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Notice is hereby given, in terms of Section 19(b) of the Local Government: Municipal Systems Act, 32 of 2000 as amended, that a **SPECIAL MEETING** of the **MUNICIPAL COUNCIL** of Knysna Municipality will be held in the Council Chambers **on THURSDAY, 31 AUGUST 2023** at **11:00** to consider the business set forth in the attached agenda.

Kennis geskied hiermee as gevolg van Artikel 19(b) van die Plaaslike Regering : Munisipale Stelsels Wet, 32 van 2000, dat 'n **SPESIALE VERGADERING** van die **MUNISIPALE RAAD** van Knysna Munisipaliteit in die Munisipale Raadsaal op **DONDERDAG, 31 AUGUSTUS 2023** om **11:00** gehou sal word ten einde sake soos uiteengesit in die aangehegte agenda te oorweeg.

Ibhunga lika**MASIPALA** waseKnysna Iazisa ngomthetho okwisolotya 19(b) wenkqubo mgaqo olawula oMasipala, 32 of 2000, njengoko utshintshiwe, **NGENTLANGANISO EKHETHEKILEYO** ye**BHUNGA** lika**MASIPALA** waseKnysna eyakubanjelwa **NGOLWESINE, NGOMHLA WE 31 EYETHUPHA 2023** ngentsimbi ye **11:00** umba iyakuba lushishino oluchazwe kwi-agenda.

CLLR MD SKOSANA	MR OP SEBOLA
The Speaker	Municipal Manager
Die Speaker	Munisipale Bestuurder
Usomlomo	uManejala kaMasipala

Date : 29 August 2023

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A G E N D A

1. <u>OPENING AND WELCOMING</u>

2. <u>SILENT PRAYER</u>

3. <u>ATTENDANCE OF MEMBERS</u>

3.1 **<u>COUNCILLORS PRESENT</u>**

3.2 **<u>COUNCILLORS WITH LEAVE</u>**

3.3 **<u>COUNCILLORS WITHOUT LEAVE</u>**

4. <u>NOTING THE PROVISIONS OF SCHEDULE 1 (CODE OF CONDUCT FOR COUNCILLORS) OF THE LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT, 2000</u>

5. <u>DISCLOSURE OF INTERESTS BY COUNCILLORS</u>

6. NEW MATTERS SUBMITTED BY THE MUNICIPAL MANAGER

6.1

SC01/08/23 2024 – 2025 IDP REVIEW & BUDGET TIME SCHEDULE

REPORT FROM THE MUNICIPAL MANAGER

PURPOSE OF THE REPORT

To table the Knysna Municipality 2024/2025 IDP/PMS and Budget Time Schedule in preparation for the IDP and Budget Review before Council for noting and approval.

BACKGROUND

The Municipal Systems Act (32 of 2000) requires each municipality to conduct an annual review of its 5-year strategic plan (IDP). An IDP review process considers the change in circumstances that influences the prioritisation of strategies and allocation of resources to both communities and economic base within the municipal jurisdiction, in accordance with priority needs. The implementation of the Time Schedule provides Councillors an opportunity to report to constituencies all progress made in accordance with listed needs and prevailing issues.

RELEVANT LEGISLATION

The following relevant legislative requirements are applicable to the IDP/PMS and Budget Review Time Schedule:

Section 34 of the Municipal Systems Act (Act 32 of 2000):
"A municipal council –

- *(a) must review its integrated development plan –*
  - *(i) annually in accordance with an assessment of its performance measures in terms of section 41; and*
  - *(ii) to the extent that changing circumstances so demand; and*
- *(b) May amend its integrated development plan in accordance with a prescribed process."*

Section 28 of the Municipal Systems Act (Act 32 of 2000):

(1) "*a municipal council must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan".*

Section 21 (1) of the Municipal Financial Management Act (Act 56 of 2003):

The Mayor of a municipality must –

- *(a) Co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible;*
- *(b) At least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for –*

(i) *The preparation, tabling and approval of the annual budget;*

(ii) *The annual review of –*
- *the integrated development plan in terms of section 34 of the Municipal Systems Act; and*
- *the budget-related policies;*

(iii) *The tabling and adoption of any amendments to the integrated development plan and the budget-related policies; and*

(iv) *Any consultative processes forming part of the processes referred to in sub-paragraphs (i), (ii) and (iii)*

The Time Schedule incorporates all scheduled deliverables, timeframes of the IDP/PMS and Budget Review including related preceding and following processes as the review of the Performance Management System (PMS), review of sector plans and polices. The 2024/2025 IDP/PMS and Budget Review Time Schedule is attached as an annexure, hereto.

RECOMMENDATION OF THE MUNICIPAL MANAGER

[a] That the contents of the report with regard to the 2024 – 2025 IDP Review & Budget Time Schedule, be noted;

[b] That Council approves the Time Schedule for the preparation of the IDP / PMS & Budget Review for the 2024/25 and outer financial years period of the municipality.

APPENDIX / ADDENDUM

2024-2025 IDP REVIEW BUDGET & PERFORMANCE MANAGEMENT TIME SCHEDULE

File Number:	-
Execution:	Manager IDP / PMS & IGR

KNYSNA
Municipality
Munisipaliteit
uMasipala

KNYSNA MUNICIPALITY

2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

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SECTION ONE: INTRODUCTION AND BACKGROUND

1.1 Introduction

The Integrated Development Plan hereafter referred to as the IDP, process is a process through which municipalities prepare a strategic development plans for a five-year period and thereafter annually review the adopted plan. This IDP is the key instrument for local government to cope with its new developmental role and seeking to arrive at decisions on issues such as municipal budgets, spatial management, promotion of local economic development and institutional transformation in a consultative, systematic and strategic manner.

In order to ensure certain minimum quality standards of the IDP process and proper coordination between and within spheres of government, the municipality needs to prepare an IDP / Budget Process Plan (In reference to planning for a Five Year Plan) or an IDP/Budget Time Schedule (When the Five Year Plan is reviewed) and formulate a budget to implement the IDP. The IDP and Budget Time Schedule in this instance have to include the following:

- A programme specifying the timeframes for the different planning steps;
- ·Appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, traditional authorities and other role players in the IDP and budget formulation processes; and
- Cost estimates for the process.

The preparation of the IDP time schedule is in essence the formulation of the IDP and Budget processes, set out in writing and requires the adoption by Council.

1.2 Legal Planning Context

The preparation of the IDP and Budget processes are regulated by the Municipal Systems Act, Act 32 of 2000 and the Municipal Finance Management Act, No 56 of 2003. This is to ensure certain minimum quality standards of the integrated development planning and budget process and proper coordination between and within the spheres of government

As the IDP is a legislative requirement it has a legal status and it supersedes all other plans that guide development at local level.

The Municipal Systems Act, No 32 of 2000 Section 28(1)(2)(3) (as amended) and the Municipal Finance Management Act, Act 56 of 2003 confer the responsibility on the Mayor to provide political guidance over the budget process and the priorities that must guide the preparation of the annual budgets. In terms of section 34 of the Municipal Systems Act, the Mayor must coordinate the annual revision of the IDP and determine how the IDP is to be taken into account or revised for the purpose of the budget.

2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

Chapter 5, Section 26 of the Municipal Systems Act regulates the following core components that must be reflected in a municipality's IDP:

a) *The Council's vision for the long term development of the municipality with special emphasis on the most critical development and internal transformation needs*
b) *An assessment of the existing level of development in the municipality, which must include and identification of communities which do not have access to basic municipal services*
c) *The Council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs*
d) *The Council's development strategies which must be aligned with any national and provincial sectoral plans and planning requirements binding on the municipality in terms of legislation*
e) *A Spatial Development Framework (SDF) which must include the provision of basic guidelines for a land use management system for the municipality*
f) *The Council's operational strategies;*
g) *Applicable Disaster Management Plans*
h) *A financial plan, which must include a budget projection for at least the next three years; and the key performance indicators and performance targets determined in terms of Section 41 of the MSA.*

Section 27 stipulates that:

1) Each district municipality, within a prescribed period after the start of its elected terms and after following a consultative process with the local municipalities within its area, must adopt a framework for integrated development planning in the area as a whole;

2) A framework referred to in subsection (1) binds both the district municipality and the local municipalities in the area of the district municipalities,

3) The framework must ensure proper consultation, co-ordination and alignment of the IDP Process of the district municipality and the various local municipalities.

1.3 Alignment between IDP, Budget and PMS

In terms of the Municipal Systems Act, Knysna municipality is required to prepare an organisational performance management system that links to the IDP. To date significant progress was made with the process of aligning the IDP, Budget and Performance Management System (PMS).

The municipality will continually strive to, fully link and integrated these three processes to an even greater extent through the Time Schedule. It should however, be noted that the Performance Management System (PMS) on its own requires an in-depth process comparable to that of the IDP. Such PMS is tightly linked and guided by the IDP and Budget processes.

The PMS process will address the following issues:

- Development of a Performance Management Framework for approval by Council

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- Development of Organisation-wide Service delivery Budget Implementation Plan (SDBIP)
- Alignment of the PMS, Budget and IDP processes;
- Scheduled reporting against the SDBIP
- Implementation of individual performance management system at managerial level.

The IDP, performance management systems (PMS) and budget are all components of one overall development planning and management system. The IDP sets out what the municipality aims to accomplish, how it will do this. The PMS enables the municipality to check to what extent it is achieving its aims.

The budget provides the resources that the municipality will use to achieve its aims. As indicated earlier, every attempt is made in this process plan to align the IDP and PMS formulation and/or review, and the budget preparation process. The linkages of the three processes are summarised in the following diagram:

THE LINKAGES BETWEEN IDP, BUDGET AND PMS

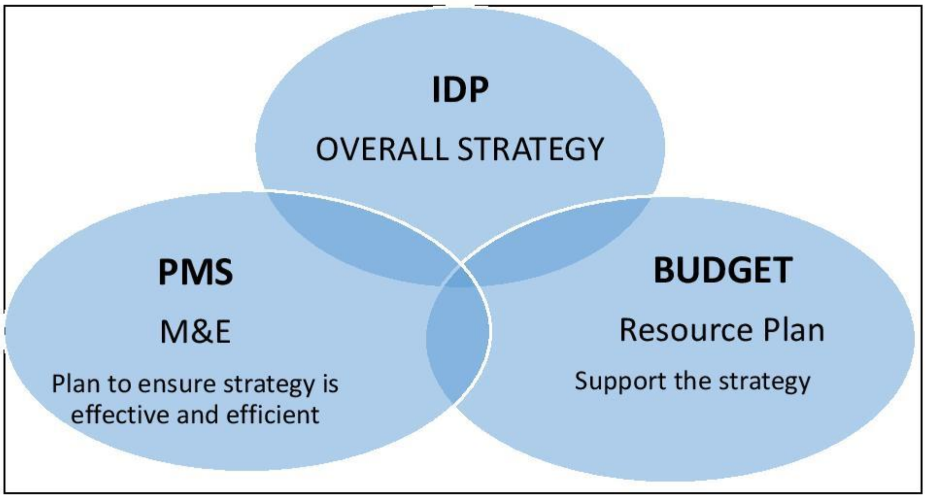

Figure 1: Linkage between IDP, Budget and PMS

THE KNYSNA LOCAL MUNICIPALITY IDP

1.4 The purpose of the IDP Time Schedule

In order to ensure certain minimum quality standards of the IDP process, and proper coordination between and within spheres of government, the preparation of the IDP time schedule and the drafting of the annual budget of municipalities are regulated in both the Municipal Systems Act (Act 32 of 2000) and the Municipal Finance Management Act (Act 56 of 2003).

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Section 28 of the MSA stipulates that:

(1) Each municipal council must adopt a process set out in writing to guide the planning, drafting, adoption and review of the IDP and
(2) A municipality must give notice to the local community of particulars of the process it intends to follow.

