



ORDINARY MEETING OF THE COUNCIL
GEWONE VERGADERING VAN DIE RAAD
INTLANGANISO YESIQHELO YEBHUNGA

A G E N D A

I-AJENDA

**DATE / DATUM / UMHLA : 31 MARCH / MAART / MATSHI
2021**
VENUE / PLEK / INDAWO : VIRTUAL
TIME / TYD / IXESHA : 11:00

MUNICIPALITY / MUNISIPALITEIT / UMASIPALA WE-OVERSTRAND

Office of the Municipal
Manager
Municipal Offices
HERMANUS

26 March / Maart / Matshi 2021

NOTICE TO ALL ALDERMEN & COUNCILLORS

ORDINARY MEETING OF THE OVERSTRAND MUNICIPAL COUNCIL

NOTICE IS HEREBY GIVEN that, due to the Covid-19 Lockdown, an **ORDINARY MEETING** of the **OVERSTRAND MUNICIPAL COUNCIL** will be held by means of a virtual platform on **WEDNESDAY, 31 MARCH 2021 at 11:00**, of which the agenda will be available on the Overstrand Website (www.overstrand.gov.za).

The attention of Councillors is directed to the Code of Conduct for Councillors and Municipal Officials, Schedules 1 & 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

D O'NEILL
MUNICIPAL MANAGER

KENNISGEWING AAN ALLE RAADSHERE & RAADSLEDE

GEWONE VERGADERING VAN DIE OVERSTRAND MUNISIPALE RAAD

KENNIS GESKIED HIERMEE dat, weens die Covid-19 grendeltydperk, 'n **GEWONE VERGADERING** van die **OVERSTRAND MUNISIPALE RAAD** gehou sal word by wyse van 'n virtuele platform op **WOENSDAG, 31 MAART 2021 om 11:00**, welke agenda op die Overstrand Webtuiste (www.overstrand.gov.za) beskikbaar sal wees.

Raadslede se aandag word gevestig op die Gedragskode vir Raadslede en Munisipale Beampptes, Bylae 1 & 2 van die Wet op Plaaslike Regering : Munisipale Stelsels, 2000 (Wet 32 van 2000).

D O'NEILL
MUNISIPALE BESTUURDER

ISAZISO ESIYA KUBO BONKE OOCEBAKHULU NOOCEBA

INTLANGANISO YESIQHELO YEBHUNGA LIKAMASIPALA WE-OVERSTRAND

OKU KUKWAZISA ukuba, ngenxa yokuvakwa okubangelwe yintsolongwana i-COVID-19, **INTLANGANISO YESIQHELO yeBHUNGA LIKAMASIPALA WE-OVERSTRAND**, iyakubanjwa ngeqonga elibonakalisayo ngo**LWESITHATHU, Umhla we 31 MATSHI 2021 ngeye-11:00**. I-ajenda iya kufumaneka yona kwiwebhusayithi ye-Overstrand (www.overstrand.gov.za).

OoCeba bayacelwa ukuba baqwalasele isikhokelo sokuziphatha sooCeba namaGosa kamasipala, amaXwebhu 1 & 2 kaRhulumente wooMasipala: uMthetho weeNkqubo zikaMasipala, 2000 (UMthetho 32 wowama-2000).

D O'NEILL
UMPHATHI KAMASIPALA

AGENDA/...

1. OPENING

2. APPLICATIONS FOR LEAVE OF ABSENCE

3. CONFIRMATION OF MINUTES

3.1 Minutes of an **Ordinary Meeting** of the **Council** held on **Wednesday, 24 February 2021** at **11:00**

4. STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE SPEAKER / EXECUTIVE MAYOR

5. CONSIDERATION OF RECOMMENDATIONS MADE BY THE EXECUTIVE MAYOR TO COUNCIL, IN TERMS OF SECTION 160(2) OF THE CONSTITUTION, 1996, AND SECTION 59(1)(a) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 2000 (ACT 32 OF 2000)

REMARK

Please note that the following recommendations contained in this agenda are subject to confirmation or amendment by the Executive Mayor in view of the fact that the **compilation of the Council agenda** was done before the Mayoral Committee of 31 March 2021 had formally sat.

5.1

TRANSFER: OVERSTRAND MUNICIPALITY TO BERTRAM JULIAN JULIUS: ERF 736, HAWSTON

(ITEM 3, PAGE 14 : COMMUNITY SERVICES PORTFOLIO - MAYORAL COMMITTEE MEETING : 31 MARCH 2021)

RECOMMENDATION TO THE COUNCIL:

1. that permission **be granted** to transfer erf 736, Hawston to Mr Bertram Julian Julius (ID Number 6404046125082); and
2. that the aforementioned consent to transfer be subject to Mr Bertram Julian Julius accepting responsibility for the outstanding municipal services account in respect of erf 736, Hawston.

RESPONSIBLE OFFICIAL :

FW FRANS

TARGET DATE FOR IMPLEMENTATION :

01 APRIL 2021

5.2

APPLICATION TO PURCHASE: A PORTION OF REMAINDER ERF 1178 DE KELDERS (ROAD RESERVE), ADJACENT TO ERF 825 DE KELDERS (133 MAIN ROAD, DE KELDERS) – JJK & LP WHITEMAN

(ITEM 2, PAGE 152 : INFRASTRUCTURE & PLANNING PORTFOLIO - MAYORAL COMMITTEE MEETING : 31 MARCH 2021)

RECOMMENDATION TO THE COUNCIL:

that the direct alienation of a portion of Remainder Erf 1178 De Kelders ($\pm 30\text{m}^2$ in extent), adjacent to Erf 825 De Kelders, to the owners of the adjoining Erf 825 De Kelders, JJK & LP Whiteman, **not be approved** as the property must be reserved for current as well as future municipal services.

RESPONSIBLE OFFICIAL:	N LIEBENBERG
TARGET DATE FOR IMPLEMENTATION:	16 APRIL 2021
TARGET DATE TO INFORM APPLICANT:	30 APRIL 2021
TARGET DATE TO INFORM OBJECTOR:	N/A

5.3

A PORTION OF REMAINDER ERF 294 STANFORD (SITUATED NEAR “DIE KOP”, STANFORD): DEVIATION FROM PARAGRAPH 20.1(b) OF THE ADMINISTRATION OF IMMOVABLE PROPERTY POLICY OF 2015 ALLOWING THE MUNICIPALITY TO ENTER INTO A LEASE AGREEMENT WITH VODACOM (PTY) LTD

(ITEM 3, PAGE 159 : INFRASTRUCTURE & PLANNING PORTFOLIO - MAYORAL COMMITTEE MEETING : 31 MARCH 2021)

RECOMMENDATION TO THE COUNCIL:

that the deviation from paragraph 20.1(b) of the Administration of Immovable Property Policy in order to enter into a lease agreement with Vodacom (Pty) Ltd for a period of 9 (NINE) years and 11 (ELEVEN) months without following a public participation process, **be approved.**

