Beaufort Wes (T)

Munisipaliteit / Municipality

18TH SPECIAL COUNCIL MEETING

AGENDA

FESTINA LENTE

DATE	**:**	**FRIDAY**,14 NOVEMBER 2025
TIME	**:**	**10:00**
PLACE	**:**	**15 CHURCH STREET, COUNCIL CHAMBERS, BEAUFORT WEST**

Municipal Office
112 Donkin Street
BEAUFORT WEST
6970

12 November 2025

TO ALL MEMBERS OF THE LOCAL COUNCIL FOR BEAUFORT WEST

In Service: **Acting Municipal Manage**r [AC Makendlana], **Director: Infrastructure Services** [L Nqotola]**, Director: Financial Services** [BS Jacobs], **Senior Manager: Community Services** [MC Tshibo], **Senior Manager: Corporate Services** [P Strümpher], **Senior Clerk: Committees** [P Mpofu] and **IDP: Intern** [CJ Prince]

NOTICE is hereby given that the **18th Special Council meeting** of the **Local Council** for **Beaufort West** will be held on **Friday, 14 November 2025 at 10:00** at the Council Chambers, 15 Church Street, Beaufort West in order to consider and make decisions on the discussion points set out in the Agenda.

AC Makendlana
ACTING MUNICIPAL MANAGER
/pm

A G E N D A

1. OPENING AND WELCOME

2. APOLOGIES

3. PRESENTATION: FORMAL REQUEST FOR STRATEGIC PARTNERSHIP AND R100 00,00 SPONSORSHIP TO RESTORE THE 2026 EASTER SOCCER TOURNAMENT
5/13/1

Attached as ***Annexure 001 to 004*** is a letter dated 04 November 2025 received from the organiser, Mr G Pienaar.

Mr G Pienaar has been duly invited to the meeting and has requested to present In-Committee.

FOR DISCUSSION

4. NOMINATION OF MUNICIPAL REPRESENTATIVE ON THE GOVERNING BODY OF AFFILIATED MUSEUM

14/8/1

Attached as ***Annexure 005*** is a letter dated 03 November 2025 received from the Department of Cultural Affairs and Sport.

Councillor LV Piti is the Municipal Representative until 31 October 2025

Council is thus requested to nominate a representative for the term that started 01 November 2025

FOR CONSIDERATION

5. SARS PAYE AUDIT

2/1

Attached as ***Annexure 006 to 012*** is memorandum dated 11 November 2025 received from the Director: Financial Services.

FOR CONSIDERATION

6. APPOINTMENT OF TEMPORARY WORKERS OVER THE FESTIVE SEASON

4/3/4

At an ordinary council meeting held on 28 October 2025, council resolved to approve the appointment of 80 temporary workers for the period of 15 November 2025 to 15 January 2025.

While administration acknowledge it tabled the item with the view of sourcing the expenditure from the equitable share. Secondly, the appointment would have a positive contribution towards the EPWP work opportunities from own funds for the Municipality to receive an increase allocation in the 2026/2027 financial year.

Cash Flow Position:

At the time of the decision Administration did not anticipate the following:

1. That National Treasury will respond negatively to the responses provided in as far as invocational Section 216 (2) of the constitution.

2. That the Municipality will receive a letter of demand in terms of litigation.

3. The above is also compounded by the risk of not having sufficient refuse trucks which could lead to non-compliance which could be severe as it speaks directly to the ability of the municipality to render the basic services.

Attached as ***Annexure 013 to 015*** is a memorandum dated 11 November 2025 received from the Director: Financial Services.

RECOMMENDATION

1. That considering the risk of invocation of Section 216 (2) of the constitution as received from National Treasury, council rescinds the decision taken on 28 October 2025 to appoint Temporary workers over the festive season

2. That Council prioritize the purchase of refuse truck in the 2025/2026 adjustment budget in order to mitigate the risk of having only one reliable truck.

7. TERMS OF ARRANGEMENT ON OUTSTANDING ACCOUNT: 10 DANIEL STREET
5/10/2

Attached as ***Annexure 017*** is a memorandum dated 11 November 2025 received from the Director: Financial Services.

