KNYSNA
Municipality
Munisipaliteit
uMasipala

Notice is hereby given

of a meeting of the

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

to be held on

Thursday, 8 October 2026

at

10:00

In the Council Chambers

to consider the items, as indicated in the Agenda

MUNICIPAL OFFICES
KNYSNA

DR. R MARTIN
ACTING MUNICIPAL MANAGER

Chairperson: Cllr S Campbell
Members: Cllr B Charlie
Cllr L Davis
Cllr S Sabbagh
Cllr J White

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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 22 September 2026 be approved.

8. CLOSURE

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KNYSNA
Municipality
Munisipaliteit
uMasipala

MINUTES

of

the

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING

held on

Tuesday, 22 September 2026

11h00

IN ATTENDANCE

MEMBERS:

Chairperson: Cllr S Campbell
Members: Cllr S Sabbagh
Cllr L Davis

MEMBERS ABSENT WITH LEAVE

MEMBERS ABSENT WITHOUT LEAVE

Cllr B Charlie

OTHER COUNCILLORS PRESENT

OFFICIALS

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.

2. **ATTENDANCE**

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

3. **NOTING THE PROVISIONS OF SCHEDULE 7 (CODE OF CONDUCT FOR COUNCILLORS) OF THE LOCAL GOVERNMENT MUNICIPAL STRUCTURES ACT 117 OF 1998**

4. **DISCLOSURE OF INTERESTS BY COUNCILLORS**

   None

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

   None

6. **NEW ITEMS**

   6.1 REPORT ON THE FRUITLESS AND WASTEFUL EXPENDITURE: LEGAL FEES

The Chairperson introduced the item. The Committee deliberated and the Chairperson indicated that the item relates to the unlawful appointments during the 2022/2023 and 2023/2024 financial years. She further emphasized that the unlawful appointments of senior managers did not only result in fruitless and wasteful expenditure but also irregular expenditure. The appointments in question were done by Council.

As a result of the unlawful appointments, The MEC for Local Government on more than one occasion took the decisions of Council on review and same was set aside by the Western Cape High Court. In some of the instances, the municipality opposed the legal action instituted by the MEC.

The Committee agreed that the fruitless and wasteful expenditure as well as the irregular expenditure incurred must be recovered from the councillors who voted in favour of the appointments as well as the then municipal manager who authorized the expenditure.

RECOMMENDATIONS

(a) That all the attendance registers for the Council meetings where these unlawful appointment were made be provided to the Committee.

The Chairperson thanked everyone at the meeting for their contributions and the meeting adjourned at 11:50.

Approved	

.....
Chairperson: Cllr S Campbell

.....
Date

-oOo-

REPORT ON THE FRUITLESS AND WASTEFUL AND IRREGULAR EXPENDITURE INCURRED IN CONNECTION WITH THE APPOINTMENT OF SENIOR MANAGERS

REPORT FROM MPAC

INTRODUCTION

To obtain Council's approval for the recommendations of the Municipal Public Accounts Committee.

The Municipal Public Accounts Committee is established in terms of section 79 of the Local Government: Municipal Structures Act 117 of 1998 and reports to Council after each of its pre-determined meetings. Council must deliberate on any recommendations from the MPAC.

The MPAC must investigate unauthorised, irregular or fruitless and wasteful expenditure in terms of section 32 of the Municipal Finance Management Act 56 of 2003, with a view to recommending to the Municipal Council whether such expenditure is irrecoverable or not.

BACKGROUND

During the financial years **2022/2023 and 2023/2024** irregular expenditure and fruitless and wasteful expenditure was identified by the Auditor General in respect of various acting and permanent appointments of senior managers.

The remuneration paid to the senior managers, who were illegally appointed, was determined to be irregular expenditure.

The appointments were made by council. In each instance, the majority of council voted in favour of the appointments, despite the fact that the relevant appointees did not qualify with the provisions of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers 2014, read with the MFMA: Regulations on Minimum Competency Levels, 2007. During the meetings when the appointments were made, Councillors were informed that the relevant candidates did not comply, but went ahead and voted for the appointments, regardless.

As a result of the illegal appointments, the MEC of Local Government on more than one occasion, approached the High Court, to have the illegal appointments set aside. In some instances, the municipality defended the legal action.

The legal actions, resulted in legal costs being incurred by the municipality, and those costs were determined to be fruitless and wasteful expenditure.

A copy of the Audit findings, in which the irregular expenditure and fruitless and wasteful expenditure was noted, as well as documentation that was provided to the Committee to enable it to complete the investigation, is included in the In-Committee Agenda.

Section 32(1)(c) of the MFMA determines that **any political office-bearer** or official of a municipality, **who deliberately or negligently committed, made or authorised an irregular expenditure, is liable for that expenditure** and Section 32(1)(d) determines that any **political office-bearer or official of a municipality who deliberately or negligently made or authorised a fruitless and wasteful expenditure is liable for that expenditure.**

Section 32(2)(b) determines that a municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure, in the case of irregular or fruitless and wasteful expenditure is, after investigation by a council committee, certified by the council as irrecoverable and written off by the council.

DISCUSSION

MPAC met on the 22nd of September 2026 to consider the irregular and unauthorised expenditure.

The following appointments were investigated:

1. **LUVUYO LOLIWE – ACTING DIRECTOR OF CORPORATE SERVICES- 16 SEPTEMBER 2022, 13 DECEMBER 2022 AND 15 MARCH 2023.**

Mr. Loliwe was initially appointed by a majority of Council, to the above position on **16 September 2022** for a three-month period. In **October 2022** the MEC was provided with the minutes of the special council meeting and on **8 November 2022,** the MEC advised the Executive Mayor of the Municipality that Mr. Loliwe failed to meet the requirements prescribed under regulation 7 of the Competency Regulations in that he did not have minimum of seven years' experience at senior and middle management levels, of which a minimum of two years must be at senior management level.

The Executive Mayor was requested to advise the MEC within 7 days of the steps taken to remedy the situation. On **23 November 2022,** the Executive Mayor, Cllr Tsehgwa, advised the MEC that the Council was satisfied with Mr. Loliwe's performance and that it intended to extend his contract until the vacancy has been filled satisfactorily. The MEC was also advised that the Municipality was in the process of finalising the permanent recruitment process for the position, which was expected to be conducted at the end of February 2023.

It was not disputed that Mr. Loliwe did not comply with this requirement, and despite the letter from the MEC, Council resolved on **13 December 2022** to appoint Loliwe as acting Director of Corporate Services for a further three-month period, without

concurrence from the MEC, who was only informed of this appointment on **7 February 2023.**

On **8 February 2023,** the MEC addressed letters to the Executive Mayor and the Municipal Manager in which he indicated that the resolution to appoint Loliwe was unlawful. He requested urgent undertakings from the Executive Mayor, Cllr. Tsengwa, the Speaker, Cllr Skosana, and the Municipal Manager that, pending the finalisation of an application to court, which was due to be instituted, Council would not make any further resolutions to further extend the acting appointment of Loliwe, that the acting appointment of Loliwe would be not be implemented, and that no further employment contract would be concluded in terms whereof Loliwe was appointed as an acting Director of Corporate Services.

On **8 February 2023,** the Executive Mayor advised that The MEC that Council had referred the matter for a legal opinion, which would be shared with the MEC, however the municipality did not provide the opinion or any undertaking.

The MEC applied for an urgent interdict, to prevent the Municipality from appointing Loliwe, but the matter was struck from the roll, on **14 February 2023,** for lack of urgency.

Despite the pending court action, Council on the **15th of March 2026**, again appointed Mr. Loliwe for three months.

The MEC's application was eventually heard and on the **7th of June 2023,** Slingers J set aside the appointment of Mr. Loliwe and declared the resolution taken by taken by Council on **15 March 2023** to appoint Loliwe to be unlawful, *ultra vires,* and null and void by virtue of its contravention of section 56(1)(c) of Local Government Municipal Systems Act, Act 32 of 2000.

Although Mr. Loliwe's first two appointments, were unlawful, by agreement between the parties, the court did not set the appointments aside, because both appointments had come to an end by the time the matter was heard.

The remuneration that was paid to Mr. Loliwe was therefore unlawful and has to be recovered from the officials or political office bearers who committed the municipality to the expenditure.

The amount that was paid to Mr. Loliwe is R 818 711,00.

The following councillors voted for all three appointments, despite the fact that council was alerted to the fact that Mr. Loliwe did not have any senior management experience, whereas he was required to have a minimum of two years' experience:

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The first step in the investigation, was to determine which officials or political office bearers committed the municipality to the irregular expenditure. As council had made all three appointments, it was determined that the councillors, who voted for the appointments, had committed the municipality to the irregular expenditure.

The committee then considered the question of whether the expenditure was committed deliberately or negligently.

Whereas the committee was of the opinion that the councillors, who voted for all three of the appointments, were in all probability acting deliberately, it was not necessary to determine whether the conduct was intentional, as negligent conduct is sufficient to establish liability.

The committee found that the reasonable person, in the position of the councillors, who voted for the appointments, would have obtained and heeded legal advice on the legality of the appointments, before voting in favour of the appointments. It was also determined that the reasonable person in the position of the councillors, would have voted for the appointments to be conditional upon confirmation from MEC Bredell, that the appointments complied with all legal requirements.

The committee found that the councillors, who reappointed Mr. Loliwe on the **15th of March 2026,** despite the pending court action by the MEC, acted deliberately and recklessly.

The committee therefore determined that the irregular expenditure incurred in connection with Mr. Loliwe's acting appointments should be recovered from the following Councillors jointly and severally, the one paying, the other to be absolved.

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The committee did not deem it necessary to afford the councillors an opportunity to make submissions, before MPAC reached its findings and reported to council.

The reason for this is that the test for negligence is an objective test, and the subjective opinions of the councillors would not affect the committee's finding that the conduct was grossly negligent.

Should any of the councillors wish to challenge the finding that their conduct was negligent, they will have the opportunity to state their case in the event that legal action has to be instituted to recover the irregular expenditure from them.

2. LONDILE SOTHSHEDE- ACTING CFO-15 AUGUST 2022, 16 NOVEMBER 2022 AND 16 FEBRUARY 2023 AND 11 MAY 2023.

Ms. Sotshede was first appointed as the acting CFO from **15 August 2022** for three months. She was appointed, despite the fact that councillors had been informed that she does not comply with the requirement, that she had to have a relevant NQF 8 qualification.

On **12 October 2022,** the MEC was furnished with a copy of the minutes of a special meeting of Council of **12 August 2022**, the meeting at which the first acting appointment of Ms. Sotshede was approved by Council.

The MEC wrote to the Executive Mayor, Cllr Tsengwa, and informed him that it did not appear that MS. Sotshede met the requirements MFMA Financial Competency Regulations. The Executive Mayor responded that Council was satisfied with Sotshede's performance and intended to extend her employment contract until such time that the vacancy had been filled satisfactorily.

Thereafter, without concurrence from the MEC, at a council meeting held on **27 October 2022,** Ms. Sotshede was re-appointed from **16 November 2022** for a further three months.

On **31 January 2023**, the MEC was provided with the minutes of an ordinary meeting of the Council held on **27 October 2022.**

On **8 February 2023**, the MEC addressed letters to the Executive Mayor and the Municipal Manager in which he noted the alleged unlawful resolutions and requested urgent undertakings from the Executive Mayor, the Speaker and the Municipal Manager that, pending the finalisation of an application which was due to be instituted, the Council would not make any further resolutions to further extend the acting appointment of Sotshede, that no further acting appointment of Sotshede would be implemented, and that no further employment contract would be concluded in terms whereof Sostshede was appointed as an acting CFO. No undertakings were furnished.

On **14 February 2023**, without concurrence, and in defiance of the communication from the MEC, the majority of Council resolved to again appoint Ms. Sotshede as acting CFO for a further three months.

On **9 February 2023,** the MEC instituted urgent application proceedings, wherein he sought an interim interdict preventing the Municipality from appointing Sotshede as acting CFO after 15 February 2023. This application was heard on **14 February 2023** and struck from the roll for lack of urgency.

While the court case was pending, on the **11th of May 2023,** the majority of Council again appointed Ms. Sotshede for a further three months.

