KNYSNA
Municipality
Munisipaliteit
uMasipala

Notice is hereby given
of a meeting of the

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

to be held on

THURSDAY, 3 OCTOBER 2024

at

09:00

In the Council Chambers
to consider the items, as indicated in the Agenda

MUNICIPAL OFFICES
KNYSNA

MR. SP MALEPENG
ACTING MUNICIPAL MANAGER

Chairperson: Cllr N Louw
Members: Cllr S Campbell
Cllr P Petros
Cllr R Arendse
Cllr L Davis
Mr A Jacobs (Advisory Member: Audit Committee)

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AGENDA

1. **OPENING AND WELCOME**

2. **ATTENDANCE (AS PER ATTENDANCE REGISTER)**

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    2.2 Members: Absent with Leave
    2.3 Members: Absent Without Leave
    2.4 Other Councillors Present
    2.5 Officials Present
    2.6 Members of the Audit Committee Present
    2.7 Members of the Public Present

3. **NOTING THE PROVISIONS OF SCHEDULE 1 (CODE OF CONDUCT FOR COUNCILLORS) OF THE LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT, 2000**

4. **DISCLOSURE OF INTERESTS BY COUNCILLORS**

5. **CONSIDERATION OF THE MINUTES OF THE PREVIOUS MEETING**

5.1 **CONSIDERATION OF THE MINUTES**

6.1

QUARTERLY SUPPLY CHAIN MANAGEMENT REPORT 01 JANUARY 2024- 31 MARCH 2024

REPORT OF THE MUNICIPAL MANAGER

INTRODUCTION

The purpose of this report is to provide an overview and report on the implementation of SCM policies in terms of Council's approved Supply Chain Management Policy.

BACKGROUND

On 30 May 2005, the Municipal Supply Chain Management Regulations were promulgated. The Knysna Municipality Supply Chain Management Policy and amendments in accordance with Treasury Regulations was approved by Council during February 2024 by Council.

MPAC at its meeting that was held on 21 June 2024 resolved as followed:

[a] That the Committee notes the 3rd Quarterly Report on the implementation of the Supply Chain Management Policy;
[b] That a detailed report with supporting documentation as well as Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee minutes be submitted to a Special MPAC meeting to be held within three weeks;
[c] That the SCM Unit develops a template with columns (reasons for the irregular expenditure and corrective measures taken)."

RELEVANT LEGISLATION

- Local Government: Municipal Finance Management act 56 of 2003.
- Municipal Supply Chain Management Regulations.
- Knysna Municipality Supply Chain Management Policy.

RECOMMENDATION OF THE ACTING MUNICIPAL MANAGER

(a) That the Committee notes the 3RD Quarterly Report on the implementation of the Supply Chain Management Policy.
(b) That the MPAC investigate all irregular expenditure for the third quarter 2023/2024.