FOR CONSIDERATION

8. TEMPORARY WORKERS
4/3/4

See Separate Minute Book

9. REQUEST FOR ADVANCE PAYMENT: COURT JUDGEMENT DELIVERED ON 19 AUGUST 2025
SP: J Booysen; 1/2/3/3

See Separate Minute Book

Beaufort Wes (T)

Munisipaliteit / Municipality

ANNEXURES

001
5/13/1

THE ADMINISTRATOR
12333775

Granwill Pienaar – ORGANISOR
23 Sallidon Avenue
Rustdene
BEAUFORT WEST
6970

Munisipale Bestuurder / Municipal Manager
2025 -11- 04
Beaufort-Wes / West

NOVEMBER 4, 2025

SPEAKER
BEAUFORT WEST MUNICIPALITY
DONKIN STREET 112

ATTENTION: THE OFFICE OF THE SPEAKER

SUBJECT: FORMAL REQUEST FOR STRATEGIC PARTNERSHIP AND R100,000 SPONSORSHIP TO RESTORE THE 2026 EASTER SOCCER TOURNAMENT

Speaker, E. Links

We write to you today on behalf of the organising committee for the 2026 Easter Soccer Tournament to formally request a strategic partnership with the Local Municipality and the restoration of this key community event.
The Easter Soccer Tournament is a historically significant platform for **youth development, social cohesion, and local economic stimulation** within our municipal jurisdiction. It is an event that directly reflects the Municipality's commitment to active citizenry and community pride.

Our Proposal Snapshot:

- **Event:** 2026 Easter Soccer Tournament
- **Scale:** 20 participating teams, targeting over 10,000 attendees.
- **Revenue Model:** A robust, tiered pre-ticket sales strategy (R880,000 target) ensuring long-term sustainability.
- **Purpose of Funds:** To cover **95% of the tournament's price monies**, ensuring the event maintains a high competitive standard and attracts top regional teams.

Specific Financial Request & Strategic Benefit:

We respectfully request a **R100,000 (One Hundred Thousand Rand)** sponsorship from the Local Municipality.
In return for this investment, the Municipality will secure the **restoration of the traditional "Easter Tournament" name** and receive **prime brand visibility** across all event media, banners, and digital platforms. This partnership ensures significant positive public relations and deepens the Municipality's visible commitment to the youth and community welfare. We are

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ready to proceed with the planning and execution of this major event. We urge your office to approve this partnership to secure the 2026 tournament's success and its lasting community legacy.

I hereby request your office as a matter of urgency to consider me presenting to the Beaufort West Municipal Council with a detailed presentation on the tournament structure and financial projections. The urgency however requires your soonest response, we would like to start preparing the facilities (fields) from 15 November 2025 to be ready by April 2026.

We look forward to your positive response and partnership.

Yours faithfully,

Granwill Pienaar - Tournament Director

2026 Tournament Organising Committee   063 173 4886 granwillpienaar@gmail.com

Western Cape Government

THE ADMINISTRATOR
12333710

Department of Cultural Affairs and Sport
Michael Pardenwachter
Ministry
Michael.pardenwachter@westerncape.gov.za | Tel: 021 483 9800

Ref: C13/2/4/1

Munisipale Bestuurder / Municipal Manager
2025 -11- 04
Beaufort West

Mayor Cllr LV Piti
112 Donkin Street,
Beaufort West
6970

Email: nondilipiti@gmail.com

cc: Municipal Manager: Mr AC Makhendana (Acting MM)

Email:

Dear Cllr LV Piti

NOMINATION OF MUNICIPAL REPRESENTATIVES ON THE GOVERNING BODY OF AFFILIATED MUSEUM

This serves to inform you thot the term of office for the current governing body of the Beaufort West Museum will expire on 31 October 2025. In terms of the Western Cape Museums Ordinance Amendment Act No. 2 of 2021 I have to appoint new members to the governing body of the museum for the term 1 November 2025 to 31 October 2028.

Sections 15(1)(b)(ii) of the Ordinance provides for one representative from the relevant Local Municipality to serve on the governing body of the museum. Accordingly, the Council of the Municipality is requested to submit such nomination(s) to my office for appointment to the museum governing body.

To ensure good governance, it is vital that the representatives nominated should attend the meetings of the governing bodies on a regular basis. You are therefore requested to consider this aspect when you submit your nomination(s).

It would be appreciated if you could supply my office with the full name and contact details of your nominee(s) by 14 November 2025.