On the **7th of June 2023,** Slingers J declared the resolution taken by the Council of Knysna Municipality on **14 February 2023** and on **11 May 2023** to appoint Londiwe Sotshede as the acting chief financial officer of the Knysna Municipality to be unlawful, *ultra vires,* and null and void by virtue of its contravention of section 56(1)(a) and (c) of Local Government Municipal Systems Act, and Regulation 5 of the MFMA Regulations on Minimum Competency Levels.

The court found that MS. Sotshede did not have a relevant NQF8, qualification and the extension of her contract for a period exceeding 3 months was unlawful.

The remuneration of R 926 904.00, that was paid to Ms. Sotshede was identified as irregular.

The following councillors voted for all four unlawful appointments, despite the fact that council was alerted to the fact that Ms Sotshede, did not have a relevant NQF 8 qualification and that the extensions of her contract were unlawful:

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The first step in the investigation, was to determine which officials or political office bearers committed the municipality to the irregular expenditure. As council had made all four appointments, it was determined that the councillors, who voted for the appointments, had committed the municipality to the irregular expenditure.

The committee then considered the question of whether the expenditure was committed deliberately or negligently.

Whereas the committee was of the opinion that the councillors who voted for all four appointments were in all probability acting deliberately, it was not necessary to determine whether the conduct was intentional, as negligent conduct was sufficient to establish liability.

The committee found that the reasonable person, in the position of the councillors, who voted for the appointment, would have obtained and heeded legal advice on the legality of the appointment, before voting in favour of the appointments. It was also

determined that the reasonable person in the position of the councillors, would have voted for the appointments to be conditional upon confirmation from MEC Bredell, that the appointments complied with all legal requirements.

The committee found that the councillors, who reappointed Ms. Sotshede on **11 May 2023**, despite the pending legal action by the MEC, acted deliberately and recklessly.

The committee therefore determined that the irregular expenditure incurred in connection with Ms. Sotshede's acting appointments should be recovered from the following Councillors jointly and severally, the one paying, the other to be absolved.

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The committee did not deem it necessary to afford the councillors an opportunity to make submissions, before MPAC reached its findings and reported to council.

The reason for this is that the test for negligence is an objective test, and the subjective opinions of the councillors would not affect the committee's finding that the conduct was grossly negligent.

Should any of the councillors wish to challenge the finding that their conduct was negligent, they will have the opportunity to state their case in the event that legal action has to be instituted to recover the irregular expenditure from them.

3. OMBALI SEBOLA- MUNICIPAL MANAGER-25 JANUARY 2023.

On the **25th of January 2023** the majority of Council unlawfully appointed Mr. Sebola as MM, despite the fact that the selection report indicated had his core competencies had been assessed as "*basic*" and "*needing development*".

The following councillors voted for his appointment:

Cllr Tsengwa, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

Cllr Matika abstained and the Speaker used his casting vote to appoint Mr. Sebola.

On **23 February 2023** the MEC advised the Executive Mayor, Cllr Tsengwa, that the appointment was unlawful and null and void.

On **8 March 2023** the Executive Mayor advised the MEC that he would seek a legal opinion regarding the authority, which the MEC relied upon in his earlier correspondence, and to opine on the issue of the lawfulness of Sebola's appointment.

In March 2023, the DA and the MEC both proceeded with applications to have the appointment set aside.

On **10 May 2024** Pangarker J set aside the appointment of Mr. Sebola and declared the appointment to be null and void.

The result was that all remuneration that was paid to Mr. Sebola was irregular and had to be recovered from the officials or councillors who **deliberately or negligently committed to the expenditure.**

The total remuneration that was paid to Mr. Sebola is R 2 064 707,17

The first step in the investigation, was to determine which officials or political office bearers committed the municipality to the irregular expenditure. As council had made the appointment, it was determined that the councillors, who voted for the appointment, had committed the municipality to the irregular expenditure.

The following councillors voted for the expenditure:

Cllr Tsengwa, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The committee then considered the question of whether the expenditure was committed deliberately or negligently.

Whereas the committee was of the opinion that the councillors who voted for the appointment were in all probability acting deliberately, it was not necessary to determine that the conduct was intentional, as negligent conduct was sufficient to establish liability.

The committee found that the reasonable person, in the position of the councillors, who voted for the appointment, would have taken cognisance of the selection report and the fact that Mr. Sebola had not achieved the minimum required competency level on his assessment. The reasonable person would have obtained legal advice on the legality of the appointment, before voting in favour of the appointment. It was also determined that the reasonable person in the position of the councillors, would have voted for the appointment to be conditional upon confirmation from MEC Bredell, that the appointment complied with all legal requirements.

None of this was done.

The committee found that the councillors, who appointed Mr. Sebola, on **25 January 2023**, despite the pending legal action by the MEC, acted deliberately and recklessly.

The committee therefore determined that the irregular expenditure incurred in connection with Ms. Sotshede's acting appointments should be recovered from the following Councillors jointly and severally, the one paying, the other to be absolved:

Cllr Tsengwa, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The committee did not deem it necessary to afford the councillors an opportunity to make submissions, before MPAC reached its findings and reported to council.

The reason for this is that the test for negligence is an objective test, and the subjective opinions of the councillors would not affect the committee's finding that the conduct was grossly negligent.

Should any of the councillors wish to challenge the finding that their conduct was negligent, they will have the opportunity to state their case in the event that legal action has to be instituted to recover the irregular expenditure from them.

4. LUVUYO LOLIWE – DIRECTOR OF CORPORATE SERVICES-13 JULY 2023.

On the **13th of July 2023**, the majority of Council appointed Mr. Loliwe as Director of Corporate Services.

This was despite the fact that the acting appointment of Mr. Loliwe had been set aside by the High Court on **7 June 2023.**

The following councillors voted for the appointment, despite the fact that council was alerted to the fact that Mr. Loliwe, did not have any senior management experience, whereas he was required to have a minimum of two years' experience and the fact that his acting appointment had been set aside by the court less than a month before.

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The MEC approached the High Court to set aside the appointment. Webber Wentzel Attorneys advised Council that Mr. Loliwe did not have the requisite experience at senior management level and in **December 2023** Council resolved to not defend the MEC's application.

On the **7th of June 2024,** the High Court set aside the appointment of Mr. Loliwe.

As a result, all remuneration that has been paid to Mr. Loliwe is irregular and has to be recovered from the political office bearers who committed the municipality to the expenditure.

The amount of R 1 031 105,43 was paid to Mr. Loliwe.

The first step in the investigation, was to determine which officials or political office bearers committed the municipality to the irregular expenditure. As council had made all three appointments, it was determined that the councillors, who voted for the appointment, had committed the municipality to the irregular expenditure.

The committee then considered the question of whether the expenditure was committed deliberately or negligently.

The committee was of the opinion that there was no reasonable doubt, that the same councillors, who voted on four occasions for the same official to be appointed illegally were acting intentionally.

The committee found that the reasonable person, in the position of the councillors, who voted for the appointments, would have obtained and heeded legal advice on the legality of the appointments, before voting on five occasions, to appoint Mr. Loliwe illegally.

It was also determined that the reasonable person in the position of the councillors, would have voted for the appointments to be conditional upon confirmation from MEC Bredell, that the appointments complied with all legal requirements.

The committee found that the councillors, who reappointed Mr. Loliwe on the **13th of July 2023,** despite the pending court action by the MEC, acted deliberately and recklessly.

The committee therefore determined that the irregular expenditure incurred in connection with Mr. Loliwe's appointment should be recovered from the following Councillors jointly and severally, the one paying, the other to be absolved.

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

The committee did not deem it necessary to afford the councillors an opportunity to make submissions, before MPAC reached its findings and reported to council.

The reason for this is that the test for negligence is an objective test, and the subjective opinions of the councillors would not affect the committee's finding that the conduct was grossly negligent.

Should any of the councillors wish to challenge the finding that their conduct was negligent, they will have the opportunity to state their case in the event that legal action has to be instituted to recover the irregular expenditure from them.

5. FRUITLESS AND WASTEFUL EXPENDITURE-LEGAL COSTS

The Committee could not finalise the investigation, as it needed to obtain evidence and advice from the Manager: Legal Services, who is currently on maternity leave.

RECOMMENDATIONS

[a] That Council notes the report from MPAC.

[b] That Council resolves that the irregular expenditure incurred in connection with the unlawful appointment of **Mr. Loliwe,** for the period September 2022 to July 2023, in the amount of **R 818 711.00**, be recovered from the following Councillors and Former Councillors jointly and severally, the one paying, the other to be absolved:

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

[c] That Council resolves that the irregular expenditure incurred in connection with the unlawful appointment of **Ms Sotshede**, for the period August 2022 to June 2023, in the amount of **R 926 904.00**, be recovered from the following Councillors and Former Councillors jointly and severally, the one paying, the other to be absolved:

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

[d] That Council resolves that the irregular expenditure incurred in connection with the unlawful appointment of **Ms Sebola,** for the period February 2023 to June 2024, in the amount of **R 2 064 707,17**, be recovered from the following Councillors and Former Councillors jointly and severally, the one paying, the other to be absolved:

Cllr Tsengwa, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

[e] That Council resolves that the irregular expenditure incurred in connection with the unlawful appointment of **Mr. Loliwe,** for the period September 2023 to June 2024, in the amount of **R 1 031 105,43**, be recovered from the following Councillors and Former Councillors jointly and severally, the one paying, the other to be absolved:

Cllr Tsengwa, Cllr. Matika, Cllr. Skosana, Cllr Marbi, Cllr Louw, Cllr. Andrews, Cllr Petros, Cllr. Arends, Cllr. Khumelwana, Cllr. Charlie and Cllr. Grootboom.

[f] That the investigation into the fruitless and wasteful expenditure, incurred as a result of the legal costs associated with the unlawful appointments be finalised after the Manager Legal Services has returned from maternity leave.

REPORT TO MPAC UNAUTORISED EXPENDITURE INCURRED BY THE MUNICIPALITY FOR THE 2023-2024 FINANCIAL YEAR

REPORT FROM THE DIRECTOR FINANCIAL SERVICES

PURPOSE OF THE REPORT

The purpose of this item is to report to MPAC the Unauthorised Expenditure incurred during 2023-2024 financial year as a result of various reasons provided in each comments column per item category per Directorate referred to as annexure A.

BACKGROUND

'Unauthorised expenditure' in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11 (3), and includes –

(a) Overspending of the total amount appropriated in the municipality's approved budget;

(b) Overspending of the total amount appropriated for a Vote in the approved budget;

(c) Expenditure from a Vote unrelated to the department or functional area covered by the vote;

(d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;

(e) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or

(f) A grant by the municipality otherwise than in accordance with this Act.

'Vote' means

(a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and

(b) Which specifies the total amount that is appropriated for the purpose of the department or functional area concerned.

'Overspending'

(a) In relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;

(b) In relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or

(c) In relation to expenditure under section 26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section;

DISCUSSION

1. During 2023-2024 financial year, the Audited Financial Statements disclosed a total amount of R58,199,151 as unauthorised expenditure on various Votes, detail as per the extract below:

51. Unauthorised expenditure

Reconciliation of unauthorised expenditure		
Opening balance	109,850,171	50,937,322
Unauthorised expenditure current year	58,199,151	54,100,349
Expenditure of money appropriated for a specific purpose, otherwise that for that specific purpose	-	4,812,500
Unauthorised expenditure awaiting authorisation	**168,049,322**	**109,850,171**

The unauthorised expenditure relates to over expenditure of approved budgets per vote in total.