RESPONSIBLE OFFICIAL:	W MURTZ
TARGET DATE FOR IMPLEMENTATION:	31 MARCH 2021
TARGET DATE TO INFORM APPLICANT:	18 MARCH 2021
TARGET DATE TO INFORM OBJECTOR:	N/A

5.4

A PORTION OF ERF 249 AND A PORTION OF ERF 832 HERMANUS (KNOWN AS THE HERMANUS MARKET SQUARE SITUATED IN MARKET SQUARE STREET): PARTIAL REBATE ON RENTAL TO BE LEVIED, COTTON4U4EVER (PTY) LTD

(ITEM 5, PAGE 177 : INFRASTRUCTURE & PLANNING PORTFOLIO - MAYORAL COMMITTEE MEETING : 31 MARCH 2021)

RECOMMENDATION TO THE COUNCIL:

that a partial rebate in the rental payable by COTTON4U4EVER (Pty) Ltd to an amount of R565.00 (FIVE HUNDRED AND SIXTY FIVE RAND) (VAT included) per stall per month for a period of 6 (SIX) months from 1 March 2021, **be approved.**

RESPONSIBLE OFFICIAL :**M ERASMUS
E HOONEBERG****TARGET DATE FOR IMPLEMENTATION :****30 April 2021****TARGET DATE TO INFORM APPLICANT :****14 April 2021****TARGET DATE TO INFORM OBJECTOR :****N/A**

5.5

REPORT OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) TO THE OVESTRAND MUNICIPAL COUNCIL

(ITEM 5, PAGE 1 : MAYORAL COMMITTEE MEETING : 31 MARCH 2021)

RECOMMENDATION TO THE COUNCIL:

that the report from the JAPAC to the Overstrand Municipal Council **be noted**.

RESPONSIBLE OFFICIAL :

DC VAN DER HEEVER

TARGET DATE FOR IMPLEMENTATION :

31 MARCH 2021

**5.6
ICT SYSTEMS SECURITY POLICY**

(ITEM 6, PAGE 15 : MAYORAL COMMITTEE MEETING : 31 MARCH 2021)

RECOMMENDATION TO THE COUNCIL:

that the ICT Systems Security Policy **be approved.**

RESPONSIBLE OFFICIAL :

C JOHNSON

TARGET DATE FOR IMPLEMENTATION :

APRIL 2021

5.7

ERF 384, WESTCLIFF, HERMANUS, OVERSTRAND MUNICIPAL AREA: AMENDMENT OF THE OVERSTRAND MUNICIPALITY SPATIAL DEVELOPMENT FRAMEWORK, 2020 AND THE OVERSTRAND GROWTH MANAGEMENT STRATEGY, 2020: MESSRS INTERACTIVE TOWN AND REGIONAL PLANNING ON BEHALF OF OVERSTRAND MUNICIPALITY

(ITEM 7, PAGE 34 : MAYORAL COMMITTEE MEETING : 31 MARCH 2021)

RECOMMENDATION TO THE COUNCIL:

that the application in terms of the provisions of Section 10 of the Overstrand Municipality Amendment By-Law on Municipal Land Use Planning, 2020 as well as the provisions of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) to deviate from the Overstrand Municipality Spatial Development Framework, 2020 and the Overstrand Municipality Growth Management Strategy, 2010 in order to change the reservation on Erf 384, Hermanus from urban development to community facility, **be approved.**

RESPONSIBLE OFFICIAL:	H VAN DER STOEP
TARGET DATE FOR IMPLEMENTATION:	14 APRIL 2021
TARGET DATE TO INFORM APPLICANT:	14 APRIL 2021
TARGET DATE TO INFORM OBJECTOR:	N/A

5.8

MONTHLY REPORT TO COUNCIL ON SUPPLY CHAIN MANAGEMENT (SCM) POLICY: PARAGRAPH 36, 16(1)(b) AND 17(1)(c) AND PARAGRAPH 6(7)(4)(F) OF THE DIRECTIONS OF THE DISASTER MANAGEMENT ACT, FEBRUARY 2021

(ITEM 8, PAGE 82 : MAYORAL COMMITTEE MEETING : 31 MARCH 2021)

RECOMMENDATION TO THE COUNCIL:

1. that the deviations from the procurement processes, approved in terms of the delegated authority for February 2021, **be noted**;
2. that the awards made in terms of Paragraph 16(1)(b) and 17(1)(c), approved in terms of the delegated authority for February 2021, **be noted**; and
3. that the awards made through the Bid Committee system, and formal written price quotations in excess of R30 000 and all price quotations below R30 000 for February 2021, **be noted**.

RESPONSIBLE OFFICIAL :**C LE ROUX****TARGET DATE FOR IMPLEMENTATION :****TO BE NOTED**

5.9

DRAFT INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW 2021/22**(ITEM 9, PAGE 104 : MAYORAL COMMITTEE MEETING : 31 MARCH 2021)****RECOMMENDATION TO THE COUNCIL:**

1. that the draft reviewed IDP for 2021/22 **be noted**; and
2. that the draft IDP review **be advertised** for public comment in order for Council to consider the final document during the May 2021 Council meeting.

RESPONSIBLE OFFICIAL :**R LOUW****TARGET DATE FOR IMPLEMENTATION :****TO BE NOTED**

5.10**DRAFT WATER SERVICES DEVELOPMENT PLAN FOR 2021/22****(ITEM 10, PAGE 107 : MAYORAL COMMITTEE MEETING : 31 MARCH 2021)****RECOMMENDATION TO THE COUNCIL:**

1. that the Draft Water Services Development Plan (WSDP) for 2021/22 be **noted**; and
2. that it furthermore **be noted** that the Final Draft WSDP for 2021/22, with inputs from the public and other stakeholders taken into account, is to be considered for approval at the Council meeting to be held on 26 May 2021.

RESPONSIBLE OFFICIAL:**H BLIGNAUT****TARGET DATE FOR IMPLEMENTATION:****1 JULY 2021**

5.11

DRAFT BUDGET FOR 2021/2022, INDICATIVE BUDGET FORECASTS FOR 2022/2023 TO 2023/2024 AND DRAFT BUDGET RELATED POLICIES

(ITEM 11, PAGE 109 : MAYORAL COMMITTEE MEETING : 31 MARCH 2021)

RECOMMENDATION TO THE COUNCIL:

1. that the tabling of the Draft Budget for 2021/2022, indicative budget forecasts for 2022/2023 to 2023/2024 and the draft budget related policies **be noted**; and
2. that the tabling of the Draft Budget for the 2021/2022 MTREF **be advertised** for public comment in order for Council to consider the final budget at the Council meeting to be held on 26 May 2021.

