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A21 INVESTIGATION OF THE 2020/2021 UNATHORISED, IRREGULAR. FRUITLESS AND WASTEFUL EXPENDITURE INVESTIGATION REPORT OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OF GREATER TZANEEN MUNICIPALITY.

(C 2022 08 30) **(12/2/3/1/1)**

RESOLVED

a) That fruitless and wasteful expenditure incurred amounting to **R3 091 784.31 related** to Eskom, Telkom and SARS be written off by Council.

b) That fruitless and wasteful expenditure incurred amounting to **R1 121 701.95** related to Thiamiso Trading (MULATI) be written off in line with the resolution A59 (Financial Misconduct Board investigation) approved by Council on the 26th of April 2022.

c) That an expenditure amounting to **R448 861.51** (Contour Technology) be written off as the service was rendered.

d) That an amount of **R7 752 012,06** related to Theuwedi Trading Enterprise be written off in line with the resolution A59 (Financial Misconduct Board investigation) approved by Council on the 26th of April 2022.

e) That an amount of **R8 117 521.80** related to Eternity star investment (ESI)-(Mopye High School) including its Cessions be written off in line with the

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resolution A59 (Financial Misconduct Board investigation) approved by Council on the 26th of April 2022.

f) That Council writes-off Irregular expenditure amounting to **R10 718 999.47** related LEBP Construction (Upgrading of Relela Access Road) including its Cessions.

g) The Accounting officer should ensure that consequence management be implemented to employees who did not follow SCM process to the latter.

h) The municipality should adhere to the SCM policy, Regulations and processes.

i) Budget and Treasury Office (Office of the CFO) conduct continuous awareness workshops on SCM policy and Regulations to sensitize employees about SCM processes.

j) Monitoring and evaluation of projects be strengthened.

k) Contract management be strengthened, that is, each municipal department to develop its own contract register.

l) Communication gap between SCM and user departments be strengthened.

m) Unauthorized, irregular, or fruitless and wasteful expenditure be reported to Council on quarterly basis.

n) Municipality to ensure the implementation of UIFW reduction strategy developed.

o) That the Greater Tzaneen Municipality must entre in Service Level agreement with Eskom to avoid the interest on late payment.

Signed by the Speaker
Councillor MS Tiba.....................................

A21 INVESTIGATION OF THE 2020/2021 UNATHORISED, IRREGULAR. FRUITLESS AND WASTEFUL EXPENDITURE INVESTIGATION REPORT OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OF GREATER TZANEEN MUNICIPALITY.

(C 2022 08 30) **(12/2/3/1/1)**

REPORT OF THE CHAIRPERSON OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE.

PURPOSE OF THE REPORT

The purpose of the report is to submit to council the 2020/2021 Unauthorized, Irregular, Fruitless and Wasteful expenditure (UIF).

BACKGROUND

On the 19th of August 2021 Council resolved that the 2020/21 register of unauthorised, irregular, fruitless and wasteful expenditure (UIFW) be noted and referred for investigation by MPAC as per Council Resolution number **A2 of 19th of August 2021.** The committee requested the Risk Management Unit through the office of the Municipal Manager, that the division investigate the expenditures on the committee's behalf.

SCOPE OF THE INVESTIGATION

The scope of the investigation will cover 2020/2021 UIF expenditure incurred by the municipality which are accumulated figures of unauthorized expenditure of **R0,** irregular expenditure of **(R27 032 935,02)** and fruitless and wasteful expenditure of **(R4 213 486.26).** The scope of the UIF investigation was established by **the Council Resolution number A2 of 19th of August 2021.** All relevant information from the opening balances was scrutinized which is covered by the investigation.

It should be noted that despite a diligent effort on our part to obtain all information and documentation relevant to conduct the investigation, we cannot guarantee that such is accurate. Therefore, our opinion and conclusions may change should further documentation or information be obtained or made available to us that materially impacts on this investigation.

Scope limitation:

We were not able to interview former municipal manager, director community services, director electrical engineering services; PMU manager and former Supply Chain Manager as they are no longer employees of Greater Tzaneen Municipality.