Yours sincerely,

MR RICARDO MACKENZIE
MINISTER OF CULTURAL AFFAIRS AND SPORT
WESTERN CAPE GOVERNMENT

DKD

THE ADMINISTRATOR
12333829

MUNISIPALITEIT - MUNICIPALITY - UMASIPALA-WASE

BEAUFORT-WES/BEAUFORT WEST/BHOBHOFOLO

KANTOOR VAN DIE DIREKTEUR : FINANSIëLE DIENSTE

OFFICE OF THE DIRECTOR : FINANCIAL SERVICES

Rig asseblief alle korrespondensie aan die Munisipale Bestuurder/Kindly address all correspondence to the Municipal Manager/Yonke imbalelwano mayithunyelwe kuMlawuli kaMasipala

Privaatsak / Private Bag 582
Faks/Fax: (023) 4148105
Tel. (023) 4148100
e-pos/ e-mail: treasury@beaufortwestmun.co.za
Kerkstraat 15 Church Street
BEAUFORT-WES
BEAUFORT WEST
BHOBHOFOLO
6970
Vat: 4 000 846 388

Verwysing
Reference 2/1
Isalathiso

Navrae
Enquiries BS Jacobs
Imibuzo

Datum
Date 11 November 2025
Umhla

Munisipale Bestuurder / Municipal Manager
2025 -11- 11
Beaufort-Wes / West

MEMORANDUM TO THE ACTING MUNICIPAL MANAGER

RE SARS PAYE AUDIT

With reference to the subject matter and the attached letter received from the South African Revenue Services (SARS), the following is highlighted:

1. Council noted the payment of R284, 293.49 to SARS in respect of the underpayment of taxes.
2. Council approved the amount owing and resolved to settle the amount.
3. Council took note that the amount cannot be recovered from employees.
4. Council was notified that there might be interest and penalties payable.

This memorandum is to inform council that no understatement penalty has been levied by SARS, but the normal 10% penalty and statutory interest appears on the account.

The interest however, is statutory and needs to be settled by the municipality. As per page 003/006 of the attached, SARS has considered the circumstances of the case and is of the view that they do not justify a remission of interest. The full amount of interest will be payable.

The amount owing in terms of the interest charged under section 89bis, is R49 979.63 (refer of annexure B of the attached, page 006/006)

RECOMMENDATION TO COUNCIL:

1. Council notes the content of this memorandum.
2. Council notes that no understatement penalty is levied by SARS.
3. Council notes that the municipality will apply to have the standard 10% penalty waived via the SARS platform.
4. Council approves payment of R49, 979.63 in respect of the statutory interest payable.
5. Council notes that the interest will be reported as fruitless and wasteful expenditure and reported to the;

5.1 MEC for local government
5.2 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
5.3 Auditor General of South Africa

BS JACOBS
CHIEF FINANCIAL OFFICER
//db

South African Revenue Service

EMPLOYMENT TAXES

FINALISATION OF AUDIT

BEAUFORT-WES MUNISIPALITEIT
112 DONKIN STREET
BEAUFORT WEST
BEAUFORT WEST
6970

Enquiries should be addressed to SARS

Contact Details:

SARS Official Information
Name: Rosie Van Der Merwe
Telephone: 0823396922
Fax: 0000000000
Email: RVanDerMerwe3@sars.gov.za
Contact Center Tel: 0800 00 7277
SARS online: www.sars.gov.za

Details

Taxpayer Reference Number: 7510701024
Case Number: 501493397
Date: 2025/11/03

Always quote this reference number when contacting SARS

Dear Employer

BEAUFORT-WES MUNISIPALITEIT

FINALISATION OF AUDIT

The South African Revenue Service (SARS) has completed the Employment Taxes audit and adjustments have been made. These will be reflected in a Notice of Assessment (EMP217) that will be issued to you shortly.

Refer to Annexure A for Summary of Adjustment(s):

Explanation of adjustment(s) made:
1. Reimbursed travelling costs paid directly to employees and not captured on payroll and omitted from IRP5 certificates

1.1 The facts (audit findings):
It was confirmed during the field audit of 2 - 6 June 2025, that travel costs were reimbursed directly to employees and not processed through the payroll first. This was identified by the absence of remuneration codes 3702, 3722 and 3703 on the IRP5/IT3(a) certificates. The amounts were detected in the Expenditure Ledger of the Municipality's accounting system, account number IE0100570010050020000000000000000000000 named "Expenditure: Operational Cost: Travel and Subsistence: Domestic: Transport without Operator: Own Transport".

SARS have requested the vouchers/claim documents indicating the employees' name, reason for the trip, number of kilometres travelled with their own vehicles and the applicable AA rates that have been applied to calculate the rate per kilometre that the particular employee has been reimbursed per trip. The information for the tax periods from 1 March 2021 until 28 February 2025 has been requested. Due to the challenges and physical storage of these documents, not all information has been received. The information that has been received were dealt with by dividing the employees in two categories.
The first category were employees who were not in receipt of a monthly fixed travelling allowance and the second category were the recipients of monthly fixed travelling allowances.

