER FAX NO: 021 510 4470
VAT REGISTRATION NO: 0000048800235074 PHYSICAL ADDRESS: 22 AUCKLAND STREET
DATE: 20230920

DIRECTORATE: Community Services
COST CENTRE: Property Services
NAME: Botha D

mSCOA CONFIG	DESCRIPTION	QUANTITY	UNIT PRICE EXCL.	AMOUNT EXCL.	AMOUNT INCL.	DISCOUNT
013114396500	GLOVE PVC MW	170.00	51.15	8695.50	9999.82	
013114396500	GLOVE PVC	50.00	51.15	2557.50	2941.13	
013114396501	GLOVE PVC	50.00	58.82	2941.13	2941.13	
013114796508	GLOVE PVC	80.00	51.15	4092.00	4705.80	
013115396500	GLOVE PVC	150.00	51.15	7672.50	8823.38	
013117796500	GLOVE PVC	130.00	51.15	6649.50	7646.93	
013114296500	GLOVES PVC	60.00	51.15	3069.00	3529.35	
013122296502	GLOVES PVC	150.00	51.15	7672.50	8823.38	
013111796508	Glove PVC Med	60.00	16.18	970.80	1116.42	
013111596502	Glove Ntrile Dura Lite	50.00	11.90	595.00	684.25	
013111596502	Jacket Reflect hv200 2xl	15.00	52.95	794.25	913.39	
013111596502	Jacket Reflect Lime HV200 S	20.00	52.95	1059.00	1217.85	
013111596502	Jacket Refflect Lime HV200 XL	45.00	52.95	2382.75	2740.16	
013111796508	EARPLUG FOAM CORD QUIET	100.00	8.95	895.00	1029.25	
013111796508	SPECS RAVEN AVENGER	350.00	34.05	11917.50	13705.13	
013111296500	MASK FFP2	20.00	127.50	2550.00	2932.50	
013111296500	GLOVE LEATHER 65CM GREEN LINED	6.00	48.73	292.38	336.24	
013111396500	CHAIN PLASTIC RED/WHITE	5.00	368.75	1843.75	2120.31	
011113096500	GLOVE RED/WHITE	5.00	368.75	1843.75	2120.31	
011113096500	GLOVE PVC	10.00	51.15	511.50	588.23	
011113096508	GLOVE RUBBER 40CM ROUGH	450.00	54.60	24570.00	28255.50	
011113096508	GLOVE RUBBER 40CM ROUGH	25.00	54.60	1365.00	1569.75	
012111096500	GLOVE RUBBER 40CM	200.00	54.60	10920.00	12558.00	
012111096500	GLOVE RUBBER 40CM ROUGH	25.00	54.60	1365.00	1569.75	

PAYMENT AUTHORIZATION	
DATE	2023/09/20
HEAD OF DEPARTMENT	PROCUREMENT OFFICER

RAND TOTAL	198368.91
LESS DISCOUNT	0.00
NETT AMOUNT	198368.91

Order - Payment

G0000981

VAT Registration number:4000846248

SUPPLIER NAME: PIENAAR BROTHERS (PTY) LTD [P00042]
SUPPLIER TEL NO: 021 511 8131 SUPPLIER FAX NO: 021 510 4470
VAT REGISTRATION NO: 000004880235074 PHYSICAL ADDRESS: 22 AUCKLAND STREET
DATE: 20230920

DIRECTORATE: Community Services
COST CENTRE: Property Services
NAME: Botha'D

mSCOA CONFIG	DESCRIPTION	QUANTITY	UNIT PRICE EXCL.	AMOUNT EXCL.	AMOUNT INCL.	DISCOUNT
012114096500	GLOVE RUBBER 40CM ROUGH	150.00	54.60	8190.00	9418.50	
012112096500	GLOVE POLKADOT REVERSEABLE	500.00	8.75	4375.00	5031.25	
012112396500	GLOVE LEATHER PIGSKIN	600.00	26.88	16128.00	18547.20	
012112196500	GLOVES PIGSKIN	250.00	26.88	6720.00	7728.00	
012112796500	GLOVES LEATHER PIGSKIN	250.00	26.88	6720.00	7728.00	
012116096500	GLOVES LEATHER PIGSKIN	350.00	26.88	9408.00	10819.20	
013111596501	GLOVES LEATHER PIGSKIN	350.00	26.88	9408.00	10819.20	
012112096501	GLOVES LEATHER PIGSKIN	100.00	26.88	2688.00	3091.20	
012112796502	GLOVES LEATHER PIGSKIN	75.00	26.88	2016.00	2318.40	
			GRAND TOTAL	172878.31	198368.91	

PAYMENT AUTHORIZATION	
DATE	2023/09/20
HEAD OF DEPARTMENT	PROCUREMENT OFFICER

GRAND TOTAL	198368.91
LESS DISCOUNT	0.00
ETT AMOUNT	198368.91

PIENAAR BROTHERS
PERSONAL PROTECTIVE EQUIPMENT
A BLACK EMPOWERED COMPANY
Reg No. 2005/034625/07
VAT No. 4880235074

HEAD OFFICE CAPE TOWN
22 AUCKLAND STR,
PAARDEN EILAND
PO BOX 3521, CAPE TOWN 8000
TEL: 021 511 8131
FAX: 021 511 2464 (Sales)
FAX: 021 510 4470 (Admin)
EMAIL: info@pienaarbros.com
WEB: www.pienaarbros.com

BRANCHES:
DURBAN 031-709 2620
EAST LONDON 043-722 6592
GEORGE 044-873 0039
KATHU 053-723 2196
MOSSEL BAY 044-695 0357
PORT ELIZABETH 041-453 7194
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MAAA0034333
P O BOX 24
CALEDON
7230

SOUTH AFRICA

CUST.VAT #: 4000846248

DELIVERY ADDRESS
THEEWATERSKLOOF MUNICIPALITY CALEDON

YOUR REFERENCE	REFERENCE	CUSTOMER ORDER No.	ACCOUNT No.	DATE
MARTIN A/ D BOTHA	CHARLENE/ANT	G0000981	05143	20/9/2023
INTERNAL ORDER No.		SALES CENTRE	TERMS	LOCATION
2234135		10	30D	100

QUANTITY	STOCK CODE	DESCRIPTION	BACK ORDER	UNIT PRICE	VAT %	VAT AMOUNT	TOTAL
500	GPDREV	GLOVE"D"POLKA DOT REVERSABLE	0	8.75	15	656.24	5,031.24
996	GPSBPA	GLOVE LEATHER PIGSKIN	979	26.88	15	4,015.87	30,788.35
179	G608	GLOVE PVC M/W 40CM ELASTIC CUF	671	51.15	15	1,373.38	10,529.23
540	GRL40R	GLOVE RUBBER 40CM ROUGH	310	54.60	15	4,422.60	33,906.60
0	CPRW	CHAIN PLASTIC RED/WHITE	10	368.75	15	0.00	0.00
	THIS IS A CHAINSAW GLOVE						
6	GL6IL	GLOVE LEATHER 6CM GREEN LINED	0	48.73	15	43.86	336.24
8	MHR20	MASK FFP2 HR-20 (1X25)	12	127.50	15	153.00	1,173.00
350	SRAC	SPECS RAVEN AVENGER PRO CLEAR	0	34.05	15	1,787.63	13,705.13
0	EPQD30	EARPLUG FOAM CORD QUIET QD30	100	8.95	15	0.00	0.00
45	BHV2LXL	JACKET REFLECT LIME HV200 XL	0	52.95	15	357.41	2,740.16
20	BHV2LS	JACKET REFLECT LIME HV200 S	0	52.95	15	158.85	1,217.85
15	BHV2LXXL	JACKET REFLECT LIME HV200 2XL	0	52.95	15	119.14	913.39
60	G602KW	GLOVE PVC MED WGHT KW	0	16.18	15	145.62	1,116.42
50	GNDLFL	GLOVE NITRILE DURA LITE FOAM (	0	11.90	15	89.25	684.25

	WAYNE	SUB TOTAL	88,819.01
		VAT @ 15%	13,322.85
Delivery Method	COL	TOTAL	**102,141.86**

442

PIENAAR BROTHERS
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A BLACK EMPOWERED COMPANY
Reg No. 2005/034625/07
VAT No. 4880235074

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PAARDEN EILAND
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GEORGE 044-873 0039
KATHU 053-723 2196
MOSSEL BAY 044-695 0357
PORT ELIZABETH 041-453 7194
SALDAHNA 022-714 2473
WORCESTER 023-342 1102
CAPEWINELANDS 021-864 1538

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INV0002327356	1

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THEEWATERSKLOOF MUNICIPALITY
MAAA0034333
P O BOX 24
CALEDON
7230

SOUTH AFRICA

CUST.VAT #: 4000846248

DELIVERY ADDRESS
THEEWATERSKLOOF MUNICIPALITY CALEDON

YOUR REFERENCE	REFERENCE	CUSTOMER ORDER No.	ACCOUNT No.	DATE
MARTIN A/ D BOTHA	CHARLENE/ANT	G0000981	05143	20/9/2023
INTERNAL ORDER No.		SALES CENTRE	TERMS	LOCATION
2234135		10	30D	100

QUANTITY	STOCK CODE	DESCRIPTION	BACK ORDER	UNIT PRICE	VAT %	VAT AMOUNT	TOTAL
0	GPSBPA	GLOVE LEATHER PIGSKIN	979	26.86	15	0.00	0.00
0	G608	GLOVE PVC M/W 40CM ELASTIC CUF	671	51.15	15	0.00	0.00
0	GRL40R	GLOVE RUBBER 40CM ROUGH	310	54.60	15	0.00	0.00
0	CPRW	CHAIN PLASTIC RED/WHITE	10	368.75	15	0.00	0.00
	THIS IS A CHAINSAW GLOVE						
0	MHR20	MASK FFP2 HR-20 (1X25)	12	127.50	15	0.00	0.00
100	EPQD30	EARPLUG FOAM CORD QUIET QD30	0	8.95	15	134.25	1,029.25

	WAYNE	SUB TOTAL	895.00
		VAT @ 15%	134.25
Delivery Method	COL	**TOTAL**	**1,029.25**

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DURBAN 031-709 2620
EAST LONDON 043-722 6592
GEORGE 044-873 0039
KATHU 053-723 2196
MOSSEL BAY 044-695 0357
PORT ELIZABETH 041-453 7194
SALDAHNA 022-714 2473
WORCESTER 023-342 1102
CAPEWINELANDS 021-864 1538

INVOICE No.	PAGE
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CALEDON
7230

SOUTH AFRICA

CUST.VAT #: 4000846248

DELIVERY ADDRESS
THEEWATERSKLOOF MUNICIPALITY
CALEDON

YOUR REFERENCE	REFERENCE	CUSTOMER ORDER No.	ACCOUNT No.	DATE
MARTIN A/ D BOTHA	CHARLENE/ANT	G0000981	05143	29/9/2023
INTERNAL ORDER No.		SALES CENTRE	TERMS	LOCATION
2234135		10	30D	100

QUANTITY	STOCK CODE	DESCRIPTION	BACK ORDER	UNIT PRICE	VAT %	VAT AMOUNT	TOTAL
979	GPSBPA	GLOVE LEATHER PIGSKIN	0	26.88	15	3,947.32	30,262.84
0	G608	GLOVE PVC M/W 40CM ELASTIC CUF	671	51.15	15	0.00	0.00
80	GRL40R -ibt box	GLOVE RUBBER 40CM ROUGH	230	54.60	15	655.20	5,023.20
0	MHR20	MASK FFP2 HR-20 (1X25)	12	127.50	15	0.00	0.00
10	GLFN ibt box	GLOVE LEATHER FORESTRY NYLON	0	368.75	15	553.13	4,240.63

		SUB TOTAL	34,371.02
		VAT @ 15%	5,155.65
Delivery Method	DEL	TOTAL	39,526.67

444

PIENAAR BROTHERS
PERSONAL PROTECTIVE EQUIPMENT

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VAT No. 4880235074

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FAX: 021 511 2464 (Sales)
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EMAIL: info@pienaarbros.com
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BRANCHES:

DURBAN	031-709 2620	MOSSEL BAY	044-695 0357
EAST LONDON	043-722 6592	PORT ELIZABETH	041-453 7194
GEORGE	044-873 0039	SALDANHA	022-714 2473
KATHU	053-723 2196	WORCESTER	023-342 1102
		CAPEWINELANDS	021-864 1538

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CALEDON
7230

SOUTH AFRICA

CUST.VAT #: 4000846248

DELIVERY ADDRESS
THEEWATERSKLOOF MUNICIPALITY
CALEDON

YOUR REFERENCE	REFERENCE	CUSTOMER ORDER No.	ACCOUNT No.	DATE
MARTIN A/ D BOTHA	CHARLENE/ANT	G0000981	05143	5/10/2023
INTERNAL ORDER No.		SALES CENTRE	TERMS	LOCATION
2234135		10	30D	100

QUANTITY	STOCK CODE	DESCRIPTION	BACK ORDER	UNIT PRICE	VAT %	VAT AMOUNT	TOTAL
0	G608	GLOVE PVC M/W 40CM ELASTIC CUF	671	51.15	15	0.00	0.00
160	GRL40R	GLOVE RUBBER 40CM ROUGH	70	54.60	15	1,310.40	10,046.40
	-ibt box- 20PRS FROM E/LONDON, 80PRS FROM DURBAN, 20PRS FROM P/ELIZABETH, 20PRS FROM KATHU						
12	MHR20	MASK FFP2 HR-20 (1X25)	0	127.50	15	229.50	1,759.50
	DUST MASKS	STOCK LOADED 02/10/2023					
	ibt box						

	GLEN	SUB TOTAL	10,266.00
		VAT @ 15%	1,539.90
Delivery Method	DEL	TOTAL	11,805.90

PIENAAR BROTHERS
PERSONAL PROTECTIVE EQUIPMENT
A BLACK EMPOWERED COMPANY
Reg No. 2005/034625/07
VAT No. 4880235074

HEAD OFFICE CAPE TOWN
22 AUCKLAND STR,
PAARDEN EILAND
PO BOX 3521, CAPE TOWN 8000
TEL: 021 511 8131
FAX: 021 511 2464 (Sales)
FAX: 021 510 4470 (Admin)
EMAIL: info@pienaarbros.com
WEB: www.pienaarbros.com

BRANCHES:
DURBAN 031-709 2620
EAST LONDON 043-722 6592
GEORGE 044-873 0039
KATHU 053-723 2196
MOSSEL BAY 044-695 0357
PORT ELIZABETH 041-453 7194
SALDANHA 022-714 2473
WORCESTER 023-342 1102
CAPEWINELANDS 021-864 1538

INVOICE No.	PAGE
INV0002335189	1

COPY TAX INVOICE

THEEWATERSKLOOF MUNICIPALITY
MAAA0034333
P O BOX 24
CALEDON
7230

SOUTH AFRICA

CUST.VAT #: 4000846248

DELIVERY ADDRESS
THEEWATERSKLOOF MUNICIPALITY CALEDON

YOUR REFERENCE	REFERENCE	CUSTOMER ORDER No.	ACCOUNT No.	DATE
MARTIN A/ D BOTHA	CHARLENE/ANT	G0000981	05143	12/10/2023
INTERNAL ORDER No.		SALES CENTRE	TERMS	LOCATION
2234135		10	30D	100

QUANTITY	STOCK CODE	DESCRIPTION	BACK ORDER	UNIT PRICE	VAT %	VAT AMOUNT	TOTAL
671	G608	GLOVE PVC M/W 40CM ELASTIC CUF	0	51.15	15	5,148.25	39,469.90
0	GRL40R	GLOVE RUBBER 40CM ROUGH	70	54.60	15	0.00	0.00

		SUB TOTAL	34,321.65
		VAT @ 15%	5,148.25
Delivery Method	DEL	TOTAL	**39,469.90**

446

PIENAAR BROTHERS
PERSONAL PROTECTIVE EQUIPMENT
PIENAAR BROTHERS (PTY) LTD
A BLACK EMPOWERED COMPANY
Reg No. 2005/034625/07
VAT No. 4880235074

HEAD OFFICE CAPE TOWN
22 AUCKLAND STR,
PAARDEN EILAND
PO BOX 3521, CAPE TOWN 8000
TEL: 021 511 8131
FAX: 021 511 2464 (Sales)
FAX: 021 510 4470 (Admin)
EMAIL: info@pienaarbros.com
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BRANCHES:
DURBAN 031-709 2620
EAST LONDON 043-722 6592
GEORGE 044-873 0039
KATHU 053-723 2196
MOSSEL BAY 044-695 0357
PORT ELIZABETH 041-453 7194
SALDANHA 022-714 2473
WORCESTER 023-342 1102
CAPEWINELANDS 021-864 1538

INVOICE No.	PAGE
INV0002363115	1

COPY TAX INVOICE

THEEWATERSKLOOF MUNICIPALITY
MAAA0034333
P O BOX 24
CALEDON
7230

SOUTH AFRICA

CUST.VAT #: 4000846248

DELIVERY ADDRESS
THEEWATERSKLOOF MUNICIPALITY
CALEDON

YOUR REFERENCE	REFERENCE	CUSTOMER ORDER No.	ACCOUNT No.	DATE
MARTIN A/ D BOTHA	CHARLENE/ANT	G0000981	05143	23/1/2024
INTERNAL ORDER No.		SALES CENTRE	TERMS	LOCATION
2234135		10	30D	100

QUANTITY	STOCK CODE	DESCRIPTION	BACK ORDER	UNIT PRICE	VAT %	VAT AMOUNT	TOTAL
70	GRL40R	GLOVE RUBBER 40CM ROUGH	0	54.60	15	573.30	4,395.30

Delivery Method	DEL	**Bank Details** **Bank : Nedbank** **Branch : Milnerton** **Branch Code : 109209** **Acc No. : 1092042229**	SUB TOTAL VAT @ 15% TOTAL	3,822.00 573.30 4,395.30

CAPE TOWN
22 AUCKLAND STREET
PAARDEN EILAND WESTERN CAPE SOUTH AFRICA
Tel. +27 (0)21 511-8131
E-mail: info@pienaarbros.com
Website: www.pienaarbrothers.co.za

PIENAAR BROTHERS
PERSONAL PROTECTIVE EQUIPMENT

B-BBEE LEVEL 1

CSD No: MAAA0034333

QUOTATION

QT0000500318

To THEEWATERSKLOOF MUNICIPALITY

Date	15/09/2023
Account No	05143
Sales Rep	VAN DORP ANTOINETT
Our Reference	1000226104
Customer Ref	
Rep Code	10

Address
MAAA0034333
P O BOX 24
CALEDON
7230

Deliver To
CALEDON

Qty	Item Number	Description	Unit Price	UOM	Amount
500	GPDREV	GLOVE"D"POLKA DOT REVERSABLE	8.75	PR	4,375.00
2,000	GPSBPA	GLOVE LEATHER PIGSKIN	26.88	PR	53,760.00
850	G608	GLOVE PVC M/W 40CM ELASTIC CUFF	51.15	PR	43,477.50
850	GRL40R	GLOVE RUBBER 40CM ROUGH	54.60	PR	46,410.00
10	CPRW	CHAIN PLASTIC RED/WHITE THIS IS A CHAINSAW GLOVE	368.75	M	3,687.50
6	GL6IL	GLOVE LEATHER 6CM GREEN LINED	48.73	PR	292.38
20	MHR20	MASK FFP2 HR-20 (1X25)	127.50	PACK	2,550.00
400	SRAC	SPECS RAVEN AVENGER PRO CLEAR AFBC	34.05	PR	13,620.00
100	EPQD30	EARPLUG FOAM CORD QUIET QD30	8.95	PR	895.00
50	BHV2LM	JACKET REFLECT LIME HV200 M	52.95	EA	2,647.50
50	BHV2LL	JACKET REFLECT LIME HV200 L	52.95	EA	2,647.50
45	BHV2LXL	JACKET REFLECT LIME HV200 XL	52.95	EA	2,382.75
20	BHV2LS	JACKET REFLECT LIME HV200 S	52.95	EA	1,059.00
15	BHV2LXXL	JACKET REFLECT LIME HV200 2XL	52.95	EA	794.25
50	GNDL2L	GLOVE NITRILE DURA LITE 2 (9) L	11.90	PR	595.00
60	G602KW	GLOVE PVC MED WGHT KW	16.18	PR	970.80

Prices

The above prices exclude VAT, and will remain valid for 7 working days and subject to stock availability. Thereafter prices will be subject to price ruling. Kindly note that if applicable surcharges will apply to larger size garments.

Funds need to reflect before goods can be released.
Bank: Nedbank Milnerton
Branch Number: 198765
Account Name: Pienaar Brothers. (Pty) Ltd
Account Type: Cheque
Account Number: 1092 042 229
Accounts Email: info@pienaarbros.com

SUBTOTAL	180,164.18
VAT	27,024.63
TOTAL	207,188.81

We assure you of our best attention at all times.

Yours faithfully,
ANTOINETTE

ANTOINETTE - 15-09-2023 / 02:12:38PM

Andiswa Madyosi

From: Andiswa Madyosi
Sent: Wednesday, 13 September 2023 12:31
To: Reynold Stevens
Cc: Joseph Amansure; Wilfred Schrevian Evan Solomons-Johannes
Subject: RE: PPE Crisis

448

Good Day Mr Stevens

Kindly refer to the requested list below which includes all towns.

Description	Quantities
Cotton Gloves with studs	500
Pigskin Gloves	2000
PVC Shoulder Length Gloves Red	850
PVC Shoulder Length Gloves Black	850
Chainsaw Gloves	10 pairs
6 Cm Green Welders Glove	6
Masks FFP2	20 Boxes of 20
Safety Glasses	20 Boxes of 20
Earplugs	4 Boxes of 100
Safety Reflector Vests	180 (50 M, 50 L, 45 XL, 20 S, 15 XXL,
Garden Gloves	50 Pairs
PVC Rubber Short Red	60 Pairs

The breakdown of this list will be used for distribution purposes based on each town's needs analysis they submitted.

Regards
Andiswa

From: Reynold Stevens <reynoldst@twk.gov.za>
Sent: Monday, September 11, 2023 3:04 PM

To: Andiswa Madyosi <andiswama@twk.gov.za>
Cc: Joseph Amansure <josepham@twk.gov.za>; Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>
Subject: RE: PPE Crisis

Good afternoon, Andiswa.

I made a recommendation to the MM for him to consider for the interim period. You are tasked to submit a list of the most urgent non-expensive items by Wednesday 13 September 2023 at 12:00.

Kindly consult with Mr Amansure in respect of the requested list. I must submit the list to the MM for his consideration.

Thanking you.

From: Andiswa Madyosi <andiswama@twk.gov.za>
Sent: Monday, September 11, 2023 11:46 AM
To: Reynold Stevens <reynoldst@twk.gov.za>
Cc: Joseph Amansure <josepham@twk.gov.za>; Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>; Paul Mabhena <paulma@twk.gov.za>
Subject: RE: PPE Crisis

Good Morning Mr Stevens

After the BAC there's 21 days appeal period, If there are no appeals we'll generate purchase requisitions and order number and still wait about a month before we receive PPE.

Our Officials are without gloves now, what are they going to do in the interim?

How do I respond on emails enquiring about gloves and their health and safety that is at risk?

Regards
Andiswa

From: Reynold Stevens <reynoldst@twk.gov.za>
Sent: Friday, September 8, 2023 9:31 AM
To: Andiswa Madyosi <andiswama@twk.gov.za>
Cc: Joseph Amansure <josepham@twk.gov.za>; Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>
Subject: RE: PPE Crisis

Good morning, Andiswa.

The BAC will meet on Monday, 11 September 2023 to consider the PPE Tender for Approval.

Many thanks.

From: Andiswa Madyosi <andiswama@twk.gov.za>
Sent: Friday, September 8, 2023 8:47 AM
To: Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>; Reynold Stevens <reynoldst@twk.gov.za>
Cc: Joseph Amansure <josepham@twk.gov.za>; Paul Mabhena <paulma@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>; Jan Barnard <janba@twk.gov.za>
Subject: RE: PPE Crisis

Good Day MM

Kindly refer to the attached email for facts.
I'm pleading with you to act on this matter with urgency as the Accounting Officer.

Regards
Andiswa

From: Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>
Sent: Tuesday, September 5, 2023 4:36 AM
To: Andiswa Madyosi <andiswama@twk.gov.za>; Reynold Stevens <reynoldst@twk.gov.za>
Cc: Joseph Amansure <josepham@twk.gov.za>; Paul Mabhena <paulma@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>; Jan Barnard <janba@twk.gov.za>
Subject: RE: PPE Crisis

Dear Andiswa:

Your e-mail below refers. Your e-mail below lack factual information without any needs requirements which is required to make an informed decision.

Kind Regards

Wilfred Schrevian Evan Solomons-Johannes
Municipal Manager
Theewaterskloof Municipality
Tel: 028 214 4211 or 028 214 3300

Cell: 084 711 7709 or 072 315 8898
Emergency Line: 080 021 4730
E-mail: WilfredSo@twk.gov.za | mm@twk.gov.za
Website: www.twk.gov.za | Twitter: @twkmun

Theewaterskloof
Municipality

From: Andiswa Madyosi <andiswama@twk.gov.za>
Sent: Monday, September 4, 2023 4:17 PM
To: Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>; Reynold Stevens <reynoldst@twk.gov.za>
Cc: Joseph Amansure <josepham@twk.gov.za>; Paul Mabhena <paulma@twk.gov.za>; Ashwille Riddles <ashwilleri@twk.gov.za>; Jan Barnard <janba@twk.gov.za>
Subject: PPE Crisis

Good Day my Seniors

I hope this finds you well.

I write this with great concern regarding the crisis we are faced with of none-availability of PPE.

Besides the shortage of overalls, boots and other safety personal equipment, the major risk is the Municipality not having gloves to supply to officials.
Our officials do not have gloves to carry out their normal duties.
Some have gone to the extent of buying their own gloves. These are people working with raw sewer and solid waste collectors amongst others.

This issue is raised in all safety meetings with the towns and I'm expected to give response.

I understand that we currently do not have Directors for the BAC to complete the tender process as yet but something needs to be done.

We urgently need an interim measure before we land with the DOL at our door step.

This is not only a safety hazard; this is a serious health hazard.

I hope this meets your understanding, approval and prompt reaction.

Kindly Regards
Andiswa

Andiswa Madyosi
Head: Occupational Health and Safety and Risk Management
Human Resources

Reynold Stevens
Acting Director
Corporate Services

Andiswa Madyosi
Head: Occupational Health and Safety and Risk Management
Human Resources

Reynold Stevens
Acting Director
Corporate Services

452

Andiswa Madyosi

From: Willie Steyn
Sent: Tuesday, 05 September 2023 11:36
To: Andiswa Madyosi
Cc: Adrian Wessels; Trevor Petersen; Marco de Jongh
Subject: PPE

I am struggling to get answers regarding to when we are getting our Gloves, we are forced to work without glove with sewage at our pumps that keeps on getting blocked and there are no gloves for us. Can you please assist to buy gloves for the people that are working without Gloves please its unsafe and very dangerous to allows them to work like that.

Regards
W Steyn

Get Outlook for Android

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DRAFT ANNEXURE J – MPAC UIFWE RECOVERY RECOMMENDATION REPORT TO COUNCIL

IRREGULAR EXPENDITURE – EMERGENCY PROCUREMENT OF PERSONAL PROTECTIVE EQUIPMENT (PPE)

Financial year	2023/2024
Amount involved	R198,368.91
Type	UIFWE / Irregular expenditure
Department / project	As recorded in the existing Item Annexure J/supporting material
Core issue	Emergency PPE procurement after a shortage; existing tender was delayed because the BAC could not be constituted.

1. Purpose of this Annexure

- Incorporate Management's written answers into the existing Annexure J assessment.
- Identify which answers are adequate, partially answered, unanswered or raise a material red flag.
- Assess accountability, actual financial loss, recovery, disciplinary/financial-misconduct and other consequence-management issues.
- This is a draft MPAC assessment and does not itself constitute a final finding of personal liability.

2. MPAC approach

- Irregular expenditure must be distinguished from actual financial loss. Receipt of goods/services does not automatically establish value for money or absence of loss.
- An assertion that there was no fraud or negligence is not a substitute for an evidence-based individual Section 32(1) assessment.
- No write-off/irrecoverability recommendation should be made while material loss, authority, responsibility or recovery questions remain unresolved.

3. Management responses and MPAC assessment

Questions 1–10 – Questions raised by MPAC, no response was received from Management, but proper feedback was provided during the MPAC Meeting which answered the questions. (Questions are attached as annexure to the item.)

Questions and answers during the meeting:

Councillor P Stander – PPE were urgently required. The procurement process was started. BAC approval of the tender was outstanding.

Councillor P Stander raised the following question:

When did Management first become aware that PPE stocks were approaching an unacceptable level?

Response by Mr J Barnard:

- Tender was submitted to the BAC. BAC no quorum and was dysfunctional at that stage.
- No PPE in stock.
- Pressure from the Unions/LLF why staff were not issued with PPE.
- Quotations were obtained to procure the most critical PPE until the PPE tender was approved.
- After tender was awarded, it was also awarded to Pienaar Brothers.

Response by Ms A Madyosi:

- Tender process was run by Community Services.
- Needs analysis were done before the tender process.
- BAC could not continue.
- Deviation was approved.
- Quotations were obtained from BKB and Pienaar Brothers.
- Only safety cloves; safety jackets; earplugs and dust masks were procured.

Councillor P Stander – Why was the service take away from Human Resources and transferred to Community Services?

Mr J Barnard – The Municipal Manager at this stage, Mr B Ngubo, took the decision. 3-year tender were done. Mr Andre Meyer prepared the tender document.

Ms A Madyosi – The material was delivered and distributed by Community Services.

Mr J Barnard – Needs analysis was done to determine what PPE is needed. Delivery notes were received – source documents as proof of delivery.

Councillor P Stander - Negligence taken away from junior staff as the BAC was not functioning and a shortage of stock levels exists. Prices were market-related as the tender was also awarded to Pienaar Brothers – most cost-effective / value for money was received.

4. Section 32(1) accountability assessment

- No fraud/deliberate conduct is established.

5. Recovery assessment

With the verification of the invoices and the service rendered, MPAC can reasonably conclude that the irregularity does not, in the present evidence, establish a recoverable municipal financial loss as the PPE were received.

MPAC can reasonably recommend that the amount be certified as irrecoverable.

6. Disciplinary / financial misconduct

The supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct. On the present record, **a disciplinary board referral is not recommended**.

7. Criminal referral

- No criminal conduct is established. **Criminal referral is not recommended.**

8. Other consequence management

- Minimum stock levels, reorder points, procurement-plan integration, tender lead-time monitoring and BAC continuity.

9. MPAC recommendation to Council:

MPAC recommends that the Municipal Council:

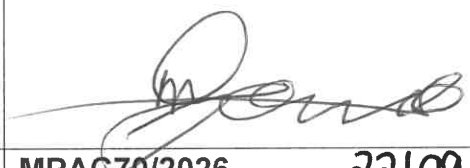
1. **Determines that the expenditure of R198 368.91 constitutes irregular expenditure.**
2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**
3. **Recommends that the irregular expenditure to the amount of R198 368.91 be written off as irrecoverable in terms of section 32 of the MFMA.**
   (The BAC did not function. Deviation was approved. Value for money was received as the PPE were delivered.)

4. **No disciplinary board referral as the supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct.**
5. **No criminal referral as no criminal conduct is established.**
6. **Directs Management to strengthen controls relating to the appointment of BAC Members.**

10. Supporting annexures:

- COMAF No 21 of 2023 dated 28 October 2024
- Order No G0000981
- Tax invoices from Pienaar Brothers
- Several emails regarding the urgent procurement of PPE

11. Signatures

Prepared by	Municipal Public Accounts Committee
Reviewed by	Municipal Public Accounts Committee
Approved for MPAC submission Cllr A Gana **MPAC CHAIRPERSON**	
MPAC resolution reference	**MPAC70/2026** 22/09/2026

ITEM TITLE

C266/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE CORPORATE SERVICES: DEPARTMENT HUMAN RESOURCES: IRREGULAR EXPENDITURE: PAYMENT FOR OCCUPATIONAL THERAPIST SERVICES IN TERMS OF COUNCIL'S EMPLOYEE ASSISTANCE POLICY

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

To submit a report to the Municipal Public Accounts Committee (MPAC) in accordance with section 32 of the Municipal Finance Management Act 56 of 2003 (MFMA) and regulation 74 of the Municipal Budget and Reporting Regulations.

BACKGROUND

See attached Annexure.

DISCUSSION

See attached Annexure.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The irregular expenditure amounts to R2288.00.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Municipal Finance Management Act 56 of 2003.
SCM Policy.
Regulation 74 of the Municipal Budget and Reporting Regulation.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that the report be referred to the Municipal Public Accounts Committee for its UIFWE recovery assessment as contemplated in section 32(2) of the MFMA.

RECOMMENDATION BY MANAGEMENT TO MPAC: 26 AUGUST 2026

Management recommend that the irregular expenditure be referred to MPAC for its recovery assessment as templated in Section 32(2) of the MFMA.

DISCUSSION DURING MEETING: 22 SEPTEMBER 2026

Questions from MPAC and answers provided by the Officials are included in Annexure J.

RECOMMENDATION BY MPAC TO COUNCIL: 22 SEPTEMBER 2026

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R2 288.00 constitutes irregular expenditure.**

2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**

3. **Recommends that the irregular expenditure to the amount of R2 288.00 be written off as irrecoverable in terms of section 32 of the MFMA.**

4. **No disciplinary board referral as the supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct.**

5. **No criminal referral as no criminal conduct is established.**

6. **Directs Management to create a clear protocol for urgent occupational/medical services and the legal effect of general Management resolutions.**

IRREGULAR EXPENDITURE: PAYMENT FOR OCCUPATIONAL THERAPIST SERVICES IN TERMS OF COUNCIL'S EMPLOYEE ASSISTANCE POLICY

1. Introduction

- This report has been drafted for submission to the Municipal Public Accounts Committee (MPAC) in accordance with section 32 of the Municipal Finance Management Act 56 of 2003 (MFMA) and regulation 74 of the Municipal Budget and Reporting Regulations.
- This report focuses on irregular expenditure incurred due to non-compliance with supply chain management processes for the 2023/24 financial year.
- The report analyses the expenditure incident and the events that led to the irregular expenditure, identifies the responsible officials, and outlines the measures taken or proposed to prevent recurrence.

2. The legal implications of the report

The legal implications of this report are governed by section 32 of the MFMA, which mandates the identification, reporting, and management of unauthorised, irregular, fruitless, and wasteful expenditure (UIFWE).

3. Type of UIFWE applicable to this report

The type of UIFWE applicable to this report is irregular expenditure incurred due to non-compliance with supply chain management regulations, specifically the failure to follow competitive bidding procedures for transactions above the prescribed threshold.

4. Discussion of events/ reasons that led to the UIFWE

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

5. Official(s) or councillor(s) responsible for the UIFWE incurred

- According to the Municipality's SCM Policy, the SCM Manager oversees the competitive bidding process and ensures compliance with all SCM prescripts.
- The CFO is responsible for oversight in terms of section 81 of the MFMA to ensure that SCM processes are adhered to and that deviations are properly documented and approved.

6. Why is the expenditure irregular expenditure?

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

Two quotations were requested from the following service providers:

- Bronkhorst Occupational Therapists, and
- Maryke van Rhyn Arbeidsterapeut.

461

- Maryke van Rhyn Arbeidsterapeut.

Management on 13 November 2023 resolved as follows:

"**RESOLVED BY MANAGEMENT: 13 NOVEMBER 2023**

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

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

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

7. Consideration of deliberate or negligent conduct relating to UIFWE incurred

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 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 requirements of the supply chain management policy of the municipality and which has not been condoned in terms of such policy.

8. Mitigating controls to prevent similar UIFWE in the future

As was reported to the Management Meeting, this service provider is one of those who refuses to complete the forms required to register on the database.

Management on 13 November 2023 resolved as follows:

"**RESOLVED BY MANAGEMENT: 13 NOVEMBER 2023**

1. Management noted the reluctance of Medical Doctors and Specialists to register on the Municipality's data base as Services Providers.

2. Management grants approval to deviate from the normal Supply Chain Management process for the referral of employees to medical doctors and specialists, for the interim until the framework tender for the appointment of a panel of service providers, is sorted out."

9. Confirmation by author of report that information in report is a true reflection of facts

I, Charles Fisher, confirm that the information contained in this report is a true and accurate reflection of the facts as they are known. This report is based on validated data to ensure reliability and accuracy.

10. Confirmation if UIFWE matter has been referred for disciplinary actions & if not, why not ?

The irregular expenditure has been referred to the Municipal Public Accounts Committee to make an recovery assessment as contemplated in section 32(2) of the MFMA.

11. Measures already taken to recover the UIFWE

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

12. Cost of the measures already taken to recover UIFWE

Not applicable

13. Estimated cost & benefit of further measures that can be taken to recover the UIFWE

RECOMMENDATION FROM MPAC TO COUNCIL: 09 OCTOBER 2025

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

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

RESOLVED BY COUNCIL: 23 OCTOBER 2025

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

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

14. Annexures

Supporting documents attached to this report include:

- A copy of Council Resolution of 23 October 2025 and other supporting documents.

15. Conclusion of report

a) In conclusion, this report highlights the irregular expenditure resulting from non-compliance with SCM processes, the events that led to it, and the actions taken to address it.

b) The analysis provided aims to ensure accountability and transparency within the Municipality's financial management practices.

16. Referral of report to the MPAC

This report is hereby referred to the MPAC for its UIFWE recovery assessment as contemplated in section 32(2) of the MFMA.

Report compiled by:	Date:	Designation:	Signature:
Mr C Fisher	20/8/2026	Manager HR Administration	

Report approved by:	Date:	Designation:	Signature:
Mr J Amansure	20/8/26	Senior Manager: HR (Ret)	

Report authorised for MPAC referral by:	Date:	Designation:	Signature:
Mr W Hendricks	26/08/2026	Municipal Manager	

ITEM OPSKRIF/ITEM HEADING 464

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

[English version of the report is the original]

ITEM DATUM/ITEM DATE
2025-07-29

LêER NOMMER/FILE NUMBER
6/3/1/5/1;

PURPOSE / AIM OF REPORT

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

The Committee can in terms of its mandate;

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

BACKGROUND

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

DISCUSSION

Two quotations were requested from the following service providers:

- Bronkhorst Occupational Therapists, and
- Maryke van Rhyn Arbeidsterapeut.

Management on 13 November 2023 resolved as follows:

"**RESOLVED BY MANAGEMENT: 13 NOVEMBER 2023**

1. **Management noted the reluctance of Medical Doctors and Specialists to register on the Municipality's data base as Services Providers.**

2. **Management grants approval to deviate from the normal Supply Chain Management process for the referral of employees to medical doctors and**

specialists, for the interim until the framework tender for the appointment of a panel of service providers, is sorted out."

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

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

FINANCIAL RESPONSIBILITIES

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

LEGAL RESPONSIBILITIES

Section 32 of the MFMA states that any official of a municipality who deliberately or negligently committed, made or authorized an irregular expenditure is liable for that expenditure. A municipality must recover such expenditure from the person liable for that expenditure, unless the irregular expenditure is certified by Council as irrecoverable, after the Section 32 Committee has investigated and recommended it.

Irregular expenditure for the purpose of this item means expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality and which has not been condoned in terms of such policy.

RECOMMENDATION BY ITEM AUTHOR:

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

RECOMMENDATION BY MANAGEMENT TO MPAC: 29 AUGUST 2025

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

RESOLVED BY COUNCIL: 23 OCTOBER 2025

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

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

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

RECOMMENDATION FROM MPAC TO COUNCIL: 09 OCTOBER 2025

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

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

ANNEXURE A

MPAC: Occupational Therapist Report: Theewaterskloof Municipality

Supplier	Service Description	Commencement date of contract
Bronkhorst Occupational Therapist	OT evaluation report for a staff member	19/06/2024

1

What was the initial Purpose of the contract
The purpose was for the Occupational Therapist to evaluate one of our employees to ascertain his ability to perform his duties

2

Initial Scope of Contract and if uncertain please explain
The service provider was appointed to provide an Occupational Therapy service to the municipality

3

Initial Contract Value and if uncertain please explain
R 2288.00

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, Quotation were obtained, but no order was issue. The services were procured on a management resolution		

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes	**No - X**	**Uncertain**
Explain or motivate your response		
The service provider performed the work as agreed		

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 the service and amount involved		

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 management resolution was relied on.		

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 report as requested was received		

10

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

- 469

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes	No	Uncertain -
Please explain or motivate your response above		
N/A – the service was once off		

12

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

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		
The management resolution has been clarified in that the SCM processes still needs to be followed.		

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:**

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
Signature of the Municipal Manager Date

BRONKHORST
OCCUPATIONAL THERAPISTS

74 Main Road
Sandbaai
Hermanus
7200
info@bronkhorstots.co.za
Phone: 069 966 3387

INVOICE

DATE	19/06/2024
QUOTE #	Temmers
VALID UNTIL	01/07/2024

CUSTOMER

Theewaterskloof Municipality
Posbus 24, Caledon, 7230
Vat nommer: 4000846248

DESCRIPTION	Unit Price	Employees	Unit	Discount	AMOUNT
Initial Interview	R 572,00				R 572,00
Evaluation - 2 hours	R 1 144,00				R 1 144,00
Report	R 572,00				R 572,00

First National Bank (200412)
Account Holder: Jennifer Clarke
Account Nr: 62835688146
Current Account
Ref: LG Mara

Subtotal	2 288,00
Tax rate	-
Tax due	-
Other	-
TOTAL	**R2 288,00**

Thank You For Your Business!

Standard Bank of South Africa

ComputerGeneratedCopy

The Standard Bank of South Africa Limited Registered Bank Reg. No. 1962/000738/06

CUSTOMER PAYMENTS PRINT REPORT

Customer no : 072331348 **User ID :** OPJ97 **User Name :** THEEWATERSKLOOF MUNICIPALITY
Action Date : 20240816 **Batch Description :** OPJ97 20240816 12:54:39.9 **Batch No :** 2024229001

From :

Branch No	Branch Name	Account No	Account Name	Status	Amount	Statement Reference	Description	Sub Batch No
33012	HELDERBERG	72331348	THEEWATERSKLOOF MUNICIPALITY	FINAL AUDIT TO BE DOWNLOADED	5,930,295.02	TWK MUNI CONTRA	2024229001/C	1

Trans No	Creditor	Acc No / CDI	Account Name	Status	Amount	Statement Reference	RTGS/RTC	MTER No
5		62835688146	BRONKHORST OCCUPATIONAL THERAP	FINAL AUDIT DOWNLOADED	2,288.00	TWK MUNI B00223/240816	N	

** END OF REPORT **

BRONKHORST
OCCUPATIONAL THERAPISTS

INVOICE

74 Main Road
Sandbaai
Hermanus
7200
info@brockhorstots.co.za
Phone: 069 966 3387

DATE	19/06/2024
QUOTE #	Temmers
VALID UNTIL	01/07/2024

CUSTOMER

Theewaterskloof Municipality
Posbus 24, Caledon, 7230
Vat nommer: 4000846248

DESCRIPTION	Unit Price	Employees	Unit	Discount	AMOUNT
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First National Bank (200412)
Account Holder: Jennifer Clarke
Account Nr: 62835688146
Current Account
Ref: LG Mara

Subtotal	2 288,00
Tax rate	-
Tax due	-
Other	-
TOTAL	R2 288,00

Thank You For Your Business!

Charles Fisher

From: jen@bronkhorstots.co.za
Sent: Tuesday, 16 July 2024 14:04
To: Aldean Peka; Charles Fisher
Cc: anzel@bronkhorstots.co.za
Subject: FW: AANVRAAG VAN KWOTASIE - [redacted]
Attachments: Invoice Temmers.pdf

Importance: High

Good day,

I would just like to follow up on payment for this invoice so that we can release the report?

Kind Regards



BRONKHORST
OCCUPATIONAL THERAPISTS

Jennifer Bronkhorst
Director & Senior Occupational Therapist
BSc OT (UCT) M in Human Rehab Studies (US)
Cell: 0746651616 / 0699663387
Email: jen@bronkhorstots.co.za
Address: 74 Main Road, Sandbaai, Hermanus, WC

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From: jen@bronkhorstots.co.za <jen@bronkhorstots.co.za>
Sent: Saturday, June 29, 2024 9:23 AM
To: 'Aldean Peka' <aldeanpe@twk.gov.za>; 'anzel@bronkhorstots.co.za' <anzel@bronkhorstots.co.za>
Cc: 'Charles Fisher' <charlesfi@twk.gov.za>
Subject: RE: AANVRAAG VAN KWOTASIE - [redacted]

Good day

Please see attached.

No work visit or travel cost is invoiced.

To: Aldean Peka <aldeanpe@twk.gov.za> anzel@bronkhorstots.co.za
Subject: RE: AANVRAAG VAN KWOTASIE - [redacted]

Good day

Please find attached.

Kind Regards

BRONKHORST
OCCUPATIONAL THERAPISTS

Jennifer Bronkhorst
Director & Senior Occupational Therapist
BSc OT (UCT) M in Human Rehab Studies (US)
Cell: 0746651616 / 0699663387
Email: jen@bronkhorstots.co.za
Address: 74 Main Road, Sandbaai, Hermanus, WC

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From: Aldean Peka <aldeanpe@twk.gov.za>
Sent: Tuesday, June 18, 2024 9:32 AM
To: anzel@bronkhorstots.co.za
Cc: Jennifer Bronkhorst <jen@bronkhorstots.co.za>
Subject: RE: AANVRAAG VAN KWOTASIE - [redacted]

Good day Anzel

Please provide me with an invoice for the consultation of [redacted].

Groete/ Kind regards,

Aldean Peka
Administrator: Human Resources
Human Resources
Directorate: Corporate Services

THEEWATERSKLOOF MUNICIPALITY
Head Office. 6 Plein Street, Caledon, 7230
Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** aldeanpe@twk.gov.za
Website. www.twk.gov.za | **Follow us on Facebook, X, Instagram.** @twkmun

Theewaterskloof
Municipality

Nr	File Ref	Audit Name & (Finding Nr)	Directorate	Short description of finding	Management Comments on original report	Management Comments July 2025
1	2024 -006	SCM 1 August 2024 – 31 October 2024 (3)	Corporate Services	Internal audit reviewed 10% of the quotations below R30000 that were paid from 01 August 2024 – 31 October 2024. Included in the sample was a payment to Bronkhorst Occupational Therapists for the amount of R 2 288 (EFT 31153). It seems that this payments was not done through the processes as required by the SCM policy and only the Invoices together with the Management Resolution (of 13 November 2023) were submitted for payment. Although Management resolved that medical referral of employees can deviate from normal SCM procedures until the tender for a panel of service providers is awarded, these transactions should still follow the requirements of Section 36 of the SCM Regulations.	An item will be submitted to MPAC.	
2	2024 -014	Performance Management Q3 24/25 (1)	Corporate Services	It seems that KPI's are not set for all employees and their performance is not measured.	Performance agreements to be drafted.	
3	2024 -014	Performance Management Q3 24/25 (4)	Corporate Services	It seems that the calculation of the actuals for KPI TL24 was done incorrectly: The Actual completed on IGNITE for TL24 as on 31 March 2025 was 0.17% Internal audit recalculated the percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan and found that it was 0,08% at 31 March 2025 (Spent on training = 235322; total personnel budget = 277228832)	amounts to be corrected	
4	2024 -014	Performance Management Q3 24/25 (5)	All Directorates & Office of the MM	It seems that reviews are not taking place on a monthly basis, as required by the policy as no evidence is available to prove revisions.	**CORPORATE SERVICES:** **ACTION DATE: 1 July 2025** Directive to Corporate Services Managers to provide copies of SDBIP submissions on a monthly basis to be signed by Director Corporate Services. A Register will be	

Nr	File Ref	Audit Name & (Finding Nr)	Directorate	Short description of finding	Management Comments on original report	Management Comments July 2025
					kept in this regard.	
5	2022-018	Unsafe Working Environment Audit (1)	Corporate Services	Internal audit inspected a total of 47 fire extinguishers in the Caledon, Riviersonderend, Genadendal, Grabouw and Villiersdorp offices. It seems that none of the fire extinguishers inspected had been serviced in the past 12 months.	Tender process for Servicing of fire equipment.	
6	2022-018	Unsafe Working Environment Audit (2)	Corporate Services	Through the various tests performed Internal Audit noticed that the municipal offices does not contain all the required OHS signages. Through discussions with the Head: Occupational Health and Safety, it was noted that there are OHS Signages kept at the OHS Office that were not placed in the offices. This seems to be due to certain specifications that were not met with regards to the signage (e.g., the signage should glow in the dark). The OHS Signage that were ordered do not meet that requirement hence the OHS Signage that were purchased were never posted on the municipal properties. It seems that there are no formally documented specifications and processes in place regarding posting a prominent OHS Signage on municipal properties. It was also noted that in the following departments the evacuation plans are not in place: 1. Town Planning Offices Caledon 2. ICT Offices Caledon 3. Technical Services Offices Caledon 4. Town Offices Caledon	Safety signs will be done together with the fire equipment.	

Aldean Peka

From: Aldean Peka
Sent: Thursday, May 23, 2024 8:19 AM
To: info@bronkhorstots.co.za
Cc: Charles Fisher
Subject: AANVRAAG VAN KWOTASIE - [redacted]

Goeie dag Jennifer

Die werkgewer wil graag vasstel of [redacted] geskik is om sy normale werkspligte te kan verrig. Kan u asseblief ons voorsien van 'n kwotasie vir 'n mediese ondersoek sowel as 'n mediese verslag indien [redacted] u sou besoek.

Die kwotasie moet asseblief uitgereik word aan:

Theewaterskloof Munisipaliteit
Posbus 24
Caledon
7230
Vat nommer: 4000846248

Groete/ Kind regards,

Aldean Peka
Administrator: Human Resources
Human Resources
Directorate: Corporate Services

THEEWATERSKLOOF MUNICIPALITY
Head Office. 6 Plein Street, Caledon, 7230
Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** aldeanpe@twk.gov.za
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Municipality

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BRONKHORST
OCCUPATIONAL THERAPISTS

74 Main Road
Sandbaai
Hermanus
7200
info@bronkhorstots.co.za
Phone: 069 966 3387

QUOTE

DATE 27/05/2024
QUOTE # Temmers
VALID UNTIL 01/07/2024

CUSTOMER

Theewaterskloof Municipality
Posbus 24, Caledon, 7230
Vat nommer: 4000846248

DESCRIPTION	Unit Price	Employees	Unit	Discount	AMOUNT
Initial Interview	R 572,00				R 572,00
Evaluation - 2 hours	R 1 144,00				R 1 144,00
Report	R 572,00				R 572,00
Additional costs:					
Work Vist @ R450/ hour	R 450,00				R 450,00
Travel costs @ R4.5/ km if outside Hermanus	R 4,50		14		R 63,00

First National Bank (200412)	Subtotal	2 801,00
Account Holder: Jennifer Clarke	Tax rate	-
Account Nr: 62835688146	Tax due	-
Current Account	Other	-
Ref: LG Mara	**TOTAL**	**R2 801,00**

Thank You For Your Business!

Aldean Peka

From: info@bronkhorstots.co.za
Sent: Tuesday, May 28, 2024 1:05 PM
To: Aldean Peka
Subject: RE: AANVRAAG VAN KWOTASIE - [redacted]
Attachments: [redacted].pdf

Good day,

Please find attached.

Please note the work visit is ***optional*** and only included in the invoice if required.

Kind Regards

BRONKHORST
OCCUPATIONAL THERAPISTS

Jennifer Bronkhorst
Director & Senior Occupational Therapist
BSc OT (UCT) M in Human Rehab Studies (US)
Cell: 0746651616 / 0699663387
Email: jen@bronkhorstots.co.za
Address: 74 Main Road, Sandbaai, Hermanus, WC

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From: Aldean Peka <aldeanpe@twk.gov.za>
Sent: Thursday, May 23, 2024 8:19 AM
To: info@bronkhorstots.co.za
Cc: Charles Fisher <charlesfi@twk.gov.za>
Subject: AANVRAAG VAN KWOTASIE - MNR C TEMMERS

Goeie dag Jennifer

Die werkgewer wil graag vasstel of [redacted] geskik is om sy normale werkspligte te kan verrig. Kan u asseblief ons voorsien van 'n kwotasie vir 'n mediese ondersoek sowel as 'n mediese verslag indien [redacted] u sou besoek.

Die kwotasie moet asseblief uitgereik word aan:

481

Theewaterskloof Munisipaliteit
Posbus 24
Caledon
7230
Vat nommer: 4000846248

Groete/ Kind regards,

Aldean Peka
Administrator: Human Resources
Human Resources
Directorate: Corporate Services

THEEWATERSKLOOF MUNICIPALITY
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Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** aldeanpe@twk.gov.za
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Aldean Peka

From: Aldean Peka
Sent: Wednesday, May 22, 2024 11:37 AM
To: marykevanrhyn1@gmail.com
Subject: AANVRAAG VAN KWOTASIE - [redacted]

Goeie dag Maryke

Die werkgewer wil graag vasstel of [redacted] geskik is om sy normale werkspligte te kan verrig. Kan u asseblief ons voorsien van 'n kwotasie vir 'n mediese ondersoek sowel as 'n mediese verslag indien [redacted] u sou besoek.

Die kwotasie moet asseblief uitgereik word aan:

Theewaterskloof Munisipaliteit
Posbus 24
Caledon
7230
Vat nommer: 4000846248

Groete/ Kind regards,

Aldean Peka
Administrator: Human Resources
Human Resources
Directorate: Corporate Services

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Aldean Peka

From: Maryke van Rhyn <marykevanrhyn1@gmail.com>
Sent: Wednesday, May 22, 2024 5:16 PM
To: Aldean Peka
Subject: Re: AANVRAAG VAN KWOTASIE - [redacted]
Attachments: Quotation Mr Temmers.pdf

Good afternoon

Please receive the quotation attached as requested.

Please feel free to contact me if you have any questions

Maryke

On Wed, May 22, 2024 at 11:36 AM Aldean Peka <aldeanpe@twk.gov.za> wrote:

Goeie dag Maryke

Die werkgewer wil graag vasstel of [redacted] geskik is om sy normale werkspligte te kan verrig. Kan u asseblief ons voorsien van 'n kwotasie vir 'n mediese ondersoek sowel as 'n mediese verslag indien [redacted] u sou besoek.

Die kwotasie moet asseblief uitgereik word aan:

Theewaterskloof Munisipaliteit

Posbus 24

Caledon

7230

Vat nommer: 4000846248

Groete/ Kind regards,

Aldean Peka

Administrator: Human Resources

Human Resources

Directorate: Corporate Services

THEEWATERSKLOOF MUNICIPALITY

Head Office. 6 Plein Street, Caledon, 7230

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

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

Theewaterskloof
Municipality

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Cell **084 678 8844**

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MARYKE VAN RHYN
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Rekening navrae:

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Sel: 084 6788 844

Kwotasie

RE Theewaterskloof Municipality
Posbus 24
Caledon
7230

VAT4000846248

Bladsy: 1 van 1
Datum: 22/05/2024
Rek. No.: 000776
Landline: 0282143300 **Dok.Nr:** AB00014699

Datum / tyd Kodes / NAPPI	Pasient / Beskrywing	In hosp?	ICD	Dok.Nr	Kwa	Bedrag	Uitstaande
22/05/2024	[redacted] * Kwotasie *						
305	WERK EVALUASIE					7,950.00	7,950.00
							7,950.00

U is verantwoordelik vir bedrae wat onder "Lid" verskyn

10% RENTE SAL GEHEF WORD OP LAAT BETALINGS
OOR 30 DAE

BANK BESONDERHEDE

MARYKE VAN RHYN
EERSTE NASIONAL BANK (FNB) : TAKKODE 250655
REKENING NO: 624 065 71 605

GEBRUIK ASB PASIëNT NAAM OF REKENING NOMMER AS VERWYSING (NIE dokument nommer)

* Geen BTW ingesluit (nie geregistreer)

NEEM ASSEBLIEF KENNIS DAT ONS NIE KAARTFASILITEITE BY DIE KANTOOR HET NIE

MPAC71/2026

DRAFT ANNEXURE J – MPAC UIFWE RECOVERY RECOMMENDATION REPORT TO COUNCIL

IRREGULAR EXPENDITURE – PAYMENT OF OCCUPATIONAL THERAPIST SERVICES IN TERMS OF COUNCIL'S EMPLOYEE ASSISTANCE POLICY)

Financial year	2023/2024
Amount involved	R2,288.00
Type	UIFWE / Irregular expenditure
Department / project	As recorded in the existing Item Annexure J/supporting material
Core issue	Occupational-therapy assessment obtained after quotations were requested, relying on a Management resolution rather than completing normal SCM.

1. Purpose of this Annexure

- Incorporate Management's written answers into the existing Annexure J assessment.
- Identify which answers are adequate, partially answered, unanswered or raise a material red flag.
- Assess accountability, actual financial loss, recovery, disciplinary/financial-misconduct and other consequence-management issues.
- This is a draft MPAC assessment and does not itself constitute a final finding of personal liability.

2. MPAC approach

- Irregular expenditure must be distinguished from actual financial loss. Receipt of goods/services does not automatically establish value for money or absence of loss.
- An assertion that there was no fraud or negligence is not a substitute for an evidence-based individual Section 32(1) assessment.
- No write-off/irrecoverability recommendation should be made while material loss, authority, responsibility or recovery questions remain unresolved.

3. Questions by MPAC and Management responses

1. Who instructed that the occupational-therapy service be obtained?

The staff member suffers from chronic allergic reaction to certain dust particles. At that stage the staff member was hospitalized for this condition and after having a medical assessment meeting with him, it was resolved to refer him to an OT for assessment.

2. Who requested and evaluated the quotations?

The quotations were requested by Ms. A Peka and was evaluated by the Senior Manager: HR

3. Why was no normal SCM process followed after quotations were received?

The staff member relied on a decision of Management dated 13 November 2023 whereby Management granted approval to deviate from normal processes in the appointment of these services.

4. What legal/SCM authority allowed Management to rely on the 13 November 2023 resolution?

The Management decision was based on the fact that medical service providers were reluctant to complete the forms to register on the CSD and municipal databases. According to them they do not have time to complete the forms and to register. In the meantime, the municipality had staff members who urgently needed medical and/or other auxiliary services attention.

5. Did that resolution authorise this specific expenditure of R2,288, or did it merely provide a general framework for medical referrals?

The resolution provided a general framework for all medical referrals.

6. Who authorised the actual service before it was rendered?

The Senior Manager: HR (Mr J Amansure) authorised the service to be rendered.

7. What evidence establishes that R2,288 was the best available price?

Two quotations were received:
- Maryke van Rhyn (OT) – R7950.00
- Bronkhorst OT Services – R2288.00

8. Who verified that the service actually performed?

A functionality report was received from the service provider.

9. Has the official responsible for bypassing the SCM process been assessed under Section 32(1)?

Yes, there is no reason to believe that he/she deliberately or negligently incurs the expenditure.

No IOD. Assessment indicates that the illness was not caused by the plant – take responsibility away from Theewaterskloof Municipality.

10. Why should MPAC recommend irrecoverability without first establishing whether the official's conduct was negligent?

The municipality received value for money, and no fraud can be suspected.

4. Section 32(1) accountability assessment

With the verification of the invoices and the service rendered, MPAC can reasonably conclude that the irregularity does not, in the present evidence, establish a recoverable municipal financial loss.

5. Recovery assessment

- The lower of two quotations may indicate reasonable price, but actual loss is not established.
- Verify price, service and authority.
- Recover only proven loss after due process.

MPAC can reasonably recommend that the amount be certified as irrecoverable.

6. Disciplinary / financial misconduct

The supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct. On the present record, **a disciplinary board referral is not recommended**.

7. Criminal referral

- No criminal conduct is established. **Criminal referral is not recommended.**

8. Other consequence management

- Create a clear protocol for urgent occupational/medical services and the legal effect of general Management resolutions be clarified.

9. MPAC recommendation to Council:

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R2 288.00 constitutes irregular expenditure.**
2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**
3. **Recommends that the irregular expenditure to the amount of R2 288.00 be written off as irrecoverable in terms of section 32 of the MFMA.**
4. **No disciplinary board referral as the supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct.**
5. **No criminal referral as no criminal conduct is established.**
6. **Directs Management to create a clear protocol for urgent occupational/medical services and the legal effect of general Management resolutions.**

10. Supporting annexures:

- Previous MPAC agenda-item/resolution and resolution of Council dated 23 October 2025.
- Invoices from Badenhorst Occupational Therapist.
- Several emails regarding the request for quotations.

11. Signatures

491

Prepared by	Municipal Public Accounts Committee
Reviewed by	Municipal Public Accounts Committee
Approved for MPAC submission Cllr A Gana **MPAC CHAIRPERSON**	
MPAC resolution reference	**MPAC71/2026** 22/09/2026

ITEM TITLE

C267/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE CORPORATE SERVICES: DEPARTMENT HUMAN RESOURCES: IRREGULAR EXPENDITURE: PAYMENT TO UNIVERSITY OF STELLENBOSCH FOR MINIMUM COMPETENCY TRAINING PROVIDED IN CONJUNCTION WITH OVERBERG DISTRICT MUNICIPALITY FOR THE 2023/24 FINANCIAL YEAR

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

To report to the Municipal Public Accounts Committee (MPAC) in accordance with section 32 of the Municipal Finance Management Act 56 of 2003 (MFMA) and regulation 74 of the Municipal Budget and Reporting Regulations.