2020/2021 UIFW INVESTIGATION REPORT

1. FRUITLESS AND WASTEFUL EXPENDITURE

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
1.	Eskom	08/2020	15/872	264,205.99	Interest on late payment due to cash flow constraints	Budget and Treasury (CFO) P Makhubela; Electrical Engineering Services Director: MS Lelope; Former Municipal Manager: BS Matlala (Accounting Officer)	The expenditure was incurred due to interest paid to Eskom on account overdue. The municipality had long outstanding debt with Eskom due to cash flow constraints, of which interest was incurred, however the municipality made payment arrangements to ensure that the debt is settled, therefore the interest amounting to R 264 205.99 was incurred and paid during the month of August 2020. Limitation of scope since former Municipal Manager and Electrical Engineering Services Director are no longer working for the municipality.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							Recommendation: That the expenditure be written off by Council.
		09/2020	15/1648	1,194,132.13 192,428.45	Interest on late payment due to cash flow constraints	Budget and Treasury (CFO) P Makhubela; Electrical Engineering Services Director: MS Lelope; Former Municipal Manager: BS Matlala (Accounting Officer)	The expenditure was incurred due to interest paid to Eskom on account overdue. The municipality had long outstanding debt with Eskom due to cash flow constraints, of which interest was incurred, however the municipality made payment arrangements to ensure that the debt is settled, therefore the interest amounting to R1 194 132.13 was incurred and paid during the month of September 2020. Limitation of scope since former Municipal Manager and Electrical Engineering Services Director are no longer working for the municipality.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							Recommendation: That the expenditure be written off by Council.
		02/2021	15/2262	264.96	Interest on late payment due to cash flow constraints	Budget and Treasury (CFO) P Makhubela; Electrical Engineering Services Director: MS Lelope; Former Municipal Manager: BS Matlala (Accounting Officer)	The expenditure was incurred due to interest paid to Eskom on account overdue. The municipality had long outstanding debt with Eskom due to cash flow constraints, of which interest was incurred, however the municipality made payment arrangements to ensure that the debt is settled, therefore the interest amounting to R4264.96 was incurred and paid during the month of February 2021. Limitation of scope since former Municipal Manager is no longer working for the municipality.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							Recommendation: That the expenditure be written off by Council.
		02/2021	15/2262	3.52	Interest on late payment due to cash flow constraints	Budget and Treasury (CFO) P Makhubela; Electrical Engineering Services Director: MS Lelope; Former Municipal Manager: BS Matlala (Accounting Officer)	The expenditure was incurred due to interest paid to Eskom on account overdue. The municipality had long outstanding debt with Eskom due to cash flow constraints, of which interest was incurred, however the municipality made payment arrangements to ensure that the debt is settled, therefore the interest amounting to R3.52 was incurred and paid during the month of February 2021. Limitation of scope since former Municipal Manager and Electrical Engineering

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							Services Director are no longer working for the municipality. **Recommendation:** That the expenditure be written off by Council.
		03/2021	15/2755	1,003.36	Interest on late payment due to cash flow constraints	Budget and Treasury (CFO) P Makhubela; Electrical Engineering Services Director: MS Lelope; Former Municipal Manager: BS Matlala (Accounting Officer)	The expenditure was incurred due to interest paid to Eskom on account overdue. The municipality had long outstanding debt with Eskom due to cash flow constraints, of which interest was incurred, however the municipality made payment arrangements to ensure that the debt is settled, therefore the interest amounting to R1 003.36 was incurred and paid during the month of March 2021.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							Limitation of scope since former Municipal Manager and Electrical Engineering Services Director are no longer working for the municipality. **Recommendation:** That the expenditure be written off by Council.
		05/2021	3968	559,399.71	Interest on late payment due to cash flow constraints	Budget and Treasury (CFO) P Makhubela; Electrical Engineering Services Director: MS Lelope; Former Municipal Manager: BS Matlala	The expenditure was incurred due to interest paid to Eskom on account overdue. The municipality had long outstanding debt with Eskom due to cash flow constraints, of which interest was incurred, however the municipality made payment arrangements to ensure that the debt is settled, therefore the interest amounting to R559 399.71 was

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
						(Accounting Officer)	incurred and paid during the month of May 2021. Limitation of scope since former Municipal Manager and Electrical Engineering Services Director are no longer working for the municipality. **Recommendation:** That the expenditure be written off by Council.
		06/2021	4636	682,795.31	Interest on late payment due to cash flow constraints	Budget and Treasury (CFO) P Makhubela; Electrical Engineering Services Director: MS Lelope; Former Municipal	The expenditure was incurred due to interest paid to Eskom on account overdue. The municipality had long outstanding debt with Eskom due to cash flow constraints, of which interest was incurred, however the municipality made payment arrangements to ensure that the debt is settled, therefore the interest

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
						Manager: BS Matlala (Accounting Officer)	amounting to R 682 795.31 was incurred and paid during the month of June 2021. Limitation of scope since former Municipal Manager and Electrical Engineering Services Director are no longer working for the municipality. **Recommendation:** That the expenditure be written off by Council.
2.	Telkom	09/2020	913/877,912/ 876,911/875	86.02	Interest on late payment, office closed due to Covid-19 case.	Budget and Treasury (CFO) P Makhubela.	The expenditure was incurred due to interest paid to Telkom on account overdue. The Municipality has a contract agreement with Telkom for Diginet lines (Internal line for email exchange, landline for Haenetsburg and Letsitele libraries) of which subscription services are being charged on monthly basis however the