51. Unauthorised expenditure (continued)

Budget Comparison by Municipal Vote in total	2024 (Actual)	2024 (Budget)	2024 (Variance)	2024 (Unauthorised)
Community services	296,252,520	280,958,292	15,294,228	15,294,228
Corporate services	70,257,152	71,251,246	(994,094)	-
Electrical services	425,444,771	415,089,279	10,355,492	10,355,492
Executive and Council	42,032,979	41,573,473	459,506	459,506
Financial services	66,524,483	100,792,357	(34,267,874)	-
Planning and development	25,908,098	27,059,829	(1,151,731)	-
Technical services	302,654,633	296,205,267	6,449,366	6,449,366
Housing services	43,148,854	53,361,425	(10,212,571)	-
	1,272,223,490	**1,286,291,168**	**(14,067,678)**	**32,558,592**

Budget Comparison by Municipal Vote - Operating Expenditure	2024 (Actual)	2024 (Budget)	2024 (Variance)	2024 (Unauthorised)
Community services	292,084,950	268,342,988	23,741,962	23,741,962
Corporate services	69,875,549	70,801,507	(925,958)	-
Electrical services	380,491,696	369,500,801	10,990,895	10,990,895
Executive and Council	42,032,979	41,573,473	459,506	459,506
Financial services	66,394,068	100,731,227	(34,337,159)	-
Planning and development	25,908,098	27,059,829	(1,151,731)	-
Technical services	262,768,500	239,830,997	22,937,503	22,937,503
Housing services	42,711,983	49,563,425	(6,851,442)	-
	1,182,267,823	**1,167,404,247**	**14,863,576**	**58,129,866**

Budget Comparison by Municipal Vote - Capital Expenditure	2024 (Actual)	2024 (Budget)	2024 (Variance)	2024 (Unauthorised)
Community services	4,167,570	12,615,304	(8,447,734)	-
Corporate services	381,603	449,739	(68,136)	-
Electrical services	44,953,075	45,588,478	(635,403)	-
Financial services	130,415	61,130	69,285	69,285
Technical services	39,886,133	56,374,270	(16,488,137)	-
Housing Services	436,871	3,798,000	(3,361,129)	-
	89,955,667	**118,886,921**	**(28,931,254)**	**69,285**

51. **Unauthorised expenditure (continued)**

Operating Expenditure

Executive and Council
The over expenditure is as a result of the Interest Portion of the Actuarial costs for the Long Service Award.

Community Services
The over expenditure is manly on Operational Expenditure due to Hire Charges for hiring refuse trucks; Employee Related Costs mainly overtime; as well as Operational Costs Security Services as well as maintenance of Waste Management vehicles.

Electrical Services
The over expenditure is mainly on the impairment of assets due to Electrical Infrastructure cables being on worse conditions when compared to last year as a result of vandalism in most instances.

Technical Services
The over expenditure is mainly on the impairment of assetst mainly due to Water Meters worse conditions of some assets.

Capital Expenditure

Financial Services
The over expenditure is mainly as a result of the Laptop acquired for the Interns under Finance Management Capital Grant while the full allocation is under the Operating budget. Overall grant not overspent.

2. Operating Unauthorised Expenditure:

2.1. Total **Municipal** operating budget **overspent** by R 14,863,576 as disclosed in Note 51 of the AFS extract above.

2.2. Various **Votes / Directorates** operating budget **overspent** by R58,129,866 as disclosed in Note 51 of the AFS extract above.

2.3. The below tables disclose high level items per Vote / Directorate and summaries variance where over expenditure is reflected for only the Votes / Directorates that overspent on Vote level.

2.4. The reasons for the over expenditure are provided in Annexure A

2.5. Table 2.4.1

Row Labels	Code Description	Sum of Original Budget	Sum of Final Budget	Sum of Actuals	Sum of Annual Variance
Vote 1 - Executive and Council					
E	Expenditure / Employee related costs	25,654,213	24,793,833	25,229,370	- 435,537
	Expenditure / Remuneration of councillors	10,081,756	10,454,233	9,821,279	632,954
	Expenditure / Inventory consumed	142,006	159,006	90,355	68,651
	Expenditure / Depreciation and amortisation	359,551	359,551	356,351	3,200
	Expenditure / Interest	137,686	174,824	2,433,005	- 2,258,181
	Expenditure / Contracted services	2,550,563	2,640,043	2,108,121	531,922
	Expenditure / Transfers and subsidies	818,448	920,948	871,199	49,749
	Expenditure / Irrecoverable debts written off	-	-	-	-
	Expenditure / Operational costs	2,867,736	2,071,035	1,122,572	948,463
	Expenditure / Other Losses	-	-	726	- 726
E Total		42,611,959	41,573,473	42,032,979	- 459,506

- The above table is Vote 1 - Executive and Council Overall Operating Expenditure performance as at 30 June 2024.
- An overall over expenditure on a Vote level of R459,506 mainly on:
    - Expenditure / Interest R2,258,181 and

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- Expenditure / Employee Related Cost due to Post Retirement Medical Aid: Current Service Cost and Interest on Long Service Award both being Actuarial non-cash items calculated more than the budget allocation.
- Expenditure / Other Losses – R 726 recorded as loss items.

Table 2.4.2

Row Labels	Code Description	Sum of Original Budget	Sum of Final Budget	Sum of Actuals	Sum of Annual Variance
Vote 6 - Community Services					
E	Expenditure / Employee related costs	99,221,572	103,054,416	110,086,830	- 7,032,414
	Expenditure / Inventory consumed	9,966,026	11,464,068	12,690,819	- 1,226,751
	Expenditure / Debt impairment	87,157,206	90,951,448	90,648,812	302,636
	Expenditure / Depreciation and amortisation	6,448,745	6,462,407	4,266,080	2,196,327
	Expenditure / Interest	2,452,452	2,618,902	4,219,646	- 1,600,744
	Expenditure / Contracted services	34,398,041	40,604,549	46,533,205	- 5,928,656
	Expenditure / Irrecoverable debts written off	146,535	146,535	-	146,535
	Expenditure / Operational costs	10,494,394	13,040,663	23,599,367	- 10,558,704
	Expenditure / Other Losses	-	-	40,192	- 40,192
E Total		250,284,971	268,342,988	292,084,950	- 23,741,962

- The above table is Vote 6 – Community Services Overall Operating Expenditure as at 30 June 2024.
- An overall expenditure on a Vote level of R 23,741,962 mainly on:
  - Expenditure / Operational Costs - R10,558,704; mainly on Hire Charges to hire trucks for Waste Disposal.
  - Expenditure / Employee Related Cost - R 7,032,414; on various items such as overtime; stand-by and Casuals employment; as well as leave provision.
  - Expenditure / Contracted Services – R5,928,656; mainly on Security Services R 4,484,447 and Maintenance of Waste Management Department vehicles R1,708,361.
  - Expenditure / Inventory Consumed R1,226,751; mainly on fuel costs of the Waste Management as well as Parks and Recreation Departments fleet.
  - Expenditure / Interest – R1,600,744 mainly on the Waste Management Interest Costs due to Landfill Provision.
  - Expenditure / Other Losses – R40,192 recorded as loss items.

Table 2.4.3

Row Labels	Code Description	Sum of Original Budget	Sum of Final Budget	Sum of Actuals	Sum of Annual Variance
- Vote 7 - Electrical Services					
-E	Expenditure / Employee related costs	16,707,143	16,097,711	17,069,746	- 972,035
	Expenditure / Bulk purchases - electricity	293,304,290	282,612,104	284,632,503	- 2,020,399
	Expenditure / Inventory consumed	6,784,445	5,774,313	4,716,869	1,057,444
	Expenditure / Debt Impairment	20,632,483	14,309,487	25,423,691	- 11,114,204
	Expenditure / Depreciation and amortisation	8,567,591	10,784,893	9,139,491	1,645,402
	Expenditure / Interest	5,168,148	5,174,576	6,549,556	- 1,374,980
	Expenditure / Contracted services	32,317,380	26,336,194	25,379,074	957,120
	Expenditure / Irrecoverable debts written off	1,090,070	1,090,070	-	1,090,070
	Expenditure / Operational costs	10,115,499	7,321,453	7,576,121	- 254,668
	Expenditure / Other Losses	-	-	4,646	- 4,646
E Total		394,687,049	369,500,801	380,491,696	- 10,990,895

- The above table is Vote 7 – Electrical Services Overall Operating Expenditure as at 30 June 2024.
- An overall expenditure on a Vote level of R 10,990,895 mainly on:
    - Expenditure / Debt impairment – R11,114,204 due to deteriorated Electrical assets/ infrastructure.
    - Expenditure / Bulk purchases – electricity – R2,020,399 due to increased Eskom payment compared to budgeted amount.
    - Expenditure / Interest – R1,374,980 mainly on the Interest on Annuity Loans not sufficiently provided.
    - Expenditure / Employee Related Cost - R 972,035; on various items such as overtime and stand-by allowance.
    - Expenditure / Operational Costs – R 254,668; mainly Hire Charges for hiring of trucks.
    - Expenditure / Other Losses – R 4,646 recorded as loss items.

Table 2.4.4

Row Labels	Code Description	Sum of Original Budget	Sum of Final Budget	Sum of Actuals	Sum of Annual Variance
- Vote 8 - Technical Services					
-E	Expenditure / Employee related costs	69,043,170	75,140,154	77,802,360	- 2,662,206
	Expenditure / Inventory consumed	34,987,341	34,887,251	34,328,899	558,352
	Expenditure / Debt Impairment	10,946,476	19,833,537	44,364,595	- 24,531,058
	Expenditure / Depreciation and amortisation	30,695,477	36,468,633	36,146,607	322,026
	Expenditure / Interest	23,537,736	28,796,213	27,372,362	1,423,851
	Expenditure / Contracted services	56,233,369	34,700,624	30,488,261	4,212,363
	Expenditure / Irrecoverable debts written off	547,324	547,324	-	547,324
	Expenditure / Operational costs	6,500,944	9,457,261	11,902,325	- 2,445,064
	Expenditure / Other Losses	-	-	363,091	- 363,091
E Total		232,491,837	239,830,997	262,768,500	- 22,937,503
Grand Total		920,075,816	919,248,259	977,378,124	- 58,129,865

- The above table is Vote 8 – Technical Services Overall Operating Expenditure as at 30 June 2024.
- An overall over expenditure on a Vote level of R 22,937,503 mainly on:
    - Expenditure / Debt impairment – R 24,531,058 due to deteriorated Water, Wastewater, Roads and Stormwater assets/ infrastructure.
    - Expenditure / Employee Related Cost - R 2,662,206; on various items such as overtime; stand-by and appointment of casual staff.
    - Expenditure / Operational Costs – R 2,445,064; mainly Hire Charges for hiring of trucks to deliver water to communities.
    - Expenditure / Other Losses – R 363,091 recorded as loss items.

3. Capital Unauthorised Expenditure:

3.1. Total **Municipal** capital budget **underspent** by R 28,931,254 as disclosed in Note 51 of the AFS extract above.

3.2. Various **Votes / Directorates** operating budget **overspent** by R 69,285 as disclosed in Note 51 of the AFS extract above.

3.3. The below table discloses high level summary per Vote / Directorate and summaries variance where over expenditure is reflected for only the Votes / Directorates that overspent on Vote level.

3.4. The reasons for the over expenditure are provided in Annexure A

Table 3.4.1

Row Labels	Code Description	Sum of Original Budget	Sum of Final Budget	Sum of Actuals	Sum of Annual Variance
Financial Services	Financial Services Capital Expenditure	-	61,130	130,415	- 69,285

- The above table is Vote 3 – Financial Services Overall Capital Expenditure as at 30 June 2024.
- An overall expenditure on a Vote level of R 69,285 mainly as a result of acquired laptops for the interns from the Finance Management FMG Grant while funds operationalised. Total grant not overspent.

APPLICABLE LEGISLATION

1. MFMA Section 62 – that states that, the Accounting Officer MUST:
    a. Take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically
    b. Take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented

2. MFMA Section 32 - A municipality must recover UIFW expenditure from the person liable for that expenditure unless the expenditure is, after investigation by a council committee, certified by the council as irrecoverable and written off by the council

3. Regulation 74 of the MBRR that governs the process municipal councils must follow when dealing with **unauthorized, irregular, or fruitless and wasteful expenditure**

RECOMMENDATIONS OF THE DIRECTOR FINANCIAL SERVICES

The Municipal Council to:

1. Condone the unauthorised expenditure incurred as a result of all **non-cash items**:

   1.1. Vote 1 - Executive and Council:
   - Expenditure / Interest R2,258,181 and
   - Overall Expenditure / Employee Related R435,537
   - Expenditure / Other Losses – R726.