BACKGROUND

See attached Annexure.

DISCUSSION

See attached Annexure.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The irregular expenditure amounts to R208 035.00.

LEGAL IMPLICATIONS (ITEM AUTHOR)

Section 32 of the Municipal Finance Management Act 56 of 2003.
SCM Policy.
Regulation 74 of the Municipal Budget and Reporting Regulations.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

None.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that the report be referred to the Municipal Public Accounts Committee for its UIFWE recovery assessment as contemplated in section 32(2) of the MFMA.

RECOMMENDATION BY MANAGEMENT TO MPAC: 26 AUGUST 2026

Management recommend that the irregular expenditure be referred to MPAC for its recovery assessment as templated in Section 32(2) of the MFMA.

DISCUSSION DURING MEETING: 22 SEPTEMBER 2026

Questions from MPAC and answers provided by the Officials are included in Annexure J.

Additional questions and answers during meeting:

Feedback provided by Mr J Amansure:

- Requirement that all Managers/SCM staff be MMC regulation compliant.
- ODM appointment through SCM processes. / ODM appointed service provider.
- SLA concluded.
- 7 staff members have been nominated to attend.

Councillor P Stander – Municipality pay for MMC or does the staff members need to cover the cost?

Mr J Amansure:

- Staff Members conclude a study agreement – if they leave the service of the Municipality within 1 year after completion, they need to repay the amount / if they fail the MMC course, they also need to repay the amount.
- Should Theewaterskloof Municipality appoint a service provider, need to appoint for 20 seats – only 7 staff members attend the MMC course.
- R3 350.00 per learner per unit standard – 15 units = R 208 035.00.

Councillor P Stander – Was payment done directly to the service provider?

Mr J Amansure – ODM appointed the service provider. Memorandum drafted by HR and approval was granted by the then Municipal Manager, Mr WSE Solomons-Johannes.

RECOMMENDATION BY MPAC TO COUNCIL: 22 SEPTEMBER 2026

MPAC recommends that the Municipal Council:

1. **Notes that the MMC training to the amount of R208 035.00 does not constitute an irregular expenditure as the procurement processes were followed by the Overberg District Municipality.**

2. **Notes that the payment to the Service Provider was made in terms of the signed Service Level Agreement concluded between the Service Provider and Theewaterskloof Municipality.**

3. **Notes that study agreements were concluded for each of the staff members attending the MMC training program.**

IRREGULAR EXPENDITURE: PAYMENT TO UNIVERSITY OF STELLENBOSCH FOR MINIMUM COMPETENCY TRAINING PROVIDED IN CONJUNCTION WITH OVERBERG DISTRICT MUNICIPALITY

1. Introduction

- This report has been drafted for submission to the Municipal Public Accounts Committee (MPAC) in accordance with section 32 of the Municipal Finance Management Act 56 of 2003 (MFMA) and regulation 74 of the Municipal Budget and Reporting Regulations.
- This report focuses on irregular expenditure incurred due to non-compliance with supply chain management processes for the 2023/24 financial year.
- The report analyses the expenditure incident and the events that led to the irregular expenditure, identifies the responsible officials, and outlines the measures taken or proposed to prevent recurrence.

2. The legal implications of the report

The legal implications of this report are governed by section 32 of the MFMA, which mandates the identification, reporting, and management of unauthorised, irregular, fruitless, and wasteful expenditure (UIFWE).

3. Type of UIFWE applicable to this report

The type of UIFWE applicable to this report is irregular expenditure incurred due to non-compliance with supply chain management regulations, specifically the failure to follow competitive bidding procedures for transactions above the prescribed threshold.

4. Discussion of events/ reasons that led to the UIFWE

The purpose of the report is to inform MPAC of the reasons why a SLA were entered into with the University of Stellenbosch, but no SCM process were followed. The amount of R 208 035 is for MMC training services rendered.

5. Official(s) or councillor(s) responsible for the UIFWE incurred

- According to the Municipality's SCM Policy, the SCM Manager oversees the competitive bidding process and ensures compliance with all SCM prescripts.
- The CFO is responsible for oversight in terms of section 81 of the MFMA to ensure that SCM processes are adhered to and that deviations are properly documented and approved.

6. Why is the expenditure irregular expenditure?

University of Stellenbosch was appointed by Overberg District Municipality in terms of their SCM processes, to train staff nominated by all municipalities within the Overberg District in respect of MMC.
All five municipalities nominated staff to be part of his intake to the divide cost and to fill the class.
In terms of the agreement with SPL, each participating municipality will enter into an SLA and be billed separately.

Stellenbosch University	2024/2025	Payment - MMC	Human Resource	604437	2024/06/05	32317	2024/11/29	R52 008,75
Stellenbosch University	2024/2025	Payment - MMC	Human Resource	604437	2024/06/05	32409	2024/12/13	R52 008,75
Stellenbosch University	2024/2025	Payment - MMC	Human Resource	604437	2024/06/05	32950	2025/01/25	R52 008,75
Stellenbosch University	2024/2025	Payment - MMC	Human Resource	604437	2024/06/05	35136	2025/02/28	R52 008,75
								R208 035.00

Theewaterskloof entered into a supplementary agreement (SLA) with SPL, which was attached to the main Overberg District agreement.

Theewaterskloof Municipality nominated seven (7) learners to take part in this programme. In terms of the main agreement with Overberg District Municipality, Theewaterskloof Municipality entered into an SLA in order to be billed separately as the municipality could not afford to fill a class alone.

The cost of training was R3350.00 per unit standard as quoted in the main agreement with Overberg District Municipality.

The service provider rendered the service and issued an interim report to Theewaterskloof Municipality.

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

The sharing of training programmes is normal practice with all Municipalities within a district. This enables municipalities who cannot afford to run programmes on their own, to share cost and take part.

It must furthermore be noted that no deviation was done and the payment made was done based on the Overberg District agreement and SLA with the municipality.

7. Consideration of deliberate or negligent conduct relating to UIFWE incurred

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 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 requirements of the supply chain

management policy of the municipality and which has not been condoned in terms of such policy.

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

8. Mitigating controls to prevent similar UIFWE in the future

SCM processes to be followed in all instances

9. Confirmation by author of report that information in report is a true reflection of facts

I, Charles Fisher, confirm that the information contained in this report is a true and accurate reflection of the facts as they are known. This report is based on validated data to ensure reliability and accuracy.

10. Confirmation if UIFWE matter has been referred for disciplinary actions & if not, why not ?

The irregular expenditure has been referred to the Municipal Public Accounts Committee to make an recovery assessment as contemplated in section 32(2) of the MFMA.

11. Measures already taken to recover the UIFWE

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

12. Cost of the measures already taken to recover UIFWE

Not applicable

13. Estimated cost & benefit of further measures that can be taken to recover the UIFWE

RECOMMENDATION FROM MPAC TO COUNCIL: 23 JUNE 2026

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

1. **That Council notes the finding of the irregular expenditure in the amount of R 208 035. 00 relating to the minimum competency training program.**

2. **That Council accepts the finding that Theewaterskloof Municipality receive value for money and suffer no financial loss.**

3. **That Council write off the irregular amount of R 208 035.00 as irrecoverable as there is no evidence of fraud, corruption, bad faith or financial loss.**

4. **That a copy of the contract signed by the students be attached to the report as an annexure for Council's information and consideration.**

RESOLVED BY COUNCIL: 25 JUNE 2026

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

1. **Council notes the finding of the irregular expenditure in the amount of R 208 035. 00 relating to the minimum competency training program.**

2. **Council accepts the finding that Theewaterskloof Municipality receive value for money and suffer no financial loss.**

3. **Council write off the irregular amount of R 208 035.00 as irrecoverable as there is no evidence of fraud, corruption, bad faith or financial loss.**

4. **That a copy of the contract signed by the students be attached to the report as an annexure for Council's information and consideration.**

14. Annexures

Supporting documents attached to this report include:

- A copy of Council Resolution of 25 June 2026 and other supporting documents.

15. Conclusion of report

a) In conclusion, this report highlights the irregular expenditure resulting from non-compliance with SCM processes, the events that led to it, and the actions taken to address it.

b) The analysis provided aims to ensure accountability and transparency within the Municipality's financial management practices.

16. Referral of report to the MPAC

This report is hereby referred to the MPAC for its UIFWE recovery assessment as contemplated in section 32(2) of the MFMA.

Report compiled by:	**Date:**	**Designation:**	**Signature:**
Mr C Fisher	28/7/26	Manager HR Administration	
Report approved by:	**Date:**	**Designation:**	**Signature:**
Mr J Amansure	2018/26	Senior Manager: HR (Ret)	
Report authorised for MPAC referral by:	**Date:**	**Designation:**	**Signature:**
Mr W Hendricks	26/08/2026	Municipal Manager	

ITEM OPSKRIF/ITEM HEADING 499

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE CORPORATE SERVICES: DEPARTMENT HUMAN RESOURCES: PAYMENT FOR UNIVERSITY OF STELLENBOSCH – MINIMUM COMPETENCY TRAINING

[English version of the report is the original]

ITEM DATUM/ITEM DATE
2026-05-21

LêER NOMMER/FILE NUMBER
6/3/1/5/1;;;

DOEL VAN VERSLAG/PURPOSE / AIM OF REPORT

PURPOSE / AIM OF REPORT

The purpose of the report is to inform MPAC of the reasons why a SLA were entered into with the University of Stellenbosch, but no SCM process were followed. The amount of R 208 035 is for MMC training services rendered.

The Committee can in terms of its mandate;

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

BACKGROUND

University of Stellenbosch was appointed by Overberg District Municipality in terms of their SCM processes, to train staff nominated by all municipalities within the Overberg District in respect of MMC.

All five municipalities nominated staff to be part of his intake to the divide cost and to fill the class.

In terms of the agreement with SPL, each participating municipality will enter into an SLA and be billed separately.

Theewaterskloof entered into a supplementary agreement (SLA) with SPL, which was attached to the main Overberg District agreement.

DISCUSSION

Theewaterskloof Municipality nominated seven (7) learners to take part in this programme. In terms of the main agreement with Overberg District Municipality, Theewaterskloof Municipality entered into an SLA in order to be billed separately as the municipality could not afford to fill a class alone.

Stellenbosch University	2024/2025	Payment - MMC	Human Resource	604437	2024/06/05	32317	2024/11/29	R52 008,75
Stellenbosch University	2024/2025	Payment - MMC	Human Resource	604437	2024/06/05	32409	2024/12/13	R52 008,75
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Stellenbosch University	2024/2025	Payment - MMC	Human Resource	604437	2024/06/05	35136	2025/02/28	R52 008,75
								R208 035.00

The cost of training was R3350.00 per unit standard as quoted in the main agreement with Overberg District Municipality.

The service provider rendered the service and issued an interim report to Theewaterskloof Municipality.

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

The sharing of training programmes is normal practice with all Municipalities within a district. This enables municipalities who cannot afford to run programmes on their own, to share cost and take part.

It must furthermore be noted that no deviation was done and the payment made was done based on the Overberg District agreement and SLA with the municipality.

FINANCIAL RESPONSIBILITIES

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

LEGAL RESPONSIBILITIES

Section 32 of the MFMA states that any official of a municipality who deliberately or negligently committed, made or authorized an irregular expenditure is liable for that expenditure. A municipality must recover such expenditure from the person liable for that expenditure, unless the irregular expenditure is certified by Council as irrecoverable, after the Section 32 Committee has investigated and recommended it.

Irregular expenditure for the purpose of this item means expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality and which has not been condoned in terms of such policy.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that in the view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 208 035.00 be written off as irrecoverable.

RECOMMENDATION FROM MANAGEMENT

RECOMMENDATION BY MANAGEMENT TO MPAC: 04 JUNE 2026

It is therefore recommended that in the view of the fact that no reason to suspect fraud, Council has received value for money and did not suffer any loss. As there are no grounds for a claim against any official, it is recommended that the irregular amount of R 208 035.00 be written off as irrecoverable.

RESOLVED BY COUNCIL: 25 JUNE 2026

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

1. **Council notes the finding of the irregular expenditure in the amount of R 208 035. 00 relating to the minimum competency training program.**

2. **Council accepts the finding that Theewaterskloof Municipality receive value for money and suffer no financial loss.**

3. **Council write off the irregular amount of R 208 035.00 as irrecoverable as there is no evidence of fraud, corruption, bad faith or financial loss.**

4. **That a copy of the contract signed by the students be attached to the report as an annexure for Council's information and consideration.**

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

RECOMMENDATION FROM MPAC TO COUNCIL: 23 JUNE 2026

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

1. **That Council notes the finding of the irregular expenditure in the amount of R 208 035. 00 relating to the minimum competency training program.**

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4. **That a copy of the contract signed by the students be attached to the report as an annexure for Council's information and consideration.**

ANNEXURE A

MPAC: MUNICIPAL MINUMUM COMPETENCY: Theewaterskloof Municipality

Supplier	Service Description	Commencement date of contract
University of Stellenbosch	Minimum Competency Training	November 2023 – By Overberg District Municipality

1

What was the initial Purpose of the contract
To provide Minimum Competency Training to staff in term of the MMC Regulations.

2

Initial Scope of Contract and if uncertain please explain
The service provider was appointed by Overberg District Municipality in terms of their SCM processes, to train staff of all municipalities within the Overberg District in respect of MMC. All five municipalities nominated staff to part of his intake to the divide cost and to fill the class. In terms of the agreement with SPL, each participating municipality will be billed separately. This approach was more cost effective to municipalities.

3

Initial Contract Value and if uncertain please explain
R 208 035.00 (Theewaterskoof portion of the contract) – (paid)

4

Initial Expiry Date and if uncertain please explain
May 2024

5

Was normal SCM Process followed and complied with		
Yes - X	No –	Uncertain
Explain of motivate your response		
University of Stellenbosch was appointed by Overberg District Municipality in terms of their SCM processes, to train staff of all municipalities within the Overberg District in respect of MMC. All five municipalities nominated staff to part of his intake to the divide cost and to fill the class. In terms of the agreement with SPL, each participating municipality will be billed separately. Theewaterskloof entered into a supplementary agreement with SPL, which was attached to the main Overberg District agreement.		

6

Has the purpose, scope or contract period been extended or expanded since the initial appointment of the service provider		
Yes	**No - X**	**Uncertain**
Explain or motivate your response		
The service provider performed the work as agreed for all five municipalities within the Overberg District		

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, a formal contract was entered into between Overberg District Municipality and SPL and the other participating municipalities entered into SLA'a with SPL.		

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		
All SCM requirements were met. No need for a deviation		

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 – the training was completed and a closeout report received from SPL		

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		
All processes followed between the Overberg District Municipality (main agreement) and Theewaterskloof Municipality (and other Municipalities within the district) - SLA		

11

Are you satisfied with the performance of the current service provider to the extent that the contract should be continued with		
Yes	**No**	Uncertain -
Please explain or motivate your response above		
N/A – the service was once off		

12

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

14

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

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 management resolution has been clarified in that the SCM processes still needs to be followed.		

16

General or additional Comments of the Director Concerned	
Signature of Director Concerned	**Date** 2026-05-19

17

General Comments/Findings and recommendations of the CFO	
At all time we must follow through with proper procurement processes.	
Signature of CFO	**Date:** 2026.05.20

18

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

Signature of Chief Audit Executive	Date 20/5/2026.

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	
Signature of the Municipal Manager	Date 2026/05/21

506

SIGNING OF AGREEMENTS/DOCUMENTS
ONDERTEKENING VAN OOREENKOMSTE/DOKUMENTE

File reference number/ Leêr verwysings nommer

Type of Document/ Tipe document : SLA
Who is the other party? Wie is die ander Party:
Document prepared by/Dokument voorberei deur: L Sheane
I confirm that the relevant council resolutions, tender conditions, and award have been complied with and therefore the rights of the Council are protected in all material respects.
Name/Naam:

..... 17/05/2024
(Signature/Handtekening) DATE/DATUM

Document checked by/Dokument nagesien deur:
Supply Chain Management Department/Voorsieningskanaalbestuur Afdeling: (Applies to contracts where the contractor was appointed through the SCM process / Geld vir kontrakte waar die kontrakteur deur die voorsieningskanaalbestuur proses aangestel is.) I confirm that the relevant council resolutions, tender conditions and award have been complied with and therefore the rights of the Council are protected in all material respects.

Name/Naam: **Nico La Grange**

.....
(Signature/Handtekening) DATE/DATUM

Legal Services/Regsdienste:
It is confirmed that I have reviewed the contract. It complies in all respects with the relevant council resolutions, tender conditions and award and legal requirements as provided to me by the Contract Manager and that the rights of Council are thereby protected. There is no apparent reason why the contract cannot be signed by the relevant delegated authority.

It is recommended that the following changes should be made.....

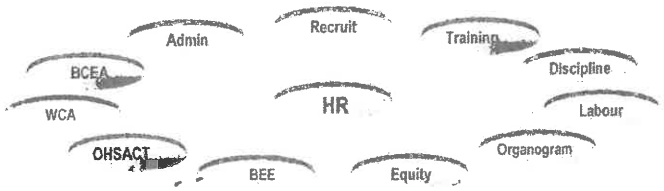
Name/Naam: **M H Gxoyiya**

..... 27/05/24
(Signature/Handtekening) DATE/DATUM

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

Name/Naam Ms. Salomons-Johannes

..... 27/05/24
(Signature/Handtekening) DATE/DATUM



MEMORANDUM

TO	Mr W Solomons-Johannes
FROM	Mr L Sheane
DATE	17/05/2024
SUBJECT	**SHORT COURSE SUPPLY SERVICES AGREEMENT**

With reference to the above-mentioned Overberg District Municipality, Swellendam Municipality, Cape Agulhas Municipality, Overstand Municipality and Theewaterskloof Municipality requested the University of Stellenbosch to conduct the Municipal Minimum Competency via Virtual platform. The agreement was for each municipality pay for their staff and as Theewaterskloof Municipality must have Service level agreement with Stellenbosch University.

The attached is the Service Level Agreement for 7 learners and the learners are as follows:

NO.	NAME&SURNAME	JOB DESIGNATION	DEPARTMENT	TOTAL COSTS
1.	Paul Mabhena	Acting CFO	Finance	R3350.00 per module
2.	Romeo De Lange	Town Manager Villiersdorp	Operational	R3350.00 per module
3.	Asiphe Magangxa	Finance Intern	Finance	R3350.00 per module
4.	Somila Mboya	Finance Intern	Finance	R3350.00 per module
5.	Clayton Adonis	Finance Intern	Finance	R3350.00 per module
6.	Andiswa Madyosi	Head: OHS and Risk Management	Human Resources	R3350.00 per module
7.	Sifundo Mahlangeni	Finance Intern	Finance	R3350.00 per module

Out of R3350.00 per module, the totality of fifteen modules is R50250.00 per learner and the payment that must be paid is eight modules costing R 144 050.00 and the outstanding balance that will be paid later is R164 150.00 for other modules to make it fifteen modules. The total amount of 7 learners that will be paid by the municipality is R 354 430.00.

The attached SLA is for your attention to approve to do payment to Stellenbosch University for doing the service and it is an organ of state.

Regards,

L Sheane
HR OFFICER/SDF

508

Stellenbosch
UNIVERSITY
IYUNIVESITHI
UNIVERSITEIT

forward together
sonke siya phambili
saam vorentoe

GESERTIFISEERDE KOPIE / CERTIFIED COPY

BELASTINGFAKTUUR
TAX INVOICE

Debtor Code: 14641801

THEEWATERSKLOOF MUNICIPALITY
Po Box 24
Caledon
7230

VAT reg nr: 4000846248

US VAT REGISTRATION NO	4920118959
FAKTUURDATUM INVOICE DATE	2024/06/05
KONTRAK CONTRACT	
BLADSYNR. PAGE NO	Page 1 of 2
FAKTUURNR. INVOICE NO.	604437

DEPT	Stellenbosch University	US KONTAKPERSOON US CONTACT PERSON		BEDRAG AMOUNT

FOR ATTENTION / ORDERNO: Lefela Sheane
ATT: Creditors Department

Description: Vat Bearing Cost Quantity: 1	162 267,30
Description: MMC P85 Participants from Theewaterskloof Municipality completed 10 Unit Standards out of the 15 Unit Standards for Snr Mngrs S Mboya, R de Lange, A Madyosi, N Mabhena, A Magangxa. C Adonis, S Mahlengeni Quantity: 1	39 798,00

Betalingsverwysing / Payment Reference: **14641801**

Stuur asb. bewys van betaling aan: * Please forward proof of payment to:
Epos * Email: deb@sun.ac.za
Faks * Fax: +27 21 808 3919

SUB-TOTAAL/TOTAL:	ZAR 202 065,30
BTW / VAT:	ZAR 5 969,70
TOTAAL / TOTAL:	ZAR 208 035,00

BANK BESONDERHEDE / BANKING DETAILS

Rekeninghouer / Account holder:	US DEBTORS
Bank:	Standard Bank
Tak / Branch:	Stellenbosch
Takkode / Branch code:	050610 (SWIFT code: SBZAZAJJ)
Rekeningnommer / Account number:	072247959
Betalingsverwysing / Payment reference:	14641801
Adres van bank / Bank Address:	20 Bird Street, Stellenbosch, 7600, South Africa

BETALINGSVERWYSING VERPLIGTEND / PAYMENT REFERENCE COMPULSORY

01/1113/9/9531/0

* Sien asb. die keursy vir verdere inligting. / Kindly refer to the reverse side for further information.

TERME: 30 DAE NA DIE FAKTUURDATUM TENSY ANDERS VERMELD
TERMS: 30 DAYS AFTER DATE OF INVOICE UNLESS SPECIFIED OTHERWISE

MUNISIPALITEIT THEEWATERSKLOOF
BETAAL SERTIFIKAAT
Ek sertifiseer dat:
Die dienste/goedere soos hierin gespesifiseer, aan die Raad geleweris en dat die pryse/fooie redelik en volgens ooreenkoms/kontrak is.
6/6/24
Handtekening Datum

US076FKT

MMC File

509

Stellenbosch
UNIVERSITY
IYUNIVESITHI
UNIVERSITEIT

sonke siya phambili
saam vorentoe

GESERTIFISEERDE KOPIE / CERTIFIED COPY

BELASTINGFAKTUUR
TAX INVOICE

Debtor Code: 14641801

THEEWATERSKLOOF MUNICIPALITY
Po Box 24
Caledon
7230

VAT reg nr: 4000846248

US VAT REGISTRATION NO	4920118959
FAKTUURDATUM INVOICE DATE	2024/06/05
KONTRAK CONTRACT	
BLADSYNR. PAGE NO	Page 1 of 2
FAKTUURNR. INVOICE NO.	604437

DEPT	Stellenbosch University	US KONTAKPERSOON US CONTACT PERSON		BEDRAG AMOUNT
FOR ATTENTION / ORDERNO: Lefela Sheane ATT: Creditors Department				
Description: Vat Bearing Cost Quantity: 1				162 267,30
Description: MMC P85 Participants from Theewaterskloof Municipality completed 10 Unit Standards out of the 15 Unit Standards for Snr Mngrs S Mboya, R de Lange, A Madyosi, N Mabhena, A Magangxa. C Adonis, S Mahlengeni Quantity: 1				39 798,00

Betalingsverwysing / Payment Reference: **14641801**

Stuur asb. bewys van betaling aan: * Please forward proof of payment to:
Epos * Email: deb@sun.ac.za
Faks * Fax: +27 21 808 3919

SUB-TOTAAL/TOTAL:	ZAR 202 065,30
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Bank:	Standard Bank
Tak / Branch:	Stellenbosch
Takkode / Branch code:	050610 (SWIFT code: SBZAZAJJ)
Rekeningnommer / Account number:	072247959
Betalingsverwysing / Payment reference:	14641801
Adres van bank / Bank Address:	20 Bird Street, Stellenbosch, 7600, South Africa

BETALINGSVERWYSING VERPLIGTEND / PAYMENT REFERENCE COMPULSORY

* Sien asb. die keursy vir verdere inligting. / Kindly refer to the reverse side for further information.

TERME: 30 DAE NA DIE FAKTUURDATUM TENSY ANDERS VERMELD
TERMS: 30 DAYS AFTER DATE OF INVOICE UNLESS SPECIFIED OTHERWISE

US076FKT

510

STUUR BETALING AAN:

Victoria Street
Stellenbosch
7600

1. Betaling moet streng binne 30 dae na datum van faktuur geskied, tensy anders vermeld.
2. Rente sal op agterstallige bedrae gehef word.
3. Rekeningnavrae:
   Stellenbosch Kampus:
   Tel: (021) 808 4530/4, 808 4201/2924
4. Betalings kan by die volgende kassiere, of per bankinbetaling, gedoen word:
   Stellenbosch: Administrasie Blok A
   Bellevilleparkkampus
   Tygerbergkampus Administrasie
   Kantoorure vir betalings: 08:00 – 15:30
5. Direkte inbetalings kan by enige bank gemaak word.
   Sien keersy vir bankbesonderhede.
6. Aanvaarding van betaling geskied sonder benadeling van regte.
   Die Universiteit behou die reg voor om in sy uitsluitlike diskresie ontvangste aan uitbestaande saldo's toe te wys.

REMIT TO:

Victoria Street
Stellenbosch
7600

1. Payment strictly within 30 days from date of invoice, unless specified otherwise.
2. Interest will be charged on all outstanding amounts.
3. Account enquiries:
   Stellenbosch Campus:
   Tel: (021) 808 4530/4, 808 4201/2924
4. Payments can be made at one of the following cashiers, or by bank deposit:
   Stellenbosch: Administration Block A
   Belleville Park Campus
   Tygerberg Campus Administration
   Office hours for payments: 08:00 – 15:30
5. Direct bank payments can be made at any bank.
   See reverse side for banking details.
6. Payment is accepted without prejudice.
   The University reserves the right in its sole discretion to allocate received funds for the discharge of outstanding balances.

SHORT COURSE SUPPLY SERVICES AGREEMENT

Between

Name	THEEWATERSKLOOF MUNICIPALITY
Company/Trust/Identity Number	Municipality
Address	6 Plein Street, CALEDON 7230
Email	annettesw@twk.gov.za
Signature(s) *For Customer:*	W.S.E. Solomons
Name	Mr. Wilfred Schrevian Evan Solomons-Johannes
Position	Municipal Manager
Date	28/05/24

("Customer")

and

STELLENBOSCH UNIVERSITY	
Address	Carl Cronje Drive Bellville Park Campus, BELLVILLE
Email	hajl2@sun.ac.za
Signature(s) *For SU:*	
Name	Mr. Manie Lombard
Position	Chief Director: Finance
Date	16/05/2024

("SU")

with respect to the following

Short Course Title	Municipal Minimum Competency Programme
Applicable NQF Standard	NQF 6 as per MMC Regulations 2007.
Credits	Vary per Unit Standard as per Table in the Regulations
Start Date & Schedule	November 2023 Schedule as per Point 9 of this Agreement.
Number of Participants	7
Presentation Location(s)/Platform(s)	Virtual via MS Teams with exams at Anene Booysen Skills Centre, Bredasdorp.
SU Staff Involvement	Prof Z. Ndevu, Prof APJ Burger, Dr Len Mortimer Dr Anthea Jantjes, Mr Johnny Douglas, Mr Werner Burger Mr Nico De Kock, Mrs Naomi Burger.
Admission Requirements	Matric
Course Structure & Content	2-day virtual classes via MS Teams with invigilated examinations per Unit Standard at a venue identified by the Overberg District Municipality as per approved schedule and as per National Treasury Learner Guides, and video recordings from Facilitators.
Course Material to be Provided by SU	PowerPoint Slides, electronic Learner Guides, and exam books
Fees & Payment	As per Points 7 and 8 of this Agreement
SU Bank Account	**Standard Bank Stellenbosch**, branch code **050610** and account number **072247959**

Each party agrees to be bound by the terms of this cover sheet and the attached terms and conditions.

Stellenbosch University Short Course Supply Services Agreement

PREAMBLE

SU has agreed to provide certain services and deliverables for Customer as specified on the cover page hereto ("the **Services**") with respect to the development and/or presentation of the training course specified on the cover page hereto ("the **Course**") and the Customer has agreed to appoint SU to render such Services on the terms and conditions hereinafter contained.

IT IS THEREFORE AGREED AS FOLLOWS:

1 SERVICES

1.1 Customer hereby appoints SU to provide the Services on the terms of this agreement and SU hereby accepts such appointment. Customer shall co-operate with SU to ensure that the Services can be rendered in a coordinated, effective and timely manner, and, in particular, will comply with the stipulated schedule and deadlines relating to the Services

1.2 SU shall be responsible for the administration, quality control and accreditation of the Course in accordance with the requirements therefor specified on the cover page hereto, subject to SU's institutional policies, relevant quality control standards and regulatory requirements. SU is also responsible for the registration and administrative arrangements for participants to the Course and for certifying successful completion or attendance of the Course by participants where appropriate. Upon request, the Customer will assist SU with determining the Course content and provide SU with the appropriate content that it wants to be included in the Course.

1.3 Customer will be responsible for selecting the participants for the Course. Unless otherwise agreed, all participants must be employed by Customer and comply with the minimum admission requirements stipulated on the cover page. The number of participants may not exceed the number stipulated on the cover page unless otherwise agreed. In the event of a participant leaving the Customer's employ for any reason or becoming incapacitated, the Customer will have the right to select a suitable substitute.

1.4 The Course will be presented at the agreed location(s) and/or via the agreed online platform(s) as stipulated in on the cover page unless otherwise agreed. Unless otherwise agreed, each of SU and Customer will be responsible for the administrative arrangements to enable participants to access Course lectures presented at venues or via online platforms provided by it. The customer will arrange and provide at least the following in respect to the presentation of the Course at a physical venue provided by it:

1.4.1 Fully equipped lecture room suitable for all participants and presenters;

1.4.2 Refreshments and meals for participants and presenters;

1.4.3 Transport and accommodation for presenters if required.

1.5 Customer shall ensure that the participants in the Course shall comply with applicable laws, regulations, policies and guidelines operated by or affecting SU, including the health, safety and security policies applicable to the use of SU's venues and platforms, and with all reasonable requests of SU staff relating to such use.

1.6 SU shall keep an attendance register, and reports of assessments evaluating the competencies of participants, and shall, upon conclusion of the Course, submit a written report to Customer regarding the performance of the participants.

2 PAYMENT

2.1 Customer shall pay to SU the amounts set out on the cover page hereto on the basis specified therein. The specified amounts will be paid in South African Rand and shall exclude applicable taxes and unforeseen expenses (if any) which may be charged in addition.

2.2 Amounts invoiced are payable free from set-off or deduction within 30 days of the date of SU's Invoice, therefore. Payment shall be made by way of direct deposit into SU's duly designated bank account. If payment is late, interest may be charged on the outstanding amount at 1% per month and Services may be suspended pending full payment.

3 INTELLECTUAL PROPERTY

3.1 The deliverables prepared by or with the assistance of SU in rendering the Services, including any study materials, assignments, papers, reports, and databases, shall belong solely to and be the property of SU and shall be treated as SU course materials in accordance with the Intellectual Property Policy of SU, provided that any pre-existing non-SU content provided by Customer for inclusion into such deliverables shall remain the property of Customer.

3.2 SU may include the content provided by Customer into the deliverables and may use such content as included in the deliverables for the Services and to comply with applicable SU policies, quality control standards and regulatory requirements.

3.3 Customer and the participants may use the deliverables made available to it by SU pursuant to the Services for the purposes for which they are provided in connection with the Course only and will not permit the use thereof for any other purpose save with SU's prior written consent. The customer shall not be restricted in any way from re-using the pre-existing non-SU content provided by it to SU for inclusion into the deliverables.

3.4 A party may not use the other party's name or trademarks in connection with this Agreement, save with the prior written approval of the other party's authorised representative and in compliance with its instructions, including its applicable trademark policy and corporate identity provisions. Such approved use will, unless the contrary is expressly stated in such written approval, be limited to use in Course-related material only, such as promotional material, study material, assignments, papers, reports and certificates of completion or attendance. Any such use will cease promptly following a request thereto or termination of this Agreement.

4 LIABILITY

4.1 The Services and deliverables are provided "as is" and free from any warranties, which are disclaimed to the maximum extent permitted by applicable law. Use of the Services and reliance on the delivery thereof and/or on the content provided by SU pursuant to the Services is at the sole risk of Customer and the participants and Customer indemnifies SU and its staff against any claims arising from such use or reliance.

4.2 SU's aggregate liability for all amounts claimed from it in connection with this agreement shall in no event exceed the total fees already paid by the Customer to SU hereunder, irrespective of the form of such legal action.

5 TERM AND TERMINATION

5.1 Services shall be delivered in accordance with the delivery timeframes specified on the cover page to this agreement until the Services are completed or the agreement is terminated in accordance with the terms hereof.

5.2 A party may terminate this Agreement by giving at least 30 days prior written notice thereto.

5.3 Termination of the Agreement will be without prejudice to any rights that have already accrued to a party prior to such termination, including SU's rights to receive payment for Services already rendered prior to such termination.

5.4 The following clauses will survive the termination of this agreement: clause 3 (Intellectual Property Rights), clause 4 (Liability), this clause 5 (Term and Termination) and clause 6 (General).

6 GENERAL

6.1 This agreement (including its annexures) constitutes the entire agreement between the parties and no alteration, addition or removal of any right, term or condition of this agreement will be of any force or effect unless reduced to writing and signed by the parties to this agreement.

6.2 Customer may not transfer any of its rights or obligations in terms of this agreement without the prior written authorisation of SU.

6.3 Customer shall not directly engage with SU staff for services similar to the Services rendered under this agreement save with SU's written consent.

6.4 In connection with this agreement, each party is an independent contractor and, as such will not have any authority to bind or commit the other party. Nothing in this agreement will be deemed or construed to create an employment, joint venture, partnership, or agency relationship between the parties for any purpose.

6.5 This agreement will be governed by and construed in accordance with the laws of South Africa and will be subject to the non-exclusive jurisdiction of Western Cape High Court, Cape Town.

6.6 If any of the terms contained herein are determined by any competent authority to be invalid or unenforceable to any extent, such term shall to that extent be severed from the body of this agreement and the remainder of this agreement shall continue to be valid and enforceable to the fullest extent permitted by law.

6.7 No waiver of any of the terms and conditions of this agreement will be binding or effectual for any purpose unless expressed in writing and signed by the party hereto giving the same. No failure or delay on the part of either party hereto in exercising any right hereunder will operate as a waiver thereof, nor will any single or partial exercise of any right, preclude any other or further exercise thereof or the exercise of any other right.

6.8 No rule of construction that an agreement shall be interpreted against the party responsible for its drafting or preparation shall apply to this agreement.

7. FEES AND EXPENSES PAYABLE BY CUSTOMER

The short course policy of Stellenbosch University is to supply affordable programmes without lowering the standards and quality of the programmes.

The anticipated costs are therefore as follows and based on the price for 15 Unit Standards:

GROUP SIZE PER US	Price Per US (24)	24 US Virtual	Price Per US (15)	15 US Virtual
14-20 Participants per US	3 150,00	75 600,00	3 350,00	50 250,00
21-30 Participants per US	2 100,00	50 400,00	2 260,00	33 900,00
31-40 Participants per US	1 500,00	36 000,00	1 600,00	24 000,00

8. INVOICING

An Invoice will be generated quarterly meaning after completion of 6 Unit Standards. This provision is to assist the Customer with its cash flow process.

9. COURSE START DATE, DURATION AND SCHEDULE

The Schedule for the P85 Programme is as per the schedule below:

SCHEDULE FOR MMCP85 Overberg District - Municipal Minimum Competence (MMCP) Limited Direct Two (2) Day Virtual Contact, Flexible Mode Programme 2023-2024

Project No	Unit Standard	Contact Venue	Contact Dates	Contact Time	Exam Dates	Exam Time	Exam Venue	2nd Exam Dates	2nd Exam Time	2nd Exam Venue/s	Unit Standard Credits	Facilitator	Assignment Due Date	Comments	Progress
MMCP 85/ 01	119334	Virtual Via MS Teams	Oct '23	08:30 - 16:00	Oct '23	08:30 - 10:30	TBC	TBC	08:30 - 10:30		12	Johnny Douglas			
MMCP 85/ 02	116342	Virtual Via MS Teams	Oct '23	08:30 - 16:00		11:00 - 13:00			11:00 - 13:00	TBC	15	Johnny Douglas			
MMCP 85/ 03	116358	Virtual Via MS Teams	Nov '23	08:30 - 16:00	Nov '23	08:30 - 10:30	TBC	TBC	08:30 - 10:30		15	Len Mortimer			
MMCP 85/ 04	116347	Virtual Via MS Teams	Nov '23	08:30 - 16:00		11:00 - 13:00			11:00 - 13:00	TBC	12	Len Mortimer			
MMCP 85/ 05	116345	Virtual Via MS Teams	Dec '23	08:30 - 16:00	Dec '23	08:30 - 10:30	TBC	TBC	08:30 - 10:30		15	Len Mortimer			
MMCP 85/ 06	116364	Virtual Via MS Teams	Dec '23	08:30 - 16:00		11:00 - 13:00			11:00 - 13:00	TBC	8	Len Mortimer			
MMCP 85/ 07	116353	Virtual Via MS Teams	Jan '24	08:30 - 16:00	Jan '24	08:30 - 10:30	TBC	TBC	08:30 - 10:30		12	Len Mortimer			
MMCP 85/ 08	116362	Virtual Via MS Teams	Jan '24	08:30 - 16:00		11:00 - 13:00			11:00 - 13:00	TBC	11	Len Mortimer			
MMCP 85/ 09	116350	Virtual Via MS Teams	Feb '24	08:30 - 16:00	Feb '24	08:30 - 10:30	TBC	TBC	08:30 - 10:30		15	Nico de Kock			
MMCP 85/ 10	116348	Virtual Via MS Teams	Feb '24	08:30 - 16:00		11:00 - 13:00			11:00 - 13:00	TBC	12	Nico de Kock			
MMCP 85/ 11	116339	Virtual Via MS Teams	March '24	08:30 - 16:00	March '24	08:30 - 10:30	TBC	TBC	08:30 - 10:30		10	Werner Burger			
MMCP 85/ 12	116343	Virtual Via MS Teams	March '24	08:30 - 16:00		11:00 - 13:00			11:00 - 13:00	TBC	10	Zwelinzima Ndevu			
MMCP 85/ 13	116351	Virtual Via MS Teams	April '24	08:30 - 16:00	April '24	08:30 - 10:30	TBC	TBC	08:30 - 10:30		12	Nico De Kock			
MMCP 85/ 14	116363	Virtual Via MS Teams	April '24	08:30 - 16:00		11:00 - 13:00			11:00 - 13:00	TBC	12	Nico De Kock			
MMCP 85/ 15	116348	Virtual Via MS Teams	May '24	08:30 - 16:00	May '24	08:30 - 10:30	TBC	TBC	08:30 - 10:30		8	Zwelinzima Ndevu			
MMCP 85/ 16	116344	Virtual Via MS Teams	May '24	08:30 - 16:00		11:00 - 13:00			11:00 - 13:00	TBC	10	Zwelinzima Ndevu			
MMCP 85/ 17	119352	Virtual Via MS Teams	June '24	08:30 - 16:00	Jun '24	08:30 - 10:30	TBC	TBC	08:30 - 10:30		12	Naomi Burger			
MMCP 85/ 18	119341	Virtual Via MS Teams	June '24	08:30 - 16:00		11:00 - 13:00			11:00 - 13:00	TBC	15	Naomi Burger			
MMCP 85/ 19	116340	Virtual Via MS Teams	July '24	08:30 - 16:00	July '24	08:30 - 10:30	TBC	TBC	08:30 - 10:30		11	Naomi Burger			
MMCP 85/ 20	116349	Virtual Via MS Teams	July '24	08:30 - 16:00		11:00 - 13:00			11:00 - 13:00	TBC	15	Naomi Burger			
MMCP 85/ 21	119331	Virtual Via MS Teams	Aug '24	08:30 - 16:00	Aug '24	08:30 - 10:30	TBC	TBC	08:30 - 10:30		12	Johan Burger			
MMCP 85/ 22	116346	Virtual Via MS Teams	Aug '24	08:30 - 16:00		11:00 - 13:00			11:00 - 13:00	TBC	10	Johan Burger			
MMCP 85/ 23	119343	Virtual Via MS Teams	Sept '24	08:30 - 16:00	Sept '24	08:30 - 10:30	TBC	TBC	08:30 - 10:30		15	Johan Burger			
MMCP 85/ 24	116336	Virtual Via MS Teams	Sept '24	08:30 - 16:00		11:00 - 13:00			11:00 - 13:00	TBC	5	Johnny Douglas			

10. LIST OF PARTICIPANTS

The following participants from the Theewaterskloof Municipality have been nominated to attend the P85 MMC Programme. However, the list is not final, and more participants can be added as and when the need arises.

Romeo De Lange	Theewaterskloof
Andiswa Madyosi	Theewaterskloof
Clayton Duwayne Adonis	Theewaterskloof
Sifundo Mahlangeni	Theewaterskloof
Asiphe Magangxa	Theewaterskloof
Somila Mboya	Theewaterskloof
Paul Mabhena	Theewaterskloof

514

Annielle Martin

From:	Garrick Lakay
Sent:	Wednesday, 15 October 2025 09:05
To:	Annielle Martin
Cc:	Petula Fortuin; Joanle Pretorius
Subject:	SECTION 32 - STELLENBOSCH UNIVERSITY: 2023/24
Attachments:	SKM_36725092611460.pdf

Good day Annielle,

Please find attached section 32: **Stellenbosch University – EFT 35136 (29/09/2025)**

SCM procedures was not followed.

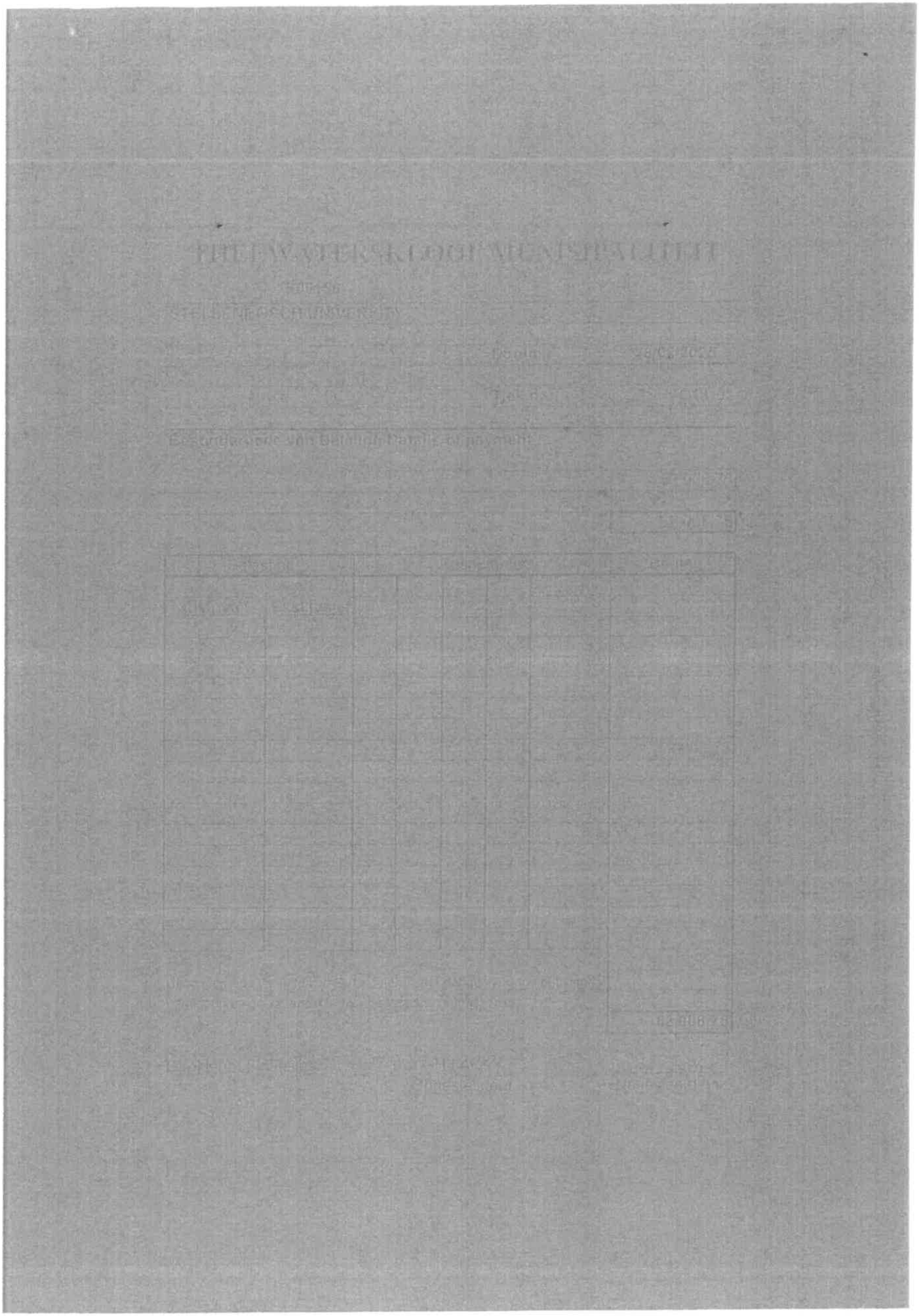
Kind regards,

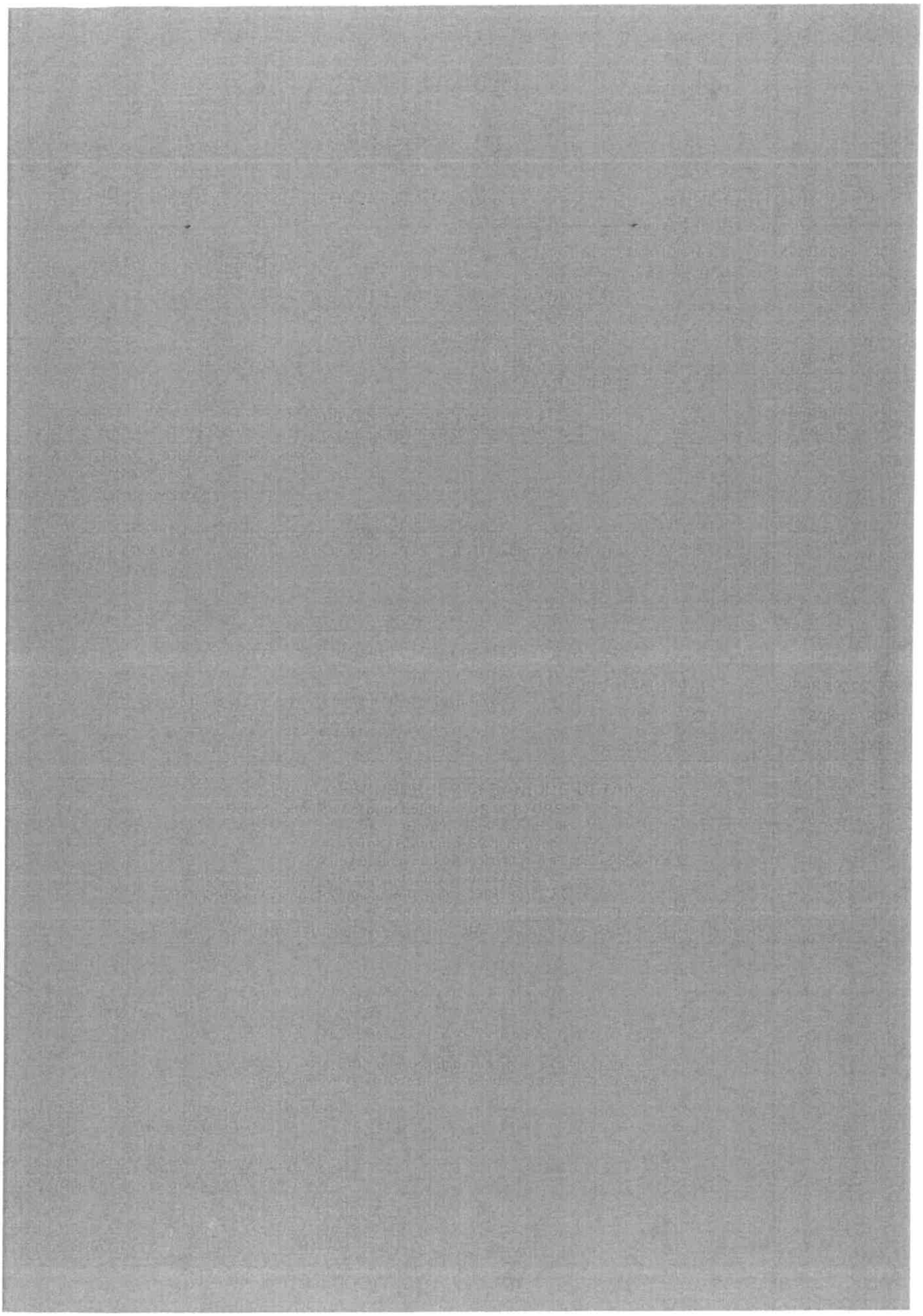
Garrick Lakay
Principle Clerk: Crediors – Expenditure Management
Directorate: Financial Services

THEEWATERSKLOOF MUNICIPALITY
Head Office. 6 Plein Street, Caledon, 7230
Call Centre. 028 214 3300 **Email:** GarrickLa@twk.gov.za
Website. www.twk.gov.za | **Follow us on Facebook, X, Instagram.** @twkmun

Theewaterskloof
Municipality

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MPAC72/2026

DRAFT ANNEXURE J – MPAC UIFWE RECOVERY RECOMMENDATION REPORT TO COUNCIL

IRREGULAR EXPENDITURE – UNIVERSITY OF STELLENBOSCH – MINIMUM COMPETENCY TRAINING

Financial year	2024/2025
Amount involved	R208,035.00
Type	UIFWE / Irregular expenditure
Department / project	As recorded in the existing Item Annexure J/supporting material
Core issue	Payment under an Overberg District Municipality procurement and supplementary SLA without a separate municipal SCM process.

1. Purpose of this Annexure

- Incorporate Management's written answers into the existing Annexure J assessment.
- Identify which answers are adequate, partially answered, unanswered or raise a material red flag.
- Assess accountability, actual financial loss, recovery, disciplinary/financial-misconduct and other consequence-management issues.
- This is a draft MPAC assessment and does not itself constitute a final finding of personal liability.

2. MPAC approach

- Irregular expenditure must be distinguished from actual financial loss. Receipt of goods/services does not automatically establish value for money or absence of loss.
- An assertion that there was no fraud or negligence is not a substitute for an evidence-based individual Section 32(1) assessment.
- No write-off/irrecoverability recommendation should be made while material loss, authority, responsibility or recovery questions remain unresolved.

3. **Questions by MPAC and Management responses**

1. Who decided that the Municipality would participate in the Stellenbosch University programme?

This is a requirement in terms of the MMC Regulations. The municipality could not afford to run a programme on its own and the Accounting Officer granted approval for the Municipality to take part in this programme.

2. When did Management first know that seven employees would participate?

28/5 2024 – When the Accounting Officer signed the SLA.

3. Why was the SCM process not completed before the Municipality committed itself to the expenditure?

The service provider was appointed by the Overberg District Municipality and in terms of their SCM policy. Theewaterskloof Municipality was one of the municipalities in the district like CAM, Swellendam and Overstrand to whom seats were allocated to.

4. Who negotiated and signed the SLA?

The Municipalities within the District lead by Overberg District Municipality

5. Was the SLA signed before or after the services commenced?

The SLA was signed prior to the starting of the classes

6. What procurement authority authorised the Municipality to participate in the programme without the required competitive process?

The competitive process was followed by the Overberg District Municipality and Theewaterskloof Municipality, like all the other municipalities in the district took part in the process through a Service Level Agreement.

7. How was the price of R208,035 determined, and was it compared with alternative training providers?

A competitive process was followed by the Overberg District Municipality and Theewaterskloof Municipality, like all the other municipalities in the district took part in the process.

8. The report states that the cost was R3,350 per learner per unit. Was this rate independently tested against market rates?

The competitive process was followed by the Overberg District Municipality whereby the market was tested.

9. Who monitored attendance and confirmed that all seven learners actually received the training paid for?

The SDF drafted the study agreements with the affected learners and monitored the attendance.

10. If there was no financial loss, what evidence proves that the Municipality could not have obtained the same training at a lower price through a compliant procurement process?

A competitive process was followed by the Overberg District Municipality and Theewaterskloof Municipality, like all the other municipalities in the district took part in the process through a Service Level Agreement.

Additional questions and answers during meeting:

Feedback provided by Mr J Amansure:

- Requirement that all Managers/SCM staff be MMC regulation compliant.
- ODM appointment through SCM processes. / ODM appointed service provider.
- SLA concluded.
- 7 staff members have been nominated to attend.

Councillor P Stander – Municipality pay for MMC or does the staff members need to cover the cost?

Mr J Amansure:

- Staff Members conclude a study agreement – if they leave the service of the Municipality within 1 year after completion, they need to repay the amount / if they fail the MMC course, they also need to repay the amount.
- Should Theewaterskloof Municipality appoint a service provider, need to appoint for 20 seats – only 7 staff members attend the MMC course.
- R3 350.00 per learner per unit standard – 15 units = R 208 035.00.

Councillor P Stander – Was payment done directly to the service provider?

Mr J Amansure – ODM appointed the service provider. Memorandum drafted by HR and approval was granted by the then Municipal Manager, Mr WSE Solomons-Johannes.

4. Section 32(1) accountability assessment

- No fraud/deliberate conduct is established.

5. Recovery assessment

With the verification of the invoices and the service rendered, MPAC can reasonably conclude that the irregularity does not, in the present evidence, establish a recoverable municipal financial loss.

MPAC can reasonably recommend that the amount be certified as irrecoverable.

6. Disciplinary / financial misconduct

The supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct. On the present record, **a disciplinary board referral is not recommended**.

7. Criminal referral

- No criminal conduct is established. **Criminal referral is not recommended.**

8. Other consequence management

- Written governance protocol for district-wide procurement and legal/SCM confirmation before municipal commitments.

9. MPAC recommendation to Council:

MPAC recommends that the Municipal Council:

1. **Notes that the MMC training to the amount of R208 035.00 does not constitute an irregular expenditure as the procurement processes were followed by the Overberg District Municipality.**
2. **Notes that the payment to the Service Provider was made in terms of the signed Service Level Agreement concluded between the Service Provider and Theewaterskloof Municipality.**
3. **Notes that study agreements were concluded for each of the staff members attending the MMC training program.**

10. Supporting annexures:

- Previous MPAC agenda-item/resolution dated 23 June 2026.
- Memorandum dated 17/05/2024 to the Municipal Manager.
- Service Level Agreement concluded between Theewaterskloof Municipality and University of Stellenbosch.
- Proof of payment.

11. Signatures

Prepared by	Municipal Public Accounts Committee
Reviewed by	Municipal Public Accounts Committee
Approved for MPAC submission Cllr A Gana **MPAC CHAIRPERSON**	
MPAC resolution reference	**MPAC72/2026** 22/09/2026

ITEM TITLE

C268/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE TECHNICAL- AND INFRASTRUCTURE IMPLEMENTATION SERVICES: IRREGULAR EXPENDITURE REPORT ON SUPPLY CHAIN MANAGEMENT NON-COMPLIANCE (KANI MOTORS REPAIRS AND SPARES CC)

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

Report regarding the irregular expenditure on the Supply Chain Management non-compliance (Kani Motors Repairs and Spares CC).

BACKGROUND

As per attached report.

DISCUSSION

As per attached report.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

As per attached report.

LEGAL IMPLICATIONS (ITEM AUTHOR)

As per attached report.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

As per attached report.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that MPAC considers the report.

RECOMMENDATION BY MANAGEMENT TO MPAC: 26 AUGUST 2026

Management recommend that the irregular expenditure be referred to MPAC for its recovery assessment as templated in Section 32(2) of the MFMA.

DISCUSSION DURING MEETING: 22 SEPTEMBER 2026

Questions from MPAC and answers provided by the Officials are included in Annexure J.

RECOMMENDATION BY MPAC TO COUNCIL: 22 SEPTEMBER 2026

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R31 676.75 constitutes irregular expenditure.**

2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**

3. **Recommends that the irregular expenditure to the amount of R31 676.75 be written off as irrecoverable in terms of section 32 of the MFMA. (Value for money was received. Vehicle was repaired.)**

4. **No disciplinary board referral as the supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct.**

5. **No criminal referral as no criminal conduct is established.**

6. **Notes that as remedial action, those contracts are in place for a 3-year tender process with 2 service providers. That Management must look at a feasibility study to establish a Municipal Workshop after the 3-year tender contracts expires.**

MPAC Committee: Technical and Infrastructure Implementation Services: Irregular Expenditure Report on Supply Chain Management Non-Compliance

1. Introduction

- This report has been drafted for submission to the Municipal Public Accounts Committee (MPAC) in accordance with section 32 of the Municipal Finance Management Act 56 of 2003 (MFMA) and regulation 74 of the Municipal Budget and Reporting Regulations.
- This report focuses on irregular expenditure incurred due to non-compliance with supply chain management processes for the 2023/2024 financial year.
- The report analyses the expenditure incident and the events that led to the irregular expenditure, identifies the responsible officials, and outlines the measures taken or proposed to prevent recurrence.

2. The legal implications of the report

- The legal implications of this report are governed by section 32 of the MFMA, which mandates the identification, reporting, and management of unauthorised, irregular, fruitless, and wasteful expenditure (UIFWE).

3. Type of UIFWE applicable to this report

- The type of UIFWE applicable to this report is irregular expenditure incurred due to non-compliance with Regulation 17(1) (a) and (c) of the municipality's supply chain management regulations, specifically the failure to obtain the required price quotations for transactions above the prescribed threshold.

4. Discussion of events/ reasons that led to the UIFWE

- During the 2023/2024 financial year, the Municipality awarded a R 31 676.75 contract to Kani Motors Repairs and Spares CC for repair works on vehicle CAM 21962 to comply with its annual roadworthy test without obtaining at least three written quotes, as required by the SCM policy.
- The CFO authorized the appointment based on a strip and quote deviation per Regulation 36, bypassing obtaining three (3) quotations.
- Consequently, AG found in the 2023/24 financial year that this resulted in non-compliance with regulation 17(1) (a) and (c) as goods were procured without obtaining the required price quotations in terms with the Municipal SCM Regulations and the Municipality's SCM policy.

5. Official(s) or councillor(s) responsible for the UIFWE incurred

534

- Nadja Marais – Obtained quotation, registered new requisition line and captured general item detail.
- Marius Redelinghuys – Reviewed.
- Ingram Loubser – Fleet Reviewed.
- Jan Barnard – Fleet Reviewed.
- Annielle Martin – SCM Reviewed.
- Nthokozisi Paul Mabhena – Authorised Deviation Process.
- Zhane Parnell – SCM Reviewed.
- Zimasa Mqhwayi – SCM Reviewed.
- Zhane Parnell – Confirmed order.

6. Why is the expenditure irregular expenditure?

- AG found in 2023/24 that the contract awarded to Kani Motors Repairs and Spares CC was inadequately justified for the procurement via a deviation process. - Unjustified deviations from normal Supply chain processes

- *"The municipality procured vehicle repair services from Kani Motors under the justification that no other mechanical workshops in Caledon were willing to work with the municipality. However, through inspection of the deviation register, we found that the municipality has worked with other service providers, such as Draaiberg General Services BK in Villiersdorp, for the same/ similar services. The municipality should have followed a quotations process, and the deviation was unjustified.*

- *Impact: This results in non-compliance with regulation 17(1)(a) and (c) as goods were procured without obtaining the required price quotations. Deviation was approved by the authorised official even though it was not impractical to obtain price quotations in contravention with regulation 36(1)(a). This results to irregular expenditure of R 31 676.75."*

7. Consideration of deliberate or negligent conduct relating to UIFWE incurred

- N/A at this stage and it's to be determined by MPAC.

8. Mitigating controls to prevent similar UIFWE in the future

- To prevent similar irregular expenditure in the future, Community Services appointed various service providers for these types of commodities via a competitive bidding process. Proof attached.

9. Confirmation by author of report that information in report is a true reflection of facts

- I, Ashley Hendricks, confirm that the information contained in this report is a true and accurate reflection of the facts as they are known. This report is based on validated data to ensure reliability and accuracy.

10. Confirmation if UIFWE matter has been referred for disciplinary actions & if not, why not?

- N/A at this stage and it's to be determined by MPAC.

11. Measures already taken to recover the UIFWE

- N/A at this stage and it's to be determined by MPAC.

12. Cost of the measures already taken to recover UIFWE

- None as yet.

13. Estimated cost & benefit of further measures that can be taken to recover the UIFWE

- N/A at this stage and it's to be determined by MPAC.

14. Annexures

Supporting documents attached to this report include:

- Annexure A: AG Findings
- Annexure B: Procurement Process
- Annexure C: Mitigation Proof
- Annexure D: Previous approval via MPAC and Council

15. Conclusion of report

a) In conclusion, this report highlights the irregular expenditure resulting from non-compliance with SCM processes, the events that led to it.

b) The analysis provided aims to ensure accountability and transparency within the Municipality's financial management practices.

16. Referral of report to the MPAC

- This report is hereby referred to the MPAC for its UIFWE recovery assessment as contemplated in section 32(2) of the MFMA.