File Number: 9/1/2/14
Execution: Municipal Manager
Director: Financial Services

Tender number	Tender name	Supplier	Expenditure Incl	Reason
T55/2018/2019	Emergency Tender	Techni Civils	180,329.32	BAC award - not constituted correctly Non-compliance with SCM regulation 29(2) - BAC composition
T 01/2020/2021	Nedbank loan tender	Nedbank	2,804,023.80	Interest paid on loan tender awarded without preference points
Tender 23/2021/22	Maintenance of the existing Knysna Municipal Telemetry installation	SPECTRUM COMMUNICATIONS	1,605,779.02	ComAF 23 SCM - Specifications drafted in a restricted manner and ComAF 25 - SCM - CIDB Act non-compliance
T 69 OF 2020/21	Request for the provision of banking services for a period of 5 years	Standard Bank	2996187.55	ComAF 56 - Contracts awarded after validity period expired
T 06 OF 2022/23	Surfacing of gravel roads in the Northern areas	Razz Civils	498,196.89	ComAF 56 - Contracts awarded after validity period expired
T 21 OF 2022/23	Oversee, Coordinate and supervise maintenance activities	Keneli Investments T/A Megaflow	9,438,197	ComAF 56 - Contracts awarded after validity period expired
T 26 OF 2022/23	Upgrade of Sedgefield Bulk Sewer services	IMVU Construction	6,089,469.14	ComAF 51 - Evaluation crireria not correctly applied
T 22 OF 2020/21	Provision of Analytical Services	A.L Abbott	623950.42	ComAF 41 - Contract extensions for invalid reasons
T 70 OF 2017/18	Oversee, Co-ordinate and supervise maintenance activities WWTW	Northfield Engineering	1,721,798.00	ComAF 41 - Contract extensions for invalid reasons
T 06 OF 2020/21	Supply, delivery and servicing of chemicals	Various suppliers	17,097,878.80	ComAF 41 - Contract extensions for invalid reasons
T 01 OF 2022/23	Supply, delivery and offloading of electrical cables, conductors	Various supplies	2,766,712.09	ComAF 39 - Contracts awarded after validity period expired
Tender 19/2021/22	Supply and delivery of various electrical meters	Actom Elctrical Products	1,170,782.80	ComAF 26 - SCM - Local content PPR Non-compliance
Tender 19/2021/22	Supply and delivery of various electrical meters	Landis and Gyr (BAC Award r amount R 14 260,00)	266,478.98	ComAF 26 - SCM - Local content PPR Non-compliance
Tender 12 OF 2021/22	Supply and delivery of non flush chemical toilets	Bidvest Facilities Management	2,005,702.71	No Formal procurement process followed
Tender 36 OF 2019/20	Appointment of Consulting Engineers	Various	10,402,132.12	Expenditure after contract end date (30 JUNE 2023)
D 10431	Leasing of Old Main Building	Albatros Property Trust	1,093,323.99	ComAF 6 - SCM - Quotes - Deviations
D 10403	Alarm radio installations Aug 2023	Security Consortium SA	86,997.50	No Formal Procurement Process followed
D 10404	Alarm Monitoring Aug 2023	Security Consortium SA	127,937.50	No Formal Procurement Process followed
D 10418	Alarm Monitoring Sept 2023	Security Consortium SA	127,937.50	No Formal Procurement Process followed
D 10419	Guarding service Sept 2023	Security Consortium SA	2,236,090.33	No Formal Procurement Process followed
D 10405	Guarding services Aug 2023	Security Consortium SA	2,170,217.22	No Formal Procurement Process followed
D 10420	DVR Replacement Customer Care	Security Consortium SA	6,960.95	No Formal Procurement Process followed
D 10421	Alarm replacement Main Building	Security Consortium SA	-	No Formal Procurement Process followed
D 10392	Leasing of Old Consilium Building	Deon & Carina Boshoff	109,741.92	ComAF 6 - SCM - Quotes - Deviations
D 10397	Leasing of Customer Care Centre Building	Noble Spectatus Fund 4	1,481,548.35	ComAF 6 - SCM - Quotes - Deviations
D 10391	Leasing of Old Main Building	Albatros Property Trust	1,093,323.99	ComAF 6 - SCM - Quotes - Deviations
D 10427	Replacement of alarm Dam se Bos Library	Security Consortium SA	8,129.87	No Formal Procurement Process followed
D 10433	Alarm siren replacement	Security Consortium SA	593.57	No Formal Procurement Process followed
D 10434	Alarm LED Light replacement	Security Consortium SA	1,193.36	No Formal Procurement Process followed
D 10432	Leasing of Old Consilium Building	Deon & Carina Boshoff	117,972.57	ComAF 6 - SCM - Quotes - Deviations
D 10430	Leasing of Customer Care Centre Building	Noble Spectatus Fund 4	609,393.24	ComAF 6 - SCM - Quotes - Deviations
D 10399	DA/MM Case	Nandi Bulabula Inc	1,612,604.00	ComAF 37 - Non compliance during the deviation process - bids
D 10455	DA/MM Case	Nandi Bulabula Inc	242,043.80	ComAF 37 - Non compliance during the deviation process - bids
D 10481	Grapp Accounting Support	Moore Consulting	146,967.13	ComAF 48 - Non compliance during the deviation process
D 10428	Grapp Accounting Support	Moore Consulting	431,472.24	ComAF 48 - Non compliance during the deviation process
D 10422	Grapp Accounting Support	Moore Consulting	35,052.58	ComAF 48 - Non compliance during the deviation process
D 10400	Grapp Accounting Support	Moore George Inc.	-	ComAF 48 - Non compliance during the deviation process
D 10444	Surfacing of gravel roads	Mantishe Construction	219,378.55	ComAF 37 - Non compliance during the deviation process - bids
D 10449	Guarding services Oct 2023	Security Consortium SA	2,263,920.33	No Formal Procurement Process followed
D 10406	Surfacing of gravel roads	Mantishe Construction	1,874,719.24	ComAF 37 - Non compliance during the deviation process - bids
D 10458	Alarm monitoring Oct 2023	Security Consortium SA	127,937.50	No Formal Procurement Process followed
D 10459	Replacement of alarm Sedgefield stores	Security Consortium SA	-	No Formal Procurement Process followed
D 10460	Security beams	Security Consortium SA	4,022.87	No Formal Procurement Process followed
D 10469	Alarm monitoring Nov 2023	Security Consortium SA	127,937.50	No Formal Procurement Process followed
D 10473	Guarding Nov 2023	Security Consortium SA	2,263,920.33	No Formal Procurement Process followed
D 10475	Tourism Office alarm power unit	Security Consortium SA	-	No Formal Procurement Process followed

