KNYSNA
Municipality
Munisipaliteit
uMasipala

SUPPLEMENTARY

AGENDA

FINANCE AND GOVERNANCE COMMITTEE MEETING
(FINANCE ITEMS)

WEDNESDAY, 4 MARCH 2026

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6.8

F&G08/03/26 TECHNICAL INTEGRATED MUNICIPAL ENGAGEMENT REPORT 2025/26 (TIME)

REPORT FROM THE DIRECTOR: FINANCIAL SERVICES

PURPOSE OF THE REPORT

To present to Council the 2026 TIME Municipal Action Plan.

BACKGROUND

The Western Cape Government's (WCG) Provincial Strategic Plan 2025 - 2030 sets out a resident-centric plan on enabling economic growth, job creation, and supporting residents to access economic opportunities and live the lives they value. It affirms that the realisation of the Western Cape Government (WCG) and municipal Integrated Development Plan (IDP) priorities are enabled by a strong foundation of innovation, organisational culture, and sound governance. These foundational elements are essential to enhancing operational effectiveness, upholding governance standards, and fostering public trust. Effective governance to enable resident-centred service delivery in the Western Cape relies on strong intergovernmental coordination between national, provincial, and local government spheres.

The TIME process forms part of the WCG Integrated Work Plan which is part of a series of engagements and processes aimed at ensuring continuous improvement, alignment and coordination in provincial and municipal planning, budgeting, and implementation.

This TIME report focuses on the following four themes aligned to the TIME objectives, highlighting areas of strength, concern and improvement in municipal governance and performance:
Theme 1: Governance – Agile, Accountable, and Responsive
Theme 2: Financial Sustainability and Performance
Theme 3: Strategic Procurement
Theme 4: Infrastructure Performance

DISCUSSION

The Time Report has been prepared in compliance with the legislative requirements stipulated in section 74 (1) of the MFMA.

FINANCIAL IMPLICATIONS

N/A

RELEVANT LEGISLATION

Section 74(1) of the MFMA (No. 56 of 2003).

RECOMMENDATION OF THE MUNICIPAL MANAGER

That Council notes the Time Report as at 28 February 2026.

APPENDIX / ADDENDUM

Annexure 1 – 2026 TIME Municipal Action Plan

File Number:: 9/1/2/10
Execution: Director Financial Services

Western Cape Government

Provincial Treasury
Melissa Van Niekerk
Financial Governance
Melissa.Vanniekerk@westerncape.gov.za | Tel: 021 483 6695

ANNEXURE B - 2026 TIME - MUNICIPAL ACTION PLAN			
MUNICIPAL INFORMATION			
Name of Municipality:	**Knysna Municipality**	**Telephone:**	044 302 6300
Municipal Manager (Designated Official)	**Johnny Douglas (Acting)**	**E-mail address:**	mm@knysna.gov.za
Signature:		**Date:**	27 February 2026

MUNICIPAL RESPONSE TO THE KEY FINDING

KEY FINDING	MUNICIPAL ACTION (RESPONSE TO THE KEY FINDING)	RESPONSIBLE PERSON/UNIT	COMPLETION DATE
1. GOVERNANCE: AGILE, ACCOUNTABLE, AND RESPONSIVE			
1.1 POLITICAL OVERSIGHT			
Municipal Councils must exercise active oversight by mandating the regular review and formal Council tabling of updated mSCOA Roadmaps. Subsequent	The road map was tabled at council and is updated on a quarterly basis and loaded on the Go Muni portal.	CFO Mscoa champion	Ongoing

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publication on the GoMuni portal is non-negotiable to fulfil transparency and public accountability obligations			
1.2 ADMINISTRATIVE GOVERNANCE			
The Municipality must ensure that all outstanding UIFWE is promptly investigated in accordance with Section 32 of the MFMA for recovery or write-off. The Municipality should ensure the effective implementation of its approved strategy, guided by NT MFMA Circular 111, to strengthen its internal control environment and effectively prevent and reduce incidents of UIFWE.	MPAC are being supported. The SCM, Budget and Expenditure sections are reporting on UIFW on a quarterly basis.	MPAC Chairperson Internal Audit	Quarterly
The Disciplinary Board is required to give urgent attention to the processing of allegations of financial misconduct received	The Disciplinary board has an approved terms of reference and matters are processed in line with this regulations. The Board does not have any backlogs. Even if there is no referral of a matter, the board still meets quarterly.	CAE	No completion date required as we are already performing these actions.