536

Report compiled by:	Date:	Designation:	Signature:
Mr A Hendricks	13/08/26	Engineer Technician	

Report approved by:	Date:	Designation:	Signature:
Mr H Matthee	13/08/26	Director: Technical Services	

Report authorised for MPAC referral by:	Date:	Designation:	Signature:
Walla Hendricks	26/08/2026	Municipal Manager	

Annexure A

AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
Theewaterskloof Municipality
PO Box 24
Caledon
7230

28 October 2024

Reference: Communication No.21 of 2023

Dear Mr. R Stevens

COMMUNICATION OF FINDINGS IDENTIFIED DURING THE AUDIT OF COMPLIANCE WITH LEGISLATION FOR THE YEAR ENDED 30 JUNE 2024

SCM: Reason for not following the official procurement processes (Deviation) not justifiable

Background

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

Required

3. You are requested to indicate whether you agree with the facts stated in the annexure including whether you agree with the identified internal control deficiency. Should you disagree, please provide us with documentary evidence to the contrary within 5 days from the date of this communication, as agreed in the engagement letter.
4. Should you agree, you are hereby requested to make the necessary corrections.
5. Should you choose not to make the necessary corrections, kindly communicate your reasons for this within 5 days from the date of this communication, as agreed in the engagement letter. The remaining uncorrected misstatement will then be evaluated for reporting purposes based on materiality.
6. Should you choose to make the necessary corrections, kindly refer the point(s) described below and provide us with the necessary information within 5 days from the date of this communication, as agreed in the engagement letter.
7. Please provide us with the reasons for the instances of non-compliance and the steps that will be taken to rectify the matter in future.

Yours sincerely

Unathi Mnqanqeni
Senior Manager: Western Cape

Enquiries: Henno Pretorius
Cell phone: 064 907 4146
Telephone: (021) 528 4100
Fax: (021) 528 4200
Email: hennop@agsa.co.za

Acknowledgement of receipt by management:

Received by _____ Date _____

DETAILED AUDIT FINDING

Procurement and contract management

Unjustified deviations from normal Supply chain processes

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

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

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

a) *that goods or services above a transaction value of R200 000 (VAT included) and long-term contracts may be procured by the municipality or municipal entity only through a competitive bidding process, subject to regulation 11(2); and*
b) *that no requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process."*

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

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

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

(3.) In terms of the Supply Chain Management (SCM) regulations 5: "An accounting officer may in terms of section 79 or 1 06 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of regulation 4(1), but any such sub delegation must be consistent with sub regulation (2) and regulation 4".

Furthermore, paragraph 37 of the municipality's supply chain policy states that:
"37. DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES

1. The Accounting Officer may –

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

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

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

2. *The Accounting Officer must record the reasons for any deviations in terms of subparagraphs 36(1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.*
3. *Subparagraph 36(2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy."*

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

6	**The vehicle Cherry Picker CAM 21962 developed a defect and could not pass the yearly renewal of its license - KANI MOTORS REPAIRS AND SPARES CC**	Any other exceptional case where it is impractical or impossible to follow the official procurement processes.	R31 676,75	Management disagrees with the finding. This vehicle was due for its annual roadworthy, and the assessment produced several defects. At that time, there was no supplier in Caledon able to work on the vehicle. As these defects related to the suspension and steering of the vehicle, it was decided to send it to the closest supplier which was situated in Botrivier, as it was considered unsafe for the driver to travel with this vehicle. It needs to be highlighted that this was also a strip and quote as the defects could not be determined. It is not cost effective or practical to take and drive a vehicle to different suppliers to strip, do a diagnostic and give a quotation as no supplier will do this for free as there is time involved. The unsafe nature and the legal requirements on roadworthiness, gives justification for management to remain and support this a valid deviation.	**Finding remains.** We take note of managements comments however the finding still remains for the following reasons: 1.) Management has indicated that no supplier in Caledon was able to work on the vehicle, however no supporting evidence has been submitted confirming that the municipality did make an attempt to contact other service providers for quotations on the strip and quote. 2.) We further take note that it is not cost effective or practical to take and drive a vehicle to different suppliers to strip, do a diagnostic and give a quotation, however the municipality could have obtained quotations from different suppliers on the strip and diagnostic services only prior to actual delivery of the vehicle for the stripping. 3.) Management should also ensure that their vehicles are services regularly in order to avoid last minute repair services being required in order to avoid non-compliance with legal requirements on roadworthiness of vehicles. 4) A panel of suppliers should be established for mechanical breakdowns and used on a rotational basis to ensure that quality service is received for all municipality fleet. The reasons provided for the deviation is therefore not justifiable and the finding therefore remains. **Impact**: This results in non-compliance with regulation 17(1) (a) and (c) as goods

were procured without obtaining the required price quotations. Deviations were approved by the accounting officer even though it was not impractical obtain price quotations in contravention with regulation 36(1) (a). This results to irregular expenditure of R31 676, 75. To be evaluated with other instances of non-compliance.					

Annexure B

Theewaterskloof Municipality

THEEWATERSKLOOF MUNISIPALITEIT : THEEWATERSKLOOF MUNICIPALITY

OFFICIAL ORDER

Order
G0004532

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

Delivery : 26 CHURCH STREET
CALEDON
7230

VAT Registration number:4000846248

SUPPLIER NAME: KANI MOTORS REPAIRS AND SPARES [K00088]
SUPPLIER TEL NO:
SUPPLIER FAX NO:
PHYSICAL ADDRESS: UNIT 7A
R43 HERMANUS WAY
DATE: 20240521

DIRECTORATE: Energy Sources
COST CENTRE: Electricity Distribution
NAME: Marais N
REQ NO: 38715

DESCRIPTION	QUANTITY	UNIT PRICE EXCL.	AMOUNT EXCL.	AMOUNT INCL.
Test Fees	1.00	550.00	550.00	632.50
Draglink	1.00	8950.00	8950.00	10292.50
Stabilizer bush	2.00	2900.00	5800.00	6670.00
Wiper arm	1.00	5645.00	5645.00	6491.75
Sundries	1.00	150.00	150.00	172.50
Wheel alignment	1.00	1250.00	1250.00	1437.50
Labour	8.00	650.00	5200.00	5980.00
		GRAND TOTAL	27545.00	31676.75

APPROVED BY: Signature: Parnell Name In Print: PARNELL Z Date: 2024 05/21

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
G0004532

546

VAT Registration number:4000846248

SUPPLIER NAME: KANI MOTORS REPAIRS AND SPARES [K00088]
SUPPLIER TEL NO: SUPPLIER FAX NO:
VAT REGISTRATION NO: 0000048702322B9 PHYSICAL ADDRESS: UNIT 7A
DATE: 20240521 R43 HERMANUS WAY

DIRECTORATE: Energy Sources
COST CENTRE: Electricity Distribution
NAME: Marais N

mSCOA CONFIG	DESCRIPTION	QUANTITY	UNIT PRICE EXCL.	AMOUNT EXCL.	AMOUNT INCL.	DISCOUNT
017510175796	Test Fees	1.00	550.00	550.00	632.50	
017510175796	Draglink	1.00	8950.00	8950.00	10292.50	
017510175796	Stabilizer bush	2.00	2900.00	5800.00	6670.00	
017510175796	Wiper arm	1.00	5645.00	5645.00	6491.75	
017510175796	Sundries	1.00	150.00	150.00	172.50	
017510175796	Wheel alignment	1.00	1250.00	1250.00	1437.50	
017510175796	Labour	8.00	650.00	5200.00	5980.00	
	GRAND TOTAL			27545.00	31676.75	

PAYMENT AUTHORIZATION	
DATE	2024/05/21
HEAD OF DEPARTMENT	PROCUREMENT OFFICER

GRAND TOTAL	31676.75
LESS DISCOUNT	0.00
NETT AMOUNT	31676.75

Requisition 4786832, Kani Motors - Caledon - General

View workflows with status: All Go

1738227						New Requisition			
BP Ref	Task ID	Obj Ref	Date Allocated	Due Date	Date Completed	User	Task Title	% Compl	Actions
206-60	T3714994	4786832	2024-05-16 08:23	2024-05-17 08:23	2024-05-16 08:24	Nadja Marais	Register New Requisition for Goods or Services	100%	
206-52	T3714998	4786832	2024-05-16 08:24	2024-05-17 08:24	2024-05-16 08:39	Nadja Marais	Capture New Requisition Line Items	100%	
208-1	T3714999	4786833	2024-05-16 08:24	2024-05-16 08:24	2024-05-16 08:24	Nadja Marais	New Requisition Line Item	100%	
208-5	T3715000	4786833	2024-05-16 08:24	2024-05-16 08:24	2024-05-16 08:25	Nadja Marais	Capture General Item Detail	100%	
208-1	T3715007	4786835	2024-05-16 08:26	2024-05-16 08:26	2024-05-16 08:27	Nadja Marais	New Requisition Line Item	100%	
208-5	T3715008	4786835	2024-05-16 08:27	2024-05-16 08:27	2024-05-16 08:28	Nadja Marais	Capture General Item Detail	100%	
208-1	T3715009	4786836	2024-05-16 08:28	2024-05-16 08:28	2024-05-16 08:28	Nadja Marais	New Requisition Line Item	100%	
208-5	T3715011	4786836	2024-05-16 08:28	2024-05-16 08:28	2024-05-16 08:29	Nadja Marais	Capture General Item Detail	100%	
208-1	T3715021	4786838	2024-05-16 08:30	2024-05-16 08:30	2024-05-16 08:30	Nadja Marais	New Requisition Line Item	100%	
208-5	T3715022	4786838	2024-05-16 08:30	2024-05-16 08:30	2024-05-16 08:31	Nadja Marais	Capture General Item Detail	100%	
208-1	T3715024	4786840	2024-05-16 08:31	2024-05-16 08:31	2024-05-16 08:31	Nadja Marais	New Requisition Line Item	100%	
208-5	T3715025	4786840	2024-05-16 08:31	2024-05-16 08:31	2024-05-16 08:32	Nadja Marais	Capture General Item Detail	100%	
208-1	T3715026	4786841	2024-05-16 08:32	2024-05-16 08:32	2024-05-16 08:33	Nadja Marais	New Requisition Line Item	100%	
208-5	T3715027	4786841	2024-05-16 08:33	2024-05-16 08:33	2024-05-16 08:33	Nadja Marais	Capture General Item Detail	100%	
208-1	T3715028	4786842	2024-05-16 08:33	2024-05-16 08:33	2024-05-16 08:34	Nadja Marais	New Requisition Line Item	100%	
208-5	T3715030	4786842	2024-05-16 08:34	2024-05-16 08:34	2024-05-16 08:34	Nadja Marais	Capture General Item Detail	100%	
213-1	T3715044	4786844	2024-05-16 08:37	2024-05-17 08:37	2024-05-16 08:38	Nadja Marais	Index Quotation/Bid from Supplier	100%	
206-8	T3715048	4786832	2024-05-16 08:39	2024-05-17 00:00	2024-05-16 08:41	Marius Redelinghuys	Provisional Review of New Requisition	100%	
206-63	T3715049	4786832	2024-05-16 08:41	2024-05-17 00:00	2024-05-16 10:12	Ingram Loubser	Review Request for Fleet Items	100%	
206-23	T3715221	4786832	2024-05-16 10:12	2024-05-17 00:00	2024-05-16 14:36	Jan Barnard	Director Review of Deviation Requisition	100%	
206-64	T3716044	4786832	2024-05-16 14:36	2024-05-21 00:00	2024-05-20 09:52	Annielle Martin	SCM Review of Deviation Requisition	100%	

206-4	T3717867	4786832	2024-05-20 09:52	2024-05-21 00:00	2024-05-20 10:02	Nthokozisi Paul Mabhena	MM Review of Deviation Requisition	100%	
206-13	T3717903	4786832	2024-05-20 10:52	2024-05-21 00:00	2024-05-21 10:08	Zhane Parnell	Review the Procurement Process		Reallocated
206-13	T3717903	4786832	2024-05-20 10:52	2024-05-21 00:00	2024-05-21 10:08	Zimasa Mqhwayi	Review the Procurement Process		Reallocated
206-13	T3717903	4786832	2024-05-21 09:49	2024-05-21 00:00	2024-05-21 10:08	Zhane Parnell	Review the Procurement Process	100%	
206-59	T3718983	4786832	2024-05-21 10:08	2024-05-22 00:00	2024-05-21 10:09	Zhane Parnell	Confirm Order Detail for Phoenix	100%	
206-51	T3718989	4786832	2024-05-21 10:09	2024-05-22 10:09	2024-05-21 10:09	SYSTEM	Generate Order Detail for Phoenix	100%	
206-53	T3718990	4786832	2024-05-21 10:09	2024-05-21 10:09	2024-05-21 10:09	SYSTEM	Create Order in Phoenix	100%	
206-57	T3718991	4786832	2024-05-21 10:09	2024-05-22 00:00	2024-05-21 10:23	Zhane Parnell	Acknowledge Phoenix Order Outcome	100%	
206-14	T3719021	4786832	2024-05-22 08:18	2024-05-22 00:00	2024-05-22 11:22	Ingemar Juluis	Upload Scanned Purchase Order(s)	100%	
215-1	T3721292	4789816	2024-05-22 11:22	2024-05-23 11:22	2024-05-22 11:22	Ingemar Juluis	Upload Scanned Purchase Order	100%	
206-26	T3721294	4786832	2024-05-22 11:22	2024-05-23 11:22	2024-06-07 10:33	Nadja Marais	Acknowledge Purchase Order Issued	100%	

548

Close

Legend:
- Calling object instance tasks.
- An active task on this workflow.
- Completed tasks on this workflow.

KANI MOTOR REPAIRS AND SPARES cc

VAT No.: 487 0232 289
P.O. Box 13132, Witfield, Boksburg, 1459
TEL:010 023 0862

Reg No.: 2006/154708/23
Unit 7A,R43 Hermanus Way,
Bakenshoogte,Botrivier,7185

kanimotors@gmail.com

QUOTATION

QUOTE No.	CAP 422

Name and Address

THEEWATERKLOOF MUNICIPALITY

Job Number	CAP 419	Merchant Number	K00088	Registration No		CAM 21962
Date	09/05/2024	SAPS Number		Model		MAN
Order Number		Policy Number		Make		
Account No	TWK001	Vin Number				
VAT Number	4000846248	Client Job Number		Kilometers		77 156

Operation/Description	Qty	Unit	Amount
TEST FEES			R 550,00
DRAGLINK	1		R 8 950,00
STABILISER BUSH	2		R 5 800,00
WIPER ARM			R 5 645,00
SUNDRIES			R 150,00
WHEEL ALIGNMENT			R 1 250,00
LABOUR	8	R650,00	R 5 200,00

Banking Details:
Bank: Standard Bank
Acc No: 280367704
Branch Code: 00-0042-41
Branch: Boksburg

NETT	R 27 545,00
TAX	R 4 131,75
TOTAL	R 31 676,75

Quotation Valid for 30 Days

Ref Number	4786832
Meta Type	Requisition
Name	Kani Motors - Caledon - General
Requisition Type	General
Area of Expenditure	Western Cape Area
B-BBEE Status Level of Contributor	1
Local Supplier?	No
Created By	Nadja Marais (NADJAMA)
Date Created	2024-05-16 08:24

Requisition Detail | Department Detail | Deviation Detail | SCM Detail | Outcome Detail | Order Detail | Asset Detail | Related Official | Stock Issue | Requisition Line | Quotation/Bid | Purchase Order

Deviation Item?	Yes
Motivate Reason for Deviation	The vehicle Cherry Picker CAM 21962 developed a defect and could not pass the yearly renewal of it License. We contacted Mr Ingram Loubser (Head of Fleet). He recommended because no other mechanical workshop in Caledon want to work with TWK Municipality that we send it to Kani Motors in Bottrivier for a strip and quote. After getting written permission from Mr Loubser and A Martin we took the truck to Kani Motors for a complete defect repair quote. Theewaterskloof Municipality was informed that the vehicle's defect needed to be replace urgently. Approval is being asked that an order for the amount of R31 676.75 be issued to the institution Kani Motors repairs and spares as per quotation attached.
Deviation Type (Section 36)	5. Any other exceptional case where it is impractical or impossible to follow the official procurement processes
MM Deviation Review Outcome	Approve Deviation Requisition
MM Comment on Deviation	none
CFO Review Outcome	
CFO Review Comment	
SCM Deviation Review Outcome	Support Deviation
SCM Deviation Review Comments	Support
ICT Deviation	N/A
ICT Deviation Review Outcome	
ICT Deviation Review Comments	
Fleet Manager Review Outcome	Approve
Fleet Manager Review Comments	Approve .. ...Fleet

Ashley Hendricks

From: Ingram Loubser
Sent: Tuesday, 23 April 2024 08:20
To: Annielle Martin
Cc: Marius Redelinghuys; Nadja Marais; Marlon Ferndale
Subject: FW: Vra vir toesteming vir Toets en strip op CAM 21962
Attachments: Defekte lys MAN trok.pdf

Goeie more Annielle,

Ek het gekyk na die defekte voor ek my aanbeveling gemaak het.

Die defekte is van so 'n aard dat daar moet 'n diagnose gedoen word oor die 'play op die Tierods' asook op die 'stabilizer se bushings'.

Hierdie defekte moet oopgemaak word om die ware defek te bepaal vir die herstel daarvan. Spesifiek die play op die Tierod.....

Dit is onprakties om 3 kwotasie in te win vir die herstel van die defekte.

Groete

Ingram

From: Marius Redelinghuys <mariusre@twk.gov.za>
Sent: Tuesday, April 23, 2024 7:48 AM
To: Annielle Martin <anniellema@twk.gov.za>; Ingram Loubser <ingramlo@twk.gov.za>; Nadja Marais <nadjama@twk.gov.za>
Cc: Marlon Ferndale <marlonfe@twk.gov.za>
Subject: RE: Vra vir toesteming vir Toets en strip op CAM 21962

Annielle

Niemand in Caledon wil vir Munic kwoteer op trok nie. Vandag laaste dag trok nog op pad.More is 21dae om.

Regards,

Marius Redelinghuys
Acting Deputy Director: Electrical Services
Directorate: Technical and Infrastructure Services

THEEWATERSKLOOF MUNICIPALITY
Head Office. 6 Plein Street, Caledon, 7230
Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** marjusre@twk.gov.za
Website. www.twk.gov.za | **Follow us on Facebook, X, Instagram.** @twkmun

Theewaterskloof
Municipality

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From: Annielle Martin <anniellema@twk.gov.za>
Sent: Monday, April 22, 2024 8:12 AM
To: Ingram Loubser <ingramlo@twk.gov.za>; Nadja Marais <nadjama@twk.gov.za>
Cc: Marius Redelinghuys <mariusre@twk.gov.za>; Marlon Ferndale <marlonfe@twk.gov.za>
Subject: RE: Vra vir toesteming vir Toets en strip op CAM 21962

Hi Mr Loubser

Kan daar nie 3 kwotasies verkry word nie?

Regards,

Annielle Martin
Supply Chain Management
Directorate: Financial Services

THEEWATERSKLOOF MUNICIPALITY
Head Office. 6 Plein Street, Caledon, 7230
Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** anniellema@twk.gov.za
Website. www.twk.gov.za | **Follow us on Facebook, X, Instagram.** @twkmun

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From: Ingram Loubser <ingramlo@twk.gov.za>
Sent: Thursday, April 18, 2024 10:06 AM
To: Annielle Martin <anniellema@twk.gov.za>; Nadja Marais <nadjama@twk.gov.za>
Cc: Marius Redelinghuys <mariusre@twk.gov.za>; Marlon Ferndale <marlonfe@twk.gov.za>
Subject: FW: Vra vir toesteming vir Toets en strip op CAM 21962

Goeie dag Annielle,

Die afwyking word aanbeveel.

Voertuig word verwys na Kani-motors in Botrivier
k
Groete

Ingram

From: Nadja Marais <nadjama@twk.gov.za>
Sent: Wednesday, April 17, 2024 3:26 PM
To: Ingram Loubser <ingramlo@twk.gov.za>; Marlon Ferndale <marlonfe@twk.gov.za>
Cc: Marius Redelinghuys <mariusre@twk.gov.za>
Subject: RE: Vra vir toesteming vir Toets en strip op CAM 21962

Defekte lys aangeheg.

Regards,

Nadja Marais

Administrator Electrical
Directorate: Electrical Department

THEEWATERSKLOOF MUNICIPALITY
Head Office. 6 Plein Street, Caledon, 7230
Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** nadjama@twk.gov.za
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554

From: Ingram Loubser <ingramlo@twk.gov.za>
Sent: Wednesday, April 17, 2024 2:43 PM
To: Nadja Marais <nadjama@twk.gov.za>; Marlon Ferndale <marlonfe@twk.gov.za>
Cc: Marius Redelinghuys <mariusre@twk.gov.za>
Subject: RE: Vra vir toesteming vir Toets en strip op CAM 21962

Goeie middag Nadja,

Sal u die defete blad aanheg van die toets asseblief

Dankie

Ingram

From: Nadja Marais <nadjama@twk.gov.za>
Sent: Wednesday, April 17, 2024 9:59 AM
To: Ingram Loubser <ingramlo@twk.gov.za>; Marlon Ferndale <marlonfe@twk.gov.za>
Cc: Marius Redelinghuys <mariusre@twk.gov.za>
Subject: FW: Vra vir toesteming vir Toets en strip op CAM 21962

Goeiemore Mr Loubser,

Sal u toestemming by CFO kan kry vir CAM 21962 wat moet gaan vir strip en quote.

Groete,

Nadja Marais

From: Nadja Marais
Sent: Tuesday, April 16, 2024 8:13 AM
To: Ingram Loubser <ingramlo@twk.gov.za>
Subject: FW: Vra vir toesteming vir Toets en strip op CAM 21962

From: Annielle Martin <anniellema@twk.gov.za>
Sent: Tuesday, April 16, 2024 8:12 AM
To: Nadja Marais <nadjama@twk.gov.za>
Subject: RE: Vra vir toesteming vir Toets en strip op CAM 21962

Hi nadia

Hoop dit gaan goed/

Alle versoeke moet na Fleet gestuur word.

Groete

From: Nadja Marais <nadjama@twk.gov.za>
Sent: Monday, April 15, 2024 12:36 PM
To: Annielle Martin <anniellema@twk.gov.za>
Subject: Vra vir toesteming vir Toets en strip op CAM 21962

Middag Annielle,

Mag ek die voertuig CAM 21962 stuur vir strip en quote na Kani motors in Botrivier.
Daar is n hele paar foute op die voertuig en dit kan nie deur die toets gaan nie.
Die mechanic plekke wil nie saam met TWK werk nie, so ek kan dit net Botrivier toe neem.

Groete,

Nadja Marais
Administrator
Electrical department
Theewaterskloof Municipality
Caledon
26 Kerk street
7230
Tel: 0282143300#4240
email: Nadjama@twk.gov.za

556

Caledon VTS VEHICLE TEST REPORT

DATE:	04/03/2024 00:00:00 TIME: 10:57:54
INSPECTOR NAME:	MCBROWN
VEHICLE REGISTRATION:	CAM21962
VIN NUMBER:	
ENGINE NUMBER:	
ODOMETER READING:	77040
VEHICLE TARE:	7980 kg



TOTAL AXLE MASS:	6316.9 kg
FINAL RESULT:	VEHICLE BRAKES COMPLIES TO RELEVANT TRAFFIC ACT REQUIREMENTS
THEO RESULT:	~~BRAKE TEST PASS BASED ON ENTERED TARE~~

AXLE No.	LEFT FORCE MEASUREMENT	RIGHT FORCE MEASUREMENT	OVERALL RESULT
AXLE 1.	10 kN	8.4 kN	PASSED
AXLE 2.	10.9 kN	10 kN	PASSED
AXLE 3.	0 kN	0 kN	AXLE NOT BEING TESTED
AXLE 4.	0 kN	0 kN	AXLE NOT BEING TESTED
AXLE 5.	0 kN	0 kN	AXLE NOT BEING TESTED
AXLE 6.	0 kN	0 kN	AXLE NOT BEING TESTED
AXLE 7.	0 kN	0 kN	AXLE NOT BEING TESTED

PARK No.	LEFT FORCE MEASUREMENT	RIGHT FORCE MEASUREMENT	OVERALL RESULT
PARK 1.	0 kN	0 kN	NO PARK BRAKE ON THIS AXLE
PARK 2.	11.6 kN	12.4 kN	PASSED
PARK 3.	0 kN	0 kN	NO PARK BRAKE ON THIS AXLE
PARK 4.	0 kN	0 kN	NO PARK BRAKE ON THIS AXLE
PARK 5.	0 kN	0 kN	NO PARK BRAKE ON THIS AXLE
PARK 6.	0 kN	0 kN	NO PARK BRAKE ON THIS AXLE
PARK 7.	0 kN	0 kN	NO PARK BRAKE ON THIS AXLE

Scuff Test:	SCUFF TEST PASS
	-3 mm/m

Observe - Tierod on pitman arm slight play
- Heater working intermittently
- Stabilizer bushing R/R

Mc brown

Annexure C

Ashley Hendricks

From: Curt Lodewyk
Sent: Friday, 24 July 2026 12:31
To: Ashley Hendricks; Jody Louw
Subject: Fw: COMM 07/2025/26: APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR THE REPAIR, MAINTENANCE AND SERVICING OF MUNICIPAL VEHICLES

From: Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>
Sent: Tuesday, March 17, 2026 1:15 PM
To: Wilfred Schrevian Evan Solomons-Johannes <wilfredso@twk.gov.za>
Subject: COMM 07/2025/26: APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR THE REPAIR, MAINTENANCE AND SERVICING OF MUNICIPAL VEHICLES

Good day, Colleagues

COMM 07/2025/26: APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR THE REPAIR, MAINTENANCE AND SERVICING OF MUNICIPAL VEHICLES

Please be advised that **Tender COMM 07/2025/26: Appointment of a Panel of Service Providers for the Repair, Maintenance and Servicing of Municipal Vehicles in the Theewaterskloof Municipal Area**, for the period from the date of appointment until **30 June 2028**, is currently in operation.

This serves as formal notification that **all fleet-related repair, maintenance, servicing, and auto-electrical requirements must be procured strictly from the appointed service providers listed below.**

1. **Mechanical Repairs and Servicing of Fleet**

1 (a). Motor cars, Light Delivery Vehicles (bakkies), trucks, and trailers less than 3 tons

Service Provider: **DONNY'S MECHANICAL REPAIR CENTRE**

1 (b). Trucks exceeding 3 tons, Refuse Removal Trucks (Compactors), Sewerage/Water Trucks (Tankers), Digger Loaders (TLBs), Graders, Tractors, and Trailers

Service Provider: **PETROL & DIESEL ENJINSENTRUM**

2. **Auto Electrical Repairs of Fleet**

Motor cars, Light Delivery Vehicles (bakkies), trucks, and trailers less than 3 tons, as well as trucks exceeding 3 tons, Refuse Removal Trucks (Compactors), Sewerage/Water Trucks (Tankers), Digger Loaders (TLBs), Graders, Tractors, and Trailers

Service Provider: **OVERBERG AUTO ELECTRICAL**

Important Procedure

If a defect is identified on a municipal vehicle requiring repairs, the following process must be followed:

1. Fleet Management must be notified **via email only**.
2. Fleet Management will identify the relevant service provider.
3. The respective town office must obtain a quotation from the identified service provider.
4. The quotation must be forwarded to Fleet Management for review.
5. Once reviewed, the quotation will be returned to the town office to be **loaded on Collaborator** in order to obtain the official order to proceed with the repairs.
6. Fleet Management must be notified once the work has been completed.
7. Once the invoice has been **signed and approved**, it must be forwarded to Fleet Management for submission for payment.

This process is implemented to ensure **proper contract management**. Therefore, **strict compliance with the above-mentioned Standard Operating Procedure (SOP) is required.**

All departments are required to ensure **strict adherence** to the above arrangements.

Only the **appointed service providers** may be utilised for fleet repairs, maintenance, servicing, and auto-electrical work.

Should there be any queries or a need for further clarification, please contact the Fleet Management Department.

Kind Regards

Wilfred Schrevian Evan Solomons-Johannes
Director: Community Services
Directorate: Community Services

THEEWATERSKLOOF MUNICIPALITY
Head Office. 22 Plein Street, Caledon, 7230
Cell. 084 711 7709 | 072 315 8898
Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** wilfredso@twk.gov.za
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SIGNING OF AGREEMENTS/DOCUMENTS
ONDERTEKENING VAN OOREENKOMSTE/DOKUMENTE

File reference number/ Leêr verwysings nommer

Type of Document/ Tipe document: SLA – COMM 07/2025/26

Who is the other party? Wie is die ander Party: Panel Tender – 1. Petrol & Diesel Enjinsentrum and Donny's Mechanical Repair Center.

Document prepared by/Dokument voorberei deur:
I confirm that the relevant council resolutions, tender conditions and award have been complied with and therefore the rights of the Council are protected in all material respects.

Name/Naam: .....
(Signature/Handtekening)

2026/02/11
DATE/DATUM

Document checked by/Dokument nagesien deur:
Supply Chain Management Department/Voorsieningskanaalbestuur Afdeling: (Applies to contracts where the contractor was appointed through the SCM process / Geld vir kontrakte waar die kontrakteur deur die voorsieningskanaalbestuur proses aangestel is.) I confirm that the relevant council resolutions, tender conditions and award have been complied with and therefore the rights of the Council are protected in all material respects.

Name/Naam: .....
(Signature/Handtekening)

12/02/2026
DATE/DATUM

Legal Services/Regsdienste:
It is confirmed that I have reviewed the contract. It complies in all respects with the relevant council resolutions, tender conditions and award and legal requirements as provided to me by the Contract Manager. The rights of Council are thereby protected. There is no apparent reason why the contract cannot be signed by the relevant delegated authority.

It is recommended that the following changes should be made.....
.....
.....
.....
.....
.....

Name/Naam: Honey Gxeyiya
.....
(Signature/Handtekening)

26/02/26
DATE/DATUM

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

Name/Naam W HENDRICKS
.....
(Signature/Handtekening)

23.2.2026
DATE/DATUM

562

Theewaterskloof
Municipality

THEEWATERSKLOOF MUNICIPALITY

TENDER NO: COMM 07/2025/26

CONTRACT NO.

COMM 07/2025/26

APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR THE REPAIR, MAINTENANCE AND SERVICING OF MUNICIPAL VEHICLES IN THE THEEWATERSKLOOF MUNICIPAL AREA FOR THE PERIOD FROM DATE OF APPOINTMENT UNTILL 30 JUNE 2028

August 2025

ISSUED BY:

THE DIRECTORATE: COMMUNITY SERVICES
THEEWATERSKLOOF MUNICIPALITY
P O BOX 24
CALEDON
7230

MUNISIPALITEIT FINANSIES FINANCE MUNICIPALITY
THEEWATERSKLOOF
19 SEP 2025
SCM

NAME OF TENDERER: ....Overberg Auto Electrical

000000

SECTION 7:
PRICING SCHEDULE

I/We, the undersigned, hereby tender and, should this tender be accepted, in whole or in part, undertake to supply and deliver in conformity with the conditions and stipulations set out in the conditions of contract and specifications attached hereto, the articles, goods or materials as may be ordered by the Municipality, in consideration of the prices or rates set out below. Note: Refer to item 10, Section 6, Pricing Instructions.

CATEGORY 1(a): MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks ***less than 3 tons***

(A) COST OF SPARE PARTS
(B) LABOUR COST

Item No.	Description	% Mark – up	Estimated Expenditure on parts year 1	YEAR 1 Estimated Amount (Exclusive of VAT) (Estimated Quantity + % Mark-Up) (D + C = E)
		C	D	E
(A) COST OF MECHANICAL SPARE PARTS FOR				
A 1	Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks ***less than 3 ton***		R1 000 000.00	
(B) LABOUR COST				
Item No.	**Description**	**YEAR 1 Rate per hour /Per Call Out (Exclusive of VAT)**	**Estimated Quantity Per Annum**	**YEAR 1 Estimated Amount (Exclusive of VAT) (Rate per hour x Estimated Quantity) (C x D = E)**
	NORMAL HOURS			
B.1	Labour		400 hours	
B.2	Call Out Fee		240 call outs	
B.3	Rand Per Kilometer		1 200 km	
B.4	Tow-in Costs Per Kilometer		240 Tow-ins	
	AFTER HOURS			
B.5	Labour		100 hours	
B.6	Call Out Fee		100 call outs	
B.7	Rand Per kilometer		1000 km	
B.8	Tow-in Costs Per Kilometer		100 Tow-ins	
			Sub- Total	
			VAT 15%	
	Estimated Total (ESTIMATED TOTAL CARRIED FORWARD TO SUMMARY)			

CATEGORY 1(b): MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.

(A) COST OF SPARE PARTS
(B) LABOUR COST

Item No.	Description	% Mark – up	Estimated Expenditure	Estimated Amount (Exclusive of VAT) (Estimated Quantity + % Mark-Up) (D + C = E)
		C	D	E
	(A) COST OF MECHANICAL SPARE PARTS FOR			
A 1	Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.		R1 000 000.00	
	(B) LABOUR COST			
Item No.	**Description**	**Rate per hour /Per Call Out (Exclusive of VAT)**	**Estimated Quantity Per Annum**	**Estimated Amount (Exclusive of VAT) (Rate per hour x Estimated Quantity) (C x D = E)**
	NORMAL HOURS			
B.1	Labour		400 hours	
B.2	Call Out Fee		240 call outs	
B.3	Rand Per Kilometer		1 200 km	
B.4	Tow-in Costs Per Kilometer		240 Tow-ins	
	AFTER HOURS			
B.5	Labour		100 hours	
B.6	Call Out Fee		100 call outs	
B.7	Rand Per Kilometer		1000 km	
B.8	Tow-in Costs Per Kilometer		100 Tow-ins	
			Sub- Total	
			VAT 15%	
	Estimated Total (ESTIMATED TOTAL CARRIED FORWARD TO SUMMARY)			

CATEGORY 2(a): AUTO ELECTRICAL REPAIRS OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks ***less than 3 tons***

(A) COST OF SPARE PARTS
(B) LABOUR COST

Item No.	Description	% Mark – up	Estimated Expenditure	Estimated Amount (Exclusive of VAT) (Estimated Quantity + % Mark-Up) (D + C = E)
		C	D	E
	(A) COST OF AUTO ELECTRICAL SPARE PARTS FOR			
A 1	Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks ***less than 3 ton***	10%	R1 000 000.00	R110 000 0

(B) LABOUR COST

Item No.	Description	Rate per hour /Per Call Out (Exclusive of VAT)	Estimated Quantity Per Annum	Estimated Amount (Exclusive of VAT) (Rate per hour x Estimated Quantity) (C x D = E)
	NORMAL HOURS			
B.1	Labour	R600.00	400 hours	R240 000.00
B.2	Call Out Fee	R200.00	240 call outs	R48 000.00
B.3	Rand Per Kilometer	R9.50	1 200 km	R11 400.00
B.4	Tow-in Costs Per Kilometer	R15.00 p/km	240 Tow-ins	R3600.00
	AFTER HOURS			
B.5	Labour	R900.00	100 hours	R90000.00
B.6	Call Out Fee	R200.00	100 call outs	R20 000.00
B.7	Rand Per Kilometer	R9.50	1000 km	R950.00
B.8	Tow-in Costs per Kilometer	R15.00 p/km	100 Tow-ins	R1500.00
			Sub- Total	R415 450.00
			VAT 15%	R62 317.50
	Estimated Total (ESTIMATED TOTAL CARRIED FORWARD TO SUMMARY)			R477 767.50

566

CATEGORY 2(b): AUTO ELECTRICAL REPAIRS OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.

(A) COST OF SPARE PARTS
(B) LABOUR COST

Item No.	Description	% Mark – up	Estimated Expenditure	Estimated Amount (Exclusive of VAT) (Estimated Quantity + % Mark-Up) (D + C = E)
		C	D	E
	(A) COST OF AUTO ELECTRICAL SPARE PARTS FOR			
A 1	Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	10%	R1 000 000.00	R1100000
	(B) LABOUR COST			

Item No.	Description	Rate per hour /Per Call Out (Exclusive of VAT)	Estimated Quantity Per Annum	Estimated Amount (Exclusive of VAT) (Rate per hour x Estimated Quantity) (C x D = E)
	NORMAL HOURS			
B.1	Labour	R600.00	400 hours	R240 000.00
B.2	Call Out Fee	R200	240 call outs	R48 000.00
B.3	Rand Per Kilometer	R9.50	1 200 km	R11 400.00
B.4	Tow-in Costs Per Kilometer	R15.00/km	240 Tow-ins	R36 00.00
	AFTER HOURS			
B.5	Labour	R900.00	100 hours	R90 000.00
B.6	Call Out Fee	R200.00	100 call outs	R20 000.00
B.7	Rand Per Kilometer	R9.50	1000 km	R950.00
B.8	Tow-in Costs Per Kilometer	R15.00/km	100 Tow-ins	R1500.00
			Sub- Total	R415 450.00
			VAT 15%	R62 317.50
	Estimated Total (ESTIMATED TOTAL CARRIED FORWARD TO SUMMARY)			R477 767.50

- **Evaluation for year 2 and 3 will be based on an average 4.9% CPI escalation.**

000053

SUMMARY OF CATEGORIES

CATEGORY	DESCRIPTION	ESTIMATED TOTAL
CATEGORY 1(a):	MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks *less than 3 tons*	R
CATEGORY 1(b):	MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	R
CATEGORY 2(a):	AUTO ELECTRICAL REPAIRS OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks *less than 3 tons*	R 477 767.50
CATEGORY 2(b):	AUTO ELECTRICAL REPAIRS OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	R 477 767.50

ESTIMATED TOTAL PER CATERGORY SHOULD BE CARRIED FORWARD TO THE FORM OF OFFER PER CATEGORY.

By the representative of the tenderer, deemed to be duly authorized, signing this part of the tender, the tenderer declare that the amounts tendered for all the items per town is offered, correct and binding.

Overberg Auto Electrical — 26/08/25

Name of Bidder — Signature on Behalf of Tenderer — Date

000039

SECTION 8:
FORM OF OFFER AND ACCEPTANCE

The Employer, identified in the acceptance signature block, has solicited offers to enter into a contract for the procurement of:

CONTRACT NO: COMM 07/2024/25 - APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR THE REPAIR, MAINTENANCE AND SERVICING OF MUNICIPAL VEHICLES IN THE THEEWATERSKLOOF MUNICIPAL AREA FOR THE PERIOD FROM DATE OF APPOINTMENT UNTILL 30 JUNE 2028

The tenderer, identified in the offer signature block, has examined the documents listed in the tender data and addenda thereto as listed in the returnable schedules, and by submitting this offer has accepted the conditions of tender.

By the representative of the tenderer, deemed to be duly authorized, signing this part of this form of offer and acceptance, the tenderer offers to perform all of the obligations and liabilities of the service provider under the contract including compliance with all its terms and conditions according to their true intent and meaning for an amount to be determined in accordance with the conditions of contract identified in the contract data.

THE OFFERED ESTIMATED TOTAL OF THE PRICES INCLUSIVE OF VALUE ADDED TAX IS:

CATEGORY	YEAR 1
CATEGORY 1(a): MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks less than 3 tons:	R .....
	(In words)
CATEGORY 1(b): MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	R .....
	(In words)
CATEGORY 2(a): AUTO ELECTRICAL REPAIRS OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks less than 3 tons	R 477 767.50
Four Hundred Seventy Seven Thousand Seven Hundred Sixty Seven Rand Fifty Cents	(In words)
CATEGORY 2(b): AUTO ELECTRICAL REPAIRS OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	R 477 767.50
Four Hundred Seventy Seven Thousand Seven Hundred Sixty Seven Rand Fifty Cents.	(In words)

This offer may be accepted by the Employer by signing the acceptance part of this form of offer and acceptance and returning one copy of this document to the tenderer before the end of the period of validity stated in the tender data, whereupon the tenderer becomes the party named as the service provider in the conditions of contract identified in the contract data.

MUNICIPALITY
FINANSIES
THEEWATERSKLOOF
19 SEP 2025
41

Signature .....

Name Jacques de Wet

Capacity Director

for the tenderer

(Name and address of organization) Overberg Auto Electrical
Chavonneswg 3 Caledon 7230

Name and signature of witness Antoinette le Roux Date 26/08/25

Acceptance

By signing this part of this form of offer and acceptance, the employer identified below accepts the tenderer's offer. In consideration thereof, the employer shall pay the service provider the amount due in accordance with the conditions of contract identified in the contract data. Acceptance of the tenderer's offer shall form an agreement between the employer and the tenderer upon the terms and conditions contained in this agreement and in the contract that is the subject of this agreement.

The terms of the contract, are contained in:

Section 2(a):	General Conditions of Contract
Section 2(b):	Additional Conditions of Contract
Section 3:	Special Conditions of Contract
Section 4:	Specifications
Section 5:	Selection Criteria
Section 6:	Pricing Instructions
Section 7	Pricing Schedule
Section 8:	Form of Offer and Acceptance
Section 9:	List of Returnable Documents

Deviations from and amendments to the documents listed in the tender data and any addenda thereto as listed in the tender schedules as well as any changes to the terms of the offer agreed by the tenderer and the employer during this process of offer and acceptance, are contained in the schedule of deviations attached to and forming part of this agreement. No amendments to or deviations from said documents are valid unless contained in this schedule.

The tenderer shall within two weeks after receiving a completed copy of this agreement, including the schedule of deviations (if any), contact the employer's representative (whose details are given in the contract data) to arrange the delivery of any bonds, guarantees, proof of insurance and any other documentation to be provided in terms of the conditions of contract identified in the contract data at, or just after, the date this agreement comes into effect. Failure to fulfill any of these obligations in accordance with those terms shall constitute a repudiation of this agreement.

Notwithstanding anything contained herein, this agreement comes into effect on the date when the tenderer receives one fully completed original copy of this document, including the schedule of deviations (if any). Unless the tenderer (now Contractor) within five working days of the date of such receipt notifies the employer in writing of any reason why he cannot accept the contents of this agreement, this agreement shall constitute a binding contract between the parties.

Signature ..... WALTER HENDRICKS

Name Overberg Auto Electrical Jacques de Wet

570

Capacity ..... W HENDRICKS MUNICIPAL MANAGER

for the Employer THEEWATERSKLOOF MUNICIPALITY
DIRECTORATE: COMMUNITY SERVICES
6 PLEIN STREET
CALEDON
7230

Name and signature of witness .....

Date .....

.....

Schedule of Deviations

1 Subject .....
Details .....

.....
.....
.....
.....

2 Subject .....
Details .....

.....
.....
.....
.....

3 Subject .....
Details .....

.....
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.....
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4 Subject .....
Details .....

.....
.....
.....
.....

5 Subject .....
Details .....

000012

Theewaterskloof
Municipality

SERVICE LEVEL AGREEMENT

THEEWATERSKLOOF MUNICIPALITY
AND
OVERBERG AUTO ELECTRICAL (Pty) Ltd

Contents

1. PARTIES TO THE AGREEMENT 3
2. PURPOSE OF THE SLA 3
3. SCOPE OF SERVICES PER CATEGORY 3
3.1 CATEGORY 2 (a) 3
3.2 CATEGORY 2 (b) 4
4. GENERAL OBLIGATIONS OF THE SERVICE PROVIDER 5
5. TURNAROUND TIMES 5
6. SPARE PARTS AND MATERIALS 5
7. PRICING AND PAYMENT 5
8. FUNCTIONAL WORKSHOP REQUIREMENT 6
9. INSURANCE AND INDEMNITY 6
10. PERFORMANCE MANAGEMENT 6
11. DURATION OF THE SLA 6
12. TERMINATION 6
13. GOVERNING LAW 6
SIGNATURES 7

SERVICE LEVEL AGREEMENT (SLA)

Contract No.: COMM 07/2025/26
Project: Appointment of a Panel of Service Providers for the Repair, Maintenance and Servicing of Municipal Vehicles in the Theewaterskloof Municipal Area
Category:
2(a) – Auto Electrical Repairs of Vehicles (Motor Cars, Light Delivery Vehicles, Trailers and Trucks less than 3 Tons)

2(b) – Auto Electrical Repairs of Vehicles (Trucks, Refuse Compactors, Sewerage/Water Trucks, Digger Loaders, Tractors, Graders and Trailers more than 3 Tons)

1. PARTIES TO THE AGREEMENT

This Service Level Agreement ("SLA") is entered into between:
The Employer:
Theewaterskloof Municipality
Directorate: Community Services
6 Plein Street, Caledon, 7230

And

The Service Provider:
Overberg Auto Electrical (Pty) Ltd
Registration Number: 2012/102424/07
Chavonnes Way 3, Caledon, 7230

2. PURPOSE OF THE SLA

The purpose of this SLA is to regulate the provision of auto electrical repair services for municipal vehicles falling under the listed categories, strictly in accordance with Tender No. COMM 07/2025/26, including the specifications, special conditions of contract and pricing schedules

3. SCOPE OF SERVICES PER CATEGORY

3.1 CATEGORY 2 (a)

The Service Provider shall provide auto-electrical diagnostics, repairs and maintenance for the following vehicles:

- Motor cars
- Light Delivery Vehicles (bakkies)
- Trailers
- Trucks less than three (3) tons

Services include, but are not limited to:

- Preventative maintenance

- Auto electrical repairs and fault finding
- Replacement of approved spare parts
- Emergency auto electrical repairs
- Tow-in and call-out services where required

All work must be executed by, or under the direct supervision of, a qualified auto electrician.

3.2 CATEGORY 2 (b)

The Service Provider shall provide auto-electrical diagnostics, repairs and maintenance for the following vehicles:

- Trucks exceeding three (3) tons
- Refuse removal trucks (compactors)
- Sewerage and water trucks
- Digger loaders (TLB)
- Tractors
- Graders
- Trailers

Services include, but are not limited to:

- Preventative maintenance
- Auto electrical repairs and fault finding
- Replacement of approved spare parts
- Emergency auto electrical repairs
- Tow-in and call-out services where required

All work must be executed by, or under the direct supervision of, a qualified auto electrician.

The Service Provider shall provide auto-electrical diagnostics, repairs and maintenance for the following vehicles:

- Motor cars
- Light Delivery Vehicles (bakkies)
- Trailers
- Trucks less than three (3) tons

Services include, but are not limited to:

- Preventative maintenance
- Auto electrical repairs and fault finding
- Replacement of approved spare parts
- Emergency auto electrical repairs
- Tow-in and call-out services where required

All work must be executed by, or under the direct supervision of, a qualified auto electrician.



4. GENERAL OBLIGATIONS OF THE SERVICE PROVIDER

The Service Provider shall:
4.1 Comply fully with all conditions contained in Tender No. COMM 07/2025/26.
4.2 Ensure that no work is undertaken without an official municipal purchase/work order.
4.3 Provide a detailed job card and completion report for every vehicle repaired.
4.4 Maintain a full vehicle history and transaction record for guarantee and warranty purposes.
4.5 Provide guarantees on all work done, including but not limited to starters, alternators and batteries.
4.6 Ensure all staff and equipment are adequately insured.

5. TURNAROUND TIMES

The following turnaround times shall apply after receipt of an official work order, unless otherwise agreed in writing:

- **Routine electrical services:** Not more than twelve (12) working hours
- **Minor electrical faults:** Not more than three (3) working days
- **Major electrical repairs** Not more than ten (10) working days
- **Emergency repairs:** Not more than one (1) working day

Failure to comply with turnaround times may result in performance penalties or termination of the SLA.

6. SPARE PARTS AND MATERIALS

6.1 Prior written approval from the Municipality is required before any spare parts are replaced.
6.2 All quotations for spare parts are subject to municipal approval before procurement.
6.3 All prices for spare parts shall be in accordance with the approved tendered mark-up percentages.
6.4 Where possible, materials and supplies sourced within the Theewaterskloof Municipal area must be indicated on invoices.

7. PRICING AND PAYMENT

7.1 Prices shall be strictly in accordance with the tendered and approved pricing schedule per category.
7.2 Prices for Year 1 are fixed until 30 June 2026.
7.3 Price escalation for Year 2 and Year 3 shall be based on CPI, with an indicative escalation of 4.9%, applicable from 01 July of each financial year.
7.4 Payment will only be made upon submission of a valid tax invoice, supported by:

- Official purchase/work order
- Approved quotation
- Job card and completion report

Payments will be effected in accordance with the MFMA and applicable municipal policies.

8. FUNCTIONAL WORKSHOP REQUIREMENT

The Service Provider shall operate from a formal workshop with a minimum operational floor space of seventy-five (75) square meters within the Theewaterskloof Municipal area. Where the Service Provider is not located within the municipal boundary at the date of appointment, such a facility must be established within two (2) months after contract signature.

9. INSURANCE AND INDEMNITY

9.1 The Municipality shall not be liable for any claims, damages or losses arising from the execution of the services.
9.2 The Service Provider indemnifies the Municipality against all risks, claims, damages and legal costs arising from this contract.
9.3 Public liability insurance to a minimum value of R1 000 000.00 must be maintained for the duration of the contract.

10. PERFORMANCE MANAGEMENT

10.1 The Municipality reserves the right to monitor and evaluate the Service Provider's performance.
10.2 Poor performance, repeated delays, or non-compliance with specifications may result in suspension or removal from the panel.
10.3 The Municipality is not obligated to procure services exclusively from the Service Provider and may appoint alternative service providers when required.

11. DURATION OF THE SLA

This SLA shall be valid from the date of appointment until 30 June 2028, subject to satisfactory performance and compliance with the tender conditions.

12. TERMINATION

The Municipality may terminate this SLA with immediate effect in the event of:

- Material breach of contract
- Failure to comply with turnaround times
- Submission of fraudulent documentation
- Failure to maintain required insurance or workshop facilities

13. GOVERNING LAW

This SLA shall be governed and interpreted in accordance with the laws of the Republic of South Africa.

SIGNATURES

Dated at Caledon on this 23 day of FEBRUARY 2026

WALTER HENDRICKS
MUNICIPAL MANAGER
THEEWATERSKLOOF MUNICIPALITY

AS WITNESSES:

1. _____
Name & Signature

2. _____
Name & Signature

Dated at Caledon on this 23 day of February 2026

JACQUES DE WET
DIRECTOR
OVERBERG AUTO ELECTRICAL (PTY) LTD

AS WITNESSES:

1. _____ A. le Roux
Name & Signature

2. _____ S STANDAAR
Name & Signature

578

Donny

SIGNING OF AGREEMENTS/DOCUMENTS
ONDERTEKENING VAN OOREENKOMSTE/DOKUMENTE

File reference number/ Leêr verwysings nommer

Type of Document/ Tipe document: SLA – COMM 07/2025/26

Who is the other party? Wie is die ander Party: Panel Tender – 1. Petrol & Diesel Enjinsentrum and Donny's Mechanical Repair Center.

Document prepared by/Dokument voorberei deur:
I confirm that the relevant council resolutions, tender conditions and award have been complied with and therefore the rights of the Council are protected in all material respects.
Name/Naam:

.....
(Signature/Handtekening)

2026/02/11
DATE/DATUM

Document checked by/Dokument nagesien deur:
Supply Chain Management Department/Voorsieningskanaalbestuur Afdeling: (Applies to contracts where the contractor was appointed through the SCM process / Geld vir kontrakte waar die kontrakteur deur die voorsieningskanaalbestuur proses aangestel is.) I confirm that the relevant council resolutions, tender conditions and award have been complied with and therefore the rights of the Council are protected in all material respects.

This is only Confirmations
Thus a Item Award will
12/02/26 Follows to Agent

Name/Naam:

.....
(Signature/Handtekening)

DATE/DATUM

Legal Services/Regsdienste:
It is confirmed that I have reviewed the contract. It complies in all respects with the relevant council resolutions, tender conditions and award and legal requirements as provided to me by the Contract Manager. The rights of Council are thereby protected. There is no apparent reason why the contract cannot be signed by the relevant delegated authority.

It is recommended that the following changes should be made.....
.....
.....
.....
.....
.....

Name/Naam: Honey Gxeyiya

.....
(Signature/Handtekening)

26/02/26
DATE/DATUM

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

Name/Naam W Hendricks

.....
(Signature/Handtekening)

23.2.2026
DATE/DATUM

Theewaterskloof
Municipality

THEEWATERSKLOOF MUNICIPALITY

TENDER NO: COMM 07/2025/26

CONTRACT NO.

COMM 07/2025/26

APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR THE REPAIR, MAINTENANCE AND SERVICING OF MUNICIPAL VEHICLES IN THE THEEWATERSKLOOF MUNICIPAL AREA FOR THE PERIOD FROM DATE OF APPOINTMENT UNTILL 30 JUNE 2028

August 2025

ISSUED BY:
THE DIRECTORATE: COMMUNITY SERVICES
THEEWATERSKLOOF MUNICIPALITY
P O BOX 24
CALEDON
7230

FINANCE ★ MUNISIPALITEIT THEEWATERSKLOOF 19 SEP 202 SCM ★ MUNICIPALITY FINANSIES

NAME OF TENDERER: Donny's Mechanical Repair Centre

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SECTION 3:
SPECIAL CONDITIONS OF CONTRACT

1) **Record Keeping**
It is the responsibility of the service provider to provide a completion report / job card report on work done on vehicle with submission of invoice.

The service provider shall ensure that a vehicle history and transaction history on work done to any vehicle is kept for record, guarantee, warrantee purposes.

2) **Reporting requirements with invoicing**
Reporting on materials and supplies used for the services and sourced locally within the Theewaterskloof Municipal area, should form part of the reporting and provided on submission of invoice.

3) **Work Orders**
Official purchase/work orders will only be provided upon receipt of an official quotation based on defect diagnosis.

The official purchase/work order will clearly state at least the following:
a) Order number
b) Delivery point
c) Contact person
d) Quantity
e) Description of goods

4) **Payments**
Payments will not be made to tenderers who failed to provide an official purchase/work order. Payments will be made to the Tenderer in accordance with relevant Legislation as prescribed in the MFMA after receiving of tax invoice for work done up to date.

5) **Price All Inclusive**
The prices tendered must include all costs related to the completion of the works.

6) **Insurance**
The Municipality shall not be liable in respect of any claims, damage, accidents, etc. to properties, vehicles, rights, etc., which may arise from the carrying out of this contract.

The Contractor shall insure all labourers; drivers and all plant involved in the fulfillment of this contract and shall indemnify the Municipality against all risks and claims.

7) **Procurement from Other Suppliers**
The Municipality may procure the services in terms of this contract, from another supplier. This Contract therefore does not bind the Municipality to procure the services from adjudicated tenderers.

8) **Service Level Agreement**
It is the employer's right to enter into a service level agreement with the successful tenderers before the commencement of the contract.

9) **Functional Workshop**
Tenderers who, at the time of tendering, are not located within the boundaries of Theewaterskloof Municipality, or who do not operate from a formal workspace that includes a workshop with a minimum operational floor space of 75 m², will be required to establish the same within the Theewaterskloof Municipal area within a period of two (2) months after contract signature.

10) **Price variations**

A. Prices for year 1 will be fixed from date of appointment until 30 June 2026
B. For the purpose of price escalation, the CPI on 30 June at the end of each contract financial year will be used to determine percentage increases. Price adjustment will be applicable from 01 July 2026 and then 01 July 2027.
C. For tender evaluation purposes, the Employer will calculate the rates for year 2 and 3 by applying a CPI factor of 4.9% to the rates quoted for year 1

I HEREBY DECLARE THAT I WILL COMPLY WITH ALL THE SPECIAL CONDITION OF CONTRACT AS SET OUT ABOVE.

If the tenderer fails to sign this schedule, it will be interpreted that the tenderer does not comply with the Special Conditions of Contract and therefore will be regarded as being nonresponsive.

Signature ..... Date 12/09/25

Capacity Director Name of Bidder Denny's Mechanical Repair Centre

CC 0950

MF

1. SPECIFICATION

1.1 Tenders are hereby invited from service providers for the following categories to be placed on a panel for the Municipality:
(a) Mechanical repairs and servicing of vehicles in the Municipal Fleet.
(b) Auto electrical repairs.

1.2 Every category as stipulated in 1.1 above will be awarded in two categories:
(a) Motor cars, Light Delivery Vehicles (bakkies), Trucks and Trailers less than 3 tons.
(b) Trucks more than 3 tons, Refuse removal Trucks (compactors), Sewerage / Water Trucks (Tankers), Digger Loaders (TLB), Graders, Tractors and Trailers.

1.3 The prior approval from the Municipality must be obtained when spare parts associated with the services in either 1.1(a) or 1.1(b) must be replaced.

1.4 The quotation for the cost of the spare parts mentioned in 1.3 is subject to the approval of the Municipality

1.5 All work for mechanical and auto electrical repairs must be executed by or under the supervision of a qualified mechanic/auto electrician.

1.6 The service provider must provide guarantees on all work done, such as overhaul of engines, Cylinder heads gearboxes and Differentials on vehicles including the replacement of new starters, alternators and batteries.

1.7 The service provider must have a turn-around time of not more than twelve (12) working hours for services on all vehicles after the receiving of an official order unless prior arrangements have been made with the Municipality.

1.8 The service provider must have a turn-around time of not more than three (3) working days on minor breakages on all vehicles after the receiving of an official order unless prior arrangements have been made with the Municipality.

1.9 The service provider must have a turn-around time of not more than ten (10) working days on major breakages such as engine overhauls, gearboxes and diffs on all vehicles after the receiving of an official order unless prior arrangements have been made with the Municipality.

1.10 In cases of an emergency the service provider must have a turn-around time of not more than (1) working day. In most cases, the Municipality cannot afford for vehicles to be non-operational, as this has a direct and adverse impact on service delivery.

1.11 The performance of the successful bidder will be evaluated after each award and if the successful bidder doesn't improve according to the supplier performance standard contract the bidder will be terminated in line with the SLA.

1.12 The municipality might require the service provided to work over weekends for certain vehicles that are essential to service delivery, this requirement will not be unreasonably implemented however should this be required the service provider undertake to, as far as reasonably possible, complete required repairs over weekends.

1.13 The following schedule are a list of the total and all the types of vehicles that are owned by the Municipality (Due consideration must be given to the fact that the municipality might expand its existing fleet or reduce the size of fleet based on operational requirements):

Vehicle Category	Total Number	Make
Motor cars, Light Delivery Vehicles (LDV), Trucks and Trailers under 3 ton	133	Nissan, Toyota, Volkswagen, Ford, Isuzu, Mazda, Hyundai, Chevrolet
Trucks over 3-ton	26	Nissan, Toyota, Ford, Mitsubishi, Man, Isuzu

MF

582

Refuse Compactors, Sewerage and Water Trucks	17	Nissan, Toyota, Isuzu, Fuso
Tractors	9	Massey Ferguson, John Deere, Landini, Ursus, Fiat
Digger Loaders (TLB)	12	Case, Jcb, Terex, Bell, New Holland, Caterpillar
Graders	2	Gallion, Dezi

2.1 **BASIC CRITERIA OF WORKSHOPS:**

- All workshops must be adequately equipped with the necessary tools of trade relevant to the tendered service categories.
- Workshop must have a minimum operational floor space 75 m²

I HEREBY DECLARE THAT I WILL COMPLY WITH ALL THE SPECIFICATIONS AS SET OUT ABOVE.

If the tenderer fails to sign this schedule, it will be interpreted that the tenderer does not comply with the Specifications and therefore will be regarded as being non – responsive.

Signature .....

12/09/25
Date

Director
Position

Danny's Mechanical Repair Centre
Name of Bidder

MF

SECTION 5:
SELECTION CRITERIA

1. **OBJECT AND OPERATION OF THE PANEL**

The object of this tender is to enable the *Employer* to invite tenders and to appoint one or more Tenderers to carry out work over the contract term in respect of Tender No **COMM 07/2024/25 - APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR THE REPAIR, MAINTENANCE AND SERVICING OF MUNICIPAL VEHICLES IN THE THEEWATERSKLOOF MUNICIPAL AREA FOR THE PERIOD FROM DATE OF APPOINTMENT UNTILL 30 JUNE 2028**

- on an "as instructed" basis within its defined scope.
- The goal of this approach is to speed up and streamline procurement for:
    - Repair, maintenance and servicing of municipal vehicles.
    - Repair and maintenance of Auto electrical repairs of municipal vehicles.

from the open market, while maintaining transparency and equitability of the procurement process.

2. **THE SELECTION PROCEDURE**

The *Employer* appoints a Service Provider within the Contract for proposed service or goods according to the criteria and terms of this *selection procedure*:

2.1 Responsiveness and Selection of a Service Provider in the Panel

A *Service Provider* is responsive for selection by the *Employer* for a proposed project if:

- The supplier was found responsive according to the responsiveness criteria as set out in the tender document per category as tendered for.

The selection procedure/criteria are set down as follow:

The Employer will evaluate and rank service providers per category in terms of their financial scoring and per the Preferential Procurement Regulations of 2022 from the highest scorer to the lowest.

The Employer will prioritize work allocation to the highest-ranked service provider per category. Should the highest ranked service provider be unable to assist within the timeframe required, the Employer will offer the work to the second ranked service provider, *et cetera*. At the discretion of the contract owner, manager and administrator, service providers will also be allocated work on the basis of a service provider's capacity, proximity, turnaround time, cost-effectiveness, and other organizational requirements.

For all other work:

- The qualifying service providers must submit a quote within 48 hours. In cases of an emergency quotes must be submitted within 3 hours.
- Project assignments will not necessarily be awarded to all service providers. and

If the bidder fails to sign this schedule, it will be interpreted that the bidder will not comply with the Selection Criteria of Contract and therefore will be regarded as being non-responsive.

I HEREBY DECLARE THAT I WILL COMPLY WITH THE SELECTION CRITERIA

Signature ..... 12/09/25 Date

Director Position ..... Donny's Mechanical Repair Centre Name of Bidder

CC3953

DMF

584

SECTION 6
PRICING INSTRUCTIONS

Pricing Instructions mean the criteria as set out below, read together with all Parts of this contract document, which it will be assumed in the contract that the tenderer has taken into account when developing his prices.