Section 21 (1) of the MFMA stipulates that the Mayor of a municipality must –

At least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for;

(i) The preparation, tabling and approval of the annual budget;
(ii) The annual review of –
- *the integrated development plan in terms of section 34 of the Municipal Systems Act; and*
- *the budget-related policies;*

(iii) The tabling and adoption of any amendments to the integrated development plan and the budget-related policies; and
(iv) *Any consultative processes forming part of the processes referred to in sub-paragraphs (i), (ii) and (iii)*

This document constitutes the Time Schedule for the review of the Amended 2022/2027 IDP and Medium Term Budget. This Times Schedule therefore essentially fulfils the function of a business plan and/or operational plan for the IDP and budget process. The time schedule outlines in a simplified and transparent manner **what** should happen **when**, by **whom**, with **whom** and **where** during the process of formulating an IDP and budget for the Knysna Local Municipality.

SECTION TWO: IDP DEVELOPEMENT PROCESS

2.1 Key elements to be addressed in this process

During the IDP and Budget consultative sessions, an IDP/Budget Steering Committee under the leadership of the Executive Mayor must address service delivery challenges across the municipality dating as far back as the 3rd and 4th Generation IDP's service delivery needs. This we must undertake as we fulfil our Constitutional mandate utilising inter-governmental processes and platforms by means of strategic partnerships to coordinate development process.

The Municipality will pursue strategic goals during this term of Council as per the, Medium-Term Strategic Framework and Five Year Local Government Strategic Agenda:

- To ensure **service excellence** within and around Knysna Local Municipality To stimulate integrated and sustainable **economic development**;
- To improve and sustain **financial, human resource and management** excellence;
- To evolve **institutional excellence** through a thoroughgoing institutional reengineering, effective leadership and effective long range development planning.

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The municipality will accelerate implementation to roll back existing service delivery backlog identified during previous IDP consultative processes, and in line with the financial status of the municipality.

The following is a summary of the main activities to be undertaken during this IDP Process:

2.1.1 Refine and/or develop the strategic elements of the IDP in terms of council's new priorities

- Review the vision, mission and objectives;
- Develop strategy elements of the IDP;
- Determining programmes to achieve the strategic intent;
- Develop and enhance existing institutional plans ;
- Develop/Review a fully integrated spatial development framework;
- Strengthen Performance Management system and cascading of performance management;
- Develop organisational scorecard;
- The preparation and review (if required) of relevant sector plans

2.1.2 Assessment issues

- Comments received from Councillors, Ward Committees and other various role-players in the presentation and assessment of the IDP,
- Gaps in terms of shortcomings and weaknesses identified through self-assessment of previous IDP's
- Implement recommendation(s) received from the MEC for Local Government on the previous approved IDP
- Current status on the implementation process.

2.1.3 Details of activities to accomplish outputs

- *Incorporation of role-players inputs in planning process*
  In developing the IDP for the constituted Council, the Municipality need to assess the impact on the achievement of the IDP development priorities. This include reviewing all projects and programs linked to MTREF. In this way the Municipality will focus on the implementation for the coming three years, while on the other hand is able to monitor and evaluate implementation progress on those programmes, projects and services.

- *Review of progress with lessons for the future*
  The starting point in understanding the current developmental situation is the review of the relevance of the strategies developed and applied to achieve the past and current set goals. **Secondly,** we need to determine the extent of implementation with regard to projects, programmes and services against IDP plans for the previous years.

Some of this can be from secondary data (e.g. previous annual reports). The review of the organisational performance for the 2022-23 financial year(s) would provide an opportunity to review progress for the IDP and also assist in making information for the annual report readily available, as well as determining the implications for the future. It is suggested that the two processes be integrated, and a format used which ensures that directorates provide lessons learned and implications for the future, as well as analysis of what they have done. This will build on refining and/or developing section 3.2 as part presentation and discussion, so that we are able to come up with coherent recommendations across the Municipality.

- *Core elements of the IDP preparation*
  The core elements of the IDP preparation correspond to the core functions of the municipalities as outlined in the Municipal Systems Act and other legislations, including the critical elements that came up during the IDP development and review in the past years.

  The core components of the integrated development plan follow:
  - the municipal council's vision for the long term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs;
  - an assessment of the existing level of development in the municipality, which must include the identification of communities which do not have access to basic municipal services;
  - the council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
  - the council's development strategies which must be aligned with any national or provincial sectoral plans and planning requirements binding on the municipality in terms of legislation;
  - a spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;
  - the council's operational strategies;
  - applicable disaster management plans;
  - a financial plan, which must include a budget projection for at least the next three years; and
  - The key performance indicators and performance targets determined in terms of section 41 of Municipal Systems Act.

2.1.4 Inclusion of new information where necessary

- Addressing areas requiring additional attention in terms of legislative requirements not addressed during the previous years of the IDP Review
- Process (i.e. MFMA);
- Alignment of the IDP with newly completed Knysna Local Municipality Statutory Plans;
- Development of the Strategic elements of the IDP;

- The ongoing alignment of the Knysna Local Municipality Performance Management System (PMS), in terms of Chapter 6 of the MSA, with the IDP;
- The update of the Financial Plan, the list of projects (both internal and external), and the capital investment framework;
- Incorporate final Ward Projects in term of Medium Term Revenue and Expenditure Framework (MTREF).

SECTION THREE: HORIZONTAL AND VERTICAL ALIGNMENT

3.1. Framework plan

In terms of Chapter 5 and Section 26 of the Municipal Systems Act (2000), districts are required to prepare and adopt a Framework Plan which indicates how the district and Local Municipalities will align their IDPs. The Framework Plan provides the linkage and binding relationships to be established between the district and local municipalities in the district and in doing so, proper consultation, coordination and alignment of the review process of the district municipality and various local municipalities can be maintained.

Alignment with service providers is essential to ensure that the district and local municipality's priorities can be reflected in the service providers' project prioritisation process and in turn the service providers' projects can be reflected in the IDP document. Regular meetings with service providers would be required in the course of IDP review process

Cross-border alignment with neighbouring municipalities is also necessary to ensure the spatial co-ordination of development effort. This is possible by using the existing Provincial Co-ordinating IDP SIME and Joint District Planning Forum as well as strategic discussions between neighbouring local municipalities.

3.2. Alignment with stakeholders

It is anticipated that an IDP and Budget Consultative and IDP Programme Workshops which will be led by MAYCO and Senior Management will create such a platform as well as a series of individual meetings with key organs of the state.

3.3 Stakeholders in the IDP process

- *Municipality*

  The IDP guides the development plans of the local municipality.

- *Councillors*

  The IDP gives councillors an opportunity to make decisions based on the needs and aspirations of their constituencies.

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- *Communities and other stakeholders*
  The IDP is based on community needs and priorities. Communities have the chance to participate in identifying their most important needs. The IDP process encourages all stakeholders who reside and conduct business within a municipal area to participate in the preparation and implementation of the development plan.

- *National and provincial sector departments*
  Many government services that affect communities at local level are delivered by provincial and national government departments -for example: police stations, clinics and schools. Municipalities must take into account the programmes and policies of these departments. The departments should participate in the IDP process so that they can be guided how to use their resources to address local needs.

SECTION FOUR: PUBLIC PARTICIPATION IN THE IDP PROCESS

4.1. Public Consultation

Public consultation forms an integral part of the IDP preparation and formulation process under the direct leadership of the political heads of the institution. The municipality's direct links with communities are councillors whom represent the direct interests of communities. Community or public consultation must thus be driven and directed by council, technically supported by the bureaucracy based on the nature of support required.

The Mayor and Speaker will chair public consultation sessions with the public as public representatives, supported by ward councillors in the respective areas where consultations will be undertaken.

The logistical and technical support provided by the administration must be aligned with the IDP planning process and directed towards achieving IDP outcome.

SECTION FIVE: ORGANISATIONAL ARRANGEMENTS

5.1 IDP institutional and management arrangements

The IDP and Budget formulation process will be guided and undertaken within the following organizational management mechanisms:

- Municipal Council is the final decision-making/approval of IDP and will continuously monitor progress of the development and implementation of its IDP;

2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

- Councillors will be responsible for linking integrated development planning process to their constituencies/wards;
- IDP/Budget Steering Committee of politicians to drive the process, and make key strategic decisions needed at various points on the way;
- TMT (Senior Management Team) chaired by the Municipal Manager to drive the administrative part of the process;
- IDP Task Team across directorates, line management level to drive the IDP;
- IDP Representative Forum/Budget Conference to consult with stakeholders.

IDP/Budget Steering Committee and TMT meet alternately on a two weekly basis. MAYCO will also devote IDP/Budget as a standing item on the agenda for other MAYCO meetings during the IDP preparation and drafting process. TMT/Directors Meetings will devote standing item to IDP/Budget preparation during preparation and drafting process. IDP/Budget Steering Committee members will also play a leading role in the revisions to programmes, working closely with their directorates.

The IDP Stakeholder Forum is also required in terms of legislation to bring in external stakeholders at key decision points in the process, who have a statutory right to be involved in the decision-making process around the IDP. Wards will be making their proposals and inputs through the Area-based planning process, but will also form part of the Stakeholder Forum.

5.1.1 IDP/Budget Steering Committee

The IDP/Budget Steering Committee (SC) is a strategic, political and technical working team making political and technical decisions and inputs that must ensure a smooth compilation and implementation of the IDP. The IDP SC and the Stakeholder Forum will be constituted for the preparation of the IDP process. As part of the IDP and budget formulation process, the Steering Committee which supports the Municipal Manager, the Manager: IDP & PMS and the Budget Office should remain as follows:

Institutional composition:

- The IDP/Budget Steering Committee will be chaired by the Mayor and in his absence, a delegated MAYCO councillor.
- Members of the IDP/Budget Steering Committee will consist of MAYCO, Speaker, TMT Manager IDP/PMS and Manager Budget.
- MAYCO and Directors, Manager IDP/PMS and Manager Budget will be responsible for the preparation of the IDP, PMS and Budget and any other members as the Mayor may deem fit.
- Secretariat will be provided by the Corporate Services Administration Services.

2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

5.1.2 Terms of Reference for the IDP/Budget Steering Committee

The terms of reference for the IDP and Budget Steering Committee are as follows:

- Facilitate terms of reference for the various planning activities associated with the IDP and Budget;
- Commission studies necessary as may be required for the successful compilation of the IDP;
- Processes and documents:
- Inputs from sub-committee/s, study teams;
- Inputs from provincial sector departments and support providers;
- Processes, summarise and document outputs;
- Makes content and technical recommendations;
- Prepare, facilitate and documents meetings;
- Facilitate control mechanisms regarding the effective and efficient implementation, monitoring and amendment of the IDP and Budget;
- Ensure coordination and integration of sectoral plans and projects; and
- Ensure that the municipal budget is in line with the IDP.

5.1.3 Municipal Manager

As a head administration, the Municipal Manager is responsible and accountable for the implementation of the municipality's IDP, and the monitoring of progress with implementation of the plan. He is also the responsible person for championing the integrated development planning process.

5.1.4 Managers: IDP and Organisational Performance

Amongst others, the following responsibilities have been allocated to the Manager: IDP /Performance Management for the IDP Process:

- Ensure that the Process Plan is finalised and adopted by Council;
- Adjust the IDP according to the proposals of the MEC;
- Identify additional role-players to sit on the IDP Stakeholder Forum;
- Ensure the continuous participation of role players;
- Monitor the participation of role players;
- Ensure appropriate procedures are followed;
- Ensure documentation is prepared properly;
- Carry out the day-to-day management of the IDP process;
- Respond to comments and enquiries;
- Ensure alignment of the IDP with other IDPs within the District Municipality;
- Co-ordinate the inclusion of Sector Plans into the IDP documentation;
- Co-ordinate the inclusion of the Performance Management System (PMS) / SDBIP into the IDP;
- Submit the approved review IDP to the relevant authorities.

2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

5.2. IDP and Budget Forum

5.2.1 Composition of IDP and Budget Forum

The IDP and Budget Forum will facilitate and co-ordinate participation as part of the preparation phase of the IDP and will continue its functions throughout the annual IDP Review processes. The proposed composition of the IDP and Budget Forum is potentially municipal stakeholders.

5.2.2 Terms of Reference for the IDP Representative Forum

The terms of reference for the IDP Representative Forum are as follows:

- Represent the interest of the municipality's constituency in the IDP process;
- Form a structures link between the municipality and representatives of the public;
- Provide an organisational mechanism for discussion, negotiation and decision making between the stakeholders including municipal government;
- Ensure communication between all the stakeholder representatives including the municipal;
- Monitor the performance of the planning and implementation process;
- Integrate and prioritise issues, strategies, projects and programmes and identify budget requirements; and
- Monitor the performance of planning and implementation process.