RESPONSIBLE OFFICIALS:**S REYNEKE-NAUDE
BA KING****TARGET DATE FOR IMPLEMENTATION:****TO BE NOTED**

5.12

**DRAFT SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)
FOR 2021/22**

**(ITEM 12, PAGE 111 : MAYORAL COMMITTEE MEETING : 31 MARCH
2021)**

RECOMMENDATION TO THE COUNCIL:

that the draft Service delivery and Budget Implementation plan (SDBIP) for 2021/22 **be noted.**

RESPONSIBLE OFFICIAL :

R LOUW

TARGET DATE FOR IMPLEMENTATION :

NOT APPLICABLE

6. CONSIDERATION OF REPORTS**6.1****SUBMISSION OF THE DRAFT AUDITED ANNUAL REPORT FOR THE FINANCIAL YEAR 2019/20**

5/15/1/1

R Louw

11 March 2021

Senior Manager: Strategic Services**(028) 313 8071**

1. Executive Summary

The purpose of this report is to present the draft audited Annual Report, for the 2019/20 financial year to Council.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Management Services
Strategic Services

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

Section 46 of the Municipal Systems Act 2000 (Act 32 of 2000)
Section 121 of the Municipal Finance Management Act (MFMA) (Act 56 of 2003)

6. Background/Discussion/Evaluation/Conclusion**Background**

In terms of the above legislation a Municipality must prepare an annual report for each financial year. Some of the key purposes of the annual report are:

- to provide a record of the activities of the municipality or entity
- to provide a report on performance in service delivery and budget implementation
- to provide information that supports the revenue and expenditure decisions made
- to promote accountability to the local community for decisions made.

The annual report provides an authoritative record of the activities and performance of the municipality for each financial year. In time it will serve as a key historical record on the municipality, revealing its progress, growth and development of municipal services and performance.

The MFMA requires that the annual report of a municipality must inter alia include the following:

- the annual financial statements
- the Auditor-General's audit report on the financial statements
- any explanations that may be necessary to clarify issues in connection with the financial statements
- an assessment by the accounting officer on any arrears on municipal taxes and service charges
- particulars of any corrective action taken or to be taken in response to issues raised in the audit reports
- other information as determined by the municipality or as may be prescribed
- any recommendations of the audit committee.

The format of the consolidated report is as follows:

Chapter 1: Mayor's Foreword and Executive Summary

Chapter 2: Governance

Chapter 3: Service Delivery Performance

Chapter 4: Organisational Development Performance

Chapter 5: Financial Performance

Chapter 6: Auditor-General Findings

National Treasury in September 2012 issued MFMA Circular 63- Annual Report-update that amongst other aims to expedite the timelines for producing the Annual Report.

Circular 63 states:

“Timelines for producing the Annual Report

The Annual Report of a municipality and every municipal entity must be tabled in the municipal council on or before 31 January each year (MFMA S127). In order to enhance oversight functions of Councils, please note that this must be interpreted as an outer deadline; hence municipalities must submit the Annual Reports as soon as possible after year end, namely, August. The entire process is concluded in the first or second week of December for all municipalities, the same year in which the financial year ends and not a year later, as is currently the case. The activities, implications, process/role-player and timeframes are described below for ease of reference and

implementation. It is expected that effective management of performance will also result from this change.

Attention is drawn to MFMA Circular no 104 of August 2020 (Annexure A) in terms of the extension to timelines in this regard.

Activity	Legislation and Guidance	Process Owner Role Player	Timeframe
Consideration of next financial year's Budget and IDP process plan. In-year reporting formats should ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the beginning of the Budget / IDP implementation period	MSA S41(1)(e)	MM Assisted by other s56 managers & the CFO	July
Implementation and monitoring of approved Budget and IDP through the approved SDBIP commences (In-year financial reporting and quarterly performance reports).	MSA S41(1)(e)	MM Assisted by other s56 managers & The CFO	
Finalise 4th quarter report of previous financial year	MFMA S52(d)	MM Assisted by other s56 managers & CFO	
Submit draft previous financial year Annual Report and evidence to Internal and the Auditor General including annual financial statements and financial and non-financial information ¹ .	Submission of annual financial statements as per section 126(1) of the MFMA. Additional step, a draft Annual Report is prepared.	MM & CFO	
Municipal entities submit draft Annual Reports to MM.	Annual Performance report needs to be included as per section 46 of the MSA.	Entity AO & CFO	
Submit Annual Report including annual financial statements and Annual Performance Report to the Combined Audit/Performance Committee.	Joint Committee assessing both financial and non-financial performance	MM & CFO	
			July/ August

Activity	Legislation and Guidance	Process Owner Role Player	Timeframe
Combined Audit/Performance committee considers unaudited Annual Report of municipality and entities (where relevant).	advances accountability and expedites corrective measures	Audit and Performance Audit Committee	
Mayor tables the unaudited Annual Report in Council	The Annual Report submitted complies with the requirements of Section 121(3)(a-k). Information on pre-determined objectives to be included. Note that it is unaudited and will not include any of the Auditor-Generals reports as the auditing thereof will still be in progress. (Municipalities with Municipal entities to submit a consolidated Unaudited Annual Report by September)	Mayor CFO	August
Municipality submits Annual Report including final annual financial statements and annual performance report to Auditor-General for auditing purposes – due 31 August. Council to submit unaudited tabled annual report to MPAC for vetting and verification of councils' directive on service delivery & the committee to evaluate senior managers' performance against agreement entered into			
Commencement of IDP analysis of institutional, services and infrastructure provision, backlogs and priorities. Unaudited Annual Report as submitted to Auditor-General to be used as input into the IDP strategic phase process and community verification & input by MPAC on reported performance. Such information includes that of various entities incorporated into the information of the parent entity.	If the above process is followed, the unaudited Annual Report can add value to the IDP/Budget planning process for the next year as well as oversight by MPAC on the reported deliverables by communities and achievements targets reached.	Council	
Auditor-General audits the unaudited Annual Report and submit an audit report to the	Section 126(3)(b) require the Auditor-General to submit an	Auditor-General	November for municipalities without

Activity	Legislation and Guidance	Process Owner Role Player	Timeframe
accounting officer for the municipality / municipal entity.	audit report within three months after receipt of statements from the municipality.		entities & December for municipalities with entities
Annual Report and oversight report process for adoption to be used as input into public participating meetings for the IDP review process.	Section 127,128,129 and 130	Council	September November
The Auditor-General's reports are issued during the period of Oct/Nov. Once the AG audit reports have been issued no further changes are allowed as the audit process is completed	Section 129, 130 and 131. Tabling the audited Annual Report within 5 or 6 months after the end of the financial year. Section 75 for publication on website.	MM	November/ December
Mayor tables audited Annual Report and financial statements to Council		Mayor	
Audited Annual Report is made public, e.g. posted on municipality's website.		IT Director Accounting officer	
Oversight committee finalises assessment on Annual Report. This must be concluded within 7 days of receipt of AGs report. Council is expected to conclude on this matter before going on recess in December.			
Council adopts Oversight report.	The entire process, including oversight reporting and submission to provincial legislators is completed in December and not in March the following year.	Council	December
Oversight report is made public.		MM	
Oversight report is submitted to Legislators, Treasuries and DCoG		Mayor	

Extract, MFMA Circular 63, September 2012

Circular 63 addresses the need to streamline the Annual Report process by municipalities and municipal entities. In future, all municipalities and municipal entities are required to prepare and submit their draft Annual Reports to the Auditor-General by 31 August each year. Municipalities are encouraged to implement or phase-in the requirements of the new Annual Report by 2013/14 financial year.