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							municipality was unable to pay the Telkom Invoice on time due to temporary closure of the Budget and Treasury offices regarding Covid-19 case, therefore the interest amounting to R86.02 was incurred and paid during the month of September 2020. **Recommendation:** That the expenditure be written off by Council.
3.	SARS	11/2020		197,475.86	Penalties on late payment due to strike	Budget and Treasury (CFO) P Makhubela. Former Municipal Manager: BS Matlala	The expenditure was incurred due to penalties and interest paid to South African Revenue Service (SARS) on the late payment of VAT 201 Returns for September 2020.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
						(Accounting Officer)	In terms of chapter 10 (10.1) VAT 404 Guide for vendors by SARS states that *"The VAT201 return is a declaration which must be completed and submitted to SARS at the end of every tax period if you are a vendor. The return reflects the VAT that you have charged on supplies (or situations in which you are otherwise liable to declare output tax), and the amounts that you believe you are entitled to deduct as input tax. The difference between these amounts for a specific tax period could either result in you having to pay the difference to SARS, or you may be entitled to a refund of the difference. Vendors must submit their returns by the due date, even if there is no payment required for the tax period concerned.*

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							Section 28 of the VAT Act prescribes the due dates for submitting VAT returns and making VAT payments. Your return must be submitted together with payment of the VAT on or before the 25th day of the following month after the end of your tax period. Should the 25th day fall on a Saturday, Sunday or public holiday, then your submission must be made on the last working day before such 25th day. Alternatively, you have until the last business day of the month after the end of your tax period if you make use of e-Filing to submit your return and make payment by electronic means (that is, payment submitted on e-Filing or effected by electronic funds transfer (EFT) through internet banking), therefore the municipality failed to pay for returns on

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							time to SARS due to municipal employees on strike which resulted in Budget and Treasury office not having access to offices and network to process payment and the municipality was charged penalties amounting to R186 597,24 and interest at 7% amounting to R10 878,62 due to late payment of returns to SARS. **Recommendation:** That the expenditure be written off by Council.
4.	Mulati Access Road	06/2021		1,121,701.95	Expenditure incurred in vain	Former Municipal Manager: BS Matlala (Accounting Officer;	On 12 October 2018, Greater Tzaneen Municipality (GTM) advertised a tender for the upgrade of Mulati Access Road in the Mopani Herald. In terms of the design report by Letsopa Project Managers and Consulting

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
						Chief Financial Officer: P Makhubela; Director: Engineering Services CW Molokomme; Former PMU Manager: J Matlala; SCM Manager: Z Modjadji	Engineers, the estimate cost was R 37 224 194.28, and the length of the road is 5.7 Km. A compulsory briefing /site inspection was held on 25 October 2018 and the closing date was on 08 November 2018. The Municipality received 50 bids on the closing date. On 05 December 2018, during compliance evaluation, five (5) bids were disqualified, and forty-five (45) bids were evaluated on functionality and eight (8) bids could not achieve the required 70 thresholds. On 17 January 2019 the Bid Evaluation Committee recommended the appointment of Tshiamiso Trading 135 for an amount of R 26 824 512.88. On 18

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							January 2019 the Bid Adjudication Committee (BAC) supported the BEC recommendation to appointed Tshiamiso Trading 135 for an amount of R 26 824 512.88. On 21 January 2019, the former Municipal Manager appointed Tshiamiso Trading in line with the BAC recommendation for an amount of R26 824 512.88. The irregular expenditure occurred due to non-compliance with SCM processes. On 26 October 2018, the municipality advertised a tender for the upgrade of Codesa Street to Hani Street in the Mopani Herald and Letaba Herald with a CIDB grading of 6 CE or higher. Forty –two (42) bid proposals were receive by the

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							municipality and during the evaluation process, one (1) service provider was disqualified due to suspended CIDB certificate, and 41 bids were evaluated on functionality, and two (2) bids failed to achieve the required minimum threshold of 70%, therefore thirty-nine (39) bids were evaluated further on price and preference point. On 18 December 2018 the Bid Evaluation Committee recommended the appointment of Tshiamiso Trading 135 for an amount of R 9 217 610.99. On 20 December 2018, the Bid Adjudication Committee (BAC) recommended the award to the former Municipal Manager.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							On 21 January 2019, the former Municipal Manager appointed Tshiamiso Trading in line with the BAC recommendation for an amount of R9 217 610.99. Tshiamiso Trading was previously and recently appointed on the other infrastructure project (Codesa access road). The service provider was appointment on 21 January 2019, the same plant, equipment, and the key personnel were submitted for evaluation of two tenders and both constructions were performed at the same period. The recommended/ approved bidder might not be able to deliver resulting in the municipality incurring fruitless and wasteful expenditure due to poor performance.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							However. It was indicated that during the procurement processes of each bid for the appointment of Tshiamiso trading was evaluated and adjudicated separately, there were no comparison made regarding the personnel, plant and equipment and the letter of acceptance for the bid was sent to the bidder which provided guarantee and gave the municipality the satisfaction that the bidder will be able to perform the projects to its completion. It was further indicated that the bids were treated separately, and they were both compliant during the appointment and the contractor made special arrangement for the implementation of each of the projects and the construction progress was fast tracked and it was ahead of the programme, however the project has been