5.3 IDP Task Team

5.3.1 Composition of IDP Task Team

There will be an IDP Task Team to drive the preparation and development of the IDP. This should ideally a small technical team constituted by relevant municipal and line function officials. The IDP Task Team should be chaired by the Municipal Manager and/or a Director and the secretary should be the Manager: IDP / PMS. It will work full-time for the period of the preparation of the IDP, and should meet formally with the Municipal Manager and/or the Director on a weekly basis. Additional project teams may be needed to develop specific projects.

5.3.2 Terms of Reference for the IDP Task Team

The IDP Task Team will be involved in the management, discussion of the contents of IDP by:

- Providing inputs related to the various planning steps;
- Summarising/digesting/processing inputs from participation process;
- Providing technical and sector related expertise and information; and
- Preparing draft projects proposals.

2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

5.4 Roles and Responsibilities of Different Spheres of Government in the IDP Process

The responsibility to prepare and adopt the IDP lies with Knysna Local Municipality Local Municipality. However IDP is seen as a key measure to identify and respond timeously and effectively to local developmental challenges and priorities, in a manner that leverages involvement and responses of all stakeholders including across sectoral basis and contributions by the district, provincial and national governments. It is therefore a required for all stakeholders to be fully aware of their own responsibilities and of other role-players' responsibilities to ensure a smooth and well organised the planning process.

In order to ensure that there is a clear understanding of all required roles and responsibilities between the three spheres, the following are highlighted:

SPHERE OF GOVERNMENT	ROLES & RESPONSIBILITIES
LOCAL	
Local Municipality and Entity	Prepare the IDP
	Adopt the IDP
District Municipality (Garden Route)	Prepare the District IDP
	Adopt the District IDP
	Facilitate District Guidelines on Growth and Development
PROVINCIAL	
Department Local Government, Western Cape Provincial Government	Coordinate training
	Provide financial support
	Provide general IDP Guidance
	Monitor municipal process
	Facilitate alignment of IDPs with sector department policies and programmes
	IGR sessions/Forums
Sector Departments	Provide relevant information on sector department's policies, programmes and budgets
	Contribute sector expertise and technical knowledge to the formulation of municipal policies and strategies

2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

	Be guided by municipal IDPs in the allocation of resources at the local level
	IGR sessions/Forums
NATIONAL	
Department of Cooperative Governance and Traditional Affairs	Issue legislation and policy in support of IDP's
	Issue Integrated Development Planning Guidelines
	Establish a Planning and Implementation Management Support System
	Provide a national training framework
	Provide financial assistance
	IGR sessions/Forums
Sector Departments	Provide relevant information on sector department's policies, programmes and budgets
	Contribute sector expertise and technical knowledge to the formulation of municipal policies and strategies
	Be guided by municipal IDP's in the allocation of resources at the local level
	IGR sessions/Forums

SECTION SIX: ROLES, RESPONSIBILITIES AND KEY ACTIVITIES

6.1 Role Players

The Municipality will confirm the identification of the following role players in the IDP and Budget processes:

Internal Role-players

- Council and the MAYCO ;
- Nominated Councillors;
- Mayor;
- Municipal Manager;
- Manager: IDP / PMS;

2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

- IDP/Budget Steering Committee; and
- Stakeholder Forum/Civil Society.

External Role –players

1. Relevant Government Departments;
2. Municipal officials;
3. Representative Forum / Civil Society.

6.2 Key Activities

Following are a summary of the key activities to take place in terms of the IDP, Budget and PMS for the new term of IDP Process:

2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

NO	ACTIVITY / TASK DESCRIPTION	LEGISLATIVE REQUIREMENTS	TARGET DATES IDP	BUDGET	PMS	REPORTING	RESPONSIBLE OFFICIAL
1	Commence with the preparation of Capital Roll-Over Budget for the 2024/2025 Financial year	MFMA - Sec 28(2)(e) MBRR - Reg 23(5)		03/07/2023			Manager – Budget & Expenditure
2	Make public the projections, targets and indicators as set out in the SDBIP (no later than 14 days after the approval of the SDBIP) and submit to National and Provincial Treasuries (no later than 10 days after the approval of the SDBIP)	MFMA - Sec 53(3)(a) MBRR - Reg 20(2)(b)			03/07/2023		Manager IDP/PMS & IGR
3	Submit Monthly report on the budget for period ending 30 June 2023 within 10 days working days to Executive Mayor	MFMA - Sec 71(1)				17/07/2023	CFO / Manager – Budget & Expenditure
4	Submit 2022/2023 Fourth Quarter Performance Report to TMT for revision					18/07/2023	Manager IDP/PMS & IGR
5	Executive Mayor and Mayoral Committee approve 2022/2023 Capital Roll-Over Budget	MFMA - Sec 28(2)(e) MBRR - Reg 23(5)		19/07/2023			CFO / Technical Director
6	Submit 2022/2023 Fourth Quarter Performance Report to Council	MPPMR - Reg 13		27/07/2023			Manager IDP/PMS & IGR
7	Council approve 2022/2023 Capital Roll-Over Budget. (to be tabled before 25 August 2022).	MFMA - Sec 28(2)(e) MBRR - Reg 23(5)					CFO / Technical Director
8	Submit Quarterly report for period ending 30/06/2023 on implementation of the budget and financial state of affairs of the municipality to Council	MFMA - Sec 52(d) MFMA - Sec 71(1) MBRR - Reg 29				27/07/2023	Municipal Manager
9	Submit quarterly reports on the audit of the performance information to the audit and performance committee.	MPPMR-Reg 14(4)				28/07/2023	Chief Audit Executive
	AUGUST 2023						
10	Place 2022/2023 Fourth Quarter Performance Report on website	MFMA - Section 75 (2) MSA 21(b)			14/08/2023		Manager IDP/PMS & IGR

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2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

NO	ACTIVITY / TASK DESCRIPTION	LEGISLATIVE REQUIREMENTS	TARGET DATES IDP	BUDGET	PMS	REPORTING	RESPONSIBLE OFFICIAL
10	Submit 4th Quarter (2022/2023) Performance Reports -SDBIP Performance Reports to National and Provincial Treasuries	MPPMR - Reg 13			14/08/2023		Manager IDP/PMS & IGR
11	IDP Roadshow Schedule submitted to Executive Management Team (TMT)	Not Applicable	20/08/2023				Manager IDP/PMS & IGR
12	Submit Monthly report on the budget for period ending 31 July 2023 within 10 days working days to Mayor	MFMA Section 71(1)				16/08/2023	CFO / Manager – Budget & Expenditure
13	IDP Review Programme discussed by MAYCO	MFMA - Sec 53(1)	16 / 08 2023				Municipal Manager
14	Submit monthly report for period ending 31/07/2023 on implementation of the budget and financial state of affairs of the municipality to Council	MFMA - Sec 71(1) MBRR - Reg 29				30/08/2023	Municipal Manager
15	Submit Terms of Reference on the establishment of the IDP Representative Forum to Council	N/A				30/08/2023	Municipal Manager
16	Executive Mayor and Mayoral Committee approve IDP Time Schedule and Budget Time Schedule (at least 10 months before the start of the budget year)	MFMA - Sec 21(1)(b)		16/08/2023			Municipal Manager
17	Council approve IDP and Budget Time Schedule (at least 10 months before the start of the budget year)	MFMA - Sec 21(1)(b)		30/08/2023			Municipal Manager

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2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

ACTIVITY / TASK		LEGISLATIVE REQUIREMENTS	TARGET DATES				RESPONSIBLE OFFICIAL
NO	DESCRIPTION		IDP	BUDGET	PMS	REPORTING	
18	Submit Annual Performance Report (APR) and Annual Financial Statements (AFS) for 2022/2023 to the Auditor General of South Africa (AGSA)	MFMA - Section 126				31/08/2023	Municipal Manager
SEPTEMBER 2023							
19	Advertisement of IDP Time Schedule and Budget Time Schedule on website, local newspapers and notice boards	MSA - Sec 21, 21A, 28(3)	05/09/2023				Manager IDP/PMS & IGR
20	Submit Monthly report on the budget for period ending 31 August 2023 within 10 working days to Executive Mayor	MFMA Section 71(1)				14/09/2023	CFO / Manager – Budget & Expenditure
21	IDP Public Meetings - Public meetings attended by ward committee members, other role-players / stakeholders & members of the public, sectoral groupings and IDP Representative Forum as per approved schedule	Chapter 4 MSA	03/09/2023 - 04/10/2023				Manager IDP/PMS & IGR
22	Submit monthly report for period ending 31/08/2023 on implementation of the budget and financial state of affairs of the municipality to Council	MFMA - Sec 71(1) MBRR - Reg 29				28/09/2023	Municipal Manager
23	Council Lekgotla (councillors, municipal manager, executive managers and selected senior managers) to reconcile views and	N/A	20/09/2023				Executive Mayor/ Municipal Manager

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2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

ACTIVITY / TASK		LEGISLATIVE REQUIREMENTS	TARGET DATES				RESPONSIBLE OFFICIAL
NO	DESCRIPTION		IDP	BUDGET	PMS	REPORTING	
	opinions of the political structures and administration						
24	Strategy Workshop 1 (Mayoral Committee, municipal manager, executive managers and selected senior managers) to reconcile views and opinions of the political structures and administration	N/A	26/09/2023				Municipal Manager
OCTOBER 2023							
26	Strategy Workshop 2 (municipal manager, executive managers and selected senior managers) to suggest solutions that contribute most to the Strategic Goal(s) applicable to each department	N/A	31/10/2023				Municipal Manager & EMT
27	Determine Budget Assumptions for 2024/2025/26 Medium Term Revenue and Expenditure Framework (MTREF)	N/A		12/10/2023			Manager Budget Office
28	Commence with the preparation of the capital programme	MFMA - Chapter 4 MBRR - Part 3		12/10/2023			Manager Budget Office
29	Quarter 1 Performance Report to TMT for revision	MPPMR - Reg 13		12/10/2023			Manager IDP/PMS & IGR
30	Submit Monthly report on the budget for period ending 30 September 2023 within 10 days working days to Executive Mayor	MFMA Section 71(1)				17/10/2023	CFO / Manager – Budget & Expenditure
31	Distribute capital programme to Directorates for costing purposes and prioritisation in consultation with Manager: Budgets and Accounting	MFMA - Chapter 4 MBRR - Part 3		17/10/2023			All Directorates

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2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

ACTIVITY / TASK		LEGISLATIVE REQUIREMENTS	TARGET DATES				RESPONSIBLE OFFICIAL
NO	DESCRIPTION		IDP	BUDGET	PMS	REPORTING	
32	Community inputs circulated to senior management for administrative / technical inputs	N/A	05/10/2023				Manager IDP/PMS & IGR
33	2023/2024 First Quarter Performance Report to Executive Mayor and Mayoral Committee	MPPMR – Reg 13			19/10/2023		Municipal Manager
34	Closing date for capital programme costed and prioritised	MFMA – Sec 21		24/10/2023			Manager Budget
35	Compile Draft Capital Budget for 2024/2025/26 MTREF	MFMA – Sec 21		24/10/2023			Manager Budget
36	2023/24 First Quarter Performance Report to Council	MPPMR – Reg 13			26/10/2023		Municipal Manager
37	Submit Quarterly report for period ending 30/09/2023 on implementation of the budget and financial state of affairs of the municipality to Council	MFMA - Sec 52(d) MFMA - Sec 71(1) MBRR - Reg 29				26/10/2023	Municipal Manager
38	Review the municipality's performance management system (PMS) with participation of community (proposed amendments to municipal key performance indicators and targets)	MPPR - Section 3(4)(b)			28/10/2023		Municipal Manager
39	On-site meeting by WCPG on Priority Lists for sector departments' comments at Indaba 2	MSA – Sec 24	17/10/2023 Date to be confirmed				Manager IDP/PMS & IGR
40	Make IDP Indaba 2 submission on municipal priority lists for the comments of sector departments to WCPG	MSA – Sec 24	31/10/2023				Municipal Manager
41	Submit quarterly reports on the audit of the performance information to the audit and performance committee.	MPPMR-Reg 14(4)				05/10/2023	Chief Audit Executive
NOVEMBER 2023							
41	Distribute operating budget templates to directorates to revise the 2023/2024 operating budget and inputs to 2024/2025 operating budget.	MSA – Sec 21			01/11/2023		CFO / Manager – Budget & Expenditure