   1.2. Vote 6 - Community Services:
   - Expenditure / Interest R 1,600,744
   - Expenditure / Other Losses – R40,192.

   1.3. Vote 7 – Electrical Services:
   - Expenditure / Debt impairment – R11,114,204
   - Expenditure / Other Losses – R4,646

   1.4. Vote 8 – Technical Services:
   - Expenditure / Debt impairment – R24,531,058
   - Expenditure / Other Losses – R363,091

2. Note and condone the unauthorised expenditure incurred on the following **cash items**:

   2.1. Vote 3 - Financial Services
   - Property Plant and Equipment / Capital Expenditure – R 69,285

   2.2. Vote 6 - Community Services
   - Expenditure / Employee related costs – R 7,032,414
   - Expenditure / Inventory consumed – R1,226,751

2.3. Vote 7 – Electrical Services:

- Expenditure / Bulk purchases – electricity - R 2,020,399
- Expenditure / Interest R 1,374,980
- Expenditure / Employee related costs – R972,035

2.4. Vote 8 – Technical Services:

- Expenditure / Employee related costs – R2,662,206

3. Note and investigate unauthorised expenditure incurred on the following **cash items**:

3.1. Vote 6 - Community Services:

- Expenditure / Operational costs R10,558,704
- Expenditure / Contracted services R5,928,656

3.2. Vote 7 - Electrical Services:

- Expenditure / Operational costs R254,668

3.3. Vote 8 - Technical Services:

- Expenditure / Operational costs R2,445,064

APPENDIX

1. Annexure A – Summary of Unauthorised Expenditure with explanations
2. Annexure B – Note 51 2023-2024 AFS Extract
3. Annexure C – Over expenditure detail per Directorate
4. Annexure D – Community Services Directorate / Waste Management Department override system report to incur unbudgeted Hire Charges expenditure
5. Annexure E – Community Services Directorate / Waste Management Department override system report to incur unbudgeted Security Services expenditure
6. Annexure F – Community Services Directorate / Waste Management Department override system report to incur unbudgeted Speeding Cameras expenditure

ADDENDUM

From the 01 July 2023 till 30 June 2024

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

Summary of the 2023-2024 Unauthorised Expenditure of R58,199,151

Row Labels	Code Description	Sum of Original Budget	Sum of Final Budget	Sum of Actuals	Sum of Annual Variance	Comments
Vote 1 - Executive and Council						
E	Expenditure / Employee related costs	25,654,213	24,793,833	25,229,370	- 435,537	Expenditure on salary votes goes through against the votes that are not budgeted for as the system is designed as such so that the salary batch is not delayed as a result of few items not correctly budgeted for. These corrections are adressed with year end processes through virement process when savings realised within Directorate by virementing expenditure within Departmental savings to correct over expenditure. This over expenditure mainly relates to a non-cash Journal of R2,051,913 Post-Retirement Medical Aid Interest Costs Actuarial calculations. R414,654 within Casual/ cleaners salaries paid against Council General instead of Administration Department within Corporate Services.
	Expenditure / Remuneration of councillors	10,081,756	10,454,233	9,821,279	632,954	
	Expenditure / Inventory consumed	142,006	159,006	90,355	68,651	
	Expenditure / Depreciation and amortisation	359,551	359,551	356,351	3,200	
	Expenditure / Interest	137,686	174,824	2,433,005	- 2,258,181	Over expenditure relates to non-cash journal passed for the Interest on Long Service Award of R2,302,000 Actuarial calculations
	Expenditure / Contracted services	2,550,563	2,640,043	2,108,121	531,922	
	Expenditure / Transfers and subsidies	818,448	920,948	871,199	49,749	
	Expenditure / Irrecoverable debts written off	-	-	-	-	
	Expenditure / Operational costs	2,867,736	2,071,035	1,122,572	948,463	
	Expenditure / Other Losses	-	-	726	- 726	Due to stock losses couldn't account fr during year-end stock count.
E Total		**42,611,959**	**41,573,473**	**42,032,979**	**- 459,506**	
Vote 6 - Community Services						
E	Expenditure / Employee related costs	99,221,572	103,054,416	110,086,830	- 7,032,414	Over expenditure incurred within salaries was mainly on Overtime, Casual Staff Salary/Wage payment under provided for.
	Expenditure / Inventory consumed	9,966,026	11,464,068	12,690,819	- 1,226,751	Over expenditure mainly incurred against Fuel and Oil costs within Waste; Parks and Recreation as well as Public Safety Departments. Expenditure is imported through the Nedbank system linked to a vehicle and not mSCOA/Vote hence no block per transactions for any expenditure uploaded onto th system.
	Expenditure / Debt impairment	87,157,206	90,951,448	90,648,812	302,636	
	Expenditure / Depreciation and amortisation	6,448,745	6,462,407	4,266,080	2,196,327	
	Expenditure / Interest	2,452,452	2,618,902	4,219,646	- 1,600,744	Over expenditure mainly Waste Department for the provision of the landfillsite
	Expenditure / Contracted services	34,398,041	40,604,549	46,533,205	- 5,928,656	Over Expenditure of R4,484,447 on security services, Maintenance of Waste Trucks and transfer station.
	Expenditure / Irrecoverable debts written off	146,535	146,535	-	146,535	
	Expenditure / Operational costs	10,494,394	13,040,663	23,599,367	- 10,558,704	Over expenditure incurred mainly on Hire Charges for the Hiring of trucks within the Waste Department R8 763 955 as well as R1,576,229 Public Safety for the rental fees for the taxi holding facility.
	Expenditure / Other Losses	-	-	40,192	- 40,192	Due to stock losses couldn't account fr during year-end stock count.
E Total		**250,284,971**	**268,342,988**	**292,084,950**	**- 23,741,962**	
Vote 7 - Electrical Services						
E	Expenditure / Employee related costs	16,707,143	16,097,711	17,069,746	- 972,035	Over expenditure mainly on overtime and stand-by allowance
	Expenditure / Bulk purchases - electricity	293,304,290	282,612,104	284,632,503	- 2,020,399	Expenditure incurred more than the budget
	Expenditure / Inventory consumed	6,784,445	5,774,313	4,716,869	1,057,444	

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Summary of the 2023-2024 Unauthorised Expenditure of R58,199,151

Row Labels	Code Description	Sum of Original Budget	Sum of Final Budget	Sum of Actuals	Sum of Annual Variance	Comments
E	Expenditure / Debt impairment	20,632,483	14,309,487	25,423,691	- 11,114,204	Over expenditure as a result of non-cash items of Impairment Losses: Impaired Assets: PPE as well as under provision of doubtful debt on Waste Debtors as a result of reduced collectiooon rate on receivables.
	Expenditure / Depreciation and amortisation	8,567,591	10,784,893	9,139,491	1,645,402	
	Expenditure / Interest	5,168,148	5,174,576	6,549,556	- 1,374,980	the overspending was as a result of Interest on provision and interest on leasesd assets processed at year-end , period thirteen with no provision.
	Expenditure / Contracted services	32,317,380	26,336,194	25,379,074	957,120	
	Expenditure / Irrecoverable debts written off	1,090,070	1,090,070	-	1,090,070	
	Expenditure / Operational costs	10,115,499	7,321,453	7,576,121	- 254,668	Over expenditure mainly on hire charges for the hiring of yellow plant by Electrical Department
	Expenditure / Other Losses	-	-	4,646	- 4,646	Due to stock losses couldn't account fr during year-end stock count.
E Total		**394,687,049**	**369,500,801**	**380,491,696**	**- 10,990,895**	
Vote 8 - Technical Services						
E	Expenditure / Employee related costs	69,043,170	75,140,154	77,802,360	- 2,662,206	Over expenditure mainly on overtime and stand-by allowance within Sewer and Water Departments
	Expenditure / Inventory consumed	34,987,341	34,887,251	34,328,899	558,352	
	Expenditure / Debt impairment	10,946,476	19,833,537	44,364,595	- 24,531,058	Over expenditure as a result of non-cash items of Impairment Losses: Impaired Assets: PPE as well as under provision of doubtful debt on waste and waste water Debtors as a result of reduced collectiooon rate on receivables.
	Expenditure / Depreciation and amortisation	30,695,477	36,468,633	36,146,607	322,026	
	Expenditure / Interest	23,537,736	28,796,213	27,372,362	1,423,851	
	Expenditure / Contracted services	56,233,369	34,700,624	30,488,261	4,212,363	
	Expenditure / Irrecoverable debts written off	547,324	547,324	-	547,324	
	Expenditure / Operational costs	6,500,944	9,457,261	11,902,325	- 2,445,064	Over expenditure mainly on hire charges for the hiring of yellow plant by Electrical Department
	Expenditure / Other Losses	-	-	363,091	- 363,091	Due to stock losses couldn't account fr during year-end stock count.
E Total		**232,491,837**	**239,830,997**	**262,768,500**	**- 22,937,503**	
Grand Total		**920,075,816**	**919,248,259**	**977,378,124**	**- 58,129,865**	
Financial Services	Financial Services Capital Expenditure		61,130	130,415	**- 69,285**	
	2023-2024 Unauthorised Expenditure Disclosed				**- 58,199,150**	

	2024	2023

50. Risk management (continued)

Refer to note 17 for details of securities pledged to the DBSA. No restrictions were placed on the use of the remaining portion of the cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure is disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there is no expectation of counter party default.

Other Financial Assets and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The maximum credit and interest risk exposure in respect of the relevant financial instruments are as follows:

Financial instrument	2024	2023 - Restated
Receivables from exchange transactions	71,920,543	59,189,182
Receivables from non-exchange transactions (Availability fees)	3,668,134	2,711,014
Cash and cash equivalents	23,608,756	20,357,727
Long term investments and receivables	3,178,103	2,931,652
Construction contracts and receivables	6,917,520	6,706,886
	109,293,056	91,896,461

Market risk

Interest rate risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

This risk is managed on an ongoing basis by comparison between current market related rates and historical rates and adjustments made where considered necessary.

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus for the year due to changes in interest rates are as follows:

1% (2023: 1%) Increase in interest rates	(3,259,828)	(3,446,071)
1% (2023: 1%) Decrease in interest rates	3,259,828	3,446,071

51. Unauthorised expenditure

Reconciliation of unauthorised expenditure		
Opening balance	109,850,171	50,937,322
Unauthorised expenditure current year	58,199,151	54,100,349
Expenditure of money appropriated for a specific purpose, otherwise that for that specific purpose	-	4,812,500
Unauthorised expenditure awaiting authorisation	**168,049,322**	**109,850,171**

The unauthorised expenditure relates to over expenditure of approved budgets per vote in total.

AUDITOR-GENERAL SOUTH AFRICA
Auditing to build public confidence
30 November 2024

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Notes to the Annual Financial Statements

	2024	2023

51. Unauthorised expenditure (continued)

Budget Comparison by Municipal Vote in total	2024 (Actual)	2024 (Budget)	2024 (Variance)	2024 (Unauthorised)
Community services	296,252,520	280,958,292	15,294,228	15,294,228
Corporate services	70,257,152	71,251,246	(994,094)	-
Electrical services	425,444,771	415,089,279	10,355,492	10,355,492
Executive and Council	42,032,979	41,573,473	459,506	459,506
Financial services	66,524,483	100,792,357	(34,267,874)	-
Planning and development	25,908,098	27,059,829	(1,151,731)	-
Technical services	302,654,633	296,205,267	6,449,366	6,449,366
Housing services	43,148,854	53,361,425	(10,212,571)	-
	1,272,223,490	**1,286,291,168**	**(14,067,678)**	**32,558,592**

Budget Comparison by Municipal Vote - Operating Expenditure	2024 (Actual)	2024 (Budget)	2024 (Variance)	2024 (Unauthorised)
Community services	292,084,950	268,342,988	23,741,962	23,741,962
Corporate services	69,875,549	70,801,507	(925,958)	-
Electrical services	380,491,696	369,500,801	10,990,895	10,990,895
Executive and Council	42,032,979	41,573,473	459,506	459,506
Financial services	66,394,068	100,731,227	(34,337,159)	-
Planning and development	25,908,098	27,059,829	(1,151,731)	-
Technical services	262,768,500	239,830,997	22,937,503	22,937,503
Housing services	42,711,983	49,563,425	(6,851,442)	-
	1,182,267,823	**1,167,404,247**	**14,863,576**	**58,129,866**

Budget Comparison by Municipal Vote - Capital Expenditure	2024 (Actual)	2024 (Budget)	2024 (Variance)	2024 (Unauthorised)
Community services	4,167,570	12,615,304	(8,447,734)	-
Corporate services	381,603	449,739	(68,136)	-
Electrical services	44,953,075	45,588,478	(635,403)	-
Financial services	130,415	61,130	69,285	69,285
Technical services	39,886,133	56,374,270	(16,488,137)	-
Housing Services	436,871	3,798,000	(3,361,129)	-
	89,955,667	**118,886,921**	**(28,931,254)**	**69,285**

The difference between the actual operating expenses above and the total expenses per the Statement of Financial Performance is that gains and losses are split between Revenue and Expenses for budget purposes and are aggregated in the Statement of Financial Position for comparable purposes.