D 10477	Surfacing of gravel roads	Mantishe Construction	779,360.95	ComAF 37 - Non compliance during the deviation process - bids
D 10506	Leasing of Old Consilium Building	Deon & Carina Boshoff	78,648.38	ComAF 6 - SCM - Quotes - Deviations
D 10507	Leasing of Old Main Building	Albatros Property Trust	801,770.94	ComAF 6 - SCM - Quotes - Deviations
D 10508	Leasing of Customer Care Centre Building	Noble Spectatus Fund 4	443,980.20	ComAF 6 - SCM - Quotes - Deviations
D 10560	Leasing of Old Main Building	Albatros Property Trust	765,326.80	ComAF 6 - SCM - Quotes - Deviations
D 10561	Leasing of Old Consilium Building	Deon & Carina Boshoff	78,648.38	ComAF 6 - SCM - Quotes - Deviations
D 10515	Surfacing of Gravel roads	ZKS AND NAM General Trading	3,925,395.53	Poor Project Management
D 10502	Grapp Accounting Support	Moore Consulting	11,040.00	ComAF 48 - Non compliance during the deviation process
D 10503	Grapp Accounting Support	Moore Consulting	4,669.00	ComAF 48 - Non compliance during the deviation process
D 10528	Audit Support 2023	Mubesko Africa CC	12,017.50	ComAF 48 - Non compliance during the deviation process
D 10529	Unbundling and Competencies	Mubesko Africa CC	13,110.00	ComAF 48 - Non compliance during the deviation process
D10501	Guarding Dec 2023	Security Consortium SA	2,037,118.83	No Formal Procurement Process followed
D 10533	Optex RXC Saver	Security Consortium SA	-	No Formal Procurement Process followed
D 10539	Alarm monitoring and response Jan 2024	Security Consortium SA	127,937.50	No Formal Procurement Process followed
D 10540	Guarding Municipal sites Jan 2024	Security Consortium SA	2,274,419.39	No Formal Procurement Process followed
D 10555	Alarm monitoring and response	Security Consortium SA	127,937.50	No Formal Procurement Process followed
D 10556	Guarding Feb 2024	Security Consortium SA	2,076,100.38	No Formal Procurement Process followed
D 10558	Beam replacement material	Security Consortium SA	2,958.85	No Formal Procurement Process followed
D 10541	Laboratory analytical services	AL Abbott & Associates	229,850.86	Poor Planning
D 10549	Supply and delivery of soda ash	Metsi Water Solutions	392,725.00	Poor Planning
D 10547	DA/KM Appointment of MM	Nandi Bulabula Inc	87,745.00	ComAF 37 - Non compliance during the deviation process - bids
D 10527	L009/2022 Lopes & DA & Others	Nandi Bulabula Inc	54,289.50	ComAF 37 - Non compliance during the deviation process - bids
D 10598	Leasing of Consilium Building	Deon & Carina Boshoff	78,648.38	ComAF 6 - SCM - Quotes - Deviations
D 10594	Guarding March 2024	Security Consortium SA	2,209,066.48	No Formal Procurement Process followed
D 10571	Alarm repairs Karatara Finance Building	Security Consortium SA	2,334.45	No Formal Procurement Process followed
D 10572	Alarm replacement Sedgefield stores	Security Consortium SA	16,190.01	No Formal Procurement Process followed
D 10573	Alarm repairs Sedgefield Hall	Security Consortium SA	-	No Formal Procurement Process followed
D 10611	Guarding April 2024	Security Consortium SA	1,414,690.42	No Formal Procurement Process followed
D 10574	Security guard huts Feb 2024	Security Consortium SA	-	No Formal Procurement Process followed
D 10624	Emergency alarm repair	Security Consortium SA	-	No Formal Procurement Process followed
D 10637	Payment Guarding 2024	Security Consortium SA	5,266,346.59	No Formal Procurement Process followed
D 10606	Supply and delivery of Biodyne	Second Opinion Consulting CC	-	Poor Planning
D 10607	Supply and delivery of Aluminium Chlorohydrate	Chlorcape (Pty) Ltd	-	Poor Planning
D 10617	Toilet Rental and services	Bidvest Services	592,559.14	Poor Planning
D 10619	MIG T06 OF 2022.23	ZKS AND NAM General Trading	1,666,278.92	Poor Project Management
D 10632	Lopes/DA Case	Nandi Bulabula Inc	183,135.50	ComAF 37 - Non compliance during the deviation process - bids
D 10631	Lopes/DA Case	Nandi Bulabula Inc	515,754.69	ComAF 37 - Non compliance during the deviation process - bids
D 10633	Lopes/DA Case	Nandi Bulabula Inc	38,801.50	ComAF 37 - Non compliance during the deviation process - bids
D 10638	Lopes/DA Case	Nandi Bulabula Inc	208,552.50	ComAF 37 - Non compliance during the deviation process - bids
D 10639	Deviation Professional Services	Quantra Consulting SA (Pty) Ltd	-	Expenditure after contract end date (30 JUNE 2023)
D 10634	Deviation Professional Services	Quantra Consulting SA (Pty) Ltd	-	Expenditure after contract end date (30 JUNE 2023)
D 10605	Deviation Professional Services	Quantra Consulting SA (Pty) Ltd	438,576.70	Expenditure after contract end date (30 JUNE 2023)
D 10628	Deviation Professional Services	Quantra Consulting SA (Pty) Ltd	438,576.70	Expenditure after contract end date (30 JUNE 2023)
	Irregular Expenditure - Current Year before Audit		**105,683,518.64**	

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6.2

REPORT ON FRUITLESS AND WASTEFUL EXPENDITURE FOR JULY 2022 TO MAY 2024

REPORT FROM THE DIRECTOR FINANCIAL SERVICES

PURPOSE OF THE REPORT

The purpose of this report is to submit to MPAC the report on fruitless and wasteful and expenditure for the period ending May 2024 to submit to be investigated

BACKGROUND

In terms of section 32(4) of the MFMA, the accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of

(a) any unauthorized, irregular, or fruitless and wasteful expenditure incurred by the municipality.

(b) Whether any person is responsible or under investigation for such unauthorized, irregular, or fruitless and wasteful expenditure; and

(c) The steps that has been taken :
  a. To recover or rectify such expenditure; and
  b. To prevent a recurrence of such expenditure

Definition of fruitless and wasteful expenditure

- Expenditure that was made in vain and would have been avoided had reasonable care been exercised

DISCUSSION

During the 2022/2023 financial year and as declared in the annual financial statements, expenditure has been identified as fruitless and wasteful expenditure that must be submitted to a committee of council to investigate. See attach register of fruitless and wasteful expenditure Annexure A.