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2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

ACTIVITY / TASK		LEGISLATIVE REQUIREMENTS	TARGET DATES				RESPONSIBLE OFFICIAL
NO	DESCRIPTION		IDP	BUDGET	PMS	REPORTING	
42	Review current budget related policies and compile newly needed budget related policies	MFMA –Sec 21 MBRR – Part 3			01/11/2023		Municipal Manager, and EMT
43	Submit 1st Quarter 2023/2024 Performance Reports - SDBIP and Finance Performance Reports to National and Provincial Treasury				02/11/2023		Manager IDP/PMS & IGR
44	Place 2022/2023 First Quarter Performance Report on website	MFMA - Sec 75(2) MSA - Sec 21(b)			01/11/2023		Manager IDP/PMS & IGR
45	Submit Monthly report on the budget for period ending 31 October 2023 within 10 days working days to Executive Mayor	MFMA Section 71(1)				14/11/2023	CFO / Manager – Budget & Expenditure
46	Submit inputs for 2023/2024 Operating Adjustments Budget and 2022/2023 Operating Budget to Manager: Budgets and Accounting	MFMA - Section 21 & 28		14/11/2023			Manager Budget
47	Finalise Draft Capital Budget for 2023/2024/25 MTREF	MFMA – Sec 21		14/11/2023			PMU Manager / Manager Budget
48	Submit Draft Capital Budget for 2023/2024/25 to Top Management Team	MFMA – Sec 21		21/11/2023			CFO
49	Submit Draft Capital Budget for 2023/2024/25 to MAYCO for discussion	MFMA – Sec 21		23/11/2023			Municipal Manager
50	Councillor or Committee of Council submits a memorandum with recommendations for amendments to the IDP and Municipal Scorecard to Executive Mayor and Mayoral Committee	MPPR – Section 3 (1) & 2	28/11/2023				Municipal Manager
51	Submit monthly report for period ending 31/10/2023 on implementation of the budget and financial state of affairs of the municipality to Council	MFMA - Sec 71(1) MBRR - Reg 29				30/11/2023	Municipal Manager
52	Auditor General's Report on Annual Finance Statements and Annual Performance Report submitted to Municipal Manager	MFMA - Sec 126(3) MFMA - Circular No. 63				30/11/2023	Auditor General

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2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

ACTIVITY / TASK		LEGISLATIVE REQUIREMENTS	TARGET DATES				RESPONSIBLE OFFICIAL
NO	DESCRIPTION		IDP	BUDGET	PMS	REPORTING	
52	Workshop with IDP REPRESENTATIVE FORUM members, Knysna Local Municipality and sector departments	MSA Section 24 (1)	29/11/2023				Manager IDP/PMS & IGR
53	Sessions with Ward Committees	MSA Section 29(1)(b)	16/10/2023 – 07/11/2023				Manager IDP/PMS & IGR
DECEMBER 2023							
54	Strategy Workshop 3 (Mayoral Committee, municipal manager, executive managers and selected senior managers) to consolidate all Strategic inputs and to formulate the first draft of a new Strategy Chapter of the IDP.		06/12/2023				Municipal Manager
55	Submit Monthly report on the budget for period ending 30 November 2023 within 10 days working days to Executive Mayor	MFMA Section 71 (1)				13/12/2023	Municipal Manager
56	Submit SECOND Quarter Performance Report and Mid-Year Performance Assessment Report to TMT for revision	MPPMR - Reg 13			13/12/2023		Manager IDP/PMS & IGR
57	Submit Monthly report on the budget for period ending 31 November 2023 within 10 working days to Executive Mayor	MFMA Section 71 (1)			13/12/2023		Manager IDP/PMS & IGR
JANUARY 2024							
58	Submit SECOND Quarter Performance Report to Executive Mayor and Mayoral Committee	MPPMR – Reg 13				11/01/2024	Manager IDP/PMS & IGR
59	Submit Draft 2022/2023 Annual Report to Executive Mayor and Mayoral Committee	MFMA – Sec 21			18/01/2024		Manager IDP/PMS & IGR
60	Submit Mid-year Performance Assessment Report to Executive Mayor	MFMA – Sec 21			25/01/2024		Manager IDP/PMS & IGR
61	Prepare and submit Mid-year Budget Assessment Report to Executive Mayor	MFMA – Section 72 (1)(b) MBRR – Reg 35		25/01/2024			CFO
62	Submit Mid-year Budget and Performance Report to Provincial Treasury, National Treasury and WCPG by 25/01/2024	MFMA – Section 72 (1)(b) MBRR – Reg 35		25/01/2024	25/01/2024		Municipal Manager

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2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

ACTIVITY / TASK		LEGISLATIVE REQUIREMENTS	TARGET DATES				RESPONSIBLE OFFICIAL
NO	DESCRIPTION		IDP	BUDGET	PMS	REPORTING	
63	Submit monthly report for period ending 31/12/2023 on implementation of the budget and financial state of affairs of the municipality to Council	MFMA – Section 71 (1) MBRR – Reg 29				25/01/2024	Municipal Manager
64	Submit Quarterly report for period ending 31/12/2023 on implementation of the budget and financial state of affairs of the municipality to Council	MFMA – Sec 52 (d) MFMA – Sect 71 (1) MBRR – Reg 29				25/01/2024	Municipal Manager
65	Submit Mid-year Budget and Performance Assessment Reports to Council	MFMA - Section 72(1)(b) MBRR - Reg 35		25/01/2024	25/01/2024		Manager IDP/PMS & IGR and CFO
66	Start with the finalisation of 2024/2025 Adjustments Budget, 2023/24/25 MTREF, A & B Schedules	MFMA - Sec 21	February 2024	26/01/2024			
67	Place 2023/2024 SECOND Quarter and Mid-Year Performance Reports on website	MFMA – Section 75 (2) MSA Sec 21 (b)		26/01/2024			
68	Make public the Mid-Year Budget and Performance Report in the local newspaper and on municipal website	MFMA – Section 75 (2) MSA Sec 21 (b)			26/01/2023		Manager IDP/PMS&IGR
69	Submit quarterly reports on the audit of the performance information to the audit and performance committee.MPPMR-Reg 14(4)	MPPMR-Reg 14(4)				16/01/2023	Chief Audit Executive
FEBRUARY 2024							
69	Tabled Annual Report submitted to Auditor General, Audit Committee, Provincial Treasury and WCPG	MFMA - Section 127(5)(b)	01/02/2024				Manager IDP/PMS & IGR
70	Make public the Annual Report for comments and inputs	MFMA - Sec 127(5)(a) MSA - Sec 21A	01/02/2024				Manager IDP/PMS & IGR
71	2023/2024 Adjustments Budget and 2024/2025 MTREF workshop with MAYCO and senior management	MFMA – Sec 21	February 2024				Municipal Manager & CFO

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2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

ACTIVITY / TASK		LEGISLATIVE REQUIREMENTS	TARGET DATES				RESPONSIBLE OFFICIAL
NO	DESCRIPTION		IDP	BUDGET	PMS	REPORTING	
72	Finalise 2023/2024 Adjustments Budget and B Schedules	MFMA - Sec 28 MBRR - Part 4		08/02/2024			CFO / Manager – Budget & Expenditure
73	Finalise 2023/2024 Draft MTREF and A Schedules	MFMA - Section 21 MBRR - Part 3		08/02/2024			CFO / Manager – Budget & Expenditure
74	Submit 2023/2024Adjustments Budget to Budget Steering Committee	MFMA - Sec 28 MBRR - Part 4		08/02/2024			CFO / Manager – Budget & Expenditure
75	Submit Monthly report on the budget for period ending 31 January 2024 within 10 days working days to Executive Mayor	MFMA Section 71(1)		22/02/2024			CFO / Manager – Budget & Expenditure
76	MAYCO considers and adopts 2023/2024 Adjustments Budget and potentially Revised 2023/2024 SDBIP	MFMA - Sec 28 MBRR - Part 4		22/02/2024			CFO
77	Submit 2024/2025 Draft MTREF, tariffs and budget related policies to Executive Management	MFMA - Section 21 MBRR - Part 3		15/02/2024			CFO / Manager – Debt Collection and Revenue / Manager budget & expenditure
78	Submit monthly report for period ending 31/01/2024 on implementation of the budget and financial state of affairs of the municipality to Council	MFMA - Sec 71(1) MBRR - Reg 29		28/02/2024			CFO / Manager – Budget & Expenditure
79	Council considers and adopts 2023/2024 Adjustments Budget and potential Revised 2023/2024 SDBIP	MFMA - Sec 28 MBRR - Part 4		28/02/2024			CFO
80	WCPG MEC 2 - Provincial Sector Departments inform municipalities of provincial budgetary allocations	MSA - Chapter 5		14/02/2024 Date to be confirmed			CFO
81	Submit 2022/2023 Draft MTREF, tariffs and budget related policies to MAYCO	MFMA - Sec 21 MBRR - Part 3		21/02/2024			CFO
MARCH 2024							
82	Advertise the approved 2023/2024 Adjustments Budget and Revised SDBIP for 2023/24 and submit budget and B Schedules	MFMA - Sec 28(7) MSA - Sec 21A MBRR - Part 4		04/03/2024			Manager – Budget & Expenditure

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2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

ACTIVITY / TASK		LEGISLATIVE REQUIREMENTS	TARGET DATES				RESPONSIBLE OFFICIAL
NO	DESCRIPTION		IDP	BUDGET	PMS	REPORTING	
	to National Treasury and Provincial Treasury as required per legislation (within 10 working days)						
83	Submit monthly report on the budget for period ending 28 February 2024 within 10 days working days to Executive Mayor	MFMA Section 71(1)				13/03/2024	CFO / Manager – Budget & Expenditure
84	Submit 2023/2024 Draft MTREF, tariffs and budget related policies to Budget Steering Committee	MFMA - Sec 21 MBRR - Part 3		18/03/2024			CFO / Manager – Budget & Expenditure
85	Executive Mayor and Mayoral Committee consider 2024/2025 draft IDP, budget and 2024/2025 SDBIP	MFMA - Sec 16(2) MSA - Sec 25 MBRR - Part 3	20/03/2024	20/03/2024	20/03/2024		CFO
86	Executive Mayor and Mayoral Committee consider Oversight Report i.t.o. Section 121 of the MFMA	MFMA - Sec 129				20/03/2024	Municipal manager
87	Council meeting on draft IDP, budget, tariffs, budget related policies and SDBIP (at least 90 days before the start of the budget year).	MFMA - Sec 16(2) MSA - Sec 25 MBRR - Part 3	28/03/2024	28/03/2024	28/03/2024		CFO
88	Council meeting to consider the Annual Report and adopt an Oversight Report containing the Council's comments on the report	MFMA - Sec 129				28/03/2024	Municipal Manager
89	Submit monthly report for period ending 28/02/2024 on implementation of the budget and financial state of affairs of the municipality to Council	MFMA - Sec 71(1) MBRR - Reg 29				28/03/2024	CFO / Manager – Budget & Expenditure
90	Table 2022/2023 Annual Report to Council	MFMA – Sec 21	March 2024			28/03/2024	Municipal Manager
91	Submit the draft IDP, SDBIP and budget to WCPG, National and Provincial Treasury, prescribed national or provincial organs of state and to other municipalities affected by the IDP and budget	MFMA - Sec 22(b) MSA - Sec 32(1) MBRR - Reg 20	01/04/2024	01/04/2024	01/04/2024		Municipal Manager
APRIL 2024							
92	Advertise the Draft IDP, SDBIP, budget and other required documents and provide at	MFMA - Sec 22(a) MSA - Sec 21A	01/04/2024	01/04/2024	01/04/2024		Manager IDP/PMS & IGR