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The Internal Audit Activity has focused primarily on technical skills, and there is a concern that soft skills training-such as teamwork, leadership, effective communication, and relationship building has not been adequately prioritised. The Municipality should ensure that such training is budgeted for and implemented.	The CAE and staff have completed a competency gap analysis for each staff members in accordance with the IIA framework. Training is prioritised based on the completed External quality assessment, the competency analysis and available budget. IAF is provided with a R60 000 CPD budget per year. Allowing only 40 hours of structured training per staff, per financial year. A mix of technical and soft skills will be prioritised in the 2026/27 budget. Funding – Request for increased funding will be submitted.	CAE	31 March 2026
The Municipality should institutionalise its performance monitoring and reporting of its finance interns.	Monitoring and reporting on finance interns will commence with the appointment of the new interns after September 2026	Manager: FMS	Ongoing
The CAE should budget and plan for opportunities to train and educate internal audit staff	The CAE provides annual inputs in line with the competency analysis performed for the staff, to the Training and skills development officer for consideration into the WSP. Budget funding of R60 000 was secured for the 2025/26 financial year. Budget requests for 2026/2027 will be submitted in this regard.	CAE	31 March 2026

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The CAE, audit committee and management must collaborate to provide the IAF with sufficient resources to fulfil the internal audit mandate and achieve the internal audit plan.	The micro structure of internal audit must be reviewed. An updated reviewed structure has been developed and submitted to HR. This will be considered with the organisational structure review process. Funding for the co-sourced internal audit services to be requested for the 2026/27FY. Funding for temporary staff in internal audit, should the revised structure not be approved by 31 March 2026	CAE	31 March 2026
The CAE should ensure that separate meetings with the Audit Committee and external auditors are held going forward to strengthen governance and oversight.	Separate meetings with audit committee are held quarterly. (Proof available) Separate structured meetings will be organised with AG	CAE	30 June 2026
The Municipality's risk management and fraud prevention frameworks must be reviewed and updated.	The CRO is responsible for the development of the municipality's Risk management and Fraud prevention frameworks. The Anti-Fraud and Corruption Strategy has been developed for the prior financial years; it is now in the review processes for 2026 | 2027 financial year.	CRO	30 June 2026
1.3 INFORMATION COMMUNICATION TECHNOLOGY			

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1.4 MSCOA IMPLEMENTATION			
To enhance provincial support and ensure alignment with national standards, municipalities are directed to formally integrate Provincial Treasury into mSCOA Steering Committee (SteerCom) governance. This requires standing invitations to SteerCom meetings and the systematic sharingof minutes with both Provincial and National Treasury.	Quarterly mSCOA Steering Committee meetings are held NT and PT are invited to the meetings	CFO mSCOA Champion	Quarterly
Municipal executive leadership to ensure continuous and meaningful participation in all mSCOA Integrated Consultative Forums (ICF), training, and information sessions convened by NT and PT. These engagements are a critical success factor for the organisational reform agenda embedded within mSCOA.	All business leads are obliged to attend mSCOA ICF's and workshops	CFO mSCOA Champion All business leads	Ongoing

