
9.	CONSIDERATION OF ITEMS, REPORTS, COMMUNICATIONS, PETITIONS AND APPLICATIONS SUBMITTED VIA THE OFFICE OF THE MUNICIPAL MANAGER
9.1	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC): [CLLR WF PIETERSEN]
9.1.1	CONSIDERATION OF EXPENDITURE INCURRED RELATING TO THE 2020/2021 FINANCIAL YEAR

Collaborator No:

IDP KPA Ref No:

Meeting Date:

Good Governance

17 June 2022 & 22 June 2022

1. SUBJECT: CONSIDERATION OF EXPENDITURE INCURRED RELATING TO THE 2020/2021 FINANCIAL YEAR

2. PURPOSE OF REPORT

To provide information regarding the irregular expenditure incurred in the 2020/2021 financial year and, to be recommended to and considered by Council to certify the expenditure as irrecoverable and to be written off by Council in terms of Section 32 of the MFMA.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

Section 32(2)(b) of the Municipal Finance Management, 2003 (Act 56 of 2003) (MFMA) require a municipality to 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.

Expenditure was identified in the 2020/2021 financial year by the Auditor-General which was non-compliant with Council approved policies and the Municipal Financial Management Act. All known instances of non-compliance with legislation, which the Municipality is aware of and whose effects should be considered have been recorded.

5. RECOMMENDATION

FOR CONSIDERATION

6. DISCUSSION

Background

Expenditure was identified in the 2020/2021 financial year by the Auditor-General which was non-compliant with Council approved policies and the Municipal Financial Management Act. All known instances of non-compliance with legislation, which the Municipality is aware of and whose effects should be considered have been recorded.

The table below depicts the matters that were raised by the Auditor-General during their audit of the Municipality, and as a corrective measure, the administration is requesting Council to write off this irregular expenditure with the explanations and recommendation given.

No	Irregular Expenditure	Amounts including VAT	Comments:
1	Civils 2000 (Pty) Ltd	R94 729.47	Negative commitments have identified where the total contract amount has been overspent for the items listed in the commitments register. The overspending is due to various reasons including, change in the VAT percentage from 14% to 15%, as well as retention payments.
2	Exeo Kholeka Civil Engineering Construction (Pty) Ltd	R119 713.68	
3	Ibhunga cleaning and Bricks Paving and Painting	R14 117.40	
4	BSM 100/18 Novus3	R3 097 659 .88	<p>These items did serve before MPAC and was certified as irrecoverable and written-off by the municipal council, but council only considered the expenditure that was incurred up to that specific point. This return item is to consider the expenditure that was incurred subsequent to council's resolution.</p> <p>Background</p> <p>AGSA assessed that for the approval of these tenders the BAC was not constituted in terms Municipal Supply Chain Management Regulations as it was not constituted by four senior managers.</p> <p>AGSA also inspected the council approval of the acting arrangements and noted that the arrangements approved by the council meeting on the 30 January 2019 stipulates specific individuals to act for specific positions. The staff members that were at part of the BAC are not amongst these names to act as senior managers.</p> <p>If the BAC was correctly constituted as required by the MSCMR, the award would've still been made to the same service providers.</p>
5	BSM 13/19 BBE Energy (Pty) Ltd	R1 007 900.78	

6	BSM 53/19 Innovo Networks	R1 728 848.75	<p>This item did serve before MPAC and was certified as irrecoverable and written-off by the municipal council, but council only considered the expenditure that was incurred up to that specific point. This return item is to consider the expenditure that was incurred subsequent to council's resolution.</p> <p>Background</p> <p>The AGSA have identified that the bid specifications were drafted in a manner that is not fair, equitable, transparent and competitive as it was found that the specifications made reference to a specific brand/model.</p> <p>In line with our approved 'Technology Roadmap and Standardization for Microwave and Radio Networks', the 'SAIE' brand has been used for the network back-haul infrastructure for the past 5 (five) years. Deviating from this standard will definitely pose a compatibility risk to the Municipality's key services currently running on this infrastructure. This includes services such as our internet, email, voicemail, etc.</p>
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7. FINANCIAL IMPLICATIONS

Financial implications relating to irregular expenditure that incurred during 2020/2021.