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2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

ACTIVITY / TASK		LEGISLATIVE REQUIREMENTS	TARGET DATES				RESPONSIBLE OFFICIAL
NO	DESCRIPTION		IDP	BUDGET	PMS	REPORTING	
	least 21 days for public comments and submissions	MPPMR - Reg 15(3)					
93	Make public the Oversight Report (within 7 days of its adoption)	MFMA - Sec 129(3)			03/04/2024		Manager IDP/PMS & IGR
94	Submit the Annual Report and Oversight Report to the provincial legislature as per circular	MFMA - Sec 132(1) & (2)			03/04/2024	03/04/2024	Manager IDP/PMS & IGR
95	IDP / BUDGET Road Shows to consult the Draft IDP, SDBIP and Budget	MFMA - Sec 22(a) MSA - Sec 21A MPPMR - Reg 15(3)				03/04/2024	Manager IDP/PMS & IGR
96	THIRD Quarter Performance Report to TMT for revision session	MPPMR - Reg 13			17/04/2024		Manager IDP/PMS & IGR
97	Submit Monthly report on the budget for period ending 31 March 2024 within 10 days working days to Executive Mayor	MFMA Section 71(1)				17/04/2024	Manager IDP/PMS & IGR
98	THIRD Quarter Performance Report to Executive Mayor and Mayoral Committee	MPPMR - Reg 13			17/04/2024		Manager IDP/PMS & IGR
99	THIRD Quarter Performance Report to Council	MPPMR - Reg 13			30/04/2024		Manager IDP/PMS & IGR
100	Submit Quarterly report for period ending 31/03/2024 on implementation of the budget and financial state of affairs of the municipality to Council	MFMA - Sec 52(d) MFMA - Sec 71(1) MBRR - Reg 2				30/04/2024	Manager IDP/PMS & IGR
101	Submit 3rd Quarter Performance Reports - SDBIP and Performance Reports to National and Provincial Treasury	MPPMR - Reg 13			02/05/2024		Manager IDP/PMS & IGR
102	IDP Representative Forum to consult the Draft IDP, SDBIP and Budget	MFMA - Sec 22(a) MSA - Sec 21A MPPMR - Reg 15(3)	02/05/2024	02/05/2024	02/05/2024		Manager IDP/PMS & IGR and CFO
103	Submit quarterly reports on the audit of the performance information to the audit and performance committee.	MPPMR-Reg 14(4)				11/04/2023	Chief Audit Executive

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2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

ACTIVITY / TASK		LEGISLATIVE REQUIREMENTS	TARGET DATES				RESPONSIBLE OFFICIAL
NO	DESCRIPTION		IDP	BUDGET	PMS	REPORTING	
			MAY 2024				
103	WCPG MTEC 3 IDP and Budget Assessments by Provincial Treasury and Department of LG	MSA Chapter 5 MFMA	07/05/2024	07/05/2024	07/05/2024		Municipal Manager
104	Place 2023/2024 THIRD Quarter Performance Report on website	MFMA - Sec 75(2) MSA - Sec 21(b)				07/05/2024	Manager IDP/PMS&IGR
105	Workshop with Executive Mayor and Mayoral Committee on submissions made by the local community, National or Provincial Treasury, national or provincial organs of state or municipalities (B-Municipalities)	MFMA - Sec 23	07/05/2024	07/05/2024	07/05/2024		
106	Complete 2024/2025/26 MTREF budget documentation and A schedules	MFMA - Sec 24		13/05/2024			CFO / Manager – Budget & Expenditure
107	Submit Monthly report on the budget for period ending 30/04/2024 within 10 days working days to Executive Mayor	MFMA Section 71(1)		13/05/2024			CFO / Manager – Budget & Expenditure
108	Budget Steering Committee considers submissions made by the local community, National or Provincial Treasury, national or provincial organs of state or municipalities (B-Municipalities)	MFMA - Sec 23		16/05/2024			CFO / Manager – Budget & Expenditure
109	MAYCO meeting to approve Revised IDP, Performance Management Measures and targets and the budget (at least 30 days before the start of the budget year)	MFMA - Sec 24	23/05/2024	23/05/2024	23/05/2024		Municipal Manager
110	Council meeting to adopt Revised IDP, Performance Management Measures and targets and the budget (at least 30 days before the start of the budget year)	MFMA - Sec 24	29/05/2024	29/05/2024	29/05/2024		Municipal Manager
111	Submit monthly report for period ending 30/04/2024 on implementation of the budget	MFMA - Sec 71(1) MBRR - Reg 29				29/05/2024	Municipal Manager

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2024/2025 IDP/BUDGET & PMS TIME SCHEDULE

ACTIVITY / TASK		LEGISLATIVE REQUIREMENTS	TARGET DATES				RESPONSIBLE OFFICIAL
NO	DESCRIPTION		IDP	BUDGET	PMS	REPORTING	
	and financial state of affairs of the municipality to Council						
JUNE 2024							
112	Place the IDP, multi-year budget, all budget-related documents and all budget-related policies on the website	MFMA - Sec 22 and 75 MSA - Sec 21A and 21B	05/06/2024	05/06/2024			Manager IDP/PMS & IGR, Budget
113	Submit a copy of the revised IDP to the MEC for WCPG (within 10 days of the adoption of the plan)	MSA - Section 32	10/06/2024				Manager IDP/PMS & IGR
114	Submit approved budget to National and Provincial Treasuries (both printed and electronic formats)	MFMA - Sec 24(3) MBRR - Reg 20		10/06/2024			Manager Budgets
115	Give notice to the public of the adoption of the IDP and Budget (within 14 days of the adoption of the plan) and budget (within 10 working days)	MBRR - Reg 18 MSA - Sec 25(4)(a)(b)	4/06/2024	04/06/2024			Manager IDP/PMS & IGR
116	Submit to the Executive Mayor the SDBIP for the budget year (no later than 14 days after the approval of an annual budget)	MFMA - Sec 69(3)(a)			10/06/2024		Manager IDP/PMS & IGR
117	Submit Monthly report on the budget for period ending 31/05/2024 within 10 days working days to Mayor	MFMA Section 71(1)				14/06/2024	CFO / Manager – Budget & Expenditure
118	Executive Mayor takes all reasonable steps to ensure that the SDBIP is approved (within 28 days after approval of the budget)	MFMA - Sec 53(1)(c)(ii)			21/06/2024		Municipal Manager
119	Submit monthly report for period ending 31/05/2024 on implementation of the budget and financial state of affairs of the municipality to Council	MFMA - Sec 71(1) MBRR - Reg 29				27/06/2024	Municipal Manager

29

6.2

C02/08/23 AMENDMENT OF CONTRACT T90/2015 - BUSINESS ENGINEERING (COLLABORATOR) - OVERTIME AND STANDBY WORKFLOW SYSTEM

REPORT FROM THE ACTING DIRECTOR: FINANCIAL SERVICES

PURPOSE OF THE REPORT

To request Council to approve an amendment to Tender 90/2015 [Business Engineering (Pty) Ltd - Collaborator] to accommodate the implementation of an electronic Overtime and Standby workflow system.

BACKGROUND

Section 116 of the Municipal Finance Management Act (No. 56 of 2003) 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; 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."

DISCUSSION

As a result of excessive Overtime and Standby costs, and to avoid unauthorised expenditure, the Finance Team decided to explore options in an attempt to reduce the respective costs. Business Engineering (Pty) Ltd, holder of the Collaborator Software Licence, was approached to develop an electronic Overtime and Standby workflow system on Collaborator.

Following a detailed presentation to a previous Municipal Manager (Mr Johan Jacobs), approval of an electronic Overtime and Standby workflow system was granted. The current Municipal Manager furthermore provided approval for an amendment to the existing contract (Business Engineering (Pty) Ltd – Collaborator) to be advertised, which was subsequently actioned in accordance with applicable legislation.

MOTIVATION

This workflow system results in a fully developed and functional Management Information System, which will add immense value to officials that are responsible for managing overtime and standby. Proper and effective analysis of the data that can be extracted from the system is expected to undoubtedly result in a significant reduction in overtime and standby costs. In addition to this, the workflow system will replace the overtime and standby timesheets which are currently manually captured on the Promun Payroll system. There will be a direct interface between the Collaborator system and the Promun Payroll system.

Furthermore, appropriate validations/restrictions developed on the system will highlight and prevent any form of abuse of Overtime and Standby.

The Municipality is at an advanced stage with the finalisation of the development of the workflow system. To ensure timeous completion and implementation of the system, it is imperative that the amended / corrected Overtime and Standby Policy be approved by Council.

In compliance with legislation, a Notice of Amendment to the existing contract (Business Engineering (Pty) Ltd – Collaborator) was advertised in the local print media with a closing date for receipt of comments being 11 August 2023. At the date and time of the stipulated deadline, no public comments were received.

FINANCIAL IMPLICATIONS

R124,660.58 (as per the latest quotation).

The project will be funded from the National Treasury Financial Management Grant.

RELEVANT LEGISLATION

Municipal Finance Management Act (No. 56 of 2003);
Supply Chain Management Policy;
Contract Management Policy; and
Overtime and Standby Policy.

RECOMMENDATION OF THE MUNICIPAL MANAGER

[a] That Council notes that no written comments or representations on the proposed amendment to the contract have been received;

[b] That Council approves the amendment to Tender 90/2015 [Business Engineering (Pty) Ltd - Collaborator] to accommodate the implementation of the electronic Overtime and Standby workflow system;

[c] That Council notes that the estimated cost to implement the Overtime and Standby workflow system equates to R 124,660.58 (including VAT);

[d] That Council notes that the National Treasury Financial Management Grant will be utilised to fund the project; and

[e] That Council notes that the amended Overtime and Standby Policy will be submitted to the next Ordinary Council meeting for approval.

APPENDIX /ADDENDUM

Annexure A: Print Media Advertisement

File Number: 9/1/2/10

Execution: Acting Director: Financial Services

Knysna
Municipality || Munisipaliteit || uMasipala
inclusive || innovative || inspired

NOTICE OF AMENDMENT OF THE EXISTING CONTRACT

NOTICE IN TERMS OF SECTION 116(3) OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT 56 OF 2003) THAT THE MUNICIPALITY INTENDS TO AMEND THE FOLLOWING CONTRACT:

TENDER NO	DESCRIPTION	SUPPLIER NAME	REASON FOR AMENDMENT
T 90 of 2015	Shared Service Agreement between Garden Route District Municipality for the Collaborator Software License – Municipal Records and Workflow Management Software	Business Engineering (Pty)Ltd	In order to accommodate the procurement and implementation of an electronic Overtime workflow system. Total cost - R 124 660, 58 once off cost (Vat included) funded from the National Treasury FMG.

Notice is hereby further given 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 amendment of the contract.

CLOSING DATE FOR COMMENTS

Written comments or representations on the proposed amendments can be submitted on or before 13h30 on Friday 11 August 2023 to S Fourie at **sfourie@knysna.gov.za** or visit the Knysna Municipal Website at **www.knysna.gov.za** – Do Business – Contract Management. Persons who cannot write may contact the SCM Office during office hours, where the responsible official will assist you in putting your comments in writing.

MUNCIPAL MANAGER
MR OP SEBOLA

www.knysna.gov.za

6.3

SC03/08/23 REPORT ON IRREGULAR EXPENDITURE: NON-COMPLIANT BAC COMPOSITION 3RD SALGA NATIONAL COMMUNICATORS FORUM

REPORT FROM THE MUNICIPAL MANAGER

PURPOSE OF THE REPORT

The purpose of this report is to provide the Municipal Public Accounts Committee (MPAC) with a follow up report the reasons for the irregular expenditure related to the BAC that was not constituted properly as disclosed in the 2021/2022 Annual Financial Statements (AFS) with the request that it be certified as irrecoverable and to be written-off in the notes to the 2022/2023 AFS.

BACKGROUND

Every year with the compilation of the annual financial statements the accounting officer (Municipal Manager) must disclose any irregular expenditure that occurred during the financial year.

Irregular expenditure must be recovered from the person liable for that irregular expenditure unless Council certify that irregular expenditure as irrecoverable and to be written-off in the notes to the annual financial statements.