AUDITOR-GENERAL SOUTH AFRICA
Auditing to build public confidence

	2024	2023

51. Unauthorised expenditure (continued)

Operating Expenditure

Executive and Council
The over expenditure is as a result of the Interest Portion of the Actuarial costs for the Long Service Award.

Community Services
The over expenditure is manly on Operational Expenditure due to Hire Charges for hiring refuse trucks; Employee Related Costs mainly overtime; as well as Operational Costs Security Services as well as maintenance of Waste Management vehicles.

Electrical Services
The over expenditure is mainly on the impairment of assets due to Electrical Infrastructure cables being on worse conditions when compared to last year as a result of vandalism in most instances.

Technical Services
The over expenditure is mainly on the impairment of assetst mainly due to Water Meters worse conditions of some assets.

Capital Expenditure

Financial Services
The over expenditure is mainly as a result of the Laptop acquired for the Interns under Finance Management Capital Grant while the full allocation is under the Operating budget. Overall grant not overspent.

52. Fruitless and wasteful expenditure

Reconciliation and wasteful expenditure		
Opening balance	3,005,201	115,521
Fruitless and wasteful expenditure - current year	-	2,889,680
Fruitless and wasteful expenditure awaiting investigation	**3,005,201**	**3,005,201**

A full investigation was conducted by MPAC. After having considered the report on the investigation, MPAC resolved and made recommendation to council. Council resolved on the matters of fruitless and wasteful expenditure. The accounting officer was instructed to ensure consequence management.

Details of current year fruitless and wasteful expenditure	2024	2023
Late Payment of SARS PAYE due to technical challenges	-	2,329
Penalties - Late Motor vehicle Licence payment	-	2,135
Penalty - Late submission of COIDA expense.	-	125,939
MMC Training	-	281,750
Legal fees	-	2,477,527
	-	**2,889,680**

53. Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	196,733,737	124,483,729
Irregular expenditure written off by council	-	-
Add: Irregular Expenditure - current year	142,220,046	72,250,008
	338,953,783	**196,733,737**

AUDITOR-GENERAL SOUTH AFRICA
Auditing to build public confidence

30 November 2024

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DETAIL OF OVER SPENT ITEMS PER DEPARTMENT/DIRECTORATE FOR THE 2023-2024 R58,199,151 UNAUTHORISED EXPENDITURE

Vote 1: Executive and Council

Employee Related Cost

ACCOUNT	LEDGER DESCRIPTION	ALLOCATION	Original Budget	Final Budget	Actuals	Annual Variance
313150027142	Temp/Casual Staff	9/1000-1000-3901	250,000	273,092	338,406	- 65,314
313150027240	MS: PRMA: Current Service Cost	9/1000-1000-3948	-	-	2,051,913	- 2,051,913
313250037116	Bonuses	9/1001-1059-2002	-	-	107,616	- 107,616
313250037136	Salaries	9/1001-1059-2000	1,238,572	977,388	1,067,519	- 90,131
314550027136	Salaries	9/1034-1060-2704	1,496,439	1,151,124	1,232,538	- 81,414

Financial Charges - Interest

ACCOUNT	LEDGER DESCRIPTION	ALLOCATION	Original Budget	Final Budget	Actuals	Annual Variance
313150288559	Interest: Long Service Award	9/201-56-866	-	-	2,302,000	- 2,302,000

Vote 6: Community Services

Employee Related Cost

ACCOUNT	LEDGER DESCRIPTION	ALLOCATION	Original Budget	Final Budget	Actuals	Annual Variance
333950027132	Overtime Pay	9/1008-1016-2732	176,069	176,069	282,583	- 106,514
335150027116	Bonuses	9/1011-1020-2723	-	3,808	154,869	- 151,061
335150027142	Temp/Casual Staff	9/1012-1022-3901	85,322	457,280	693,320	- 236,040
335150307726	2704-307726:Basic Salary and Wages	9/1011-1020-3906	-	1,531,513	2,389,087	- 857,574
335150307726	Basic Salary and Wages	9/1011-1021-2704	7,513,681	6,203,032	7,306,914	- 1,103,882
335250027142	Temp/Casual Staff	9/1004-1029-3901	258,981	258,981	365,210	- 106,229
335350027132	Overtime Pay	9/1013-1068-2732	739,630	1,020,601	1,350,753	- 330,152
335350027138	Standby	9/1013-1068-2728	-	266,145	366,145	- 100,000
335350367805	Leave Pay	9/1009-1017-2737	84,426	84,426	184,992	- 100,566
335650027106	Allowance: Shifts (Night Sunday)	9/1015-1026-2736	949,072	750,267	1,114,311	- 364,044
335650027132	Overtime Pay	9/1015-1026-2733	514,387	673,390	1,073,824	- 400,434
335650367805	Leave Pay	9/1015-1025-2737	133,483	133,483	273,708	- 140,225
335750027132	Overtime Pay	9/1022-1038-2732	62,524	226,074	400,719	- 174,645
335750027132	Overtime Pay	9/1022-1038-2733	486,522	486,522	604,056	- 117,534
335950027138	Standby	9/1022-1037-2728	126,000	126,000	327,463	- 201,463
335950027142	Temp/Casual Staff	9/1022-1037-3913	22,624	22,624	133,552	- 110,928
336050027136	Salaries	9/1035-1070-2704	806,435	632,569	803,200	- 170,631
357250027132	Overtime Pay	9/1026-1045-2732	1,804,252	1,804,252	2,465,086	- 660,834
357250027136	Salaries	9/1026-1045-2704	8,628,087	8,416,988	8,761,852	- 344,864
357250027142	Temp/Casual Staff	9/1026-1045-3901	500,000	1,306,710	1,777,037	- 470,327
357950027132	Overtime Pay	9/1020-1035-2732	888,714	888,714	1,173,478	- 284,764

Inventory Consumed

ACCOUNT	LEDGER DESCRIPTION	ALLOCATION	Original Budget	Final Budget	Actuals	Annual Variance
333950187334	Fuel and Oil	9/639-216827-234003	15,358	15,358	121,111	- 105,753
335350187334	Fuel and Oil	9/653-216827-234003	613,031	607,714	883,645	- 275,931
335350187346	Hakea Eradication	9/653-216827-234019	450,000	351,000	491,527	- 140,527
335650187334	Fuel and Oil	9/656-216827-234003	432,461	432,461	612,714	- 180,253
335750187334	Fuel and Oil	9/657-216827-234003	262,920	262,920	580,699	- 317,779
357250187334	Fuel and Oil	9/672-216827-234003	3,024,502	2,524,502	3,305,397	- 780,895

Finance Costs - Interest

ACCOUNT	LEDGER DESCRIPTION	ALLOCATION	Original Budget	Final Budget	Actuals	Annual Variance
357250187236	Interest on provision	9/235-4034-5034	-	-	1,635,498	- 1,635,498

Contracted Services

ACCOUNT	LEDGER DESCRIPTION	ALLOCATION	Original Budget	Final Budget	Actuals	Annual Variance
333950227570	Grounds and Gardens	9/639-115327-238002	400,000	200,000	365,681	- 165,681
335750187458	Security Services: External	9/657-216827-238040	8,400,000	18,900,000	23,384,447	- 4,484,447
335950147230	Traffic Camera Speediing fines service prov	9/659-216827-238134	5,711,287	5,711,287	5,939,260	- 227,973
335950227625	Vehicles	9/659-216527-238127	270,000	270,000	375,733	- 105,733
357250227625	Vehicles	9/672-216527-238127	1,503,592	1,503,592	3,211,954	- 1,708,362
357350227590	Plant Equipment	9/673-194227-238126	1,260,000	659,524	1,188,909	- 529,385

Operational Cost

ACCOUNT	LEDGER DESCRIPTION	ALLOCATION	Original Budget	Final Budget	Actuals	Annual Variance
335950187348	Hire Charges	9/659-216827-241019	60,000	60,000	1,636,229	- 1,576,229
357250187348	Hire Charges	9/672-216827-241018	180,000	4,584,271	13,348,226	- 8,763,955
357250187376	Licence and Registr Fees Vehic	9/672-216827-241110	273,019	273,019	385,226	- 112,207
357250187445	Refuse Removal: Transnet/MossB	9/672-216827-241071	2,760,000	3,706,408	4,102,181	- 395,773

Vote 7: Electrical Services

Employee Related Cost

ACCOUNT	LEDGER DESCRIPTION	ALLOCATION	Original Budget	Final Budget	Actuals	Annual Variance
357650027113	Allowance: Acting	9/1027-1046-2722	9,382	9,382	128,815	- 119,433
357650027132	Overtime Pay	9/1027-1046-2733	1,207,279	1,629,818	1,866,772	- 236,954

357650027136	Salaries	9/1027-1046-2704	5,404,168	4,839,438	5,187,504	- 348,066
357650027138	Standby	9/1027-1046-2728	673,920	1,161,387	1,261,777	- 100,390
359450027132	Overtime Pay	9/1033-1056-2733	138,095	138,095	337,569	- 199,474
359450027138	Standby	9/1033-1056-2728	236,239	236,239	485,257	- 249,018
Bulk Purchases- Electricity						
ACCOUNT	**LEDGER DESCRIPTION**	**ALLOCATION**	**Original Budget**	**Final Budget**	**Actuals**	**Annual Variance**
357650127200	Bulk Purchases - Electricity	9/576-216827-233001	293,304,290	282,612,104	284,632,503	- 2,020,399
Debt impairment						
ACCOUNT	**LEDGER DESCRIPTION**	**ALLOCATION**	**Original Budget**	**Final Budget**	**Actuals**	**Annual Variance**
357650257677	Impairment Losses: Impaired Assets: PPE	9/576-216807-335015	-	-	1,067,412	- 1,067,412
357650367825	Bad Debt: Billing Debtors	9/238-35-55	-	-	12,509,985	- 12,509,985
Operational Cost						
ACCOUNT	**LEDGER DESCRIPTION**	**ALLOCATION**	**Original Budget**	**Final Budget**	**Actuals**	**Annual Variance**
357650187348	Hire Charges	9/576-216827-241195	672,204	418,253	747,366	- 329,113
357650187348	Hire Charges	9/576-216827-241199	1,368,601	868,601	1,143,500	- 274,899
357650187354	Eskom payment for FBE	9/576-216827-241170	541,509	541,509	877,218	- 335,709