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1.5 FINANCIAL GOVERNANCE			
The Municipality is required to prioritise the correction of segment classifications and movement imbalances, and to demonstrate measurable improvement in the quality of submissions going forward.	Some incorrect mscoa segments identified has been corrected and some will be corrected during the adjustments budget. Currently a complete restructuring of revenue mscoa codes are being created to align with a tariff.	Manager Budget and Reporting Manager Revenue Services	30 June 2026
2. FINANCIAL SUSTAINABILITY AND PERFORMANCE			
2.1 MID-YEAR BUDGET AND PERFORMANCE			
Revise revenue assumptions in the Adjustments Budget to reflect verified consumption, realistic collection trends and affordability constraints.	The revenue projections were reviewed with the mid-year assessment as well as the adjustments budget.	CFO Senior Manager Revenue services Manager Budget and Reporting	13 March 2026
Assess the impact of the underperforming items, including service charges and the persistent liquidity risk and reduce the expenditure budget in line with MFMA Section 28 (2) (a).	The assessment was performed and the expenditure budget was reprioritized to address the declared water disaster.	CFO	13 March 2026
Strengthen the cash flow position by prioritising critical expenditure only.	The assessment was performed and the expenditure budget was reprioritized to address the declared water disaster.	CFO	13 March 2026

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Revise the capital programme in line with project readiness, realistic procurement timelines and demonstrable delivery capacity.	The assessment was performed and the expenditure budget was reprioritized to address the declared water disaster.	CFO	13 March 2026
Re-prioritise-projects in line with available funding.	The assessment was performed and the expenditure budget was reprioritized to address the declared water disaster.	CFO	13 March 2026
Follow a compliance-first approach to conditional-grant management to restore credibility.	Ensure that funds are used exactly as intended and in alignment with regulatory frameworks.	Grant vote holder	Immediate
2.2 FINANCIAL REPORTING			
2.3 NON-FINANCIAL REPORTING			
Key corrections include rebalancing the SDBIP to reduce the over-concentration of targets in quarter 4 and clearly demonstrating how 2025/26 targets are informed by 2024/25 performance trends and corrective actions. Service delivery KPIs should be refined to include measurable backlog-reduction indicators, while the capital works plan must be expanded to reflect clearer project management	As part of the adjustment process, Directors meetings are convened to discuss KPI'S and and ensure that they comply with SMART principles. A report on the revision is to be tabled before Council in March of 2026. Process to be repeated in 2026/2027.	Manager: IDP/PMS&IGR	31 MARCH 2026 Ongoing

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details, ward-based structuring, and accountability.			
Improvements are also required to annual report drafting in line with MFMA Circular 63, alongside more robust reporting on corrective actions and consequence management outcomes. Finally, stronger integration between financial and non-financial performance reporting is necessary to better demonstrate how expenditure translates into tangible service delivery and revenue outcomes, particularly in underperforming infrastructure and revenue-related functions.	AR advertised for public comments. Amendments to take place after public participation process. Tabling of the Final AR in March. Improvement measure to be implemented in the next AR	Manager: IDP/PMS&IGR	31 MARCH 2026 Ongoing
2.4 ANNUAL FINANCIAL STATEMENT REPORTING			
3. STRATEGIC PROCUREMENT			
Perform a wholesale review of all SCM policies and the SCM delegation framework	All SCM Policies are reviewed on an annual basis and workshopped to all stakeholders.	CFO SCM Manager	Annually
Ensure all SCM officials complete the Minimum Competency Regulations training	The municipality is in the process of ensuring that all officials complies with the minimum competency regulations.	HR Manager	2026/2027
Prioritize the completion of all pending investigations	MPAC and all role players in SCM are being capacitated.	MPAC Chairperson	Ongoing

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		Internal Audit	
Move towards strategic procurement (adoption of the NT's Strategic Procurement Framework)	Yes, the municipality are attending workshops conducted by NT	CFO SCM Manager	Ongoing
Entrench appropriate procurement and demand planning in liaison with user departments	SCM unit constantly inform user departments of the status of their contracts	SCM Manager	Quarterly
Integrate procurement plan performance assessments into SCM's monthly and quarterly reporting to the CFO and/or Council for oversight and escalation	Quarterly reports are being submitted. The quarterly report will be augmented to reflect progress on the procurement plan.	SCM Manager	Quarterly
Enhance controls to prevent the splitting of orders	We are in process of enhancing system controls to detect and prevent splitting of orders.	SCM Manager	2026/2027
Establish an SOP for managing incoming requests from end users	The municipality have an circular which guide the manner in which tenders specifications needs to be submitted. A formal SOP will established for managing incoming requests from end users	SCM Manager	30 June 2026
Proactively identify high-value/high-risk and/or technically complex procurement projects	Projects are identified from the procurement plan.	SCM Manager Relevant User department	As an when required