8. LEGAL IMPLICATIONS

Supply Chain Management Regulations

Municipal Management Finance Act

9. RISK IMPLICATIONS

Reporting irregular expenditure timeously.

10. MUNICIPAL MANAGER'S COMMENT

The municipality received the services and got value for money. Supply Chain breaches was not intentional, and measures were put in place to avoid reoccurrence.

This item did serve before MPAC and was certified as irrecoverable and written-off by the municipal council on expenditure incurred up to that specific period. Furthermore, the return item is to consider the expenditure that was incurred subsequent to a council resolution.

RECOMMENDATIONS FROM MPAC TO COUNCIL: 2022-06-17: ITEM 5.1

- (a) that Council takes note of the circumstances as provided in the report;
- (b) that Council certifies the irregular expenditure to the amount of R R6 062 969.96 (including VAT) as irrecoverable; and
- (c) that Council writes off the irregular expenditure as irrecoverable in terms of the MFMA Section 32(2)

FOR FURTHER DETAILS CONTACT:

NAME	Kevin Carolus
POSITION	Chief Financial Officer
DIRECTORATE	Financial Services
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E-MAIL ADDRESS	Kevin.Carolus@ Stellenbosch.gov.za
REPORT DATE	13 June 2022

9.1.2	CONSIDERATION OF EXPENDITURE INCURRED RELATING TO THE 30% SUB-CONTRACTING REQUIREMENT NOT MET BY THE WINNING BIDDER. BSM/29/19: THE UPGRADE AND EXTENTION OF THE PNIEL WASTEWATER TREATMENT WORKS: CIVIL WORKS
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Collaborator No:

IDP KPA Ref No:

Meeting Date:

Good Governance

17 June 2022 & 22 June 2022

1. SUBJECT: CONSIDERATION OF EXPENDITURE INCURRED RELATING TO THE 30% SUB-CONTRACTING REQUIREMENT NOT MET BY THE WINNING BIDDER. BSM/29/19: THE UPGRADE AND EXTENTION OF THE PNIEL WASTEWATER TREATMENT WORKS: CIVIL WORKS

2. PURPOSE OF REPORT

To provide information regarding the expenditure incurred for investigation by MPAC and to be recommended to and consideration by Council to certify the expenditure as irrecoverable and to be written off by Council in terms of Section 32(2) of the MFMA.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

BSM 29/19 was awarded to CSV MAZARIN JV on 16 August 2019 for R61 871 693.00. The expenditure with regard to the adjudication of BSM 29/19 for the Upgrade and Extension of the Pniel Wastewater Treatment Works amounts to R52 628 768.61 for the period since inception until 31 May 2022.

The Auditor-General in its final audit conclusion agreed that the municipality were not Materially Non-Complaint and that the municipality should in future clearly state whether it is applying SCM Regulation 4 (Pre-qualification) or SCM Regulation 9 (Sub-contracting) and that the irregular expenditure relating to the 2019/2020 financial year, is not considered to be material in aggregate, but that the municipality must disclose the irregular expenditure for 2020/2021 and going forward.

This item did serve before MPAC and was certified as irrecoverable and written-off by the municipal council, but council only considered the expenditure that was incurred up to that specific point. This return item is to consider the expenditure that was incurred subsequent to council's resolution.

Tender	Total Award	Expenditure previously certified as Irrecoverable by MPAC	Subsequent to Council resolution
BSM 29/19	R61 871 693	R26 856 264.80	R25 772 503.81

5. RECOMMENDATION

For MPAC consideration.

6. DISCUSSION

The Municipality advertised tender BSM 29/19 with a requirement that a 30% minimum of the contract value will have to be sub-contracted as prescribed by the Preferential Procurement Policy Framework Act, 2000 and the Preferential Procurement Regulations of 2017.

The Auditor-General identified that the municipality has determined that a pre-qualification criteria relating to sub-contracting of 30% to designated groups is applicable of which the municipality have disputed from the onset. The total amount of sub-contracting in the initial tender documents submitted by the service provider amounts to R5 350 000 which is approximately 8, 65% of the tender value. It must be noted that the consulting engineer sought clarity from the service provider who indicated that 30% will be sub-contracted to designated groups and that the contract will be monitored by the consulting engineer. The Auditor-General opinion on this is that the bidder should have been disqualified and not evaluated further. The next responsive bidder tendered R71 608 695.95, should the municipality have disregarded the bid which would have been nearly R9million more for the municipality.