1. The short descriptions and category number given in the pricing schedule below are brief descriptions used to identify the activities for which prices are required.

2. For the purpose of the pricing schedule, the following words shall have the meanings hereby assigned to them:

Unit:	The unit of measurement for each item of work.
Quantity:	The number of units of work for each item.
Rate:	The agreed payment per unit of measurement.
Amount:	The product of the quantity and the agreed rate for an item.
Sum:	An agreed lump sum payment amount for an item, the extent of which is described in the Scope of Work, but the quantity of work which is not measured in any units.

3. The rates, sums, percentage fees and prices in the pricing schedule are to be fully inclusive prices under the several items. Such prices and rates are to cover all costs and expenses that may be required in and for the execution of the work described, and shall cover the cost of all general risks, liabilities, and obligations set forth or implied in the Contract Data, as well as overhead charges and profit.

4. Where quantities are given in the pricing schedule, these are provisional and do not necessarily represent the actual amount of work to be done. The quantities of work accepted and certified for payment will be used for determining payments due and not the quantities given in the pricing schedule. In respect of time-based services, the allocation of staff must be agreed with the employer before such services are rendered.

5. All rates, sum, percentage fees or prices (as applicable) tendered in the pricing schedule shall be final and binding and shall not be subject to any variation throughout the period of the contract.

6. The pricing indicated in **Section 7** is based on estimated quantities from the previous year and is only used for evaluation purposes.

7. Proof of all costs incurred should be attached to your quotation for the Municipality to verify that the correct mark-up percentage has been charged. Sundries with a value of less than R100 do not have to be proved.

8. Call-out fees will only be applicable for break downs outside the borders of the specific town, except for after hours.

9. The percentage of mark-up of 10% is the maximum allowed for spare parts throughout the duration of the tender.

10. Price Variations

- Prices for year 1 will be fixed from date of appointment until 30 June 2026
- For the purpose of price escalation, the CPI on 30 June at the end of each contract financial year will be used to determine percentage increases. Price adjustment will be applicable from 01 July 2026 and then 01 July 2027.
- For tender evaluation purposes, the Employer will calculate the rates for year 2 and 3 by applying a CPI factor of 4.9% to the rates quoted for year 1

11. In order to be considered for evaluation, bidders are required to tender for each item within a category, clearly indicating the applicable markup percentage, normal working hours rates, and after-hours rates.

I HEREBY DECLARE THAT I WILL COMPLY WITH ALL THE PRICING INSTRUCTIONS AS SET OUT ABOVE.

If the tenderer fails to sign this schedule, it will be interpreted that the tenderer does not comply with the Pricing Instructions and therefore will be regarded as being non – responsive.

Signature .....

12/09/25
Date

Director
Position

Donny's Mechanical Repair Centre
Name of Bidder

CC0034

DMF

SECTION 7:
PRICING SCHEDULE

I/We, the undersigned, hereby tender and, should this tender be accepted, in whole or in part, undertake to supply and deliver in conformity with the conditions and stipulations set out in the conditions of contract and specifications attached hereto, the articles, goods or materials as may be ordered by the Municipality, in consideration of the prices or rates set out below. Note: Refer to item 10, Section 6, Pricing Instructions.

CATEGORY 1(a): MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks ***less than 3 tons***

(A) COST OF SPARE PARTS
(B) LABOUR COST

ITEM NO	Description	% Mark – up	Estimated Expenditure on parts year 1	YEAR 1 Estimated Amount (Exclusive of VAT) (Estimated Quantity + % Mark-Up) (D + C = E)
		C	D	E
	(A) COST OF MECHANICAL SPARE PARTS FOR			
A.1	Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks ***less than 3 ton***	10%	R1 000 000.00	R1100000.00

(B) LABOUR COST

ITEM No	Description	YEAR 1 Rate per hour /Per Call Out (Exclusive of VAT)	Estimated Quantity Per Annum	YEAR 1 Estimated Amount (Exclusive of VAT) (Rate per hour x Estimated Quantity) (C x D = E)
	NORMAL HOURS			
B.1	Labour	R600.00/h	400 hours	R240 000.00
B.2	Call Out Fee	R600.00/h	240 call outs	R144000.00
B.3	Rand Per Kilometer	R9.50/km	1 200 km	R11400.00
B.4	Tow-in Costs Per Kilometer	R15.00/km	240 Tow-ins	R3600.00
	AFTER HOURS			
B.5	Labour	R600.00/h	100 hours	R80000.00
B.6	Call Out Fee	R600.00/h	100 call outs	R6000.00
B.7	Rand Per kilometer	R9.50/km	1000 km	R9500.00
B.8	Tow-in Costs Per Kilometer	R15.00/km	100 Tow-ins	R1500.00
			Sub- Total	R1596000.00
			VAT 15%	R 239400.00
	Estimated Total (ESTIMATED TOTAL CARRIED FORWARD TO SUMMARY)			R1835400.00

MAF

586

SUMMARY OF CATEGORIES

CATEGORY	DESCRIPTION	ESTIMATED TOTAL
CATEGORY	MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks *less than 3 tons*	R 1835400.00
CATEGORY	MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	R
CATEGORY	AUTO ELECTRICAL REPAIRS OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks *less than 3 tons*	R
CATEGORY	AUTO ELECTRICAL REPAIRS OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	R

ESTIMATED TOTAL PER CATERGORY SHOULD BE CARRIED FORWARD TO THE FORM OF OFFER PER CATEGORY.

representative of the tenderer, deemed to be duly authorized, signing this part of the tender, the tenderer that the amounts tendered for all the items per town is offered, correct and binding.

Name of Bidder: S Mechanical Repair Centre — Signature on Behalf of Tenderer — Date: 17-09-2025

MF

SECTION 8:
FORM OF OFFER AND ACCEPTANCE

The Employer, identified in the acceptance signature block, has solicited offers to enter into a contract for the procurement of:

CONTRACT NO: COMM 07/2024/25 - APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR THE REPAIR, MAINTENANCE AND SERVICING OF MUNICIPAL VEHICLES IN THE THEEWATERSKLOOF MUNICIPAL AREA FOR THE PERIOD FROM DATE OF APPOINTMENT UNTILL 30 JUNE 2028

The tenderer, identified in the offer signature block, has examined the documents listed in the tender data and addenda thereto as listed in the returnable schedules, and by submitting this offer has accepted the conditions of tender.

By the representative of the tenderer, deemed to be duly authorized, signing this part of this form of offer and acceptance, the tenderer offers to perform all of the obligations and liabilities of the service provider under the contract including compliance with all its terms and conditions according to their true intent and meaning for an amount to be determined in accordance with the conditions of contract identified in the contract data.

THE OFFERED ESTIMATED TOTAL OF THE PRICES INCLUSIVE OF VALUE ADDED TAX IS:

CATEGORY	YEAR 1
CATEGORY 1(a): MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks less than 3 tons:	R 1835400.00
	One Million eight hundred and thirty five thousand four hundred rand (In words)
CATEGORY 1(b): MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	R .....
	(In words)
CATEGORY 2(a): AUTO ELECTRICAL REPAIRS OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks less than 3 tons	R .....
	(In words)
CATEGORY 2(b): AUTO ELECTRICAL REPAIRS OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	R .....
	(In words)

This offer may be accepted by the Employer by signing the acceptance part of this form of offer and acceptance and returning one copy of this document to the tenderer before the end of the period of validity stated in the tender data, whereupon the tenderer becomes the party named as the service provider in the conditions of contract identified in the contract data.

MUNISIPALITEIT THEEWATERSKLOOF FINANSIES FINANCE MUNICIPALITY
SCM
15 SEP 2025

588

Signature .....

Name DONOVAN DEAN FISHER

Capacity DIRECTOR

for the tenderer

(Name and address of organization) Donny's Mechanical Repair Centre
20 Langstraat, Myddleton
Caledon 7230

Name and signature of witness Beulinda Shaureen Fisher Date 12/09/2025

B. Fisher

Acceptance

By signing this part of this form of offer and acceptance, the employer identified below accepts the tenderer's offer. In consideration thereof, the employer shall pay the service provider the amount due in accordance with the conditions of contract identified in the contract data. Acceptance of the tenderer's offer shall form an agreement between the employer and the tenderer upon the terms and conditions contained in this agreement and in the contract that is the subject of this agreement.

The terms of the contract, are contained in:

Section 2(a):	General Conditions of Contract
Section 2(b):	Additional Conditions of Contract
Section 3:	Special Conditions of Contract
Section 4:	Specifications
Section 5:	Selection Criteria
Section 6:	Pricing Instructions
Section 7	Pricing Schedule
Section 8:	Form of Offer and Acceptance
Section 9:	List of Returnable Documents

Deviations from and amendments to the documents listed in the tender data and any addenda thereto as listed in the tender schedules as well as any changes to the terms of the offer agreed by the tenderer and the employer during this process of offer and acceptance, are contained in the schedule of deviations attached to and forming part of this agreement. No amendments to or deviations from said documents are valid unless contained in this schedule.

The tenderer shall within two weeks after receiving a completed copy of this agreement, including the schedule of deviations (if any), contact the employer's representative (whose details are given in the contract data) to arrange the delivery of any bonds, guarantees, proof of insurance and any other documentation to be provided in terms of the conditions of contract identified in the contract data at, or just after, the date this agreement comes into effect. Failure to fulfill any of these obligations in accordance with those terms shall constitute a repudiation of this agreement.

Notwithstanding anything contained herein, this agreement comes into effect on the date when the tenderer receives one fully completed original copy of this document, including the schedule of deviations (if any). Unless the tenderer (now Contractor) within five working days of the date of such receipt notifies the employer in writing of any reason why he cannot accept the contents of this agreement, this agreement shall constitute a binding contract between the parties.

Signature * .....

Name WALTER HENDRICKS

MF

Capacity ..... S Hendricks .....

for the Employer THEEWATERSKLOOF MUNICIPALITY
DIRECTORATE: COMMUNITY SERVICES
6 PLEIN STREET
CALEDON
7230

Name and signature of witness .....

Date .....

Schedule of Deviations

1 Subject .....

Details .....

2 Subject .....

Details .....

3 Subject .....

Details .....

4 Subject .....

Details .....

5 Subject .....

Details .....

590

Theewaterskloof
Municipality

SERVICE LEVEL AGREEMENT

THEEWATERSKLOOF MUNICIPALITY
AND
DONNY'S MECHANICAL REPAIR CENTER

DDF

Contents

1. PARTIES TO THE AGREEMENT 3
2. PURPOSE OF THE SLA 3
3. SCOPE OF SERVICES (CATEGORY 1(a)) 3
4. GENERAL OBLIGATIONS OF THE SERVICE PROVIDER 4
5. TURNAROUND TIMES 4
6. SPARE PARTS AND MATERIALS 4
7. PRICING AND PAYMENT 4
8. FUNCTIONAL WORKSHOP REQUIREMENT 5
9. INSURANCE AND INDEMNITY 5
10. PERFORMANCE MANAGEMENT 5
11. DURATION OF THE SLA 5
12. TERMINATION 5
13. GOVERNING LAW 5

SERVICE LEVEL AGREEMENT (SLA)

Contract No.: COMM 07/2025/26
Project: Appointment of a Panel of Service Providers for the Repair, Maintenance and Servicing of Municipal Vehicles in the Theewaterskloof Municipal Area
Category: 1(a) – Mechanical Repairs and Servicing of Vehicles (Motor Cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks less than 3 Tons)

1. PARTIES TO THE AGREEMENT

This Service Level Agreement ("SLA") is entered into between:
The Employer:
Theewaterskloof Municipality
6 Plein Street, Caledon, 7230

And

The Service Provider:
Donny's Mechanical Repair Center
Registration Number: 2023/773119/07
20 Long Street, Myddleton, 7230

2. PURPOSE OF THE SLA

The purpose of this SLA is to regulate the provision of mechanical repair, maintenance and servicing services for municipal vehicles falling under Category 1(a), strictly in accordance with Tender No. COMM 07/2025/26, including the specifications, special conditions of contract and pricing schedules.

3. SCOPE OF SERVICES (CATEGORY 1(a))

The Service Provider shall provide mechanical repairs, maintenance and servicing for the following vehicles:

- Motor cars
- Light Delivery Vehicles (bakkies)
- Trailers
- Trucks less than three (3) tons

Services include, but are not limited to:

- Routine servicing and preventative maintenance
- Mechanical repairs and fault finding
- Replacement of approved spare parts
- Emergency mechanical repairs
- Tow-in and call-out services where required

All work must be executed by, or under the direct supervision of, a qualified mechanic.

4. GENERAL OBLIGATIONS OF THE SERVICE PROVIDER

The Service Provider shall:

4.1 Comply fully with all conditions contained in Tender No. COMM 07/2025/26.
4.2 Ensure that no work is undertaken without an official municipal purchase/work order.
4.3 Provide a detailed job card and completion report for every vehicle serviced or repaired.
4.4 Maintain a full vehicle history and transaction record for guarantee and warranty purposes.
4.5 Provide guarantees on all work done, including but not limited to engine overhauls, cylinder heads, gearboxes, differentials, starters, alternators and batteries.
4.6 Ensure all staff and equipment are adequately insured.

5. TURNAROUND TIMES

The following turnaround times shall apply after receipt of an official work order, unless otherwise agreed in writing:

- **Routine services:** Not more than twelve (12) working hours
- **Minor mechanical breakdowns:** Not more than three (3) working days
- **Major mechanical repairs** (e.g. engine overhauls, gearboxes, differentials): Not more than ten (10) working days
- **Emergency repairs:** Not more than one (1) working day

Failure to comply with turnaround times may result in performance penalties or termination of the SLA.

6. SPARE PARTS AND MATERIALS

6.1 Prior written approval from the Municipality is required before any spare parts are replaced.
6.2 All quotations for spare parts are subject to municipal approval before procurement.
6.3 All prices for spare parts shall be in accordance with the approved tendered mark-up percentages.
6.4 Where possible, materials and supplies sourced within the Theewaterskloof Municipal area must be indicated on invoices.

7. PRICING AND PAYMENT

7.1 Prices shall be strictly in accordance with the tendered and approved pricing schedule for Category 1(a).
7.2 Prices for Year 1 are fixed until 30 June 2026.
7.3 Price escalation for Year 2 and Year 3 shall be based on CPI, with an indicative escalation of 4.9%, applicable from 01 July of each financial year.
7.4 Payment will only be made upon submission of a valid tax invoice, supported by:

- Official purchase/work order
- Approved quotation
- Job card and completion report

Payments will be effected in accordance with the MFMA and applicable municipal policies.

8. FUNCTIONAL WORKSHOP REQUIREMENT

The Service Provider shall operate from a formal workshop with a minimum operational floor space of seventy-five (75) square metres within the Theewaterskloof Municipal area. Where the Service Provider is not located within the municipal boundary at the date of appointment, such a facility must be established within two (2) months after contract signature.

9. INSURANCE AND INDEMNITY

9.1 The Municipality shall not be liable for any claims, damages or losses arising from the execution of the services.
9.2 The Service Provider indemnifies the Municipality against all risks, claims, damages and legal costs arising from this contract.
9.3 Public liability insurance to a minimum value of R1 000 000.00 must be maintained for the duration of the contract.

10. PERFORMANCE MANAGEMENT

10.1 The Municipality reserves the right to monitor and evaluate the Service Provider's performance.
10.2 Poor performance, repeated delays, or non-compliance with specifications may result in suspension or removal from the panel.
10.3 The Municipality is not obligated to procure services exclusively from the Service Provider and may appoint alternative service providers when required.

11. DURATION OF THE SLA

This SLA shall be valid from the date of appointment until 30 June 2028, subject to satisfactory performance and compliance with the tender conditions.

12. TERMINATION

The Municipality may terminate this SLA with immediate effect in the event of:

- Material breach of contract
- Failure to comply with turnaround times
- Submission of fraudulent documentation
- Failure to maintain required insurance or workshop facilities

13. GOVERNING LAW

This SLA shall be governed and interpreted in accordance with the laws of the Republic of South Africa.

SIGNATURES

Dated at CALEDON on this 23 day of FEBRUARY 2026

WALTER HENDRICKS
MUNICIPAL MANAGER
THEEWATERSKLOOF MUNICIPALITY

AS WITNESSES:

1. _____
Name & Signature

2. _____
Name & Signature

Dated at CALEDON on this 23 day of FEBRUARY 2026

DONOVAN DEAN FISHER
DIRECTOR
DONNY'S MECHANICAL REPAIR CENTER

AS WITNESSES:

1. _____
Name & Signature

2. _____
Name & Signature

DAF

SIGNING OF AGREEMENTS/DOCUMENTS
ONDERTEKENING VAN OOREENKOMSTE/DOKUMENTE

File reference number/ Leêr verwysings nommer

Type of Document/ Tipe document: SLA – COMM 07/2025/26

Who is the other party? Wie is die ander Party: Panel Tender – 1. Petrol & Diesel Enjinsentrum and Donny's Mechanical Repair Center.

Document prepared by/Dokument voorberei deur:
I confirm that the relevant council resolutions, tender conditions and award have been complied with and therefore the rights of the Council are protected in all material respects.
Name/Naam:

..... 2026/02/11
(Signature/Handtekening) DATE/DATUM

Document checked by/Dokument nagesien deur:
Supply Chain Management Department/Voorsieningskanaalbestuur Afdeling: (Applies to contracts where the contractor was appointed through the SCM process / Geld vir kontrakte waar die kontrakteur deur die voorsieningskanaalbestuur proses aangestel is.) I confirm that the relevant council resolutions, tender conditions and award have been complied with and therefore the rights of the Council are protected in all material respects.

This is only Confirmations
This is SCM process was
12/02/26 followed to get

Name/Naam:

.....
(Signature/Handtekening) DATE/DATUM

Legal Services/Regsdienste:
It is confirmed that I have reviewed the contract. It complies in all respects with the relevant council resolutions, tender conditions and award and legal requirements as provided to me by the Contract Manager. The rights of Council are thereby protected. There is no apparent reason why the contract cannot be signed by the relevant delegated authority.

It is recommended that the following changes should be made.....
.....
.....
.....
.....
.....

Name/Naam: Honey Gxeyiya

.....
(Signature/Handtekening) 26/02/26
DATE/DATUM

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

Name/Naam W HENDRICKS

.....
(Signature/Handtekening) 25.2.2026
DATE/DATUM

Theewaterskloof
Municipality

THEEWATERSKLOOF MUNICIPALITY

TENDER NO: COMM 07/2025/26



CONTRACT NO.

COMM 07/2025/26

APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR THE REPAIR, MAINTENANCE AND SERVICING OF MUNICIPAL VEHICLES IN THE THEEWATERSKLOOF MUNICIPAL AREA FOR THE PERIOD FROM DATE OF APPOINTMENT UNTILL 30 JUNE 2028

August 2025

ISSUED BY:
THE DIRECTORATE: COMMUNITY SERVICES
THEEWATERSKLOOF MUNICIPALITY
P O BOX 24
CALEDON
7230

MUNICIPALITY FINANCE
SCM
19 SEP 2025
THEEWATERSKLOOF
FINANSIE MUNISIPALITEIT

000000

NAME OF TENDERER: .....

SECTION 7:
PRICING SCHEDULE

I/We, the undersigned, hereby tender and, should this tender be accepted, in whole or in part, undertake to supply and deliver in conformity with the conditions and stipulations set out in the conditions of contract and specifications attached hereto, the articles, goods or materials as may be ordered by the Municipality, in consideration of the prices or rates set out below. Note: Refer to item 10, Section 6, Pricing Instructions.

CATEGORY 1(a): MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks ***less than 3 tons***

(A) COST OF SPARE PARTS
(B) LABOUR COST

Item No.	Description	% Mark – up	Estimated Expenditure on parts year 1	YEAR 1 Estimated Amount (Exclusive of VAT) (Estimated Quantity + % Mark-Up) (D + C = E)
		C	D	E
	(A) COST OF MECHANICAL SPARE PARTS FOR			
A 1	Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks ***less than 3 ton***	10%	R1 000 000.00	R1100 000.00

	(B) LABOUR COST			
Item No.	Description	YEAR 1 Rate per hour /Per Call Out (Exclusive of VAT)	Estimated Quantity Per Annum	YEAR 1 Estimated Amount (Exclusive of VAT) (Rate per hour x Estimated Quantity) (C x D = E)
	NORMAL HOURS			
B.1	Labour	R 588.50/H	400 hours	R 235 400.00
B.2	Call Out Fee	R 588.50/H	240 call outs	R 141 240.00
B.3	Rand Per Kilometer	R 9.50/Km	1 200 km	R 11400.00
B.4	Tow-in Costs Per Kilometer	R 15/Km	240 Tow-ins	R 3600.00
	AFTER HOURS			
B.5	Labour	R 882.75/H	100 hours	R 88 275.00
B.6	Call Out Fee	R 588.50/H	100 call outs	R 58 850.00
B.7	Rand Per kilometer	R 9.50/Km	1000 km	R 9500.00
B.8	Tow-in Costs Per Kilometer	R 15/Km	100 Tow-ins	R 1500.00
			Sub- Total	R1649 765.00
			VAT 15%	R 247464.75
	Estimated Total (ESTIMATED TOTAL CARRIED FORWARD TO SUMMARY)			R1897 229.75

000035

CATEGORY 1(b): MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.

(A) COST OF SPARE PARTS
(B) LABOUR COST

Item No.	Description	% Mark – up	Estimated Expenditure	Estimated Amount (Exclusive of VAT) (Estimated Quantity + % Mark-Up) (D + C = E)
		C	D	E
(A)	COST OF MECHANICAL SPARE PARTS FOR			
A 1	Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	10%	R1 000 000.00	R1100 000.00

(B) LABOUR COST				
Item No.	Description	Rate per hour /Per Call Out (Exclusive of VAT)	Estimated Quantity Per Annum	Estimated Amount (Exclusive of VAT) (Rate per hour x Estimated Quantity) (C x D = E)
	NORMAL HOURS			
B.1	Labour	R588.50/h	400 hours	R 235 400.00
B.2	Call Out Fee	R588.50/h	240 call outs	R 141 240.00
B.3	Rand Per Kilometer	R 9.50/km	1 200 km	R 11 400.00
B.4	Tow-in Costs Per Kilometer	R 30.00/km	240 Tow-ins	R 7200.00
	AFTER HOURS			
B.5	Labour	R882.75/h	100 hours	R 88 275.00
B.6	Call Out Fee	R588.50/h	100 call outs	R 58850.00
B.7	Rand Per Kilometer	R 9.50/km	1000 km	R 9500.00
B.8	Tow-in Costs Per Kilometer	R 30.00/km	100 Tow-ins	R 3000.00
			Sub- Total	R 1654 865.00
			VAT 15%	R 248 229.75
	Estimated Total (ESTIMATED TOTAL CARRIED FORWARD TO SUMMARY)			R 1903 094.75

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CATEGORY 2(a): AUTO ELECTRICAL REPAIRS OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks *less than 3 tons*

(A) COST OF SPARE PARTS
(B) LABOUR COST

Item No.	Description	% Mark – up	Estimated Expenditure	Estimated Amount (Exclusive of VAT) (Estimated Quantity + % Mark-Up) (D + C = E)
		C	D	E
	(A) COST OF AUTO ELECTRICAL SPARE PARTS FOR			
A 1	Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks *less than 3 ton*	10%	R1 000 000.00	R1100 000·00

(B) LABOUR COST

Item No.	Description	Rate per hour /Per Call Out (Exclusive of VAT)	Estimated Quantity Per Annum	Estimated Amount (Exclusive of VAT) (Rate per hour x Estimated Quantity) (C x D = E)
	NORMAL HOURS			
B.1	Labour	R588·50/H	400 hours	R235 400·00
B.2	Call Out Fee	R588·50/H	240 call outs	R141 240·00
B.3	Rand Per Kilometer	R9·50/Km	1 200 km	R11400·00
B.4	Tow-in Costs Per Kilometer	R15/Km	240 Tow-ins	R3600·00
	AFTER HOURS			
B.5	Labour	R882·75/H	100 hours	R88 275·00
B.6	Call Out Fee	R588·50/H	100 call outs	R58 850·00
B.7	Rand Per Kilometer	R9·50/Km	1000 km	R9500·00
B.8	Tow-in Costs per Kilometer	R15/Km	100 Tow-ins	R1500·00
			Sub- Total	R1 649 765·00
			VAT 15%	R 247 464·75
	Estimated Total (ESTIMATED TOTAL CARRIED FORWARD TO SUMMARY)			R1 897 229·75

000037

CATEGORY 2(b): AUTO ELECTRICAL REPAIRS OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.

(A) COST OF SPARE PARTS
(B) LABOUR COST

Item No.	Description	% Mark – up	Estimated Expenditure	Estimated Amount (Exclusive of VAT) (Estimated Quantity + % Mark-Up) (D + C = E)
		C	D	E
(A)	COST OF AUTO ELECTRICAL SPARE PARTS FOR			
A 1	Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	10%	R1 000 000.00	R1100 000·00
(B)	LABOUR COST			
Item No.	Description	Rate per hour /Per Call Out (Exclusive of VAT)	Estimated Quantity Per Annum	Estimated Amount (Exclusive of VAT) (Rate per hour x Estimated Quantity) (C x D = E)
	NORMAL HOURS			
B.1	Labour	R588·50/h	400 hours	R 235 400·00
B.2	Call Out Fee	R588·50/h	240 call outs	R141 240·00
B.3	Rand Per Kilometer	R9·50/km	1 200 km	R11 400·00
B.4	Tow-in Costs Per Kilometer	R30·00/km	240 Tow-ins	R 7200·00
	AFTER HOURS			
B.5	Labour	R882·75/h	100 hours	R88 275·00
B.6	Call Out Fee	R588·50/h	100 call outs	R58850·00
B.7	Rand Per Kilometer	R9·50/km	1000 km	R9500·00
B.8	Tow-in Costs Per Kilometer	R30·00/km	100 Tow-ins	R3000·00
			Sub- Total	R1 654 865·00
			VAT 15%	R 248 229·75
	Estimated Total (ESTIMATED TOTAL CARRIED FORWARD TO SUMMARY)			R1 903 094·75

- **Evaluation for year 2 and 3 will be based on an average 4.9% CPI escalation.**

602

SUMMARY OF CATEGORIES

CATEGORY	DESCRIPTION	ESTIMATED TOTAL
CATEGORY 1(a):	MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks *less than 3 tons*	R 1897229 · 75
CATEGORY 1(b):	MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	R 1903094 · 75
CATEGORY 2(a):	AUTO ELECTRICAL REPAIRS OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks *less than 3 tons*	R 1897229 · 75
CATEGORY 2(b):	AUTO ELECTRICAL REPAIRS OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	R 1903094 · 75

ESTIMATED TOTAL PER CATERGORY SHOULD BE CARRIED FORWARD TO THE FORM OF OFFER PER CATEGORY.

By the representative of the tenderer, deemed to be duly authorized, signing this part of the tender, the tenderer declare that the amounts tendered for all the items per town is offered, correct and binding.

P.J. PRETORIUS TA PETROL en Diesel Enjinsentrum · 17 September 2025

Name of Bidder **Signature on Behalf of Tenderer** **Date**

PETROL & DIESEL ENJINSENTRUM
Bredasdorpweg, Caledon. 7230
Tel: 028 212 3020
Sel: 083 748 3443 • 073 453 5110
Epos: petrolendiesel@gmail.com
BTW Reg: 4350221661

000039

SECTION 8:
FORM OF OFFER AND ACCEPTANCE

The Employer, identified in the acceptance signature block, has solicited offers to enter into a contract for the procurement of:

CONTRACT NO: COMM 07/2024/25 - APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR THE REPAIR, MAINTENANCE AND SERVICING OF MUNICIPAL VEHICLES IN THE THEEWATERSKLOOF MUNICIPAL AREA FOR THE PERIOD FROM DATE OF APPOINTMENT UNTILL 30 JUNE 2028

The tenderer, identified in the offer signature block, has examined the documents listed in the tender data and addenda thereto as listed in the returnable schedules, and by submitting this offer has accepted the conditions of tender.

By the representative of the tenderer, deemed to be duly authorized, signing this part of this form of offer and acceptance, the tenderer offers to perform all of the obligations and liabilities of the service provider under the contract including compliance with all its terms and conditions according to their true intent and meaning for an amount to be determined in accordance with the conditions of contract identified in the contract data.

THE OFFERED ESTIMATED TOTAL OF THE PRICES INCLUSIVE OF VALUE ADDED TAX IS:

CATEGORY	YEAR 1
CATEGORY 1(a): MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks less than 3 tons:	R 1 897 229 : 75
One Million Eight Hundred and seventy nine thousand two hundred and twenty nine Rand, Seventy five cent. (In words)	
CATEGORY 1(b): MECHANICAL REPAIRS AND SERVICING OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	R 1 903 094 : 75
One Million Nine Hundred and Three Thousand Ninety four rand and Seventy five cents. (In words)	
CATEGORY 2(a): AUTO ELECTRICAL REPAIRS OF VEHICLES - Motor cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks less than 3 tons	R 1897 229 : 75
One Million Eight Hundred and seventy nine thousand two hundred and twenty nine Rand, Seventy five cent (In words)	
CATEGORY 2(b): AUTO ELECTRICAL REPAIRS OF VEHICLES - Trucks more than 3 tons - Refuse Compactors, Sewerage and Water Trucks, Digger Loaders, Tractors, Graders, and Trailers.	R 190 3094 : 75
One Million Nine Hundred and three thousand Ninety four rand, Seventy five cents. (In words)	

This offer may be accepted by the Employer by signing the acceptance part of this form of offer and acceptance and returning one copy of this document to the tenderer before the end of the period of validity stated in the tender data, whereupon the tenderer becomes the party named as the service provider in the conditions of contract identified in the contract data.

MUNICIPALITY FINANCE THEEWATERSKLOOF MUNISIPALITEIT FINANSIES 19 SEP 2025

41

000040

604

Signature .....

Name PETRUS Johannes PRETORIUS

Capacity Owner

for the tenderer

(Name and address of organization) Petrol en Diesel Enjinsentrum

Erf 44, Plein Street, Caledon

Name and signature of witness Petrus Johannes Pretorius Date 17 September 2025.

Acceptance

By signing this part of this form of offer and acceptance, the employer identified below accepts the tenderer's offer. In consideration thereof, the employer shall pay the service provider the amount due in accordance with the conditions of contract identified in the contract data. Acceptance of the tenderer's offer shall form an agreement between the employer and the tenderer upon the terms and conditions contained in this agreement and in the contract that is the subject of this agreement.

The terms of the contract, are contained in:

Section 2(a):	General Conditions of Contract
Section 2(b):	Additional Conditions of Contract
Section 3:	Special Conditions of Contract
Section 4:	Specifications
Section 5:	Selection Criteria
Section 6:	Pricing Instructions
Section 7	Pricing Schedule
Section 8:	Form of Offer and Acceptance
Section 9:	List of Returnable Documents

Deviations from and amendments to the documents listed in the tender data and any addenda thereto as listed in the tender schedules as well as any changes to the terms of the offer agreed by the tenderer and the employer during this process of offer and acceptance, are contained in the schedule of deviations attached to and forming part of this agreement. No amendments to or deviations from said documents are valid unless contained in this schedule.

The tenderer shall within two weeks after receiving a completed copy of this agreement, including the schedule of deviations (if any), contact the employer's representative (whose details are given in the contract data) to arrange the delivery of any bonds, guarantees, proof of insurance and any other documentation to be provided in terms of the conditions of contract identified in the contract data at, or just after, the date this agreement comes into effect. Failure to fulfill any of these obligations in accordance with those terms shall constitute a repudiation of this agreement.

Notwithstanding anything contained herein, this agreement comes into effect on the date when the tenderer receives one fully completed original copy of this document, including the schedule of deviations (if any). Unless the tenderer (now Contractor) within five working days of the date of such receipt notifies the employer in writing of any reason why he cannot accept the contents of this agreement, this agreement shall constitute a binding contract between the parties.

Signature .....

Name WALTER HENDRICKS

000041

Capacity ..... MUNICIPAL MANAGER

for the Employer THEEWATERSKLOOF MUNICIPALITY
DIRECTORATE: COMMUNITY SERVICES
6 PLEIN STREET
CALEDON
7230

Name and signature of witness .....

Date .....

.....

Schedule of Deviations

1 Subject .....
Details .....

.....
.....
.....

2 Subject .....
Details .....

.....
.....
.....

3 Subject .....
Details .....

.....
.....
.....

4 Subject .....
Details .....

.....
.....
.....

5 Subject .....
Details .....

606

Theewaterskloof
Municipality

SERVICE LEVEL AGREEMENT

THEEWATERSKLOOF MUNICIPALITY
AND
PETROL & DIESEL ENJINSENTRUM

Contents

1. PARTIES TO THE AGREEMENT 3
2. PURPOSE OF THE SLA 3
3. SCOPE OF SERVICES PER CATEGORY 3
3.1 CATEGORY 1 (a) 3
3.2 CATEGORY 1 (b) 4
3.3 CATEGORY 2 (a) 4
3.4 CATEGORY 2 (b) 5
4. GENERAL OBLIGATIONS OF THE SERVICE PROVIDER 5
5. TURNAROUND TIMES 5
6. SPARE PARTS AND MATERIALS 6
7. PRICING AND PAYMENT 6
8. FUNCTIONAL WORKSHOP REQUIREMENT 6
9. INSURANCE AND INDEMNITY 6
10. PERFORMANCE MANAGEMENT 7
11. DURATION OF THE SLA 7
12. TERMINATION 7
13. GOVERNING LAW 7
SIGNATURES 8

608

SERVICE LEVEL AGREEMENT (SLA)

Contract No.: COMM 07/2025/26
Project: Appointment of a Panel of Service Providers for the Repair, Maintenance and Servicing of Municipal Vehicles in the Theewaterskloof Municipal Area
Categories:
1(a) – Mechanical Repairs and Servicing of Vehicles (Motor Cars, Light Delivery Vehicles (Bakkies), Trailers and Trucks less than 3 Tons)

1(b) – Mechanical Repairs and Servicing of Vehicles (Trucks, Refuse Compactors, Sewerage/Water Trucks, Digger Loaders, Tractors, Graders and Trailers more than 3 Tons)

2(a) – Auto Electrical Repairs of Vehicles (Motor Cars, Light Delivery Vehicles, Trailers and Trucks less than 3 Tons)

2(b) – Auto Electrical Repairs of Vehicles (Trucks, Refuse Compactors, Sewerage/Water Trucks, Digger Loaders, Tractors, Graders and Trailers more than 3 Tons)

1. PARTIES TO THE AGREEMENT

This Service Level Agreement ("SLA") is entered into between:
The Employer:
Theewaterskloof Municipality
6 Plein Street, Caledon, 7230

And

The Service Provider:
Petrol & Diesel Enjinsentrum
VAT Reg: 4350221661
Bredasdorp Way, Po Box 205, Caledon, 7230

2. PURPOSE OF THE SLA

The purpose of this SLA is to regulate the provision of mechanical repair, maintenance, servicing and auto electrical repair services for municipal vehicles falling under the listed categories, strictly in accordance with Tender No. COMM 07/2025/26, including the specifications, special conditions of contract and pricing schedules.

3. SCOPE OF SERVICES PER CATEGORY

3.1 CATEGORY 1 (a)

The Service Provider shall provide mechanical repairs, maintenance and servicing for the following vehicles:

- Motor cars
- Light Delivery Vehicles (bakkies)

- Trailers
- Trucks less than three (3) tons

Services include, but are not limited to:

- Routine servicing and preventative maintenance
- Mechanical repairs and fault finding
- Replacement of approved spare parts
- Emergency mechanical repairs
- Tow-in and call-out services where required

All work must be executed by, or under the direct supervision of, a qualified mechanic.

3.2 CATEGORY 1 (b)

The Service Provider shall provide mechanical repairs, maintenance and servicing for the following vehicles:

- Trucks exceeding three (3) tons
- Refuse removal trucks (compactors)
- Sewerage and water trucks (tankers)
- Digger loaders (TLB)
- Tractors
- Graders
- Trailers

Services include, but are not limited to:

- Routine servicing and preventative maintenance
- Mechanical repairs and fault finding
- Replacement of approved spare parts
- Emergency mechanical repairs
- Tow-in and call-out services where required

All work must be executed by, or under the direct supervision of, a qualified mechanic.

3.3 CATEGORY 2 (a)

The Service Provider shall provide auto-electrical diagnostics, repairs and maintenance for the following vehicles:

- Motor cars
- Light Delivery Vehicles (bakkies)
- Trailers
- Trucks less than three (3) tons

Services include, but are not limited to:

- Preventative maintenance
- Auto electrical repairs and fault finding
- Replacement of approved spare parts
- Emergency auto electrical repairs
- Tow-in and call-out services where required

All work must be executed by, or under the direct supervision of, a qualified auto electrician.

3.4 CATEGORY 2 (b)

The Service Provider shall provide auto-electrical diagnostics, repairs and maintenance for the following vehicles:

- Trucks exceeding three (3) tons
- Refuse removal trucks (compactors)
- Sewerage and water trucks
- Digger loaders (TLB)
- Tractors
- Graders
- Trailers

Services include, but are not limited to:

- Preventative maintenance
- Auto electrical repairs and fault finding
- Replacement of approved spare parts
- Emergency auto electrical repairs
- Tow-in and call-out services where required

All work must be executed by, or under the direct supervision of, a qualified auto electrician.

4. GENERAL OBLIGATIONS OF THE SERVICE PROVIDER

The Service Provider shall:

4.1 Comply fully with all conditions contained in Tender No. COMM 07/2025/26.

4.2 Ensure that no work is undertaken without an official municipal purchase/work order.

4.3 Provide a detailed job card and completion report for every vehicle serviced or repaired.

4.4 Maintain a full vehicle history and transaction record for guarantee and warranty purposes.

4.5 Provide guarantees on all work done, including but not limited to engine overhauls, cylinder heads, gearboxes, differentials, starters, alternators and batteries.

4.6 Ensure all staff and equipment are adequately insured.

5. TURNAROUND TIMES

The following turnaround times shall apply after receipt of an official work order, unless otherwise agreed in writing:

- **Routine services:** Not more than twelve (12) working hours
- **Minor mechanical breakdowns:** Not more than three (3) working days
- **Major mechanical repairs** (e.g. engine overhauls, gearboxes, differentials): Not more than ten (10) working days
- **Emergency repairs:** Not more than one (1) working day

Failure to comply with turnaround times may result in performance penalties or termination of the SLA.

6. SPARE PARTS AND MATERIALS

6.1 Prior written approval from the Municipality is required before any spare parts are replaced.
6.2 All quotations for spare parts are subject to municipal approval before procurement.
6.3 All prices for spare parts shall be in accordance with the approved tendered mark-up percentages.
6.4 Where possible, materials and supplies sourced within the Theewaterskloof Municipal area must be indicated on invoices.

7. PRICING AND PAYMENT

7.1 Prices shall be strictly in accordance with the tendered and approved pricing schedule per category.
7.2 Prices for Year 1 are fixed until 30 June 2026.
7.3 Price escalation for Year 2 and Year 3 shall be based on CPI, with an indicative escalation of 4.9%, applicable from 01 July of each financial year.
7.4 Payment will only be made upon submission of a valid tax invoice, supported by:

- Official purchase/work order
- Approved quotation
- Job card and completion report

Payments will be effected in accordance with the MFMA and applicable municipal policies.

8. FUNCTIONAL WORKSHOP REQUIREMENT

The Service Provider shall operate from a formal workshop with a minimum operational floor space of seventy-five (75) square metres within the Theewaterskloof Municipal area. Where the Service Provider is not located within the municipal boundary at the date of appointment, such a facility must be established within two (2) months after contract signature.

9. INSURANCE AND INDEMNITY

9.1 The Municipality shall not be liable for any claims, damages or losses arising from the execution of the services.
9.2 The Service Provider indemnifies the Municipality against all risks, claims, damages and legal costs arising from this contract.
9.3 Public liability insurance to a minimum value of R1 000 000.00 must be maintained for the duration of the contract.

612

10. PERFORMANCE MANAGEMENT

10.1 The Municipality reserves the right to monitor and evaluate the Service Provider's performance.
10.2 Poor performance, repeated delays, or non-compliance with specifications may result in suspension or removal from the panel.
10.3 The Municipality is not obligated to procure services exclusively from the Service Provider and may appoint alternative service providers when required.

11. DURATION OF THE SLA

This SLA shall be valid from the date of appointment until 30 June 2028, subject to satisfactory performance and compliance with the tender conditions.

12. TERMINATION

The Municipality may terminate this SLA with immediate effect in the event of:

- Material breach of contract
- Failure to comply with turnaround times
- Submission of fraudulent documentation
- Failure to maintain required insurance or workshop facilities

13. GOVERNING LAW

This SLA shall be governed and interpreted in accordance with the laws of the Republic of South Africa.



SIGNATURES

Dated at Caledon on this 23 day of February 2026

WALTER HENDRICKS
MUNICIPAL MANAGER
THEEWATERSKLOOF MUNICIPALITY

AS WITNESSES:

1. _____
Name & Signature

2. _____
Name & Signature

Dated at Caledon on this 20 day of Februarie 2026

PETRUS JOHANNES PRETORIUS
MANAGER
PETROL & DIESEL ENJINSENTRUM

AS WITNESSES:

1. WC PRETORIUS
Name & Signature

2. SR Lourens
Name & Signature

Annexure D

614

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

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

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that, in the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R31 676.75 be written off for the financial year 2023/2024.

RECOMMENDATION BY MANAGEMENT TO MPAC: 19 MARCH 2025

It is recommended that, in the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, it is recommended that the irregular expenditure in the amount of R31 676.75 be written off for the financial year 2023/2024.

RECOMMENDATION FROM MPAC TO COUNCIL: 16 MAY 2025

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

1. **That the possibility for a mechanical workshop for Theewaterskloof Municipality be explored.**

2. **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, it is recommended that the irregular expenditure in the amount of R31 676.75 be written off for the financial year 2023/2024.**

RECOMMENDATION TO COUNCIL:

It is recommended:

1. **That the possibility for a mechanical workshop for Theewaterskloof Municipality be explored.**

2. **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, that the irregular expenditure in the amount of R31 676.75 be written off for the financial year 2023/2024.**

MPAC73/2026

DRAFT ANNEXURE J – MPAC UIFWE RECOVERY RECOMMENDATION REPORT TO COUNCIL

IRREGULAR EXPENDITURE – KANI MOTORS REPAIRS AND SPARES CC

Financial year	2023/2024
Amount involved	R31 676.75
Type	UIFWE / Irregular expenditure
Department / project	As recorded in the existing Item Annexure J/supporting material
Core issue	Vehicle repairs procured through a strip-and-quote deviation found unjustified by the Auditor-General.

1. Purpose of this Annexure

- Incorporate Management's written answers into the existing Annexure J assessment.
- Identify which answers are adequate, partially answered, unanswered or raise a material red flag.
- Assess accountability, actual financial loss, recovery, disciplinary/financial-misconduct and other consequence-management issues.
- This is a draft MPAC assessment and does not itself constitute a final finding of personal liability.

2. MPAC approach

- Irregular expenditure must be distinguished from actual financial loss. Receipt of goods/services does not automatically establish value for money or absence of loss.
- An assertion that there was no fraud or negligence is not a substitute for an evidence-based individual Section 32(1) assessment.
- No write-off/irrecoverability recommendation should be made while material loss, authority, responsibility or recovery questions remain unresolved.

3. Questions by MPAC and Management responses

1. Who decided that Kani Motors was the appropriate service provider?

Ingram Loubser –email dated 18 April 2024.

2. Why was the strip-and-quote process used instead of the required competitive procurement process?

3. What evidence was obtained to establish that other mechanical workshops were unwilling or unable to provide the service?

"Page 153 – Email of Ingram Loubser – *"Hierdie defekte moet oopgemaak word om ware defek te bepaal vir die herstel daarvan. Spefiek die play op die tierod. Dit is onprakties om 3 kwotasies in te win vir die herstel van die defekte"*

4. The report refers to other mechanical workshops having performed similar work. Why was this evidence not considered before approving the deviation?

Ingram Loubser - *"He recommended no other mechanical workshop in Caledon want to work with TWK Municipality."*

5. Who approved the deviation and who authorised the purchase?

Approval and authorised is the same and it was Nthokozisi Paul Mabhena.

6. Was the price charged by Kani Motors compared with prices from other workshops?

Prices were not compared.

7. Who verified the work actually performed by Kani Motors before payment?

Marius Redelinghuys.

8. Does Management accept that the failure to obtain competitive quotations may have prevented the Municipality from establishing the lowest market price?

N/A to us to answer.

9. Who should be assessed for negligence under Section 32(1)?

N/A to us to answer.

10. On what evidence can Management conclude that the Municipality suffered no financial loss when it deliberately did not establish whether a cheaper provider was available?

N/A to us.

Additional questions and answers during the meeting:

Mr H Matthee provide the following background – A quotation was requested for strip and quote. Deviation route was followed to repair the vehicle. Preferred service provider by the Department performs the work. No price comparison was made.

Councillor P Stander – Strip and quote process was followed. Approved deviation. Theewaterskloof Municipality needs to pay as the service was rendered.

4. Section 32(1) accountability assessment

- The AGSA finds that the deviation was unjustified is material.
- No fraud/deliberate conduct is established.

5. Recovery assessment

With the verification of the invoices and the service rendered, MPAC can reasonably conclude that the irregularity does not, in the present evidence, establish a recoverable municipal financial loss.

MPAC can reasonably recommend that the amount be certified as irrecoverable.

6. Disciplinary / financial misconduct

The supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct. On the present record, **a disciplinary board referral is not recommended**.

7. Criminal referral

- No criminal conduct is established. **Criminal referral is not recommended.**

8. Other consequence management

- Establish compliant vehicle-repair supplier arrangements and documented market testing.

9. MPAC recommendation to Council:

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R31 676.75 constitutes irregular expenditure.**
2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**
3. **Recommends that the irregular expenditure to the amount of R31 676.75 be written off as irrecoverable in terms of section 32 of the MFMA. (Value for money was received. Vehicle was repaired.)**
4. **No disciplinary board referral as the supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct.**
5. **No criminal referral as no criminal conduct is established.**
6. **Notes that as remedial action, that contracts are in place for a 3-year tender process with 2 service providers. That Management must look at a feasibility study to establish a Municipal Workshop after the 3-year tender contracts expires.**

10. Supporting annexures:

- AG COMAF No 21 of 2023 dated 28 October 2024.
- Order No G0004532 issued.
- Collab deviation approval.
- Service Level Agreements concluded in terms of COMM07/2025/26.

11. Signatures

Prepared by	Municipal Public Accounts Committee
Reviewed by	Municipal Public Accounts Committee
Approved for MPAC submission Cllr A Gana **MPAC CHAIRPERSON**	
MPAC resolution reference	**MPAC73/2026** 22/09/2026

ITEM TITLE

C269/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE TECHNICAL- AND INFRASTRUCTURE IMPLEMENTATION SERVICES: IRREGULAR EXPENDITURE REPORT ON SUPPLY CHAIN MANAGEMENT NON-COMPLIANCE - UMZALI

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

Report regarding the irregular expenditure on the Supply Chain Management Non-Compliance - Umzali.

BACKGROUND

As per attached report.

DISCUSSION

As per attached report.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

As per attached report.

LEGAL IMPLICATIONS (ITEM AUTHOR)

As per attached report.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

As per attached report.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that MPAC considers the report.

RECOMMENDATION BY MANAGEMENT TO MPAC: 26 AUGUST 2026

Management recommend that the irregular expenditure be referred to MPAC for its recovery assessment as templated in Section 32(2) of the MFMA.

DISCUSSION DURING MEETING: 22 SEPTEMBER 2026

Questions from MPAC and answers provided by the Officials are included in Annexure J.

Additional questions and answers during meeting:

Mr H Matthee provides the following background:

- Services were procured after the floods of 02/09/2023.
- Tender to replace sewerage line in the Bathsriver in Caledon was in place, but before the BAC could approve the tender, the floods came.
- Tender was not awarded at the time the work was done.
- Emergency deviation process was followed.
- Tender rates and tender prices were used.
- Work was done and value for money was received.
- Increase the tender amount to allow for additional work which needs to be done.
- Management agrees with the AG findings.

Councillor P Stander – who was the Project Manager?

Mr H Matthee – Rates for certain things were measured and calculated by the Civil Engineer – monthly invoices were submitted.

RECOMMENDATION BY MPAC TO COUNCIL: 22 SEPTEMBER 2026

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R10 746 518.67 constitutes irregular expenditure.**

2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**

3. **Recommends that the irregular expenditure to the amount of R10 746 518.67 be written off as irrecoverable in terms of section 32 of the MFMA. (Expect no fraud and corruption; BAC did not function; Flood on 02/09/2023 without approved tender; Value for money was received.)**

4. **No disciplinary board referral as the supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct.**

5. **No criminal referral as no criminal conduct is established.**

6. **Management to strengthen controls relating to the appointment of BAC Members.**

ITEM TITLE

C270/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE TECHNICAL- AND INFRASTRUCTURE IMPLEMENTATION SERVICES: IRREGULAR EXPENDITURE REPORT ON SUPPLY CHAIN MANAGEMENT NON-COMPLIANCE - ENVIROSERV

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

Report to MPAC regarding the Irregular Expenditure on Supply Chain Management Non-Compliance - EnviroServ.

BACKGROUND

As per attached report.

DISCUSSION

As per attached report.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

As per attached report.

LEGAL IMPLICATIONS (ITEM AUTHOR)

As per attached report.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

As per attached report.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that MPAC considers the report.

RECOMMENDATION BY MANAGEMENT TO MPAC: 26 AUGUST 2026

Management recommend that the irregular expenditure be referred to MPAC for its recovery assessment as templated in Section 32(2) of the MFMA.

DISCUSSION DURING MEETING:

Questions from MPAC and answers provided by the Officials are included in Annexure J.

Summary provided by Mr H Matthee during the meeting:

- 303 days until the tender was awarded.
- SCM process due to a lack of planning by the Accounting Officer.
- Services were rendered.
- Refuse needs to be removed regularly.
- Tender process was on track – only award was outstanding.
- Tonnage / logs / haulage per ton – invoices from Overberg District Municipality (Karwyderskraal).

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL: 22 SEPTEMBER 2026

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R400 655 constitutes irregular expenditure.**

2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**

3. **Recommends that the irregular expenditure to the amount of R400 655 be written off as irrecoverable in terms of section 32 of the MFMA as the services were rendered.**

4. **Recommends Disciplinary Board referral to investigate why the Accounting Officer (Mr R Stevens) did not ensure that there was a fully functional BAC – investigate for negligence and possible recovery.**

5. **No criminal referral as no criminal conduct is established.**

6. **Management to strengthen controls relating to the appointment of BAC Members.**

ITEM TITLE

C271/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE TECHNICAL- AND INFRASTRUCTURE IMPLEMENTATION SERVICES: IRREGULAR EXPENDITURE REPORT ON SUPPLY CHAIN MANAGEMENT NON-COMPLIANCE: ENVIROSERV

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

Report to MPAC regarding Irregular Expenditure on Supply Chain Management Non-Compliance - EnviroServ.

BACKGROUND

As per attached report.

DISCUSSION

As per attached report.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

As per attached report.

LEGAL IMPLICATIONS (ITEM AUTHOR)

As per attached report.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

As per attached report.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended that MPAC considers the report.

RECOMMENDATION BY MANAGEMENT TO MPAC: 26 AUGUST 2026

Management recommend that the irregular expenditure be referred to MPAC for its recovery assessment as templated in Section 32(2) of the MFMA.

DISCUSSION DURING MEETING: 22 SEPTEMBER 2026

Questions from MPAC and answers provided by the Officials are included in Annexure J.

Summary provided by Mr H Matthee during the meeting:

- Not a fixed price.
- Quotation continued longer than anticipated.
- Deviation was approved.
- Value for money was received.
- Services were rendered.
- Month-to-month basis until tender ENG01/2024/2025 was awarded and the contract signed.

RECOMMENDATION BY MPAC TO COUNCIL: 22 SEPTEMBER 2026

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R1 859 931.51 constitutes irregular expenditure.**

2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**

3. **Recommends that the irregular expenditure to the amount of R1 859 931.51 be written off as irrecoverable in terms of section 32 of the MFMA as the services were rendered.**

4. **Recommends Disciplinary Board referral to investigate why the Accounting Officer (Mr R Stevens) did not ensure that there was a fully functional BAC – investigate for negligence and possible recovery.**

5. **No criminal referral as no criminal conduct is established.**

6. **Management to strengthen controls relating to the appointment of BAC Members.**

MPAC Committee: Technical and Infrastructure Implementation Services: Irregular Expenditure Report on Supply Chain Management Non-Compliance

1. Introduction

- This report has been drafted for submission to the Municipal Public Accounts Committee (MPAC) in accordance with section 32 of the Municipal Finance Management Act 56 of 2003 (MFMA) and regulation 74 of the Municipal Budget and Reporting Regulations.
- This report focuses on irregular expenditure incurred due to non-compliance with supply chain management processes for the 2024/2025 financial year.
- The report analyses the expenditure incident and the events that led to the irregular expenditure, identifies the responsible officials, and outlines the measures taken or proposed to prevent recurrence.

2. The legal implications of the report

- The legal implications of this report are governed by section 32 of the MFMA, which mandates the identification, reporting, and management of unauthorised, irregular, fruitless, and wasteful expenditure (UIFWE).

3. Type of UIFWE applicable to this report

- The type of UIFWE applicable to this report is irregular expenditure incurred due to non-compliance with Section 62 (1)(d) of the MFMA 56 of 2023, specifically contract management that led to expenditure incurred that was above the contract value.
- Section 116(3) of the MFMA states "A contract may only be amended or varied after the reasons for the proposed amendment have been tabled in council and approved. Expansion or variation beyond the prescribed thresholds (20% for construction-related projects and 15% for other goods/services) without proper approval is a contravention".

4. Discussion of events/ reasons that led to the UIFWE

- The Municipal Manager authorized a deviation appointment based on an exceptional case where it is impractical or impossible to follow the official procurement process per Regulation 36, bypassing the competitive bidding process.
- The Technical Department submitted tender no. ENG 01/2024/25 on 18 March 2024 to the SCM department to arrange a Bid Specification Committee sitting for 25 March 2024 as per Procurement Plan directive.

627

- The following dates sets out the procurement process.

Description	Projected Procurement Plan Dates	Actual Procurement Plan Dates	Days behind Schedule
Submission	04 March 2024	18 March 2024	14 days (SCM informed the contract manager that the tender document format must change to a service tender document.)
Bid Specification Committee	11 March 2024	02 April 2024	22 days
Advertisement	14 March 2024	11 April 2024	28 days
Closing	19 April 2024	17 May 2024	28 days
Technical Submission	03 May 2024	20 May 2024	17 days
Bid Evaluation Committee	20 May 2024	18 June 2024	29 days
Bid Evaluation Committee	20 May 2024	20 June 2024	31 days
Bid Evaluation Committee	20 May 2024	08 October 2024	141 days
Bid Evaluation Committee	20 May 2024	10 December 2024	204 days
Bid Adjudication Committee	24 May 2024	13 December 2024	203 days
Approve Bid Adjudication Committee Minutes	N/A	14 January 2025	It took 32 days to get the minutes signed.
Letter of Appointment	N/A	15 January 2025	It took SCM 303 days / 10 months to make an appointment.

- It took the SCM department 204 days or 6 months to get pass the Bid Evaluation Committee and 303 days / 10 months to make an appointment.

- No award could be made by June 2024 due to non-compliance of the BAC compilation (Regulation 29 of the SCM Policy) and subsequently the deviation process was use for an award to avoid legal implication as stated in the motivation for deviation. This falls in the ambit of a normal SCM process.

Finding

- During the 2024/2025 financial year, the Municipality awarded a R 1 267 496.00 contract to EviroServ Waste Management (Pty) Ltd. for the Transport of Containerised Municipal Solid Waste and Chipping of Garden Waste without following the competitive bidding process, as required by the SCM policy. The total expenditure on this contract was an estimated amount of R 1 267 496.00. The total expenditure on the contract was R 3 127 427.51 exceeding the approved contract value with a total amount of R 1 859 931.51.

- **Contract management – Expenditure incurred is above the contract value**

  Section 62 (1)(d) of the MFMA 56 of 2023 states:

  "The accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented."

  Section 32 of the MFMA deals directly with the **reporting, investigation, recovery, and liability** concerning unauthorised, irregular, or fruitless and wasteful expenditure.

  - **Reporting:** The Accounting Officer (Municipal Manager) must promptly inform the Mayor and the provincial treasury in writing of any irregular expenditure incurred.
  - **Investigation and Recovery:** It obligates the municipality to **investigate** such expenditure and take **all reasonable steps to recover** it from the person liable, unless the expenditure is certified as irrecoverable by the council after an investigation by a council committee.

- **Consequence Management:** It establishes the framework for instituting disciplinary or criminal proceedings against officials or political office-bearers who deliberately or negligently incurred or permitted the expenditure.

Section 116(3) of the MFMA states "*A contract may only be amended or varied after the reasons for the proposed amendment have been tabled in council and approved. Expansion or variation beyond the prescribed thresholds (20% for construction-related projects and 15% for other goods/services) without proper approval is a contravention*".

Expenditure incurred is above the contract value

During the audit, it was observed that the municipality incurred expenditure exceeding the approved contract value for the contracts listed below with no approved variation or extension.

- **Impact**

  - Management did not disclose these payments as irregular expenditure in the financial statements.".
  - Expenditure beyond the contract amount without proper approval constitutes irregular expenditure.

- **Internal control deficiency**

  Financial and Performance Management

  Review and monitor compliance with applicable laws and regulations

  Management did not ensure adequate review and monitoring of compliance with applicable supply chain management regulations and expenditure management laws and regulations to prevent irregular expenditure.

  Supply chain management regulations not followed when procuring good/services and reasonable steps were not taken to prevent irregular expenditure.

  Management awarded tenders based on estimated amounts rather than on a rate-based approach, which resulted in actual costs exceeding the initial estimates

- **Recommendation**

  - Management should evaluate and award based on rate based in future for contracts that are based on estimates and not actual contract value.
  - Management should address appointing staff in vacant positions to ensure adequate oversight is in place.
  - Management should strengthen their review and monitoring processes of compliance with procurement management applicable laws and regulations to ensure that reasonable steps are taken to prevent irregular expenditure.
  - Management should implement strict contract management controls to monitor expenditure against approved contract values.
  - Management should have contract variations or extensions formally approved by the delegated authority before additional costs are incurred.

- **Management response** 629

  Management disagrees with the finding.

  Management evaluated the three (3) tenders in question based on estimated amounts. The tenders awarded are based on a rate-based approach. The main reason for the afore-mentioned approach is due the uncertainty of demand / risk profile / economic forces.

  The variable denominators (amongst other) for each of the contracts are as follows:
  • Waste management – volumes of waste (weighbridge) and changes routes travelled (kilometres).

- **Contract Manager's response**

  The contract and even the recommendation from the BAC refers to estimated value which concur with management response. Further stated in the deviation, that this agreement will me on a month-to-month basis until the competitive bidding process for tender no ENG 01/2024/25 could be concluded.

5. Official(s) or councillor(s) responsible for the UIFWE incurred

- Jeremy Prins – Contract Manager.
- Hendrik Matthee – Contract Owner.

6. Why is the expenditure irregular expenditure?

- AG found in 2024/25 that the municipality incurred expenditure exceeding the approved contract value to EviroServ Waste Management (Pty) Ltd. with no approved variation or extension. – Expenditure incurred is above the contract value.
- This results to irregular expenditure of R 1 859 931.51.

7. Consideration of deliberate or negligent conduct relating to UIFWE incurred

- MPAC to determined.

8. Mitigating controls to prevent similar UIFWE in the future

- To prevent similar irregular expenditure in the future, Technical Services appointed a service provider for three years via a competitive bidding process.
- The municipality also appointed directors on a permanent basis contributing to the compliance of Regulation 29 of the SCM Regulations.

9. Confirmation by author of report that information in report is a true reflection of facts

- I, Ashley Hendricks, confirm that the information contained in this report is a true and accurate reflection of the facts as they are known. This report is based on validated data to ensure reliability and accuracy.

10. Confirmation if UIFWE matter has been referred for disciplinary actions & if not, why not?

- MPAC to determine.

11. Measures already taken to recover the UIFWE

- MPAC to determine.

12. Cost of the measures already taken to recover UIFWE

- None as yet.

13. Estimated cost & benefit of further measures that can be taken to recover the UIFWE

- MPAC to determine.

14. Annexures

Supporting documents attached to this report include:

- Annexure A: Proof of Procurement Process and of competitive bidding process
- Annexure B: AG Proof

15. Conclusion of report

a) In conclusion, this report highlights the irregular expenditure resulting from non-compliance with SCM processes, the events that led to it.

b) The analysis provided aims to ensure accountability and transparency within the Municipality's financial management practices.

16. Referral of report to the MPAC

- This report is hereby referred to the MPAC for its UIFWE recovery assessment as contemplated in section 32(2) of the MFMA.