1. Non-fixed travelling allowance employees
SARS first looks at the AA rate per kilometre the person was reimbursed. If the person was reimbursed at more than the prescribed rate per kilometre, this should have been indicated on a code 3702 and 3722 as per the guidelines discussed. If not, the code 3703 must be used.
The prescribed rate per kilometre covering the audit scope:
- 01/03/2021 - 28/02/2022: R3.82/km : 17% of the trips from the sample information received were paid more than the prescribed rate per kilometre.
- 01/03/2022 - 28/02/2023: R4.18/km : 3,2% of the trips from the sample information received were paid more than the prescribed rate per kilometre.
- 01/03/2023 - 28/02/2024: R4.64/km : 10,2% of the trips from the sample information received were paid more than the prescribed rate per kilometre.
- 01/03/2024 - 28/02/2025: R4.84/km : 14,1% of the trips from the sample information received were paid more than the prescribed rate per kilometre.
SARS was made aware of the challenges the staff experienced when the documentation was physically retrieved. Therefore, a decision has been made that the risk is not significant to justify calculating an assessment for this first category of employees. An agreement was reached during the field visit that going forward from 1 March 2025 the payroll will be adjusted with the reimbursements to reflect the

codes 3702, 3722 and 3703 on the current tax period's IRP5 certificates.

2. Fixed travelling allowance employees (3701 recipients)
SARS has analysed the risk of the absence of 3702 and 3722 reimbursed travel costs by performing the calculations to determine the monetary loss that has occurred when an employee filed his personal income tax return which includes and IRP5 with only the 3701 fixed travelling allowance and where the 3702 or 3722 reimbursement has been omitted. Please note that where a person is receiving a fixed travelling allowance, the full reimbursement must be reflected under code 3702 and 3722 because of the fact that they already receive a fixed travelling allowance (3701). On the person's income tax calculation, the full reimbursement is added to the 3701 fixed allowance and the employee claims against the aggregate. The effect of this is illustrated as follow:
Person A - 2023 tax period:
- Taxable income with 3701 included and after logbook business km claimed: R399 911 : refunded R18 439.58 as a direct result of the travel claim
note: this person was reimbursed (3702/3722) in total R15 030 which was omitted from the IRP5
- Taxable income now R414 941 after adding the R15 030 (3702/3722) and same logbook business km claimed : refund should have been only R13 780.28
Therefore, one can clearly see that the loss to the fiscus in this one scenario for one year for Person A was R4 659.30 as a result of the omission of the reimbursement of R15 030.

Based on this information of the second category, the calculations were performed for all the employees who was in receipt of a 3701 fixed monthly travelling allowance for the 48 tax periods March 2022 to February 2025. Kindly refer to Annexures 2022/1, 2023/1, 2024/1 and 2025/1. This will reflect all the trips of each person and indicate the total reimbursed per person per tax year i.e. March until February.

The following has been calculated per monthly tax periods:
- March 2021 until February 2022: Total reimbursed R110 463.15 - Income tax rate applied per individual in total R40 906.02 PAYE payable for the 12 months (Annexure 2022/2)
- March 2022 until February 2023: Total reimbursed R129 541.80 - Income tax rate applied per individual in total R47 689.68 PAYE payable for the 12 months (Annexure 2023/2)
- March 2023 until February 2024: Total reimbursed R217 782.33 - Income tax rate applied per individual in total R82 815.19 PAYE payable for the 12 months (Annexure 2024/2)
- March 2024 until February 2025: Total reimbursed R286 703.77 - Income tax rate applied per individual in total R112 882.62 PAYE payable for the 12 months (Annexure 2025/2)

1.2 The law:
Income Tax Act, No. 58 of 1962 (IT Act)
Paragraph 1 of the Fourth Schedule to the IT Act:
"employee" means-
(a) any person (other than a company) who receives any remuneration or to whom remuneration accrues;
(b) any person who receives remuneration or to whom remuneration accrues by reason of any services rendered by such person to or on behalf on a labour broker;
(c) any labour broker; and
(d) any person or class or category of person whom the Minister of Finance by notice in the Gazette declares to be an employee for the purposes of this definition; and
(e) any personal service provider; and
(g) any director of a private company who is not otherwise included in terms of paragraph (a)."
"employer" means any person who pays or is liable to pay to any person any amount by way of remuneration,"
"remuneration" means any amount of income which is paid or is payable to any person by way of any salary, leave pay, wage, overtime pay, bonus, gratuity, commission, fee, emolument pension, superannuation allowance, retiring allowance or stipend, whether in cash or otherwise and whether in respect of services rendered, including-"

