KNYSNA
Municipality
Munisipaliteit
uMasipala

Notice is hereby given
of a meeting of the

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

to be held on

FRIDAY, 20 JUNE 2025

at

09:00

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

MUNICIPAL OFFICES
KNYSNA

MR. L MAPHOLOBA
MUNICIPAL MANAGER

Chairperson:	Cllr S Campbell
Members:	Cllr P Petros
	Cllr W Grootboom
	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)**

   2.1 Members: Present
   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**

   That the Minutes of the MPAC Meeting held on 19 May 2025 be approved.

KNYSNA
Municipality
Munisipaliteit
uMasipala

MINUTES

of

the

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING

held on

Monday, 19 May 2025 at 09:00

IN ATTENDANCE

MEMBERS:

Chairperson: Cllr M Willemse
Members: Cllr S Campbell
Cllr R Arense
Cllr P Petros
Mr J Jacobs (Chairperson Audit Committee)

MEMBERS ABSENT WITH LEAVE

Cllr L Davis

MEMBERS ABSENT WITHOUT LEAVE

OTHER COUNCILLORS PRESENT

None

OFFICIALS

L Mapholoba	Municipal Manager
M Boyce	Director: Corporate Services
L Phillips	Manager Human Resources
M Botha	Acting Manager Legal Services
C Botha	Manager Administration
E Campher	MPAC Coordinator

APOLOGIES

None

AUDIT COMMITTEE MEMBERS

None

MEMBERS OF THE PUBLIC

None

1. **OPENING AND WELCOME**

   The Chairperson opened the meeting and welcomed everybody present. The Chairperson indicated that it is not necessary for all the directors to be present at the meeting and that they can be excused.

2. **ATTENDANCE**

   Members of the Committee were present, as per the Attendance Register.

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

   Noted

4. **DISCLOSURE OF INTERESTS BY COUNCILLORS**

   None

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5. CONSIDERATION OF THE MINUTES OF THE PREVIOUS MEETING

Proposed by Cllr Campbell and seconded by Cllr Petros, the Minutes of the meeting held on 7 April 2025, was approved.

6. NEW ITEMS

6.1. MPAC01/05/25- REPORT ON FRUITLESS AND WASTEFUL EXPENDITURE JULY 2022 TO MAY 2024

On No. 6. After the input and explanation by the Manager Human Resources, the Committee deliberated and it was concluded that fruitless and wasteful expenditure was not incurred because of negligence on the part of any official.

On No.7. After the input from the Manager Human Resources and the Director Corporate Services, the Chairperson indicated that the main issue at hand is the fact that the full amount was paid to the service provider despite the fact that not all the staff members participated in the training in question.Cllr Willemse further stated that the terms and conditions of the Service Level Agreement was not adhered to. The Committee was of the opinion that the fruitless and wasteful expenditure incurred by the former Director Corporate Services be recovered from her in her personal capacity.

In respect of N0.8. The Committee could not deliberate on the matter since two members of the Committee declared their interest in the item. The Committee decided that the matter should therefore be referred to the next meeting.

On No 9 the Committee resolved after deliberation that the amount in question be written off since there was no negligence or willful intend on the side of the officials.

RESOLVED

a) That, the MPAC takes cognizance of the report pertaining to the penalties levied due to late payment to the compensation fund. That MPAC recommends to Council that the amount of R125,939.91 be written off since no evidence could be found that suggest that the officials acted in a negligent manner.

b) That, the MPAC takes cognizance of the report pertaining to the training cost for Minimum Competency Training which was identified by Internal Audit as expenditure made in vain. That MPAC recommends to Council that due to gross negligence on the part of the former Director Corporate Services, Ms Phumla Makoma, Council authorizes the Municipal Manager to recover the fruitless and wastefull expenditure in the amount of R281, 750.00 from Ms Makoma.

c) That, the MPAC takes cognizance of the report pertaining to the re-advertisement cost for canceled tenders. That, MPAC recommends to Council that the amount of R27,962.67 be written off since no evidence could be found that suggest that the officials acted in a negligent manner.