Discussion

The draft unaudited annual report for 2019/20 was submitted to the Auditor-General on 30 October 2020 with the financial statements. The document presented now is the draft audited annual report for 2019/20.

7. Financial Implications

Not applicable

8. Staff Implications

Report complied in-house.

9. Comments from other Departments, Divisions and Administrations

Information was requested from various officials for the compilation of this document.

10. Annexures

Annexure A: MFMA Circular no 104 of August 2020
(Draft audited Annual Report for 2019/20 to be tabled on a memory stick.)

RECOMMENDATION TO THE COUNCIL:

1. that the tabling of the 2019/20 draft audited Annual Report by die Executive Mayor **be noted**;
2. that the draft audited Annual Report **be made public** immediately after the tabling in Council; and
3. that the local community **be invited** to submit representations in connection with the draft Annual Report.

RESPONSIBLE OFFICIAL :

R LOUW

TARGET DATE FOR IMPLEMENTATION :

7 APRIL 2021



EXTENSION TO TIMELINES FOR SUBMISSION OF ANNUAL FINANCIAL STATEMENTS, ANNUAL REPORTS, AUDITS AND RELATED MATTERS IN TERMS OF THE MFMA

1. PURPOSE

- 1.1 The purpose of this Circular is to provide information to municipalities, municipal entities, auditors and other stakeholders, on the Ministerial Exemption issued in terms of section 171(1)(b) of the MFMA, "Gazette" published on 05 August 2020. This Circular and the Exemption Notice are available and can be accessed on the MFMA webpage, using the following link <http://mfma.treasury.gov.za/Pages/Default.aspx>.

2. BACKGROUND

- 2.1 The Minister of Finance exempted municipalities and municipal entities from submitting key reports. The notice allows for a two-months delay in the submission of Annual Financial Statements, Annual Reports, Audit Opinions, Oversight reports and associated processes.
- 2.2 The context of this exemption flows from the Minister of Cooperative Governance and Traditional Affairs' announcement of the national state of disaster in terms of the Disaster Management Act to enable government and the country at large to manage the spread of the Covid-19 virus. Following the initial announcements of the national state of disaster, subsequent extensions and different levels were communicated.
- 2.3 Whilst the lockdown and restrictions have been eased over time, they are still in force and in effect with direct implications for municipalities, municipal entities, audit processes, amongst others. The lockdown impacts on the ability by municipalities and municipal entities to prepare and submit quality annual financial statements that meet the uniform norms and standards, related reports and processes to discharge their accountability towards the public and report on the utilisation of public funds.

- 2.4 The timing of the phased lockdown also had a knock-on effect on availability of municipal staff, which impacted on operations and added to the delays in ability to prepare AFS, undertake procedures such as the physical verification of assets, meter reading, revenue management, valuations, finalising supporting documentation and concluding reconciliations. There are similar impacts on the quality assurance processes, annual report, performance report and oversight report procedures and processes. The audit process and timelines by the Office of the Auditor-General to perform its audits, is also extended accordingly.

3. LEGISLATIVE REQUIREMENTS

- 3.1 The specific sections in the MFMA In terms of the MFMA, the accounting officer of a municipality must prepare the annual financial statements of the municipality or municipal entity and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing. Similarly, the accounting officer of a municipal entity must prepare the annual financial statements of the entity and within two months after the end of the financial year to which those statements relate, submit the statements to the parent municipality and the Auditor-General. This means that the 2019/20 annual financial statements must be submitted by 31 August 2020 to the Auditor-General for auditing.
- 3.2 In terms of section 126(1)(b) of the MFMA, all municipalities with sole or effective control of a municipal entity, must prepare consolidated annual financial statements and submit the statements to the Auditor-General for auditing, within three months after the end of the financial year to which those statements relate. This means the 2019/20 consolidated annual financial statements must be prepared and submitted by 30 September 2020.
- 3.3 Other provisions effected by the Ministerial Exemption include sections 127, 129 and 133 of the MFMA.

4. MINISTERIAL EXEMPTION

- 4.1 The effects of this Ministerial exemption are to mitigate anticipated widespread non-compliance with sections 126, 127, 129 and 133 of the MFMA due to the national state of disaster and lockdown restrictions. This provides a further two-month period to municipalities and municipal entities to comply with the MFMA to submit the AFS, annual reports, performance report and its oversight report. It also extends the period for the Office of the Auditor-General to conduct their audits and submission of the audit opinion to auditees, thereafter. This will be

followed by Council Committees engagements and concluding their oversight processes.

- 4.2 The extension will therefore enable municipalities and municipal entities to undertake all the necessary actions, checks and reviews, to ensure that the annual financial statements fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.
- 4.3 In terms of the Ministerial Exemption, municipalities and municipal entities are exempted from complying with the deadlines provided in sections 126(1) and (2), 127(1) and (2) and 129(1) and 133(2) of the MFMA for a period of 2 months, as reflected in the table below. It is advised that all performance reports, required as per Section 46 of the Municipal Systems Act, be equally aligned.

No.	Action	Section	New Outer Deadline
1	The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.	Section 126(1)(a) of the MFMA	31 October 2020
2	The accounting officer of a municipality must in the case of a municipality referred to in section 122(2), prepare consolidated annual financial statements in terms of that section and, within three months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.	Section 126(1)(b) of the MFMA	30 November 2020
3	The accounting officer of a municipal entity must prepare the annual financial statements of the entity and, within two months after the end of the financial year to which those	Section 126(2) of the MFMA	31 October 2020

	statements relate, submit the statements to— a) the parent municipality of the entity; and b) the Auditor-General, for auditing.		
4	The accounting officer of a municipal entity must, within six months after the end of a financial year, or on such earlier date as may be agreed between the entity and its parent municipality, submit the entity's annual report for that financial year to the municipal manager of the entity's parent municipality.	Section 127(1) of the MFMA	28 February 2021
5	The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.	Section 127(2) of the MFMA	31 March 2020
6	The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council - a) has approved the annual report with or without reservations; b) has rejected the annual report; or c) has referred the annual report back for revision of those components that can be revised.	Section 129(1) of the MFMA	31 May 2020
7	The Auditor-General must submit to Parliament and the provincial legislatures—	Section 133(2) of the MFMA	31 December 2020

	<p>a) by no later than 31 October of each year, the names of any municipalities or municipal entities which have failed to submit their financial statements to the Auditor-General in terms of section 126; and</p> <p>b) at quarterly intervals thereafter, the names of any municipalities or municipal entities whose financial statements are still outstanding at the end of each interval.</p>		
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5. CONCLUSION

- 5.1 Municipalities and municipal entities must ensure that processes and procedures are aligned to the extended deadlines as outlined in the above table. All the necessary actions must be undertaken to ensure that quality annual financial statements and performance reports are submitted for audits by the outer due dates provided above. All municipalities and municipal entities are encouraged to submit these reports before the due dates, where possible.