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Review Bid committee appointment for high-value/high-risk commodities	Projects are identified from the procurement plan. Bid committee Members are appointed by the Municipal Manager in liaison with SCM.	Municipal Manager (MM)	As an when required
Enhance quality assurance of tender documents	Upon approval from the bid specification committee The tender specifications are circulated for the approval procuring section's Director, CFO & Municipal Manager.	SCM User department MM	Ongoing
Proactively inform the AO of any failure to ensure segregation of duties between the BEC & BAC	Members are required to declare conflict of interest prior to the commencement of the meeting.	Manager SCM Chair person of committee	Ongoing
Provide details of unsolicited bids received and considered by the municipality	None	Manager SCM	N/a
Integrate the inventory management system and inventory management policy	The inventory management system which are currently a combination of economic order quantity and Just in time will be included in the inventory management policy as part of the budget related policies for the ensuing tabled budget.	CFO assisted by the Manager SCM	31 March 2026
Ensure mutual accountability for identifying, monitoring and addressing project delays	There is a system in place which will be enhanced to include progress	Manager SCM	Ongoing
Include performance improvement actions in SCM and end user performance agreements	SCM will enhance quicker turnaround time on all SCM processes to improve overall performance	SCM and relevant User departments	Ongoing

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Increase transparency of contractor performance reporting by including information in quarterly SCM performance reports	This is in place will form part of monthly and quarterly reporting	Manager SCM Relevant user departments	Monthly and Quarterly
Monitor the contract register and proactively inform user departments of pending contract renewal requirements at regular intervals prior to contractual lapse	This is in place	Manager SCM	Quarterly
Enhance the Enterprise Risk Management Framework and Risk Management Policy by implementing a comprehensive risk assessment of SCM	In place	CFO Manager SCM Chief Risk officer	Annually
Develop and implement targeted SCM risk mitigation strategies for high-risk/high-value and/or technically complex commodities	In place	CFO Manager SCM Chief Risk officer User department	As and when required
4. INFRASTRUCTURE PERFORMANCE			
4.1 SPATIAL GOVERNANCE			
Improve Spatial Planning Efficiency and Enforcement: The Municipality should prioritise improving	The fine structure will be submitted to the Magistrate for approval by no later than 6 March 2026.	Land Use Department	6 March 2026

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land use application turnaround times and strengthening enforcement capacity by institutionalising a dedicated compliance unit and increasing investment in staff training.	A request for Peace Officer training for all Town Planning Staff has been submitted to the HR Department for inclusion in the 2026/27 financial year.	HR Department	June 2027
Align Spatial Priorities with Infrastructure Budgeting: To reduce vulnerability, the Municipality must develop its Capital Expenditure Framework (CEF) and Development Contribution Policy, ensuring the Municipal Spatial Development Framework (MSDF) is better aligned with the capital budget.	An alignment meeting was held on 20 February 2026 with management to ensure alignment between the IDP, Budget and MSDF CEF/Implementation Framework. Measures for alignment includes: • the review of the IDP Process Plan to ensure alignment; • Utilising the MSDF Implementation Framework as an informant for the IDP and Budget processes; Institutionally, ensure representation of the Land Use Management on the Budget Steering Committee and IDP Steering Committee.	IDP Office Budget Office Land Use Management	June 2026
Mainstream Ecological Infrastructure (EI) into Planning: Formally integrate EI principles and the 2023 Western Cape Biodiversity Spatial Plan into the IDP and SDF and develop an Ecological	The Amended Knysna MSDF (2025) recommends that an Ecological Infrastructure Investment Framework (EIIF) should be adopted. It must be included as a project during the IDP Review and Budget processes.	Environmental Management IDP Office Budget Office	June 2027