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							terminated due to contract price disparities. The contractor demanded to be paid amount of R17 639 667.20 which was above the tendered amount of R9 217 610.99. The matter has been referred to the Financial Misconduct Disciplinary Board as it appeared to have an element of financial misconduct during the investigation of 18/19 financial year period. However, the contractor has since been terminated and a new service provider has been appointed and some of the work done by the previous contractor had to be redone by the new contractor and this might cause fruitless and wasteful expenditure.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							It was further indicated that the former Municipal Manager instructed the lawyers on the 8th of July 2019 on legal action regarding the contract and the court judgement has been concluded in favour of the Municipality, which in summary indicated that the conduct of the service provider was clearly and well calculated misrepresentation in terms of pricing and the Municipality must claim all losses incurred including legal costs from the service provider. A new service provider (MmQomo Trading) has been appointed by the former Municipal Manager on 29 January 2021 for the upgrading of Mulati Access Road from Gravel to Concrete paving and upon

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							site inspection during the AGSA Audit of 2020/21 it was estimated that some of the work that has been redone or still to be reworked by the new appointed services provider will amount to R1 121 701.95 of fruitless and wasteful expenditure by the municipality. Limitation of scope since former Municipal Manager and Former PMU Manager are no longer working for the municipality. **Recommendation:** a) That the Council recovers all the losses including legal costs incurred from the Service Provider (Tshiamiso Trading) as guided by the execution order.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS

2. IRREGULAR EXPENDITURE PER DEPARTMENT
8.1 BUDGET & TREASURY AND ELECTRICAL ENGINEERING SERVICES DEPARTMENTS

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
1.	Contour Technology	09/2020	15/768	36,934.31	Contract Expired- Bid Awaiting for Re-advert.	Budget and Treasury (CFO: P Makhubela) Accounting Officer (Former Municipal Manager:BS Matlala) Electrical Engineering Services (Director: Electrical	The service provider was appointed to render the services of electricity prepaid vending for the municipality. The contract has long lapsed, 14 years ago; Contour Technology has monitoring hardware and software for specific meters which also specializes in hindering ghost vending. However, it was indicated that SCM processes are underway to conduct an assessment in terms of cost benefits analysis/market related rate between the current service provider and other service providers.
		09/2020	15/588	37,654.20			
		11/2020	1435/1345	34,122.63			
		12/2020	15/1827	36,120.44			
		02/2021	15/2346	109,768.39			
		04/2021	3052	75,281.32			
		07/2021	4611	118,980.22			

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
						Services;MS Lelope)	In terms of section 166 of the MFMA states that a contract or agreement procured through the supply chain management system of a municipality or municipal entity must (a) be in writing; (b) stipulate the terms and conditions of the contract or agreement, which must include provisions providing for – i) the termination of the contract or agreement in the case of non or under performance; ii) dispute resolution mechanisms to settle disputes between the parties; iii) a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and iv) any other matters that may be prescribed. **Recommendation:** a) That the expenditure be written off by Council;

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							b) The municipality should Fastrack and finalize the SCM processes underway; c) The municipality should ensure that the irregular expenditure should not appear in the UIFW register for the 2022-23 financial year

8.2 COMMUNITY SERVICES

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
1.	Theuwedi Trading Enterprise	07/2020	15/208	680,174.96	NEW Bid Advertised and appointed Wrong criteria used on bid advert	Former Acting MM- MS Lelope Former Manager: SCM – L Mashao Former Director: Community Services – A Mkhombo	The irregular expenditure occurred due to non-compliance to CIDB regulations (threshold) 2018. The initial advert had a required grading of 6CE PE and it was later change to 5CE PE the reasons for the change were not stated in the advert, the initial advert was issued out for publication by former SCM Manager and approved by the former acting Municipal Manager. The contractor awarded
		08/2020	15/474	680,174.96			
		09/2020	15/716	680,174.96			
		10/2020	15/1007/965	680,174.96			
		11/2020	15/1362/1271	635,174.96			
		12/2020	15/1754	680,174.96			
		01/2021	15/2097	748,192.46			

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
		02/2021	15/2385	748,192.46			the bid had 5CE PE grading which can undertake a contract in the range of tender values of less than or equal to R 6 500 000.00 as per the CIDB regulation. Therefore, the awarded contractor did not have the required CIDB grading for the project value of R 20 060 637.59. 7CE PE Grading can undertake a contract in the range of tender values of less than or equal to R 40 000 000.00 as per the CIDB regulation which was the required grading for the project value of R 20 060 637.59. Limitation of scope since former SCM Manager and Director: Community Services are no longer working for the municipality.
		03/2021	15/2855	748,192.46			
		04/2021	15/3360	748,192.46			
		05/2021	15/3756	723,192.46			

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							The matter has been referred to the Financial Misconduct Disciplinary Board as it appeared to have an element of financial misconduct during the investigation of 18/19 financial year period. However, the contract has been terminated and new service provider has been appointed in June 2021. **Recommendation:** That irregular expenditure amounting to **R7 752 012,06** be written off by Council.