Paragraph 2 of the Fourth Schedule to the IT Act:
"(1) Every-
(a) employer who is a resident, or
(b) representative employer in the case of any employer who is not a resident,
(whether or not registered as an employer under paragraph 15) who pays or becomes liable to pay any amount by way of remuneration to any employee shall, unless the Commissioner has granted authority to the contrary, deduct or withhold from that amount, deduct by way of employees' tax an amount which shall be determined as provided in paragraph 9, 10, 11 or 12, whichever is applicable, in respect of the liability for normal tax of that employee and shall pay the amount so deducted or withheld to the Commissioner within seven days after the end of the month during which the amount was deducted or withheld, or in the case of a person who ceases to be an employer before the end of such month, within seven days after the day on which that person ceased to be an employer, or in either case within such further period as the Commissioner may approve."

NB

5. (1) Subject to the provisions of subparagraph (6), if an employer is personally liable for the payment of employees' tax under Chapter 10 of the Tax Administration Act, the employer shall pay that amount to the Commissioner not later than the date on which payment should have been made if the employees' tax had in fact been deducted or withheld in terms of paragraph 2.

In terms of paragraph 5(5) Any amount which an employer is required to pay in terms of sub-paragraph (1) and which the employer does not recover from the employee shall, insofar as the employer only is concerned, for the purposes of section 23 (d) be deemed to be a penalty due and payable by that employer.

Paragraph 9(1) of the Fourth Schedule to the IT Act states that the Commissioner may from time to time, having regard to the rates of normal tax as fixed by Parliament or foreshadowed by the Minister in his budget statement and to any other factors having a bearing upon the probable liability of taxpayers for normal tax, prescribe-(a) deduction tables applicable to such classes of employees as the Commissioner may determine and (b) the manner in which such tables shall be applied, and the amount of employees' tax to be deducted from any amount of remuneration.

Tax Administration Act, No. 28 of 2011 (TA Act)
Section 92 of the TA Act. Additional assessments.
If at any time SARS is satisfied that an assessment does not reflect the correct application of a tax Act to the prejudice of SARS or the fiscus, SARS must make an additional assessment to correct the prejudice.

Section 221 of the TA Act defines:
" 'understatement' means any prejudice to SARS or the fiscus as a result of-
(b) an omission from a return;
(c) an incorrect statement in a return; .."

Section 222 of the TA Act stipulates:
(1) In the event of an 'understatement' by a taxpayer, the taxpayer must pay, in addition to the 'tax' payable for the relevant tax period, the understatement penalty determined under subsection (2) unless the 'understatement' results from a bona fide inadvertent error.
(2) The understatement penalty is the amount resulting from applying the highest applicable understatement penalty percentage in accordance with the table in section 223 to each shortfall determined under subsections (3) and (4) in relation to each understatement in a return.
(3) The shortfall is the sum of-
(a) the difference between the amount of 'tax' properly chargeable for the tax period and the amount of 'tax' that would have been chargeable for the tax period if the 'understatement' were accepted;

Section 223(1) of the TA Act contains the "Understatement penalty percentage table" in terms whereof the understatement penalty is determined.

1.3 Application of the law:
Your response to the findings have been received on 29 October 2025 and it indicated that you are in agreement with the findings. SARS has now deemed the reimbursed travel allowances that were omitted from the IRP5, as an "other" allowance which is included in "remuneration" per the definition in paragraph 1 of the Fourth Schedule to the IT Act. The amount is subjected to PAYE in terms of paragraphs 2(1) and 9(1) and payable by the employer in terms of paragraph 5(1) of the Fourth Schedule to the IT Act. The PAYE audit assessments have now been raised in terms of section 92 of the TA Act to correct the prejudice.
The PAYE assessment amount has been treated as paragraph 5(5) of the Fourth Schedule to the IT Act i.e. deemed a "penalty" which means that after payment to SARS the amounts will not be recovered from the employees, will not need to cause revised IRP5 certificates and re-open the EMP501 Reconciliations already submitted to SARS and finalised. The particular employees will also not have to revise their personal income tax assessments for 2022 to 2025 tax periods.

NB
Understatement penalty:
No understatement penalty has been imposed in terms of section 221(b) & 221(c), 222(3)(a) and 223(1) of the TA Act as no behaviour could be attributed to the oversight on this standard case.

The Notice(s) of assessment will reflect the amounts of any fixed percentage penalty and/or interest levied where applicable.