6. CONTACT

National Treasury

Phone

Fax

Email – General

Website

Private Bag X115, Pretoria 0001

012 315 5850

012 315 5230

mfma@treasury.gov.za

www.treasury.gov.za/mfma

TV PILLAY

CHIEF DIRECTOR: MFMA IMPLEMENTATION

Date: 07 August 2020

6.2

APPEAL LODGED IN TERMS OF SECTION 62 OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000 (ACT 32 OF 2000) : TREE OPPOSITE ERF 522, HAWSTON : MR S DAVIDS

3/2/3/6**H van Tonder****Manager : Council Support Services****18 February 2021****(028) 313 8037**

1. Executive Summary

To submit a resolution of the proceedings of the Appeal Committee to Council for information.

2. Service Delivery and Budget Implementation Plan - IGNITE

Not applicable

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

Not applicable. The matter is submitted **for information** only.

5. Legal Requirements

Section 62 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

6. Discussion

The nature of the appeal is as follows:

The appellant appeals against the Executive Mayor's decision dated 14 June 2019 not to remove a tree opposite Erf 522, Hawston.

The Appeal Committee resolved as indicated in the recommendation hereunder.

7. Financial Implications

The full deposit to be refunded to the Appellant.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Not applicable

10. Annexures

Annexure A: Record of Decision of Appeal held on 16 February 2021

RECOMMENDATION TO THE COUNCIL:

that the decision of the Section 62 Committee be noted, namely:

1. that there is no valid appeal before the Committee;
2. that, for various reasons, but, in essence, because the threshold requirements of Section 62(1) were not satisfied, that the appeal be dismissed *In Limine*; and
3. that the full deposit **be refunded** to the Appellant, in that the Appellant was never afforded the opportunity to appeal, and was subsequently given no advice to this effect.

RESPONSIBLE OFFICIAL :

**R WILLIAMS
S SWART**

TARGET DATE FOR IMPLEMENTATION :

TO BE NOTED

**RECORD OF DECISION**

16 FEBRUARY 2021

14:00

RE:

**APPEAL LODGED IN TERMS OF SECTION 62 OF THE LOCAL GOVERNMENT:
MUNICIPAL SYSTEMS ACT, 2000 (ACT 32 OF 2000) : DECISION BY THE
EXECUTIVE MAYOR REGARDING TREE OPPOSITE ERF 522, HAWSTON**

PRESENT :**COUNCILLORS**

Ald A Coetsee
Cllr V Pungupungu
Cllr X Msweli
Cllr R Nutt

CAPACITY

Chairperson: Appeal Committee
Member : Appeal Committee
Member : Appeal Committee
Member : Appeal Committee

OFFICIALS

Mr R Williams
Ms L de Villiers
Ms L Rainbird
Ms S Swart

Director : Community Services
Senior Manager : Environmental Services
Horticulturalist
Admin Officer : Council Support Services

APPELLANT

Mr S Davids

APOLOGIES

Cllr D Botha

Member : Appeal Committee

ABSENT

None

APPELLANT:

Mr S Davids, owner of Erf 522, Hawston.

RESPONDENT:

Overstrand Municipality herein represented by Mr R Williams (Director : Community Services), Ms L de Villiers (Senior Manager : Environmental Services) and Ms L Rainbird (Horticulturalist).

NOTICE OF APPEAL HEARING:

Notices were sent to all parties concerned.

NATURE OF APPEAL:

The appellant appeals against the Executive Mayor's decision dated 14 June 2019 not to remove a tree opposite Erf 522, Hawston.

CONSTITUTION:

With the presence of a quorum, the Appeal Committee was regarded as duly constituted.

VALIDITY OF APPEAL:

An application was made to the Municipality on 27 July 2018, to remove a tree on specific grounds. The request was dealt with by the Area Manager who supplied his decision on 6 August 2018. The notice did not contain a clause to inform the Applicant that the vesting of rights are suspended pending an Appeal in terms of Section 62 of the Local Government Municipal Systems Act.¹ This was found to be significant as rights have vested at the time of taking the decision. The functionary became *Functus Officio*, which rendered the appeal nugatory,² if considered against Section 62(3) of the Systems Act. In any event the appeal, if such a possibility existed, was to be decided by the Municipal Manager in terms of Section 62(4)a of the Systems Act. The ability to appeal to the Mayor, simply never arose. It was determined by the Appeal Committee that the appeal was not valid and that the threshold requirements of Section 62(1) of the Systems Act could not be satisfied. Mr S Davids was not advised properly. If he was indeed advised properly, he would have learned that the Appeal mechanism created by Section 62 of the Systems Act could not be an alternative remedy to him under the circumstances. On this basis the Committee was of the opinion that the relevant deposit should be paid back to the Appellant.

¹ See *Syntell (Pty)Ltd v City of Cape Town and Another* (17780/2007)[2008] ZAWCHC 120 (13 March 2008) at par 33; 41; 45; 64;65;66 .

² See *Lochdey v Advanced Parking Solutions CC and others* [2009] ZAWCHC 15 (15 February 2009)

The Committee then --

RESOLVED (UNANIMOUSLY):

1. that there is no valid appeal before the Committee;
2. that, for various reasons, but, in essence, because the threshold requirements of Section 62(1) were not satisfied, that the appeal be dismissed *In Limine*.
3. that the full deposit **be refunded** to the Appellant, in that the Appellant was never afforded the opportunity to appeal, and was subsequently given no advice to this effect.

The session of the Appeal Committee closed at 15:12

SIGNED ON THIS 18th DAY OF FEBRUARY 2021 AT HERMANUS BY THE APPEAL COMMITTEE:

Clr A Coetsee **Chairman:** Appeal Committee

Clr X Msweli **Member:** Appeal Committee

Clr V Pungupungu **Member:** Appeal Committee

Clr R Nutt **Member:** Appeal Committee

6.3**ALLEGED MISCONDUCT: CLLR L NTSABO**

3/2/3/1

H van Tonder

Manager : Council Support Services

9 March 2021

(028) 313 8037

1. Executive Summary

The purpose of this report is to afford Council the opportunity to take note of the alleged misconduct by Cllr N Ntsabo and a disciplinary hearing which was supposed to take place on 25 February 2021 but was cancelled due to the main witness indicating, shortly before the hearing, that she was not available to testify.