Report compiled by:	Date:	Designation:	Signature:
Mr A Hendricks	19/08/26	Engineer Technician	

Report approved by:	Date:	Designation:	Signature:
Mr H Matthee	19/08/26	Director: Technical Services	

Report authorised for MPAC referral by:	Date:	Designation:	Signature:
W Hendricks	26/08/2026	Municipal Manager	

Theewaterskloof Municipality

THEEWATERSKLOOF MUNICIPALITY

Office of the Director: Financial Services

SUPPLY CHAIN MANAGEMENT POLICY

REQUEST FOR DEVIATION FORM IN TERMS OF REGULATION 36

Section A

Reg. 36	Reason for Deviation	(Mark with X where applicable)
(1)(a)(i)	**In an Emergency; (An emergency is an unforeseeable sudden event with harmful or potential harmful consequences for the municipality which requires urgent action to address.)** **Circumstances that warrant emergency dispensation** Circumstances that warrant emergency dispensation includes but are not limited to - a) the possibility of human injury or death, b) the prevalence of human suffering or deprivation of rights, c) the possibility of damage to property, or suffering and death of livestock and animals, the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the municipality as a whole, the possibility of serious damage occurring to the natural environment, d) the possibility that failure to take necessary action may result in the municipality not being able to render an essential community service, e) the possibility that the security of the state could be compromised. **The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal tender process.**	
(ii)	**Sole supplier**	
(iii)	**Acquisition of special works of art or historical objects where specifications are difficult to compile.**	
(iv)	**Acquisition of animals for zoos and/or nature and games reserves.**	
(v)	**Any other exceptional case where it is impractical or impossible to follow the official procurement processes.**	X

Section B

Furnish and motivate reasons for the required deviation:

Background:

The municipality advertised a tender for the Transport of Containerised Municipal Solid Waste and Chipping of Garden Waste for the Period from 01 July 2021 till 30 June 2024. This contract comes to an end on 30 June 2024.

Legal Implications:

Theewaterskloof Municipality must comply in terms of National Water Act (36 of 1998).

In terms of the National Environmental Management Act, 1998 (Act No, 107 of 1998), a person (or Accounting Officer i.e. Municipal Manager) convicted of an offence/charge of unlawfully and intentionally or negligently significantly polluting or degrading or detrimentally affecting the environment in terms of the aforementioned legislation is liable to a fine not exceeding R10 million or to imprisonment for a period not exceeding 10 years, or to both such fine and imprisonment.

"Control of emergency incidents

S30. (1) In this section—

(a) "incident" means an unexpected sudden occurrence. including a major emission, fire or explosion leading to serious danger to the public or potentially serious pollution of or detriment to the environment. Whether immediate or delayed.

(b) "responsible person.. includes any person who~

(i) is responsible for the incident;

(ii) owns any hazardous substance involved in the incident; or 5

(iii) was in control of any hazardous substance involved in the incident at the time of the incident;

(c) .'relevant authority" means—

(i) a municipality with jurisdiction over the area in which an incident occurs:

Now considering the beforementioned the following is prescribed in terms of chapter 7 of the National Environmental Management Act 1998 Section 28:

S28(1) Every person who causes, has caused or may cause significant pollution or degradation of the environment must take reasonable measures to prevent such pollution or degradation from occurring, continuing or recurring, or, in so far as such harm to the environment is authorised by law or cannot reasonably be avoided or stopped, to minimise and rectify such pollution or degradation of the environment.

(2) Without limiting the generality of the duty in subsection (1), the persons on whom subsection (1) imposes an obligation to take reasonable measures. include an owner of land or premises, a person in control of land or premises or a person who has a right to use the land or premises on which or in which—

(a) any activity or process is or was performed or undertaken; or

(b) any other situation exists,

which causes. has caused or is likely to cause significant pollution or degradation of the environment.

(3) The measures required in terms of subsection (1) may include measures

(a) investigate, assess and evaluate the impact on the environment:

(b) inform and educate employees about the environmental risks of their work and the manner in which their tasks must be performed in order to avoid causing significant pollution or degradation of the environment:

(c) cease, modify or control any act, activity or process causing the pollution or degradation.

(d) contain or prevent the movement of pollutants or the causant of degradation:

(e) elimínate any source of the pollution or degradation: or

(f) remedy the effects of the pollution or degradation."

Discussion:

Taking the procurement plan into consideration, the contract manager advertised the new tender ENG 01/2024/25 for the Transport of Containerised Municipal Solid Waste and Chipping of Garden Waste for the Period from 01 July 2024 Until 30 June 2027. The invitation to tender was advertised on Municipal Website, Notice Board, e-tender, Hermanus Times and TransOverberg on Thursday, 11 April 2024. Seven (7) tenders were received on the closing date Friday, 17 May 2024. Tender validity period is 120 days which indicates an expiry date of 14 September 2024.

The following tenders was received on closing date:

No.	Name of Bidder	All Inclusive Corrected Tendered Amounts "R" (Year 1 + 2 + 3)
1	DP Truckhire (Pty) Ltd.	24 088 303.78
2	EnviroServ Waste Management (Pty) Ltd.	28 686 981.90
3	Khabokedi Waste Management (Pty) Ltd.	28 963 018.42
4	Waste Carriers (Pty) Ltd.	33 672 489.59
5	Waste-Mart (Pty) Ltd.	39 060 501.43
6	Amila Investment (Pty) Ltd.	129 414 556.01
7	Intersect Business Solutions	10 070 691.90

The Bid Evaluation Committee was held on 20 June 2024 and found the following:

- DP Truckhire (Pty) Ltd. withdrew themselves from the tender process and therefore will not be taken further into consideration.
- Intersect Business Solutions failed to pay the tender participation fee and therefore will not be taken further into consideration.
- That only 5 tenderers will proceed further.

"RECOMMENDATION BY BID EVALUATION COMMITTEE ON 20 JUNE 2024

1. *The Bid Evaluation Committee recommends that:*

2. *Tender No: **ENG 01/2024/25**: for the Transport of Containerised Municipal Solid Waste for The Period From 01 July 2024 Until 30 June 2027, be awarded to **EnviroServ Waste Management (Pty) Ltd.** for the estimated amount of **R 28 686 981.90** (Twenty Eight Million Six Hundred Eighty Six Thousand Nine Hundred Eighty One Rand Ninety Cents) VAT incl. for scoring the highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy."*

In the absence, dated 27 June 2024, of a Bid Adjudication Committee in terms of Regulation 29 of the municipality's SCM Policy and the urgency of the appointment for this service which will have an impact on the possibility that failure to take necessary action may result in the municipality not being able to render an essential community service, the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the municipality as a whole, the possibility of serious damage occurring to the natural environment, we suggest that it is an exceptional case where it is impractical or impossible to follow the official procurement processes.

In terms of the competitive procurement process followed including the BEC recommendation we decided to only ask EnviroServ Wate Management (Pty) Ltd. for a quotation as they scored the highest points in terms of the PPR of 2022. They submitted an estimated quotation on a month to month basis whereby we have the right to stop the contract at any stage depending on when the municipality will have a Bid Adjudication Committee in terms of Regulation 29 of the municipality's SCM Policy.

It is therefore recommended to deviate from the normal SCM procedures in terms of Regulation 36(1)(v) of the SCM Procurement Policy, to appoint EnviroServ Wate Management (Pty) Ltd. for the Transport of Containerised Municipal Solid Waste and Chipping of Garden Waste on a month-to-month basis in terms of the exact conditions of tender no. ENG 01/2024/25 as advertised inclusive of the reasons stated."

Section C

Financial Implication

Vote Number	Available Budget	Estimated Deviation Amount
01/5510/1/7568/0	R 313 317.00 (Excl. VAT)	R 1 102 170.97 (Excl. VAT)
01/5510/2/7568/0	R 995 824.00 (Excl. VAT)	
01/5510/3/7568/0	R 865 920.00 (Excl. VAT)	
01/5510/4/7568/0	R 527 594.00 (Excl. VAT)	
01/5510/5/7568/0	R 897 192.00 (Excl. VAT)	
01/5510/7/7568/0	R 303 869.00 (Excl. VAT)	

Section D

Related Parties Declaration

Does the requested and recommended official have any relationship i.t.o Regulation 45 of the SCM Policy with this supplier?

Please indicate Yes / No	No

If Yes, provide name and surname and tick the relevant relation as indicated below

Name and Surname						
Spouse	**Domestic Partner**	**Dependent Child**	**Nondependent Child**	**Grandchild**	**Grandparent**	**Parent**
Relative living in an Common Household	**Brother**	**Sister**	**Parent-in-Law**	**Brother-in-Law**	**Sister-in-Law**	

Section E

1. Recommended by Manager:	J Prins	ff	27/06/24
	Name	Signature	Date
2. Recommended by:	D Damons		07/06/24
Deputy Dir.	Name	Signature	Date
3. Recommended by:	H Matthee		07/06/24
Act. Director	Name	Signature	Date

4. **SCM Comments:**

1. An Contract be entered into between the Municipality and EnviroServ Wate Management (Pty) Ltd.
2. Please note that none of the company directors / trustees / members / shareholders of EnviroServ Wate Management (Pty) Ltd. are a government employee nor a restricted supplier, as checked and verified on the Central Supplier Database (CSD). Proof thereof attached.
3. The tenderers Tax Compliance Status Pin Certificate was verified on the website of SARS and was found to be active. Proof thereof attached.
4. The tenderer is registered on the municipality's database of prospective providers. Proof thereof attached.
5. The tenderer is registered on the Central Supplier Database (CSD). Proof thereof attached.

Reviewed by:	A Martin		28/6/24
	Name	Signature	Date
5. Approved/Not Approved:	R Stevens	R	28-6-2024
Act. Municipal Manager	Name	Signature	Date

6. **Provide reason if not approved:**

ENG 01/24/25
Tender is awaiting BAC

Annexures:

- Annexure A: Budget
- Annexure B: Quotations from EnviroServ Waste Management (Pty) Ltd.
- Annexure C: SCM Documentation
- Annexure D: BEC Report

Annexure B – Bid Adjudication Minutes and Letter of Appointment

MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY

20 Maart / March 2024

BOD SPESIFIKASIE KOMITTEE VERGADERING
BID SPECIFICATION COMMITTEE MEETING

AGENDA

LEDE:	Mnr/Mr R Biggs
MEMBERS:	Mnr/Mr N La Grange
	Mnr/Mr N Kayser
	Mnr/Mr G Louw
	Mnr/Mr A Meyer
KONTRAKBESTUURDER:	Mnr/Mr H Marthinus
CONTRACT MANAGER:	
WAARNEMER:	Geen/None
OBSERVER:	

Kennis geskied hiermee dat 'n **Bod Spesifikasie Komitee vergadering** geskeduleer is vir **Dinsdag, 02 April 2024** om **09:00** in die **Komiteekamer** ten einde die onderstaande agenda te behandel.

Notice is hereby given of a **Bid Specification Committee Meeting** which is scheduled for **Tuesday, 02 April 2024** at **09:00** in the **Committee Room** to discuss the undermentioned Agenda.

Die uwe / Yours faithfully

VOORSITTER / CHAIRPERSON

BOD SPESIFIKASIE KOMITEEVERGADERING
BID SPECIFICATION COMMITTEE MEETING

AGENDA

02 APRIL 2024

ITEM NO / NR	ITEM BESKRYWING / DESCRIPTION	BLADSY NO / PAGE NR

A. **OPENING: VERWELKOMING / OPENING: WELCOMING**

B. **BYWONINGSREGISTER / ATTENDANCE REGISTER**

B.1. Teenwoordig / Present

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

C. **AGENDA ITEMS VIR BESPREKING / AGENDA-ITEMS FOR DISCUSSION**

C.1. **Direktoraat: Tegniese & Infrastruktuur Implementeringsdienste**
Directorate: Technical & Infrastructure Implementation Services

ENG 01/2024/25 Transport Of Containerised Municipal Solid Waste And Chipping Of Garden Waste For The Period From 01 July 2024 Untill 30 June 2027

D. **ADJOURNMENT**

640

Theewaterskloof
Municipality

TENDER NO: ENG 01/2024/25

CONTRACT NO:

ENG 01/2024/25

TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE FOR THE PERIOD FROM 01 JULY 2024 UNTILL 30 JUNE 2027

APRIL 2024

ISSUED BY:

THE DIRECTORATE: TECHNICAL AND INFRASTRUCTURE IMPLEMENTATION SERVICES
THEEWATERSKLOOF MUNICIPALITY
P O BOX 24
CALEDON
7230

NAME OF TENDERER: .....

BOD EVALUERING KOMITEEVERGADERING/ BID EVALUATION COMMITTEE MEETING

AGENDA

18 June 2024

ITEM NR	ITEM DESCRIPTION	PAGE NR

A. **OPENING: VERWELKOMING / OPENING: WELCOMING**

B. **BYWONINGSREGISTER / ATTENDANCE REGISTER**

B.1 Teenwoordig / Present

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

ITEM NR	ITEM DESCRIPTION	PAGE NR

C. **AGENDA ITEMS VIR BESPREKING / AGENDA-ITEM FOR DISCUSSION**

C.1. **Departement: Gemeenskapsdienste**
Directorate: Community Services

ENG 01/2024/25: TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE FOR THE PERIOD FROM 01 JULY 2024 UNTIL 30 JUNE 2027.

VERDAGING / ADJOURNMENT

MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY

BOD EVALUERING KOMITEEVERGADERING/ BID EVALUATION COMMITTEE MEETING

AGENDA

LEDE:
MEMBERS: R. BIGGS
N. KAYSER
R. ANDRIES
H. MARTHINUS
A. MEYER

KONTRAKBESTUURDER:
CONTRACT MANAGER: J. PRINS

WAARNEMER:
OBSERVER: C. GOVENDER

Kennis geskied Hiermee dat n **Bod Evaluerings Komitee Vergadering** geskeduleer is **Dinsdag, 18 Junie 2024** om **09:00** in die **Ontwikkelingsraadsaal** ten einde die onderstaande agenda te behandel.

Notice is hereby given a **Bid Evaluation Committee Meeting** which is scheduled for **Tuesday, 18 June 2024** at **09:00** in the **Development Boardroom** to discuss the undermentioned Agenda.

Die uwe / Yours faithfully

N. KAYSER
VOORSITTER / CHAIRPERSON
/zb

Theewaterskloof
Municipality

SUPPLY CHAIN MANAGEMENT AND END USER EVALUATION REPORT FOR

TENDER NO.: ENG 01/2024/25:

TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE FOR THE PERIOD FROM 01 JULY 2024 UNTIL 30 JUNE 2027.

1. AIM OF REPORT

To present to the Bid Evaluation Committee the Supply Chain Management and Technical Tender Evaluation Report for the Transport Of Containerised Municipal Solid Waste For The Period From 01 July 2024 Until 30 June 2027.

Table 1: List of tenders received.

No	Name of Bidder	All Inclusive Tendered Amounts "R"	Year 1 Estimated Total "R"	(Add 7% from Year 1) - Year 2 Estimated Total "R"	(Add 7% from Year 2) - Year 3 Estimated Total "R"	All Inclusive Corrected Tendered Amounts "R" (Year 1 + 2 + 3)
1	DP Truckhire (Pty) Ltd.	73 052 653.00	7,785,538.33	8,330,526.02	8,913,662.84	25 029 727.19
2	EnviroServ Waste Management (Pty) Ltd.	87 166 656.27	9,446,313.68	10,107,555.64	10,815,084.53	30,368,953.85
3	Khabokedi Waste Management (Pty) Ltd.	87 906 212.82	9,451,703.79	10,113,323.05	10,821,255.67	30,386,282.51
4	Waste Carriers (Pty) Ltd.	36 739 189.33	11,302,274.89	12,093,434.13	12,939,974.52	40 816 897.02
5	Waste-Mart (Pty) Ltd.	118 380 355.14	12,696,163.81	13,584,895.27	14,535,837.94	39 959 172.25
6	Amila Investment (Pty) Ltd.	377 581 055.00	41,446,000.00	44,347,220.00	47,451,525.40	132 357 433.00
7	Intersect Business Solutions	369 821 050.94	3,197,174.71	3,420,976.94	3,660,445.32	10,278,596.97

Note: The tender was advertised with estimated quantities that was for the 3 years in year 1 hence the reason for the big cost difference.

MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY

BOD EVALUERING KOMITEEVERGADERING/ BID EVALUATION COMMITTEE MEETING

AGENDA

LEDE:	**R. BIGGS**
MEMBERS:	**N. KAYSER**
	R. ANDRIES
	H. MARTINUS
	A. MEYER
KONTRAKBESTUURDER:	**J. PRINS**
CONTRACT MANAGER:	
WAARNEMER:	**C. GOVENDER**
OBSERVER:	

Kennis geskied Hiermee dat n **Bod Evaluerings Komitee Vergadering** geskeduleer is **Donderdag, 20 Junie 2024** om **14:00** in die **Tegniese Raadsaal** ten einde die onderstaande agenda te behandel.

Notice is hereby given a **Bid Evaluation Committee Meeting** which is scheduled for **Thursday, 20 June 2024** at **14:00** in the **Technical Boardroom** to discuss the undermentioned Agenda.

Die uwe / Yours faithfully

N. Kayser
VOORSITTER / CHAIRPERSON
/zb

BOD EVALUERING KOMITEEVERGADERING/ BID EVALUATION COMMITTEE MEETING

AGENDA

20 June 2024

ITEM NR	ITEM DESCRIPTION	PAGE NR
A.	OPENING: VERWELKOMING / OPENING: WELCOMING	
B.	BYWONINGSREGISTER / ATTENDANCE REGISTER	
B.1.	Teenwoordig / Present	
B.2.	Aansoek(e) om verlof tot afwesigheid / Application(s) for absence of leave	

ITEM NR	ITEM DESCRIPTION	PAGE NR
C.	AGENDA ITEMS VIR BESPREKING / AGENDA-ITEM FOR DISCUSSION	
C.1.	Departement: Ekonomiese Ontwikkeling & Beplanning Directorate: Economic Development & Planning	

ENG 01/2024/25: TRANSPORT OF CONTAINERIZED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE FOR THE PERIOD FROM 01 JULY 2024 UNTIL 30 JUNE 2027

VERDAGING / ADJOURNMENT

Theewaterskloof
Municipality

SUPPLY CHAIN MANAGEMENT AND END USER EVALUATION REPORT FOR

TENDER NO.: ENG 01/2024/25:

TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE FOR THE PERIOD FROM 01 JULY 2024 UNTIL 30 JUNE 2027.

1. AIM OF REPORT

To present to the Bid Evaluation Committee the Supply Chain Management and Technical Tender Evaluation Report for the Transport Of Containerised Municipal Solid Waste And Chipping Garden Waste For The Period From 01 July 2024 Until 30 June 2027.

Table 1: List of tenders received.

No	Name of Bidder	All Inclusive Tendered Amounts "R"	All Inclusive Corrected Tendered Amounts "R"	Year 1 Estimated Total (Reduced BOQ) "R"	(Add 7% from Year 1) - Year 2 Estimated Total "R"	(Add 7% from Year 2) - Year 3 Estimated Total "R"	All Inclusive Corrected Tendered Amounts "R" (Year 1 + 2 + 3)
1	DP Truckhire (Pty) Ltd.	73,052,653.00	72,933,135.49	7,786,535.00	8,168,075.22	8,568,310.90	24,522,921.12
2	EnviroServ Waste Management (Pty) Ltd.	87,166,656.27	87,166,656.28	9,446,313.68	9,909,183.05	10,394,733.02	29,750,229.75
3	Khabokedi Waste Management (Pty) Ltd.	87,906,212.82	87,906,139.07	9,451,703.79	9,914,837.27	10,400,664.30	29,767,205.36
4	Waste Carriers (Pty) Ltd.	36,739,189.33	105,647,934.55	10,867,662.36	11,400,177.81	11,958,786.53	34,226,626.69
5	Waste-Mart (Pty) Ltd.	118,380,355.14	118,380,342.11	12,696,165.53	13,318,277.64	13,970,873.25	39,985,316.42
6	Amila Investment (Pty) Ltd.	377,581,055.00	389,895,213.92	41,446,000.00	43,476,854.00	45,607,219.85	130,530,073.85
7	Intersect Business Solutions	369,821,050.94	30,123,846.20	3,197,653.11	3,354,338.11	3,518,700.68	10,070,691.90

Note: The Pricing Schedule (Section 6 of the tender document) required tenderers to quote prices for items 1.1 to 10.6, the total of which, inclusive of 15% VAT, is reflected as "Year 1 Estimated Total". From this figure, tenderers were required to calculate their totals for year 2 and 3 by adding 4.9% year on year to their year 1 and 2 totals. In doing so, tenderers were able to determine their total offer for the full three year period. Refer to Annexure I for corrected details.

MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY

04 Oktober / October 2024

BOD EVALUERINGSKOMITEE VERGADERING
BID EVALUATION COMMITTEE MEETING

AGENDA

LEDE:	Mnr/Mr N Kayser
MEMBERS:	Mnr/Mr N La Grange
	Me/Mrs J Marzec-Visagie
	Mnr/Mr W Moses
	Me/Mrs C Cyster
	Me/Mrs P Fortuin
	Mnr/Mr E Wessels
	Mnr/Mr R Titus
	Me/Ms M Theunissen
KONTRAKBESTUURDER:	Mnr/Mr J Prins
CONTRACT MANAGER:	
WAARNEMER:	
OBSERVER:	

Kennis geskied hiermee dat 'n **Bod Evalueringskomitee vergadering** geskeduleer is vir **Dinsdag, 08 Oktober 2024** om **09:00** in die **Komiteekamer** ten einde die onderstaande agenda te behandel.

Notice is hereby given of a **Bid Evaluation Committee Meeting** which is scheduled for **Tuesday, 08 October 2024** at **09:00** in the **Committee Room** to discuss the undermentioned Agenda.

Die uwe / Yours faithfully

VOORSITTER / CHAIRPERSON

BOD EVALUERING KOMITEEVERGADERING / BID EVALUATION COMMITTEE MEETING

AGENDA

08 OKTOBER / OCTOBER 2024

ITEM NR/NO	ITEM BESKRYWING / DESCRIPTION	BLADSY NO / PAGE NR

A. **OPENING: VERWELKOMING / OPENING: WELCOMING**

B. **BYWONINGSREGISTER / ATTENDANCE REGISTER**

B.1. Teenwoordig / Present

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

C. **AGENDA ITEMS VIR BESPREKING / AGENDA-ITEMS FOR DISCUSSION**

C.1. **Direktoraat: Tegniese & Infrastruktuur Implementeringsdienste**
Directorate: Technical & Infrastructure Implementation Services

ENG 01/2024/25 Transport of containerised municipal solid waste and chipping of garden waste for the period from 01 july 2024 until 30 june 2027.

D. **VERDAGING / ADJOURNMENT**

Theewaterskloof
Municipality

SUPPLY CHAIN MANAGEMENT AND END USER EVALUATION REPORT FOR

TENDER NO.: ENG 01/2024/25:

TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE FOR THE PERIOD FROM 01 JULY 2024 UNTIL 30 JUNE 2027.

1. AIM OF REPORT

To present to the Bid Evaluation Committee the Supply Chain Management and Technical Tender Evaluation Report for the Transport of Containerized Municipal Solid Waste and Chipping Garden Waste for The Period From 01 July 2024 Until 30 June 2027.

Table 1: List of tenders received.

No	Name of Bidder	All Inclusive Tendered Amounts "R"	All Inclusive Corrected Tendered Amounts "R"	Year 1 Estimated Total (Reduced BOQ) "R"	(Add 4.9% from Year 1) - Year 2 Estimated Total "R"	(Add 4.9% from Year 2) - Year 3 Estimated Total "R"	All Inclusive Corrected Tendered Amounts "R" (Year 1 + 2 + 3)
1	DP Truckhire (Pty) Ltd.	73,052,653.00	72,933,135.49	7,648,535.00	8,023,313.22	8,416,455.56	24,088,303.78
2	EnviroServ Waste Management (Pty) Ltd.	87,166,656.27	87,166,656.28	9,108,710.48	9,555,037.30	10,023,234.12	28,686,981.90
3	Khabokedi Waste Management (Pty) Ltd.	87,906,212.82	87,906,139.07	9,196,357.79	9,646,979.32	10,119,681.31	28,963,018.42
4	Waste Carriers (Pty) Ltd.	36,739,189.33	105,647,934.55	10,691,712.36	11,215,606.26	11,765,170.97	33,672,489.59
5	Waste-Mart (Pty) Ltd.	118,380,355.14	118,380,342.11	12,402,517.63	13,010.240.99	13,647,742.80	39,060,501.43
6	Amila Investment (Pty) Ltd.	377,581,055.00	389,895,213.92	41,091,800.00	43,105,298.20	45,217,457.81	129,414,556.01
7	Intersect Business Solutions	369,821,050.94	30,123,846.20	3,175,895.11	3,331,513.97	3,494,758,15	10,002,167.23

Note:

- The Pricing Schedule (Section 6 of the tender document) required tenderers to quote prices for items 1.1 to 10.6, the total of which, inclusive of 15% VAT, is reflected as "Year 1 Estimated Total". From this figure, tenderers were required to calculate their totals for year 2 and 3 by adding 4.9% year on year to their year 1 and 2 totals. In doing so, tenderers were able to determine their total offer for the full three year period. Refer to Annexure I for corrected details.

MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY

BOD EVALUERING KOMITEEVERGADERING/ BID EVALUATION COMMITTEE MEETING

AGENDA

LEDE:
MEMBERS:

Mnr/Mr. N Kayser
Mnr/Mr. N La Grange
Me/Ms. J Marzec- Visagie
Mnr/Mr. W Moses
Me/Ms. C Cyster
Mnr/Mr. E Wessels
Mnr/Mr. R Titus
Me/Ms. M Theunissen

KONTRAKBESTUURDER: **Mnr/Mr.J. Prins**

CONTRACT MANAGER:

WAARNEMER:
OBSERVER:

Kennis geskied Hiermee dat n **Bod Evaluerings Komitee Vergadering** geskeduleer is **Dinsdag, 10 Desember 2024** om **09:00** in die **Komiteekamer** ten einde die onderstaande agenda te behandel.

Notice is hereby given a **Bid Evaluation Committee Meeting** which is scheduled for **Tuesday, 10 Desember 2024** at **09:00** in the **Committee Room** to discuss the undermentioned Agenda.

Die uwe / Yours faithfully

VOORSITTER / CHAIRPERSON

BOD EVALUERING KOMITEEVERGADERING/
BID EVALUATION COMMITTEE MEETING

AGENDA

10 DECEMBER 2024

ITEM NR	ITEM DESCRIPTION	PAGE NR

A. OPENING: VERWELKOMING /
OPENING: WELCOMING

B. BYWONINGSREGISTER /
ATTENDANCE REGISTER

B.1. Teenwoordig /
Present

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

ITEM NR	ITEM DESCRIPTION	PAGE NR

C. AGENDA ITEMS VIR BESPREKING /
AGENDA-ITEM FOR DISCUSSION

C.1. Departement: Tegnies
Directorate: Technical

ENG 01/2024/25- TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE FOR THE PERIOD FROM 01 JULY 2024 UNTILL 30 JUNE 2027

VERDAGING /
ADJOURNMENT

Theewaterskloof
Municipality

SUPPLY CHAIN MANAGEMENT AND END USER EVALUATION REPORT FOR

TENDER NO.: ENG 01/2024/25:

TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE FOR THE PERIOD FROM 01 JULY 2024 UNTIL 30 JUNE 2027.

1. AIM OF REPORT

To present to the Bid Evaluation Committee the Supply Chain Management and Technical Tender Evaluation Report for the Transport of Containerized Municipal Solid Waste and Chipping Garden Waste for The Period From 01 July 2024 Until 30 June 2027.

2. TENDER DETAILS

The invitation to tender was advertised on Municipal Website, Notice Board, e-tender, Hermanus Times and TransOverberg on Thursday, 11 April 2024. Seven (7) tenders were received on the closing date Friday, 17 May 2024. Tender validity period is 120 days which indicates an expiry date of 14 September 2024. On the 04th of September 2024 an extension of validity was requested from bidders. Five (5) bidders accepted the extension of validity from 14September 2024 till 30 November 2024. No response was received from **Intersect Business Solutions**. Proof of extension of validity is attached to **Annexure J**. The tender was advertised for 37 days.

Table 1: List of tenders received.

No	Name of Bidder	All Inclusive Tendered Amounts "R"	All Inclusive Corrected Tendered Amounts "R"	Year 1 Estimated Total (Reduced BOQ) "R"	(Add 4.9% from Year 1) - Year 2 Estimated Total "R"	(Add 4.9% from Year 2) - Year 3 Estimated Total "R"	All Inclusive Corrected Tendered Amounts "R" (Year 1 + 2 + 3)
1	DP Truckhire (Pty) Ltd.	73,052,653.00	72,933,135.49	7,648,535.00	8,023,313.22	8,416,455.56	24,088,303.78
2	EnviroServ Waste Management (Pty) Ltd.	87,166,656.27	87,166,656.28	9,108,710.48	9,555,037.30	10,023,234.12	28,686,981.90
3	Khabokedi Waste Management (Pty) Ltd.	87,906,212.82	87,906,139.07	9,196,357.79	9,646,979.32	10,119,681.31	28,963,018.42
4	Waste Carriers (Pty) Ltd.	36,739,189.33	105,647,934.55	10,691,712.36	11,215,606.26	11,765,170.97	33,672,489.59
5	Waste-Mart (Pty) Ltd.	118,380,355.14	118,380,342.11	12,402,517.63	13,010.240.99	13,647,742.80	39,060,501.43
6	Amila Investment (Pty) Ltd.	377,581,055.00	389,895,213.92	41,091,800.00	43,105,298.20	45,217,457.81	129,414,556.01
7	Intersect Business Solutions	369,821,050.94	30,123,846.20	3,175,895.11	3,331,513.97	3,494,758,15	10,002,167.23

THEEWATERSKLOOF MUNICIPALITY

BID ADJUDICATION COMMITTEE MEETING

MINUTES

13 DECEMBER 2024

THEEWATERSKLOOF MUNICIPALITY

MINUTES OF A BID ADJUDICATION COMMITTEE MEETING HELD 13 DECEMBER 2024 AT 10:00 IN THE COUNCIL CHAMBERS.

A. OPENING AND WELCOMING

The Chairperson, Mr. P Mabhena, welcomed everybody.

B. ATTENDANCE REGISTER

B.1. Present

Mr P Mabhena
Mr H Matthee
Mr W Solomons-Johannes
Mrs N Baliso
Ms Z Parnell
Ms A Martin (Observer)
Mr J Prins (Observer)
Ms J Van Niekerk (Observer)
Mr H September (Administration)

B.2. Application(s) for leave of absence:

Mr GW Hermanus (Leave)
Mr N La Grange (Sick Leave)

C. AGENDA-ITEM FOR DISCUSSION

C.1 Directorate: Technical Services

ENG 01/2024/25- TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE FOR THE PERIOD FROM 01 JULY 2024 UNTIL 30 JUNE 2027.

655

Theewaterskloof
Municipality

SUPPLY CHAIN MANAGEMENT AND END USER EVALUATION REPORT FOR

TENDER NO.: ENG 01/2024/25:

TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE FOR THE PERIOD FROM 01 JULY 2024 UNTIL 30 JUNE 2027.

1. AIM OF REPORT

To present to the Bid Adjudication Committee the Supply Chain Management and Technical Tender Evaluation Report for the Transport of Containerized Municipal Solid Waste and Chipping Garden Waste for The Period From 01 July 2024 Until 30 June 2027.

2. TENDER DETAILS

The invitation to tender was advertised on Municipal Website, Notice Board, e-tender, Hermanus Times and TransOverberg on Thursday, 11 April 2024. Seven (7) tenders were received on the closing date Friday, 17 May 2024. Tender validity period is 120 days which indicates an expiry date of 14 September 2024. On the 04th of September 2024 an extension of validity was requested from bidders. Five (5) bidders accepted the extension of validity from 14September 2024 till 30 November 2024.An extension of validity was requested on the 14th of November 2024 to extend validity from 30 November 2024 till 31 January 2024. No response was received from **Intersect Business Solutions**. Proof of extension of validity is attached to **Annexure J**. The tender was advertised for 37 days.

Table 1: List of tenders received.

No	Name of Bidder	All Inclusive Tendered Amounts "R"	All Inclusive Corrected Tendered Amounts "R"	Year 1 Estimated Total (Reduced BOQ) "R"	(Add 4.9% from Year 1) - Year 2 Estimated Total "R"	(Add 4.9% from Year 2) - Year 3 Estimated Total "R"	All Inclusive Corrected Tendered Amounts "R" (Year 1 + 2 + 3)
1	DP Truckhire (Pty) Ltd.	73,052,653.00	72,933,135.49	7,648,535.00	8,023,313.22	8,416,455.56	24,088,303.78
2	EnviroServ Waste Management (Pty) Ltd.	87,166,656.27	87,166,656.28	9,108,710.48	9,555,037.30	10,023,234.12	28,686,981.90
3	Khabokedi Waste Management (Pty) Ltd.	87,906,212.82	87,906,139.07	9,196,357.79	9,646,979.32	10,119,681.31	28,963,018.42
4	Waste Carriers (Pty) Ltd.	36,739,189.33	105,647,934.55	10,691,712.36	11,215,606.26	11,765,170.97	33,672,489.59
5	Waste-Mart (Pty) Ltd.	118,380,355.14	118,380,342.11	12,402,517.63	13,010,240.99	13,647,742.80	39,060,501.43
6	Amila Investment (Pty) Ltd.	377,581,055.00	389,895,213.92	41,091,800.00	43,105,298.20	45,217,457.81	129,414,556.01
7	Intersect Business Solutions	369,821,050.94	30,123,846.20	3,175,895.11	3,331,513.97	3,494,758,15	10,002,167.23

Note:

- The Pricing Schedule (Section 6 of the tender document) required tenderers to quote prices for items 1.1 to 10.6, the total of which, inclusive of 15% VAT, is reflected as "Year 1 Estimated Total". From this figure, tenderers were required to calculate their totals for year 2 and 3 by adding 4.9% year on year to their year 1 and 2 totals. In doing so, tenderers were able to determine their total offer for the full three year period. Refer to Annexure I for corrected details.

- The quantities listed in Schedule 6 was however the total quantity for the three year period instead of the quantity for one year. This error in the pricing schedule resulted in the tender values ranging between R 73m and R377m.

- In order to correct this error, the three-year quantities were divided by three to determine the cost per year for each item at the rate/unit quoted. For evaluation purposes the totals for year 2 and 3 are derived from year 1 with the addition of 4.9% year on year. The results of this are reflected in Table 1 above.

- DP Truckhire (Pty) Ltd. withdrew themselves from the tender process as per attached proof and therefore will not be taken further into consideration.

- Intersect Business Solutions failed to respond to request for extension from 30 November 2024 till 31 January 2025, therefore they will be excluded from further evaluation.

3. EVALUATION

The procedure for the evaluation of tenders is:

Step 1: Test for eligibility
Step 2: Test for responsiveness
Step 3: Test for administrative compliance
Step 4: Score financial offer, evaluation points for preferencing and calculate total tender evaluation points to the lowest. Rank tender offers from the highest number of tender evaluation points to the lowest. Recommend tenderer with the highest number of tender evaluation points for the award of the contract, unless there are compelling and justifiable reasons not to do so

Step 1: Test for Eligibility

- Only those bidders who have paid the tender participation fee are eligible to submit tenders;
- Only those bidders who submitted proof of previous experience for completed projects are eligible to submit tenders.
- Only those bidders who comply with the pricing instruction are eligible to submit tenders.

Table 2: Eligibility

No.	Name of Bidder	Paid Tender Participation Fee	Submitted Proof of Previous Experience for Completed Projects	Complies With the Pricing Instruction
1	EnviroServ Waste Management (Pty) Ltd.	Yes	Yes	Yes
2	Khabokedi Waste Management (Pty) Ltd.	Yes	Yes	Yes
3	Waste Carriers (Pty) Ltd.	Yes	Yes	Yes
4	Waste-Mart (Pty) Ltd.	Yes	Yes	Yes
5	Amila Investment (Pty) Ltd.	Yes **Note 1**	Yes	Yes

Note 1:
Tenderer Amila Investment (Pty) Ltd. failed to submit Proof of Payment of Tender Participation Fee. With test for Eligibility and taking administrative compliance and in terms of employers undertaking into consideration, it was found that the aforementioned is not material in nature and requested from the bidder to submit Proof of Payment of Tender Participation Fee, which they did, proof thereof attached.

- As seen from table 2 and taking Note 1 into consideration, it is evident that the tenders received from EnviroServ Waste Management (Pty) Ltd., Khabokedi Waste Management (Pty) Ltd., Waste Carriers (Pty) Ltd., Waste-Mart (Pty) Ltd. and Amila Investment (Pty) Ltd. were found to be Eligible for further evaluation.

Step 2: Test for Responsiveness

Tenders will be considered non-responsive if, inter alia: (This is a requirement on submission of tender document)

- The tenderer has failed to comply with the Special Conditions of Contract as advertised.
- The tenderer does not comply with the Pricing Instruction and Pricing Schedule as advertised.
- The tenderer did not sign and complete the Form of Offer; and
- The tenderer has failed to comply with the Additional Conditions of tender Point No. 5.1. invalid from a-d.

Table 3: Test for Responsiveness

No.	Description	Complies With Special Conditions of Contract	Complies With Pricing Instruction and Pricing Schedule	Signed And Completed Form of Offer	Complies With Additional Conditions of Tender
1	EnviroServ Waste Management (Pty) Ltd.	Yes	Yes	Yes	Yes
2	Khabokedi Waste Management (Pty) Ltd.	Yes	Yes	Yes	Yes
3	Waste Carriers (Pty) Ltd.	Yes	Yes	Yes	Yes
4	Waste-Mart (Pty) Ltd.	Yes	Yes	Yes	Yes
5	Amila Investment (Pty) Ltd.	Yes	Yes	Yes	Yes

- As seen from table 3 it is evident that the tenders received EnviroServ Waste Management (Pty) Ltd., Khabokedi Waste Management (Pty) Ltd., Waste Carriers (Pty) Ltd., Waste-Mart (Pty) Ltd. and Amila Investment (Pty) Ltd. were found to be responsive for further evaluation.

Step 3: Test for Administrative Compliance

Tenders will be found non-compliant if, inter alia: (These documents may be requested)

- The tenderer has failed to complete and sign and attach requested information to all Schedules not excluded in responsive criteria.
- The Tenderer has failed to submit a municipal account of where the head office of the company is registered or in case where the premises is leased, the tenderer has failed to provide a copy of the lease of the premise.
- The tenderer has failed to submit a valid Tax Clearance Certificate or Pin; a valid Certificate or Pin may be requested.
- The tenderer has failed to submit a valid certified B-BBEE certificate, QSE or EME affidavit, whereas points were claimed, and a copy of certificate or affidavit was supplied, a valid certified copy of the B-BBEE certificate, QSE or EME Affidavit may be requested.
- The tenderer has failed to clarify or submit any supporting documentation within the time for submission stated in the employers written request.
- The tenderer has failed to submit proof good standing from the Department of Labour related to good standing with regards to COIDA payments. A Certified copy of the proof of good standing may be requested.
- The tenderer has failed to submit proof of payment of the tender participation fee. Proof may be requested.
- The Tenderer submitted 3 x reference letters, but do not comply with the criteria in 2.1.2 under eligibility, reference letters may be requested

Table 4: Test for Administrative Compliance summary

Compliance Criteria	EnviroServ Waste Management (Pty) Ltd.	Khabokedi Waste Management (Pty) Ltd.	Waste Carriers (Pty) Ltd.	Waste-Mart (Pty) Ltd.	Amila Investment (Pty) Ltd.
Schedule 1: Tax Clearance Certificate Requirements (MBD 2)	Comply (Exp: 12/07/2024) **Note 3**	Comply (Exp: 23/04/2025)	Comply (Exp: 22/11/2024) **Note 4**	Comply (Exp: 09/02/2025)	Comply (Exp: 29/11/2024)
Schedule 2A: Declaration of Interest (MBD 4)	Comply	Comply	Comply	Comply	Comply
Schedule 2B: Declaration for Procurement Above R10 Million (All Applicable Taxes Included) (MBD 5)	Comply	Comply	Comply	Comply	Comply
Schedule 3: Preference Points Claim Form in Terms of the Preferential Procurement Reg. 2022 (MBD 6.1)	Comply (B-BBEE – 10) (Locality - 4)	Comply (B-BBEE – 10) (Locality - 4)	Comply (B-BBEE – 0) (Locality – 4)	Comply (B-BBEE – 10) (Locality – 4)	Comply (B-BBEE – 10) (Locality – 0)
Schedule 4: Declaration of Bidders past Supply Chain Management Practices (MBD 8)	Comply	Comply	Comply	Comply	Comply
Schedule 5: Certificate of Independent Bid Determination (MBD 9)	Comply	Comply	Comply	Comply	Comply
Schedule 6: Form of Indemnity	Comply	Comply	Comply	Comply	Comply
Schedule 7: Compulsory Enterprise Questionnaire	Comply	Comply	Comply **Note 4**	Comply	Comply
Schedule 8: Address Schedule	Comply	Comply	Comply	Comply	Comply
Schedule 9: Record of Addenda	N/A	N/A	N/A	N/A	N/A
Schedule 10: Authorized Signatory (Company, Close Corporation or Partnership)	Comply	Comply	Comply	Comply	Comply
Schedule 11: Tender Participation Fee	Comply	Comply	Comply	Comply	Comply **Note 5**
Schedule 12: B-BBEE Proof	Comply	Comply	Comply **Note 4**	Comply	Comply
Schedule 13: Municipal Account / Lease Agreement	Comply	Comply	Comply	Comply	Comply
Schedule 14: Previous Experience on Similar Contracts Completed	Comply	Comply	Comply	Comply	Comply

Schedule 15: Letter Of Good Standing with Relevant Authorities	Comply **Note 2**	Comply **Note 3**	Comply **Note 4**	Comply	Comply **Note 5**
Schedule 16: Public Liability	Comply	Comply	Comply	Comply	Comply
Schedule 17: Schedule of Plant Available	Comply	Comply	Comply	Comply	Comply **Note 5**

Note 2:
Tenderer EnviroServ Waste Management (Pty) Ltd. submitted a valid tax compliance/clearance certificate and valid Letter of Good Standing with the Relevant Authorities that expired during the evaluation process. With test for administrative compliance and in terms of employers undertaking it was found that the aforementioned is not material in nature and requested the bidder to submit an updated valid tax compliance/clearance certificate and Letter of Good Standing with the Relevant Authorities, which they did. Proof can be found attached.

Note 3:
Tenderer Khabokedi Waste Management (Pty) Ltd. submitted an expired Letter of Good Standing with the Relevant Authorities. With test for administrative compliance and in terms of employers undertaking it was found that the aforementioned is not material in nature and requested the bidder to submit an updated valid Letter of Good Standing with the Relevant Authorities, which they did. Proof can be found attached.

Note 4:
Tenderer Waste Carriers (Pty) Ltd. tax compliance pin certificate expired during evaluation.Tenderer Waste Carriers (Pty) Ltd. failed to sign the Compulsory Enterprise Questionnaire schedule, submitted an expired B-BBEE Certificate and submitted an expired Letter of Good Standing with the Relevant Authorities. With test for administrative compliance and in terms of employers undertaking it was found that the aforementioned is not material in nature and requested the bidder to submit a valid tax compliance pin certificate, signed Compulsory Enterprise Questionnaire schedule and an updated valid Letter of Good Standing with the Relevant Authorities, which they did. Proof can be found attached.

Note 5:
Tenderer Amila Investments (Pty) Ltd. submitted an expired Letter of Good Standing With The Relevant Authorities and completed but failed to sign the Schedule Of Plant Available. With test for administrative compliance and in terms of employers undertaking it was found that the aforementioned is not material in nature to exclude the bidder from the evaluation process, however it will be requested from the bidder to submit a valid updated Letter Of Good Standing With The Relevant Authorities and sign the Schedule Of Plant Available should they be found to be the recommended bidder.

- As seen from table 4 and taking Notes 2,3, 4 and 5 into consideration, it is evident that the tenders received from EnviroServ Waste Management (Pty) Ltd., Khabokedi Waste Management (Pty) Ltd., Waste Carriers (Pty) Ltd., Waste-Mart (Pty) Ltd. and Amila Investments (Pty) Ltd. were found to be administratively compliant for further evaluation.

Step 4: Score financial offer, evaluation points for preferencing and calculate total tender evaluation points to the lowest. Rank tender offers from the highest number of tender evaluation points to the lowest. Recommend tenderer with the highest number

of tender evaluation points for the award of the contract, unless there are compelling and justifiable reasons not to do so.

The score for financial offer is calculated using the 80/20 preference point system for each responsive tender under consideration:

$$Ps = 80\left(1 - \frac{Pt - P\min}{P\min}\right)^{80/20}$$

Where
Ps = Points scored for price of bid under consideration;
Pt = Price of bid under consideration; and
Pmin = Price of lowest acceptable bid.

Up to 20 tender evaluation points will be awarded in respect of the Specific Goals in accordance the Preferential Procurement Regulations of 2022.

THEEWATERSKLOOF MUNICIPALITY

Awarding of points: Value Added All Inclusive

No	Supplier	Amount All Inclusive	Financial Proposal	B-BBEE points	Locality	Total	
			80.00	**10.00**	**10.00**		**Rank**
1	EnviroServ Waste Management (Pty) Ltd.	28 686 981.90	80.00	10	4	94.00	1
2	Khabokedi Waste Management (Pty) Ltd.	28 963 018.42	79.23	10	4	93.23	2
3	Waste Carriers (Pty) Ltd.	33 672 489.59	66.10	0	4	70.10	3
4	Waste-Mart (Pty) Ltd.	39 060 501.43	51.07	10	4	65.07	4
5	Amila Investment (Pty) Ltd.	129 414 556.01	-200.90	10	0	-190.90	5

1* Minimum Price

4. FINANCIAL IMPLICATION

Funds available in the approved budget for the 2024/25, 2025/26 and 2026/27 financial periods and works / goods will be funded out of mSCOA Config/s:

Vote description	Vote number	2024/25	2025/26	2026/27
Contracted Services-Haulage- Refuse	01/5510/1/7568/0	183 302.34	328 983.00	345 432.00
Contracted Services-Haulage- Refuse	01/5510/2/7568/0	426 589.40	1 045 615.00	1 097 896.00
Contracted Services-Haulage- Refuse	01/5510/3/7568/0	856 526.64	909 216.00	954 677.00
Contracted Services-Haulage- Refuse	01/5510/4/7568/0	366 981.95	553 974.00	581 673.00
Contracted Services-Haulage- Refuse	01/5510/5/7568/0	327 572.84	942 052.00	989 155.00
Contracted Services-Haulage- Refuse	01/5510/7/7568/0	259 517.59	319 062.00	335 015.00

2 420 490.76	4 098 902.00	4 303 848.00

5. LEGAL IMPLICATION

Must comply with the pre-scribed sections as set out in the MFMA, SCM Regulation, TWK SCM Policy and PPR of 2022.

6. RECOMMENDATION BY END-USER AND SCM ON 04 June 2024

End-User and SCM confirms that the tenders comply with the Supply Chain Management Regulations and recommends that:

1 Tender No: **ENG 01/2024/25**: for the Transport of Containerised Municipal Solid Waste for The Period From 01 July 2024 Until 30 June 2027, be awarded to **EnviroServ Waste Management (Pty) Ltd.** for the estimated amount of **R 28 686 981.90** (Twenty Eight Million Six Hundred Eighty Six Thousand Nine Hundred Eighty One Rand Ninety Cents) VAT incl. for scoring the highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

2. The award is based on the below rates for year 1. Year 2 and 3 rates are subject to increase with the average CPI over a twelve month period.

ITEM	DESCRIPTION		
1	To Karwyderskraal Landfill from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)	UNIT	RATE/ UNIT
1.1	Villiersdorp	No.	2,348.34
1.2	Grabouw	No.	1,897.82
2.3	Botrivier	No.	1,447.30
1.4	Tesselaarsdal	No.	3,871.53
1.5	Greyton	No.	2,541.42
1.6	Genadendal	No.	2,434.15
1.7	Caledon	No.	1,812.00
1.8	Riviersonderend	No.	2,970.49
2	To Caledon Landfill from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)	UNIT	RATE/ UNIT
2.1	Villiersdorp	No.	1,833.46
2.2	Grabouw	No.	1,876.36
2.3	Botrivier	No.	1,382.94
2.4	Tesselaarsdal	No.	2,648.68
2.5	Greyton	No.	1,769.10
2.6	Genadendal	No.	1,661.83
2.7	Riviersonderend	No.	2,056.57
2.8	Caledon	No.	1,001.07
3	Transport Chipped Garden Waste from Waste Facilities to Grabouw Compost Plant (Provisional Quantities, per container)	UNIT	RATE/ UNIT
3.1	Villiersdorp	No.	1,769.10
3.2	Caledon	No.	1,884.94
3.3	Riviersonderend	No.	3,000.52

3.4	Greyton/ Genadendal	No.	2,541.42
4	**Transport Chipped Garden Waste from Waste Facilities to Karwyderskraal** (Provisional Quantities, per container)	**UNIT**	**RATE/ UNIT**
4.1	Villiersdorp	No.	2,348.34
4.2	Caledon	No.	1,897.82
4.3	Riviersonderend	No.	2,970.49
4.4	Greyton/ Genadendal	No.	2,541.42
4.5	Grabouw	No.	1,897.82
5	**Mechanical Chipping** of garden waste and loading of chipped material into 30m³ containers at: (Provisional Quantities, per 30m³ container)	**UNIT**	**RATE/ UNIT**
5.1	Villiersdorp	No.	13,344.00
5.2	Grabouw	No.	13,344.00
5,2,1	Grabouw General Worker	Months	13,344.00
5.3	Riviersonderend	No.	13,344.00
5.4	Caledon	No.	13,344.00
5.5	Greyton/Genadendal	No.	13,344.00
5.6	Botrivier	No.	13,344.00
5,6,1	Botrivier General Worker	Months	13,344.00
6	Cart Away Tyres from Caledon Landfill in 30m³ containers **to authorised site or Approved authorities.** (Provisional Quantities, per 30m³ container)	No.	2,627.23
7	**To a Hazardous Licensed Waste Site from Waste Water Treatment Plants at: (Provisional Quantities**, per container)	**UNIT**	**RATE/ UNIT**
7.1	Villiersdorp	No.	3,614.09
7.2	Grabouw	No.	2,755.95
7.3	Botrivier	No.	3,185.02
7.4	Caledon	No.	3,699.90
7.5	Greyton/Genadendal	No.	4,322.05
7.6	Riviersonderend	No.	4,794.02
8	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Karwyderskraal.** (Provisional Quantities)	**UNIT**	**RATE/ UNIT**
8.1	Villiersdorp	No.	5,856.00
8.2	Grabouw	No.	4,148.00
8.3	Botrivier	No.	3,050.00
8.4	Caledon	No.	4,148.00
8.5	Greyton/Genadendal	No.	6,710.00
8.6	Riviersonderend	No.	7,930.00
9	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Caledon Landfill.**	**UNIT**	**RATE/ UNIT**
9.1	Villiersdorp	No.	5,490.00
9.2	Grabouw	No.	5,368.00
9.3	Botrivier	No.	3,660.00
9.4	Caledon	No.	3,050.00
9.5	Greyton/Genadendal	No.	4,270.00
9.6	Riviersonderend	No.	5,856.00
10		**UNIT**	**RATE/ UNIT**

	Transporting and Disposal of Domestic Hazardous Waste at suitable licensed site.		
10.1	Villiersdorp	No.	7,855.41
10.2	Grabouw	No.	6,997.27
10.3	Botrivier	No.	7,426.34
10.4	Caledon	No.	7,941.22
10.5	Greyton/Genadendal	No.	8,563.37
10.6	Riviersonderend	No.	9,035.34

3. It is further recommended that should **EnviroServ Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Khabokedi Waste Management (Pty) Ltd.** for the amount of **R 28 963 018.42** (Twenty Eight Million Nine Hundred Sixty Three Thousand Eighteen Rand And Forty Two Cents) VAT Incl. for scoring the second highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

4 It is further recommended that should **Khabokedi Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Waste Carriers (Pty) Ltd.** in the amount of **R 33 672 489.59** (Thirty Three Million Six Hundred Seventy Two Thousand Four Hundred Eighty Nine Rand And Fifty Nine Cents) VAT inclusive for scoring the third highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

5. The award is subject to the availability of funds.

6. Addenda be entered between the Municipality and the recommended tenderers.

7. An SLA will be entered between the Municipality and the recommended tenderers.

8. The register for Tender Defaulters and the Database of Restricted Suppliers have been checked via National Treasury's website and found that the tenderers is not listed.

9. None of the tenderers directors / trustees / members / shareholders of the suppliers are linked to any state entity, as checked and verified on the Central Supplier Database (CSD). Proof thereof attached.

10. The tenderers Tax Clearance Certificates was verified on the website of SARS and was found to be active. Proof thereof attached.

11. The tenderers are registered on the municipality's database of prospective providers. Proof thereof attached.

12. The tenderers are registered on the Central Supplier Database (CSD). Proof thereof attached.

7. RECOMMENDATION BY BID EVALUATION COMMITTEE ON 18 JUNE 2024

1. The Bid Evaluation Committee referred the Evaluation Report back to SCM for changes.

8. RECOMMENDATION BY BID EVALUATION COMMITTEE ON 20 June 2024

Bid Evaluation Committee confirms that the tenders comply with the Supply Chain Management Regulations and recommends that:

1 Tender No: **ENG 01/2024/25**: for the Transport of Containerised Municipal Solid Waste for The Period From 01 July 2024 Until 30 June 2027, be awarded to **EnviroServ Waste Management (Pty) Ltd.** for the estimated amount of **R 28 686 981.90** (Twenty Eight Million Six Hundred Eighty Six Thousand Nine Hundred Eighty One Rand Ninety Cents) VAT incl. for scoring the highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

2. The award is based on the below rates for year 1. Year 2 and 3 rates are subject to increase with the average CPI over a twelve month period.

ITEM	DESCRIPTION		
1	**To Karwyderskraal** Landfill from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container).	UNIT	RATE/ UNIT
1.1	Villiersdorp	No.	2,348.34
1.2	Grabouw	No.	1,897.82
2.3	Botrivier	No.	1,447.30
1.4	Tesselaarsdal	No.	3,871.53
1.5	Greyton	No.	2,541.42
1.6	Genadendal	No.	2,434.15
1.7	Caledon	No.	1,812.00
1.8	Riviersonderend	No.	2,970.49
2	**To Caledon Landfill** from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)	UNIT	RATE/ UNIT
2.1	Villiersdorp	No.	1,833.46
2.2	Grabouw	No.	1,876.36
2.3	Botrivier	No.	1,382.94
2.4	Tesselaarsdal	No.	2,648.68
2.5	Greyton	No.	1,769.10
2.6	Genadendal	No.	1,661.83
2.7	Riviersonderend	No.	2,056.57
2.8	Caledon	No.	1,001.07
3	Transport Chipped Garden Waste from Waste Facilities to **Grabouw Compost Plant**. (Provisional Quantities, per container)	UNIT	RATE/ UNIT
3.1	Villiersdorp	No.	1,769.10
3.2	Caledon	No.	1,884.94
3.3	Riviersonderend	No.	3,000.52
3.4	Greyton/ Genadendal	No.	2,541.42
4	Transport Chipped Garden Waste from Waste Facilities to **Karwyderskraal** (Provisional Quantities, per container)	UNIT	RATE/ UNIT
4.1	Villiersdorp	No.	2,348.34
4.2	Caledon	No.	1,897.82
4.3	Riviersonderend	No.	2,970.49
4.4	Greyton/ Genadendal	No.	2,541.42
4.5	Grabouw	No.	1,897.82

5	**Mechanical Chipping** of garden waste and loading of chipped material into 30m³ containers at: (Provisional Quantities, per 30m³ container)	UNIT	RATE/ UNIT
5.1	Villiersdorp	No.	13,344.00
5.2	Grabouw	No.	13,344.00
5,2,1	Grabouw General Worker	Months	13,344.00
5.3	Riviersonderend	No.	13,344.00
5.4	Caledon	No.	13,344.00
5.5	Greyton/Genadendal	No.	13,344.00
5.6	Botrivier	No.	13,344.00
5,6,1	Botrivier General Worker	Months	13,344.00
6	Cart Away Tyres from Caledon Landfill in 30m³ containers **to authorised site or Approved authorities.** (Provisional Quantities, per 30m³ container)	No.	2,627.23
7	**To a Hazardous Licensed Waste Site from Waste Water Treatment Plants at: (Provisional** Quantities, per container)	UNIT	RATE/ UNIT
7.1	Villiersdorp	No.	3,614.09
7.2	Grabouw	No.	2,755.95
7.3	Botrivier	No.	3,185.02
7.4	Caledon	No.	3,699.90
7.5	Greyton/Genadendal	No.	4,322.05
7.6	Riviersonderend	No.	4,794.02
8	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Karwyderskraal.** (Provisional Quantities)	UNIT	RATE/ UNIT
8.1	Villiersdorp	No.	5,856.00
8.2	Grabouw	No.	4,148.00
8.3	Botrivier	No.	3,050.00
8.4	Caledon	No.	4,148.00
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8.6	Riviersonderend	No.	7,930.00
9	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Caledon Landfill.**	UNIT	RATE/ UNIT
9.1	Villiersdorp	No.	5,490.00
9.2	Grabouw	No.	5,368.00
9.3	Botrivier	No.	3,660.00
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9.5	Greyton/Genadendal	No.	4,270.00
9.6	Riviersonderend	No.	5,856.00
10	Transporting and Disposal of Domestic Hazardous Waste at suitable licensed site	UNIT	RATE/ UNIT
10.1	Villiersdorp	No.	7,855.41
10.2	Grabouw	No.	6,997.27
10.3	Botrivier	No.	7,426.34
10.4	Caledon	No.	7,941.22
10.5	Greyton/Genadendal	No.	8,563.37
10.6	Riviersonderend	No.	9,035.34

3. It is further recommended that should **EnviroServ Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Khabokedi Waste Management (Pty) Ltd.** for the amount of **R 28 963 018.42** (Twenty Eight Million Nine Hundred Sixty Three Thousand Eighteen Rand And Forty Two Cents) VAT Incl. for scoring the second highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

4 It is further recommended that should **Khabokedi Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Waste Carriers (Pty) Ltd.** in the amount of **R 33 672 489.59** (Thirty Three Million Six Hundred Seventy Two Thousand Four Hundred Eighty Nine Rand And Fifty Nine Cents) VAT inclusive for scoring the third highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

5. The award is subject to the availability of funds.

6. Addenda be entered between the Municipality and the recommended tenderers.

7. An SLA will be entered between the Municipality and the recommended tenderers.

8. The register for Tender Defaulters and the Database of Restricted Suppliers have been checked via National Treasury's website and found that the tenderers is not listed.

9. None of the tenderers directors / trustees / members / shareholders of the suppliers are linked to any state entity, as checked and verified on the Central Supplier Database (CSD). Proof thereof attached.

10. The tenderers Tax Clearance Certificates was verified on the website of SARS and was found to be active. Proof thereof attached.

11. The tenderers are registered on the municipality's database of prospective providers. Proof thereof attached.

12. The tenderers are registered on the Central Supplier Database (CSD). Proof thereof attached.

9. RECOMMENDATION BY END-USER AND SCM:

End-User and SCM confirms that the tenders comply with the Supply Chain Management Regulations and recommends that:

1. Tender No: **ENG 01/2024/25**: for the Transport of Containerised Municipal Solid Waste for The Period From 01 July 2024 Until 30 June 2027, be awarded to **EnviroServ Waste Management (Pty) Ltd.** for the estimated amount of **R 28 686 981.90** (Twenty Eight Million Six Hundred Eighty Six Thousand Nine Hundred Eighty One Rand Ninety Cents) VAT incl. for scoring the highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

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2.6	Genadendal	No.	1,661.83
2.7	Riviersonderend	No.	2,056.57
2.8	Caledon	No.	1,001.07
3	Transport Chipped Garden Waste from Waste Facilities to **Grabouw Compost Plant**: (Provisional Quantities, per container)	UNIT	RATE/ UNIT
3.1	Villiersdorp	No.	1,769.10
3.2	Caledon	No.	1,884.94
3.3	Riviersonderend	No.	3,000.52
3.4	Greyton/ Genadendal	No.	2,541.42
4	Transport Chipped Garden Waste from Waste Facilities to **Karwyderskraal** (Provisional Quantities, per container)	UNIT	RATE/ UNIT
4.1	Villiersdorp	No.	2,348.34
4.2	Caledon	No.	1,897.82
4.3	Riviersonderend	No.	2,970.49
4.4	Greyton/ Genadendal	No.	2,541.42
4.5	Grabouw	No.	1,897.82
5	**Mechanical Chipping** of garden waste and loading of chipped material into 30m³ containers at: (Provisional Quantities, per 30m³ container)	UNIT	RATE/ UNIT
5.1	Villiersdorp	No.	13,344.00
5.2	Grabouw	No.	13,344.00
5,2,1	Grabouw General Worker	Months	13,344.00
5.3	Riviersonderend	No.	13,344.00
5.4	Caledon	No.	13,344.00
5.5	Greyton/Genadendal	No.	13,344.00
5.6	Botrivier	No.	13,344.00
5,6,1	Botrivier General Worker	Months	13,344.00
6	Cart Away Tyres from Caledon Landfill in 30m³ containers **to authorised site or Approved**	No.	2,627.23

	authorities. (Provisional Quantities, per 30m³ container)		
7	**To a Hazardous Licensed Waste Site from Waste Water Treatment Plants at: (Provisional Quantities, per container)**	**UNIT**	**RATE/ UNIT**
7.1	Villiersdorp	No.	3,614.09
7.2	Grabouw	No.	2,755.95
7.3	Botrivier	No.	3,185.02
7.4	Caledon	No.	3,699.90
7.5	Greyton/Genadendal	No.	4,322.05
7.6	Riviersonderend	No.	4,794.02
8	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Karwyderskraal. (Provisional Quantities)**	**UNIT**	**RATE/ UNIT**
8.1	Villiersdorp	No.	5,856.00
8.2	Grabouw	No.	4,148.00
8.3	Botrivier	No.	3,050.00
8.4	Caledon	No.	4,148.00
8.5	Greyton/Genadendal	No.	6,710.00
8.6	Riviersonderend	No.	7,930.00
9	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Caledon Landfill.**	**UNIT**	**RATE/ UNIT**
9.1	Villiersdorp	No.	5,490.00
9.2	Grabouw	No.	5,368.00
9.3	Botrivier	No.	3,660.00
9.4	Caledon	No.	3,050.00
9.5	Greyton/Genadendal	No.	4,270.00
9.6	Riviersonderend	No.	5,856.00
10	**Transporting and Disposal of Domestic Hazardous Waste at suitable licensed site.**	**UNIT**	**RATE/ UNIT**
10.1	Villiersdorp	No.	7,855.41
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10.3	Botrivier	No.	7,426.34
10.4	Caledon	No.	7,941.22
10.5	Greyton/Genadendal	No.	8,563.37
10.6	Riviersonderend	No.	9,035.34

3. It is further recommended that should **EnviroServ Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Khabokedi Waste Management (Pty) Ltd.** for the amount of **R 28 963 018.42** (Twenty Eight Million Nine Hundred Sixty Three Thousand Eighteen Rand And Forty Two Cents) VAT Incl. for scoring the second highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

4. It is further recommended that should **Khabokedi Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Waste Carriers (Pty) Ltd.** in the amount of **R 33 672 489.59** (Thirty Three Million Six Hundred Seventy Two Thousand Four Hundred Eighty Nine Rand And Fifty Nine Cents) VAT inclusive for scoring the third

highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

5. The award is subject to the availability of funds.
6. Addenda be entered between the Municipality and the recommended tenderers.
7. An SLA will be entered between the Municipality and the recommended tenderers.
8. The register for Tender Defaulters and the Database of Restricted Suppliers have been checked via National Treasury's website and found that the tenderers is not listed.
9. None of the tenderers directors / trustees / members / shareholders of the suppliers are linked to any state entity, as checked and verified on the Central Supplier Database (CSD). Proof thereof attached.
10. The tenderers Tax Clearance Certificates was verified on the website of SARS and was found to be active. Proof thereof attached.
11. The tenderers are registered on the municipality's database of prospective providers. Proof thereof attached.
12. The tenderers are registered on the Central Supplier Database (CSD). Proof thereof attached.