8.3 ENGINEERING SERVICES

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
1.	Eternity star investment (ESI)- (Mopye High School)	07/2020 08/2020 09/2020 10/2020 11/2020 12/2020 12/2020 04/2021	15/230 15/392/378 15/592/567 925*889 15/1197/1138 15/1714 15/1810 15/3188	894,470.25 698,826.55 731,721.34 1,019,687.07 685,511.77 1,516,172.75 988,246.21 1,269,077.64	(AG Audit finding-Disagreement) -Tendered amount over estimated -Tender not awarded to the lowest bidder	Accounting Officer: (Former Municipal Manager-BS Matlala) BAC Members: (Chief Financial Officer- P Makhubela) Director: Engineering Services – CW Molokomme)	The irregular expenditure occurred due to non-compliance with SCM processes. On 6 August 2018, the municipality invited bids for the construction of Mopye High school access road: SCMU/2018.The bid was advertised in the Sowetan and Mopani Herald newspapers. The closing date was on 22 November 2018. The BEC evaluated bids and subsequently recommended the appointment of Shwings Construction for an amount of R 13 941 161.47. On 17 January 2019, the BAC held a meeting and did not accept the recommendation from BEC to appoint Shwings Construction. The reason was because Shwings Construction did not initial the price changing/cancellation on the bill of quantity and should be disqualified. The matter was referred to the BEC to re-evaluate the bids.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							On 18 January 2019 the BEC re-evaluated the bid and subsequently recommended the appointment of Moepeng at R16 619 222. The Municipal Manager approved the appointment of Moepeng on 21 January 2019. On 24 January 2019 Moepeng (Managing Director: Church Mushwana) accepted the offer and requested a 10% increased on the tendered amount, which the service provider claimed were not included in the original tender amount. On 15 February 2019, Moepeng wrote a letter to the municipality declining the tender. The reason stated was that after performing the site visit, they noticed that the project was high risk and they quoted a price that is too low. After the recommended bidder declined the bid, the municipality appointed Mosomo Consulting

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							engineer to perform a risk assessment. The risk assessment report reflected that amongst other the selection of the winning bidder was based on a 16% threshold of below and above the estimated cost R 24 241 479, 63 of the project. The risk assessment report stated that the project is extremely complex and requires a contractor with a reputable record and a tender amount marginally close to the cost estimate. On 21 February 2019 the BEC re-evaluated the bid and recommended the appointment of Eternity Star Investment based on the risk assessment report and the BAC supported the recommendation to appoint Eternity Investment Star at R20 411 938,80 based on the risk assessment report.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							The matter has been referred to the Financial Misconduct Disciplinary Board as it appeared to have an element of financial misconduct during the investigation of 18/19 financial year period. However, the project has since been completed on the 6th of April 2021. **Recommendation:** That irregular expenditure amounting to **R7 803 713,58** be written off by Council.

2.	LEBP Construction (Upgrading of Relela Access Road)	07/2020 09/2020 10/2020 11/2020	15/150 16/615/590 927/891 15/1306/218	3,934,984.20 1,028,518.90 604,781.58 1,589,808.30	E-Natis Plant ownership was not fully verified, thus bidder did not fully comply to the advert	Accounting Officer: (Former Municipal Manager-BS Matlala) BAC Members: Chief Financial Officer (P Makhubela) Director: Engineering Services (CW Molokomme) Director: Corporate Services (W Shibamba)	The irregular expenditure occurred due to non-compliance with SCM processes. On 26 February 2019, tender No. SCMU 01/2019 with respect to the upgrading of Relela access road was initiated by the Bid Specification Committee (BSC) and subsequently approved by the Accounting Officer on 27 February 2019 for Advert. The tender was advertised on 08 March 2019 in the Sowetan Newspaper with a closing date of 10 April 2019.The compulsory tender briefing session register dated 27 March 2019 indicated that 64 representatives including the winning bidder attended the session. Thirty-eight (38) bid proposals were received when the tender closed on 10 April 2019. On 30 April 2019, sixteen (16) of the thirty-eight (38) bid proposals received were disqualified by the Bid Evaluation Committee (BEC) due to not meeting the pre-qualifying conditions. The BEC's functional evaluation of the remaining twenty-two (22) bidders (dated 30 April 2019) showed that the twenty-two

						Director: PED (BM Mathebula) SCM Practitioner (T Mushiana) Scriber (M Ngobeni) BEC Members: SCM Manager (Z Modjadji) Former PMU Manager (MJ Matlala) PMU Technician (RK Dikgale) Scriber (MLC Ramoshaba)	bidders had met the minimum 70 functionality points, the Price and BBBEE evaluation results of the qualifying twenty-one (21) bidders, which resulted in the BEC recommending LEBP Construction & Projects CC for appointment as the highest scoring bidder, on 05 July 2019 On 27 June 2019, the Bid Adjudication Committee (BAC) supported the recommendation of the BEC for the appointment of LEBP Construction and Projects CC. The Accounting Officer also approved the appointment of LEBP Construction and Projects CC for an amount of R16 million on 05 July 2019 for a period of twelve (12) months. LEBP Construction and Projects CC (preferred bidder) was evaluated as being compliant on proof of plant and equipment submitted by the bidder, even though none of the plants and equipment offered met the type of plant and equipment required as per Bid Document. Furthermore, third parties owned the plant and equipment items without submitting the required lease agreements as stipulated in the bid