2. Service Delivery and Budget Implementation Plan Reference

Not applicable

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

- Schedule 1 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (the Systems Act).
- Overstrand Municipality's By-law on Rules of Order for Internal Arrangements
- Procedure for investigation regarding any allegation of misconduct against a member of Overstrand Municipal Council

6. Discussion

Items 6(1) of Schedule 1 of the Systems Act provide as follows:

“A councillor may not use the position or privileges of a councillor, or confidential information obtained as a councillor, for private gain or to improperly benefit another person.”

Section 10(4) of the By-law on Rules of Order for Internal Arrangements provides as follows:

“10(4) When the Speaker becomes aware of an alleged contravention of the code he or she must commence with a preliminary investigation. The Speaker must notify the councillor in writing of his or her alleged breach of the rules or the Code. The councillor must be given seven days from date of the written notice to respond in writing regarding the alleged breach. If the Speaker is not satisfied that the reasons provided is compelling enough, then the Speaker must refer the matter to a Disciplinary Committee to investigate the allegations, and to report the outcome of the investigation to the Council. In the event that the accused member is a ward committee member, the Speaker may in his or her sole discretion decide, after conclusion of the preliminary investigation, whether the member should be removed or not.”

The duty of the Chairperson of the Council in so far as the Code of Conduct of Councillors is concerned, is embedded in Item 13 of the Code and reads as follows:

“13(1) If the chairperson of a municipal council, on reasonable suspicion, is of the opinion that a provision of this Code has been breached, the chairperson must—

- (a) authorise an investigation of the facts and circumstances of the alleged breach;*
 - (b) give the councillor a reasonable opportunity to reply in writing regarding the alleged breach; and*
 - (c) report the matter to a meeting of the municipal council after paragraphs (a) and (b) have been complied with.*
- (2) A report in terms of subitem (1) (c) is open to the public.*
- (3) The chairperson must report the outcome of the investigation to the MEC for local government in the province concerned.*
- (4) ... “*

The Speaker received a letter from the Municipal Manager which indicated that Cllr I Ntsabo may have contravened the Code of Conduct for Councillors. Attached to this correspondence was a letter from an official Ms C Nel. In executing his aforementioned duty, the Speaker afforded Cllr L Ntsabo an opportunity to reply to the allegations levelled against him. Cllr L Ntsabo did not reply and the Speaker then referred the matter to a Disciplinary Committee. It was alleged that Cllr L Ntsabo entered the municipal building through a back door on 6 January 2021. By doing so Cllr L Ntsabo did not adhere to the Covid-19 safety measures put in place by the Municipality and

has posed a possible health threat to the officials inside the building that came in contact with him. It was specifically alleged that Cllr L Ntsabo entered the office of Ms C Nel to discuss the account of a member of the public.

Ms C Nel was informed that the Speaker will call her as witness at the disciplinary hearing scheduled for 25 February 2021. Thereafter Ms C Nel indicated that she merely reported an incident to her managers and did not lay a complaint against the councillor. She furthermore indicated that she is not willing to be a witness at the disciplinary hearing scheduled for 25 February 2021. The Speaker then withdrew all charges against the implicated councillor.

7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexure

None

RECOMMENDATION TO THE COUNCIL:

1. that the procedure followed by the Speaker **be noted**;
2. that the cancellation of the disciplinary hearing **be noted**, specifically that no finding was made against Cllr L Ntsabo;
3. that the conduct of Ms C Nel be brought to the attention of the Municipal Manager to be dealt with as he deems fit; and
4. that, in terms of Item 13(3) of the Code of Conduct for Councillors, a copy of Council's decision be forwarded to the Minister of Local Government, Environmental Affairs and Development Planning.

RESPONSIBLE OFFICIAL :**H VAN TONDER****TARGET DATE FOR IMPLEMENTATION :****15 APRIL 2021**

6.4**INVESTIGATION INTO THE INSTANCE OF IRREGULAR EXPENDITURE:
SCIE 2019/005: NON-COMPLIANCE WITH CLAUSE 16 OF THE SUPPLY CHAIN
MANAGEMENT POLICY WITH REGARDS TO RENDERING TRANSLATION
SERVICES WITHOUT FOLLOWING AN OFFICIAL PROCUREMENT PROCESS**

D Arrison
S Müller
25 March 2021

Director: Management Services
Director: Infrastructure & Planning

(028) 313 8000

1. Executive Summary

The purpose of this report is to request Council for the writing-off of the irregular expenditure in terms of section 32(2)(b) of the Local Government: Municipal Finance Management Act (56/2003) for rendering translation services without following an official procurement process.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Management Services
Department: Communications

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003)
Overstrand Municipality Supply Chain Management Policy dated 25 May 2008, as amended.

6. Background/Discussion/Evaluation/Conclusion**Background/Discussion**

On 24 October 2018 the Supply Chain Management Unit identified that translation services was rendered to the municipality without following an official procurement process.

The expenditure incurred equates to an amount of R8,193.15 with regard to the Communication Department and R1,129.65 with regard to the Town Planning Department respectively, totalling R9,322.80

In the absence of a completed supply chain management process completed prior to the rendering of services, the municipality incurred irregular expenditure in contravention of the Supply Chain Management Policy, also identified as irregular expenditure as defined in the MFMA (act 56 of 2003).

The occurrence of irregular expenditure was referred to the Internal Audit Services (IAS) to investigate the instance of non-compliance with clause 16 of the Overstrand Municipality SCM policy for the rendering of translation services without following an official procurement process and to report to the Municipal Manager, in supporting him to finalize the matter.

The Internal Audit Report provided the following conclusion:

“Based on the analysis of the information the following were identified:

Communication Department:

1. There was no official order for the services rendered during July and December 2018, order 232046 was issued with a 3 month exception from August 2018 ending 21 November 2018, at the end of the period a new process had to be initiated.
2. A formal quotation document was compiled and submitted for advertisement on the Municipal website, this process was initiated in November 2018 and no bids were received on closing date of 7 December 2018.
3. Therefore no official procurement process could be identified which supported the rendering of services for July and December 2018, for invoice 106 (R344.25), invoice 107 (R4 599.35) and invoice 110 (R3 249.55).
4. Invoice 110 for 7 December 2018 was processed for payment by creditors on 20 February 2019 after approval from the CFO.
5. The value of the non-compliance with clause 16 of the Overstrand Municipality SCM policy by Communication Department amount to R8 193.15 (R344.25 + R4 599.35 + R3 249.55) for invoices 106, 107 and 110. This could be regarded as irregular expenditure.

Town Planning Department:

6. Town Planning used order 232046 without Ms N Zweni written approval or knowledge, which was issued with a 3 month exception from August 2018 ending 21 November 2018.

7. Therefore no official procurement process could be identified which supported the rendering of services for invoices 111 and 112 for December 2018 and invoices 113 and 114 for January 2019.
8. Invoice 113 and 114 totaling R2 725.10 was processed for payment on 29 March 2019 after approval from the CFO.
9. The value of the non-compliance with clause 16 of the Overstrand Municipality SCM policy by Town Planning Department amount to R3 854.75 (R671.50 + R458.15 + R1 258.00 + R1 467.10) for invoices 111, 112, 113 and 114. This could be regarded as irregular expenditure.”