The Auditor's conclusion after inspection of the sub-contracting documents as provided by the consulting engineer confirmed that indeed the 30% of the contract is met hence it is not regarded as a material non-compliance. The Auditor-General also recommended that the municipality should in future remove the words "MAY" in its tender advertisements and that the municipality must state in its advert whether SCM Regulation 4 as a pre-qualification or SCM Regulation 9 as a sub-contracting condition is applicable to the successful bidder.

7. FINANCIAL IMPLICATIONS

U-KEY number 20190703005311 have been utilised and sufficient funds were available to accommodate the amount of R25 772 503.81(VAT Inclusive) after the service was delivered.

8. LEGAL IMPLICATIONS

The recommendations in this report comply with Council's policies and all applicable legislation

Preferential Procurement Regulations, 2017

Preferential Procurement Act, Act 2000

Implementation Guide issued by National Treasury for the PPPF Act and its regulations

Supply Chain Management Policy

MFMA Section 32(2)

9. RISK IMPLICATIONS

All intent was in good faith, the breach could be attributed to the different interpretations pertaining to the provisions within the SCM Environment.

10. CONCLUSION

The Auditor- General concluding that it was not martially non-compliant and that in future the municipality need to amend its tender advertisements.

11. COMMENTS FROM THE MUNICIPAL MANAGER

The municipality at all times acted in terms of the objective and intend of the Preferential Procurement Policy Framework Act 5 of 2000 in relation to 30% sub-contracting. It should be noted that on this contract the municipality already achieved above 30% sub-contracting, but due to the technical interpretation by the AGSA of Section 9 of the PPPFA relating to the advertisement, the expenditure was regarded as irregular.

It should be noted that the Preferential Procurement Regulations was subjected to a constitutional challenge and the Constitutional court declared the regulations unconstitutional but suspended the decision for 12 months to allow national treasury to rectify the breach. This further cement the municipalities argument that our interpretation on this matter was correct. However, given the fact that the unconstitutionality has been suspended we have to request the write off of this expenditure.

This item did serve before MPAC and was certified as irrecoverable and written-off by the municipal council on expenditure incurred up to that specific period. Furthermore, the return item is to consider the expenditure that was incurred subsequent to the council resolution.

12. COMMENTS FROM SUPPLY CHAIN MANAGER

SCM will in future draft the tender advertisements to comply with the constitutional provisions of openness, fairness, cost effectiveness, competitiveness and equity.

RECOMMENDATIONS FROM MPAC TO COUNCIL: 2022-06-17: ITEM 5.2

- (a) that Council takes note of the circumstances as provided in the report;
- (b) that Council certifies the irregular expenditure to the amount of R25 772 503.81 (including VAT) to CSV MAZARIN JV as irrecoverable; and
- (c) that Council writes off the irregular expenditure as irrecoverable in terms of the MFMA Section 32(2).

FOR FURTHER DETAILS CONTACT:

NAME	Kevin Carolus
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REPORT DATE	<i>13 June 2021</i>

9.1.3	CONSIDERATION OF EXPENDITURE INCURRED RELATING TO THE ADVERTISEMENT AND SUB-CONTRACTING REQUIREMENTS: BSM/30/19: THE UPGRADE AND EXTENTION OF THE PNIEL WASTEWATER TREATMENT WORKS
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Collaborator No:

IDP KPA Ref No:

Meeting Date:

Good Governance

17 June 2022

1. SUBJECT: CONSIDERATION OF EXPENDITURE INCURRED RELATING TO THE ADVERTISEMENT AND SUB-CONTRACTING REQUIREMENTS: BSM/30/19: THE UPGRADE AND EXTENTION OF THE PNIEL WASTEWATER TREATMENT WORKS

2. PURPOSE OF REPORT

To provide information regarding the expenditure incurred for investigation by MPAC and to be recommended to and consideration by Council to certify the expenditure as irrecoverable and to be written off by Council in terms of Section 32(2) of the MFMA.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

BSM 30/19 was awarded to INENZO WATER (PTY) LTD on the 27th of September 2019 for the amount of R 63 909 796.00 including VAT. The total expenditure incurred since inception of contract inclusive of VAT is R53 705 109.58. The expenditure with regard to the adjudication of BSM 30/19 for the Upgrade ad Extension of the Pniel Wastewater Treatment Works amounts to R53 705 109.58 for the period since inception until 31 May 2021.