							document, the bidder should have been disqualified and not have proceeded to be evaluated further on functionality. However, it was indicated that the certified eNatis documents were considered adequate to determine the ownership of plant and equipment. **Recommendations:** a) That irregular expenditure amounting to **R7 158 092,80** be written off by Council; b) The Accounting officer should ensure that consequence management be implemented to employees who did not follow SCM process to the latter.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
3.	Swaranang Development Agency (Cession to ESI)	01/2021	2177	62,397.85	(AG Audit finding- Disagreement) - Bids awarded a month apart -on both bids proof of Risk assessment done not adequate	Accounting Officer: (Former Municipal Manager-BS Matlala) BAC Members: (Chief Financial Officer-P Makhubela) Director: Engineering Services – CW Molokomme)	The irregular expenditure occurred on the basis that Swaranang Development Agency has entered into a cession agreement with Eternity Star Investment, some of the services were conducted by Swaranang Development Agency on behalf on Eternity Star Investment and payments were made directly to the contractor (Swaranang Development Agency) in line with the deed of cession and authority and that the appointment of Eternity Star Investment was classified as irregular due to non- compliance with SCM processes. On 6 August 2018, the municipality invited bids for the construction of Mopye High school access road: SCMU/2018. The bid was advertised in the Sowetan and Mopani Herald newspapers. The closing date was on 22 November 2018.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							The BEC evaluated bids and subsequently recommended the appointment of Shwings Construction for an amount of R 13 941 161.47. On 17 January 2019, the BAC held a meeting and did not accept the recommendation from BEC to appoint Shwings Construction. The reason was because Shwings Construction did not initial the price changing/cancellation on the bill of quantity and should be disqualified. The matter was referred to the BEC to re-evaluate the bids. On 18 January 2019 the BEC re-evaluated the bid and subsequently recommended the appointment of Moepeng at R16 619 222. The Municipal Manager approved the appointment of Moepeng on 21 January 2019.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							On 24 January 2019 Moepeng (Managing Director: Church Mushwana) accepted the offer and also requested a 10% increased on the tendered amount, which the service claimed were not included in the original tender amount. On 15 February 2019, Moepeng wrote a letter to the municipality declining the tender. The reason stated was that after performing the site visit, they noticed that the project was high risk and they quoted a price that is too low. After the recommended bidder declined the bid, the municipality appointed Mosomo Consulting engineer to perform a risk assessment. The risk assessment report reflected that amongst other the selection of the winning bidder was based on a 16% threshold of below and above the estimated cost R 24 241 479, 63 of the project. The risk

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							assessment report stated that the project is extremely complex and requires a contractor with a reputable record and a tender amount marginally close to the cost estimate. On 21 February 2019 the BEC re-evaluated the bid and recommended the appointment of Eternity Star Investment based on the risk assessment report and the BAC supported the recommendation to appoint Eternity Investment Star at R20 411 938,80 based on the risk assessment report. The matter has been referred to the Financial Misconduct Disciplinary Board as it appeared to have an element of financial misconduct during the investigation of 18/19 financial year period.

ITEM NO.	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							However, the project has since been completed on the 6th of April 2021. **Recommendation:** That the irregular expenditure amounting to **R62,397.85** be written off by Council.
4.	MM Consultants (Cession to ESI)	01/2021 04/2021	2180 3186	43,987.50 11,212.50	(AG Audit finding-Disagreement) - Bids awarded a month apart -on both bids proof of Risk assessment done not adequate	Accounting Officer: (Former Municipal Manager-BS Matlala) BAC Members: (Chief Financial	The irregular expenditure occurred on the basis that MM Consultants has entered into a cession agreement with Eternity Star Investment, some of the services were conducted by MM Consultants on behalf on Eternity Star Investment and payments were made directly to the contractor (MM Consultants) in line with the deed of cession and authority and that the appointment of Eternity Star Investment was classified as irregular due to non- compliance with SCM processes.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
						Officer- P Makhubela) Director: Engineering Services – CW Molokomme)	On 6 August 2018, the municipality invited bids for the construction of Mopye High school access road: SCMU/2018.The bid was advertised in the Sowetan and Mopani Herald newspapers. The closing date was on 22 November 2018. The BEC evaluated bids and subsequently recommended the appointment of Shwings Construction for an amount of R 13 941 161.47. On 17 January 2019, the BAC held a meeting and did not accept the recommendation from BEC to appoint Shwings Construction. The The reason was because Shwings Construction did not initial the price changing/cancellation on the bill of quantity and should be disqualified. The matter was referred back to the BEC to re-evaluate the bids.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							On 18 January 2019 the BEC re-evaluated the bid and subsequently recommended the appointment of Moepeng at R16 619 222. The Municipal Manager approved the appointment of Moepeng on 21 January 2019. On 24 January 2019 Moepeng (Managing Director: Church Mushwana) accepted the offer and also requested a 10% increased on the tendered amount, which the service claimed were not included in the original tender amount. On 15 February 2019, Moepeng wrote a letter to the municipality declining the tender. The reason stated was that after performing the site visit, they noticed that the project was high risk and they quoted a price that is too low. After the recommended bidder declined the bid, the municipality appointed Mosomo Consulting