The fruitless and wasteful expenditure as per Annexure A relates to interest on late payments, penalties on late payments, training cost and legal fees identified by Auditor General as fruitless and waste expenditure.

No Fruitless and wasteful expenditure has been identified for the period July 2023 to May 2024.

FINANCIAL IMPLICATIONS

The total fruitless and wasteful expenditure as per the register amounts to R2,917,643.28. See attached Annexure A.

RELEVANT LEGISLATION

In terms of section 32(4) of the MFMA.

DELEGATION

Delegated to Finance and Governance Committee to resolve (F.2.1)

RECOMMENDATION OF THE MUNICIPAL MANAGER

1. That MPAC note the report for fruitless and wasteful expenditure
2. That MPAC investigate the fruitless and wasteful expenditure as per Annexure A

APPENDIX / ADDENDUM

ANNEXURE A – Register of fruitless and wasteful expenditure.

File Number: 9/1/2/10

Execution: Municipal Manager

Director Financial Services

Manager Budget and reporting

Register of Fruitless and Wasteful Expenditure
July 2022 to June 2023

Knysna Municipality W048

No	Date of discovery	Date Reported to Accounting Officer	Transaction details: Date of Payment	Payment Number	Amount	Description of Incident	Person Liable (Official or Political Office Bearer)	Type of Prohibited Expenditure	Status: UI	DP	CC	TR	P	WO	General comments
1	30/06/2023		08/08/2022	EFT 154694	R2,328.90	Late Payment of SARS PAYE due to technical challenges	To be investigated	Fruitless and Wasteful Expenditure	X						
2	30/06/2023		31/10/2022	EFT169643	R31.20	Penalties - Late MV Licence payment	To be investigated	Fruitless and Wasteful Expenditure	X						
3	30/06/2023		09/11/2022	EFT169811	R210.00	Penalties - Late MV Licence payment	To be investigated	Fruitless and Wasteful Expenditure	X						
4	30/06/2023		05/12/2022	EFT 174863	R224.40	Penalties - Late MV Licence payment	To be investigated	Fruitless and Wasteful Expenditure	X						
5	30/06/2023		20/01/2023	EFT 180375	R1,669.20	Penalties - Late MV Licence payment	To be investigated	Fruitless and Wasteful Expenditure	X						
6	30/06/2023		26/04/2023	EFT 212086	R125,939.91	Penalty - Late submission	To be investigated	Fruitless and Wasteful Expenditure	X						
7	18/11/2023		14/07/2023_ 31/08/2023	EFT95173_EFT 105208	R281,750.00	Training Cost	To be investigated	Fruitless and Wasteful Expenditure	X						
8	2022/2023			Identfied by AG Comaf 71	R2,477,527.00	Legal Fees	To be investigated	Fruitless and Wasteful Expenditure	X						Identfied by AG Comaf 71
9	2022/2023			Identfied by AG Comaf 40	R27,962.67	Advertisements	To be investigated	Fruitless and Wasteful Expenditure							Identfied by AG Comaf 40
					R2,917,643.28										

Abbreviations:

UI: Fruitless and wastefull expenditure Under Investigation
DP: Disciplinary process initiated against responsible person
CC: Criminal charges laid with SAPS
TR: Transferred to receivables for recovery
P: Paid or in process of paying in installments
WO: Written-off by council as irrecoverable

Register of Fruitless and Wasteful Expenditure

July 2022 to June 2023

Knysna Municipality W048

No	Date of discovery	Date Reported to Accounting Officer	Transaction details: Date of Payment	Payment Number	Amount	Description of Incident	Person Liable (Official or Political Office Bearer)	Type of Prohibited Expenditure	Status: UI	DP	CC	TR	P	WO	General comments
1	6/30/2023		8/8/2022	EFT 154694	R2,328.90	Late Payment of SARS PAYE due to technical challenges	To be investigated	Fruitless and Wasteful Expenditure	X						
2	6/30/2023		10/31/2022	EFT169643	R31.20	Penalties - Late MV Licence payment	To be investigated	Fruitless and Wasteful Expenditure	X						
3	6/30/2023		11/9/2022	EFT169811	R210.00	Penalties - Late MV Licence payment	To be investigated	Fruitless and Wasteful Expenditure	X						
4	6/30/2023		12/5/2022	EFT 174863	R224.40	Penalties - Late MV Licence payment	To be investigated	Fruitless and Wasteful Expenditure	X						
5	6/30/2023		1/20/2023	EFT 180375	R1,669.20	Penalties - Late MV Licence payment	To be investigated	Fruitless and Wasteful Expenditure	X						
6	6/30/2023		4/26/2023	EFT 212086	R125,939.91	Penalty - Late submission	To be investigated	Fruitless and Wasteful Expenditure	X						
7	11/18/2023		14/07/2023_ 31/08/2023	EFT95173_EFT 105208	R281,750.00	Training Cost	To be investigated	Fruitless and Wasteful Expenditure	X						
8	2022/2023			Identfied by AG Comaf 71	R2,477,527.00	Legal Fees	To be investigated	Fruitless and Wasteful Expenditure	X						Identfied by AG Comaf 71
9	2022/2023			Identfied by AG Comaf 40	R27,962.67	Advertisements	To be investigated	Fruitless and Wasteful Expenditure							Identfied by AG Comaf 40
					R2,917,643.28										

Abbreviations:

UI: Fruitless and wastefull expenditure Under Investigation
DP: Disciplinary process initiated against responsible person
CC: Criminal charges laid with SAPS
TR: Transferred to receivables for recovery
P: Paid or in process of paying in installments
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AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
Knysna Municipality
PO Box 21
Knysna
6570

Fruitless & Wasteful exp.