To be noted that a Town Planning Services report served before both MPAC and Council in a previous financial period to the amount of R2,725.10, being a portion of the total amount of R3,854.75 (R2,725.10 + R1,129.65.), identified as irregular expenditure.

Conclusion

On 25 March 2021 the Municipal Public Accounts Committee (MPAC) consisting of Cllrs S Tebele, D Botha, B Molefe, L Ntsabo and R Nutt considered a detailed report on the matter and came to the conclusion that the municipality received value for money and was unanimous in its decision to recommend to Council that the irregular expenditure to the amount of R9,322.80 for the provisioning of translation services (Vat Incl), be certified as irrecoverable and be written off.

7. Financial Implications

R9,322.80

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

None

RECOMMENDATION TO THE COUNCIL:

that, in view of the municipality having received value for money, the irregular expenditure in the amount of R9,322.80 for the provisioning of translation services, be certified as irrecoverable and written off in terms of section 32(2)(b) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.

RESPONSIBLE OFFICIAL :**B KING
C LE ROUX****TARGET DATE FOR IMPLEMENTATION:****12 APRIL 2021**

6.5**INVESTIGATION INTO THE INSTANCE OF IRREGULAR EXPENDITURE:
SCIE 2018/008: NON-COMPLIANCE WITH CLAUSE 16 OF THE SUPPLY CHAIN
MANAGEMENT POLICY WITH REGARDS TO RENDERING TRANSLATION
SERVICES WITHOUT FOLLOWING AN OFFICIAL PROCUREMENT PROCESS**

D Arrison
25 March 2021

Director: Management Services

(028) 313 8001

1. Executive Summary

The purpose of this report is to request Council for the writing-off of the irregular expenditure in terms of section 32(2)(b) of the Local Government: Municipal Finance Management Act (56/2003) for rendering translation services without following an official procurement process.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Management Services
Department: Communications

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003)
Overstrand Municipality Supply Chain Management Policy dated 25 May 2008, as amended.

6. Background/Discussion/Evaluation/Conclusion**Background/Discussion**

On 24 October 2018 the Supply Chain Management Unit identified that translation services was rendered without following an official procurement process.

The expenditure incurred amounted to R6,834.10 and was paid on 6 August 2018. Services were also rendered in the excess of the same order,

to the amount of R1,319.85, and subsequently paid to the supplier, in total an amount of R8 153.95 (R6 834.10 + R1 319.85).

As the official supply chain management process was not finally completed prior to the rendering of services, the municipality incurred irregular expenditure in contravention of the Supply Chain Management Policy, and identified as irregular expenditure as defined in the MFMA (act 56 of 2003).

The occurrence of irregular expenditure was referred to the Internal Audit Services (IAS) to investigate the instance of non-compliance with clause 16 of the Overstrand Municipality SCM policy for the rendering of translation services without following an official procurement process and to report to the Municipal Manager, in supporting him to finalize the matter.

The Internal Audit Report provided the following conclusion:

“Based on the examination of the information the following were identified:

1. There was no official order for the services rendered during July 2018, order 227227 was for the period February – June 2018 and order 231122 was for the period August 2018 – February 2019.
2. Therefore no official procurement process could be identified which supported the rendering of services for July 2018, amount of R6 834.10.
3. Order 231122 was issued on 23 July 2018 for the period August 2018 – February 2019 with a reserve value of R 15 000.00. The invoices submitted for August 2018 (R4 367.70), September 2018 (R7 645.65) and October 2018 (R4 306.50) exceeds the order amount by R1 319.85.
4. The invoices for September 2018 and October 2018 were processed for payment by creditors on 23 November 2018 after approval from the CFO.
5. The value of the non-compliance with clause 16 of the Overstrand Municipality SCM policy amounts to R8 153.95 (R6 834.10 + R1 319.85). This could be regarded as irregular expenditure.”

Conclusion

On 25 March 2021 the Municipal Public Accounts Committee (MPAC) consisting of Cllrs S Tebele, D Botha, B Molefe, L Ntsabo and R Nutt considered a detailed report on the matter and came to the conclusion that the municipality received value for money and was unanimous in its decision to recommend to Council that the irregular expenditure to the amount of R8 153,95 (Vat Incl) for rendering translation services, be certified as irrecoverable and be written off.

7. Financial Implications

R8,153.95

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

None

RECOMMENDATION TO THE COUNCIL:

that, in view of the municipality having received value for money, the irregular expenditure in the amount of R8,153.95 for the provisioning of translation services, be certified as irrecoverable and written off in terms of section 32(2)(b) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.

RESPONSIBLE OFFICIAL :**B KING
C LE ROUX****TARGET DATE FOR IMPLEMENTATION:****12 APRIL 2021**

6.6**INVESTIGATION INTO THE INSTANCE OF IRREGULAR EXPENDITURE:
SCIE 2019/006: NON-COMPLIANCE WITH CLAUSE 16 OF THE SUPPLY CHAIN
MANAGEMENT POLICY WITH REGARDS TO RENDERING OF COURIER
SERVICES WITHOUT FOLLOWING AN OFFICIAL PROCUREMENT PROCESS****D Arrison
25 March 2021****Director: Management Services****(028) 313 8001**

1. Executive Summary

The purpose of this report is to request Council for the writing-off of the irregular expenditure in terms of section 32(2)(b) of the Local Government: Municipal Finance Management Act (56/2003) for the rendering of courier services without following an official procurement process.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Management Services
Department: Communications

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003)
Overstrand Municipality Supply Chain Management Policy dated 25 May 2008, as amended.

6. Background/Discussion/Evaluation/Conclusion**Background/Discussion**

On 13 January 2019 it was brought to the attention of the Supply Chain Management Unit that courier services for the December Bulletin was rendered without an official order.

The expenditure due to the service provider amounted to R4,860.50 (Incl. VAT).

With the review of the matter the following aspects of non-compliance to the SCM Policy were identified:

That no procurement process could be identified for the courier services rendered, services were thus rendered without an official order.

An existing contract at the time with the same service provider provided for specific rates only:

CAB Holdings (Pty) Ltd.		
SC1754/2017 Printing and distribution of Municipal Accounts and Newsletters		
	Item description	Unit
1.	List cleaning (twice per year)	Per 1000
2.	Hard copy processing of accounts and distribution of accounts and newsletter – 1 page account and 1 page newsletter	Per 1000
3.	Electronic processing and distribution of accounts and newsletter (e-mail)	Per 1000
4.	Electronic processing and distribution of accounts and newsletter (MMS)	Per 1000
5.	Hard copy – more than 1 page – processing only	Per 1000
6.	Printing newsletter (A4 – both sides)	Per 1000
7.	Printing of newsletter (A3 – both sides)	Per 1000
8.	Postage (per item with discount)	each
9.	Other - window envelopes	Per 1000

The Communication Department requested a quotation from this service provider for courier services to deliver the December Bulletin for inclusion together with the monthly municipal accounts, without following the legislatively prescribed competitive supply chain process. The municipality thus declared this expenditure incurred as non-compliance or irregular expenditure, as defined in the MFMA (act 56 of 2003).