10. RECOMMENDATION BY BID EVALUATION COMMITTEE: 08 OCTOBER 2024

Bid Evaluation Committee confirm-s that the tenders complies with the Supply Chain Management Regulations and recommends that:

1. Tender No: **ENG 01/2024/25**: for the Transport of Containerised Municipal Solid Waste for The Period From 01 July 2024 Until 30 June 2027, be awarded to **EnviroServ Waste Management (Pty) Ltd.** for the estimated amount of **R 28 686 981.90** (Twenty Eight Million Six Hundred Eighty Six Thousand Nine Hundred Eighty One Rand Ninety Cents) VAT incl. for scoring the highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.
2. The award is based on the below rates for year 1. Year 2 and 3 rates are subject to increase with the average CPI over a twelve month period.

ITEM	DESCRIPTION		
1	To Karwyderskraal Landfill from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)	UNIT	RATE/ UNIT
1.1	Villiersdorp	No.	2,348.34
1.2	Grabouw	No.	1,897.82
2.3	Botrivier	No.	1,447.30
1.4	Tesselaarsdal	No.	3,871.53
1.5	Greyton	No.	2,541.42
1.6	Genadendal	No.	2,434.15
1.7	Caledon	No.	1,812.00
1.8	Riviersonderend	No.	2,970.49
2		UNIT	RATE/ UNIT

1	**To Caledon Landfill from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)**		
2.1	Villiersdorp	No.	1,833.46
2.2	Grabouw	No.	1,876.36
2.3	Botrivier	No.	1,382.94
2.4	Tesselaarsdal	No.	2,648.68
2.5	Greyton	No.	1,769.10
2.6	Genadendal	No.	1,661.83
2.7	Riviersonderend	No.	2,056.57
2.8	Caledon	No.	1,001.07
3	**Transport Chipped Garden Waste from Waste Facilities to Grabouw Compost Plant: (Provisional Quantities, per container)**	**UNIT**	**RATE/ UNIT**
3.1	Villiersdorp	No.	1,769.10
3.2	Caledon	No.	1,884.94
3.3	Riviersonderend	No.	3,000.52
3.4	Greyton/ Genadendal	No.	2,541.42
4	**Transport Chipped Garden Waste from Waste Facilities to Karwyderskraal (Provisional Quantities, per container)**	**UNIT**	**RATE/ UNIT**
4.1	Villiersdorp	No.	2,348.34
4.2	Caledon	No.	1,897.82
4.3	Riviersonderend	No.	2,970.49
4.4	Greyton/ Genadendal	No.	2,541.42
4.5	Grabouw	No.	1,897.82
5	**Mechanical Chipping of garden waste and loading of chipped material into 30m³ containers at: (Provisional Quantities, per 30m³ container)**	**UNIT**	**RATE/ UNIT**
5.1	Villiersdorp	No.	13,344.00
5.2	Grabouw	No.	13,344.00
5,2,1	Grabouw General Worker	Months	13,344.00
5.3	Riviersonderend	No.	13,344.00
5.4	Caledon	No.	13,344.00
5.5	Greyton/Genadendal	No.	13,344.00
5.6	Botrivier	No.	13,344.00
5,6,1	Botrivier General Worker	Months	13,344.00
6	Cart Away Tyres from Caledon Landfill in 30m³ containers **to authorised site or Approved authorities.** (Provisional Quantities, per 30m³ container)	No.	2,627.23
7	To a Hazardous Licensed Waste Site from Waste Water Treatment Plants at: (Provisional Quantities, per container)	UNIT	RATE/ UNIT
7.1	Villiersdorp	No.	3,614.09
7.2	Grabouw	No.	2,755.95
7.3	Botrivier	No.	3,185.02
7.4	Caledon	No.	3,699.90
7.5	Greyton/Genadendal	No.	4,322.05
7.6	Riviersonderend	No.	4,794.02
8	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Karwyderskraal. (Provisional Quantities)**	UNIT	RATE/ UNIT

8.1	Villiersdorp	No.	5,856.00
8.2	Grabouw	No.	4,148.00
8.3	Botrivier	No.	3,050.00
8.4	Caledon	No.	4,148.00
8.5	Greyton/Genadendal	No.	6,710.00
8.6	Riviersonderend	No.	7,930.00
9	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Caledon Landfill.**	**UNIT**	**RATE/ UNIT**
9.1	Villiersdorp	No.	5,490.00
9.2	Grabouw	No.	5,368.00
9.3	Botrivier	No.	3,660.00
9.4	Caledon	No.	3,050.00
9.5	Greyton/Genadendal	No.	4,270.00
9.6	Riviersonderend	No.	5,856.00
10	**Transporting and Disposal of Domestic Hazardous Waste at suitable licensed site.**	**UNIT**	**RATE/ UNIT**
10.1	Villiersdorp	No.	7,855.41
10.2	Grabouw	No.	6,997.27
10.3	Botrivier	No.	7,426.34
10.4	Caledon	No.	7,941.22
10.5	Greyton/Genadendal	No.	8,563.37
10.6	Riviersonderend	No.	9,035.34

3. It is further recommended that should **EnviroServ Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Khabokedi Waste Management (Pty) Ltd.** for the amount of **R 28 963 018.42** (Twenty Eight Million Nine Hundred Sixty Three Thousand Eighteen Rand And Forty Two Cents) VAT Incl. for scoring the second highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

4. It is further recommended that should **Khabokedi Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Waste Carriers (Pty) Ltd.** in the amount of **R 33 672 489.59** (Thirty Three Million Six Hundred Seventy Two Thousand Four Hundred Eighty Nine Rand And Fifty Nine Cents) VAT inclusive for scoring the third highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

5. The award is subject to the availability of funds.

6. Addenda be entered between the Municipality and the recommended tenderers.

7. An SLA will be entered between the Municipality and the recommended tenderers.

8. The register for Tender Defaulters and the Database of Restricted Suppliers have been checked via National Treasury's website and found that the tenderers is not listed.

9. None of the tenderers directors / trustees / members / shareholders of the suppliers are linked to any state entity, as checked and verified on the Central Supplier Database (CSD). Proof thereof attached.

10. The tenderers Tax Clearance Certificates was verified on the website of SARS and was found to be active. Proof thereof attached.

11. The tenderers are registered on the municipality's database of prospective providers. Proof thereof attached.

12. The tenderers are registered on the Central Supplier Database (CSD). Proof thereof attached.

11. RECOMMENDATION BY END-USER AND SCM 10 DECEMBER 2024:

End-User and SCM confirms that the tenders comply with the Supply Chain Management Regulations and recommends that:

1. Tender No: **ENG 01/2024/25**: for the Transport of Containerised Municipal Solid Waste for The Period From 01 July 2024 Until 30 June 2027, be awarded to **EnviroServ Waste Management (Pty) Ltd.** for the estimated amount of **R 28 686 981.90** (Twenty Eight Million Six Hundred Eighty Six Thousand Nine Hundred Eighty One Rand Ninety Cents) VAT incl. for scoring the highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

2. The award is based on the below rates for year 1. Year 2 and 3 rates are subject to increase with the average CPI over a twelve month period

ITEM	DESCRIPTION		
1	To Karwyderskraal Landfill from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)	UNIT	RATE/ UNIT
1.1	Villiersdorp	No.	2,348.34
1.2	Grabouw	No.	1,897.82
2.3	Botrivier	No.	1,447.30
1.4	Tesselaarsdal	No.	3,871.53
1.5	Greyton	No.	2,541.42
1.6	Genadendal	No.	2,434.15
1.7	Caledon	No.	1,812.00
1.8	Riviersonderend	No.	2,970.49
2	To Caledon Landfill from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)	UNIT	RATE/ UNIT
2.1	Villiersdorp	No.	1,833.46
2.2	Grabouw	No.	1,876.36
2.3	Botrivier	No.	1,382.94
2.4	Tesselaarsdal	No.	2,648.68
2.5	Greyton	No.	1,769.10
2.6	Genadendal	No.	1,661.83
2.7	Riviersonderend	No.	2,056.57
2.8	Caledon	No.	1,001.07
3	Transport Chipped Garden Waste from Waste Facilities to Grabouw Compost Plant: (Provisional Quantities, per container)	UNIT	RATE/ UNIT
3.1	Villiersdorp	No.	1,769.10
3.2	Caledon	No.	1,884.94

3.3	Riviersonderend	No.	3,000.52
3.4	Greyton/ Genadendal	No.	2,541.42
4	**Transport Chipped Garden Waste from Waste Facilities to Karwyderskraal (Provisional Quantities, per container)**	**UNIT**	**RATE/ UNIT**
4.1	Villiersdorp	No.	2,348.34
4.2	Caledon	No.	1,897.82
4.3	Riviersonderend	No.	2,970.49
4.4	Greyton/ Genadendal	No.	2,541.42
4.5	Grabouw	No.	1,897.82
5	**Mechanical Chipping of garden waste and loading of chipped material into 30m³ containers at: (Provisional Quantities, per 30m³ container)**	**UNIT**	**RATE/ UNIT**
5.1	Villiersdorp	No.	13,344.00
5.2	Grabouw	No.	13,344.00
5,2,1	Grabouw General Worker	Months	13,344.00
5.3	Riviersonderend	No.	13,344.00
5.4	Caledon	No.	13,344.00
5.5	Greyton/Genadendal	No.	13,344.00
5.6	Botrivier	No.	13,344.00
5,6,1	Botrivier General Worker	Months	13,344.00
6	Cart Away Tyres from Caledon Landfill in 30m³ containers **to authorised site or Approved authorities.** (Provisional Quantities, per 30m³ container)	No.	2,627.23
7	**To a Hazardous Licensed Waste Site from Waste Water Treatment Plants at: (Provisional Quantities, per container)**	**UNIT**	**RATE/ UNIT**
7.1	Villiersdorp	No.	3,614.09
7.2	Grabouw	No.	2,755.95
7.3	Botrivier	No.	3,185.02
7.4	Caledon	No.	3,699.90
7.5	Greyton/Genadendal	No.	4,322.05
7.6	Riviersonderend	No.	4,794.02
8	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Karwyderskraal. (Provisional Quantities)**	**UNIT**	**RATE/ UNIT**
8.1	Villiersdorp	No.	5,856.00
8.2	Grabouw	No.	4,148.00
8.3	Botrivier	No.	3,050.00
8.4	Caledon	No.	4,148.00
8.5	Greyton/Genadendal	No.	6,710.00
8.6	Riviersonderend	No.	7,930.00
9	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Caledon Landfill.**	**UNIT**	**RATE/ UNIT**
9.1	Villiersdorp	No.	5,490.00
9.2	Grabouw	No.	5,368.00
9.3	Botrivier	No.	3,660.00
9.4	Caledon	No.	3,050.00
9.5	Greyton/Genadendal	No.	4,270.00
9.6	Riviersonderend	No.	5,856.00

10	Transporting and Disposal of Domestic Hazardous Waste at suitable licensed site.	UNIT	RATE/ UNIT
10.1	Villiersdorp	No.	7,855.41
10.2	Grabouw	No.	6,997.27
10.3	Botrivier	No.	7,426.34
10.4	Caledon	No.	7,941.22
10.5	Greyton/Genadendal	No.	8,563.37
10.6	Riviersonderend	No.	9,035.34

3. It is further recommended that should **EnviroServ Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Khabokedi Waste Management (Pty) Ltd.** for the amount of **R 28 963 018.42** (Twenty Eight Million Nine Hundred Sixty Three Thousand Eighteen Rand And Forty Two Cents) VAT Incl. for scoring the second highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

4. It is further recommended that should **Khabokedi Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Waste Carriers (Pty) Ltd.** in the amount of **R 33 672 489.59** (Thirty Three Million Six Hundred Seventy Two Thousand Four Hundred Eighty Nine Rand And Fifty Nine Cents) VAT inclusive for scoring the third highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

5. The award is subject to the availability of funds.

6. Addenda be entered between the Municipality and the recommended tenderers.

7. An SLA will be entered between the Municipality and the recommended tenderers.

8. The register for Tender Defaulters and the Database of Restricted Suppliers have been checked via National Treasury's website and found that the tenderers is not listed.

9. None of the tenderers directors / trustees / members / shareholders of the suppliers are linked to any state entity, as checked and verified on the Central Supplier Database (CSD). Proof thereof attached.

10. The tenderers Tax Clearance Certificates was verified on the website of SARS and was found to be active. Proof thereof attached.

11. The tenderers are registered on the municipality's database of prospective providers. Proof thereof attached.

12. The tenderers are registered on the Central Supplier Database (CSD). Proof thereof attached.

12. RECOMMENDATION BY BID EVALUATION COMMITTEE 10 DECEMBER 2024

Bid Evaluation Committee confirm-s that the tenders complies with the Supply Chain Management Regulations and recommends that:

1. Tender No: **ENG 01/2024/25**: for the Transport of Containerised Municipal Solid Waste for The Period From 01 July 2024 Until 30 June 2027, be awarded to **EnviroServ Waste Management (Pty) Ltd.** for the estimated amount of **R 28 686 981.90** (Twenty Eight Million Six Hundred Eighty Six Thousand Nine Hundred Eighty One Rand Ninety Cents) VAT incl.

for scoring the highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

2. The award is based on the below rates for year 1. Year 2 and 3 rates are subject to increase with the average CPI over a twelve month period.

ITEM	DESCRIPTION		
1	To Karwyderskraal Landfill from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)	UNIT	RATE/ UNIT
1.1	Villiersdorp	No.	2,348.34
1.2	Grabouw	No.	1,897.82
2.3	Botrivier	No.	1,447.30
1.4	Tesselaarsdal	No.	3,871.53
1.5	Greyton	No.	2,541.42
1.6	Genadendal	No.	2,434.15
1.7	Caledon	No.	1,812.00
1.8	Riviersonderend	No.	2,970.49
2	To Caledon Landfill from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)	UNIT	RATE/ UNIT
2.1	Villiersdorp	No.	1,833.46
2.2	Grabouw	No.	1,876.36
2.3	Botrivier	No.	1,382.94
2.4	Tesselaarsdal	No.	2,648.68
2.5	Greyton	No.	1,769.10
2.6	Genadendal	No.	1,661.83
2.7	Riviersonderend	No.	2,056.57
2.8	Caledon	No.	1,001.07
3	Transport Chipped Garden Waste from Waste Facilities to Grabouw Compost Plant: (Provisional Quantities, per container)	UNIT	RATE/ UNIT
3.1	Villiersdorp	No.	1,769.10
3.2	Caledon	No.	1,884.94
3.3	Riviersonderend	No.	3,000.52
3.4	Greyton/ Genadendal	No.	2,541.42
4	Transport Chipped Garden Waste from Waste Facilities to Karwyderskraal (Provisional Quantities, per container)	UNIT	RATE/ UNIT
4.1	Villiersdorp	No.	2,348.34
4.2	Caledon	No.	1,897.82
4.3	Riviersonderend	No.	2,970.49
4.4	Greyton/ Genadendal	No.	2,541.42
4.5	Grabouw	No.	1,897.82
5	Mechanical Chipping of garden waste and loading of chipped material into 30m³ containers at: (Provisional Quantities, per 30m³ container)	UNIT	RATE/ UNIT
5.1	Villiersdorp	No.	13,344.00
5.2	Grabouw	No.	13,344.00
5,2,1	Grabouw General Worker	Months	13,344.00
5.3	Riviersonderend	No.	13,344.00

5.4	Caledon	No.	13,344.00
5.5	Greyton/Genadendal	No.	13,344.00
5.6	Botrivier	No.	13,344.00
5,6,1	Botrivier General Worker	Months	13,344.00
6	Cart Away Tyres from Caledon Landfill in 30m³ containers **to authorised site or Approved authorities.** (Provisional Quantities, per 30m³ container)	No.	2,627.23
7	**To a Hazardous Licensed Waste Site from Waste Water Treatment Plants at: (Provisional Quantities, per container)**	**UNIT**	**RATE/ UNIT**
7.1	Villiersdorp	No.	3,614.09
7.2	Grabouw	No.	2,755.95
7.3	Botrivier	No.	3,185.02
7.4	Caledon	No.	3,699.90
7.5	Greyton/Genadendal	No.	4,322.05
7.6	Riviersonderend	No.	4,794.02
8	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Karwyderskraal.** (Provisional Quantities)	**UNIT**	**RATE/ UNIT**
8.1	Villiersdorp	No.	5,856.00
8.2	Grabouw	No.	4,148.00
8.3	Botrivier	No.	3,050.00
8.4	Caledon	No.	4,148.00
8.5	Greyton/Genadendal	No.	6,710.00
8.6	Riviersonderend	No.	7,930.00
9	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Caledon Landfill.**	**UNIT**	**RATE/ UNIT**
9.1	Villiersdorp	No.	5,490.00
9.2	Grabouw	No.	5,368.00
9.3	Botrivier	No.	3,660.00
9.4	Caledon	No.	3,050.00
9.5	Greyton/Genadendal	No.	4,270.00
9.6	Riviersonderend	No.	5,856.00
10	**Transporting and Disposal of Domestic Hazardous Waste at suitable licensed site.**	**UNIT**	**RATE/ UNIT**
10.1	Villiersdorp	No.	7,855.41
10.2	Grabouw	No.	6,997.27
10.3	Botrivier	No.	7,426.34
10.4	Caledon	No.	7,941.22
10.5	Greyton/Genadendal	No.	8,563.37
10.6	Riviersonderend	No.	9,035.34

3. It is further recommended that should **EnviroServ Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Khabokedi Waste Management (Pty) Ltd.** for the amount of **R 28 963 018.42** (Twenty Eight Million Nine Hundred Sixty Three Thousand Eighteen Rand And Forty Two Cents) VAT Incl. for scoring the second highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy

4. It is further recommended that should **Khabokedi Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Waste Carriers (Pty) Ltd.** in the amount of **R 33 672 489.59** (Thirty Three Million Six Hundred Seventy Two Thousand Four Hundred Eighty Nine Rand And Fifty Nine Cents) VAT inclusive for scoring the third highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

5. The award is subject to the availability of funds.

6. Addenda be entered between the Municipality and the recommended tenderers.

7. An SLA will be entered between the Municipality and the recommended tenderers.

8. The register for Tender Defaulters and the Database of Restricted Suppliers have been checked via National Treasury's website and found that the tenderers is not listed.

9 None of the tenderers directors / trustees / members / shareholders of the suppliers are linked to any state entity, as checked and verified on the Central Supplier Database (CSD). Proof thereof attached.

10. The tenderers Tax Clearance Certificates was verified on the website of SARS and was found to be active. Proof thereof attached.

11. The tenderers are registered on the municipality's database of prospective providers. Proof thereof attached.

12. The tenderers are registered on the Central Supplier Database (CSD). Proof thereof attached.

13. RESOLVED BY THE BID ADJUDICATION COMMITTEE- 13 DECEMBER 2024:

After the chairman had given the Bid Adjudication Committee an opportunity to thoroughly discuss the agenda item, and proposed by Mrs. N. Baliso and seconded by Mr. H. Matthee, it was resolved as follows:

1. Tender No: **ENG 01/2024/25**: for the Transport of Containerised Municipal Solid Waste for The Period From 01 July 2024 Until 30 June 2027, be awarded to **EnviroServ Waste Management (Pty) Ltd.** for the estimated amount of **R 28 686 981.90** (Twenty Eight Million Six Hundred Eighty Six Thousand Nine Hundred Eighty One Rand Ninety Cents) VAT incl. for scoring the highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

2. The award is based on the below rates for year 1. Year 2 and 3 rates are subject to increase with the average CPI over a twelve month period.

ITEM	DESCRIPTION		
1	To Karwyderskraal Landfill from Transfer Stations/ Drop-offs.at (Provisional Quantities) (per container)	UNIT	RATE/ UNIT
1.1	Villiersdorp	No.	2,348.34
1.2	Grabouw	No.	1,897.82
2.3	Botrivier	No.	1,447.30
1.4	Tesselaarsdal	No.	3,871.53
1.5	Greyton	No.	2,541.42

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1.6	Genadendal	No.	2,434.15
1.7	Caledon	No.	1,812.00
1.8	Riviersonderend	No.	2,970.49
2	**To Caledon Landfill** from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)	UNIT	RATE/ UNIT
2.1	Villiersdorp	No.	1,833.46
2.2	Grabouw	No.	1,876.36
2.3	Botrivier	No.	1,382.94
2.4	Tesselaarsdal	No.	2,648.68
2.5	Greyton	No.	1,769.10
2.6	Genadendal	No.	1,661.83
2.7	Riviersonderend	No.	2,056.57
2.8	Caledon	No.	1,001.07
3	Transport Chipped Garden Waste from Waste Facilities to **Grabouw Compost Plant**: (Provisional Quantities, per container)	UNIT	RATE/ UNIT
3.1	Villiersdorp	No.	1,769.10
3.2	Caledon	No.	1,884.94
3.3	Riviersonderend	No.	3,000.52
3.4	Greyton/ Genadendal	No.	2,541.42
4	Transport Chipped Garden Waste from Waste Facilities to **Karwyderskraal** (Provisional Quantities, per container)	UNIT	RATE/ UNIT
4.1	Villiersdorp	No.	2,348.34
4.2	Caledon	No.	1,897.82
4.3	Riviersonderend	No.	2,970.49
4.4	Greyton/ Genadendal	No.	2,541.42
4.5	Grabouw	No.	1,897.82
5	**Mechanical Chipping** of garden waste and loading of chipped material into 30m³ containers at: (Provisional Quantities, per 30m³ container)	UNIT	RATE/ UNIT
5.1	Villiersdorp	No.	13,344.00
5.2	Grabouw	No.	13,344.00
5,2,1	Grabouw General Worker	Months	13,344.00
5.3	Riviersonderend	No.	13,344.00
5.4	Caledon	No.	13,344.00
5.5	Greyton/Genadendal	No.	13,344.00
5.6	Botrivier	No.	13,344.00
5,6,1	Botrivier General Worker	Months	13,344.00
6	Cart Away Tyres from Caledon Landfill in 30m³ containers **to authorised site or Approved authorities.** (Provisional Quantities, per 30m³ container)	No.	2,627.23
7	**To a Hazardous Licensed Waste Site from Waste Water Treatment Plants at:** (Provisional Quantities, per container)	UNIT	RATE/ UNIT
7.1	Villiersdorp	No.	3,614.09
7.2	Grabouw	No.	2,755.95
7.3	Botrivier	No.	3,185.02
7.4	Caledon	No.	3,699.90
7.5	Greyton/Genadendal	No.	4,322.05

7.6	Riviersonderend	No.	4,794.02
8	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Karwyderskraal. (Provisional Quantities)**	**UNIT**	**RATE/ UNIT**
8.1	Villiersdorp	No.	5,856.00
8.2	Grabouw	No.	4,148.00
8.3	Botrivier	No.	3,050.00
8.4	Caledon	No.	4,148.00
8.5	Greyton/Genadendal	No.	6,710.00
8.6	Riviersonderend	No.	7,930.00
9	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Caledon Landfill.**	**UNIT**	**RATE/ UNIT.**
9.1	Villiersdorp	No.	5,490.00
9.2	Grabouw	No.	5,368.00
9.3	Botrivier	No.	3,660.00
9.4	Caledon	No.	3,050.00
9.5	Greyton/Genadendal	No.	4,270.00
9.6	Riviersonderend	No.	5,856.00
10	**Transporting and Disposal of Domestic Hazardous Waste at suitable licensed site.**	**UNIT**	**RATE/UNIT**
10.1	Villiersdorp	No.	7,855.41
10.2	Grabouw	No.	6,997.27
10.3	Botrivier	No.	7,426.34
10.4	Caledon	No.	7,941.22
10.5	Greyton/Genadendal	No.	8,563.37
10.6	Riviersonderend	No.	9,035.34

3. It is further recommended that should **EnviroServ Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Khabokedi Waste Management (Pty) Ltd.** for the amount of **R 28 963 018.42** (Twenty Eight Million Nine Hundred Sixty Three Thousand Eighteen Rand And Forty Two Cents) VAT Incl. for scoring the second highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

4 It is further recommended that should **Khabokedi Waste Management (Pty) Ltd.** fail to deliver, that the tender will be awarded to **Waste Carriers (Pty) Ltd.** in the amount of **R 33 672 489.59** (Thirty Three Million Six Hundred Seventy Two Thousand Four Hundred Eighty Nine Rand And Fifty Nine Cents) VAT inclusive for scoring the third highest points in terms of the Preferential Procurement Regulations of 2022 contained in Councils Supply Chain Management Policy.

5. The award is subject to the availability of funds.

6. Addenda be entered between the Municipality and the recommended tenderers.

7. An SLA will be entered between the Municipality and the recommended tenderers.

8. The register for Tender Defaulters and the Database of Restricted Suppliers have been checked via National Treasury's website and found that the tenderers is not listed.

9. None of the tenderers directors / trustees / members / shareholders of the suppliers are linked to any state entity, as checked and verified on the Central Supplier Database (CSD). Proof thereof attached.

10. The tenderers Tax Clearance Certificates was verified on the website of SARS and was found to be active. Proof thereof attached.

11. The tenderers are registered on the municipality's database of prospective providers. Proof thereof attached.

12. The tenderers are registered on the Central Supplier Database (CSD). Proof thereof attached.

13. The award is subject to approval of Municipal Manager.

14. ANNEXURES

Annexure A: Advert
Annexure B: Tenders Received
Annexure C: Budget
Annexure D: Sars Website Proof
Annexure E: End User Report
Annexure F: Register for Tender Defaulters and Database of Restricted Suppliers
Annexure G: Database Registrations
Annexure H: Documents Requested from Tenderers
Annexure I: Price Breakdown Per Tenderer
Annexure J: Proof Extension of Validity
Annexure K: Checklist

ENG 01/2024/25- TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE FOR THE PERIOD FROM 01 JULY 2024 UNTIL 30 JUNE 2027.

D. **ADJOURNMENT**

The meeting adjourned at 11:00

COMPILED AND MAINTAINED BY: ..... DATE: 09/01/2025
H. SEPTEMBER
ADMINISTRATION

APPROVE MINUTES & RESOLUTION ..... DATE: 13/01/2025
N BALISO
MEMBER

APPROVE MINUTES & RESOLUTION ..... DATE: 10/01/2025
Z PARNELL
MEMBER

10.01.2025

APPROVE MINUTES & RESOLUTION ..... DATE: .....
W SOLOMONS-JOHANNES
MEMBER

APPROVE MINUTES & RESOLUTION ..... DATE: .....
H MATTHEE
MEMBER

14/1/25

APPROVE MINUTES & RESOLUTION ..... DATE: 14/01/2025
P MABHENA
CHAIRPERSON

APPROVE MINUTES & RESOLUTION ..... DATE: 14/1/25
J AMANSURE
ACTING MUNICIPAL MANAGER

THEEWATERSKLOOF MUNICIPALITY

BID ADJUDICATION COMMITTEE

ATTENDANCE REGISTER AND UNDERTAKING OF CONFIDENTIALITY AND IMPARTIALITY

MEETING NUMBER: ENG 01/2024/25

DATE: 13 December 2024

I, the undersigned, hereby declare:

- that all information, documentation and decisions regarding any matter before the committee are confidential and undertake not to make known anything in this regard
- that I will treat all providers and potential providers equitably and will not purposefully favour or prejudice anybody
- that I will make known details of any private or business interest which I , or any close family member, partner or associate may have in any proposed procurement or disposal process of, or in any award or contract and that I will immediately withdraw from participating in any manner whatsoever

NAME	DEPARTMENT/SECTION MUNICIPALITY	SIGNATURE
Raul Mabben	CFO (Finance)	
M SE Simons	COMM SERV	
Nduso Baliso	ECON DEV PLNG	
	Technical	
	Technical	
A Martin	SCM (Observer)	
H. September	SCM Observer)	
Z. Parnell	SCM	Parnell

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.: ENG 01/2024/25
Contact: H. September
Date: 15 January 2025
Email: francoisd@enviroserv.co.za

Attention: Mr. A. Oosthuizen / Mr. F. Du Plessis
Enviroserv Waste Management (Pty) Ltd.
3 Brickfield Road
Meadowdale
Germison
1401

Dear Sir.,

TENDER NO: ENG 01/2024/25 – TRANSPORT OF CONTAINRISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE FOR THE PERIOD FROM 01 JULY 2024 UNTIL 30 JUNE 2027

We have pleasure informing you of a resolution taken by our Bid Adjudication Committee on 13 December 2024 to award the above mentioned Tender to **EnviroServ Waste Management (Pty) Ltd.** for the estimated amount of **R 28 686 981.90** (Twenty Eight Million Six Hundred Eighty Six Thousand Nine Hundred Eighty One Rand Ninety Cents) Vat incl.

The award is based on the below rates for Year 1. Year 2 and Year 3 Rates are subject to increase with the average CPI over a twelve month period.

ITEM	DESCRIPTION		
1	To Karwyderskraal Landfill from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)	UNIT	RATE/ UNIT
1.1	Villiersdorp	No.	2,348.34
1.2	Grabouw	No.	1,897.82
2.3	Botrivier	No.	1,447.30
1.4	Tesselaarsdal	No.	3,871.53
1.5	Greyton	No.	2,541.42
1.6	Genadendal	No.	2,434.15
1.7	Caledon	No.	1,812.00
1.8	Riviersonderend	No.	2,970.49
2	To Caledon Landfill from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)	UNIT	RATE/ UNIT
2.1	Villiersdorp	No.	1,833.46
2.2	Grabouw	No.	1,876.36
2.3	Botrivier	No.	1,382.94
2.4	Tesselaarsdal	No.	2,648.68
2.5	Greyton	No.	1,769.10

Theewaterskloof
Municipality

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Website: www.twk.gov.za

2.6	Genadendal	No.	1,661.83
2.7	Riviersonderend	No.	2,056.57
2.8	Caledon	No.	1,001.07
3	**Transport Chipped Garden Waste from Waste Facilities to Grabouw Compost Plant: (Provisional Quantities, per container)**	**UNIT**	**RATE/ UNIT**
3.1	Villiersdorp	No.	1,769.10
3.2	Caledon	No.	1,884.94
3.3	Riviersonderend	No.	3,000.52
3.4	Greyton/ Genadendal	No.	2,541.42
4	**Transport Chipped Garden Waste from Waste Facilities to Karwyderskraal (Provisional Quantities, per container)**	**UNIT**	**RATE/ UNIT**
4.1	Villiersdorp	No.	2,348.34
4.2	Caledon	No.	1,897.82
4.3	Riviersonderend	No.	2,970.49
4.4	Greyton/ Genadendal	No.	2,541.42
4.5	Grabouw	No.	1,897.82
5	**Mechanical Chipping of garden waste and loading of chipped material into 30m³ containers at: (Provisional Quantities, per 30m³ container)**	**UNIT**	**RATE/ UNIT**
5.1	Villiersdorp	No.	13,344.00
5.2	Grabouw	No.	13,344.00
5,2,1	Grabouw General Worker	Months	13,344.00
5.3	Riviersonderend	No.	13,344.00
5.4	Caledon	No.	13,344.00
5.5	Greyton/Genadendal	No.	13,344.00
5.6	Botrivier	No.	13,344.00
5,6,1	Botrivier General Worker	Months	13,344.00
6	Cart Away Tyres from Caledon Landfill in 30m³ containers **to authorised site or Approved authorities.** (Provisional Quantities, per 30m³ container)	No.	2,627.23
7	**To a Hazardous Licensed Waste Site from Waste Water Treatment Plants at: (Provisional Quantities, per container**	**UNIT**	**RATE/ UNIT**
7.1	Villiersdorp	No.	3,614.09
7.2	Grabouw	No.	2,755.95
7.3	Botrivier	No.	3,186.02
7.4	Caledon	No.	3,699.90
7.5	Greyton/Genadendal	No.	4,322.05
7.6	Riviersonderend	No.	4,794.02

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Website: www.twk.gov.za

8	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Karwyderskraal. (Provisional Quantities)**	**UNIT**	**RATE/ UNIT**
8.1	Villiersdorp	No.	5,856.00
8.2	Grabouw	No.	4,148.00
8.3	Botrivier	No.	3,050.00
8.4	Caledon	No.	4,148.00
8.5	Greyton/Genadendal	No.	6,710.00
8.6	Riviersonderend	No.	7,930.00
9	**Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Caledon Landfill.**	**UNIT**	**RATE/ UNIT**
9.1	Villiersdorp	No.	5,490.00
9.2	Grabouw	No.	5,368.00
9.3	Botrivier	No.	3,660.00
9.4	Caledon	No.	3,050.00
9.5	Greyton/Genadendal	No.	4,270.00
9.6	Riviersonderend	No.	5,856.00
10	**Transporting and Disposal of Domestic Hazardous Waste at suitable licensed site.**	**UNIT**	**RATE/ UNIT**
10.1	Villiersdorp	No.	7,855.41
10.2	Grabouw	No.	6,997.27
10.3	Botrivier	No.	7,426.34
10.4	Caledon	No.	7,941.22
10.5	Greyton/Genadendal	No.	8,563.37
10.6	Riviersonderend	No.	9,035.34

The award is subject to the availability of funds.

An Addendum/SLA will be entered between the Municipality and **Enviroserv Waste Management (Pty) Ltd.**

Kindly note that this award is conditional and subject to an appeal of 21 calendar days from date of this notice, 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 in order for us to carry out our constitutional mandate of service delivery.

Yours faithfully

N. LA GRANGE
ACTING MANAGER: SCM

687

Theewaterskloof
Municipality

CONTRACT- ENG 04/2024/25

Made and entered into by and between:

THEEWATERSKLOOF MUNICIPALITY

Duly represented herein by Hendrik Matthee

(Hereinafter referred to as "MUNICIPALITY")

And

ENVIROSERV WASTE MANAGEMENT (PTY) LTD. (REGISTRATION NO.: 2008/021152/07) duly represented herein by Alan Oosthuizen

(Identity Number [redacted])

(Hereinafter referred to as "SERVICE PROVIDER")

WHEREAS the Municipality awarded contract no. **ENG 04/2024/25: TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE ON A MONTH-TO-MONTH BASIS**

WHEREAS the parties wish to proceed to enter into a contract to conclude, the award made to the service provider in terms of Regulation 36 of the SCM Policy based on the conditions and provisions of tender no. ENG 01/2024/25.

AND WHEREAS the conditions and provisions of the Tender No. ENG 01/2024/25 document, as advertised, will be applicable to the contract.

NOW THEREFORE the parties agree to as follows:

1. The contract is for an estimated amount of R 1 102 170.97 (One Million One Hundred Two Rand One Hundred Seventy Rand Ninety Seven Cents) VAT exclusive based on the attached rates.
2. Notwithstanding the signature date hereof, the contract commences on 01 July 2024 and a month-to-month basis.
3. The municipality has the right to cancel/stop the contract at any stage depending on the appointment of ENG 01/2024/25 contract.

THUS DONE AND SIGNED on the 28 day of June 2024

at Bellville by Alan Oosthuizen for and on behalf of **ENVIROSERV WASTE MANAGEMENT (PTY) LTD.** in His capacity as Owner/Director and properly authorised thereto.

AS WITNESS:

1. .....

2 .....

.....

FOR AND ON BEHALF OF ENVIROSERV WASTE MANAGEMENT (PTY) LTD.

THUS DONE AND SIGNED on the 01 day of July 2024

at Carletonville by H. Mbatha for and on behalf of the Municipality in his capacity as Act. Director: Technical and Infrastructure Implementation Services and properly authorised thereto by ordinary resolution of the Municipality.

AS WITNESS:

1. .....

2. .....

.....

FOR AND ON BEHALF OF THE WATERSKLOOF MUNICIPALITY

689

ENVIROSERV
WASTE MANAGEMENT

ENVIROSERV IS A PROUD B-BBEE LEVEL ONE CONTRIBUTOR

26 June 2024

THEEWATERSKLOOF MUNICIPAL OFFICE
6 PLEIN STREET
CALEDON

Dear Sir/s,

TQUOTATION: ENG 01/2024/25 TRANSPORT OF CONTAINERISED MUNICIPAL SOLID WASTE AND CHIPPING OF GARDEN WASTE

It gives EnviroServ Waste Management (Pty) Ltd great pleasure to submit our bid for the transport of containerised municipal solid waste and chipping of garden waste for the Theewaterskloof Municipality.

EnviroServ proudly complies with rigorous environmental legislation and is able to formulate, and implement environmental solutions to many waste challenges.

EnviroServ has over 30 years' experience in the waste industry and is regarded as an innovative leader in its field.

At **EnviroServ** we are committed to service excellence and our Pledge to you, our valued client is as follows:

We will

- Commit to **SHEQ** as an inherent part of our everyday activities;
- Passionately prioritise customers' needs through **collaboration;**
- Demonstrate **respect** in our dealing with all stakeholders;
- Commit to delivering an **outstanding level of service and value** to our customers;
- Be **agile and responsive** and to take **ownership** when dealing with customers;
- Commit to **maintain sustainable relationships** with customers;
- ALWAYS **ENSURE PEACE OF MIND**

EnviroServ Holdings and its subsidiaries are specialists in a broad spectrum of waste management areas, including domestic and industrial refuse removal, management of landfill sites, the effective transportation, storage and disposal of hazardous waste, on-site waste management, waste minimization, recycling, reuse, recovery, beneficiation and emergency reaction units.

Notes:

- All Rates supplied are exclusive of VAT.
- Payment terms are 30 days from date of statement.
- The contents of this quotation are strictly confidential and cannot be reproduced in any other form without permission from EnviroServ.



RAISING THE WASTE GAME

ENVIROSERV
WASTE MANAGEMENT

- Notwithstanding that the rates under this agreement having been agreed between the parties, and should EnviroServ be required to conform with any amended legislative requirements which will cause increased costs, EnviroServ shall be entitled to increase the agreed rates by the amount which the said legislative requirements necessitated increased costs of service delivery under this agreement. Such increase shall come into effect after 30 days written notice has been given by EnviroServ to the customer.
- Rates are valid from 1 July 2024 until 31 August 2024.
- We are not able to provide staff to function as spotters on a short-term basis at the drop facilities and can therefore not provide the rate.
- Chipping of garden waste. Our rates are based on the assumption that chipping will be done on an as and when required basis. We have therefore not provided for permanent chippers on the various sites. We cannot accept any penalties in this regard.
- Our Chipping rates only allow for one grade, which is 0-50mm.
- Page 40: 3.3.4.2: Process for chipping of garden waste: The contractor will remove contaminant from the stockpiles where feasible. In the event where the garden waste is too contaminated, the contractor will inform Theewaterskloof Municipality that the material cannot be chipped and has to be disposed of as mixed.
- The volumes provided are very low and does not validate a permanent chipping service in the area. Our rates provided are based on the assumption that the municipality will inform EnviroServ when sufficient volumes are available between the sites in order to fill 9 x 30m3 bins with chipped material (270m3).
- Transport of containers from WWTW: Our rate provided include transport to the Enviroserv Waste Management (Pty) Ltd, Vissershok Waste Management Facility. The rates are for transport only and exclude disposal. Disposal rates can only be provided after the analyses of samples to be provided by the Theewaterkloof Municipality.
- Transport and disposal of domestic hazardous waste at a suitable licensed site: Our rate include transport to the EnviroServ Vissershok Waste Management Facility only. The domestic hazardous waste is assumed to be asbestos. We have made provision for 6 tons per bin at a disposal rate of R742.64 per ton in the rate provided. In the event where the waste type differ and Vissershok Waste Management Facility is able to accept the waste, a separate quote will be provided for the disposal. In the event where Vissershok Waste Management facility is not able to accept the waste, a separate rate for transport and disposal will be provided.
- Transport – Service requirements, Our rates are based on the following:
    - Grabouw to be services within 6 hours from the time of the call.
    - All other sites require booking of 24 hours prior to service in order to schedule and plan the work efficiently.
- The requirement for no full bins at transfer stations and drop offs at start of business cannot be guaranteed.
- In the event where a booking were made and there are no loading equipment available or the bins are in fact empty, bins rates will still be charged.
- We have provided for the number of containers as specified in the tender document. In the event where additional bins are required for additional services, we will have to purchase new bins. Rental Rates per month: 30M3 Roro = R2 718.58 and 15m3 Roro = R2 097.92.

691

ENVIROSERV
WASTE MANAGEMENT

Rates:

ITEM	DESCRIPTION	UNIT	ESTIMATED QUANTITIES	RATE/ UNIT	ESTIMATED AMOUNT
1	To Karwyderskraal Landfill from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)				
1.1	Villiersdorp	No.	26	2 348,34	61 056,78
1.2	Grabouw	No.	132	1 897,82	250 511,76
2.3	Botrivier	No.	10	1 447,30	14 472,95
1.4	Tesselaarsdal	No.	8	3 871,53	30 972,22
1.5	Greyton	No.	12	2 541,42	30 497,02
1.6	Genadendal	No.	2	2 434,15	4 868,30
1.7	Caledon	No.	8	1 812,00	14 496,02
1.8	Riviersonderend	No.	12	2 970,49	35 645,83
				Sub Total 1	442 520,90
2	To Caledon Landfill from Transfer Stations/ Drop-offs at: (Provisional Quantities) (per container)	UNIT	ESTIMATED QUANTITIES	RATE/ UNIT	ESTIMATED AMOUNT
2.1	Villiersdorp	No.	3	1 833,46	5 500,37
2.2	Grabouw	No.	3	1 876,36	5 629,08
2.3	Botrivier	No.	3	1 382,94	4 148,81
2.4	Tesselaarsdal	No.	3	2 648,68	7 946,05
2.5	Greyton	No.	3	1 769,10	5 307,29
2.6	Genadendal	No.	3	1 661,83	4 985,48
2.7	Riviersonderend	No.	3	2 056,57	6 169,71
2.8	Caledon	No.	3	1 001,07	3 003,20
				Sub Total 2	42 680,00
3	Transport Chipped Garden Waste from Waste Facilities to Grabouw Compost Plant: (Provisional Quantities, per container)	UNIT	ESTIMATED QUANTITIES	RATE/ UNIT	ESTIMATED AMOUNT
3.1	Villiersdorp	No.	3	1 769,10	5 307,29
3.2	Caledon	No.	3	1 884,94	5 654,83
3.3	Riviersonderend	No.	3	3 000,52	9 001,56
3.4	Greyton/ Genadendal	No.	3	2 541,42	7 624,25
				Sub Total 3	27 587,94
4	Transport Chipped Garden Waste from Waste Facilities to Karwyderskraal (Provisional Quantities, per container)	UNIT	ESTIMATED QUANTITIES	RATE/ UNIT	ESTIMATED AMOUNT
4.1	Villiersdorp	No.	2	2 348,34	4 696,68
4.2	Caledon	No.	2	1 897,82	3 795,63
4.3	Riviersonderend	No.	2	2 970,49	5 940,97
4.4	Greyton/ Genadendal	No.	2	2 541,42	5 082,84
4.5	Grabouw	No.	2	1 897,82	3 795,63
				Sub Total 4	23 311,75
	CHIPPING OF GARDEN WASTE				
5	Mechanical Chipping of garden waste and loading of chipped material into 30m³ containers at: (Provisional Quantities, per 30m³ container)	UNIT	ESTIMATED QUANTITIES	RATE/ UNIT	ESTIMATED AMOUNT
5.1	Villiersdorp	No.	2	13 344,00	26 688,00
5.2	Grabouw	No.	2	13 344,00	26 688,00
5.2.1	Grabouw General Worker	Months	2	-	-
5.3	Riviersonderend	No.	2	13 344,00	26 688,00
5.4	Caledon	No.	2	13 344,00	26 688,00
5.5	Greyton/Genadendal	No.	2	13 344,00	26 688,00
5.6	Botrivier	No.	2	13 344,00	26 688,00
5.6.1	Botrivier General Worker	Months	2	-	-
				Sub Total 5	133 440,00
6	Cart Away Tyres from Caledon Landfill in 30m³ containers to authorised site or Approved authorities. (Provisional Quantities, per 30m³ container)	No.	2	2 627,23	5 254,46
				Sub Total 6	5 254,46

ENVIROSERV
WASTE MANAGEMENT

TRANSPORT OF CONTAINERS FROM WWTW					
7	To a Hazardous Licensed Waste Site from Waste Water Treatment Plants at: (Provisional Quantities per container)	UNIT	ESTIMATED QUANTITIES	RATE/ UNIT	ESTIMATED AMOUNT
7.1	Villiersdorp	No.	4	3 614,09	14 456,35
7.2	Grabouw	No.	4	2 755,95	11 023,81
7.3	Botrivier	No.	2	3 185,02	6 370,04
7.4	Caledon	No.	2	3 699,80	7 399,60
7.5	Greyton/Genadendal	No.	2	4 322,05	8 644,10
7.6	Riviersonderend	No.	2	4 794,02	9 588,05
				Sub Total 7	57 482,14
8	Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Karwyderskraal (Provisional Quantities)	UNIT	ESTIMATED QUANTITIES	RATE/ UNIT	ESTIMATED AMOUNT
8.1	Villiersdorp	No.	3	5 856,00	17 568,00
8.2	Grabouw	No.	3	4 148,00	12 444,00
8.3	Botrivier	No.	3	3 050,00	9 150,00
8.4	Caledon	No.	3	4 148,00	12 444,00
8.5	Greyton/Genadendal	No.	3	6 710,00	20 130,00
8.6	Riviersonderend	No.	3	7 930,00	23 790,00
				Sub Total 8	95 526,00
9	Haulage of Solid Waste in 30m³ Tipper Trucks From the various towns to Caledon Landfill	UNIT	ESTIMATED QUANTITIES	RATE/ UNIT	ESTIMATED AMOUNT
9.1	Villiersdorp	No.	3	5 490,00	16 470,00
9.2	Grabouw	No.	3	5 368,00	16 104,00
9.3	Botrivier	No.	3	3 660,00	10 980,00
9.4	Caledon	No.	3	3 050,00	9 150,00
9.5	Greyton/Genadendal	No.	3	4 270,00	12 810,00
9.6	Riviersonderend	No.	3	5 856,00	17 568,00
				Sub Total 9	83 082,00
10	Transporting and Disposal of Domestic Hazardous Waste at suitable licensed site	UNIT	ESTIMATED QUANTITIES	RATE/ UNIT	ESTIMATED AMOUNT
10.1	Villiersdorp	No.	4	7 855,41	31 421,62
10.2	Grabouw	No.	4	6 997,27	27 989,08
10.3	Botrivier	No.	4	7 426,34	29 705,35
10.4	Caledon	No.	4	7 841,22	31 784,86
10.5	Greyton/Genadendal	No.	4	8 563,37	34 253,47
10.6	Riviersonderend	No.	4	9 035,34	36 141,37
				Sub Total 10	191 275,76
				Estimated Sub Total (Total for Sub Totals 1 to 10)	1 102 170,97
				Value Added Tax (15% VAT)	165 326,65
				Year 1 Estimated Total	1 267 496,62
			(Add 4,9% from Year 1)	Year 2 Estimated Total	1 329 603,95
			(Add 4,9% from Year 2)	Year 3 Estimated Total	1 394 754,55
			(Year 1 + 2 + 3)	Estimated Grant Total: Carried to Form of Offer and Acceptance	3 991 855,12

Yours faithfully,
On behalf of EnviroServ Waste Management (Pty) Ltd

Francois du Plessis
REGIONAL MANAGER: WESTERN CAPE

Annexure B

AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
Theewaterskloof Municipality
PO Box 24
Caledon
7230

07 November 2025

Reference: COMAF No.24 of 2025

Dear Mr. W Hendricks

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

Background

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

Required

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

695

Yours sincerely

Masixole Velem
Senior Manager: Western Cape

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

Acknowledgement of receipt by management:

Received by

Date

DETAILED AUDIT FINDING

Contract management – Expenditure incurred is above the contract value

Section 62 (1)(d) of the MFMA 56 of 2023 states:

"The accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented."

Section 32 of the MFMA deals directly with the **reporting, investigation, recovery, and liability** concerning unauthorised, irregular, or fruitless and wasteful expenditure.

- **Reporting:** The Accounting Officer (Municipal Manager) must promptly inform the Mayor and the provincial treasury in writing of any irregular expenditure incurred.
- **Investigation and Recovery:** It obligates the municipality to **investigate** such expenditure and take **all reasonable steps to recover** it from the person liable, unless the expenditure is certified as irrecoverable by the council after an investigation by a council committee.
- **Consequence Management:** It establishes the framework for instituting disciplinary or criminal proceedings against officials or political office-bearers who deliberately or negligently incurred or permitted the expenditure.

Section 116(3) of the MFMA states *"A contract may only be amended or varied after the reasons for the proposed amendment have been tabled in council and approved. Expansion or variation beyond the prescribed thresholds (20% for construction-related projects and 15% for other goods/services) without proper approval is a contravention*".

Issue 1 - Expenditure incurred is above the contract value

During the audit, it was observed that the municipality incurred expenditure exceeding the approved contract value for the contracts listed below with no approved variation or extension.

Contract number	Contractor	Nature of services	Contract value	Expenditure	Difference
TCS 10/2022/23	Realm Track	Tracking Systems	170 140,10	269 562,54	99 422,44
ENG 04/2024/25	Environserv	Waste management	1 267 496,00	3 127 427,51	1 859 931,51
FIN 05/2022/23	Kunene Makopa Risk Solutions	Vehicle Insurance	2 498 140,60	5 509 514,21	2 498 140,60
					4 457 494,55

Impact

- Management did not disclose these payments as irregular expenditure in the financial statements.".
- There is a potential for an unfair award, as the actual expenditure has exceeded the amount used during the procurement evaluation. This may disadvantage other bidders who submitted reasonable bids but were not selected due to price considerations (Applicable to TCS10)Non-compliance with SCM 62
- Expenditure beyond the contract amount without proper approval constitutes irregular expenditure.

Internal control deficiency

Financial and Performance Management

Review and monitor compliance with applicable laws and regulations

Management did not ensure adequate review and monitoring of compliance with applicable supply chain management regulations and expenditure management laws and regulations to prevent irregular expenditure.

Supply chain management regulations not followed when procuring good/services and reasonable steps were not taken to prevent irregular expenditure.

Management awarded tenders based on estimated amounts rather than on a rate-based approach, which resulted in actual costs exceeding the initial estimates

Recommendation

- Management should evaluate and award based on rate based in future for contracts that are based on estimates and not actual contract value.
- Management should address appointing staff in vacant positions to ensure adequate oversight is in place.
- Management should strengthen their review and monitoring processes of compliance with procurement management applicable laws and regulations to ensure that reasonable steps are taken to prevent irregular expenditure.
- Management should implement strict contract management controls to monitor expenditure against approved contract values.
- Management should have contract variations or extensions formally approved by the delegated authority before additional costs are incurred.

Management response

DESCRIPTION	RESPONSE
Does management agree with the finding (Yes/ No)	No
Detail reason for agreeing/ disagree with finding	Management disagrees with the finding. Management evaluated the three (3) tenders in question based on estimated amounts. The tenders awarded are based on a rate-based approach. The main reason for the afore-mentioned approach is due the uncertainty of demand / risk profile / economic forces. The variable denominators (amongst other) for each of the contracts are as follows: • Tracking Systems – acquisitions and disposal of vehicles • Waste management – volumes of waste (weighbridge) and changes routes travelled (kilometres) • Insurance – annual coverage/premium determined on movement in the asset register, and also an increase/decrease in the risk-profile based on a predetermined set criteria. Kindly refer to the service level agreements and/or signed clauses within tender documents accompanying this response, which substantiates the rates-based approach for these particular goods and services.

DESCRIPTION	RESPONSE
Management comment on internal control deficiencies and root cause indicated and detail reason for agreeing/ disagree with finding.	Management is in disagreement with finding.
Detail corrective action to be taken and date.	None.
Does the finding affect an amount disclosed in the financial statements (Yes/ No)	No
If yes, what corrections will be made to the population	N/A
If **yes** and no corrections will be made the reason, why such a conclusion has been reached should be indicated.	N/A
Position of official responsible to take corrective actions	N/A

Name: Annielle Martin
Position: Acting Manager: SCM
Date: 14 November 2025

Auditor's conclusion:

Management's response has been acknowledged; and the item FIN 05/2022/23 it is primarily because only one supplier progressed to the PPR stage.

The remaining items remain uncorrected and results in completeness of irregular expenditure R1 959 353,95 and this irregular expenditure will be aggregated with other comafs

Issue 2 – Duplicate award

MFMA par 65 (2) states "*The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure that the municipality's supply chain management policy referred to in section 11(1) is implemented in a way that is fair, equitable, transparent, competitive and cost-effective*"

It was identified during the SCM testing that the municipality has awarded two contracts offering the same service in the current financial year 2024/25. The duplication of contracts for the same goods or services below is indicative of possible abuse of supply chain management processes.

The previous contract, ENG02 for 2021/22, ended on 30 June 2024. However, no procurement process was initiated for a new contract despite the municipality's ongoing need for these services.

As a result, the municipality resorted to procuring services through a deviation while concurrently conducting a competitive bidding process for the award of the new contract.

Confirmation of the cancellation of contract ENG04/2024/25, which originated from the deviation, has not been provided following the appointment of the new contract ENG01/2024/25.

CONTRACT NUMBER	Contractor	Duration	Nature of services	CONTRACT VALUE
ENG04/2024/25	EnviroServ Waste Management	01 July 2024 to 30 June 2027	Transport Of Containerised Municipal Solid Waste And Chipping Of Garden Waste	1 267 496,00
ENG 01/2024/25	EnviroServ Waste Management	01 July 2024 to 30 June 2027	Transport of Containerised Municipal Solid Waste and Chipping of Garden Waste	28 686 981,90

ENG 04/2024/25 is an award done through deviation whose reasons were not justifiable.

Impact

Non-compliance with MFMA regulations. Irregular expenditure due to awards not being cost effective.

Financial and performance management

Review and monitor compliance with applicable laws and regulations

Management did not ensure adequate reviewing and monitoring compliance with applicable supply chain management regulations and expenditure management laws and regulations to prevent irregular expenditure.

supply chain management not followed when procuring good/services and reasonable steps were not taken to prevent irregular expenditure.

Management did not initiate the procurement process for the new contract in a timely manner, even though the previous contract ended on 30 June 2024. This delay resulted in a deviation on 01 July 2024 to ensure continuity of services required for the municipality to fulfill its mandate, highlighting ineffective contract management.

Recommendation

- Management should initiate procurement of services 6 months before the previous contract ends.
- Management should address appointing staff in vacant positions to ensure adequate oversight is in place.
- Management should strengthen their review and monitoring processes of compliance with expenditure management applicable laws and regulations to ensure that reasonable steps are taken to prevent irregular expenditure.
- Management should implement strict contract management controls to avoid duplicate awards.

Management response

DESCRIPTION	RESPONSE
Does management agree with the finding (Yes/ No)	No
Detail reason for agreeing/ disagree with finding	Management disagrees with the unjustifiable deviation finding, as Management could illustrate that a competitive process was exhausted. As it being a basic service demand, there was no immediate alternative to ensure business continuity. The deviation and related motivations were reasonable due to the circumstances that existed at that particular time, and accordingly the said deviations were approved. The approvals were justified considering the various immediate implications that must be avoided at all cost. The implications are: • Serious health consequences to humans; • Contamination of water; • Aerial and gas pollution; • Environmental impact on flora and fauna; and • Legislative consequences such as penalties/fines and/or imprisonment for Accounting Officer
Management comment on internal control deficiencies and root cause indicated and detail reason for agreeing/ disagree with finding.	Management disagrees with the finding.
Detail corrective action to be taken and date.	None. Management disagrees with the finding.
Does the finding affect an amount disclosed in the financial statements (Yes/ No)	Yes
If yes, what corrections will be made to the population	None.
If **yes** and no corrections will be made the reason, why such a conclusion has been reached should be indicated.	Management disagrees with the finding.
Position of official responsible to take corrective actions	N/A

Name: Annielle Martin
Position: Acting Manager: SCM
Date: 14 November 2025

Auditor's conclusion:

Management's comments have been acknowledged; however, management has not addressed the issue of two contracts running at the same time for the same item.

Confirmation of the cancellation of contract ENG04/2024/25, which originated from the deviation, has not been provided following the appointment of the new contract ENG01/2024/25.
There have been payments made for both contracts. The duplication of contracts for the same goods or services below is indicative of possible abuse of supply chain management processes.

The non-compliance remains and the irregular expenditure. (The irregular expenditure has already been dealt with in part A above

Morne Voigt

From: Ashley Hendricks
Sent: Thursday, 30 July 2026 14:19
To: Morne Voigt
Subject: FW: Enviroserve Waste Management

Importance: High

Print asb

Kind Regards,

Ashley Hendricks
Manager: Procurement and Financial Management
Technical and Infrastructure Implementation Services

Theewaterskloof Municipality
Caledon Technical Office. **26 Kerk** Street, Caledon, 7230
Call Centre. 028 214 3300 | **Emergency.** 080 021 4730 | **Email.** ashleyhe@twk.gov.za
Website. www.twk.gov.za | **Follow us on Facebook, X, Instagram.** @twkmun

Theewaterskloof
Municipality

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From: collab@twk.gov.za <collab@twk.gov.za>
Sent: Wednesday, 10 June 2026 12:32
To: Ashley Hendricks <ashleyhe@twk.gov.za>

702

Subject: Enviroserve Waste Management
Importance: High

From	Marelize Faul
To	**Ashley Hendricks**
Item	7130058 - MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE TECHNICAL- AND INFRASTRUCTURE IMPLEMENTATION SERVICES: IRREGULAR EXPENDITURE – EXPENDITURE INCURRED IS ABOVE THE CONTRACT VALUE[English version of the report is the original]
Due Date	09/06/2026 00:00
Task	T5743755 - Implement Resolution
Item Titel/Item Title	**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE TECHNICAL- AND INFRASTRUCTURE IMPLEMENTATION SERVICES: IRREGULAR EXPENDITURE – EXPENDITURE INCURRED IS ABOVE THE CONTRACT VALUE** *[English version of the report is the original]*
Item Nommer/Item Number	00
Item Outeur/Item Author	MORNEYVO
Comments from Office of the Municipal Manager?	Yes
Item Datum/Item Date	2026-02-03
Komitee/Committee	Management Meeting
Departement/Department	Directorate Technical and Infrastructure Implementation Services
Fase/Stage	Resolved
Lêer Nommer/File Number	6/3/1/5/1;;;
Doel/Purpose	The purpose of this report is to inform the MPAC committee on the irregular expenditure with regards to the Transport of Containerised Municipal Solid Waste and Chipping of Garden Waste for the Period from 01 July 2024 until 31 January 2025 – Enviroserv Waste Management (Pty) Ltd.
Agtergrond/Background	**2024/25 AG Findings:** *"DETAILED AUDIT FINDING* *Contract management – Expenditure incurred is above the contract value* *Section 62 (1)(d) of the MFMA 56 of 2023 states:* *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented."* *Section 32 of the MFMA deals directly with the reporting, investigation, recovery, and liability concerning unauthorised, irregular, or fruitless and wasteful expenditure.*

- *Reporting: The Accounting Officer (Municipal Manager) must promptly inform the Mayor and the provincial treasury in writing of any irregular expenditure incurred.*
- *Investigation and Recovery: It obligates the municipality to investigate such expenditure and take all reasonable steps to recover it from the person liable, unless the expenditure is certified as irrecoverable by the council after an investigation by a council committee.*
- *Consequence Management: It establishes the framework for instituting disciplinary or criminal proceedings against officials or political office-bearers who deliberately or negligently incurred or permitted the expenditure.*

Section 116(3) of the MFMA states "A contract may only be amended or varied after the reasons for the proposed amendment have been tabled in council and approved. Expansion or variation beyond the prescribed thresholds (20% for construction-related projects and 15% for other goods/services) without proper approval is a contravention".
Issue 1 - Expenditure incurred is above the contract value
During the audit, it was observed that the municipality incurred expenditure exceeding the approved contract value for the contracts listed below with no approved variation or extension.