9 November 2023

Reference: ComAF 40 of 2023

Dear Mr. Sebola

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

Background

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

Required

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

Yours sincerely

Ntombokhanyo Ndzamela
Senior Manager: Western Cape

Enquiries:	Anette Krieg
Telephone:	(021) 528 4100
Fax:	(021) 528 4200
Email:	anettek@agsa.co.za

Acknowledgement of receipt by management:

Received by ____________________ Date ____________________

DETAILED AUDIT FINDING

Contract management – Cost to re-advertise cancelled bids

Audit finding

The definition of fruitless and wasteful expenditure contained in section 1 of the MFMA includes any "*expenditure that was made in vain and would have been avoided had reasonable care been exercised*".

On 9 February 2023 the municipality publised a notice on its website in terms of regulation 23(c)(iii) of the Supply Chain Management Regulations 2005 listing 11 tenders that were cancelled during the period from 2019/2020 to 2022/23 financial years.

In 5 of these instances, which were all tenders for the 2022/23 period, the reason for the cancellation is indicated as "Tender validity period expired."The total payments made under the contract may not exceed the original contract price plus any further approved extensions to the contract that was awarded in terms of regulation 5. More tenders were subsequently cancelled, e.g. T 29 of 2022/23 that had a closing date of 15 December 2022, and for which the reason has not been confirmed by audit (it has not yet been published on the website as cancelled).

The expiry of the validity period is indicative of poor management of the tender process, and the cost of re-advertising and evaluating the bids received, if applicable, meet the definition of fruitless and wasteful expenditure as defined in the MFMA.

In addition to the above it has been identified that, in order to prevent the validity period being exceeded, the bid documents contain a clause that reads as follows: "*Notwithstanding the period for validity of bids as set out in the bid documents, bids shall be deemed to remain valid until formal acceptance by the Knysna Municipality of an offer at any time after the expiry of the original validity period, unless the Knysna Municipality is notified in writing of anything to the contrary (including any further conditions) by the bidder.*" It was noted that the validity periods are generally indicated as 90 days from close of the bid, but the average time to finalise and award bids approximates 6 months.This may result in unfair procurement processes since suppliers entering the market within that period is excluded from the award.

Internal control deficiency

Financial and performance management
Review and monitor compliance with applicable laws and regulations.

The procurement process is ineffecient since it does not prevent the cancellation of bids for preventable reasons, e.g. it does not enable the speedy finalisation and awarding of bids to ensure that it is completed within a reasonable determined validity period. This has resulted in non-compliance with section 1 of the MFMA and the incurring of fruitless and wasteful expenditure.

Recommendation

Management should implement processes which will ensure that validity periods set for bids are not only reasonable towards the tendering suppliers, but also enable the finalisation and awarding of the bids by the municipality. This should include tracking of validity periods and arranging BEC and BAC meetings to allow for sufficient time to award the bid within the set timelines.

The total fruitless and wasteful expenditure incurred relating to the publised cancelled bids, as well as any other unpublished cancelled bids, should be quantified after the reasons for the cancellations have been investigated and evaluated against what constitutes proper and valid procurement procsses. Evidence of the reasons and evaluations should be provided to audit for confirmation. The fruitless and wasteful expenditure so determined should be recorded in the municipality's fruitless and wasteful expenditure register and in note 51 to the financial statements.

Management response

Management comment on audit finding
Management partially agrees with the audit finding. The expired validity period should not be isolated or considered as the sole reason for cancelation of bids as there are several other justifiable reasons associated with cancelation of bids such as, specifications not clearly defined/drafted, bids received are not affordable to the Municipality (exceed budget), bids received are not responsive to the special conditions or fail functionality, etc. Each tender cancellation must be treated separately and assessed on its own individual merits.
Management comment on internal control deficiencies.
Management agrees with the internal control deficiencies. Lack of adequate management, control and oversight of bid committee processes and performance do in fact exist.
Management comment on recommendation.
The current SCM policy makes provision for a tender to be valid for a period of six months from the date of closing. Following the implementation of an efficient and effective bid contol system, tenders will be finalised within a much shorter timeframe.

Remedial action		
What actions will be taken	By whom	By when
1. Supply Chain Management to develop an internal working program or operational plan with clear indicators and timelines to ensure that Bid Committees fast-track tender processes.	Manager: SCM	30/11/2023
2. Develop a tender cancelation register, which will provide reasons for cancelation, costs to re-advertise, and the person/s responsible for cancelation and readvertising.	Manager: SCM	30/11/2023
3. Disclose the fruitless and wasteful expenditure in the AFS	Manager: SCM	30 June annually
4. Implement disciplinary action against officials responsible for the cancelation of tenders, and for incurring fruitless and wasteful expenditure in relation to readvertising.	Municipal Manager	As and when required

If the above finding affects an amount(s) disclosed in the financial statements:		
Please give an indication of whether a correcting journal entry shall be processed	~~YES~~	NO

If yes, please indicate the accounting entry N/A
If no, please provide the reason why such a conclusion has been reached None required.