Conclusion

On 25 March 2021 the Municipal Public Accounts Committee (MPAC) consisting of Cllrs S Tebele, D Botha, B Molefe, L Ntsabo and R Nutt considered a detailed report on the matter and came to the conclusion that the municipality received value for money and was unanimous in its decision to recommend to Council that the irregular expenditure to the amount of R4,860.50 (Vat Incl) for the provisioning of courier services, be certified as irrecoverable and be written off.

7. Financial Implications

R4,860.50 (Vat Incl)

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

None

RECOMMENDATION TO THE COUNCIL:

that, in view of the municipality having received value for money, the irregular expenditure in the amount of R4,860.50 (Vat Incl) for the provisioning of courier services, be certified as irrecoverable and written off in terms of section 32(2)(b) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.

RESPONSIBLE OFFICIAL :**B KING
C LE ROUX****TARGET DATE FOR IMPLEMENTATION:****12 APRIL 2021**

6.7

**INVESTIGATION INTO THE INSTANCE OF IRREGULAR EXPENDITURE:
SCIE 2019.20.11: NON-COMPLIANCE WITH CLAUSE 17 OF THE SUPPLY
CHAIN MANAGEMENT POLICY WITH REGARDS TO: HIRING OF A CONTAINER
WITHOUT AN OFFICIAL ORDER**

N Michaels
25 March 2021

Director: Protection Services

(028) 316 - 8054

1. Executive Summary

The purpose of this report is to request Council for the writing-off of the expenditure in terms of section 32(2)(b) of the Local Government: Municipal Finance Management Act (56/2003) when services were rendered for hiring of a container without an official order.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Protection Services

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance
Creation and maintenance of a safe and healthy environment

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003)
Overstrand Municipality Supply Chain Management Policy dated 25 May 2008, as amended.

6. Background/Discussion/Evaluation/Conclusion**Background/Discussion**

On 14 August 2019 it was brought to the attention of the Supply Chain Management Unit that services were utilised without an official order.

The expenditure incurred amounted to R951.05 (Incl. Vat) for the hiring of a container from Rent a Container.

After further investigation, the following aspect of non-compliance to the SCM Policy were identified: no procurement process could be identified for services rendered.

The municipality declared this expenditure incurred as non-compliance or irregular expenditure, as defined in the MFMA (act 56 of 2003).

Conclusion

On 25 March 2021 the Municipal Public Accounts Committee (MPAC) consisting of Cllrs S Tebele, D Botha, B Molefe, L Ntsabo and R Nutt considered a detailed report on the matter and came to the conclusion that the municipality received value for money and was unanimous in its decision to recommend to Council that the irregular expenditure to the amount of R951.05 (Vat Incl) for the hiring of a container, be certified as irrecoverable and be written off.

7. Financial Implications

R951.05 (Vat Incl)

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

None

RECOMMENDATION TO THE COUNCIL:

that, in view of the fact that the municipality have received value for money, the irregular expenditure in the amount of R951.05 (Vat Incl) for the hiring of a container, be certified as irrecoverable and written off in terms of section 32(2)(b) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.

RESPONSIBLE OFFICIAL:

**B KING
C LE ROUX**

TARGET DATE FOR IMPLEMENTATION:

12 APRIL 2021

6.8**INVESTIGATION INTO THE INSTANCE OF IRREGULAR EXPENDITURE: SCIE 2019.20.05: NON-COMPLIANCE WITH SECTION 19 & 39(1)(d) OF THE SUPPLY CHAIN MANAGEMENT POLICY WITH REGARDS TO THE HAWSTON CAMPSITE & SWIMMING POOL FENCING PROJECT****3/2/3/8****R Williams****Director: Community Services****25 March 2021****(028) 313 8156**

1. Executive Summary

The purpose of this report is to request Council for the writing off of expenditure in terms of section 32(2)(b) of the Local Government: Municipal Finance Management Act (56/2003) with regard to the Hawston campsite & swimming pool fencing project.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Community Services

Department: Operational Services

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance

Provision and maintenance of municipal services

Creation and maintenance of a safe and healthy environment

4. Delegated Authority

Not applicable

5. Legal Requirements

Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003)

Overstrand Municipality Supply Chain Management Policy dated 25 May 2008, as amended.

6. Background/Discussion/Conclusion

On 28 March 2019 a complaint was reported by a contractor to the Supply Chain Management Unit that fencing was installed that was not in accordance with the specifications for an order that was issued in terms of Contract SC1689/2016. The matter was reported to the department and a report was prepared and submitted, confirming the complaint.

Expenditure incurred for installations that was not in totality in accordance with the specifications for an order that was issued, amounted to R2 178 048.25 (Incl. Vat).

The following aspects of non-compliance to the SCM Policy and/or the MFMA were identified by the SCM department:

- i. Order no. 232986 for an amount of R2,178,048.25 was issued on 19 September 2018 for the supply and erecting of fencing at the Hawston Camping Site. The goods procured (fence) were not fully in accordance with the official order issued;
- ii. That no procurement process could be identified for the specific goods which deviated from what was eventually procured; and
- iii. That the contract SC1689/2016 procured through the SCM policy was not properly enforced. The municipality indicated that it is in contravention of its own SCM policy and/or the MFMA without any other recourse but to declare this expenditure incurred as non-compliance or irregular expenditure, as defined in the MFMA (act 56 of 2003).

Conclusion

On 25 March 2021 the Municipal Public Accounts Committee (MPAC) consisting of Cllrs S Tebele, D Botha, B Molefe, L Ntsabo and R Nutt considered a detailed report on the matter and came to the conclusion that the municipality received value for money and was unanimous in its decision to recommend to Council that the irregular expenditure to the amount of R2,178,048,25 (incl vat) for the installation of a fence, be certified as irrecoverable and be written off.

7. Financial Implications

R2,178,048.25 (incl vat)

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

None

RECOMMENDATION TO THE COUNCIL:

that, in view of the municipality having received value for money, the irregular expenditure in the amount of R2,178,048,25 (incl vat) for the installation of a fence, be certified as irrecoverable and written off in terms of section 32(2) (b) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.

RESPONSIBLE OFFICIAL :**B KING
C LE ROUX****TARGET DATE FOR IMPLEMENTATION :****12 APRIL 2021**

7. URGENT MATTERS SUBMITTED BY THE MUNICIPAL MANAGER (IF ANY)

8. CONSIDERATION OF NOTICES OF MOTIONS / QUESTIONS

At the time of the closing of the agenda, no notices of motions/questions were received.

9. CONSIDERATION OF MOTIONS OF EXIGENCY (IF ANY)