Important to note is that the Auditor-General in its final audit conclusion agreed that the municipality were not Materially Non Complaint and that the municipality must in future clearly state whether it is applying SCM Regulation 4 (Pre-qualification) or SCM Regulation 9 (Sub-contracting) and that the irregular expenditure relating to the 2019/2020 financial year, is not considered to be material in aggregate, but that the municipality must disclose the irregular expenditure for 2020/2021 and going forward.

This item did serve before MPAC and was certified as irrecoverable and written-off by the municipal council, but council only considered the expenditure that was incurred up to that specific point. This return item is to consider the expenditure that was incurred subsequent to council's resolution.

Tender	Total Award	Expenditure previously certified as Irrecoverable by MPAC	Subsequent to Council resolution
BSM 30/19	R63 909 796	R9 135 130	R44 569 979.58

5. RECOMMENDATION

For MPAC consideration

6. DISCUSSION

The Municipality advertised tender BSM 30/19 with a requirement that a 30% minimum of the contract value will have to be sub-contracted as prescribed by the Preferential Procurement Policy Framework Act, 2000 and the Preferential Procurement Regulations of 2017.

The Auditor-General identified an inconsistency between the advert placed in the newspapers and the advert placed on the CIDB I-tender system in relation to the 30% sub-contracting condition. Important to note is the fact that all construction related projects are regulated in terms of the CIDB Act and its regulations. The Auditor-General then erred in its audit conclusion that the Municipality were non-compliant with SCM Regulation 4 (Pre-Qualification) of which the municipality have substantiated that we never have used Regulation 4.

All service providers who are registered on the CIDB will be allocated a CIDB grading after successful technical screening, vetting, etc. by the CIDB. Only those service providers who are registered within a specific category is notified with and SMS by the CIDB whenever construction related opportunities is available. From the total of plus minus 111 service providers who are registered with the CIDB within the category 8ME, who responded to the SMS received by the CIDB, a significant number of 37 potential bidders were present at the Compulsory Site meeting.

The Auditor-General is of the opinion that whenever changes are considered at the compulsory site meetings then an advertisement should be placed again to allow all potential bidders again and opportunity to submit a Bid or tenders should be cancelled. Important to note is the fact that the CIDB in terms of clause C.3.2 Standard For Uniformity (STFU) in Engineering and Construction Works, August 2019 allows for the issuing of addenda as an acceptable practise.

The Municipal Manager is also allowed in terms of SCM Regulation 13 to apply its mind whether to cancel a tender or not, of which we were of the opinion that a significant total of 37 Bidders were at the Compulsory Site meeting and that it would be unfair towards them if the tender should be cancelled as suggested by the Auditor-General.

The issuing of addendums is a standard practise in all municipalities because it is extremely costly to cancel a tender constantly as concluded by the Auditor-General. The issuing of addendums will be further discussed at the Western Cape SCM Governance Workgroup because municipalities will come to a standstill if a provision within the CIDB Act or any act, is interpreted without understanding the impact of such miss interpretation.

7. FINANCIAL IMPLICATIONS

U-KEY number 20180711006344 have been utilised and sufficient funds were available to accommodate the amount of R44 569 979.58 after the service was delivered.

8. LEGAL IMPLICATIONS

The recommendations in this report comply with Council's policies and all applicable legislation

Preferential Procurement Regulations, 2017

Preferential Procurement Act, Act 2000

Implementation Guide issued by National Treasury for the PPPF Act and its regulations

Supply Chain Management Policy.

MFMA Section 32(2)

9. RISK IMPLICATIONS

All intent was in good faith, the breach could be attributed to the different interpretations pertaining to the provisions within the SCM Environment.

12. CONCLUSION

The Auditor-General concluded that it was not materially non-compliant and that in future the municipality need to amend its tender advertisements.