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Infrastructure Management Programme (EIMPr) to secure water security and climate resilience.			
4.2 MIG EXPENDITURE AND INFRASTRUCTURE PROJECT IMPLEMENTATION			
4.3 WASTE MANAGEMENT/AIR QUALITY MANAGEMENT			
Strengthen Waste Management Governance and Reporting: Formally designate a qualified Waste Management Officer (WMO), ensure 100% compliance with Integrated Pollutant and Waste Information System (IPWIS) reporting, and relocate the transfer station to municipal land.	Natalie Salmon is the qualified Waste management Officer and authorised official on the IPWIS. Meeting held on 17 Feb 2026 with relevant Provincial Dept. Relocation of transfer station medium to long term project. Engagements/discussions ongoing re the development of Windheuwel-Waste to Energy Project	Natalie Salmon-Acting Manager Waste	17 February 2026 – 30 March 2026 Continuous
Enhance Waste Operational Controls: Implement strict access control and accurate waste data capturing at all facilities-specifically Sedgefield and Old Place-while formalising a commitment to the regional waste disposal facility in Mossel Bay.	Agreed that Waste Unit will endeavour to capture available data for the last 5 years where available. Will apply for the closure of the 2 treatment facilities ie Sedgefield and Knysna. Appointment of Staff as Access Controllers at various sites-to engage CWP as well as appointing staff	Natalie Salmon-Acting Manager Waste	26 March 2026 -June 2026

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MUNICIPAL RESPONSE TO THE KEY FINDING

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Establish Air Quality Regulations: Allocate specific budget for the development and public participation process of an Air Quality Management By-law to regulate atmospheric emissions and noise pollution.	Plan was tabled to Council	Natalie Salmon- Environmental Officer	
4.4 ASSET MANAGEMENT			
Develop and implement a **Strategic Asset Management Plan (SAMP)**	The municipality is in process of developing the SAMP with the assistance of the NT MFIP Advisor	CFO Manager Assets and Liabilities	Draft 31 March 2026 Final 31 May 2026
Finalise **Standard Operating Procedures** for all asset management processes	The municipality is in process of updating the existing **Standard Operating Procedures** for all asset management processes with the assistance of the NT MFIP Advisor	Manager Assets and Liabilities	30 June 2026
Introduce **Asset Management KPIs** to improve oversight and performance monitoring	All Directors has the Following KPI: Complete a conditional assessment and a review of the remaining useful life of all assets in the department and submit a certification in this regard to the Head Asset Management within the first week after the financial year end	All Directors	30 June 2026

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MUNICIPAL RESPONSE TO THE KEY FINDING			
KEY FINDING	**MUNICIPAL ACTION (RESPONSE TO THE KEY FINDING)**	**RESPONSIBLE PERSON/UNIT**	**COMPLETION DATE**
Conduct a **full reassessment of the risk register** for asset management	The municipality is annually reassessing the risks of the entire organization. An updated assessment will be done for assets.	Manager Assets and Liabilities	Quarterly
Address shortcomings in the **asset register**	The municipality updates the asset register to ensure compliance with relevant prescribed requirements.	Manager Assets and Liabilities	Ongoing

(NB: Municipal Action Plans must be signed by the Municipal Manager or designated Municipal Official)

To Note: Municipal Actions Plans must be completed on the FMCMM Tool relating to the below areas and do not need to be populated on this above document:

- BTO Capacitation;
- Financial Delegations;
- Consequence Management;
- Financial Policies;
- Assurance and Oversight;
- SCM findings related to FMCMM;
- Revenue, Expenditure and Cash Management findings related to FMCMM;
- PDO findings related to FMCMM;
- Annual Financial Statements findings related to FMCMM.

7. CLOSURE

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