During the 2019/2020 financial year irregular expenditure to the amount of R 43 392 637 (VAT excluded) and R 15 885 467.12 in the 2021-2022 financial year, occurred as a result of the BAC that was not correctly constituted. the irregular expenditure that occurred was not deliberately or negligently committed, made or authorised. The irregular expenditure occurred was of a technical nature, i.e. awards made by the Bid Adjudication Committee (BAC) that was not properly constituted in terms of SCM Regulation 29.

The Municipalities Administration has since ensured that the BAC is constituted in terms of SCM Regulation 29 and hence no new issues have been raised by the Auditor-General. However, the awards made and contracts signed in the 2017/2018 and 2018/2019 financial years will have to continue until the contract periods expire. Until then, any actual expenditure in terms of those contracts will have to be disclosed as irregular expenditure in the notes to the annual financial statements and Council will have to deal with that irregular expenditure in terms of Section 32 of the MFMA.

Council in the past has certified irregular expenditure in terms of those contracts as irrecoverable and to be written-off in the notes to the annual financial statements.

Municipal Public Accounts Committee in its meeting held on 12 December 2022 considered the irregular expenditure, which were disclosed in the 2021-2022 Annual Financial Statements (AFS) audited by the Auditor General during the 2021-2022 audit.

This expenditure were recorded as irregular expenditure in the notes to the AFS in the 2019-2020, 2020-2021 (written-off) and 2021-2022 financial years. The audit findings as reported by the Auditor-General are attached as Annexure C with this report.

Previous Council resolutions on the writing off of irregular expenditure where the BAC was not constituted correctly:

SC03/08/21 IRREGULAR EXPENDITURE FOR THE 2020/2021 FINANCIAL YEAR

UNANIMOUSLY RESOLVED

[a] That the report on the disclosed irregular expenditure that occurred in the 2020/2021 financial year which was submitted to the Municipal Public Accounts Committee on 24 August 2021, be noted;

[b] That the Municipal Public Accounts Committee recommended to Council that the disclosed irregular expenditure with regard to piggy-back awards made (Regulation 32) and awards made by the Bid Adjudication Committee that apparently was not properly constituted in terms of SCM Regulation 29, be certified as irrecoverable and to be written-off in the notes of the 2020/2021 annual financial statements;

[c] That the piggy-back irregular expenditure of R 14,549,033 for the 2020/2021 financial year disclosed in the 2020/2021 Annual Financial Statements be certified as irrecoverable and to be written-off in the notes to the 2020/2021 Annual Financial Statements; and

[d] That the non-compliant Bid Adjudication Committee irregular expenditure R 45,578,842 for the 2020/2021 financial year disclosed in the 2020/2021 Annual Financial Statements be certified as irrecoverable and to be written-off in the notes to the 2020/2021 Annual Financial Statements.

File Number: 5/12
Execution: Director Financial Services

C15/05/2020 REPORT ON IRREGULAR EXPENDITURE AS IDENTIFIED DURING THE AUDIT: BAC COMPOSITION

UNANIMOUSLY RESOLVED

[a] That the report on irregular expenditure as a result of BAC composition, be noted;

[b] That the Supply Chain Management Policy, be amended to be in line with the relevant Regulations;

[c] That it be compulsory for all Directors to attend BAC meetings and that BAC attendance be included in the Directors KPI’s;

[d] That any and all irregular expenditure, as a result of BAC composition, be deemed as irrecoverable and written off; and

[e] That National Treasury, be requested, for condonation of any and all expenditure classified as irregular as a result of BAC composition.

Execution: All Directors

LEGISLATIVE BACKGROUND

The MFMA, section 1, defines irregular expenditure as:

(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;*
(b) *expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;*
(c) *expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or*
(d) *expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality’s by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law,”*

Section 32(2)(b) of the MFMA requires an investigation by a council committee before the Council can certify any irregular, fruitless and wasteful or unauthorised expenditure as irrecoverable. It is important to note that the aim of such an investigation is to establish whether the expenditure incurred must be recovered, utilising the factors outlined in regulation 74 of the Municipal Budget and Reporting Regulations.

This, therefore, means that the context of the investigations to be undertaken by the council committee referred to in section 32(2)(b) of the MFMA is of such a nature that it does not require a forensic investigation.

Section 74 of the Municipal Budget and Planning Regulations states that:

(1) A council committee contemplated in Section 32(2)(a)(ii) of the Act to investigate the recoverability of any unauthorised, irregular or fruitless and wasteful expenditure must consider-
a) The measures already taken to recover such expenditure
b) The cost of the measures already taken to recover such expenditure
c) The estimated cost and likely benefit of further measures that can be taken to recover such expenditure; and
d) Submit a motivation explaining its recommendation to the municipal council for a final decision.

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

The MPAC terms of reference refers as follow:

1.1 The Functions/ *Delegations* of the MPAC are:

2. Any unauthorised, irregular or fruitless and wasteful expenditure, in terms of Section 32 of the Local Government: Municipal Finance Management Act, 2003, incurred by the Municipal Council, Executive Mayor, political office bearers or officials, must be

reported to the Committee. The Accounting Officer must report to the Committee on all steps taken to authorise or certify or recover or write off the expenditure, as well as whether any criminal action was instituted. The Committee must report to the Municipal Council on the appropriateness of action taken.

3. To investigate unauthorized, irregular or fruitless and wasteful expenditure in terms of section 32 (2) of the Local Government: Municipal Finance Management Act, 2003, with a view to recommending to the Municipal Council whether such expenditure is irrecoverable or not.

DISCUSSION

The Auditor-General documented the following statement in the Management Report of the 2020-2021 Financial Year:

" Bid adjudication committee (BAC) composition

1. MFMA regulation 29(2) states that a BAC *must consist of at least four senior managers* of the municipality or municipal entity which must include-
   (a) the *chief financial officer (CFO)* or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the CFO and designated by the CFO;
   (b) *at least one senior supply chain management (SCM) practitioner* who is an official of the municipality or municipal entity; and
   (c) a technical expert in the relevant field who is an official of the municipality or municipal entity, if the municipality or municipal entity has such an expert.
2. Each award should be adjudicated by a committee that is composed in compliance with regulation 29(2).
3. The following principles were confirmed with National Treasury:
   (a) the senior manager referred to above are managers as envisaged by section 56 of the Municipal Systems Act
   (b) the senior SCM practitioner does not have to be a manager as envisaged by section 56 of the Municipal Systems Act
   (c) in the case whether the SCM practitioner is not a senior manager as defined, there needs to be four other members who are senior managers
   (d) The CFO cannot fulfil the role of both the CFO and the SCM practitioner
   (e) Not any senior manager can fulfil the role of SCM practitioner for purpose of the BAC – the SCM practitioner's daily duties and functions should primarily include SCM functions
   (f) A voting member of a bid evaluation committee (BEC) cannot also be a member of the BAC. A member of the BEC can be present to provide clarity but may not do work of the BAC i.e. to review the decision of the BAC

4. It is understandable that in some cases, municipalities do not have the staff establishment to have an adequately composed BAC however this does not negate the responsibility of complying with regulation 29(2). We direct municipalities to apply the exemption provided by the Minister of Finance as outlined in the Government Gazette No. 43281, issued on 5 May 2020. Alternatively, the municipality can approach National Treasury in terms of section 170 of the MFMA regarding departures from treasury regulations or conditions."

Based on the audit finding raised by the Auditor-General the below expenditure on awards were subsequently disclosed in the 2019-2020, 2020-2021 (already written off) and 2021-2022 financial years as irregular expenditure.

2021-2022
Nature and reason for the expenditure:

Tender number	Supplier	Expenditure Incl VAT	BAC Composition
T55/2018/2019	Techni Civils	13 896 152,43	BAC consisted of the following members: 1. M.Memani (Chairperson) 2. J.Kalani (Acting Director:Planning & Development) 3. P.Hariparsad (Director: Technical Services) 4. F.Kruger (SCM Manager) 5. D.Louw (Secretariat)
T29/2018/2019	Alveo Water	593 201,48	BAC consisted of the following members: 1. M.Memani (Chairperson) 2. G.Boshoff (Director:Community Services) 3. P.Hariparsad (Director: Technical Services) 4. F.Kruger (SCM Manager) 5. D.Louw (Secretariat)
T31/2018/2019	Ruwacon	1 396 113,21	BAC consisted of the following members: 1. M.Memani (Chairperson) 2. E.Phillips (Acting Director:Community Services) 3. P.Hariparsad (Director: Technical Services) 4. F.Kruger (SCM Manager) 5. D.Louw (Secretariat)
Total		**R 15 885 467,12**	

2020-2021 Closing balance

COMAF	DATE	SUPPLIER DETAIL	AMOUNT	BAC COMPOSITION
COMAF 7	2019/2020	Seaview Plumbing Supplies	1 948 353	BAC consisted of the following members: 1. M.Memani (Chairperson) 2. J.Kalani (Acting Director:Planning & Development)

				3. P.Hariparsad (Director: Technical Services) 4. F.Kruger (SCM Manager) 5. D.Louw (Secretariat)
COMAF 35	2019/2020	WTW Civils (Pty) Ltd	4 351 934	BAC consisted of the following members: 1. M.Memani (Chairperson) 2. G.Boshoff (Director:Community Services) 3. P.Hariparsad (Director: Technical Services) 4. F.Kruger (SCM Manager) 5. D.Louw (Secretariat)
COMAF 35	2019/2020	Techni Civils	1 785 399	BAC consisted of the following members: 1. M.Memani (Chairperson) 2. E.Phillips (Acting Director:Community Services) 3. P.Hariparsad (Director: Technical Services) 4. F.Kruger (SCM Manager) 5. D.Louw (Secretariat)
COMAF 35	2019/2020	MDL Elgineering Company	4 254 640	BAC consisted of the following members: 1. M.Memani (Chairperson) 2. G.Boshoff (Director:Community Services) 3. P.Makoma (Director: Corporate Services) 4. F.Kruger (SCM Manager) 5. D.Louw (Secretariat)
COMAF 35	2019/2020	Southern Cape Plant Hire (Pty) Ltd	797 5	BAC consisted of the following members: 1. M.Memani (Chairperson) 2. G.Boshoff (Director:Community Services) 3. P.Makoma (Director: Corporate Services) 4. F.Kruger (SCM Manager) 5. D.Louw (Secretariat)
COMAF 35	2019/2020	Sizisa Ukhanyo Trading 756 CC	7 870	BAC consisted of the following members: 1. M.Memani (Chairperson) 2. N.Nelson (Finance) 3. R.Parry (Technical) 4. F.Kruger (SCM Manager) 5. X.Frans (Community) Acting
COMAF 35	2019/2020	Northfield Engineering (Pty) Ltd	13 560 075	25 May 2028 BAC consisted of the following members: 1. M.Memani (Chairperson)

				2. R.Healing (Secretariat) 3. R.Parry (Technical) 4. F.Kruger (Manager Expenditure) 5. R.Meyer (Community) Acting 6. E.Phillips (Planning & Development) Acting 20 August 2018 BAC consisted of the following members: 1. M.Memani (Chairperson) 2. N.Nelson (Secretariat Acting) 3. R.Parry (Technical) 4. F.Kruger (Manager Expenditure) 5. X.Frans (Community) Acting 6. M.Boyce (Director Planning & Development) – Absent with leave
COMAF 35	2019/2020	Alveo Water	1 413 479	BAC consisted of the following members: 1. M.Memani (Chairperson) 2. G.Boshoff (Director:Community Services) 3. P.Hariparsad (Director: Technical Services) 4. F.Kruger (SCM Manager) 5. D.Louw (Secretariat)
COMAF 35	2019/2020	Ruwacon (Pty) Ltd	11 544 660	BAC consisted of the following members: 1. M.Memani (Chairperson) 2. E.Phillips (Acting Director:Community Services) 3. P.Hariparsad (Director: Technical Services) 4. F.Kruger (SCM Manager) 5. D.Louw (Secretariat)
COMAF 35	2019/2020	Techni Civils t/a Ikhono Projects	3 728 612	BAC consisted of the following members: 1. M.Memani (Chairperson) 2. J.Kalani (Acting Director:Planning & Development) 3. P.Hariparsad (Director: Technical Services) 4. F.Kruger (SCM Manager) 5. D.Louw (Secretariat)
Total			**R 42 602 997**	

The reason for this irregular expenditure is because of a technical interpreation of a Senior Manager. Management clearly did not hold the same interpretation as the AGSA as the BAC consistenly consisted of 4 voting members.