Vote 7: Electrical Services						
Employee Related Cost						
ACCOUNT	**LEDGER DESCRIPTION**	**ALLOCATION**	**Original Budget**	**Final Budget**	**Actuals**	**Annual Variance**
334050027136	Salaries	9/1005-1012-2704	3,200,252	3,183,048	3,343,645	- 160,597
353850307724	Grant - National Government	9/1044-1194-2704	735,609	822,413	1,175,228	- 352,815
358050027142	Temp/Casual Staff	9/1004-1065-3901	683,086	469,225	702,944	- 233,719
358050367805	Leave Pay	9/1004-1011-2737	28,433	28,433	163,393	- 134,960
358850027132	Overtime Pay	9/1021-1082-2733	388,624	1,057,955	1,329,821	- 271,866
358850027138	Standby	9/1021-1082-2728	882,463	882,463	1,274,294	- 391,831
358850027142	Temp/Casual Staff	9/1021-1082-3901	-	-	659,882	- 659,882
358950027132	Overtime Pay	9/1030-1083-2732	473,917	473,917	841,449	- 367,532
358950027132	Overtime Pay	9/1030-1083-2733	325,629	325,629	514,940	- 189,311
359250027132	Overtime Pay	9/1032-1055-2732	887,128	887,128	1,464,060	- 576,932
359250027136	Salaries	9/1032-1055-2704	5,167,965	5,373,393	5,526,847	- 153,454
359250027138	Standby	9/1032-1055-2728	442,875	442,875	569,973	- 127,098
359350027132	Overtime Pay	9/1041-1091-2733	1,692,177	2,335,184	3,414,399	- 1,079,215
359350027136	Salaries	9/1041-1091-2704	7,578,827	7,111,864	7,232,096	- 120,232
359350027138	Standby	9/1041-1091-2728	695,211	1,112,571	1,235,666	- 123,095
359350027142	Temp/Casual Staff	9/1041-1091-3901	1,040,000	1,990,660	2,945,545	- 954,885
359350027142	Temp/Casual Staff	9/1041-1091-3912	259,759	23,112	135,482	- 112,370
359350367805	Leave Pay	9/1041-1091-2737	63,050	63,050	166,796	- 103,746
Debt impairment						
ACCOUNT	**LEDGER DESCRIPTION**	**ALLOCATION**	**Original Budget**	**Final Budget**	**Actuals**	**Annual Variance**
358850257677	Impaired Assets: PPE	9/588-216827-335010	-	-	3,002,536	- 3,002,536
358950367825	Bad Debt: Billing Debtors	9/246-19-34	-	-	10,053,245	- 10,053,245
359350257677	Impaired Assets	9/593-216807-335015	-	-	5,775,429	- 5,775,429
359350367825	Bad Debt: Billing Debtors	9/251-28-43	-	-	7,933,811	- 7,933,811
Operational Cost						
ACCOUNT	**LEDGER DESCRIPTION**	**ALLOCATION**	**Original Budget**	**Final Budget**	**Actuals**	**Annual Variance**
334050187352	Insurance: Broker Fees	9/540-216827-241101	32,321	1,119,985	1,225,853	- 105,868
358850187348	Hire Charges	9/588-216827-241018	142,256	142,256	243,800	- 101,544
359350187348	Hire Charges	9/593-216827-241018	321,072	2,321,072	5,538,045	- 3,216,973

Ramon

Acknowledgement of receipt
Office of the MM
Date: 16/04/2024
11:08

KNYSNA
Municipality Munisipaliteit uMasipala

MEMORANDUM

TO	**EXECUTIVE MAYOR & MUNICIPAL MANAGER**
FROM	**DIRECTOR COMMUNITY SERVICES**
CC	**CHIEF FINANCIAL OFFICER** **MANAGER BUDGET & REPORTING** **ACT. MANAGER PUBLIC SAFETY** **MANAGER SOLID WASTE**
DATE	**12-04-2024**
COLLAB. REF.	
FILE REF.	
REGARDING	**REQUEST FOR PROMUN OVERRIDE CODE FOR DIRECTORATE COMMUNITY SERVICES: WASTE MANAGEMENT**

1. PURPOSE:

To request the Executive Mayor and Municipal Manager to authorise the provision of an override code for the remittance of invoices for the provision of services within the Directorate Community Services.

2. BACKGROUND:

The Waste Transfer Station is out of commission since January 2024 and numerous compactors were out of commission due to breakages affecting waste collection and the compacting and transportation of waste to PetroSA in Mosselbay. The Service Provider for the repairs at the Waste Transfer Station, indicated to be on site Monday 8 April 2024. The week prior to the arranged date they informed the waste section that their laser cuter broke and they will only be on site for repairs on Monday, 15 April 2024.

3. MOTIVATION:

Due to the above background waste not being collected, transfer station out of commission and the waste not being transported to the regional landfill site we had to draft an action plan to deal with the status Q.

Supply Chain Processes were followed to procure a service provider for the material and repair of the transfer station. Tender T15/2023/24 for the Provision of Waste Transportation Services was awarded to a panel of four (4) Service Providers on an as and when required basis.

Prior to awarding Tender T15/2023/24, the department had to deviate to procure hook lift trucks and front end loaders. The waste department extended the deviation, due to the volume of waste outside the Transfer station and the department received a Compliance Notice in November 2023, Directive and Final Directive in March 2024 from Provincial Department of Environmental Affairs and Development Planning.

In January 2024, Transnet sent a Notice of Violation to the Municipality, which served to inform the municipality that it is currently in violation of different clauses in the lease agreement and Schedule 1 to the lease agreement. Should the municipality fail to rectify this breach and not comply with the above mentioned clauses, Transnet will proceed with a formal eviction application and the Municipality will be liable for costs.

During the deviation extension the waste Department requested Tender 15/2023/24 Service Providers to indicate their availability (within 2 -3 days) and if they will be able to render the services. Only one (2) of the service providers reverted back to inform us that they will be able to render the services within 2 days.
One (1) supplied comparators and a hook lift the second (2) service provided two (2) hook lift trucks. The other two (2) service providers indicated that they will only be able to supply hook lifts between two (2) to three (3) weeks.
The first service providers hook lift truck could not load the containers. They came back with another hook lift truck with open top containers and while picking up the loaded bins to transport to the Landfill site the back doors broke and the waste slide off the bin, and was asked to leave the site.

There was also a need for Backhoe lifter and a Front-end-Loader to load the waste onto the open top containers. Waste Department requested such from Supply Chain Services and was advised to use Tender T17/2023/24 Hire of plant and equipment on as and when required.

After numerous consultations with the Finance Department, CFO and budget office, R3 million was allocated to generate orders for the different services providers mentioned above.

Easter weekend we experienced major challenges that increased the volume of waste at the transfer station. The regional landfill site Petro SA indicated to us due to unforeseen circumstances at the land fill site, and will be closed on Easter Saturday, and reopen on the Monday.

Due to the above we had to bring in additional trucks to assist the current service provider with the transportation of waste to landfill site. Tender T17/2023/24 Hire of plant and equipment on as and when required was used to get additional trucks on site. They were rendering services until the pile of waste was back to a manageable size for current service provider to deal with.

During the February 2024 adjustment budget, funding (R 3 mil) was made available to cover the transportation of waste related expenses incurred since the transfer station was out of commission until the end of the current financial year. The Waste Department also look for possible funding to virement within the Directorate Community Services budget. Due to the additional trucks requested for the transport of waste the budget is not sufficient to process outstanding payments and for the remainder of the financial year; this warrants the submission of a memorandum that seeks the approval of an override code.

ILLEGAL DUMPING

Illegal dumping is a health hazard for the affected communities, and a site visit to Ward 4 and 7 were arranged and numerous other complaints received for illegal dumping in Rheenendal and Sedgefield as well; therefore the request for funds to clean illegal dumping until 30 June 2024.

4. FINANCIAL OR LEGAL IMPLICATIONS:

Repairs and maintenance on waste fleet:

- Hook lift truck and trailer (RFQ process followed) R 250 000.00
- Compacters- R 350 000.00
- License and roadworthy cost- R 215 000.00

Transfer station:

- Repairs and maintenance- R 400 000.00

Regional land fill site:

- R 1,260 000.00

Service providers:

- VTC outstanding invoices- R 2,649 203.25 (R2.7 million)
- Hire of front end loader/ backhoe loader as and when required- R 150 000.00
- Just breeze- outstanding invoices for work done in December 2023- R 637 790.00, and
- Additional R 675 000.00 for Hook lift truck as and when required.

Amount required for override: R4 111 993.25 (R 4.2million)

Illegal dumping:

- R240 000

5. RECOMMENDATION:

- That the Executive Mayor and Municipal Manager authorise an override code of R4million for expenditure to be incurred on the waste Department vote 33-57-50-18-7458 Mscoa 9/657-216827-238040 until 30 June 2024
- Funds (R240 000) for Illegal dumping vote 357250147220 mScoa 9/672-107127-238025

6. APPROVALS:

As per Routing Form **attached** hereto.

DR SANDILE NGQELE
DIRECTOR COMMUNITY SERVICES

Nobesuthu Fundi

From: Richard Meyer
Sent: Friday, 26 April 2024 09:08
To: Nobesuthu Fundi
Subject: FW: Summary - Override codes according to memorandum
Attachments: Memo_Request for promun override code for directorate community services waste management.pdf

From: Ramona Loxton <rloxton@knysna.gov.za>
Sent: 25 April 2024 12:58
To: Richard Meyer <rmeyer@knysna.gov.za>
Cc: Roland Witbooi <rwitbooi@knysna.gov.za>; Wesley Josephs <wjosephs@knysna.gov.za>
Subject: Summary - Override codes according to memorandum

Hi Richard

Net 'n summary - ek wag nog op override codes vir die volgende:

RFQ428/2023/2024: Supply and delivery of material for Transfer Station – Steel : R112 145.12
RFQ433/2023/2024: Repair Trailer (hooklift): R65 904.12
RFQ441/2023/2024: Repair Hook lift truck: R166 653.90
RFQ414/2023/2024: Repair of Compactor CX16479: R182 843.48
Quote for CX 72250: Compactor New Tyres urgently required: R9 918.00
Quote for CX 41457: Compactor Repairs: R4 755.41
Quote for CX41457: Compactor Repairs: R2 459.99
Also see copy of Denvar's email for the funds needed: R76 092.00 (expired licences)

37

FROM: KNYSNA MUNICIPALITY

VAN: P O Box 21
KNYSNA Tel:044-3026300
Fax:044-3026340

ORDER/BESTELLING: T/24017023
REQUISITION/REKWISISIE: N /121736
DATE/DATUM: 16/04/2024
PAGE/BLADSY: 1
ACCOUNT/REKENING: 2 10892
REQUESTED BY: rjl Ramona Loxto
CAPTURED BY: nma Nadia Majola
AUTHORISED BY: swn Director Com
BTW/VAT REG : 4360193876
CONTACT/KONTAK:
FAX NO/NR:

TO: VTC SUPPLIES AND SERVICES (PTY)LTD
AAN: PO BOX 1231
KNYSNA

6570

DESCRIPTION/BESKRYWING : T17.2023.24_Hire of Equipment
:

SEQ NR	ALLOCATION TOEWYSING	LINE DESCRIPTION ITEM BESKRYWING	QTY. HOEV.	UNIT PRICE EEN. PRYS	AMOUNT BEDRAG
1	9/657-216827-238040	Override memo: Hire of fr	1	130434.78	130434.78
	555 11140141101	ont en loader / backhoe 1 V.A.T / B.T.W			19565.22
		TOTAL/TOTAAL	1		150000.00

CHECKED ..... APPROVED .....

Please quote order number on all invoices.
NB. All deliveries must be accompanied by an invoice.

For Official Use Only

VAT NO: 4560301626
COMP REG NO: 2021/711211/07
TAX CLEARANCE: 0700/2/2024/A00277745001/
EMAIL ADDR: vtcss.wc@gmail.com
HDI%: 0.00
WOMEN: 0.00
ENTERPRISE:
CATEGORY: 27-Contractors
CORE FUNCTION:
TOWN:
BEE STATUS: LEVEL 1
BEE PROC.RECOG: 0%
BEE EXPIRY DATE: 05/09/2022

ORDERS FOR		2023-2024	2022-2023
A	9	3960.00	13685.00
B	2	0.00	45324.38
C	13	1926899.75	149492.50
D	5	3650938.11	0.00
R	69	3503307.07	4627379.91
T	22	8157938.75	0.00
TOTAL ORDERS		17243043.68	4835881.79
Tender/RFQ		22	8157938.75

VTC Supplies & Services (Pty) Ltd

VAT # 4560301626

Quotatio

Date	Quote #
17/04/2024	0124

Customer:
Knysna Municipality P.O. Box 21 Kynsna 6570

Reference No.	Terms
T/24017023	Net 30

Description	Qty	Rate	Total	VAT
Hire of Front End Loader (per hour)	110	750.00	82,500.00	S
Hire of Backhoe Loader (per hour)	159	300.00	47,700.00	S

Subtotal	ZAR 130,200.00
VAT Total	ZAR 19,530.00
Total	ZAR 149,730.00

WASTE MANAGEMENT
2024 -04- 22
RECEIVED

6 Jonker Street
Knysna Industrial, South Africa 6571

Contact No.:
(083) 232 5132

Awaits quote from VTC

FROM: KNYSNA MUNICIPALITY

VAN: P O Box 21
KNYSNA Tel:044-3026300
Fax:044-3026340

ORDER/BESTELLING: T/24017023
REQUISITION/REKWISISIE: N /121736
DATE/DATUM: 16/04/2024
PAGE/BLADSY: 1
ACCOUNT/REKENING: 2 10892
REQUESTED BY: rjl Ramona Loxto
CAPTURED BY: nma Nadia Majola
AUTHORISED BY: swn Director Com
BTW/VAT REG : 4360193876
CONTACT/KONTAK:
FAX NO/NR:

TO: VTC SUPPLIES AND SERVICES (PTY)LTD
AAN: PO BOX 1231
KNYSNA

6570

DESCRIPTION/BESKRYWING : T17.2023.24_Hire of Equipment

SEQ NR	ALLOCATION TOEWYSING	LINE DESCRIPTION ITEM BESKRYWING	QTY. HOEV.	UNIT PRICE EEN. PRYS	AMOUNT BEDRAG
1	9/657-216827-238040	Override memo: Hire of fr ont en loader / backhoe l	1	130434.78	130434.78
555	11140141101	V.A.T / B.T.W			19565.22
		TOTAL/TOTAAL	1		150000.00

**** ORDER AUTHORIZATION NOT COMPLETE ***

Please quote order number on all invoices.
NB. All deliveries must be accompanied by an invoice.