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							engineer to perform a risk assessment. The risk assessment report reflected that amongst other the selection of the winning bidder was based on a 16% threshold of below and above the estimated cost R 24 241 479, 63 of the project. The risk assessment report stated that the project is extremely complex and requires a contractor with a reputable record and a tender amount marginally close to the cost estimate. On 21 February 2019 the BEC re-evaluated the bid and recommended the appointment of Eternity Star Investment based on the risk assessment report and the BAC supported the recommendation to appoint Eternity Investment Star at R20 411 938,80 based on the risk assessment report.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							The matter has been referred to the Financial Misconduct Disciplinary Board as it appeared to have an element of financial misconduct during the investigation of 18/19 financial year period. However, the project has since been completed on the 6th of April 2021. **Recommendation:** That irregular expenditure amounting to **R55 200** be written off by Council.
5.	Mosomo Consulting (Cession to ESI)	04/2021	2189	196,210.37	(AG Audit finding- Disagreement) - Bids awarded a month apart -on both bids proof of Risk assessment done not adequate	Accounting Officer: (Former Municipal Manager-BS Matlala) BAC Members:	The irregular expenditure occurred on the basis that Mosomo Consulting has entered into a cession agreement with Eternity Star Investment, some of the services were conducted by Mosomo Consulting on behalf on Eternity Star Investment and payments were made directly to the contractor (Mosomo Construction) in line with the deed of cession and authority and that the

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
						(Chief Financial Officer- P Makhubela) Director: Engineering Services – CW Molokomme)	appointment of Eternity Star Investment was classified as irregular due to non- compliance with SCM processes. On 6 August 2018, the municipality invited bids for the construction of Mopye High school access road: SCMU/2018.The bid was advertised in the Sowetan and Mopani Herald newspapers. The closing date was on 22 November 2018. The BEC evaluated bids and subsequently recommended the appointment of Shwings Construction for an amount of R 13 941 161.47. On 17 January 2019, the BAC held a meeting and did not accept the recommendation from BEC to appoint Shwings Construction. The reason was because Shwings Construction did not initial the price changing/cancellation on the bill of quantity

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							and should be disqualified. The matter was referred back to the BEC to re-evaluate the bids. On 18 January 2019 the BEC re-evaluated the bid and subsequently recommended the appointment of Moepeng at R16 619 222. The Municipal Manager approved the appointment of Moepeng on 21 January 2019. On 24 January 2019 Moepeng (Managing Director: Church Mushwana) accepted the offer and also requested a 10% increased on the tendered amount, which the service claimed were not included in the original tender amount. On 15 February 2019, Moepeng wrote a letter to the municipality declining the tender. The reason stated was that after performing the site visit, they

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							noticed that the project was high risk and they quoted a price that is too low. After the recommended bidder declined the bid, the municipality appointed Mosomo Consulting engineer to perform a risk assessment. The risk assessment report reflected that amongst other the selection of the winning bidder was based on a 16% threshold of below and above the estimated cost R 24 241 479, 63 of the project. The risk assessment report stated that the project is extremely complex and requires a contractor with a reputable record and a tender amount marginally close to the cost estimate. On 21 February 2019 the BEC re-evaluated the bid and recommended the appointment of Eternity Star Investment based on the risk assessment report and the BAC supported the

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							recommendation to appoint Eternity Investment Star at R20 411 938,80 based on the risk assessment report. The matter has been referred to the Financial Misconduct Disciplinary Board as it appeared to have an element of financial misconduct during the investigation of 18/19 financial year period. However, the project has since been completed on the 6th of April 2021. **Recommendation:** That irregular expenditure amounting to **R196,210.37** be written off by Council.
6.	Rocla (Pty) Ltd (Cession to LEBP)	07/2020 09/2020	15/151 15/613	77,786.60 75,151.42	E-Natis Plant ownership was not fully verified, thus bidder did	Accounting Officer: (Former Municipal	The irregular expenditure occurred on the basis that Rocla has entered into a cession agreement with LEB P Constructions and Projects CC, some

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
					not fully comply to the advert	Manager-BS Matlala) BAC Members: Chief Financial Officer (P Makhubela) Director: Engineering Services (CW Molokomme) Director: Corporate Services (W Shibamba) Director: PED (BM Mathebula) SCM Practitioner (T Mushiana) Scriber (M Ngobeni)	of the services were conducted by Rocla on behalf of LEB P Construction and Projects CC and payments were made directly to the contractor (Rocla) in line with the deed of cession authority and that the appointment of LEB P Construction and projects CC was regarded as irregular expenditure occurred due to non-compliance with SCM processes. On 26 February 2019, tender No. SCMU 01/2019 with respect to the upgrading of Relela access road was initiated by the Bid Specification Committee (BSC) and subsequently approved by the Accounting Officer on 27 February 2019. The tender was advertised on 08 March 2019 in the Sowetan Newspaper with a closing date of 10 April 2019.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
						BEC Members: SCM Manager (Z Modjadji) Former PMU Manager (MJ Matlala) PMU Technician (RK Dikgale) Scriber (MLC Ramoshaba)	The compulsory tender briefing session register, dated 27 March 2019 indicated that 64 representatives, including the winning bidder, attended the session. Thirty-eight (38) bid proposals were received when the tender closed on 10 April 2019. On 30 April 2019, sixteen (16) of the thirty-eight (38) bid proposals received were disqualified by the Bid Evaluation Committee (BEC) due to not meeting the pre-qualifying conditions. The BEC's functional evaluation of the remaining twenty-two (22) bidders (dated 30 April 2019) showed that the twenty-two bidders had met the minimum 70 functionality points, the Price and BBBEE evaluation results of the qualifying twenty-one (21) bidders, which resulted in the BEC recommending LEBP Construction & Projects CC for appointment as the highest scoring bidder, on 05 July 2019