13. COMMENTS FROM THE MUNICIPAL MANAGER

The municipality at all times acted in terms of the objective and intend of the Preferential Procurement Policy Framework Act 5 of 2000 in relation to 30% sub-contracting. It should be noted that on this contract the municipality already achieved above 30% sub-contracting, but due to the technical interpretation by the AGSA of Section 9 of the PPPFA relating to the advertisement, the expenditure was regarded as irregular.

It should be noted that the Preferential Procurement Regulations was subjected to a constitutional challenge and the Constitutional court declared the regulations unconstitutional but suspended the decision for 12 months to allow national treasury to rectify the breach. This further cement the municipalities argument that our interpretation on this matter was correct. However, given the fact that the unconstitutionality has been suspended we have to request the write off of this expenditure.

This item did serve before MPAC and was certified as irrecoverable and written-off by the municipal council on expenditure incurred up to that specific period. Furthermore, the return item is to consider the expenditure that was incurred subsequent to a council resolution.

COMMENTS FROM SUPPLY CHAIN MANAGER

SCM will in future draft the tender advertisements to comply with the constitutional provisions of openness, fairness, cost effectiveness, competitiveness and equity.

RECOMMENDATIONS FROM MPAC TO COUNCIL: 2022-06-17: ITEM 5.3

- (a) that Council takes note of the circumstances as provided in the report;
- (b) that Council certifies the irregular expenditure to the amount of R44 569 979.58 (including VAT) to Inenzo Water (Pty) Ltd as irrecoverable; and
- (c) that Council writes off the irregular expenditure as irrecoverable in terms of the MFMA Section 32(2).

9.1.4	CONSIDERATION OF EXPENDITURE INCURRED RELATING TO LOCAL PRODUCTION AND CONTENT
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Collaborator No:

IDP KPA Ref No:

Meeting Date:

Good Governance

17 June 2022

1. SUBJECT: CONSIDERATION OF EXPENDITURE INCURRED RELATING TO LOCAL PRODUCTION AND CONTENT

2. PURPOSE OF REPORT

To provide information regarding the irregular expenditure incurred relating to local production and content and, to be recommended and considered by Council to certify the expenditure as irrecoverable and to be written off by Council as per the Stellenbosch Municipal Supply Chain Management Policy (2020/2021) embodied from the principles as specified in the Preferential Procurement Regulations of 2017.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

Preferential Procurement Regulations (PPR) 2017, PPR 8(2), requires that, an organ of the state must, in case of a designated sector, advertise the invitation to tender with a specific condition that only locally produced or locally manufactured goods, meeting the stipulated minimum threshold for local production and content, will be considered.

The Auditor-General, in its findings during the 2017/2018 financial year, identified that the Municipality did not include a specific condition that local production and content is applicable when inviting bidders to tender (advertisement). Furthermore, the Municipality also did not include the local production and content in the bid documents (MBD 6.2) and the suppliers declared accordingly. The Auditor-General concluded that the tender award does not comply with Preferential Procurement Regulations 2017.

However, the Municipality disagrees with the findings of the Auditor-General, as the PPFA Regulations of 2017 does not stipulate in brackets (advertisement) as alluded in the findings. In order to advertise, the invitation to tender places emphasis on the tender document that need to include the minimum thresholds (MBD6.2) that are advertised as a complete document and from which potential bidders submit bid offers.

Irregular expenditure is defined in the Municipal Finance Management Act (Act 56 of 2003) as expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law. Furthermore, expenditure incurred means the amounts that were expensed, or work done, therefore the MPAC and municipal council can only consider amounts already expensed.

This item did serve before MPAC and was certified as irrecoverable and written-off by the municipal council, but council only considered the expenditure that was incurred up to that specific point. This return item is to consider the expenditure that was incurred subsequent to council's resolution.

5. RECOMMENDATIONS

For consideration

6. DISCUSSION

Background

The Auditor-General, in its findings during the 2017/2018 financial year, identified that the Municipality did not include a specific condition that local production and content is applicable when inviting bidders to tender (advertisement). Furthermore, the Municipality also did not include the local production and content in the bid documents (MBD 6.2) and the suppliers declared accordingly. The Auditor-General concluded that the tender award does not comply with Preferential Procurement Regulations 2017.