For Official Use Only

VAT NO: 4560301626
COMP REG NO: 2021/711211/07
TAX CLEARANCE: 0700/2/2024/A00277745001/
EMAIL ADDR: vtcss.wc@gmail.com
HDI%: 0.00
WOMEN: 0.00
ENTERPRISE:
CATEGORY: 27-Contractors
CORE FUNCTION:
TOWN:
BEE STATUS: LEVEL 1
BEE PROC.RECOG: 0%
BEE EXPIRY DATE: 05/09/2022

ORDERS FOR		2023-2024	2022-2023
A	9	3960.00	13685.00
B	2	0.00	45324.38
C	13	1926899.75	149492.50
D	5	3650938.11	0.00
R	69	3503307.07	4627379.91
T	22	8157938.75	0.00
TOTAL ORDERS		17243043.68	4835881.79
Tender/RFQ		22	8157938.75

Actioned 16/04/2024

Knysna
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Acknowledgement of receipt
Office of the MM
Date: 16/04/2024
11:00

OFFICIAL ROUTING FORM
for documentation to the Municipal Manager's Office

Please ensure that all HR related matters indicate the comments from the Manager: HR and Director: Corporate Services. All Agreements/Contracts/MoUs and other legal documents must indicate comments from the Legal Services Section as well as the Director: Corporate Services. All matters with financial implications must include the comments from the CFO. Incomplete routing forms will NOT be accepted.

DESCRIPTION OF DOCUMENT	**REQUEST FOR PROMUN OVERRIDE CODE FOR DIRECTORATE COMMUNITY SERVICES: WASTE MANAGEMENT.**		
DATE	2024-04-16		
COUNCIL RESOLUTION *(where applicable)*			
DELEGATIONS *(where applicable)*	L.23		
POLICIES *(where applicable)*			
LEGISLATIVE REF. *(where applicable)*	Power of signature		
DEPARTMENT	COMMUNITY SERVICES	**INITIATOR**	DR. SANDILE NGQELE

THE UNDERSIGNED HEREBY CERTIFY THAT THE ATTACHED DOCUMENTATION COMPLY WITH THE RELEVANT COUNCIL RESOLUTION/DELEGATION/POLICY/LEGISLATION AS INDICATED ABOVE:

COMMENTS BY MANAGER: LEGAL SERVICES / LEGAL ADVISOR N/A	**SIGNATURE OF MANAGER: LEGAL SERVICES / LEGAL ADVISOR** **DATE:**
COMMENTS BY MANAGER: SUPPLY CHAIN	**SIGNATURE OF MANAGER: SUPPLY CHAIN** **DATE:**

FINANCIAL SERVICES
2024 -04- 16
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OFFICIAL ROUTING FORM
for documentation to the Municipal Manager's Office

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DESCRIPTION OF DOCUMENT	**REQUEST FOR PROMUN OVERRIDE CODE FOR DIRECTORATE COMMUNITY SERVICES: WASTE MANAGEMENT.**
DATE	2024-04-16

COMMENTS BY CFO Supported on Conditions that procurement will Just BE Made for planned work up until June 24 w Valid Emergencies. Payment To be Made only based on Municipal Cash flow Position	**SIGNATURE OF CFO** **DATE:** 16/04/2024
COMMENTS BY DIRECTOR: CORPORATE SERVICES	**SIGNATURE OF DIRECTOR: CORPORATE SERVICES** **DATE:**
COMMENTS BY DIRECTOR: PLANNING & ECONOMIC DEVELOPMENT N.A	**SIGNATURE OF DIRECTOR: PLANNING & ECONOMIC DEVELOPMENT** N.A **DATE:**

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OFFICIAL ROUTING FORM
for documentation to the Municipal Manager's Office

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DESCRIPTION OF DOCUMENT	**REQUEST FOR PROMUN OVERRIDE CODE FOR DIRECTORATE COMMUNITY SERVICES: WASTE MANAGEMENT.**
DATE	2024-04-16

COMMENTS BY DIRECTOR: INFRASTRUCTURE SERVICES **N.A**	**SIGNATURE OF DIRECTOR: INFRASTRUCTURE SERVICES** **N.A** **DATE:**
COMMENTS BY DIRECTOR: COMMUNITY SERVICES Approval is hereby respectfully sought to ensure ongoing service delivery.	**SIGNATURE OF DIRECTOR: COMMUNITY SERVICES** **DATE:** 16/4/2024
COMMENTS BY DIRECTOR: INTEGRATED HUMAN SETTLEMENTS **N.A**	**SIGNATURE OF DIRECTOR: INTEGRATED HUMAN SETTLEMENTS** **N.A** **DATE:**

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OFFICIAL ROUTING FORM
for documentation to the Municipal Manager's Office

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DESCRIPTION OF DOCUMENT	**REQUEST FOR PROMUN OVERRIDE CODE FOR DIRECTORATE COMMUNITY SERVICES: WASTE MANAGEMENT.**
DATE	2024-04-16

COMMENTS BY MUNICIPAL MANAGER **SUPPORTED** ☑ **NOT SUPPORTED** ☐	**SIGNATURE OF MUNICIPAL MANAGER** 16/4/24 **DATE:**
COMMENTS BY EXECUTIVE MAYOR **REFERRED FOR UPDATES** ☐ **APPROVED** ☑ **NOT APPROVED** ☐	**SIGNATURE OF EXECUTIVE MAYOR** **DATE:** 16/4/24

Please note that if any comments are made that needs to be addressed by the Initiator, the documentation MUST be returned to the Initiator to address/comment on and returned to the respective Department to verify and finally submit to the MM's office.

Once the Routing Form is DULY signed by ALL RELEVANT OFFICIALS, it must be returned to the Initiator who must ensure that the Routing Form, together with Annexures, be registered on Council's Official Document Management System (Collaborator) and ensure that the respective Officials dealing with the matter are all copied in.

Acknowledgement of receipt
Office of the MM
Date: 16/04/2024
11:08

KNYSNA
Municipality Munisipaliteit uMasipala

MEMORANDUM

TO	**EXECUTIVE MAYOR & MUNICIPAL MANAGER**
FROM	**DIRECTOR COMMUNITY SERVICES**
cc	**CHIEF FINANCIAL OFFICER** **MANAGER BUDGET & REPORTING** **ACT. MANAGER PUBLIC SAFETY** **MANAGER SOLID WASTE**
DATE	**12-04-2024**
COLLAB. REF.	
FILE REF.	
REGARDING	**REQUEST FOR PROMUN OVERRIDE CODE FOR DIRECTORATE COMMUNITY SERVICES: WASTE MANAGEMENT.**

1. PURPOSE:

To request the Executive Mayor and Municipal Manager to authorise the provision of an override code for the remittance of invoices for the provision of services within the Directorate Community Services.

2. BACKGROUND:

The Waste Transfer Station is out of commission since January 2024 and numerous compactors were out of commission due to breakages affecting waste collection and the compacting and transportation of waste to PetroSA in Mosselbay. The Service Provider for the repairs at the Waste Transfer Station, indicated to be on site Monday 8 April 2024. The week prior to the arranged date they informed the waste section that their laser cuter broke and they will only be on site for repairs on Monday, 15 April 2024.

Due to the above we had to bring in additional trucks to assist the current service provider with the transportation of waste to landfill site. Tender T17/2023/24 Hire of plant and equipment on as and when required was used to get additional trucks on site. They were rendering services until the pile of waste was back to a manageable size for current service provider to deal with.

During the February 2024 adjustment budget, funding (R 3 mil) was made available to cover the transportation of waste related expenses incurred since the transfer station was out of commission until the end of the current financial year. The Waste Department also look for possible funding to virement within the Directorate Community Services budget. Due to the additional trucks requested for the transport of waste the budget is not sufficient to process outstanding payments and for the remainder of the financial year; this warrants the submission of a memorandum that seeks the approval of an override code.

ILLEGAL DUMPING

Illegal dumping is a health hazard for the affected communities, and a site visit to Ward 4 and 7 were arranged and numerous other complaints received for illegal dumping in Rheenendal and Sedgefield as well; therefore the request for funds to clean illegal dumping until 30 June 2024.

4. FINANCIAL OR LEGAL IMPLICATIONS:

Repairs and maintenance on waste fleet:

- Hook lift truck and trailer (RFQ process followed) R 250 000.00
- Compacters- R 350 000.00
- License and roadworthy cost- R 215 000.00

Transfer station:

- Repairs and maintenance- R 400 000.00

Regional land fill site:

- R 1,260 000.00

Service providers:

- VTC outstanding invoices- R 2,649 203.25 (R2.7 million)
- Hire of front end loader/ backhoe loader as and when required- R 150 000.00
- Just breeze--outstanding invoices for work done in December 2023- R 637 790.00, and
- Additional R 675 000.00 for Hook lift truck as and when required.

Amount required for override: R4 111 993.25 (R 4.2million)

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Office of the MM
Date: 16/04/2024
11:00

OFFICIAL ROUTING FORM
for documentation to the Municipal Manager's Office

Please ensure that all HR related matters indicate the comments from the Manager: HR and Director: Corporate Services. All Agreements/Contracts/MoUs and other legal documents must indicate comments from the Legal Services Section as well as the Director: Corporate Services. All matters with financial implications must include the comments from the CFO. Incomplete routing forms will NOT be accepted.

DESCRIPTION OF DOCUMENT	**REQUEST FOR PROMUN OVERRIDE CODE FOR DIRECTORATE COMMUNITY SERVICES: PUBLIC SAFETY**		
DATE	2024-04-16		
COUNCIL RESOLUTION *(where applicable)*			
DELEGATIONS *(where applicable)*	L.23		
POLICIES *(where applicable)*			
LEGISLATIVE REF. *(where applicable)*	Power of signature		
DEPARTMENT	COMMUNITY SERVICES	**INITIATOR**	DR. SANDILE NGQELE

THE UNDERSIGNED HEREBY CERTIFY THAT THE ATTACHED DOCUMENTATION COMPLY WITH THE RELEVANT COUNCIL RESOLUTION/DELEGATION/POLICY/LEGISLATION AS INDICATED ABOVE:

COMMENTS BY MANAGER: LEGAL SERVICES / LEGAL ADVISOR N/A	**SIGNATURE OF MANAGER: LEGAL SERVICES / LEGAL ADVISOR** **DATE:**
COMMENTS BY MANAGER: SUPPLY CHAIN N/A	**SIGNATURE OF MANAGER: SUPPLY CHAIN** **DATE:**

FINANCIAL SERVICES
2024 -04- 16
RECEIVED

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OFFICIAL ROUTING FORM
for documentation to the Municipal Manager's Office

Please ensure that all HR related matters indicate the comments from the Manager: HR and Director: Corporate Services. All Agreements/Contracts/MoUs and other legal documents must indicate comments from the Legal Services Section as well as the Director: Corporate Services. All matters with financial implications must include the comments from the CFO. Incomplete routing forms will NOT be accepted.