Auditor's conclusion

Management's response is noted and the principle agreed with. However, any failure on the part of the municipality to ensure a successful original process will result in fruitless and wasteful expenditure from any duplication of costs. These may be, but is not limited to: setting of incorrect/impossible to achieve specifications, issuing bid documentation that is flawed in some way (e.g. not published as required, not advertised for minimum period, etc), evaluation process that is not finalised/completed incorrectly (e.g. validation periods expired,- BAC/BEC did not meet in time).

Management is silent on the quantification of the fruitless and wasteful expenditure for the current year financial statements (AFS). Any changes to be made to the financial statements must be evaluated by audit prior to it being processed. In the absence of this disclosure the matter results in an unquantified misstatement of the AFS, to which qualitative materiality considerations apply due to it being a specific requirement in the MFMA to be disclosed.

These matters will be evaluated with other procurement related findings and may result in an audit report paragraph on the material non-compliance with section 62(d) of the MFMA, which instructs the accounting officer to take "*all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented*".

Name: Ntombokhanyo Ndzamela
Title: Senior Manager
Date: 19 November 2023

AYANDA MBANGA

Better

CAPE TOWN: 021 [illegible] DURBAN: 031 202 23[illegible] JOHANNESBURG: [illegible] 8132 MTHATHA: [illegible] 329 3426

www.ayandambanga.co.za

Cost Estimate : SCH62117

CLIENT : Knysna Municipality
PRODUCT : Recruitment Advertising
ATTENTION : Donique Louw
CAMPAIGN : CAM149523 - TENDER NO: T 23 OF 2023/24: SUPPLY AND FITMENT OF PNEUMATIC TYRES, WHEEL PUNCTURE REPAIRS AND WHEEL ALIGNMENT FOR A PERIOD OF 18 MONTHS
NOTES :

MEDIUM : Newspaper
DATE : 03/11/2023
Order # :

BUYER : Ntombifuthi Shezi

PHONE :
FAX :

Date Publication/ Station Notes	Dur. Show Colour	Rate Discount Comm. Fees	Nett Amount
09/11/2023 Knysna/Plett Herald - Tenders	18 cm X 4 col Tender Black & White	3,196.80 0.00 -263.74 0.00	2,933.06
15/11/2023 The Edge Community Newspaper 1/4 Page (Vertical) 186 Length x 130 Wide	186 cm X 130 col Tender Black & White	3,293.41 0.00 -271.71 0.00	3,021.70

TOTAL :	**5,954.76**
VAT @ 15.00% :	**893.22**
TOTAL Incl. VAT in ZAR :	**6,847.98**

MEDIAMIX[360]

CLIENT: KNYSNA MUNICIPALITY
CLIENT CONTACT: TSHEGOFATSO NTLHENG
AGENCY CONTACT: Mawanele
CAMPAIGN: Tender 16,17,18,19,20,21
DATE: 19 September 2023
REVISION:

TITLE	CIRCULATION	FREQUENCY	DISTRIBUTION DAY	LANGUAGE	COLOUR	SIZE			[illegible]	[illegible]	NR OF INSERTIONS	TOTAL COST	SEPT 2023	MEDIA OWNER	[illegible]	[illegible]
The Edge	5,500	Fortnight	Wednesday	Eng/Afri	BW	9	X	3	R 66.53	R 1,796.23	1	R1,796.23	20th R1,796.23 1	Edge News	18 September 2023 by 12pm	18 September 2023 by 12pm
Action Ads	12,500	Weekly	Thursday	Eng/Afri	BW	11	X	3	R 53.89	R 1,778.44	1	R1,778.44	21st	Action Ads	18 September 2023 by 12pm	18 September 2023 by 12pm
[illegible]												[illegible]	[illegible]			
[illegible]												[illegible]	[illegible]			
[illegible]												[illegible]	[illegible]			

	[illegible]
R4,110.87	R 4,110.87
[illegible]	[illegible]

APPROVED BY: ______________________

DATE: ______________________

PO NUMBER: ______________________

NEWSPAPER SCHEDULE

TITLE	CIRCULATION	FREQUENCY	DISTRIBUTION DAY	LANGUAGE	COLOUR	SIZE			RATE PER SINGLE COLUMN CM	CLIENT COST PER INSERTION	[illegible]	[illegible]	SEPT 2023	MEDIA OWNER	BOOKING DEADLINE	MATERIAL DEADLINE
The Edge	5,500	Fortnight	Wednesday	Eng/Afri	BW	19	X	3	R 57.78	R 3,293.71	5	R16,468.56	20th R16,468.56 9	Edge News	18 September 2023 by 12pm	18 September 2023 by 12pm
Action Ads	12,500	Weekly	Thursday	Eng/Afri	BW	19	X	3	R 53.89	R 3,071.86	5	R15,359.28	21st	Action Ads	18 September 2023 by 12pm	18 September 2023 by 12pm
RATE CARD COST (INCL AGENCY COMM, EXCL VAT)											10	[illegible]	[illegible]			
VAT @15%												[illegible]	[illegible]			
COST TO CLIENT (INCL AGENCY COMM & VAT)												[illegible]	[illegible]			

	PLANNED BUDGET
R36 602.02	R 36,602.02
TOTAL	[illegible]

APPROVED BY: ______________________
DATE: ______________________
PO NUMBER: ______________________

R14,640,41 For 19 & 20 cat 2023/24

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TENDER NO: T 19 OF 2023/24:
REPAIRS, SERVICE AND MAINTENANCE OF MACHINERY AND EQUIPMENT FOR A PERIOD OF THREE (03) YEARS

Knysna Local Municipality hereby invites tenders for Repairs, Service and Maintenance of Machinery and Equipment for a period of three (03) years

Tender documents can be downloaded from the Knysna Municipality website: **www.knysna.gov.za** at no cost. Website navigation is as follow: Do Business – Bidding Opportunities - Tenders – Current Tenders.