The appointment of these members were made by the Accounting Officer who was the Municipal Manager or Acting Municipal Manager at the time of award. The BAC performed its responsibilities in line with these appointments. Attached as Annexure G

Its clear from these appointment circulars that Management interpreted the composition of 4 members to the BAC as follows:
The Chairperson being the CFO
A Senior Supply Chain Management Official and;
2 Directors (the specialists)

These appointments were made in this fashion by 2 different Municipal Manager's or Acting Muncipal Managers

It is noteable that no other findings were raised by the Auditor-General on these awards, other than this technical error. It is therefore regarded that the supply chain management process in the awarding of these tenders were fair, equitable, cost-effective, competitive and transparent.

The BAC has since been reconstituted and now all awards are made with the presense of a correctly constituted BAC. This is evident in the fact that no similar findings on the awards made and audited during the 2021/2022 Auditor-General audit.

The municipailty has also not suffered any financial loss as a result of this irregularity.

The identied irregular expenditure are all existing contracts, of which Council has in the past certified the expenditure on two occasions as irrecoverable and to be written off. Reference to Council resolutions no.SC03/08/21 and C15/05/2020 as referred to above and full items attached to this report.

The Municipality has not applied to the National Treasury for condonation in terms of MFMA Section 170.

FINANCIAL IMPLICATIONS
No new financial implications exists in the writing-off of the irregular expenditure, it will only be an accounting transaction in the financial records of the municipailty.

RECOMMENDATION OF THE MUNICIPAL MANAGER

That the Municipal Public Accounts Committee recommended to Council that the disclosed irregular expenditure with regard awards made by the Bid Adjudication Committee that was not properly constituted in terms of SCM Regulation 29, be certified as irrecoverable and to be written-off in the notes of the 2022/2023 annual financial statements in the amount of **R 42 602 997)**

APPENDIX / ADDENDUM
None

File Number:	9/1/2/14
Execution:	Municipal Manager CFO MPAC Co-ordinator

6.4

SC04/08/23 REPORT ON IRREGULAR EXPENDITURE: NON-COMPLIANCE WITH SCM REGULATION 32- "PIGGY-BACK" CONTRACTS

REPORT FROM THE MUNICIPAL MANAGER

PURPOSE OF THE REPORT

a) The purpose of this report is to provide the Municipal Public Accounts Committee (MPAC) with a report on the reasons for the irregular expenditure related to the so called "Piggy back" contracts that was disclosed in the 2021/2022 Annual Financial Statements (AFS) with the request that it be certified as irrecoverable and to be written-off in the notes to the 2022/2023 AFS.

BACKGROUND

Every year with the compilation of the annual financial statements the accounting officer (Municipal Manager) must disclose any irregular expenditure that occurred during the financial year.

Irregular expenditure must be recovered from the person liable for that irregular expenditure unless Council certify that irregular expenditure as irrecoverable and to be written-off in the notes to the annual financial statements.

During the 2021/2022 financial year irregular expenditure was disclosed that related to piggy-back tenders entered into prior financial years. The irregular expenditure that occurred was not deliberately or negligently committed, made or authorised. The irregular expenditure occurred was of a technical nature, i.e. piggy-back tenders awarded.

The Municipality do not make use of any new piggy-back tenders anymore, however the awards made and contracts signed in the 2017/2018 and 2018/2019 financial years will have to continue until the contract periods expire. Until then, any <u>actual expenditure in terms of those contracts</u> will have to be disclosed as irregular expenditure in the notes to the annual financial statements and Council will have to deal with that irregular expenditure in terms of Section 32 of the MFMA.

Council in the past has certified irregular expenditure in terms of these contracts as irrecoverable and to be written-off in the notes to the annual financial statements.

Previous Council resolutions

C16/05/2020 ***<u>REPORT ON IRREGULAR EXPENDITURE AS IDENTIFIED DURING THE AUDIT SCMR 32 PIGGY-BACK CONTRACTS</u>***

<u>UNANIMOUSLY RESOLVED</u>

[a] That the report on irregular expenditure as a result of SCMR 32, be noted;

[b] That management never use SCMR 32 again and that tenders/quotations be invited for the procurement of all services and goods within the Municipality;

[c] That the expenditure as mentioned in [a] above be deemed irrecoverable and be written off; and

[d] That National Treasury be approached to condone the current and prior year's potential irregular expenditure, due to retroactive application of MFMA section 170(2).

SC03/08/21 <u>IRREGULAR EXPENDITURE FOR THE 2020/2021 FINANCIAL YEAR</u>

[a] That the report on the disclosed irregular expenditure that occurred in the 2020/2021 financial year be noted;

[b] That the Municipal Public Accounts Committee recommend to Council that the disclosed irregular expenditure with regard to piggy-back awards made (Regulation 32) and awards made by the Bid Adjudication Committee that apparently was not properly constituted in terms of SCM Regulation 29, be certified as irrecoverable and to be written-off in the notes of the 2020/2021 annual financial statements;

[c] That the piggy-back irregular expenditure of R 14,549,033 for the 2020/2021 financial year disclosed in the 2020/2021 Annual Financial Statements be certified as irrecoverable and to be written-off in the notes to the 2020/2021 Annual Financial Statements; and

<u>LEGISLATIVE BACKGROUND</u>

The MFMA, section 1, defines irregular expenditure as:

(e) "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;
(f) <u>expenditure incurred by a municipality</u> or municipal entity <u>in contravention of</u>, or that is not in accordance with, a requirement of the <u>Municipal Systems Act</u>, and which has not been condoned in terms of that Act;
(g) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
(h) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law,"

Section 32(2)(b) of the MFMA requires an investigation by a council committee before the Council can certify any irregular, fruitless and wasteful or unauthorised expenditure as irrecoverable. It is important to note that the aim of such an investigation is to establish whether the expenditure incurred must be recovered, utilising the factors outlined in regulation 74 of the Municipal Budget and Reporting Regulations.

This, therefore, means that the context of the investigations to be undertaken by the council committee referred to in section 32(2)(b) of the MFMA is of such a nature that it does not require a forensic investigation.

Section 74 of the Municipal Budget and Planning Regulations states that:

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

e) The measures already taken to recover such expenditure
f) The cost of the measures already taken to recover such expenditure
g) The estimated cost and likely benefit of further measures that can be taken to recover such expenditure; and
h) Submit a motivation explaining its recommendation to the municipal council for a final decision.

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

The MPAC terms of reference refers as follow:

1.2 “The Functions/ *Delegations* of the MPAC are:

(n) To investigate any matter falling within its area of responsibility of the Committee or any (financial, service delivery, fraudulent/misappropriation) matter refer to it by the Municipal Council or a member of the public. “

The Municipal Systems Act no. 32 of 2000 (MSA), section 56 (1) states that:

“(a) A municipal council, after consultation with the municipal manager, must appoint(i) a manager directly accountable to the municipal manager.”

Regulation 32 of the Municipal Supply Chain Management Regulations (MSCMR) determines that –

“(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 other organ of state by means of a competitive bidding process applicable to that organ of state **[which was the case with all the piggy-back awards]***;*

(b) The municipality or entity has no reason to believe that such contract was not validly procured **[which was the case with all the piggy-back awards]***;*

(c) There are demonstrable discounts or benefits for the municipality or entity to do so **[which was the case with all the piggy-back awards]***; and*

(d) That other organ of state and the provider have consented to such procurement in writing **[which was the case with all the piggy-back awards]***.”*

Municipalities in South Africa has used this piece of legislation to speed up procurement processes and service delivery without any irregular expenditure issues. The Regulation do not limit the procurement or piggy-back amount on the contract to a percentage of the original award made by the organ of state.

However, the National Treasury through MFMA Circular No 96 dated 24 July 2019 made the ruling that a municipality may only piggy-back on the unused portion of the contract awarded by the organ of state. Therefore, piggy-back contracts and the amounts spent became irregular expenditure of a technical nature. Knysna Municipality do not make use of new piggy-back awards anymore.

DISCUSSION

Similar expenditures were written off in the past for:

Council resolution no. C16/05/2020[c]

Mubesko Africa CC	T26/2018/2019	Piggy-back on Saldanha Bay Municipality tender awarded	1 048 027
Moore Stephens	T26/2018/2019	Piggy-back on Saldanha Bay Municipality tender awarded	814 481
Chauke Quantity Surveyors	T49/2017/2018	Piggy-back on Bitou Municipality tender awarded	772 453
Price Waterhouse Coopers	T28/2017/2018	Piggy-back on Saldanha Bay Municipality tender awarded	820 078
Aurecon SA (Pty) Ltd	T45/2017/2018	Piggy-back on Mossel Bay Municipality tender awarded	36 800
BDE Consulting Engineers	T45/2017/2018	Piggy-back on Mossel Bay Municipality tender awarded	426 012
Bosch Projects (Pty) Ltd	T45/2017/2018	Piggy-back on Mossel Bay Municipality tender awarded	1 505 398
Clinkscales Maughan-Brown	T45/2017/2018	Piggy-back on Mossel Bay Municipality tender awarded	387 506
Element Consulting Engineers	T45/2017/2018	Piggy-back on Mossel Bay Municipality tender awarded	1 189 999
Kantey & Templer (Pty) Ltd	T45/2017/2018	Piggy-back on Mossel Bay Municipality tender awarded	254 105
Quantra Consulting (Pty) Ltd	T45/2017/2018	Piggy-back on Mossel Bay Municipality tender awarded	882 076
Royal Haskoning DHV	T45/2017/2018	Piggy-back on Mossel Bay Municipality tender awarded	741 172
SMEC South Africa (Pty) Ltd	T45/2017/2018	Piggy-back on Mossel Bay Municipality tender awarded	1 006 831
Uhambiso Consult (Pty) Ltd	T45/2017/2018	Piggy-back on Mossel Bay Municipality tender awarded	1 500 806
Zutari (Pty) Ltd	T45/2017/2018	Piggy-back on Mossel Bay Municipality tender awarded	3 163 289

The municipality disclosed irregular expenditure on piggy contracts entered into during the 2018-2019 and 2019-2020 Financial years as follow:

2021-2022

Piggy-back Tender	Service Procurement	Supplier	Amount (Incl. VAT)	Comment
T45/2018/2019	Consulting Engineers	Various	6 302 799,71	Continuation contract expenditure written off in the past
T49/2018/2019	Housing Consulting Engineers	Chauke	331 368,35	Continuation contract expenditure written off in the past
T26/2019/2020	Accounting assistance	Mubesko/Moore	1 406 704,96 -	Continuation contract expenditure written off in the past
Total			**R 8 040 873,02**	

2020-2021

Financial year	Supplier	Piggy back Tender	Amount	Comments
2019/2020	Moore Stephens & Mubesko Africa CC	T26/2018/2019 (Piggy-back on Saldanha Bay Municipality tender awarded)	860 109	Continuation of contract expenditure written off in the past
2019/2020	Price Waterhouse Coopers	T28/2017/2018 (Piggy-back on Saldanha Bay Municipality tender awarded)	1 535 190	Continuation of contract expenditure written off in the past
2019/2020	GAPP Architects	T21/2018/2019 (Piggy-back on George Municipality tender awarded)	229 058	-
2019/2020	Sakhikhaya Suppliers CC	T37/2019/2020 (Piggy-back on City of Cape Town Metro tender awarded	-7 633 540	-

T21/2018/2019 (Piggy-back on George Municipality tender awarded) GAPP Architects

The Acting Municipal Manager, wrote to George municipality on 24 August 2018 to obtain permission from the George Municipality to piggy back on this contract.

The George Municipalities' Municipal Manager responded on 28 August 2018 informing the Acting Municipal Manager that they consent in the use of the contract and indicates in the letter that the Municipality confirms that the contract was validly procured.