DESCRIPTION OF DOCUMENT	**REQUEST FOR PROMUN OVERRIDE CODE FOR DIRECTORATE COMMUNITY SERVICES: PUBLIC SAFETY**
DATE	2024-04-16

COMMENTS BY CFO Second Override Code Request, Pool Budgetary And Pursuing, This Must Be Avoided Going Forward, Other Consequences Management Must Monitor	**SIGNATURE OF CFO** **DATE:** 16/04/2024
COMMENTS BY DIRECTOR: CORPORATE SERVICES N/A	**SIGNATURE OF DIRECTOR: CORPORATE SERVICES** **DATE:**
COMMENTS BY DIRECTOR: PLANNING & ECONOMIC DEVELOPMENT **N.A**	**SIGNATURE OF DIRECTOR: PLANNING & ECONOMIC DEVELOPMENT** **N.A** **DATE:**

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OFFICIAL ROUTING FORM
for documentation to the Municipal Manager's Office

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DESCRIPTION OF DOCUMENT	MEMORANDUM:REQUEST FOR OVERRIDE CODE FOR SECURITY SERVICES
DATE	16-04-2024

COMMENTS BY DIRECTOR: INFRASTRUCTURE SERVICES N/A	**SIGNATURE OF DIRECTOR: INFRASTRUCTURE SERVICES** N/A **DATE:**
COMMENTS BY DIRECTOR: COMMUNITY SERVICES Submission is hereby supported to ensure ongoing service delivery.	**SIGNATURE OF DIRECTOR: COMMUNITY SERVICES** M Ngqele **DATE:** 16/4/2024
COMMENTS BY DIRECTOR: INTEGRATED HUMAN SETTLEMENTS N/A	**SIGNATURE OF DIRECTOR: INTEGRATED HUMAN SETTLEMENTS** N/A **DATE:**

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OFFICIAL ROUTING FORM

for documentation to the Municipal Manager's Office

Please ensure that all HR related matters indicate the comments from the Manager: HR and Director: Corporate Services. All Agreements/Contracts/MoUs and other legal documents must indicate comments from the Legal Services Section as well as the Director: Corporate Services. All matters with financial implications must include the comments from the CFO. Incomplete routing forms will NOT be accepted.

DESCRIPTION OF DOCUMENT	**REQUEST FOR PROMUN OVERRIDE CODE FOR DIRECTORATE COMMUNITY SERVICES: PUBLIC SAFETY**
DATE	2024-04-16

COMMENTS BY MUNICIPAL MANAGER	**SIGNATURE OF MUNICIPAL MANAGER**
SUPPORTED ☑ **NOT SUPPORTED** ☐	**DATE:** 16/4/24
COMMENTS BY EXECUTIVE MAYOR	**SIGNATURE OF EXECUTIVE MAYOR**
REFERRED FOR UPDATES ☐	
APPROVED ☑ **NOT APPROVED** ☐	16/4/24

Please note that if any comments are made that needs to be addressed by the Initiator, the documentation MUST be returned to the Initiator to address/comment on and returned to the respective Department to verify and finally submit to the MM's office.

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50

KNYSNA
Municipality Munisipaliteit uMasipala

Acknowledgement of receipt
Office of the MM
Date:
16/04/2024
11:00

MEMORANDUM

TO	**EXECUTIVE MAYOR, MUNICIPAL MANAGER**
FROM	**ACTING MANAGER PUBLIC SAFETY**
cc	**DIRECTOR COMMUNITY SERVICES** **CHIEF FINANCIAL OFFICER** **MANAGER BUDGET & REPORTING**
DATE	**12-04-2024**
COLLAB. REF.	
FILE REF.	
REGARDING	**REQUEST FOR PROMUN OVERRIDE CODE FOR SECURITY SERVICES**

1. PURPOSE:

To request the Executive Mayor and Municipal Manager to authorise the provision of an override code for the remittance of invoices for the provision of Security Services by Security Consortium SA cc

2. BACKGROUND:

Security Consortium SA cc has been appointed on a month-to-month basis for the rendering of security services until the finalisation of the three-year security tender. The supplier is remunerated on a month-to-month basis depending on the services rendered per month as per the Service Level Agreement (SLA)

3. MOTIVATION:

Due to the fact that the supplier is paid on a month-to-month basis for the services rendered per month each month a new purchase order is created and payment is effected for services rendered per month which in many cases varies based on the need per month.

Budgetary constraints has led to insufficient funding being made available for the provision of security services. During the February 2024 adjustment budget, funding was made available to cover the security related expenses incurred since November 2023 until the end of the current financial year. The amount available after remittance of outstanding invoices is therefore not sufficient to process further payments for the remainder of the financial year; this warrants the submission of a memorandum that seeks the approval of an override code.

4. FINANCIAL OR LEGAL IMPLICATIONS:

As at 12-04-2024 an amount of R 3 008 815, 36 is available for the remainder of the 2023/24 financial year. Monthly invoices for Security Services ranges from R2 274 419.39 per month therefore as per the calculations below;

R 2 274 419.39x2 months= R4 548 838, 78
- Amount Available R3 008 815, 36

Amount required for override=R1 540 023, 42

5. RECOMMENDATION:

That the Executive Mayor and Municipal Manager to authorise an override code for expenditure to be incurred on the security services vote 33-57-50-18-7458 Mscoa 9/657-216827-238040 until 30 June 2024

6. APPROVALS:

As per Routing Form **attached** hereto.



R MEYER
ACTING.MANAGER PUBLIC SAFETY

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Acknowledgement of receipt
Office of the MM
Date: 01/08/2024 07:50

OFFICIAL ROUTING FORM
for documentation to the Municipal Manager's Office

Please ensure that all HR related matters indicate the comments from the Manager: HR and Director: Corporate Services. All Agreements/Contracts/MoUs and other legal documents must indicate comments from the Legal Services Section as well as the Director: Corporate Services. All matters with financial implications must include the comments from the CFO. Incomplete routing forms will NOT be accepted.

DESCRIPTION OF DOCUMENT	MEMORANDUM: **REQUEST FOR PROMUN OVERRIDE CODE FOR PROCCESING OF INVOICES SYNTELL PTY LTD.**		
DATE	30-07-2024		
COUNCIL RESOLUTION *(where applicable)*	N/A		
DELEGATIONS *(where applicable)*	K.23		
POLICIES *(where applicable)*	N/A		
LEGISLATIVE REF. *(where applicable)*			
DEPARTMENT	COMMUNITY SERVICES	**INITIATOR**	R MEYER

THE UNDERSIGNED HEREBY CERTIFY THAT THE ATTACHED DOCUMENTATION COMPLY WITH THE RELEVANT COUNCIL RESOLUTION/DELEGATION/POLICY/LEGISLATION AS INDICATED ABOVE:

COMMENTS BY MANAGER: LEGAL SERVICES / LEGAL ADVISOR **N/A**	**SIGNATURE OF MANAGER: LEGAL SERVICES / LEGAL ADVISOR** **N/A** **DATE:**
COMMENTS BY MANAGER: HR **N/A**	**SIGNATURE OF MANAGER: HR** **N/A** **DATE:**

SB

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OFFICIAL ROUTING FORM
for documentation to the Municipal Manager's Office

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DESCRIPTION OF DOCUMENT	MEMORANDUM: **REQUEST FOR PROMUN OVERRIDE CODE FOR PROCCESING OF INVOICES SYNTELL PTY LTD.**
DATE	30-07-2024

COMMENTS BY CFO No Budget/fund Available. This will result in Unauthorised Expenditure. AMM To DECIDE.	**SIGNATURE OF CFO**  **DATE:** 21/07/2024
COMMENTS BY DIRECTOR: CORPORATE SERVICES ***N/A***	**SIGNATURE OF DIRECTOR: CORPORATE SERVICES** **N/A** **DATE:**
COMMENTS BY DIRECTOR: PLANNING & ECONOMIC DEVELOPMENT **N/A**	**SIGNATURE OF DIRECTOR: PLANNING & ECONOMIC DEVELOPMENT** **N/A** **DATE:**

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DESCRIPTION OF DOCUMENT	MEMORANDUM: **REQUEST FOR PROMUN OVERRIDE CODE FOR PROCCESING OF INVOICES SYNTELL PTY LTD.**
DATE	30-07-2024

COMMENTS BY **DIRECTOR: INFRASTRUCTURE SERVICES** **N/A**	**SIGNATURE OF** **DIRECTOR: INFRASTRUCTURE SERVICES** **N/A** **DATE:**
COMMENTS BY **DIRECTOR: COMMUNITY SERVICES** Kindly see attached Memo Services Render by Seams Provider from May 2024 – June 2024 Urgent budgetary constrains has led to ineffective rendering thereof	**SIGNATURE OF** **DIRECTOR: COMMUNITY SERVICES** **DATE:** 30/7/2024
COMMENTS BY **DIRECTOR: INTEGRATED HUMAN SETTLEMENTS** No Response to Override code **N/A**	**SIGNATURE OF** **DIRECTOR: INTEGRATED HUMAN SETTLEMENTS** **N/A** **DATE:**

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OFFICIAL ROUTING FORM
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DESCRIPTION OF DOCUMENT	MEMORANDUM: **REQUEST FOR PROMUN OVERRIDE CODE FOR PROCCESING OF INVOICES SYNTELL PTY LTD.**
DATE	30-07-2024

COMMENTS BY MUNICIPAL MANAGER	**SIGNATURE OF MUNICIPAL MANAGER**
Work is already done - CFO and responsible Manager to ensure that contractual obligations are adequately budgeted for.	
REFERRED FOR UPDATES ☐	
APPROVED ☒ **NOT APPROVED** ☐	**DATE:** 01/08/2024

Please note that if any comments are made that needs to be addressed by the Initiator, the documentation MUST be returned to the Initiator to address/comment on and returned to the respective Department to verify and finally submit to the MM's office.

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Acknowledgement of receipt
Office of the MM
Date:
01/08/2024
09:30

KNYSNA
Municipality Munisipaliteit uMasipala

MEMORANDUM

TO	**ACTING MUNICIPAL MANAGER**
FROM	**ACTING DIRECTOR COMMUNITY SERVICES**
cc	**ACTING MANAGER PUBLIC SAFETY**
DATE	**30-07-2024**
COLLAB. REF.	
FILE REF.	
REGARDING	**REQUEST FOR PROMUN OVERRIDE CODE FOR PROCCESING OF INVOICES SYNTELL(PTY)LTD**

1. PURPOSE:

To request the Municipal Manager to authorize requisitions for the payment of services rendered by Syntell (Pty) Ltd. to the municipality during the months of May 2024 to June 2024

2. BACKGROUND:

Syntell (Pty) Ltd. has been awarded tender T32of 2020/21 and is currently rendering services for a period of 3 years as per tender T32 of 2020/21 and associated Service Level Agreement. The supplier is remunerated on a month-to-month basis depending on the services rendered per month as per the SLA.

3. MOTIVATION:

Due to the fact that the supplier is paid on a month-to-month basis based on the services rendered per month each month a new purchase order is created and payment is effected for services rendered per month.

The current financial year-end procedures requires that all suppliers be paid for services rendered in the 2023/24 financial year prior to the 2024/25 financial year. The supplier has therefore submitted the monthly invoices for services rendered in from May 2024 to June 2024 for payment.

Stringent budgetary constraints has led to insufficient funding being made available for the provision of services as per the SLA. During the February 2024 adjustment budget, funding was made available to cover the speeding fine related expenses incurred since November 2023 until the end of the current financial year. The amount available after remittance of outstanding invoices is therefore not sufficient to process outstanding payments for the remainder of the financial year; this warrants the submission of a memorandum that seeks the approval of an override code.

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4. FINANCIAL OR LEGAL IMPLICATIONS:

Invoice amounts for the months as listed below:

May 2024 Invoice No 1100063097 Amount R482 586.00
June 2024 Invoice No 1100063394 Amount R633 057.75

Total Outstanding R 1 115 643, 75

5. RECOMMENDATION:

That the Municipal Manager authorize the an override code submitted via promun for the payment of Syntell(PTY) Ltd for services rendered from May 2024 to June 2024.

6. APPROVALS:

As per Routing Form **attached** hereto.



R.MEYER 30/1/2024
ACT. DIRECTOR COMMUNITY SERVICES