NB
With regard to the imposition of interest, SARS has considered the circumstances of the case and is of the view that they do not justify a remission of the interest. Accordingly, the full amount of interest will be payable.
Refer to Annexure B for Summary of Interest charged.

Should you have any queries relating to the audit, please contact the SARS official as per the contact details above.

How you can interact with SARS

SARS offers a number of self help and direct channels through which you can engage us. The channels, in order of ease of use, are:

- eFiling - A web based service that offers a host of features through which virtually all your service requirements can be done. The channel requires you to register before being able to access the services. You can visit us at www.sarsefiling.co.za to get started.
- e@syfile - a free software application which allows Employers (small, medium or large) to complete their reconciliation offline. Once the reconciliation is complete the Employer must go online and submit. The latest version of the e@syfile software can be accessed and downloaded by visiting SARS eFiling at www.sarsefiling.co.za and/or www.sars.gov.za
- SOQS - The SARS online Query system is a web-based service through which you can request certain types of services and upload supporting documents. You can visit us at www.sars.gov.za to get started.

More details regarding our channels, office hours, services, tailored information regarding PAYE as well as a comprehensive FAQ repository is available on the SARS website: www.sars.gov.za

We value your support and contribution to the country's economy and prosperity. We strive to ensure the you clearly understand what is expected from you, as well as your rights as a taxpayer.

Sincerely

ISSUED ON BEHALF OF THE COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE

ANNEXURE A

Summary of adjustment(s) made:

Details - Employees' Tax: Taxpayer Reference Number 7510701024				
Summary of Finding				
Tax Period(s)	**Provisions of the Income Tax Act No.58 of 1962 (IT Act)**	**Brief description of proposed adjustment**	**Adjustment Amount**	**Understatement Penalty**
202103,202104, 202105,202106, 202107,202108, 202109,202110, 202111,202112, 202202,202203, 202204,202205, 202206,202207, 202208,202209, 202210,202211, 202301,202302, 202303,202304, 202305,202306, 202307,202308, 202309,202310, 202311,202312, 202401,202402, 202403,202404, 202405,202406, 202407,202408, 202409,202410, 202411,202412, 202501,202502	Paragraphs 1 definitions of "employee", "employer" and "remuneration"; 2(1), 5(1), 5(5) and 9(1) of the Fourth Schedule to the Income Tax Act (hereafter referred to as the "IT Act") read with section 92 of the Tax Administration Act, No. 28 of 2011 (hereafter referred to as the "TA Act")	Reimbursed travelling costs paid directly to employees and not captured on payroll and omitted from IRP5 certificates	R284 293.49	R0.00
Total			**R284 293.49**	**R0.00**

ANNEXURE B

Summary Of Interest Charged:

Employees' Tax: Taxpayer Reference Number 7510701024

Summary

Tax Period(s)	Adjustment Amount	Provisions of the Income Tax Act (IT Act)
202103	R5 217.24	S89bis
202104	R2 163.01	S89bis
202105	R5 161.27	S89bis
202106	R5 154.55	S89bis
202107	R3 664.42	S89bis
202108	R4 316.90	S89bis
202109	R1 072.91	S89bis
202110	R6 810.68	S89bis
202111	R2 716.52	S89bis
202112	R1 106.79	S89bis
202202	R3 521.73	S89bis
202203	R9 073.61	S89bis

TOTAL → R49,979.63

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THE ADMINISTRATOR

12333830

FESTINA LENTE

MUNISIPALITEIT - MUNICIPALITY - UMASIPALA-WASE

BEAUFORT-WES/BEAUFORT WEST/BHOBHOFOLO

KANTOOR VAN DIE DIREKTEUR : FINANSIëLE DIENSTE

OFFICE OF THE DIRECTOR : FINANCIAL SERVICES

Rig asseblief alle korrespondensie aan die Munisipale Bestuurder/Kindly address all correspondence to the Municipal Manager/Yonke imbalelwano mayithunyelwe kuMlawuli kaMasipala

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Faks/Fax: (023) 4148105
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e-pos / e-mail: treasury@beaufortwestmun.co.za
Kerkstraat 15 Church Street
BEAUFORT-WES
BEAUFORT WEST
BHOBHOFOLO
6970
Vat: 4 000 846 388

Verwysing
Reference 2/1
Isalathiso

Navrae
Enquiries BS Jacobs
Imibuzo

Datum
Date 11 November 2025
Umhla

Munisipale Bestuurder / Municipal Manager
2025 -11- 11
Beaufort-Wes / West

MEMORANDUM TO THE ACTING MUNICIPAL MANAGER

ITEM FOR COUNCIL: APPOINTMENT OF TEMPORARY WORKERS OVER THE FESTIVE SEASON

At an ordinary council meeting held on 28 October 2025, council resolved to approve the appointment of temporary workers over the festive season.