However, the Municipality disagrees with the findings of the Auditor-General, as the PPFA Regulations of 2017 does not stipulate in brackets (advertisement) as alluded in the findings. In order to advertise, the invitation to tender places emphasis on the tender document that need to include the minimum thresholds (MBD6.2) that are advertised as a complete document and from which potential bidders submit bid offers.

The Municipality seeks to encourage socio-economic transformation within the area of Stellenbosch. To achieve this, empowerment goals have been set, which aim to redress the skewed distribution of wealth and therefore contribute to the alleviation of poverty. The Municipality encourages increased usage of local resources, stimulation of skills development and transfer, fast tracking the growth and ensures sustainability of SMME's.

It is further imperative to note that the SCM regulations under public invitation of competitive bids specifically refer to the fact that:

A supply chain management policy must determine the procedure for the invitation of competitive bids, and must stipulate –

“That any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or municipal entity or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin)”.

Confirmation was presented by National Treasury in this regard. No financial loss incurred or any misuse or loss of a public resource or no substantial harms to the public sector or general public resulted due to this omission. Management has followed due processes to ensure that tenders complied with the requirements of the regulations relating to local production and content.

The Municipality has strengthened its internal controls tremendously. The advertisement has been amended to include the full conditions of local content. We have also implemented a control to send the specification/BOQ to the DTI to confirm if local content is applicable to a certain tender if we as a Municipality are unsure / divided. The DTI then confirms if local content should be applied or not. The BSC (who consists of the Directors) reviews the document and verify the local content in the document as well as DTI confirmation where applicable. We are confident that sufficient controls are in place but constantly strive to improve and streamline the process.

The table below depicts the matter raised by the Auditor-General during audit and as a corrective measure, the administration is requesting Council to write off these irregular expenditure with the explanations and recommendation given.

Tender No.	Total Award	Expenditure previously certified as Irrecoverable by MPAC	Subsequent to Council resolution
BSM 95/17	R92 564 307.87	R91 431 756.27	R1 132 551.60

BSM 95/17 (Plankenburg main outfall sewer) – This tender entails the excavation of trenches up to 5 meters deep and the installation of larger diameter sewer pipes. From inspecting the Bill of Quantities, it follows that items that was perceived to relate to local content items like cables actually refer to ancillary payment items for construction work close to existing services (like cables). Reference to project specifications was done to confirm this. If there are items of local content nature it would be negligible in comparison to the R77 million award. It would for instance not be a factor for any contractor not to submit a tender. Several bids were indeed received.

Irregular expenditure is defined in the Municipal Finance Management Act (Act 56 of 2003) as expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law. Furthermore, expenditure incurred means the amounts that were expensed, or work done, therefore the MPAC and municipal council can only consider amounts already expensed.

This item did serve before MPAC and was certified as irrecoverable and written-off by the municipal council, but council only considered the expenditure that was incurred up to that specific point. The total amount previously reported was R74 256 972.29 (excl VAT). This return item is to consider the expenditure that was incurred subsequent to council's resolution.

7. FINANCIAL IMPLICATIONS

Financial implications relating to irregular expenditure that incurred on the local production and content.

8. LEGAL IMPLICATIONS

Supply Chain Management Regulations

Preferential Procurement Regulations (PPR) 2017

Municipal Management Finance Act

9. RISK IMPLICATIONS

Reporting irregular expenditure timeously

10. MUNICIPAL MANAGER'S COMMENT

This item served before MPAC and was certified as irrecoverable and written-off by the municipal council, but council only considered the expenditure that was incurred up to that specific point. This return item is to consider the expenditure that was incurred subsequent to a council resolution.

Furthermore, it should be noted that this tender was awarded at the beginning of 2017/18 and all revised processes have been implemented.

RECOMMENDATIONS FROM MPAC TO COUNCIL: 2022-06-17: ITEM 5.4

- (a) that Council takes note of the circumstances as provided in the report;
- (b) that Council certifies the irregular expenditure to the amount of R1 132 551.60 (including VAT) as irrecoverable; and
- (c) that Council writes off the irregular expenditure as irrecoverable in terms of the MFMA Section 32(2).

FOR FURTHER DETAILS CONTACT:

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REPORT DATE	13 June 2022