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							On 27 June 2019, the Bid Adjudication Committee (BAC) supported the recommendation of the BEC for the appointment of LEBP Construction and Projects CC. The Accounting Officer also approved the appointment of LEBP Construction and Projects CC for an amount of R16 million on 05 July 2019 for a period of twelve (12) months. LEBP & Projects CC (preferred bidder) was evaluated as being compliant on proof of plant and equipment submitted by the bidder, even though none of the plants and equipment offered met the type of plant and equipment required as per Bid Document. Furthermore, third parties owned the plant and equipment items without submitting the required lease agreements as stipulated in the bid document, the bidder should have been disqualified and not have proceeded to be evaluated further on functionality.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							However, it was indicated that the certified eNatis documents were considered adequate to determine the ownership of plant and equipment. **Recommendations:** a) That irregular expenditure amounting to **R152 938.02** be written off by Council; b) The Accounting officer should ensure that consequence management be implemented to employees who did not follow SCM process to the latter.
7.	Rockotta Crette (Pty)Ltd (cession to LEBP) Relela Access Road	07/2020 09/2020	15/152 15/614	1,702,248.40 1,705,720.25	E-Natis Plant ownership was not fully verified, thus bidder did not fully comply to the advert	Accounting Officer: (Former Municipal Manager-BS Matlala) BAC Members:	The irregular expenditure occurred on the basis that Rockotta Crette (Pty)Ltd has entered into a cession agreement with LEB P Constructions and Projects CC, some of the services were conducted by Rockotta Crette (Pty)Ltd on behalf of LEB P Construction and Projects CC and payments were

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
						Chief Financial Officer (P Makhubela) Director: Engineering Services (CW Molokomme) Director: Corporate Services (W Shibamba) Director: PED (BM Mathebula) SCM Practitioner (T Mushiana) Scriber (M Ngobeni) BEC Members:	made directly to the contractor (Rockotta Crette (Pty)Ltd) in line with the deed of cession and authority and that the appointment of LEB P Construction and projects CC was regarded as irregular expenditure occurred due to non-compliance with SCM processes. On 26 February 2019, tender No. SCMU 01/2019 with respect to the upgrading of Relela access road was initiated by the Bid Specification Committee (BSC) and subsequently approved by the Accounting Officer on 27 February 2019. The tender was advertised on 08 March 2019 in the Sowetan Newspaper with a closing date of 10 April 2019. The compulsory tender briefing session register, dated 27 March 2019 indicated that 64 representatives, including the winning bidder,

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
						SCM Manager (Z Modjadji) Former PMU Manager (MJ Matlala) PMU Technician (RK Dikgale) Scriber (MLC Ramoshaba)	attended the session. Thirty-eight (38) bid proposals were received when the tender closed on 10 April 2019. On 30 April 2019, sixteen (16) of the thirty-eight (38) bid proposals received were disqualified by the Bid Evaluation Committee (BEC) due to not meeting the pre-qualifying conditions. The BEC's functional evaluation of the remaining twenty-two (22) bidders (dated 30 April 2019) showed that the twenty-two bidders had met the minimum 70 functionality points, the Price and BBBEE evaluation results of the qualifying twenty-one (21) bidders, which resulted in the BEC recommending LEBP Construction & Projects CC for appointment as the highest scoring bidder, on 05 July 2019 On 27 June 2019, the Bid Adjudication Committee (BAC) supported the recommendation of the BEC for the appointment of LEBP Construction and Projects CC. The Accounting Officer also

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							approved the appointment of LEBP Construction and Projects CC for an amount of R16 million on 05 July 2019 for a period of twelve (12) months. LEBP & Projects CC (preferred bidder) was evaluated as being compliant on proof of plant and equipment submitted by the bidder, even though none of the plants and equipment offered met the type of plant and equipment required as per Bid Document. Furthermore, third parties owned the plant and equipment items without submitting the required lease agreements as stipulated in the bid document, the bidder should have been disqualified and not have proceeded to be evaluated further on functionality. However, it was indicated that the certified eNatis documents were considered adequate to determine the ownership of plant and equipment.

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							Recommendations: a) That irregular expenditure amounting to **R3 407 968.65** be written off by Council. c) The Accounting officer should ensure that consequence management be implemented to employees who did not follow SCM process to the latter.