ITEM 6.2. MPAC02/05/25- REPORT ON THE AVOIDABLE IRREGULAR EXPENDITURE IDENTIFIED BY THE AUDITOR-GENERAL

On recommendation by the Cllr Willemse, it was decided that each member of the committee will be allocated a tender to investigate and to report their findings to the next meeting.

File Number: 9/1/2/14
Execution: Municipal Manager

8. CLOSURE

The Chairperson thanked everyone at the meeting for their contributions and the meeting adjourned at 10:30.

Approved	

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Chairperson : Cllr M Willemse

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Date

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REQUEST FOR INVESTIGATION OF AVOIDABLE IRREGULAR EXPENDITURE IDENTIFIED BY AUDITOR GENERAL SOUTH AFRICA

REPORT FROM THE DIRECTOR FINANCIAL SERVICES

PURPOSE OF THE REPORT

The purpose of this submission is to request MPAC to investigate the avoidable irregular expenditure identified by the Auditor General South Africa during the implementation of SCM policies in terms of Council's approved Supply Chain Management Policies and Procedures of the Municipality.

BACKGROUND

During 2021/22 and 2022/23 Financial Audit year the Auditor General has identified material non-compliance in relation to the implementation of Supply Chain Management in the Municipality which includes the following namely:

- Non-compliance with CIDB requirements where a bid was advertised not in line with the CIDB grading requirements as prescribed by the regulations (The route cause was the drafting of bid specifications requirements with the inclusion of CIDB grading that was found not to be in line with the regulations or design to favour service provider) for maintenance of telemetry services.
- Non-compliance with SCM regulations by awarding bid without allocations of a preference points system as prescribed by the regulations for a bank loan tender service.
- Bids or contracts awarded outside of bid validity period for provision of banking services, surfacing of gravel roads in the northern areas, oversee, coordinate and supervise of technical related work, supply and delivery of electrical cables.
- Contract extension with invalid or without justifiable or compelling reasons to supply and delivery of non-flushing toilets, supply and delivery of chemicals, oversee, coordinate and maintenance of WWTW and provision of analytical services.
- None-compliance with preferential procurement policy framework regulations for local content for supply and delivery of electrical meters.
- Evaluation criteria applied incorrectly by the evaluation committee for upgrade of Sedgefield bulk sewerage services.

N.B See attached table marked register B in the submission memo for the avoidable irregular expenditure for ease references, which depicts the name of the suppliers, awarded amount, department and procuring manager.
Enclosed is documentary evidence for consideration of MPAC and external auditors during the investigation.
Since the findings are administrative in nature because of either internal control deficiencies the investigation will reveal if it was administrative errors or oversight or deliberation intention to ignore or overlooked the SCM policies and procedures.

RECOMMENDATION OF THE SCM MANAGER

The Municipal Public Accounts Committee should:

- Note the avoidable irregular expenditure incurred during the implementation of SCM policies and procedures.
- Consider the evidence at its disposal and co-source the services of external auditor to investigate the material none-compliance of SCM regulations, policies and procedures.
- Make appropriate recommendations to fiancé and governance committee of council for consideration and approval of council.

APPENDIX / ADDENDUM

Annexure A: T 23 of 2021/22 documents - (Bid Committee's and expenditure report)
Annexure B: T01 of 2020/21 documents - (Bid Committee's and expenditure report)
Annexure C: T69 of 2020/21 documents - (Bid Committee's and expenditure report)
Annexure D: T06 of 2022/23 documents - (Bid Committee's and expenditure report)
Annexure E: T21 of 2022/23 documents - (Bid Committee's and expenditure report)
Annexure F: T26 of 22/23 documents - (Bid Committee's and expenditure report)
Annexure G: T22 of 2021/22 documents - (Bid Committee's and expenditure report)
Annexure H: T70 of 2017/18 documents - (Bid Committee's and expenditure report)
Annexure I: T06 of 2020/21 documents - (Bid Committee's and expenditure report)
Annexure J: T01 of 2022/23 documents - (Bid Committee's and expenditure report)
Annexure K: T12 of 2021/22 documents - (Bid Committee's and expenditure report)
Annexure L: T19 of 2021/22 documents - (Bid Committee's and expenditure report)

File Number: 9/1/2/10

Execution: Director Financial Services