Contract number	Contractor	Nature of services	Contract value	Expenditure	Differe
ENG 04/2024/25	Environserv	Waste management	1 267 496,00	3127427,51	1 859 9

Impact

- *Management did not disclose these payments as irregular expenditure in the financial statements.".*
- *There is a potential for an unfair award, as the actual expenditure has exceeded the amount used during the procurement evaluation.*
- *Expenditure beyond the contract amount without proper approval constitutes irregular expenditure.*

704

Internal control deficiency

Financial and Performance Management

Review and monitor compliance with applicable laws and regulations

705

Management did not ensure adequate review and monitoring of compliance with applicable supply chain management regulations and expenditure management laws and regulations to prevent irregular expenditure.

Supply chain management regulations not followed when procuring good/services and reasonable steps were not taken to prevent irregular expenditure.

Management awarded tenders based on estimated amounts rather than on a rate-based approach, which resulted in actual costs exceeding the initial estimates

Bespreking/Discussion	As per attachment.
Wetlike Implikasies (Item Outeur)/Legal Implications (Item Author)	Section 32 of the MFMA states that any official of a municipality who deliberately or negligently committed, made or authorized an irregular expenditure is liable for that expenditure. A municipality must recover such expenditure from the person liable for that expenditure, unless Council certifies the irregular expenditure as irrecoverable, after the Municipal Public Accounts Committee has investigated and recommended it. Irregular expenditure for the purpose of this item means expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality and which has not been condoned in terms of such policy.
Finansiële Implikasies (Item Outeur)/Financial Implications (Item Author)	The irregular expenditure of R1 859 931.51 has been recorded in 2024/2025 financial statements. Management should ensure that recurrence is prevented.
Risiko Bestuur Implikasie (Item Outeur)/ Risk Management Implication (Item Author)	Failing to manage irregular expenses in accordance with the MFMA could result in Council Losing money and not receiving value for money. However, in this case Council did not suffer any losses or damages and received value for money.
Verwys na Wyks Kommittee/ Direct to Ward Committee?	No
Reason	-

Aanbeveling/Recommendation	**RECOMMENDATION BY ITEM AUTHOR:** **It is recommended that in the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R 1 859 931.51 for the financial year 2024/2025 be written off.**
Kommentaar van die Kantoor van die Munisipale Bestuurder / Comments from the Office of the Municipal Manager	The recommendation is noted.
Kommentaar van Interne Oudit/Comments from Internal Audit	It is recommended that an explination be added to the item to understand why this irregular expenditure occur.
Kommentaar vanaf die Direktoraat Tegniese en Infrastruktuur Implementeringsdienste / Comments from the Directorate Technical and Infrastructure Implementation Services	Recommendation is supported.
Kommentaar vanaf die Direktoraat Ekonomiese Ontwikkeling en Beplanning (Ekonomiese Ontwikkeling) / Comments from the Directorate Economic Development and Planning (Economic Development)	Supported.
Director Outcome	Approve
Resolved Date	2026-05-28
Management Meeting Outcome	Recommend (Direct to another Meeting)
RECOMMENDATION FROM MANAGEMENT	**RECOMMENDATION BY MANAGEMENT TO MPAC: 26 FEBRUARY 2026** **It is recommended that in the view of the fact that there is no reason to suspect fraud, Council has received value for money, Council did not suffer any loss and as there are no grounds for a claim against any official, the irregular expenditure in the amount of R 1 859 931.51 for the financial year 2024/2025 be written off.**
Council Meeting Outcome	Resolve

Council Meeting Feedback	**RESOLVED BY COUNCIL: 28 MAY 2026** After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman DA Appel and seconded by Alderman MR Nongxaza, it was resolved as follows: **In 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, Council resolved that the irregular expenditure in the amount of R 1 859 931.51 be written off for the financial year 2024/2025.** *For finalization by the Director: Technical- and Infrastructure Implementation Services, Mr H Matthee.*
Municipal Public Accounts Committee Meeting Outcome	Recommend (Direct to another meeting)
Municipal Public Accounts Committee Meeting Feedback	**DISCUSSION DURING MEETING:** Councillor P Stander – Work was done. We did receive value for money. **RECOMMENDATION BY MPAC TO COUNCIL: 29 APRIL 2026** After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Councillor P Stander and seconded by Councillor DJ Jacobs, 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 1 859 931.51 for the financial year 2024/2025 be written off.**
Implementation Due Date	2026-06-09
Implementation Message	Mr Damons: Attached resolution for your cognizance. Regards

MPAC77/2026

DRAFT ANNEXURE J – MPAC UIFWE RECOVERY RECOMMENDATION REPORT TO COUNCIL

IRREGULAR EXPENDITURE – ENVIRONMENTAL/REFUSE SERVICES – ENVIROSERV – EXPENDITURE ABOVE CONTRACT VALUE

Financial year	2024/2025
Amount involved	R1,859,931.51 stated as excess; Management response contains a material numerical inconsistency
Type	UIFWE / Irregular expenditure
Department / project	As recorded in the existing Item Annexure J/supporting material
Core issue	Reported expenditure above approved contract value without a clearly established variation/addendum or separate competitive/deviation process.

1. Purpose of this Annexure

- Incorporate Management's written answers into the existing Annexure J assessment.
- Identify which answers are adequate, partially answered, unanswered or raise a material red flag.
- Assess accountability, actual financial loss, recovery, disciplinary/financial-misconduct and other consequence-management issues.
- This is a draft MPAC assessment and does not itself constitute a final finding of personal liability.

2. MPAC approach

- Irregular expenditure must be distinguished from actual financial loss. Receipt of goods/services does not automatically establish value for money or absence of loss.
- An assertion that there was no fraud or negligence is not a substitute for an evidence-based individual Section 32(1) assessment.
- No write-off/irrecoverability recommendation should be made while material loss, authority, responsibility or recovery questions remain unresolved.

3. Questions by MPAC and Management responses

1. What was the original approved contract value?

R 1 267 496.00

2. What was the actual amount ultimately paid?

R 3 127 427.51 as per AG

3. What is the exact amount paid above the approved contract value?

R 1 859 931.51 as per AG

4. Who authorised each payment above the approved contract value?

Contract Manager (Jeremy Prins).

5. Was a contract variation/addendum approved before the additional services were rendered?

No – not required, Award was based on rates on a month-to-month basis.

6. If no variation was approved, why were officials permitted to continue instructing the supplier to provide services?

As per point 5 response.

7. Who was responsible for monitoring expenditure against the contract ceiling?

Contract ceiling in this question must be read in conjunction with point 5 and 6 responses. Jeremy Prins.

8. At what point did Management become aware that the contract value was being exceeded?

During contract reporting.

9. Was the additional expenditure subjected to a competitive procurement process or any lawful deviation process?

No, I refer to point 5 response.

10. "What portion of the amount above the approved contract value represents legitimate services actually received, what portion represents expenditure that should never have been incurred, and what amount—if any—is recoverable from the officials responsible?"

I refer to point 5 response. All services were done in terms of the approved contract.

Summary provided by Mr H Matthee during the meeting:

- Not a fixed price.
- Quotation continued longer than anticipated.
- Deviation was approved.
- Value for money was received.
- Services were rendered.
- Month-to-month basis until tender ENG01/2024/2025 was awarded and the contract signed.

4. Section 32(1) accountability assessment

No fraud/deliberate conduct is established.

5. Recovery assessment

With the verification of the invoices and the service rendered, MPAC can reasonably conclude that the irregularity does not, in the present evidence, establish a recoverable municipal financial loss.

MPAC can reasonably recommend that the amount be certified as irrecoverable.

6. Disciplinary / financial misconduct

The supplied material contains no evidence of fraud, collusion, personal gain or other criminal conduct. On the present record, **a disciplinary board referral is not recommended**.

7. Criminal referral

No criminal conduct is established. **Criminal referral is not recommended.**

8. Other consequence management

- Monthly contract-to-ledger reconciliation, alerts before ceilings are reached, written variation controls and no continued instructions without lawful authority.

9. MPAC recommendation to Council:

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R1 859 931.51 constitutes irregular expenditure.**
2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**
3. **Recommends that the irregular expenditure to the amount of R1 859 931.51 be written off as irrecoverable in terms of section 32 of the MFMA as the services were rendered.**
4. **Recommends Disciplinary Board referral to investigate why the Accounting Officer (Mr R Stevens) did not ensure that there was a fully functional BAC – investigate for negligence and possible recovery.**
5. **No criminal referral as no criminal conduct is established.**
6. **Management to strengthen controls relating to the appointment of BAC Members.**

10. Supporting annexures:

- Approved deviation dated 28/06/2024.
- Appointment letter to EnviroServ Waste Management (Pty) Ltd.
- AG COMAF No 24 of 2025.
- Previous MPAC resolution dated 29/04/2026.

11. Signatures

Prepared by	Municipal Public Accounts Committee
Reviewed by	Municipal Public Accounts Committee
Approved for MPAC submission Cllr A Gana **MPAC CHAIRPERSON**	
MPAC resolution reference	**MPAC76/2026** 22/09/2026

ITEM TITLE

C272/2026 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: DIRECTORATE ECONOMIC DEVELOPMENT AND PLANNING: DEPARTMENT HUMAN SETTLEMENTS: IRREGULAR EXPENDITURE REPORT - GRABOUW AUTO SPARES - 2023/2024

[English version of the report is the original]

FILE NUMBER

6/3/1/5/1

PURPOSE OF REPORT

For MPAC to consider the irregular expenditure of Grabouw Auto Spares for the 2023/2024 financial year.

BACKGROUND

See attached Annexure.

DISCUSSION

See attached Annexure.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

See attached Annexure.

LEGAL IMPLICATIONS (ITEM AUTHOR)

See attached Annexure.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

See attached Annexure.

RECOMMENDATION BY ITEM AUTHOR:

It is therefore recommended that Management consider whether this irregular expenditure be referred to MPAC for its recovery assessment as contemplated in section 32(2) of the MFMA.

RECOMMENDATION FROM MANAGEMENT TO MPAC: 06 OCTOBER 2026

Management recommend that the irregular expenditure be referred to MPAC for its recovery assessment as templated in Section 32(2) of the MFMA.

DISCUSSION DURING MPAC MEETING: 12 OCTOBER 2026

Councillor P Stander:

What was the exact nature of the breakdown of CAM 36473 and why was immediate intervention necessary?

Mr W Moses:

- The exact mechanical fault that caused the vehicle to become unserviceable was not known at the time hence the action of sending the vehicle to a mechanical engineer to detect the fault on the vehicle.
- The vehicle was used for daily informal-settlement patrols, the identification and monitoring of illegal structures, reporting basic-service challenges and providing disaster-related humanitarian assistance. Its unavailability therefore affected the operational capacity of the Human Settlements Department to perform these functions.

Councillor P Stander:

- Who authorized taking the vehicle to Grabouw Auto Spares before the work was performed?

Mr W Moses:

- The Senior Development Officer of Grabouw communicated to the Manager Human Settlements (Mr W Moses) that the vehicle was out of commission, and the Manager advised the Senior Development Officer to send the vehicle for diagnostic testing with the aim of obtaining quotation for the fault on the mechanical fault detected on the vehicle.
- The purpose of taking the vehicle to the service provider was to identify the mechanical fault and subsequently obtain a quotation in accordance with the formal price quotation procedures.

Councillor TB Zimmermann:

- What was done afterwards to prevent a reoccurrence?
- Was a letter issued to the service provider informing them that they are at fault?

Mr W Moses:

- Need to adhere to strip-and-quote procedures.
- Tender appointment was done.

- No letter was issued to the service provider.

RECOMMENDATION OF MPAC TO COUNCIL: 12 OCTOBER 2026

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R3,439.65 constitutes irregular expenditure.**

2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**

3. **Recommends that the irregular expenditure to the amount of R3,439.65 be written off as irrecoverable in terms of Section 32 of the MFMA. (Vehicle was repaired/ Service was delivered / Value for money was received.)**

4. **Refer to disciplinary board for investigation.**

5. **No criminal referral as no criminal conduct is established.**

6. **Instructs the administration to ensure that all identified procedural, SCM or financial management deficiencies are addressed and that appropriate internal controls are strengthened to prevent recurrence.**

Annexure:E

Irregular Expenditure Report on Supply Chain Management Non-Compliance - Grabouw Auto Spares

1. Introduction

- This report has been drafted for submission to the Municipal Public Accounts Committee (MPAC) in accordance with section 32 of the Municipal Finance Management Act 56 of 2003 (MFMA) and regulation 74 of the Municipal Budget and Reporting Regulations.
- This report focuses on irregular expenditure incurred due to non-compliance with supply chain management processes for the 2023/2024 financial year.
- The report analyses the expenditure incident and the events that led to the irregular expenditure, identifies the responsible officials, and outlines the measures taken or proposed to prevent recurrence.

2. The legal implications of the report

The legal implications of this report are governed by section 32 of the MFMA, which mandates the identification, reporting, and management of unauthorised, irregular, fruitless, and wasteful expenditure (UIFWE).

3. Type of UIFWE applicable to this report

The type of UIFWE applicable to this report is irregular expenditure incurred due to non-compliance with supply chain management regulations, specifically the failure to follow competitive bidding procedures for transactions above the prescribed threshold.

4. Discussion of events/ reasons that led to the UIFWE

The Grabouw informal settlement vehicle, CAM 36473, was out of commission.The vehicle was utlised for daily informal-settlement patrols, scouting, detection of illegal structures, reporting of basic-services challenges and disaster-related humanitarian assistance. The vehicle was taken to Grabouw Auto Spares for diagnostic testing with the intention of obtaining a quotation once the fault had been identified as per the strip and quote procurement procedures.

Grabouw Auto Spares detected the fault and immediately repaired the vehicle instead of merely diagnosing it and submitting a quotation for approval. The service provider then issued an invoice for the work completed. The municipality subsequently had to pay the invoice for services rendered,as the work was completed, resulting in irregular expenditure.

The cost incurred for the mechanical services rendered as per invoice number **IN284042 (attached)** dated 27 July 2023 amounts to R 3 439.65

- No deviation report or waiver was approved by the Accounting Officer.
- Consequently, the transaction constitutes irregular expenditure due to non-compliance with sections 111 and 112 of the MFMA, read with the Municipal SCM Regulations and the Municipality's SCM policy.

5. Official(s) or councillor(s) responsible for the UIFWE incurred

- According to the Municipality's SCM Policy, the SCM Manager oversees the competitive bidding process and ensures compliance with all SCM prescripts.
- The CFO is responsible for oversight in terms of section 81 of the MFMA to ensure that SCM processes are adhered to and that deviations are properly documented and approved.
- Director/Deputy responsible for the Economic Development and Planning Directorate under which the Human Settlements Department resorts, is responsible for the general procurement oversight of the Department
- The Manager Human Settlement is responsible for operational implementation of SCM processes of the department
- Acting Senior Development Officer Grabouw
- Acting Informal Settlements Management Officer Grabouw

6. Why is the expenditure irregular expenditure?

- The payment of the service provider did not comply with the supply chain management prescripts, as neither a competitive SCM process nor a formal deviation was approved by the municipal manager.

7. Consideration of deliberate or negligent conduct relating to UIFWE incurred

Section 32 of the MFMA requires that consideration be given to whether irregular expenditure was incurred as a result of deliberate or negligent action or inaction by an official. This assessment is necessary to support the determination of liability and the appropriate consequence management response.

The facts presented in this report indicate that the procurement process was not conducted in accordance with the prescribed supply chain management requirements.

There is no evidence at this stage that the SCM process was intentionally bypassed for personal gain. The available information does not suggest fraud, collusion, or any intentional misconduct related to the transaction.

On the balance of probabilities, the irregular expenditure appears to have arisen from delayed processes rather than deliberate misconduct. The conduct reflects a lapse in control and compliance oversight.

8. Mitigating controls to prevent similar UIFWE in the future

a) Adhere to formal strip and quote Standard Operating Procurement Procedures

9. Confirmation by author of report that information in report is a true reflection of facts

I, Warren Moses, confirm that this report has been compiled based on the information, records and documentation available to me at the time of its preparation. The contents reflect my understanding of the matters based on the information at my disposal and the records made available for consideration.

It should be noted that, at the time of compiling this report, certain officials and individuals who were directly involved in the events and circumstances giving rise to the reported irregular expenditure were not available to provide input, clarification or supporting information. Accordingly, the report should be read and considered within the context of the information and documentation available to me as the author at the time of compilation and does not purport to constitute a first-hand account of matters in respect of instances were I was not directly involved.

10. Confirmation if UIFWE matter has been referred for disciplinary actions & if not, why not ?

For the consideration of MPAC

11. Measures already taken to recover the UIFWE

- N/A

12. Cost of the measures already taken to recover UIFWE

- None as yet.

13. Estimated cost & benefit of further measures that can be taken to recover the UIFWE

For consideration of MPAC

14. Annexures

Supporting documents attached to this report include:

- Copy of invoice paid.

15. Conclusion of report

a) In conclusion, this report highlights the irregular expenditure resulting from non-compliance with SCM processes, the events that led to it, and the actions taken to address it.

b) The analysis provided aims to ensure accountability and transparency within the Municipality's financial management practices.

c) It is recommended that MPAC recommend to Council that the amount of

R 3 439.65 be confirmed as irregular expenditure.

16. Referral of report to the MPAC

This report is hereby referred to the MPAC for its UIFWE recovery assessment as contemplated in section 32(2) of the MFMA.

Report compiled by:	**Date:**	**Designation:**	**Signature:**
Mr W Moses	29/09/2026	Manager: Human Settlements	

Report approved by:	**Date:**	**Designation:**	**Signature:**
Ms N Baliso		Director: Economic Development & Planning	29/09/2026

Report authorised for MPAC referral by:	**Date:**	**Designation:**	**Signature:**
Mr W Hendricks	06/10/2026	Municipal Manager	

Status Report on GRABOUW AUTO SPARES in terms of SCM and MFMA requirements and remedial action required if necessary

Supplier	Service Description	Commencement date of contract
Grabouw Auto Spares	Mechanical Vehicle Repairs & Maintenance	July 2023

1

What was the initial Purpose of the contract
Provision of vehicle repairs and maintenance services

2

Initial Scope of Contract and if uncertain please explain
Provision of vehicle mechanical repairs and maintenance services to CAM 36473

3

Initial Contract Value and if uncertain please explain
R 3 439.65

4

Initial Expiry Date and if uncertain please explain
27 July 2023

5

Was normal SCM Process followed and complied with		
Yes	no X	Uncertain
Explain of motivate your response		
The Grabouw office took the informal settlements vehicle to Grabouw Auto Spares for a diagnostic test in view of obtaining quotation once the fault on the vehicle was detected. The service provider however detected the fault and fixed it hence and finished the municipality with an invoice for works completed. The municipality subsequently had to pay the service provider for services rendered and, in the process, incurred irregular expenditure in the amount of R 3 439.65		

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		
Service was only once-off required		

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		
Strip and quote process, no formal agreement entered.		

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		
As per point 7 no contract agreement entered into.		

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 as vehicle was used by the informal settlements management team to prevent/monitor construction of illegal informal structure and the illegal occupation of municipal land. The establishment of informal settlements places additional financial burden on the municipality as illegal informal dwellers require additional basic services for which there is sometimes limited or no bulk infrastructure.		

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 municipal vehicle was utilised to deliver an important service.		

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 department is satisfied with the service rendered by the service provider.		

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		
Service was required once no need for market analysis investigation.		

14

Could any form of non-compliance have been prevented		
Yes	No X	Uncertain
Explain or motivate your response above		
The vehicle was taken for a diagnostic test however the service provider at its own liberty decided to fix the vehicle with out a purchase order from the municipality.		

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		
Team to communicate clearly with mechanical repair service providers and adhere to the strip and quote procurement processes.		

16

General or additional Comments of the Director Concerned	
Signature of Director Concerned	Date 31/3/2025

17

General Comments/Findings and recommendations of the CFO	
No comment (Item was before my appointment as an acting CFO	
Signature of CFO	Date 31/03/2025

18

General Comments/Findings and or recommendations of the Chief Audit Executive	
Strip n quote is supported as TWK does not have its own workshop or mechanics.	
Signature of Chief Audit Executive	Date 31/3/2025

19

Final response of the Director Concerned for consideration by the Municipal Manager	
Signature of the Director concerned	Date 31/3/2025

20

General Comments and findings of the Municipal Manager

ANNEXURE A

Approved.

Signature of the Municipal Manager

Date 31.3.2025

724

Vat nr: 4950141533
Tel: (021) 8592057
Fax: (021) 8592106

GRABOUW AUTO SPARES
P.O.Box 303
Main Road
Grabouw
7160

Copy Tax Invoice

Date	27/07/23
Page	1
Document No	IN284042

Theewaterskloof Munisipaliteit
Posbus 24
Caledon
7230

Deliver to

E253
ATT TO RADIATOR ON VEHICLE
CAM36473

Account	Your Reference	Tax Exempt	Tax Reference	Sales Code	
THE01	MELVIN DAVIDS	N	4000846248	AM	Exclusive

Code	Description	Quantity	Unit	Unit Price	Disc%	Tax	Nett Price
50259	MOTOR FAN ENGINE	1.00		2 235.00		15.00%	2 235.00
SUN	SUNDRIES	1.00		106.00		15.00%	106.00
1010010	REPLACE RADIATOR FAN					15.00%	650.00

Nedbank Acc: 116 368 6953
Fnb Acc: 523 100 37372

Received in good order

Signed_____ Date_____

Sub Total		2 991.00
Discount @	0.00%	0.00
Amount Excl Tax		2 991.00
Tax		448.65
Total		3 439.65

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MPAC80/2026

DRAFT ANNEXURE J – MPAC UIFWE RECOVERY RECOMMENDATION REPORT TO COUNCIL

IRREGULAR EXPENDITURE – GRABOUW AUTO SPARES

Financial year	2023/2024
Irregular expenditure	R3,439.65
Type	UIFWE / Irregular expenditure
Department / project	As recorded in the existing Item Annexure J/supporting material
Core issue	Emergency/once-off mechanical repair to municipal vehicle CAM 36473.

1. **Purpose of this Annexure**

- Incorporate Management's written answers into the existing Annexure J assessment.
- Identify which answers are adequate, partially answered, unanswered or raise a material red flag.
- Assess accountability, actual financial loss, recovery, disciplinary/financial-misconduct and other consequence-management issues.

2. MPAC approach

- The report concerns an emergency/once-off mechanical repair to municipal vehicle CAM 36473.
- Grabouw Auto Spares was used for a diagnostic test after the vehicle broke down; the report says the vehicle was then repaired and an invoice was submitted.
- No deviation report or waiver was approved by the Accounting Officer. The report states that no competitive SCM process or formal agreement was in place.
- The report concludes that R3,439.65 should be confirmed as irregular expenditure.

3. **Questions by MPAC:**

1. **What was the exact nature of the breakdown of CAM 36473 and why was immediate intervention necessary?**
   The exact mechanical fault that caused the vehicle to become unserviceable was not known at the time hence the action of sending the vehicle to a mechanical engineer to detect the fault on the vehicle.
   The vehicle was used for daily informal-settlement patrols, the identification and monitoring of illegal structures, reporting basic-service challenges and providing disaster-related humanitarian assistance. Its unavailability therefore affected the operational capacity of the Human Settlements Department to perform these functions.

2. **Who authorised taking the vehicle to Grabouw Auto Spares before the work was performed?**
   The Senior Development Officer of Grabouw communicated to the Manager Human Settlements that the vehicle was out of commission, and the Manager advised the Senior Development Officer to send the vehicle for diagnostic testing with the aim of obtaining quotation for the fault on the mechanical fault detected on the vehicle.
   The purpose of taking the vehicle to the service provider was to identify the mechanical fault and subsequently obtain a quotation in accordance with the formal price quotation procedures

3. **Was the diagnostic test itself an emergency, or was only the subsequent repair urgent? Please distinguish between the two.**
   The diagnostic assessment was intended to identify the mechanical fault and enable the Municipality to obtain a quotation before authorising the repair.
   As indicated, the vehicle was used for daily informal-settlement patrols, the identification and monitoring of illegal structures, reporting basic-service challenges and providing disaster-related humanitarian assistance. The management of informal settlements and the control of new structures and illegal invasion or occupation of land must be treated as uregent.

4. **Why was no quotation obtained before the repair, and what evidence shows that obtaining quotations was impractical at that moment?**
   The vehicle was taken to Grabouw Auto Spares for diagnostic testing, with the intention of obtaining a quotation after the fault had been identified. However, the service provider proceeded to repair the vehicle instead of limiting its work to the diagnostic assessment and submitting a quotation for approval.

5. **Why was no formal deviation/waiver approved by the Accounting Officer?**
   No formal procurement could be followed as the service provider detected the fault and proceeded on it's own accord with the repairs without receiving a purchase order to conduct the work.

6. **Was the supplier on the Municipality's supplier database, and was it appropriately registered for the service?**
   Yes, no service provider can render services to the municipality without being registered on the suppliers database

7. **Provide the invoice, proof of payment, vehicle repair/job card, diagnostic report and proof that the work was actually performed.**
   Only proof available at this stage is the invoice attached to Annexure E report.

8. **Was the price of R3,439.65 reasonable? Provide a market comparison or at least two comparable prices where available.**
   Price comparisons could not be conducted as the service provider did not furnish the municipality with a quotation which would have allowed the municipality to compare prices with more service providers

9. **Could the repair have been performed by the Municipality's existing fleet/workshop arrangements or an existing contract?**
   The municipality did not have a fleet/workshop.

10. **Was there an existing vehicle maintenance contract that should have been used instead?**
    The Department was not aware of the existence of any vehicle maintenance contract.

11. **Why did management state that no loss or damage was suffered? How was value for money established?**
    The assessment of any loss should consider the work actually performed, the quality of the repair, the reasonableness of the price. The vehicle was fully operational after the repair and fit for its purpose

12. **Who decided that the service provider's performance was satisfactory and that the repair should be paid?**
    The service was rendered by the service provider, the vehicle was deemed operational after the repair, and it could have been deemed that the service was satisfactory.

13. **Has the transaction been referred for any disciplinary or consequence-management action?**
    No.

14. **Why does the report state that non-compliance could not be prevented, when the only stated reason was the diagnostic requirement?**
    No compliance refers to following a formal price quotation, because the service provider did the diagnostic testing and the repair.

15. **What specific procurement control should have been followed for future emergency/one-off vehicle repairs?**
The Standard Operating Procedure on strip and quote.

DISCUSSION DURING MPAC MEETING: 12 OCTOBER 2026

Councillor P Stander:

What was the exact nature of the breakdown of CAM 36473 and why was immediate intervention necessary?

Mr W Moses:

- The exact mechanical fault that caused the vehicle to become unserviceable was not known at the time hence the action of sending the vehicle to a mechanical engineer to detect the fault on the vehicle.
- The vehicle was used for daily informal-settlement patrols, the identification and monitoring of illegal structures, reporting basic-service challenges and providing disaster-related humanitarian assistance. Its unavailability therefore affected the operational capacity of the Human Settlements Department to perform these functions.

Councillor P Stander:

Who authorized taking the vehicle to Grabouw Auto Spares before the work was performed?

Mr W Moses:

- The Senior Development Officer of Grabouw communicated to the Manager Human Settlements (Mr W Moses) that the vehicle was out of commission, and the Manager advised the Senior Development Officer to send the vehicle for diagnostic testing with the aim of obtaining quotation for the fault on the mechanical fault detected on the vehicle.
- The purpose of taking the vehicle to the service provider was to identify the mechanical fault and subsequently obtain a quotation in accordance with the formal price quotation procedures.

Councillor TB Zimmermann:

- What was done afterwards to prevent a reoccurrence?
- Was a letter issued to the service provider informing them that they are at fault?

Mr W Moses:

- Need to adhere to strip-and-quote procedures.
- Tender appointment was done.

- No letter was issued to the service provider.

4. Identification of person(s) potentially responsible

The Manager: Human Settlements, Mr W Moses – did not issue a letter to the service provider reprimanding that they need to follow the correct processes.

These roles are identified for accountability assessment only and do not constitute findings of misconduct.

5. Section 32(1) accountability assessment

No evidence of fraud, corruption or personal financial benefit was established by the investigation.

6. Recovery assessment

With the verification of the invoice and the service rendered, MPAC can reasonably conclude that the irregularity does not, in the present evidence, establish a recoverable municipal financial loss as it was confirmed that the services were delivered.

MPAC can reasonably recommend that the amount be certified as irrecoverable.

7. Disciplinary / financial misconduct

Refer to Disciplinary Board for investigation as the Manager: Human Settlements, Mr W Moses, did not issue a letter to the service provider.

8. Criminal referral

- No criminal conduct is established. **Criminal referral is not recommended.**

9. Other consequence management

- BAC continuity, emergency SCM controls, contract planning, independent technical verification and transaction-level reconciliation.

10. MPAC recommendation to Council:

MPAC recommends that the Municipal Council:

1. **Determines that the expenditure of R3,439.65 constitutes irregular expenditure.**
2. **Determines, based on the evidence currently supplied, that no quantifiable municipal financial loss has been established.**
3. **Recommends that the irregular expenditure to the amount of R3,439.65 be written off as irrecoverable in terms of Section 32 of the MFMA. (Vehicle was repaired/ Service was delivered / Value for money was received.)**
4. **Refer to disciplinary board for investigation.**

5. **No criminal referral as no criminal conduct is established.**
6. **Instructs the administration to ensure that all identified procedural, SCM or financial management deficiencies are addressed and that appropriate internal controls are strengthened to prevent recurrence.**

11. Supporting annexures:

- Previous Section 32 report compiled.
- Invoice IN284042
- Answers provided by Department Human Settlements included in Annexure J.

12. Signatures

Prepared by	Municipal Public Accounts Committee
Reviewed by	Municipal Public Accounts Committee
Approved for MPAC submission Cllr P Stander **ACTING MPAC CHAIRPERSON**	
MPAC resolution reference	**MPAC80/2026**

ITEM TITLE

C273/2026 DIRECTORATE CORPORATE SERVICES: OFFICE OF DIRECTOR CORPORATE SERVICES: REPORTING ON PERFORMANCE OF CONTRACTORS: JULY TILL SEPTEMBER 2026

[English version of the report is the original]

FILE NUMBER

8/2/3/5/2

PURPOSE / AIM OF REPORT

To present a report to Council in terms of the contract and performance management of the Directorate Corporate Services contractors for the period from July 2026 to September 2026 to ensure the municipality receives value for money and that contracts are completed on time and within the approved budget.

BACKGROUND

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

The accounting officer of a municipality or municipal entity must –

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

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

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

DISCUSSION

Report pattern of the Directorate Corporate Services:

Department:	July 2026	August 2026	September 2026
Corporate Services	Submitted	Submitted	Submitted

Find attached checklists consisting of the summaries done for the Directorate Corporate Services.

No blockages occurred.

FINANCIAL RESPONSIBILITIES

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

LEGAL RESPONSIBILITIES

Chapter 8 Municipal Finance Management Act. 56 of 2003.

RISK MANAGEMENT IMPLICATION

Not applicable.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended that Council takes cognisance of the report.

REPORTING ON PERFORMANCE OF CONTRACTORS: HUMAN RESOURCES

JULY – SEPTEMBER 2026

PROJECT MANAGER:	*C Fisher*	**PROJECT CHAMPION:**				
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	**COR03/2024/25**				***Own***	***Other***
Service Provider	***Ayanda Mbanga Communication (Pty) Ltd.***					
Commencement Date	*01-Jul-25*	**Total Contract Amount**	***R 2 818 847,89***	**Value of VO's Approved**	***None***	
Completion Date	*30-Jun-28*					
Adjusted Contract Amount	N/A	**Adjusted Completion Date**	N/A		**Project on Time**	N/A
Date of Report	**01 July 2026**	**01 August 2026**		**01 September 2026**		
Report Numbers	1	2		3		
Overall Performance Incl. quality of work to date	*Current performance is satisfactory. Service Provider comply with SLA conditions*	*Current performance is satisfactory. Service Provider comply with SLA conditions*		*Current performance is satisfactory. Service Provider comply with SLA conditions*		
Blockages and Problemes	*None*	*None*		*None*		
Recommanded Action and Resolutions required to unblock blockages & problems	*None*	*None*		*None*		
Actual Amount Paid to Date	*51 620,04*	*32 380,21*		*R 43 364,85*		
Number of Invoices /Certificates	*3051437I; 3051438I; 3051467I; 3051468I; 3051523I; 3051524I*		*3051644I;*	*44I; 3051845I; 3051851I; 3051852I; 3051854I; 305*		
Disputed Invoices / Certificates	*None*	*None*		*None*		

05/10/2026

Project Name	SUPPLY AND SERVICING OF 70 SANITARY BINS EVERY 14 DAYS IN THE MUNICIPALITY'S FEMALE ABLUTION FACILITIES FOR A PERIOD FROM DATE OF APPOINTMENT UNTIL 30 JUNE 2027.					Report No	1	Date of Report	30-Sep-26
Contract Number	KOR 05/2026/27	Service Provider	Rentokil						
SDBIP Ref No	N/A	Funding Source	Own Funds	Contract Amount no contingency , Vat excl.	The award was made per rate	Commencement Date	15-Sep-26	Original Completion Date	14-Sep-27
Project on Time?	Yes	Extension of time granted ? - days		Adjusted Completion Date	N/A	Slippage by Service Provider (+ or -days)		Projected Completion Date	14-Sep-27
Contract Value without contingency	The award was made per rate	Value of VO's approved	N/A	Adjusted Value	N/A	Anticipated cost not included in contract	N/A	Projected Completion Cost	R 100 464,00
Number of Invoices/Certificates	1	Disputed Invoices/ Certificates (Y/N)	No	Actual Amount Paid to Date(Vat Excl.)	R 0,00	Date of Practical Completion Certificate		Date of Final Completion Sertificate	
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	No Empowerment Goals were set for this contract.								
Overall performance including Rand Value in terms of the Empowerment Goals	There is no performance evaluation in place in terms of the Empowerment Goals. There were no Empowerment Goals set for this contract.								
Overall performance including quality of work to date	Satisfactory.								
Blockages and problems experienced	None.								
Actions and resolutions required (and by when) to unblock problems and assure completion on time - if possible	None.								
Directorate	Corporate services	Project Manager	GW Hermanus		Project Champion	A Madyosi			

13/10/2026
ANDISWA MADYOSI

PROJECT MANAGER:	*A Modyosi*	**PROJECT CHAMPION:**	*J Amonsure*		
	Financial Services			***Funding Source***	
Complete Tender No. & Description	*SUPPLY AND SERVICING OF 70 SANITARY BINS EVERY 14 DAYS IN THE MUNICIPALITY'S FEMALE ABLUTION FACILITIES FOR A PERIOD FROM JULY 2026 UNTIL 30 JUNE 2027*			***Own***	***Other***
Service Provider	***RENTOKIL***			*Own Funds*	
Commencement Date	*15-Sept-26*	**Total Contract Amount**	***R 100 464,00***	**Value of VO's Approved**	***N/A***
Completion Date	*14-Sept-27*				
Adjusted Contract Amount	*N/A*	**Adjusted Completion Date**	*N/A*	**Project on Time**	*Yes*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers 1	***Collaboration Number:***	***Collaboration Number:***	***Collaboration Number:***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/A*	*N/A*	*No Empowerment Goals were set for this contract.*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/A*	*N/A*	*There is no performance evaluation in place in terms of the Empowerment Goals. There were no Empowerment Goals set for this contract.*
Overall Performance Incl. quality of work to date	*N/A*	*N/A* 13/10/2026 ANDISWA MADYOSI	*Satisfactory*
Blockages and Problemes	*N/A*	*None*	*None*
Recommanded Action and Resolutions required to unblock blockages & problems	*None*	*None*	*None*
Actual Amount Paid to Date	*N/A*	*N/A*	*R 0,00*
Number of Invoices /Certificates	*N/A*	*N/A*	*0*
Disputed Invoices / Certificates	*N/A*	*N/A*	*N/A*

REPORTING ON PERFORMANCE OF CONTRACTORS: ADMINISTRATION (JULY - SEPTEMBER 2026)

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				**Funding Source**	
Complete Tender No. & Description	*KOR01/2026/27 [Translation of documentation from Afrikaans to English and vice versa for TWK Municipality for the period from 01 July 2026 to 30 June 2027]*				***Own X***	***Other***
Service Provider	**Arina Wilson**					
Commencement Date	*1/7/2026*	**Total Contract Amount**	*Unknown - depends on the number of documents/words translated*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2027*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***1***	***2***	***3***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Translation services rendered by Arina Wilson is satisfactory.*	*Translation services rendered by Arina Wilson is satisfactory.*	*Translation services rendered by Arina Wilson is satisfactory.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R721.80*	*R1,406.40*	*R1,980.60*
Number of Invoices /Certificates	*1*	*2*	*3*
Disputed Invoices / Certificates	*0*	*0*	*0*

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR01/2023/24: The appointment of a service provider for an on-site support service for the electronic records document management system for Theewaterskloof Municipality from 01 October 2023 until 30 June 2033*				***Own***	***Other X***
Service Provider	**Business Engineering**					
Commencement Date	*01/10/2023*	**Total Contract Amount**	*Year 2: R61,397.35 + R7,139.20 + R7,139.20 + R26,473.00 per month and annual licensing fees. Year3+: CPI + 1%*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2033*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***34***	***35***	***36***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Consultant was appointed to render the support services to TWK on a weekly basis. Training is done on request. Annual maintenance of Collaborator system and servers is done by the back-office in Gauteng. Overall performance of BE is satisfactory.*	*Consultant was appointed to render the support services to TWK on a weekly basis. Training is done on request. Annual maintenance of Collaborator system and servers is done by the back-office in Gauteng. Overall performance of BE is satisfactory.*	*Consultant was appointed to render the support services to TWK on a weekly basis. Training is done on request. Annual maintenance of Collaborator system and servers is done by the back office in Gauteng. Overall performance of BE is satisfactory.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R3,872,903.22*	*R3,990.110.65*	*R4,107,318.08*
Number of Invoices /Certificates	*161*	*166*	*171*
Disputed Invoices / Certificates	*0*	*0*	*0*

739

MFaul 09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				**Funding Source**	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B227 photocopy machines at the following office : Riviersonderend Traffic Services in the Directorate Community Services]*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.0993*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R1,166.29*	*R1,300.01*	*R1,391.83*
Number of Invoices /Certificates	*10*	*11*	*12*
Disputed Invoices / Certificates	*0*	*0*	*0*

740

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*	
	Corporate Services				**Funding Source**
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B227 photocopy machines at the following office : MIG Section in the Directorate Technical- and Infrastructure Implementation Services, Caledon]*				***Own X*** / ***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**				
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.0993*	**Value of VO's Approved**	*None*
Completion Date	*30/06/2028*				
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*	**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R275.98*	*R333.31*	*R357.98*
Number of Invoices /Certificates	*10*	*11*	*12*
Disputed Invoices / Certificates	*0*	*0*	*0*

741

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B287 photocopy machines at the following office : SCM Section in the Directorate Finance, Caledon]*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.0947*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R8,238.46*	*R9,422.70*	*R10,651.58*
Number of Invoices /Certificates	*10*	*11*	*12*
Disputed Invoices / Certificates	*0*	*0*	*0*

742

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B367 photocopy machines at the following office : Records Section - Transferred from Caledon Town Office]*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.090*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R4,814.93*	*R4,957.04*	*R5,000.51*
Number of Invoices /Certificates	*10*	*11*	*12*
Disputed Invoices / Certificates	*0*	*0*	*0*

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B227 photocopy machines at the following office : Debt Collection in the Directorate Finance, Grabouw Town Office]*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy =R0.0993*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R6,854.79*	*R7,182.87*	*R7,474.87*
Number of Invoices /Certificates	*10*	*11*	*12*
Disputed Invoices / Certificates	*0*	*0*	*0*

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B227 photocopy machines at the following office : 1. Botrivier Town Office]*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.0993*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R3,530.68*	*R3,776.09*	*R4,062.04*
Number of Invoices /Certificates	*10*	*11*	*12*
Disputed Invoices / Certificates	*0*	*0*	*0*

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Morelize Faul*		
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B287 photocopy machines at the following offices : 1. Villiersdorp Town Office and 2. Human Settlements in the Directorate Economic Development and Planning]*				***Funding Source***	
					Own X	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.0947*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R14,847.78*	*R16,235.67*	*R17,339.42*
Number of Invoices /Certificates	*20*	*22*	*24*
Disputed Invoices / Certificates	*0*	*0*	*0*

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B367 photocopy machines at the following office : 1. Grabouw Town Office; 2. Office of the Municipal Manager; 3. Directorate Finance (Director's Office); 4. Riviersonderend Town Office; and 5. Creditors Section in the Directorate Finance]*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.090*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R31,605.50*	*R34,557.95*	*R37,579.94*
Number of Invoices /Certificates	*50*	*55*	*60*
Disputed Invoices / Certificates	*0*	*0*	*0*

747

MFaul
09/10/2025

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B367 photocopy machines at the following office : 1. Villiersdorp Resource Centre; 2. Housing Section in the Directorate Economic Development and Planning, Villiersdorp; 3. Income Section in the Directorate Finance, Head Office and 4. Fines Office in the Directorate Community Services, Grabouw]*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.090*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*
Date of Report	**31 uly 2026**	**30 August 2026**	**30 September 2026**			
Report Numbers	***10***	***11***	***12***			
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*			
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*			
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.* ***No invoice for the machine at the Resource Centre for October 2025.***	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*			
Blockages and Problemes	*N/a*	*N/a*	*N/a*			
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*			
Actual Amount Paid to Date	*R15,779.21*	*R17,384.08*	*R19,014.31*			
Number of Invoices /Certificates	*38*	*42*	*46*			
Disputed Invoices / Certificates	*0*	*0*	*0*			

748

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B227 photocopy machines at the following office :1. Grabouw Library; 2. Pineview Library and 3. Genadendal Library]*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.0993*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R1,465.60*	*R1,567.00*	*R1,760.22*
Number of Invoices /Certificates	*30*	*33*	*36*
Disputed Invoices / Certificates	*0*	*0*	*0*

749

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*	**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services			***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B367 photocopy machines at the following office : Registration Section, Traffic Services - Directorate Community Services, Caledon]*			***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**				
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.090*	**Value of VO's Approved**	*None*
Completion Date	*30/06/2028*				
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*	**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R2,779.19*	*R2,991.47*	*R3,262.95*
Number of Invoices /Certificates	*10*	*11*	*12*
Disputed Invoices / Certificates	*0*	*0*	*0*

MFaul
09/10/2026

750

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B227 photocopy machines at the following libraries : 1. Riviersonderend Library (Buitekant Street); 2. Riviersonderend Library (Alfa Road & Lelie Way); 3. Greyton Library; 4. Caledon Library; 5. Botrivier Library; 6.Tesselaarsdal Library and 7. Villiersdorp Library]*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.0993*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.* ***No invoices for Oostergloed Library, Riviersonderend and Tesseloarsdal Library for June 2026.***
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R7,635.27*	*R8,546.77*	*R9,204.55*
Number of Invoices /Certificates	*66*	*71*	*78*
Disputed Invoices / Certificates	*0*	*0*	*0*

751

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B367 photocopy machines at the following offices : 1. Town Planning and Building Control in the Directorate Economic Development and Planning; 2. Debt Collection, Caledon in the Directorate Finance; and 3. Traffic Services, Villiersdorp in the Directorate Community Services]*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.090*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R5,725.58*	*R6,433.43*	*R7,075.36*
Number of Invoices /Certificates	*30*	*33*	*36*
Disputed Invoices / Certificates	*0*	*0*	*0*

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B450i photocopy machines at the following office : 1. Caledon Town Office*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.0841*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*
Date of Report	**31 July 2026**		**30 August 2026**		**30 September 2026**	
Report Numbers	***10***		***11***		***12***	
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*		*N/a*		*N/a*	
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*		*N/a*		*N/a*	
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*		*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*		*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	
Blockages and Problemes	*N/a*		*N/a*		*N/a*	
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*		*N/a*		*N/a*	
Actual Amount Paid to Date	*R7,078.28*		*R7,727.53*		*R8,549.51*	
Number of Invoices /Certificates	*10*		*11*		*12*	
Disputed Invoices / Certificates	*0*		*0*		*0*	

753

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				**Funding Source**	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub C300i photocopy machines at the following office : 1. Records Section, Head Office, Caledon]*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.0912 (black & white) & R0.5025 (colour)*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R39,141.79*	*R44,052.91*	*R47,395.82*
Number of Invoices /Certificates	*10*	*11*	*12*
Disputed Invoices / Certificates	*0*	*0*	*0*

M Faul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B367 photocopy machines at the following offices : 1. Directorate Corporate Services, Head Office, Caledon 2. Directorate Technical and Infrastructure Implementation Services, Head Office, Caledon, and 3. Public Safety (Corporate Office), Head Office, Caledon*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.090*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***710***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R10,684.74*	*R12,120.08*	*R13,266.35*
Number of Invoices /Certificates	*30*	*33*	*36*
Disputed Invoices / Certificates	*0*	*0*	*0*

M Faul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*KOR04/2026/27 [Maintenance Agreement for Bizhub B367 photocopy machines at the following offices : 1. Greyton Town Office; 2. Genadendal Town Office; 3. Human Settlements, Grabouw; 4. Human Resources, Head Office, Caledon; 5. Electrical Services, Head Office, Caledon and 6. Motor Registration and Licensing, Grabouw*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/7/2026*	**Total Contract Amount**	*Cost per copy = R0.0770*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2027*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***1***	***2***	***3***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R1,161.96*	*R2,714.96*	*R4,293.65*
Number of Invoices /Certificates	*6*	*12*	*18*
Disputed Invoices / Certificates	*0*	*0*	*0*

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B287 photocopy machine at the following office: Bereaville Library]*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.0947*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R18.07*	*R19.16*	*R23.08*
Number of Invoices /Certificates	*7*	*8*	*9*
Disputed Invoices / Certificates	*0*	*0*	*0*

757

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B367 photocopy machine at the following office: Sustainable Development (Directorate Community Services)*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.090*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***10***	***11***	***12***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R495.74*	*R 548.63*	*R598.72*
Number of Invoices /Certificates	*10*	*11*	*12*
Disputed Invoices / Certificates	*0*	*0*	*0*

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*COR02/2025/26 [Maintenance Agreement for Bizhub B950i photocopy machine at the following office: Records Section*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*1/10/2025*	**Total Contract Amount**	*Cost per copy = R0.0585*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2028*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	*7*	*8*	*9*
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R15,729.89*	*R19,199.23*	*R26,280.69*
Number of Invoices /Certificates	*7*	*8*	*9*
Disputed Invoices / Certificates	*0*	*0*	*0*

759

MFaure
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				***Funding Source***	
Complete Tender No. & Description	*KOR14/2025/26 [Maintenance Agreement for Bizhub C551i photocopy machine at the following office: Department Adminnistration*				***Own X***	***Other***
Service Provider	**Minolco (Pty) Ltd t/a Konica Minolta SA**					
Commencement Date	*91/11/2025*	**Total Contract Amount**	*Cost per copy = R0.0801 (Black & White) & R0.3517 (Colour)*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2026*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***7***	***8***	***9***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*	*Maintenance services rendered by Konica Minolta is satisfactory. Service calls are attended to within 8 working hours. Toners supplied on request.*
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R45,906.00*	*R51,795.04*	*R56,867.06*
Number of Invoices /Certificates	*7*	*8*	*9*
Disputed Invoices / Certificates	*0*	*0*	*0*

760

MFaul
09/10/2026

PROJECT MANAGER:	*GW Hermanus*		**PROJECT CHAMPION:**	*Marelize Faul*		
	Corporate Services				**Funding Source**	
Complete Tender No. & Description	*COR01/2024/25 - Supply and delivery of photocopy paper to various Municipal and Trafic Offices of Theewaterskloof Municipality from 01 July 2024 to 30 June 2027 (Tender awarded on 27/02/2025)*				***Own X***	***Other***
Service Provider	**OFFICE FOR YOU (PTY) LTD**					
Commencement Date	*01/07/2024*	**Total Contract Amount**	*A4 white photocopy paper = R77.60 per ream (Vat excl) for Caledon & Grabouw and R79.40 per ream (VAT excl) for other towns.*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2027*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*

Date of Report	**31 July 2026**	**30 August 2026**	**30 September 2026**
Report Numbers	***13***	***14***	***15***
Indicate the Empowerment Goals that were set for this contract in terms of Clause 2(a) of the SCM Policy	*N/a*	*N/a*	*N/a*
Overall performance including Rand Value in terms of the Empowerment Goals	*N/a*	*N/a*	*N/a*
Overall Performance Incl. quality of work to date	*Services rendered by Office for You (Pty) Ltd is satisfactory.* ***No procurement for July 2026.***	*Services rendered by Office for You (Pty) Ltd is satisfactory.*	*Services rendered by Office for You (Pty) Ltd is satisfactory.* ***No procurement for September 2026.***
Blockages and Problemes	*N/a*	*N/a*	*N/a*
Recommanded Action and Resolutions required to unblock blockages & problems	*N/a*	*N/a*	*N/a*
Actual Amount Paid to Date	*R415,111.82*	*R470,479.72*	*R470,479.72*
Number of Invoices /Certificates	*8*	*9*	*9*
Disputed Invoices / Certificates	*0*	*0*	*0*

761

MFaul 09/10/2026

REPORTING ON PERFORMANCE OF CONTRACTORS: INFORMATION TECHNOLOGY JULY – SEPTEMBER 2026

PROJECT MANAGER:	*G.W Hermanus*		**PROJECT CHAMPION:**	*Joel Rasekgala*			
	Corporate Services					**Funding Source**	
Complete Tender No. & Description	*CB 04/2024/25 – SUPPLY AND INSTALL OF FIBRE INTERNET (100Mbps) BUSINESS LINES AT THEEWATERSKLOOF MUNICIPALITY, CALEDON FROM 01 OCTOBER 2025 TO 28 FEBRUARY 2026.*					**Own X**	**Other**
Service Provider	**Hilbert (Formery Wispernet)**						
Commencement Date	*01/07/2025*	**Total Contract Amount**	*R 617,500.00*	**Value of VO's Approved**		*None*	
Completion Date	*30/09/2025*						
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*			**Project on Time**	*N/A*
Date of Report	**07 August 2026**		**07 September 2025**		**07 October 2026**		
Report Numbers	***39***		***45***		***50***		
Overall performance including, quility of work to date	*Current performance is satisfactory. Service provider comply with SLA conditions*		*Current performance is satisfactory. Service provider comply with SLA conditions*		*Current performance is satisfactory. Service provider comply with SLA conditions*		
Blockages and Problemes	*None*		*None*		*None*		
Recommanded Action and	*None*		*None*		*None*		
Actual Amount Paid to Date	*R 145,417.50*		*R 155,959.00*		*R165,772.50*		
Number of Invoices /Certificates	*1*		*1*		*1*		
Disputed Invoices / Certificates	*None*		*None*		*None*		

07/10/2026

763

PROJECT MANAGER:	*G.W Hermanus*		**PROJECT CHAMPION:**	*Joel Rasekgala*	
	Corporate Services			**Funding Source**	
Complete Tender No. & Description	*CB 04/2024/25 – SUPPLY AND INSTALL OF FIBRE INTERNET BUSINESS LINES (200Mbps) AT THEEWATERSKLOOF MUNICIPALITY, CALEDON FROM 01 OCTOBER 2025 TO 28 FEBRUARY 2026.*			***Own X***	***Other***
Service Provider	**Hilbert Electronics**				
Commencement Date	*01/07/2026*	**Total Contract Amount**	*R 617,500.00*	**Value of VO's Approved**	*None*
Completion Date	*30/09/2025*				
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*	**Project on Time**	*N/A*

Date of Report	**07 August 2026**	**07 September 2026**	**07 October 2026**
Report Numbers	***38***	***44***	***51***
Overall performance including, quility of work to date	*Current performance is satisfactory. Service provider comply with SLA conditions*	*Current performance is satisfactory. Service provider comply with SLA conditions*	*Current performance is satisfactory. Service provider comply with SLA conditions*
Blockages and Problems	*None*	*None*	*None*
Recommanded Action and Resolutions required to unblock blockages & problems	*None*	*None*	*None*
Actual Amount Paid to Date	*R 145,417.50*	*R 155,595.00*	*R165,772.50*
Number of Invoices /Certificates	*1*	*1*	*1*
Disputed Invoices / Certificates	*None*	*None*	*None*

07/10/2026

PROJECT MANAGER:	*G.W Hermanus*		**PROJECT CHAMPION:**	*Joel Rasekgala*			
	Corporate Services					**Funding Source**	
Complete Tender No. & Description	***COR 04/2024/25 – THE APPOINTMENT OF AN INTERNET SERVICE PROVIDER FOR ALL THEEWATERSKLOOF MUNICIPAL SITES, AS AND WHEN REQUIRED,FROM DATE OF APPOINTMENT UNTIL 30 JUNE 2028***					***Own X***	***Other***
Service Provider	**TWK Communications**						
Commencement Date	*01-Oct-25*	**Total Contract Amount**	*R 617,500.00*	**Value of VO's Approv**		*None*	
Completion Date	*30/06/2028*						
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*			**Project on Time**	*N/A*
Date of Report	**07 August 2026**		**07 September 2026**		**07 October 2026**		
Report Numbers	***31***		***46***		***52***		
Overall performance including, quility of work to date	*Current performance is satisfactory. Service provider comply with SLA conditions*		*Current performance is satisfactory. Service provider comply with SLA conditions*		*Current performance is satisfactory. Service provider comply with SLA conditions*		
Blockages and Problemes	*None*		*None*		*None*		
Recommanded Action and	*None*		*None*		*None*		
Actual Amount Paid to Date	*R 799,641.16*		*R 862,372.59*		*R925,104.02*		
Number of Invoices /Certificates	*1*		*1*		*1*		
Disputed Invoices / Certificates	*None*		*None*		*None*		

07/10/2026

765

PROJECT MANAGER:	*G.W Hermanus*	**PROJECT CHAMPION:**	*Joel Rasekgala*			
	Corporate Services				**Funding Source**	
Complete Tender No. & Description	*CB 08/2025/26 – HOSTING AND MAINTENANCE OF THEEWATERSKLOOF MUNICIPALITY'S WEBSITE FROM 01 JULY 2025 TO 30 JUNE 2026.*				**Own X**	**Other**
Service Provider	**Maxitec**					
Commencement Date	*01/07/2025*	**Total Contract Amount**	*Deviation N/A*	**Value of VO's Approved**	*None*	
Completion Date	*30/06/2026*					
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*		**Project on Time**	*N/A*
Date of Report	**07 August 2026**	**07 September 2026**	**07 October 2026**			
Report Numbers	***32***	***47***	***53***			
Overall performance including, quility of work to date	*Current performance is satisfactory. Service provider comply with SLA conditions*	*Current performance is satisfactory. Service provider comply with SLA conditions*	*Current performance is satisfactory. Service provider comply with SLA conditions*			
Blockages and Problemes	*None*	*None*	*None*			
Recommanded Action and	*None*	*None*	*None*			
Actual Amount Paid to Date	*R 57,739.12*	*R 65,739.12*	*R73,739.12*			
Number of Invoices /Certificates	*1*	*1*	*1*			
Disputed Invoices / Certificates	*None*	*None*	*None*			

Mjela 07/10/2026

PROJECT MANAGER:	*G.W Hermanus*		**PROJECT CHAMPION:**	*Joel Rasekgala*			
	Corporate Services					**Funding Source**	
Complete Tender No. & Description	*RT15 Transversal Contract -PBX & Hardware*					**Own X**	**Other**
Service Provider	**Cell C**						
Commencement Date	*05/10/2022*	**Total Contract Amount**	*R 1,000,000.00*	**Value of VO's Approved**		*None*	
Completion Date	*30/06/2026*						
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*			**Project on Time**	*N/A*
Date of Report	**07 August 2026**		**07 September 2026**		**07 October 2026**		
Report Numbers	***33***		***48***		***55***		
Overall performance including, quility of work to date	*Current performance is satisfactory. Service provider comply with SLA conditions*		*Current performance is satisfactory. Service provider comply with SLA conditions*		*Current performance is satisfactory. Service provider comply with SLA conditions*		
Blockages and Problems	*None*		*None*		*None*		
Recommanded Action and	*None*		*None*		*None*		
Actual Amount Paid to Date	*R 465,166.62*		*R 611,418.01*		*R656,719.37*		
Number of Invoices /Certificates	*1*		*1*		*1*		
Disputed Invoices / Certificates	*None*		*None*		*None*		

07/10/2026

767

PROJECT MANAGER:	*G.W Hermanus*		**PROJECT CHAMPION:**	*Joel Rasekgala*			
	Corporate Services					**Funding Source**	
Complete Tender No. & Description	*RT15 Transversal Contract - VOIP Services*					***Own X***	***Other***
Service Provider	**Cell C**						
Commencement Date	*05/10/2022*	**Total Contract Amount**	*R 1,000,000.00*	**Value of VO's Approved**		*None*	
Completion Date	*30/06/2026*						
Adjusted Contract Amount	*None*	**Adjusted Completion Date**	*None*			**Project on Time**	*N/A*
Date of Report	**07 August 2026**		**07 September 2026**		**07 October 2026**		
Report Numbers	***34***		***49***		***54***		
Overall performance including, quility of work to date	*Current performance is satisfactory. Service provider comply with SLA conditions*		*Current performance is satisfactory. Service provider comply with SLA conditions*		*Current performance is satisfactory. Service provider comply with SLA conditions*		
Blockages and Problemes	*None*		*None*		*None*		
Recommanded Action and	*None*		*None*		*None*		
Actual Amount Paid to Date	*R 465,166.62*		*R 611,418.01*		*R656,719.37*		
Number of Invoices /Certificates	*1*		*1*		*1*		
Disputed Invoices / Certificates	*None*		*None*		*None*		

07/10/2026

ITEM TITLE

C274/2026 DIRECTORATE CORPORATE SERVICES: DEPARTMENT ADMINISTRATION: COMPOSITION OF WARD COMMITTEES - 2026 - 2032

[English version of the report is the original]

FILE NUMBER

3/4/1

PURPOSE OF REPORT

That Council approves the proposed composition of Ward Committees for the next term (2026 – 2032).

BACKGROUND

With the review and evaluation of the ward committee system over the current term, the following gaps, amongst others, were found in the Ward Committee system:

a. Little or no consultation takes place between the Ward Committee member and the organisation/geographical area that he/she represents.
b. The above has resulted in Ward Committee members not adhering to the mandates of their representation.
c. The above also contributes to the communication gap between the municipality and the community, as minimal or no feedback is provided by the Ward Committee members to the geographical areas or organisations.
d. The fact that we cannot provide transport to the ward committee meetings also leads to some ward committee meetings being cancelled due to no quorums.
e. The fact that we cannot provide transport to public meetings restricts the Geographical representatives to give feedback to their geographical areas as well as getting mandates from their geographical areas.
f. Too few active organisations are represented on the Ward Committee.
g. Ward committee members lost interest, which can also be related to the fact that some of the priorities identified could not be completed due to funding issues.
h. A lot of vacancies on the ward committees

In order to address the above gaps, remedial steps had to be taken, including the following:

a. Some wards were reduced to a total of 6, etc.
b. The aforementioned was confirmed by the Provincial Department Public Participation that the ward committee can be a maximum of 10 members but can also be a minimum of 6.
c. Some of the ward committees had hybrid meetings which cancel the transport issue, but this is only where ward committee members have the wifi facilities at home as data can be an issue.

d. Ward committee meetings have been reduced to quarterly instead of bi-monthly in terms of the SDBIP, due to the fact that transport is an issue.

DISCUSSION

To ensure a more active Ward Committee system, the following steps were implemented:

a. The Office of the Speaker launched an investigation into how the current Ward Committees are compiled and compared it with the organisations registered on the Theewaterskloof database. Thereafter it was determined how each ward should be compiled.
b. A process was also followed to invite all organisations in the Theewaterskloof municipal area to register on the municipality's organisation database in order to form part of public participation processes, as well as the Ward Committee system.
c. An information and consultation meeting was held with Ward and PR Councillors (except in Caledon) to provide clarity on how the wards will be compiled for the next term. An email with the proposed structure was forwarded to ALL councillors to confirm.
d. In some wards, Sectors could not be identified, but all the Sectors in the applicable towns will be consulted between November 2026 and January 2027 to confirm which sectors will form part of the structure.
e. It is further important to note, that no names have been allocated to the seats yet, as we will only start with the election process after the Newly elected Council is inaugurated.

The aforementioned steps form part of the pre-establishment process of the Ward Committees. As the law provides that only 120 days after an election are permitted for the establishment of Ward Committees, we were compelled to follow the above-mentioned steps.

To establish an active Ward Committee, it was proposed that in some wards, more sectors and in some wards more geographical areas, should be accommodated on the Ward Committee structures based on the activeness of the Sectors in a specific town.