While administration acknowledge that they have tabled the item, it is necessary to inform council that the municipality is currently unable to implement the said appointments due to financial and compliance constraints.

CASH FLOW POSITION:

The municipality's cash flow remains under severe pressure and a letter to invoke Section 216(2) of the constitution has been received from National Treasury. The payment of the equitable share would have been the source of funding for this project.

COMPLIANCE RISK:

Currently, the municipality is faced with the challenge of not having a reliable refuse truck. Non-compliance within this context could be severe, as it speaks directly to the ability of the municipality to render the basic services. Administration thought it best to prioritise the purchase of a refuse truck from incoming funds.

ADMINISTRATION THUS REQUEST THE FOLLOWING;

1. Council rescinds the decision to appoint temporary workers over the festive season.
2. Council takes note of the content of this memorandum.

Yours faithfully

BS JACOBS
CHIEF FINANCIAL OFFICER
//db

		OPDRAG

national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

CONFIDENTIAL

Private Bag X115, Pretoria, 0001 | 40 Church Square, Pretoria, 0002 | Tel: +27 12 315 5111
@Treasury_RSA National Treasury RSA National Treasury RSA @treasuryrsa | www.treasury.gov.za

Mr Amos Makendlana
The Municipal Manager
Beaufort West Local Municipality
P. O Box 24
BEAUFORT WEST
7230

Email: amos@beaufortwestmun.co.za

Dear Mr Makendlana

INTENTION TO INVOKE SECTION 216(2) OF THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996, DUE TO NON-COMPLIANCE WITH THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT (ACT NO. 56 OF 2003)

This letter serves to notify the Beaufort West Local Municipality ('Municipality') of the National Treasury's intention to invoke section 216(2) of the Constitution of the Republic of South Africa, 1996 ('Constitution'). This step is necessitated by the Municipality's persistent failure to address unauthorised, irregular, and fruitless and wasteful expenditure (UIFWE) and to implement consequence management.

In December 2024, the National Treasury, through MFMA Circular 129, requested municipalities to develop an action plan, to process the UIFWE balances up to 30 June 2024 by 31 August 2025. Section 32 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003 – 'MFMA'), read with Regulation 74 of the Municipal Budget and Reporting Regulations, outlines the process that the Municipality must follow to address the UIFWE that is on the Municipality's books.

Additionally, the plan of action should have outlined the process for establishing and appointing members of the Disciplinary Board, as well as addressing the backlog of financial misconduct referrals to the Disciplinary Board. This relates to the implementation of consequence management in line with Chapter 15 of the MFMA, read with the Municipal Regulations on Financial Misconduct Procedures and the Criminal Proceedings, 2014 (Financial Misconduct Regulations). One of the key requirements of the Financial Misconduct Regulations is the establishment of a Disciplinary Board to investigate allegations of financial misconduct against municipal officials.

The National Treasury has developed the following criteria to assess the Municipality's compliance with section 32 as well as Chapter 15 of the MFMA and the Financial Misconduct Regulations:

- The Municipality's UIFWE balance as at 30 June 2024 has not decreased by 75% in the unaudited 2024/2025 AFS submitted to the Auditor-General South Africa for audit; or

- The Municipality did not have a Disciplinary Board in place as at 30 June 2025; or
- Notwithstanding the Municipality having a Disciplinary Board in place, not all UIFWE matters have been referred to the Disciplinary Board during the 2024/2025 financial period; or
- The Municipality has not instituted disciplinary measures stemming from the UIFWE incurred up to 30 June 2024 in the 2024/2025 financial year.

Using the audited 2023/24 and unaudited 2024/25 annual financial statements, a year-on-year review of the UIFWE disclosure notes shows no reduction in your Municipality's 2023/24 UIFWE balance amount. The Municipality incurred UIFWE of R12,603,487 in the 2024/25 financial year, while not processing any current or prior financial-year UIFWE incurred through the municipal Council, as contemplated in section 32(2) of the MFMA. Based on the available information, the reduction in the UIFWE balance towards achieving the 75% reduction criterion outlined above has not been met.

Additionally, the incurrence of R12,603,487 in UIFWE for the 2024/2025 financial year indicates that the Municipality's UIFWE preventative measures are ineffective. An analysis of the implementation of consequence management found that all UIFWE-related financial misconduct allegations have not been referred to the Disciplinary Board for investigation and, where appropriate, disciplinary action. The failure to reduce the 2023/24 UIFWE total balance indicates continued non-compliance with section 32 of the MFMA, as UIFWE was not processed through to the municipal Council.