A service level agreement, dated 11 September 2018 is entered into between the service provider, GAPP Architects and Knysna Municipality represented by H. Smit as the Manager: Town planning and building control and signed by the Acting Municipal Manager, Mr.J.Douglas. The contract was for the development of a Municipal Spatial Development Framework (MSDF) for the Knysna Municipality

The Council adopted the SDF Framework as per Council resolution SC02/06/2020 and therefore did not suffer any financial loss.

Similar to other piggy-back contracts the National Treasury issued circular 96 in July 2019 which only then clarified that municipalities by only use the unused portion of a contract when entering into a piggy-back agreement. The municipality was therefore now entered into an unlawful contract and had to disclose the irregular expenditure.

T37/2019/2020 (Piggy-back on City of Cape Town Metro tender awarded Sakhikhaya Suppliers CC
The municipality has already initiated and finalised a forensic investigation into the T37/2019/2020 (Piggy-back on City of Cape Town Metro tender awarded) and the municipal manager has commenced with implementing the recommendations in the report.

The Municipality has not submitted an application to the National Treasury for condonation of the non-compliance

FINANCIAL IMPLICATIONS

By certifying the irregular expenditure as irrecoverable and to be written-off in the notes to the annual financial statements have no financial implications.

RECOMMENDATION OF THE MUNICIPAL MANAGER

That the MPAC recommend the expenditure incurred to be written off as irrecoverable as follows:

2021-2022

Piggy-back Tender	**Service Procurement**	**Supplier**	**Amount (Incl. VAT)**
T45/2018/2019	Consulting Engineers	Various	6 302 799,71
T49/2018/2019	Housing Consulting Engineers	Chauke	331 368,35
T26/2019/2020	Accounting assistance	Mubesko/Moore	1 406 704,96 -
Total			**R 8 040 873,02**

2020-2021

Financial year	Supplier	Piggy back Tender	Amount
2019/2020	Moore Stephens & Mubesko Africa CC	T26/2018/2019 (Piggy-back on Saldanha Bay Municipality tender leawarded)	860 109
2019/2020	Price Waterhouse Coopers	T28/2017/2018 (Piggy-back on Saldanha Bay Municipality tender awarded)	1 535 190
2019/2020	GAPP Architects	T21/2018/2019 (Piggy-back on George Municipality tender awarded)	229 058
2019/2020	Sakhikhaya Suppliers CC	T37/2019/2020 (Piggy-back on City of Cape Town Metro tender awarded	-7 633 540

[b] That the municipality do not make use of any new piggy-back contracts;

[c] That management adopts and maintain adequate controls to ensure compliance with the legislative requirements as outlined in the municipal supply chain regulations and municipal supply chain management policy when procuring goods and services.

APPENDIX / ADDENDUM
None

File Number: 9/1/2/14

Execution: Municipal Manager
MPAC Co-ordinator
CFO

6.5

SC05/08/23 MUNICIPAL INFRASTRUCTURE GRANT: DPIP FOR 2023/2024 FINANCIAL YEAR

REPORT FROM DIRECTOR: DIRECTOR INFRASTRUCTURE SERVICES

PURPOSE OF THE REPORT

The purpose of this report is to request that Council approve the MIG Detailed Project Implementation Plan (DPIP) for the 2023/2024 financial year.

BACKGROUND / DISCUSSION

Knysna received R 29 218 000 to spend for implementation of the following projects;

- MIG 285770: Upgrade of Bongani Sport Field
- MIG 295640: Upgrade of Bulk Sewer Services Sedgefield
- MIG 450431: Upgrade Gravel Roads - Phase 2A
- MIG 476240: Rehabilitation of Hornlee Internal Streets

The previous version of DPIP which was submitted to council in June did not have the final but estimated expenditures of MIG, as a result a revised DPIP has to be submitted.

FINANCIAL IMPLICATIONS

The REVISED 2022/2023 DPIP captures totals spent per project at the end of June 2023 and the MIG allocated funds to be spent by 30 June 2024.

RELEVANT LEGISLATION
N/A

RECOMMENDATION OF THE MUNICIPAL MANAGER

That the updated 2023/24 MIG DPIP be adopted.

File Reference : 9/1/2/1
Execution : Director : Infrastructure Services
Manager : PMU

MIG Project No	Implementing Agent	National MIG Reference Nr / DCoG Registration Letter Reference No	Project Description	Service	EPWP prescribed? [Y/N] If EPWP, provide registered nr	MIG Category (B,P or E)	Project Type (water, sanitation etc)	Total Project Value	Registered MIG Project Value (See note)	MIG Expenditure up to 30-Jun-2022 (excluding actual/planned 2021-22 Roll-Over)	MIG Balance at 1-Jul-2022	Actual / Planned MIG Expenditure for 2022/23	Status (Not registered, Registered, Design & Tender, Contractor appointed, Construction, Completed, Retention)	Date: Consultant appointed or to be appointed and starts with design	Date: Tender advertised or to be advertised	EIA Status or Date: EIA Application	Date: Contractor appointed or to be appointed and construction to start	Date: Project to be completed	Total Planned MIG Expenditure for 2023/24	Total Planned MIG Expenditure for 2024/25	Total Planned MIG Expenditure after 2025
196405	Knysna	WC1065/W/10/14	Knysna: Charlesford	Rehabilitate Pumped Water Scheme	No	B	Water	R 55 700 000,00	R 45 000 000,00	R 45 826 504,41	R -826 504,41	R -	PRE-IMP	28-Nov-2016	10-Dec-2016	In progress	1-Apr-2017	30-Jun-2018	R -		
149009	Knysna	WC0566/W/07/10	Sedgefield Water Treatment Works	New Ancillary Infrastructure	L Int	B	Water	R 27 960 000,00	R 5 386 271,00	R 5 166 683,97	R 219 587,03	R 170 945	CONST	1-May-2013	1-Oct-2013	Still to Submit	2-Jul-2007	1-Oct-2015	R -		
221955	Knysna	WC1383/S/14/14	Knysna CBD	Upgrade Sewer Reticulation & Main Pump Station	L Int	B	Sanitation	R 25 251 944,94	R 8 560 238,00	R 7 974 547,28	R 585 690,72	R -	PRE-IMP	30-Mar-2017	1-Jul-2017	N / A	30-Sep-2017	30-Jun-2018	R -		
374126	Knysna	WC/1815/R.ST/20/22	Knysna Northern Areas	Upgrade Gravel Roads	L Int	B	Roads	R 22 584 179,24	R 22 584 179,24	R 19 581 342,43	R 3 002 836,81	R 2 258 723	REG	18-Feb-2020	15-May-2020	N/A	15-Dec-2020	1-Jun-2023	R -		
366321	Knysna	WC/1816/R.ST/20/22	Karatara	Surfacing of Gravel Roads	No	B	Roads	R 4 283 804,68	R 3 379 287,34	R -	R 3 379 287,34	R 3 288 774	REG	18-Feb-2020	15-May-2020	N/A	15-Dec-2020	1-Jun-2022			
295640	Knysna	WC1949/S/22/24	Sedgefield	Upgrading of Bulk Sewer Infrastructure Ph2A	No	B	Sanitation	R 14 944 700,67	R 9 714 055,44	R -	R 9 714 055,44	R 5 553 627	REG	18-Feb-2020	15-May-2020	N/A	15-Aug-2020	1-Jun-2022	R 4 160 428		
285770	Knysna	0	Bongani	Recreational Facilty	No	P	Recreational/Sport Facilities	R 11 000 000,00	R 11 000 000,00	R -	R 11 000 000,00	R -	REF	1-Jul-2013	1-Jul-2014	N/A	1-Jun-2021	1-Jun-2022	R 7 499 100	R 3 500 000	

317441	Knysna	WC1762/S/19/20	Knysna	WWTW Conversion of SBR to a Nutrient Removal Plant	L Int	B	Sanitation	R 12 816 750,00	R 8 465 463,95	R 8 465 464,39	R -0,44	R -	REG	1-Apr-2019	1-Oct-2019	Not Applicable	20-Jan-2020	20-Oct-2020	R -		
364465	Knysna	WC/1817/R.ST/20/22	Rheenendal	Upgrading of Gravel Roads	No	B	Roads	R 3 303 633,34	R 2 907 197,34	R 2 920 840,38	R -13 643,04	R -	REG	18-Feb-2020	15-May-2020		15-Dec-2020	1-Jun-2022	R -		
450431	Knysna	WC1906/R.ST/22/24	Northern Areas	Surface of Gravel Roads: Ph 2A	L Int	B	Roads	R 16 185 900,38	R 16 185 900,38	R -	R 16 185 900,38	R 7 609 053	REG						R 6 277 572	R 2 299 276	
476240	Knysna	WC1948/R.ST/23/26	Hornlee	Rehabilitation of Internal Street	No	B	Roads	R 30 463 731,04	R 26 503 446,01	R -	R 26 503 446,01	R 7 508 778	REG						R 9 820 000	R 9 174 668	
PMU/048/1718	Knysna	0	Knysna	PMU 2017/18	No	PMU	PMU	R 1 270 400,00	R 1 270 400,00	R 1 196 309,72	R 74 090,28	R -	REG	N/A	N/A	N/A	N/A		R -		
PMU/048/1819	Knysna	0	Knysna	PMU 2018/19	No	PMU	PMU	R 1 229 700,00	R 1 229 700,00	R 676 773,22	R 552 926,78	R -	REG	N/A	N/A	N/A	N/A		R -		
PMU/048/1920	Knysna	0	Knysna	PMU 2019/20	No	PMU	PMU	R 1 251 550,00	R 1 251 550,00	R 1 251 500,23	R 49,77	R -	REG	N/A	N/A	N/A	N/A		R -		
PMU/048/2021	Knysna	0	Knysna	PMU 2020/21	No	PMU	PMU	R 1 244 000,00	R 1 244 000,00	R 1 244 000,00	R -		REG	N/A	N/A	N/A	N/A		R -		
PMU/048/2122	Knysna	0	Knysna	PMU 2021/22	No	PMU	PMU	R 1 313 000,00	R 1 313 000,00	R 1 313 000,00	R -		REG	N/A	N/A	N/A	N/A		R -		
PMU/048/2223	Knysna	0	Knysna	PMU 2022/23	No	PMU	PMU	R 1 405 700,00	R 1 405 700,00	R -	R 1 405 700,00	R 1 405 700	REG	N/A	N/A	N/A	N/A		R 1 460 900		
	Knysna																				
Step 7:	Knysna			**SUBTOTAL: Projects on MIG Project List (Green Pages)**				**R 354 044 028**	**R 262 768 045**	**R 174 582 307**	**R 88 185 737,47**	**R 27 967 497**							**R 29 218 000**	**R 14 973 944**	**R -**
Add New Projects:																					
	Knysna			**TOTAL**				**R 354 044 028**	**R 262 768 045**	**R 174 582 307**	**R 88 185 737,47**	**R 27 967 497**							**R 29 218 000**	**R 14 973 944**	**R -**
												R -1 746 503	< 0 (Under Expenditure)	> 0 (Over Expenditure)					**R 0**	**R -15 419 056**	**R -31 617 000**

R -	**2017/18 MIG Roll-Over (Balance)**
R -1 746 503	Value of Under(-) & Over(+) Commitment (only Registered projects)
R 1 746 502,81	
0,0%	% Sport Facilities / Allocation (minimum 5% of MIG Allocation)

R 23 891 000	**2022/23 MIG Roll-Over**	**R 1 918 398**
R -7 499 100	**R -18 919 056**	**R -31 617 000**

Value of Under(-) & Over(+) Commitment (only Registered projects)

25,7%	11,5%	% Sport Facilities / Allocation (minimum 5% of MIG Allocation)

....
....

Municipal Manager
Date:
....
....

DPIP

Check

Concept

Sector

Pending

REG

non MIG

REF

PRE-IMP

Note: This Registered MIG Project Value may not be available to the municipality.

Cognisance must be taken of the municipal total MIG allocation for the year/MTEF period.

7. **CONSIDERATION OF MOTIONS**

None

8. **CONSIDERATION OF QUESTIONS**

None

9. **CONSIDERATION OF MOTIONS OF EXIGENCY**

None

10. **IN COMMITTEE ITEMS**

None

11. **ADJOURNMENT**

-oOo-