Technical enquiries relating to the tender documents may be addressed via email to: Lindikhaya Williams, e-mail: **lwilliams@knysna.gov.za** and Supply Chain related queries may be addressed to: Mzwanele Mato, e-mail **mmato@knysna.gov.za**

The closing time for submission of bids is **12h00 on Wednesday, 25 October 2023.** Bids must be sealed in an envelope clearly marked with the bid number and title given above and placed in the **bid box at the Supply Chain Management Unit, Finance Building, Queen Street, Knysna**, on or before the mentioned time and latest date. Telephonic, facsimile, e-mail, and late bids will not be accepted. Bids must remain valid for a period of 180 days after the closing date of the bid. Notwithstanding the period of validity of bids as set out in the bid documents, the Municipality reserve the right to request validity extension.

Bids will be opened on the same day at the Supply Chain Management Section at 12h05. Late or unmarked bids will not be considered.

Bids may only be submitted on the bid documentation that is issued.

Post establishment of the panel, bids will be evaluated according to the **80/20** preference points system. The bids are subject to the Council Supply Chain Management Policy, Preferential Procurement Policy Framework Act, 2000, and the Preferential Procurement Regulations 2022

The Municipality reserves the right to withdraw any invitation to bid and/or re-advertise or to reject any bid or to accept a part of it. The Municipality does not bind itself to accept the lowest bid or to award a contract to the Bidder scoring the highest number of points.

NO BIDS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE AS DEFINED IN THE MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS (GOVERNMENT GAZETTE NO 40553 DATED 20 JANUARY 2017).

Further requirements for sealing, addressing, delivery, opening, and assessment of bids are stated in the Tender Document.

O.P. SEBOLA
Municipal Manager
Clyde Street
KNYSNA
6570

www.knysna.gov.za

CAPE TOWN: 021 300 1750 DURBAN: 031 202 2916 JOHANNESBURG: 010 001 8132 MTHATHA: 047 329 9436
www.ayandambanga.co.za

Cost Estimate : SCH62276

CLIENT : Knysna Municipality
PRODUCT : Recruitment Advertising
ATTENTION : Mzwanele Mato
CAMPAIGN : CAM149669 - TENDER NO: T 25 of 2023/24 - PROVISION OF SECURITY SERVICES FOR A PERIOD OF THREE YEARS
NOTES :

MEDIUM : Newspaper
DATE : 28/11/2023
Order # :

BUYER : Dean Houtzamer

PHONE : +27 (0) 21 413 7559
FAX :

Date Publication/ Station Notes	Dur. Show Colour	Rate Discount Comm. Fees	Nett Amount
07/12/2023 Knysna/Plett Herald	16 cm X 4 col Notice Black & White	2,842.24 0.00 -234.48 0.00	2,607.76
29/11/2023 The Edge Community Newspaper 1/4 Page (Vertical) 186 Length x 130 Wide	186 cm X 130 col Notice Black & White	3,293.41 0.00 -271.71 0.00	3,021.70

TOTAL :	**5,629.46**
VAT @ 15.00% :	**844.42**
TOTAL Incl. VAT in ZAR :	**6,473.88**

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KNYSNA MUNICIPALITY

TENDER NO: T 25 of 2023/24:
PROVISION OF SECURITY SERVICES FOR A PERIOD OF THREE YEARS.

Knysna Local Municipality hereby invites tenders for the Provision of Security Services for a period of three years

Tender documents can be downloaded from the Knysna Municipality website: www.knysna.gov.za at no cost. Website navigation is as follow: Do Business – Bidding Opportunities - Tenders – Current Tenders.

Technical enquiries relating to the tender documents may be addressed via email to: Richard Meyer, rmeyer@knysna.gov.za and Supply Chain related queries may be addressed to: Mzwanele Mato, e-mail mmato@knysna.gov.za.

The closing time for submission of bids is **12h00 on Friday, 19 January 2024**. Bids must be sealed in an envelope clearly marked with the bid number and title given above and placed in the **bid box at the Supply Chain Management Unit, Finance Building, Queen Street, Knysna,** on or before the mentioned time and latest date. Telephonic, facsimile, e-mail, and late bids will not be accepted. Bids must remain valid for a period of **180** days after the closing date of the bid. Notwithstanding the period of validity of bids as set out in the bid documents, the Municipality reserve the right to request validity extension.

Bids will be opened on the same day at the Supply Chain Management Section at 12h05. Late or unmarked bids will not be considered.

Bids may only be submitted on the bid documentation that is issued. The evaluation of this bid will be subjected to functionality scoring. Tenderers must achieve a minimum functionality score of **70 out of 100 points** for functionality in order to be evaluated further. The functionality criteria and weighting are set out in the tender document.