The failure to significantly reduce the 2023/24 UIFWE balance demonstrates continued non-compliance with section 32 of the MFMA. Additionally, the failure to refer all UIFWE-related financial misconduct matters to the Disciplinary Board for investigation and, where appropriate, to institute disciplinary actions against employees demonstrates continued non-compliance with Chapter 15 of the MFMA.

As a result, the National Treasury has decided to invoke section 216(2) of the Constitution. In terms of this provision, the National Treasury must enforce compliance with the measures established in terms of section 216(1) of the Constitution and may stop the transfer of funds to an organ of state if that organ of state commits a serious or persistent material breach of those measures. Additionally, in terms of section 38 of the MFMA, the National Treasury may stop the transfer of funds which are due to a Municipality if that Municipality commits a serious or persistent breach of the measures established in terms of section 216(1) of the Constitution.

Therefore, in line with section 216(2) of the Constitution, read with section 38 of the MFMA, the National Treasury hereby informs you of the intention to withhold your December 2025 tranche of the equitable share allocation.

You are requested to provide reasons why the National Treasury should not invoke section 216(2) of the Constitution within 14 days of receipt of this letter. Your response must be submitted to MFMA@treasury.gov.za.

We have noted that the Municipality is not preventing the incurrence of UIFWE as required in terms of sections 62 and 78 of the MFMA. Please be informed that failure in this regard will be added as a criterion to be implemented in the future, should this non-compliance persist.

INTENTION TO INVOKE SECTION 216(2) OF THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996, DUE TO NON-COMPLIANCE WITH THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT (ACT NO. 56 OF 2003)

CONFIDENTIAL

This letter will be shared with the National Department of Cooperative Governance, Western Cape provincial departments: Treasury and Local Government. Should you require further clarification or information, please contact Ms Ogalaletseng Gaarekwe: Deputy Director-General: Intergovernmental Relations at the National Treasury.

Kind regards

OGALALETSENG GAAREKWE
DEPUTY DIRECTOR-GENERAL: INTERGOVERNMENTAL RELATIONS
11 November 2025

CC: The Mayor – Cllr De Kock Reynolds
josiasd@beaufortwestmun.co.za

CFO – Mr Bradley Jacobs
bradleyj@beaufortwestmun.co.za

MFMA Coordinator – Steven Kenyon
steven.kenyon@westerncape.gov.za

Office of the Auditor-General - Sangeeta Kallen
SANGEETAK@agsa.co.za

THE ADMINISTRATOR
12333831

5/3/12

MUNISIPALITEIT - MUNICIPALITY - UMASIPALA-WASE

BEAUFORT-WES/BEAUFORT WEST/BHOBHOFOLO

KANTOOR VAN DIE DIREKTEUR : FINANSIëLE DIENSTE

OFFICE OF THE DIRECTOR : FINANCIAL SERVICES

Rig asseblief alle korrespondensie aan die Munisipale Bestuurder/Kindly address all correspondence to the Municipal Manager/Yonke imbalelwano mayithunyelwe kuMlawuli kaMasipala

Verwysing
Reference
Isalathiso

Navrae
Enquiries
Imibuzo BS Jacobs

Datum
Date
Umhla 12 November 2025

Munisipale Bestuurder / Municipal Manager
2025 -11- 12
Beaufort West

Privaatsak / Private Bag 582
Faks/Fax: (023) 4148105
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E-pos / e-mail: treasury@beaufortwestmun.co.za
Kerkstraat 15 Church Street
BEAUFORT-WES
BEAUFORT WEST
BHOBHOFOLO
6970
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MEMORANDUM TO THE ACTING MUNICIPAL MANAGER

TERMS OF ARRANGEMENT ON OUTSTANDING ACCOUNT: 10 DANIEL STREET

A verbal request was received from Mr. S Qwina wherein he requested the Municipality to accommodate him and his ability to pay his current arrangement of about R4, 500.00.

The Municipality has based Mr. S Qwina's arrangement in line with the approved credit control policy.

Currently, Mr. S Qwina is only able to pay R3000.00 based on his circumstances, and affordability.

The following is for council to consider;

1. For council to note the content of his letter.
2. To consider modifying the payment terms for Mr. S Qwina to pay R3000.00

For your consideration.

BS JACOBS
DIRECTOR: FINANCIAL SERVICES
//db

OPDRAG