The purpose of the report is to obtain Council's approval for the Ward Committee structures, so that the establishment and election process of Ward Committees can take place immediately after the municipal elections and that ward committees be established in all Wards by March 2027.

FINANCIAL IMPLICATIONS

Transportation to meetings and overtime in terms of establishment meetings.

LEGAL RESPONSIBILITIES

- Section 73 of Act 117 of 1998 of the Municipal Structures Act.
- Policy framework for Ward Committees

RISK MANAGEMENT IMPLICATIONS

None.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL:

It is recommended:

1. **That Council takes cognisance of the content of the report.**

2. **That Council approves the proposed composition of Ward Committees.**

ANNEXURE A

PROPOSED WARD COMMITTEE STRUCTURE 2027 - 2032

WARD 1 = 10 Members	
GEOGRAPHICAL AREAS	**SECTORS**
Oostergloed	Community Police Forum
Joe Slovo	BADISA (Also covers Gender Based Violence)
Riviersonderend Town	Rate Payers / Tourism
Smartie Town and Golf City	Interchurch Forum
	Sport forum
	Traditional Leadership
4	**6**
WARD 2 = 10 Members	
GEOGRAPHICAL AREAS	**SECTORS**
Bereaville	Greyton Council
Boschmanskloof	Genadendal Transformation Committee
Genadendal	Sport (covers Culture and Youth)
Voorstekraal	Agriculture
Heuwelkroon	
Greyton Town	
6	**4**
WARD 3 = 8 Members	
GEOGRAPHICAL AREAS	**SECTORS**
Caledon Town	Caledon Rate Payers Association
Bergsig	Sector 2 (TBC)
Tesselaarsdal	Sector 3 (TBC)
Diepgat	Sector 4 (TBC)
4	**4**
WARD 4 = 8 Members	
GEOGRAPHICAL AREAS	**SECTORS**
Uitsig	Caledon Rate Payers Association
Riemvasmaak	Sector 2(TBC)
Vleiview	Sector 3(TBC)
Myddleton	Sector 4 (TBC)
4	4

WARD 5 = 10 Members	
GEOGRAPHICAL AREAS	**SECTORS**
Mountain Hill/ New Crest/ Enkaneni/ Goniwe Park	Security
West Side	Ratepayers Association
High-Noon or Helderstroom	Tourism
	Sport
	Civic Organisation
	Religion
	Health
3	**7**

WARD 6 = 10 Members	
GEOGRAPHICAL AREAS	**SECTORS**
Villiersdorp Nuwedorp	Security
Berg en Dal	Civic Organisation
Protea Heights	Sport
Destiny/ Des Wes	Health
	Religion
	ECD
4	**6**

WARD 7 = 10 Members	
GEOGRAPHICAL AREAS	**SECTORS**
St Marys (Knoflokskraal)	Botriver Landgoed
Middelplaas	Botriver Community Committee
TRA 4/2/3/1 (Committee established in informal settlement)	Botriver Community Volunteers
Myrtle Street – Garden Cresent to Smith Street	
8th Avenue to Hoofweg	
Maranna	
6	**4**

WARD 8 = 7 Members	
GEOGRAPHICAL AREAS	**SECTORS**
Rooidakke	Sector 1
Kgotsong	Sector 2
Zola	
Marikana	
Iraq	
5	**2**

WARD 9 = 10 Members	
GEOGRAPHICAL AREAS	**SECTORS**

Geographic Area 1 (To be finalized)	EGVV
Geograhic Area 2 (To be finalized)	Health
Geographic Area 3 (To be finalized)	Civic Organisation
Geographic Area 4 (To be finalized)	Religion
Geographic Area 5 (To be finalized)	Security
5	**5**
WARD 10 = 7 Members	
GEOGRAPHICAL AREAS	**SECTORS**
Highlands Road	EGVV
Dennegeur, Arrieskraal	Sector 2
Molteno Farm	
Appletiser Road	
De Rust	
5	**2**
WARD 11 = 8 Members	
GEOGRAPHICAL AREAS	**SECTORS**
Beverley Hills Formal	Sector 1 (TBC)
Waterworks Informal	Sector 2 (TBC)
Beverley Hills Informal	Sector 3 (TBC)
Nuwedorp/ Die Bult	
Molteno Park	
5	**3**
WARD 12 = 8 Members	
GEOGRAPHICAL AREAS	**SECTORS**
Xola Naledi	Sector 1 (TBC)
Siyanyanzela	Sector 2 (TBC)
Oudebrug	
Hillside	
Darkside	
Siteview	
6	**2**
WARD 13 = 8 Members	
GEOGRAPHICAL AREAS	**SECTORS**
Melrose	Sector 1
Dennekruin	
Waterwese	

Heights	
Siteview	
Lost City	
Slangpark	
7	**1**
WARD 14 = 8 Members	
GEOGRAPHICAL AREAS	**SECTORS**
Pineview/ Elfco	Sector 1 (TBC)
City Council/ Upper Pineview North	Sector 2 (TBC)
Lower Pineview/ Appletiser Park	Sector 3 (TBC)
Klipkop	Sector 4 (TBC)
4	**4**

ITEM TITLE

C275/2026 DIRECTORATE CORPORATE SERVICES: DEPARTMENT ADMINISTRATION: QUARTERLY REPORT REGARDING RESOLUTIONS TAKEN AT COUNCIL MEETINGS FOR THE 1st, 2nd AND 4th QUARTER OF 2025/2026, WHICH IS STILL OUTSTANDING FOR NOTIFICATION AND RESOLUTIONS TAKEN AT COUNCIL MEETINGS FOR THE 1st QUARTER OF 2026/2027 (01 JULY 2026 TO 30 SEPTEMBER 2026) FOR APPROVAL

[English version of the report is the original]

FILE NUMBER

5/1/3

AIM/PURPOSE OF REPORT

That Council notes the attached schedules reflecting the resolutions taken at Council meetings for the 1st, 2nd and 4th quarter of 2025/2026, which is still outstanding, and that Council approves the schedule of resolutions taken at Council meetings for the 1st quarter of 2026/2027 (01 July 2026 to 30 September 2026).

BACKGROUND

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

DISCUSSION

After completion of the 1st quarter of the 2026/2027 Service Delivery and Budget Implementation Plan (SDBIP), the schedule of resolutions taken at Council meetings is attached as an annexure to this Agenda-item for approval by the Council.

That the schedule of Council resolutions which are still outstanding for the 1st, 2nd and 4th quarter of 2025/2026 is also attached for cognizance of Council.

FINANCIAL IMPLICATIONS

None.

LEGAL IMPLICATIONS

None.

RISK MANAGEMENT IMPLICATIONS

Not applicable.

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL: 777

It is recommended:

1. **That the Council notes the schedule of resolutions taken during Council meetings for the 1st, 2nd and 4th quarter of 2025/2026 which is still outstanding for finalization.**

2. **That the Council approves the schedule of resolutions taken during the Council meetings for the 1st quarter of 2026/2027 (01 July 2026 to 30 September 2026).**

THEEWATERSKLOOF MUNICIPALITY

RESOLUTIONS TAKEN DURING COUNCIL MEETINGS

01 JULY 2025 TO 30 SEPTEMBER 2025

	COUNCIL RESOLUTIONS	FOR FINALIZATION BY WHOM	FINALIZED YES/NO	COMMENTS
	COUNCIL MEETING – 07 AUGUST 2025			
C208/2025	Legal Services: Delegation of Powers and duties [2/2/21; 2/2/2/2; 2/2/2/3]	Agenda-item withdrawn and was not discussed during the meeting.	No	Collab nr 6378876 - Refer to Ms G Arendse (Review item with comments received)

THEEWATERSKLOOF MUNICIPALITY

RESOLUTIONS TAKEN DURING COUNCIL MEETINGS

01 OCTOBER 2025 TO 31 DECEMBER 2025

	COUNCIL RESOLUTIONS	FOR FINALIZATION BY WHOM	FINALIZED YES/NO	COMMENTS
	COUNCIL MEETING – 03 DECEMBER 2025			
C299/2025	Town Planning and Building Control: Proposed renaming of Hope- and Plein Streets to Karel Papier Boulevard [16/3/7/1]	Agenda-item referred back		Collab 6240739 – Mr E Shortles – Update referred item

THEEWATERSKLOOF MUNICIPALITY

RESOLUTIONS TAKEN DURING COUNCIL MEETINGS

01 APRIL 2026 TO 30 JUNE 2026

	COUNCIL RESOLUTIONS	FOR FINALIZATION BY WHOM	FINALIZED YES/NO	COMMENTS
	COUNCIL MEETING – 30 APRIL 2026			
C98/2026	Office of the MM: Department IDP: Reporting on performance of Contractors: January 2026 till March 2026 [8/2/3/5/1]	Ms L Kilowan	No	Collab 7340954 – refer to Ms L Absolom for finalization.
	COUNCIL MEETING – 28 MAY 2026			
C124/2026	Community Services: Environmental and Disaster Management: Reviewed and Amended Disaster Management Policy 2026 [17/4/B]	Mr N Arendse	No	Collab 7313096 – Implementation resolution.
C126/2026	Community Services: Environmental and Disaster Management: Reviewed Disaster Management Plan 2026 [17/4/B]	Mr N Arendse	No	Collab 7313145 – Implement resolution.
C127/2026	Community Services: Environmental and Disaster Management: Reviewed Disaster Risk Management Assessment 2026 [17/4/B]	Mr N Arendse	No	Collab 7313172 – Implement resolution.
C137/2026	MPAC: Finance: Non-Compliance with SCM Regulation 22(1)(b)(i) – advertising of long-term contracts for less than 30 days [6/3/1/5/1]	Mr A Riddles	No	Collab 7114981 – Refer to Ms A Martin for implement resolution.
	COUNCIL MEETING – 25 JUNE 2026			
C163/2026	MPAC: Finance: Towing of vehicle to the Grabouw Office: CAM 30014 – 2024/2025 [6/3/1/5/1]	Mr A Riddles	No	Collab 7410115 – Refer to Ms A Martin for implement resolution.

C164/2026	MPAC: Finance: Reported on Unauthorised Expenditure for 2024/2025 financial year [6/3/1/5/1]	Mr A Riddles	No	Collab 7410498 – Refer to Ms S Newman for implement resolution.

THEEWATERSKLOOF MUNICIPALITY

RESOLUTIONS TAKEN DURING COUNCIL MEETINGS

01 JULY 2026 TO 30 SEPTEMBER 2026

	COUNCIL RESOLUTIONS	FOR FINALIZATION BY WHOM	FINALIZED YES/NO	COMMENTS
	SPECIAL COUNCIL MEETING – 23 JULY 2026			
SC08/2026	MPAC: Community Services: Public Safety: Irregular Expenditure – Caledon Vet [6/3/1/5/1]	Mr J Barnard	No	Collab 3871582 – Implement resolution
SC09/2026	MPAC: Community Services: Public Safety: Irregular Expenditure: HWM Consultancy [6/3/1/5/1]	Mr J Barnard	No	Collab 3871647 – Implement resolution
SC10/2026	MPAC: Community Services: Grabouw Town Office: Irregular Expenditure – Van Tonder Security Services [6/3/1/5/1]	Mr J Barnard	No	Collab 3873571 – Implement resolution
SC11/2026	MPAC: Community Services: Grabouw Town Office: Irregular Expenditure – Machaira Projects [6/3/1/5/1]	Mr J Barnard	No	Collab 3873647 – Implement resolution
SC12/2026	MPAC: Community Services: Public Safety: Irregular Expenditure – HWM Consultancy [6/3/1/5/1]	Mr J Barnard	No	Collab 3874348 – Implement resolution
SC13/2026	MPAC: Community Services: Irregular Expenditure: Term Group [6/3/1/5/1]	Mr J Barnard	No	Collab 3872456 – Implement resolution
SC14/2026	MPAC: Community Services: Irregular Expenditure – Siswa Trading and Project [6/3/1/5/1]	Mr J Barnard	No	Collab 3872461 – Implement resolution
SC15/2026	MPAC: Community Services: Irregular Expenditure – Specialized Agri Protection Services [6/3/1/5/1]	Mr J Barnard	No	Collab 3872462 – Implement resolution
SC16/2026	MPAC: Community Services: Irregular Expenditure – ZWH Projects and Development [6/3/1/5/1]	Mr J Barnard	No	Collab 3872478 – Implement resolution
SC17/2026	MPAC: Community Services: Irregular Expenditure – Isidingo Security Services [6/3/1/5/1]	Mr J Barnard	No	Collab 3872484 – Implement resolution
SC18/2026	MPAC: Community Services: Irregular Expenditure – Security Consortium SA [6/3/1/5/1]	Mr J Barnard	No	Collab 3872486 – Implement resolution
SC19/2026	MPAC: Community Services: Irregular Expenditure – WB Tipper Truck and Plant Hire [6/3/1/5/1]	Mr J Barnard	No	Collab 3872487 – Implement resolution
SC20/2026	MPAC: Community Services: Irregular Expenditure – Blue Falcon (Pty) Ltd [6/3/1/5/1]	Mr J Barnard	No	Collab 3872488 – Implement resolution

SC21/2026	MPAC: ICT: TWK Communications [6/3/1/5/1]	Mr J Rasekgala	No	Collab 3866943 – Implement resolution
SC22/2026	MPAC: ICT: Verve Media Group – April 2023 [6/3/1/5/1]	Mr J Rasekgala	No	Collab 3867703 – Implement resolution
SC23/2026	MPAC: Human Settlements: Irregular Expenditure – Rhula National Security [6/3/1/5/1]	Ms N Baliso	Yes	
SC24/2026	MPAC: Human Settlements: Irregular Expenditure – K2C Construction (Pty) Ltd [6/3/1/5/1]	Ms N Baliso	Yes	
SC25/2026	MPAC: LED: Irregular Expenditure – Festival of Lights [6/3/1/5/1]	Ms N Baliso	Yes	
SC26/2026	MPAC: Finance: Irregular Expenditure – ELEC01/2022/2023 – Supply, delivery and installation of new High Mast Lightting in Grabouw, Theewaterskloof Municipal Area [6/3/1/5/1]	Mr Z Benjamin	No	Collab 3867459 – Implement resolution
SC27/2026	MPAC: Finance: Irregular Expenditure – FIN03/2022/23 – Provision and administration of Electricity Prepayment Uniform Vending System for the period from date of appointment until 30 June 2025 [6/3/1/5/1]	Mr A Riddles	No	Collab 3867461 – *Ms J van Niekerk* – Implement resolution
SC28/2026	MPAC: Community Services: Irregular Expenditure – WB Tipper Truck and Plant Hire [6/3/1/5/1]	Mr J Barnard	No	Collab 3968594 – Implement resolution
SC29/2026	MPAC: Community Services: Irregular Expenditure – ZWH Projects and Development [6/3/1/5/1]	Mr J Barnard	No	Collab 3968593 – Implement resolution
SC30/2026	MPAC: Property Management: Irregular Expenditure – Media 24 – Placement of Advertisement Motor Sport Development [6/3/1/5/1]	Ms N Baliso	Yes	
SC31/2026	MPAC: Human Settlements: Irregular Expenditure – K2C Construction (Pty) Ltd [6/3/1/5/1]	Ms N Baliso	Yes	
SC32/2026	MPAC: Community Services: Irregular Expenditure – Specialized Agri Protection Services [6/3/1/5/1]	Mr J Barnard	No	Collab 3974100 – Implement resolution
SC33/2026	MPAC: Community Services: Grabouw Town Office: Irregular Expenditure: Macheira Projects [6/3/1/5/1]	Mr J Barnard	No	Collab 3974033 – Implement resolution
SC34/2026	MPAC: Community Services: Irregular Expenditure – Term Group [6/3/1/5/1]	Mr J Barnard	No	Collab 3972159 – Implement resolution
SC35/2026	MPAC: Finance: Irregular Expenditure – ELEC03/2022/23 – Medium and Low Voltage Electrical Upgrading in Caledon, Villiersdorp, Riviersonderend and Greyton [6/3/1/5/1]	Mr Z Benjamin	No	Collab 4001056 – Implement resolution
SC36/2026	MPAC: Finance: Irregular Expenditure – OPE10/2022/23 – Supply and delivery of precast toilet cubicles to Theewaterskloof Municipality [6/3/1/5/1]	Mr J Barnard	No	Collab 4001062 – Implement resolution

SC37/2026	MPAC: Finance: Irregular Expenditure – COR05/2022/23 – Group Life Insurance Scheme for the period from 01 July 2023 to 30 June 2026 [6/3/1/5/1]	Mr CA Fisher	Yes	
SC38/2026	MPAC: Community Services: Irregular Expenditure: Trail's End Bike Hotel [6/3/1/5/1]	Mr J Barnard	No	Collab 4000962 – Implement resolution
SC39/2026	MPAC: Human Settlements: Irregular Expenditure – K2C Construction (Pty) Ltd (October 2022) [6/3/1/5/1]	Ms N Baliso	Yes	
	COUNCIL MEETING – 30 JULY 2026			
C167/2026	Strategic Support and IDP: IDP & Budget Time Schedule for the 2026/2027 financial year [5/1/1-2026/2027]	Ms L Kilowan	Yes	
C168/2026	Strategic Support and IDP: Adoption of Amendment to Council Resolution SC04/2026: The 2022-2027 Five-Year Integrated Development Plan [15/1/5/1]	Ms L Kilowan	Yes	
C169/2026	IDP/Performance Management: Signed Performance Agreements of Section 54A and 56 Appointees for 2026/2027 and the 2026/2027 SDBIP [4/1/3]	Ms L Kilowan	Yes	
C170/2026	FARMCO: Review of Strategic Risk Register for 2025/2026 [5/14/2/4]	Ms N Dayeni	No	Collab 7270571 – Implement resolution
C171/2026	FARMCO: Review of Operational Risk Register for 2025/2026 [5/14/2/4]	Ms N Dayeni	No	Collab 7270578 – Implement resolution
C172/2026	FARMCO: Review of Fraud Risk Register for 2025/2026 [5/14/2/4]	Ms N Dayeni	No	Collab 7270656 – Implement resolution
C173/2026	FARMCO: Risk Management Implementation Plan 2025/2026 [5/14/2/3]	Ms N Dayeni	No	Collab 7270718 – Implement resolution
C174/2026	Community Services: Blue Deal South Africa – Theewaterskloof Partnership [16/5/R]	Mr J Barnard	No	Collab 7500836 – Implement resolution
C175/2026	Finance: Reporting on performance of contractors: 4th Quarter: April, May, June 2026 [8/2/3/5/3]	Mr A Riddles	Yes	
C176/2026	Finance: Withdrawals from Municipal Bank Accounts: April – June 2026 [5/15/R]	Mr A Riddles	Yes	

C177/2026	Finance: SCM: Deviation Report for June 2026 [6/3/3/6]	Mr A Riddles / Mr WSE Solomons-Johannes	Yes / No	Collab 75265439 – *Refer to Ms T Mbalo-Tshungwana* – Implement resolution
C178/2026	Finance: SCM: Year-end store report – 30 June 2026 [6/1/1/2]	Mr A Riddles	Yes	
C179/2026	Finance: Financial report item: Fourth Quarter (April 2026 – June 2026) [5/16/R]	Mr A Riddles	Yes	
C180/2026	Finance: Status report on overdraft facility [5/15/2]	Mr A Riddles	Yes	
C181/2026	Administration: Public Participation Plan 2026/2027 [5/1/4]	Ms M Faul / Ms L Kilowan	Yes	
C182/2026	Administration: Ward Committee System: Bi-annual performance report: January – June 2026 [3/4/R]	Ms M Faul / Ms L Kilowan	Yes	
C183/2026	Administration: Quarterly report regarding resolutions taken at Council Meetings for the 4th Quarter of 2024/2025; the 1st, 2nd and 3rd quarter of 2025/2026 which is still outstanding for notification and resolutions taken at Council Meetings for the 4th quarter of 2025/2026 (01 April 2026 to 30 June 2026) for approval [5/1/3]	Ms M Faul	Yes	
C184/2026	Office of the MM: Reconsideration of UIFWe items of prior years submitted [6/3/1/5/1]	Mr A Riddles	Yes	
C185/2026	IDP/Performance Management: 4th Quarter Top Layer SDBIP report [5/1/3]	Ms L Kilowan	Yes	
C186/2026	Finance: Consideration and approval of amendments of the Supply Chain Management Policy [6/3/B]	Mr A Riddles		Agenda-item referred back for amendments – Collab 7591441 – *Mr A Plaatjies* – Update referred item.
	SPECIAL COUNCIL MEETING – 05 AUGUST 2026			
SC41/2026	MPAC: Community Services: Irregular Expenditure – Trails End Bikes [6/3/1/5/1]	Mr J Barnard	No	Collab 4215619 – Implement resolution
SC42/2026	MPAC: Community Services: Can Marketing and Solutions (Pty) – R165,000.00 [6/3/1/5/1]	Mr J Barnard	No	Collab 4648781 – Implement resolution
SC43/2026	MPAC: Community Services: Irregular Expenditure – Specialised Agri Protection Services [6/3/1/5/1]	Mr J Barnard	No	Collab 4649423 – Implement resolution
SC44/2026	MPAC: Community Services: Irregular Expenditure – WB Tipper Truck and Plant Hire [6/3/1/5/1]	Mr J Barnard	No	Collab 4649425 – Implement resolution

SC45/2026	MPAC: Community Services: Irregular Expenditure – Trail's End [6/3/1/5/1]	Mr J Barnard	No	Collab 4649427 – Implement resolution
SC46/2026	MPAC: Community Services: Irregular Expenditure – Sibakulu Security [6/3/1/5/1]	Mr J Barnard	No	Collab 4649787 – Implement resolution
SC47/2026	MPAC: Finance: Irregular Expenditure – Preferential Procurement Regulations, 2022 [6/3/1/5/1]	Mr A Riddles	Yes	
SC48/2026	MPAC: Finance: Irregular Expenditure 2022/2023 – Procurement and Contract Management in accordance with Regulation 17 of the Supply Chain Management Policy [6/3/1/5/1]	Mr A Riddles	Yes	
SC49/2026	MPAC: Human Settlements: Irregular Expenditure – ASLA Construction (Pty) Ltd [6/3/1/5/1]	Ms N Baliso	No	Collab 4652857 – *Refer to Mr W Moses* – Implement resolution
SC50/2026	MPAC: Community Services: Blue Falcon [6/3/1/5/1]	Ms N Baliso	No	Collab 4706758 – *Refer to Mr W Moses* – Implement resolution
SC51/2026	MPAC: Community Services: Term Group [6/3/1/5/1]	Mr J Barnard	No	Collab 4706774 – Implement resolution
SC52/2026	MPAC: Community Services: Isidingo Security [6/3/1/5/1]	Mr J Barnard	No	Collab 4706775 – Implement resolution
SC53/2026	MPAC: Community Services: Security Consortium SA [6/3/1/5/1]	Mr J Barnard	No	Collab 4706778 – Implement resolution
SC54/2026	MPAC: Finance: Irregular Expenditure – Designated sector tender not advertised and evaluated for local content and production [6/3/1/5/1]	Mr A Riddles	Yes	
SC55/2026	MPAC: Human Settlements: Irregular Expenditure – K2C Construction (Pty) Ltd [6/3/1/5/1]	Ms N Baliso	No	Collab 4817095 – *Refer to Mr W Moses* – Implement resolution
SC56/2026	MPAC: LED: Irregular Expenditure – Festival of Lights [6/3/1/5/1]	Ms N Baliso / Ms E Lotriet	Yes	
SC57/2026	MPAC: Finance: Reason for not following the competitive bidding process (deviation) not justifiable [6/3/1/5/1]	Mr A Riddles	Yes	
SC58/2026	MPAC: Finance: Non-compliance: Reason for obtaining less than three (3) formal written price quotations were not recorded and approved by the CFO or official designated by the CFO [6/3/1/5/1]	Mr A Riddles	Yes	
SC59/2026	MPAC: HR: Payment of Cedar Psychological Services [6/3/1/5/1]	Mr J Amansure	Yes	
SC60/2026	MPAC: HR: Payment of Bowl Addiction Treatment Service [6/3/1/5/1]	Mr J Amansure	Yes	

SC61/2026	MPAC: Human Settlements: Irregular Expenditure – Grabouw Auto Spares [6/3/1/5/1]	Ms N Baliso	No	Collab 5824057 – *Refer to Mr W Moses* – Implement resolution
SC62/2026	MPAC: ICT: Irregular Expenditure – Detailed audit finding: Non-compliance – Procurement for Services from Telkom SA [6/3/1/5/1]	Mr J Rasekgala	No	Collab 5956771 – Implement resolution
SC63/2026	MPAC: Technical- and Infrastructure Implementation Services: Irregular Expenditure with regards to repair of bulk sewer Caledon – Umzali Civils (Pty) Ltd [6/3/1/5/1]	Mr D Damons	Yes	
SC64/2026	MPAC: Technical- and Infrastructure Implementation Services: Irregular Expenditure with regards to Cherry Picker CAM 21962 vehicle that developed a defect and could not pass the yearly renewal of its license – Kani Motors Repairs and Spares [6/3/1/5/1]	Mr D Damons	Yes	
SC65/2026	MPAC: Office of the MM: Appointment of the Municipal Manager [6/3/1/5/1]	Mr WF Hendricks	Yes	
SC66/2026	MPAC: Finance: Irregular Expenditure: The supply and installation of new floor tiles at hallways, kitchens and restrooms at the head office building of Theewaterskloof Municipality, Caledon [6/3/1/5/1]	Mr A Riddles	Yes	
SC67/2026	MPAC: Finance: Irregular Expenditure: Preferential Procurement Policy Framework Act (PPPFA) and Preferential Procurement Regulations (PPR) 2022 [6/3/1/5/1]	Mr A Riddles	Yes	
SC68/2026	MPAC: Finance: Irregular Expenditure: Non-Compliance with advertisement requirement for formal written price quotations: Supply Practical 9mm Handgun Firearm Shoot (Regulation 21) and Firearm Competency to Theewaterskloof Public Safety Department in Caledon [6/3/1/5/1]	Mr A Riddles	Yes	
SC69/2026	MPAC: Finance: Irregular Expenditure – Written price quotations were not obtained from at least three prospective suppliers [6/3/1/5/1]	Mr A Riddles	Yes	
SC70/2026	MPAC: Finance: Incomplete disclosure of irregular expenditure in the financial statements [6/3/1/5/1]	Mr A Riddles	Yes	
	SPECIAL COUNCIL MEETING – 13 AUGUST 2026			
SC71/2026	MPAC: Finance: Irregular Expenditure – Incorrectly classified [6/3/1/5/1]	Mr A Riddles	Yes	
SC72/2026	MPAC: Finance: Reported on Unauthorised Expenditure for 2022/2023 and 2023/2024 financial year [6/3/1/5/1]	Mr A Riddles	Yes	

SC73/2026	MPAC: Finance: Irregular Expenditure – Deviation from SCM Process: Provision of Bill Payment Services – Municipal bills and water and electricity payments to Theewaterskloof Municipality [6/3/1/5/1]	Mr A Riddles	No	Collab 6152528 – *Refer to Ms J van Niekerk* – Implement resolution
SC74/2026	MPAC: Community Services – Operations: Procurement of fuel for fleet [6/3/1/5/1]	Mr J Barnard	No	Collab 6234586 – Implement resolution
SC75/2026	MPAC: Community Services: Irregular Expenditure – No procurement process followed for maintenance, safeguarding and security and wet fuel (for generators) services [6/3/1/5/1]	Mr J Barnard	No	Collab 6234619 – Implement resolution
SC76/2026	MPAC: Community Services – Operations: Irregular Expenditure – Procurement of goods and services without competitive bidding process resulting in Irregular Expenditure – WB Tipper Truck and Plant Hire [6/3/1/5/1]	Mr J Barnard	No	Collab 6240111 – Implement resolution
SC77/2026	MPAC: Community Services – Operations: Irregular Expenditure – COMM11/2023/24 – Restoration of road infrastructure in the Rooidakke Development, Grabouw – Exeo Khokhela [6/3/1/5/1]	Mr J Barnard	No	Collab 6240708 – Implement resolution
SC78/2026	MPAC: Community Services – Operations: Irregular Expenditure – Quotation to attend to defects on compactor CAM 25570 – Trans Manufacturing (Pty) Ltd T/A TFM Transtech [6/3/1/5/1]	Mr J Barnard	No	Collab 6242388 – Implement resolution
SC79/2026	MPAC: Human Resources: Irregular Expenditure – Purchasing of Emergency PPE 2023/2024 [6/3/1/5/1]	Mr C Fisher	Yes	
SC80/2026	MPAC: Community Services: Irregular Expenditure with regards to the supply and fit new H/P hoses with fittings – Kai-Ma Services (Pty) Ltd for CAM 34735 [6/3/1/5/1]	Mr J Barnard	No	Collab 7115401 – Implement resolution
SC81/2026	MPAC: Finance: Unauthorised Expenditure for 2022/2023 and 2023/2024 financial years [6/3/1/5/1]	Mr A Riddles	No	Collab 7420329 – *Refer to Ms S Newman* – Implement resolution
SC82/2026	MPAC: Office of the MM: Payment & Tax Non-Compliance of Brink Thomas Cassiem Incorporated [6/3/1/5/1]	Mr WF Hendricks	Yes	
SC83/2026	MPAC: Office of the MM: Mayco salaries for December 2024 [6/3/1/5/1]	Mr WF Hendricks	Yes	
SC84/2026	MPAC: Human Resources: Payment of Occupational Therapist Services [6/3/1/5/1]	Mr CA Fisher	Yes	

SC85/2026	MPAC: Finance: Irregular Expenditure – Deviation from SCM process: Provision of bill payments services – Municipal bills and water and electricity payments to Theewaterskloof Municipality [6/3/1/5/1]	Mr A Riddles	No	Collab 7087195 – *Refer to Ms J van Niekerk* – Implement resolution
SC86/2026	MPAC: Finance: Irregular Expenditure – Deviation from SCM process: Provision of security services for the collection, transportation and depositing of cash [6/3/1/5/1]	Mr A Riddles	No	Collab 7087213 – *Refer to Ms J van Niekerk* – Implement resolution
SC87/2026	MPAC: Human Settlements: Irregular Expenditure – ASLA Construction (Pty) Ltd [6/3/1/5/1]	Ms N Baliso	No	Collab 7087435 – *Refer to Mr W Moses* – Implement resolution
SC88/2026	MPAC: Human Settlements: Irregular Expenditure – Sibakulu Security Services [6/3/1/5/1]	Ms N Baliso	No	Collab 7087439 – *Refer to Mr W Moses* – Implement resolution
SC89/2026	MPAC: Town Planning: Irregular Expenditure – Esri South Africa (Pty) Ltd	Ms N Baliso	No	Collab 7087544 – *Refer to Mr E Shortles* – Implement resolution
SC90/2026	MPAC: ICT: Non-Compliance – Procurement for services from Telkom SA [6/3/1/5/1]	Mr J Rasekgala	No	Collab 7087541 – Implement resolution
SC91/2026	MPAC: LED: Irregular Expenditure – Urban Econ Economists (Pty) Ltd [6/3/1/5/1]	Ms N Baliso	No	Collab 7087850 – *Refer to Ms E Lotriet* – Implement resolution
SC92/2026	MPAC: Finance: 2024/2025: Non-Compliance with SCM Regulation 22(1)(b)(i) – Advertising of long-term contracts for less than 30 days [6/3/1/5/1]	Mr A Riddles	Yes	
SC93/2026	MPAC: Technical- and Infrastructure Implementation Services: Irregular Expenditure – Not justifiable Deviation (Enviroserv Waste Management (Pty) Ltd) [6/3/1/5/1]	Mr D Damons	Yes	
SC94/2026	MPAC: Technical- and Infrastructure Implementation Services: Irregular Expenditure – Not justifiable Deviation (WB Tipper Truck and Plant Hire) [6/3/1/5/1]	Mr D Damons	Yes	
SC95/2026	MPAC: Technical- and Infrastructure Implementation Services: Irregular Expenditure – Expenditure incurred is above the contract value (Enviroserv Waste Management (Pty) Ltd) [6/3/1/5/1]	Mr D Damons	No	Collab 7130058 – *Refer to Mr A Hendricks* – Implement resolution

SC96/2026	MPAC: Human Settlements: Irregular Expenditure – Randzo Projects [6/3/1/5/1]	Ms N Baliso	No	Collab 7282342 – *Refer to Mr W Moses* – Implement resolution
SC97/2026	MPAC: Finance: Repair of tyre [6/3/1/5/1]	Mr A Riddles	Yes	
SC98/2026	MPAC: Finance: Towing of vehicle to the Grabouw Office – CAM 30014 – 2024/2025 [6/3/1/5/1]	Mr A Riddles	Yes	
SC99/2026	MPAC: Finance: Reported on Unauthorised Expenditure for 2024/25 financial year [6/3/1/5/1]	Mr A Riddles	No	Collab 7410498 – *Refer to Ms S Newman* – Implement resolution
SC100/2026	MPAC: Human Resources: Payment for University of Stellenbosch – Minimum Competency Training [6/3/1/5/1]	Mr CA Fisher	Yes	
	COUNCIL MEETING – 25 AUGUST 2026			
C187/2026	Internal Audit: Performance- and Audit Committee Report: 01 April 2026 – 30 June 2026 [3/2/17/R]	Mr A Opperman	Yes	
C188/2026	Internal Audit: Report on the Municipal Public Accounts Committee [3/2/17/3]	Mr A Opperman	Yes	
C189/2026	Office of the MM: Determination and approval of upper limits of salaries, allowances and benefits of Senior Managers with effect from 01 July 2025 [4/2/1/1]	Mr WF Hendricks	Yes	
C190/2026	Office of the Director: Corporate Services: Reporting on performance of contractors: April till June 2026 [8/2/3/5/2]	Ms M Faul	Yes	
C191/2026	Human Resources: Draft Employment Equity Plan and setting of 5-year numerical targets [4/11/1/1]	Mr CA Fisher	Yes	
C192/2026	Administration: Consideration by Council to appoint a fifth member to MPAC to replace Alderman BB Mkhwibiso as a Member and Councillor M Botes and Councillor C Smith as a Secundi [3/2/17/2]	Ms M Faul	Yes	

C193/2026	Administration: Appointment of a new member on the Statutory Committees – Local Labour Forum and Employment Equity Committee and Sub-Committees – HR Policy Working Group and a secundi on the Sub-Committee Health and Safety to replace Councillor M Botes [3/3/6]	Ms M Faul	Yes	
C194/2026	Administration: Appointment of a new member to the Corporate Services Portfolio Committee as part of the Section 80 Committees which assist the Executive Mayor in performing functions and duties to replace Councillor M Botes [3/3/6]	Ms M Faul	Yes	
C195/2026	Administration: Nomination of a member of Council at the SALGA Municipal Digital Solutions Provincial Working Group Meeting and a secundi on the SALGA Municipal Capability and Institutional Resilience Provincial Working Group Meetings to replace Councillor M Botes [3/3/6]	Ms M Faul	Yes	
C196/2026	Administration: Nomination of a representative to the SALGA Women Commission to replace Councillor M Botes [3/3/6]	Ms M Faul	Yes	
C197/2026	Administration: Designation of a Councillor to serve on the Villiersdorp Clinic Committee to replace Councillor M Botes	Ms M Faul	Yes	
C198/2026	Technical- and Infrastructure Implementation Services: Reporting on performance of contractors: April – June 2026 [8/2/3/5/5]	Mr D Damons	Yes	
C199/2026	Community Services: Reporting on the performance of three-year tender contractors: 4th Quarter Report (April – June 2026) [8/2/3/5/4]	Mr J Barnard	No	Collab 7528379 – Implement resolution
C200/2026	Community Services: Reporting on performance of contractors – 4th Quarter Report (April – June 2026) [8/2/3/5/4]	Mr J Barnard	No	Collab 7528377 – Implement resolution
C201/2026	Disaster Management and Environmental Affairs: Fire Breaks Maintenance Plan for Theewaterskloof Municipality 2025/2026 [17/3/R]	Refer to a Policy Workshop of Council		
C202/2026	LED: Performance of contractors: Quarterly contract reporting (April to June 2026) [8/2/3/5/6]	Ms N Baliso	Yes	
C203/2026	Property Management: Quarterly report for April 2026 – June 2026 [9/1/2/1]	Ms N Baliso	Yes	
C204/2026	Property Management: Submission of the Draft Land Audit as a requirement and deliverable pillar of the Financial Recovery Plan [7/2/B]	Ms N Baliso	No	Collab 7526422 – *Refer to Mr E Wessels* – Implement resolution

C205/2026	Property Management: Submission of the Property Management Draft Rental Register as a requirement and deliverable pillar of the Financial Recovery Plan [7/1/3/1/9; 7/2/3/1/9]	Ms N Baliso	No	Collab 7529193 – *Refer to Mr E Wessels* – Implement resolution
C206/2026	Human Settlements: Status of projects [17/7/4]	Ms N Baliso	Yes	
C207/2026	Human Settlements: Quarterly reporting of performance of contractors (April to June 2026) [8/2/3/5/6]	Ms N Baliso	Yes	
C208/2026	Town Planning and Building Control: Performance of Contractors: Quarterly contract reporting (April to June 2026) [8/2/3/5/6]	Ms N Baliso	Yes	
C209/2026	Finance: Status report on overdraft facility [5/15/2]	Mr A Riddles	Yes	
C210/2026	SCM: Deviation report for July 2026 [6/3/3/6]	Mr A Riddles	No	Collab 7675102 – *Refer to Ms A Martin* – Implement resolution
	COUNCIL MEETING – 30 SEPTEMBER 2026			
C211/2026	Office of the MM: AARTO: Authorisation to declare in intergovernmental dispute ito the Intergovernmental Relations Framework Act 13 of 2005 [17/2/11]	WF Hendricks	Yes	
C212/2026	Office of the MM: Theewaterskloof Municipality: Litigation Management and Cost-Reduction Strategy 2026 – 2029 [13/B]	WF Hendricks	Yes	
C213/2026	Office of the MM: Notification of retirement and request for approval for the advertising of the vacancy: Director: Technical- and Infrastructure Implementation Services [4/4/1/11]	WF Hendricks	Yes	
C214/2026	Office of the MM: Telkom SA SOC Ltd – Clarification of its status as an "Organ of State" and request for correction/reconsideration of the audit finding [5/15/1/1/1]	WF Hendricks	Yes	
C215/2026	Office of the MM: Section 147 Quarterly progress reports on the implementation of the Financial Recovery Plan for the periods 01 January 2026 to 31 March 2026 and 01 April 2026 to 30 June 2026 [5/B]	WF Hendricks	Yes	
C216/2026	Office of the MM: Notification of vacancy: Ward Councillor [3/1/3]	M Faul	Yes	

C217/2026	IDP/Performance Management: 4th Quarter Top Layer SDBIP Report [5/1/3]	Ms L Kilowan	No	Collab 7898622 – Implement resolution
C218/2026	Office of the Director: Corporate Services: Financial Recovery Plan: Requirement of National and Provincial Governments to rectify the Election of "Interim" Mayor [3/1/3]	Mr GW Hermanus	Yes	
C219/2026	Administration: Councillors in recess from 01 October 2026 to 03 November 2026 [3/2/1/R]	Ms M Faul	Yes	
C220/2026	Administration: Advisory letter from SALGA on the Transitional Management Plan: End of term of Political Office [3/3/7/R]	Ms M Faul	Yes	
C221/2026	Sustainable Development: Inclusion of Theewaterskloof Municipality's Voluntary Local Review (VLR) in the global observatory on local democracy and decentralisation [17/16/1/1]	Ms J Marzec-Visagie	Yes	
C222/2026	Disaster Management and Environmental Affairs: Fire Breaks Maintenance Plan for Theewaterskloof Municipality 2025/2026	Mr N Arendse	No	Collab 7084874 – Implement resolution.
C223/2026	Community Safety: Approval of the review of the Community Safety Plan – 2026 – 2027 [17/2/1]	Mr N Arendse	No	Collab 7499941 – Implement resolution
C224/2026	Community Services: Theewaterskloof Municipality: Election Poster Policy (for local government elections, by-elections, voter registration periods and political campaign events) (Draft for Council approval – 2026) [1/3/2/2]	Ms T Mbalo-Tshungwana	No	Collab 7815527 – Implement resolution
C225/2026	Community Services: Adoption of policy for the Burial or Cremation of Destitute and Pauper Persons [16/6/4]	Refer to a Policy Workshop of Council		
C226/2026	LED: Revision of the Tourism Strategy for Theewaterskloof Municipality [17/16/1/3]	Refer to a Policy Workshop of Council		
C227/2026	LED: Draft Theewaterskloof Municipal Expanded Works Policy for 2026 – 2031 [16/12/B]	Refer to a Policy Workshop of Council		
C228/2026	Property Management: Consideration and Adoption of the Theewaterskloof Municipality Administration of Immovable Property Policy and the Theewaterskloof Municipality Immovable Property Management Governance Strategy [7/1/B; 7/2/B]	Refer to a Policy Workshop of Council		
C229/2026	Human Settlements: Draft backyarder / secondary dwelling Policy [17/7/B]	Refer to a Policy Workshop of Council		

793

C230/2026	Human Settlements: Social Housing Facilitation and Reconstruction Zone Policy [17/7/B]	Refer to a Policy Workshop of Council		
C231/2026	Human Settlements: Proposal for collaboration and recruitment drive on Drone Pilot Training Programme for unemployed youth in Theewaterskloof Municipal area [4/4/R]	Ms N Baliso	No	Collab 7886078 – *Refer to Mr JP Shuma* – Implement resolution
C232/2026	Town Planning and Building Control: Establishment of an Aesthetics Committee [15/5/B]	Refer to a Policy Workshop of Council		
C233/2026	Town Planning and Building Control: Adoption of the Liquor Trading Days and Hours by-law [14/1/4/B]	Refer to a Policy Workshop of Council		
C234/2026	Town Planning and Building Control: Approval and Adoption of the Standard Operating Procedure for Management of Unauthorised and Illegal Building Structures [13/4/2/13]	Refer to a Policy Workshop of Council		
C235/2026	Finance: SCM: Deviation Report for August 2026 [6/3/3/6]	Mr P Mabhena	Yes	
C236/2026	Finance: Status Report on Overdraft facility [5/15/2]	Mr P Mabhena	Yes	
C237/2026	Finance: Progress Report on Audit Action Plan for 2024/2025 [5/14/1/1/1]	Mr P Mabhena	Yes	
C238/2026	Finance: Provincial Treasury Circular Mun No. 4/2026 – Consistent enforcement of debt collection and credit control measures for Councillors and Employees [5/11/1]	Refer to next Council Meeting for discussion.		
C239/2026	MPAC: ICT: Unjustified deviations from normal Supply Chain processes – Sophos Firewall (Ubuntu (Pty) Ltd) [6/3/1/5/1]	Mr J Rasekgala	Yes	
C240/2026	MPAC: ICT: Unjustified deviations from normal Supply Chain processes – Fibre Internet Access (Wispernet) [6/3/1/5/1]	Mr J Rasekgala	Yes	
C241/2026	MPAC: Community Services: Operations: Overstated Irregular Expenditure [6/3/1/5/1]	Mr J Barnard	No	Collab 7676510 – Implement resolution
C242/2026	MPAC: LED: Irregular Expenditure Report – Festival of Lights 2022/2023 financial year [6/3/1/5/1]	Ms N Baliso / Ms E Lotriet	Yes	
C243/2026	MPAC: Property Management: Item to MPAC for item 3968914 – Irregular Expenditure: Media 24 (Motor Sport Development in Caledon) [6/3/1/5/1]	Ms N Baliso	Yes	
C244/2026	MPAC: Human Settlements: Irregular Expenditure Report – K2C Construction – September – October 2022 [6/3/1/5/1]	Ms N Baliso	Yes	

C245/2026	MPAC: Human Settlements: Irregular Expenditure Report – K2C Construction for the period March – April 2023 [6/3/1/5/1]	Ms N Baliso	Yes	
C246/2026	MPAC: Human Settlements: Irregular Expenditure Report – Rhula National Security 2022/2023 [6/3/1/5/1]	Ms N Baliso / Mr CA Fisher	Yes / No	Collab 7591762 – Implement resolution
C247/2026	MPAC: Finance: Irregular Expenditure – Non-compliance with composition of the Bid Adjudication Committee in terms of Regulation 29 of the Municipal Supply Chain Management Regulation of 2005 [6/3/1/5/1]	Mr P Mabhena / Mr CA Fisher	Yes / No	Collab 7618088 – Implement resolution

ITEM TITLE 796

C276/2026 DIRECTORATE COMMUNITY SERVICES: DEPARTMENT SUSTAINABLE DEVELOPMENT: CONSOLIDATED ANNUAL ASSESSMENT OF SPORTS FACILITIES: 2026/27

[English version of the report is the original]

FILE NUMBER

17/8/1/1; 17/8/1/2

PURPOSE OF REPORT

The purpose of the item is to present Portfolio Committee with a consolidated assessment of the condition, operational challenges and priority interventions required at municipal sports facilities across the Theewaterskloof municipal area for the 2026/27 financial year.

The assessment incorporates the September 2026 facility assessments submitted for Caledon, Riviersonderend and Villiersdorp, together with the current project status of Pineview Sports Field in Grabouw. Where updated assessments were not received for Botrivier and Greyton/Genadendal, the latest available information from the previous annual assessment has been used as a baseline and should be confirmed through subsequent inspections.

BACKGROUND

Sport and recreation facilities remain important community assets within Theewaterskloof Municipality. Apart from providing infrastructure for organised sporting codes, these facilities provide spaces for youth participation, community interaction, social cohesion and healthy lifestyles.

The annual assessment of sports facilities provides an opportunity to identify maintenance requirements, infrastructure backlogs, safety concerns and longer-term capital needs. It also assists the Municipality to distinguish between routine operational maintenance, urgent remedial interventions and larger capital projects that cannot reasonably be accommodated from existing operational budgets.

The previous assessment identified common challenges across the municipal area, including ageing infrastructure, vandalism and theft, inadequate fencing and security, deteriorating playing surfaces, insufficient ablution and spectator facilities and limited financial resources.

The 2026/27 assessments indicate that these pressures remain. Although progress is evident in some towns, most notably through the rehabilitation of the Caledon Pavilion and the comparatively good condition of the Villiersdorp facility, the overall requirement for investment remains substantially greater than available municipal resources.

Within the context of the Municipality's Financial Recovery Plan (FRP), the approach to sports infrastructure should therefore focus on protecting existing assets, addressing health and safety concerns, undertaking preventative maintenance where affordable, preventing further deterioration and leveraging external funding for major capital interventions.

DISCUSSION

CALEDON

Caledon Sports Grounds accommodate rugby, soccer, netball and cricket and continue to experience considerable demand from the different sporting codes.

The September 2026 assessment indicates that the rugby, soccer and cricket playing areas are operational but generally assessed as being in a fair condition. Topsoil, irrigation improvements, fertilisation and routine surface maintenance are required. The netball surface requires particular attention due to cracking, which presents a potential safety concern to players. The existing netball ablutions are also inadequate for the number of participants and spectators using the facility.

A significant positive development is the rehabilitation of the Caledon Pavilion. At the time of the September assessment, the contractor was on site, and an extension of approximately two weeks had been requested to complete the works.

Supporting infrastructure nevertheless remains problematic. The changing rooms below the pavilion require upgrading and taps, washbasins and showers have been stolen. Internal ceilings, sanitary fittings, lighting and painting require attention. Improved storage and maintenance equipment, including a heavy-duty cricket pitch roller, ride-on mower and line-marking equipment, are also required.

Security remains a significant risk, with incidents of cable theft, theft of electrical poles and fencing and removal of slabs to gain unauthorised access having been reported. An alarm system and improved access control are therefore priorities.

The 2026/27 operational allocation reported for the facility is R30 000. Given the range of identified requirements, this allocation will principally need to support basic maintenance and priority operational interventions.

The immediate approach should therefore be to complete and protect the pavilion investment, address safety-related defects, strengthen access control and security and maintain playing surfaces to prevent avoidable deterioration.

RIVIERSONDEREND

Riviersonderend presents the most significant comprehensive infrastructure backlog reflected in the current town assessments.

The approximately 41 000m² facility accommodates rugby/soccer grounds, cricket grounds, a multi-sport facility and ablutions. The assessment classifies the access road and parking, ablutions, multi-sport facility, pitches, floodlights, fencing and bulk services as being in poor condition. There is currently no pavilion following demolition of the previous structure after it was assessed as unsafe.

The required scope extends substantially beyond routine maintenance and includes formalisation of access and parking, new ablution facilities, rehabilitation of the multi-sport facility, improvements to rugby, soccer and cricket surfaces, drainage and irrigation, floodlighting, replacement of fencing, upgrading of bulk water and sewer infrastructure and construction of a new 200-seat pavilion.

The current estimated cost of the complete intervention is R16 442 273, inclusive of professional fees, contingencies and VAT.

Given the Municipality's financial position, implementation of the full scope through municipal own funding is not considered realistic in the short term. The facility should instead be approached as a phased capital programme, with health and safety, security, playing surfaces and basic service functionality prioritised while external capital funding is pursued.

VILLIERSDORP

Villiersdorp remains comparatively functional and its primary sports infrastructure is generally assessed as being in good condition.

The rugby and soccer fields are operational and assessed as good. The rugby field requires general maintenance and attention to drainage, while the soccer field requires an irrigation upgrade. The netball court is assessed as fair and requires surface repairs and line marking.

Several infrastructure gaps nevertheless remain. The rugby pavilion consists primarily of concrete seating and requires additional seating, roofing and extension. The soccer field has no pavilion and requires dedicated ablutions, changing rooms and lighting. The netball facility similarly requires surface rehabilitation, fencing, ablutions and lighting.

Operational capacity is also a concern, with only one permanent worker reported at the sports grounds. Security and access control remain challenges, while additional mowing and line-marking equipment is required.

The operational allocation for 2026/27 is R49 064, intended to contribute towards alarm improvements, painting, irrigation, fertiliser, compost, herbicides, line-marking materials and general maintenance.

Given the comparatively good condition of the core facility, the emphasis should remain on preventative maintenance and protection of existing infrastructure rather than allowing smaller maintenance requirements to develop into future capital liabilities.

GRABOUW - PINEVIEW SPORTS FIELD

Pineview Sports Field represents one of the more significant and complex sports infrastructure projects within the municipal area. While substantial investment has already been made and further external funding has been secured, completion of the facility remains affected by contractual, financial, procurement and security challenges.

Phase 1 of the upgrade remains incomplete. The contract of the appointed contractor was subsequently terminated and the Municipality demanded repayment of approximately R800 000 security deposit. Following an extensive legal process, the matter was resolved in favour of Theewaterskloof Municipality, with approximately R740 000 formally returned and paid over by the contractor.

The field is currently being utilised for practice purposes only, with the understanding that the indemnity associated with use rests with the sports clubs training at the facility. The incomplete nature of the works means that the facility cannot yet be regarded as fully completed or operational for its intended purpose.

For Phase 2, an amount of R4 million in Municipal Infrastructure Grant funding has been ring-fenced by the Department of Cultural Affairs and Sport (DCAS) for Pineview Park. The funding is, however, subject to municipal co-funding.

The required municipal contribution presents a challenge within the current Financial Recovery Plan environment. Discussions remain ongoing between the Finance and Technical Departments regarding an affordable co-funding model and the contribution that can realistically be accommodated by the Municipality. The absence of consensus on the funding and procurement model has consequently delayed implementation of Phase 2.

These delays are compounded by an exceptionally high level of vandalism and theft at the facility. Infrastructure installed as part of the project is being damaged before the overall facility can be completed and secured. Of particular concern is that the new containerised cloakrooms and changing rooms have already been vandalised beyond repair, while new incidents of vandalism and theft continue to be reported.

The situation places considerable pressure on the implementing department, Grabouw Town Office and local sporting codes, with infrastructure being lost or damaged despite efforts to protect the facility.

Pineview therefore demonstrates that completion of the physical infrastructure cannot be considered separately from security and asset protection. Before substantial further investment is implemented, an appropriate security and access-control solution should form an integral component of the remaining project scope. This may require strengthened perimeter security, controlled access, surveillance, alarm systems and an appropriate operational security model.

From an FRP perspective, Pineview requires a carefully considered implementation approach which balances the opportunity presented by the R4 million ring-fenced allocation against the affordability of municipal co-funding and the need to protect any additional capital investment from vandalism and theft.

GREYTON / GENADENDAL

No updated September 2026 assessment was submitted for Greyton/Genadendal. The previous assessment is therefore retained as the baseline for purposes of this consolidated report and should not be interpreted as confirmation that conditions remain unchanged.

The previous assessment identified two rugby fields at Genadendal, of which one was inactive, together with tennis and netball facilities and ablutions. One rugby field was considered to be in good condition, while the tennis and netball courts required upgrading. Lighting was inadequate and additional lighting was recommended.

At the Greyton Gobos field, repairs to the ablution building, fencing and playing surface were identified. Mole activity had affected the field, while fencing deficiencies allowed animals to enter the playing area.

The Greyton tennis courts were assessed as unusable and requiring substantial rehabilitation.

The previous assessment estimated approximately R210 000 for identified interventions across Greyton and Genadendal, excluding certain larger interventions such as additional lighting and reconstruction of the caretaker house.

The current conditions and cost of these interventions should be reconfirmed before funding commitments are made.

BOTRIVIER

No updated assessment was received from Botrivier for the current reporting cycle.

Botrivier was included in the previous municipal sports facility assessment; however, in the absence of a current detailed assessment, previous conditions should not be presented as confirmed 2026/27 conditions.

An updated condition assessment should therefore be undertaken covering, as a minimum, playing surfaces, irrigation and drainage, ablutions, fencing, lighting, buildings, security, maintenance equipment and operational capacity.

Any immediate health and safety or asset-protection matters identified through routine operational inspections should continue to be addressed within available resources pending the updated assessment.

CONSOLIDATED MUNICIPAL ASSESSMENT

The assessment demonstrates that the condition and nature of sports infrastructure challenges differ considerably between towns.

Villiersdorp remains comparatively well maintained and requires a preventative maintenance approach to protect the existing standard. Caledon has benefited from investment in the pavilion, but security, vandalism, supporting infrastructure and maintenance of playing surfaces remain concerns.

Riviersonderend faces a substantial infrastructure backlog, with a comprehensive estimated upgrade requirement of approximately R16.44 million.

Pineview in Grabouw presents a different challenge. External funding has been secured for the next phase, but implementation is constrained by municipal co-funding, procurement arrangements and severe vandalism. The immediate challenge is therefore not only completing the facility but ensuring that existing and future investment can be adequately protected.

Greyton/Genadendal continues to reflect rehabilitation requirements based on the previous assessment, while the current position in Botrivier requires confirmation.

Across the municipal area, the recurring issues remain:

- Vandalism, theft and inadequate asset protection;
- Deterioration of fencing and access-control infrastructure;
- Ageing or insufficient ablution and changing-room facilities;
- Inadequate or vandalised lighting infrastructure;
- Irrigation and drainage deficiencies;
- Deterioration of playing surfaces;
- Insufficient maintenance equipment and operational capacity;
- Inadequate spectator infrastructure at certain facilities; and
- A significant gap between operational budgets and the cost of infrastructure rehabilitation.

Of increasing concern is that vandalism has developed from a routine maintenance issue into a material financial and asset-management risk. Pineview illustrates this most clearly, where newly installed infrastructure has been vandalised before completion of the broader project. Similar patterns of theft and vandalism are reported at Caledon and Riviersonderend.

Future capital investment in vulnerable facilities should therefore incorporate security and asset protection into project design and costing from inception rather than treating security as a secondary operational requirement after construction.

COMPARATIVE TREND

Compared with the previous reporting period, the overall municipal position remains financially constrained but varies considerably by facility.

Progress is most visible in Caledon through the pavilion rehabilitation, while Villiersdorp demonstrates the benefit of ongoing maintenance in preserving functional infrastructure.

Riviersonderend continues to require major capital intervention and represents a long-term rehabilitation requirement rather than a routine maintenance project.

Pineview represents both an opportunity and a risk. The R4 million ring-fenced funding provides an opportunity to advance Phase 2, but the municipal co-funding requirement, unresolved implementation model and continuing vandalism create significant financial exposure.

The municipal approach should therefore increasingly move from responding to individual maintenance requests towards a risk-based sports infrastructure programme which differentiates between:

1. Maintaining facilities that remain in good condition;
2. Addressing immediate health, safety and asset-protection risks;
3. Rehabilitating deteriorating infrastructure through phased interventions; and
4. Pursuing external funding for major capital projects that cannot be accommodated through municipal own funding.

ALIGNMENT TO THE FINANCIAL RECOVERY PLAN

Within the FRP environment, sports infrastructure investment must be considered against affordability, protection of municipal assets and the need to avoid creating additional unfunded operational liabilities.

Priority should therefore be given to preventative maintenance and asset protection where relatively modest expenditure can prevent substantially greater future costs.

Major capital interventions, particularly at Riviersonderend and Pineview, should be phased and aligned with available external funding. In the case of Pineview, Finance and Technical Services will need to resolve the municipal co-funding and procurement model before Phase 2 can proceed.

Importantly, the Municipality should avoid investing further capital in vulnerable infrastructure without making adequate provision for security and protection of the completed assets.

FINANCIAL IMPLICATIONS (ITEM AUTHOR)

The current assessments illustrate the disparity between available operational resources and the infrastructure requirements across the municipal area.

Caledon has an operational allocation of R30 000, while Villiersdorp has an allocation of R49 064 for 2026/27.

Riviersonderend's comprehensive infrastructure requirement is estimated at R16 442 273, which will require phased implementation and external funding.
The previous Greyton/Genadendal assessment identified approximately R210 000 in interventions, subject to updated verification.

In Grabouw, R4 million in MIG funding has been ring-fenced by DCAS for Phase 2 of Pineview Park, subject to municipal co-funding. The affordability and source of the municipal contribution remain under consideration between Finance and Technical Services.

The recovery of approximately R740 000 following termination of the Phase 1 contractor should also be noted within the financial history of the Pineview project.
Any further expenditure remains subject to approved budget provision, applicable procurement requirements and the Municipality's Financial Recovery Plan.

LEGAL IMPLICATIONS (ITEM AUTHOR)

None at this stage.

RISK MANAGEMENT IMPLICATION (ITEM AUTHOR)

The most significant municipality-wide risk is the continued deterioration and vandalism of sports infrastructure, which increases future rehabilitation costs and reduces the useful life of municipal assets.

Pineview presents a particular financial and implementation risk. Continued delays in resolving the Phase 2 funding and procurement model may affect implementation of the ring-fenced funding, while continued vandalism threatens both existing infrastructure and any future capital investment.

There is further risk where current facility assessments are not consistently submitted across all towns, as this limits the Municipality's ability to prioritise scarce resources objectively and prepare credible capital and external funding applications.

RECOMMENDATION BY ITEM AUTHOR:

It is recommended:

1. **That Management notes the Consolidated Annual Assessment of Sports Facilities for 2026/27, and the condition, operational challenges and infrastructure requirements identified across the municipal area.**

2. **That the September 2026 assessments for Caledon, Riviersonderend and Villiersdorp, together with the current project status of Pineview Sports Field, be used as the current baseline for planning and prioritisation.**

3. That, within the context of the Financial Recovery Plan, available resources be prioritised towards health and safety, preventative maintenance and protection of existing municipal assets before discretionary expansion of facilities is considered.

4. That Management notes the current position regarding Phase 1 of Pineview Sports Field, including termination of the contractor and recovery of approximately R740 000 following the contractual/legal process.

5. That the R4 million MIG funding ring-fenced by DCAS for Phase 2 of Pineview Park and the associated requirement for municipal co-funding be noted.

6. That Finance and Technical Services conclude an affordable co-funding and procurement model for Pineview Phase 2, taking into account the Municipality's Financial Recovery Plan and applicable funding conditions.

7. That any further implementation at Pineview incorporates an appropriate security and access-control solution into the project scope and costing, given the exceptional level of vandalism and theft experienced at the facility.

8. That a standard annual sports facility assessment process be implemented across all Town Offices to improve consistency of reporting and support evidence-based IDP and budget prioritisation.

9. That the report be presented to Council for cognizance.

RECOMMENDATION BY MANAGEMENT TO COUNCIL: 14 OCTOBER 2026

1. Management noted the Consolidated Annual Assessment of Sports Facilities for 2026/27, and the condition, operational challenges and infrastructure requirements identified across the municipal area.

2. That the September 2026 assessments for Caledon, Riviersonderend and Villiersdorp, together with the current project status of Pineview Sports Field, be used as the current baseline for planning and prioritisation.

3. That, within the context of the Financial Recovery Plan, available resources be prioritised towards health and safety, preventative maintenance and protection of existing municipal assets before discretionary expansion of facilities is considered.

4. Management noted the current position regarding Phase 1 of Pineview Sports Field, including termination of the contractor and recovery of approximately R740 000 following the contractual/legal process.

5. That the R4 million MIG funding ring-fenced by DCAS for Phase 2 of Pineview Park be noted.

6. That Finance and Technical Services conclude an affordable co-funding and procurement model for Pineview Phase 2, taking into account the Municipality's Financial Recovery Plan and applicable funding conditions.

7. That any further implementation at Pineview incorporates an appropriate security and access-control solution into the project scope and costing, given the exceptional level of vandalism and theft experienced at the facility.

8. That a standard annual sports facility assessment process be implemented across all Town Offices to improve consistency of reporting and support evidence-based IDP and budget prioritisation.

9. That the report be presented to Council for cognizance.

RECOMMENDATION TO COUNCIL:

It is recommended that Council takes cognizance of the report.