Bids will be evaluated according to the **80/20 or 90/10** preference points system. The bids are subject to the Council Supply Chain Management Policy, Preferential Procurement Policy Framework Act, 2000, and the Preferential Procurement Regulations 2022

The Municipality reserves the right to withdraw any invitation to bid and/or re-advertise or to reject any bid or to accept a part of it. The Municipality does not bind itself to accept the lowest bid or to award a contract to the Bidder scoring the highest number of points.

NO BIDS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE AS DEFINED IN THE MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS (GOVERNMENT GAZETTE NO 40553 DATED 20 JANUARY 2017)..

Further requirements for sealing, addressing, delivery, opening, and assessment of bids are stated in the Tender Document.

O.P. SEBOLA
Municipal Manager
Clyde Street
KNYSNA
6570

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TENDER NO: T 20 OF 2023/24: LEASE OF VEHICLES ON AN AS-AND-WHEN REQUIRED FOR A PERIOD OF THREE (3) YEARS

Knysna Local Municipality hereby invites tenders for Lease of Vehicles on an as-and-when required for a period of three (3) years

Tender documents can be downloaded from the Knysna Municipality website: **www.knysna.gov.za** at no cost. Website navigation is as follow: Do Business – Bidding Opportunities - Tenders – Current Tenders.

Technical enquiries relating to the tender documents may be addressed via email to: Lindikhaya Williams, e-mail: **lwilliams@knysna.gov.za** and Supply Chain related queries may be addressed to: Mzwanele Mato, e-mail **mmato@knysna.gov.za**

The closing time for submission of bids is **12h00 on Wednesday, 25 October 2023.** Bids must be sealed in an envelope clearly marked with the bid number and title given above and placed in the **bid box at the Supply Chain Management Unit, Finance Building, Queen Street, Knysna,** on or before the mentioned time and latest date. Telephonic, facsimile, e-mail, and late bids will not be accepted. Bids must remain valid for a period of 180 days after the closing date of the bid. Notwithstanding the period of validity of bids as set out in the bid documents, the Municipality reserve the right to request validity extension.

Bids will be opened on the same day at the Supply Chain Management Section at 12h05. Late or unmarked bids will not be considered.

Bids may only be submitted on the bid documentation that is issued.

Post establishment of the panel, bids will be evaluated according to the **80/20** preference points system. The bids are subject to the Council Supply Chain Management Policy, Preferential Procurement Policy Framework Act, 2000, and the Preferential Procurement Regulations 2022

The Municipality reserves the right to withdraw any invitation to bid and/or re-advertise or to reject any bid or to accept a part of it. The Municipality does not bind itself to accept the lowest bid or to award a contract to the Bidder scoring the highest number of points.

NO BIDS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE AS DEFINED IN THE MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS (GOVERNMENT GAZETTE NO 40553 DATED 20 JANUARY 2017).

Further requirements for sealing, addressing, delivery, opening, and assessment of bids are stated in the Tender Document.

O.P. SEBOLA
Municipal Manager
Clyde Street
KNYSNA
6570

www.knysna.gov.za

SUPPLY AND FITMENT OF PNEUMATIC TYRES, WHEEL PUNCTURE REPAIRS AND WHEEL ALIGNMENT FOR A PERIOD OF 18 MONTHS

TENDER NUMBER: T 23 OF 2023/24:

Knysna Municipality hereby invites tenders for the supply and fitment of pneumatic tyres, wheel puncture repairs and wheel alignment for a period of 18 months.

Tender documents must be downloaded from the Knysna Municipality website: www.knysna.gov.za at no cost. Website navigation is as follow: Do Business – Bidding Opportunities - Tenders – Current Tenders.

Technical enquiries relating to the tender document may be addressed to: Mr. Denver Lavack, e-mail: dlavack@knysna.gov.za

SCM enquiries relating to the tender document may be addressed to Mr. Mzwanele Mato, e-mail: mmato@knysna.gov.za

The closing time for submission of bids is **12:00 on Wednesday, 10 January 2024**. Bids must be sealed in an envelope clearly marked with the bid number and title given above, and placed in the **bid box at the Supply Chain Management Unit, Finance Building, Queen Street, Knysna,** on or before the mentioned time and latest date. Telephonic, facsimile and late bids will not be accepted. Bids must remain valid for a period of **180 days** after the closing date of the bid. Notwithstanding the period of validity of bids as set out in the bid documents, Knysna Municipality reserves its right to extend the validity period, should you not be willing to hold your bid valid in all respects for further period as requested, it will lapse on expiry of the current validity period.

Bids will be opened on the same day at the Supply Chain Management Section at 12:05. Late or unmarked bids will not be considered.

Bids may only be submitted on the bid documentation that is issued.

The bids are subject to the Council Supply Chain Management Policy, Preferential Procurement Policy Framework Act, 2000, and the Preferential Procurement Regulations 2022.

The Municipality reserves the right to withdraw any invitation to bid and/or re-advertise or to reject any bid or to accept a part of it. The Municipality does not bind itself to accept the lowest bid or to award a contract to the Bidder scoring the highest number of points.

NO BIDS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE AS DEFINED IN THE MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS (GOVERNMENT GAZETTE NO 40553 DATED 20 JANUARY 2017).

Further requirements for sealing, addressing, delivery, opening and assessment of bids are stated in the Tender Document.

MR. OP SEBOLA
MUNICIPAL MANAGER
Clyde Street
KNYSNA
6570