Dear Municipal Manager and Executive Mayor

At a workshop was held on 8 May 2025 at the Worcester Council Chambers, proposed amendments to the Budget-Related Policies were presented and discussed. Comments and suggestions were made regarding the proposed changes, and it was resolved that the proposed amendments from the workshop would be tabled at the Mayoral Committee meeting on 13 May 2025.

Proposed additions: TARIFF POLICY

Current policy: Section 5.2

5.2 Recovery of costs include:

a) Resource management expenditure are those activities that are required to regulate, manage and maintain a service;

b) Capital Costs (Depreciation);

c) Capital cost expenditure is the Council`s obligation to meet the repayments on loans negotiated to finance the provision of the service;

d) Maintenance cost being the normal running cost of providing a service at an established level;

Proposed additions prior to the workshop: Added points e - h

5.2 Recovery of costs include:

e) If an account for Landfill Site Activities, Municipal Health and Fire Services is not paid by the due date, at least 30 (thirty) days will be allowed to elapse before interest is charged. Where interest on unpaid accounts is raised by the Municipal Manager, it will be based on a full month and any part of a month will thus be deemed to be a full month;

f) or unless specifically provided for in other agreements;

g) Interest will be one percent higher than the prime rate; and

h) Interest will be determined by the posting date, or where relevant.

Changes as per workshop resolution:

e) If an account for Landfill Site Activities, Municipal Health and Fire Services is not paid by the due date, at least 30 (thirty) days will be allowed to elapse before interest is charged. Where interest on unpaid accounts is raised by the Municipal Manager, it will be based on a full month and any part of a month will thus be deemed to be a full month;

f) or unless specifically provided for in other agreements;

g) Interest will be one percent higher than the prime rate; and

h) Interest will be determined on/at the date of invoice, or in terms of the relevant agreement.

i) Interest will be charged on the original amount invoiced.

Inputs from Internal Audit division:

i) Has legal verification been conducted to confirm that the proposed interest provisions (e.g., 1% above prime, calculation from posting date) align fully with the MFMA, MSA, and applicable National Treasury regulations?

ii) What benchmarking or financial modelling was performed to justify setting the interest rate at "1% higher than the prime rate"? Is this considered equitable and in line with practices in comparable municipalities?

iii) Has a readiness assessment been done to ensure that billing systems, interest calculation modules, and staff are equipped to implement and monitor the proposed changes accurately and consistently?

Proposed additions: CREDIT CONTROL AND DEBT COLLECTION POLICY

Current policy

No Provision is made for interest on overdue accounts

Proposed additions prior to the workshop:

9.1 Interest Charges on Outstanding Amounts

- If an account for Landfill Site Activities, Municipal Health and Fire Services is not paid by the due date, at least 30 (thirty) days will be allowed to elapse before interest is charged. Where interest on unpaid accounts is raised by the Municipal Manager, it will be based on a full month and any part of a month will thus be deemed to be a full month.
- unless specifically provided for in other agreements.
- interest will be one percent higher than the prime rate; and
- interest will be determined by the posting date, or where relevant.

Changes as per workshop resolution:

9.1 Interest Charges on Outstanding Amounts

- If an account for Landfill Site Activities, Municipal Health and Fire Services is not paid by the due date, at least 30 (thirty) days will be allowed to elapse before interest is charged. Where interest on unpaid accounts is raised by the Municipal Manager, it will be based on a full month and any part of a month will thus be deemed to be a full month.
- unless specifically provided for in other agreements.
- interest will be one percent higher than the prime rate; and
- interest will be determined on/at the date of invoice, or in terms of the relevant agreement.
- interest will be charged on the original amount invoiced.

Inputs from Internal Audit division:

i) How does the new interest charging mechanism align with the municipality's socio-economic objectives?

Proposed amendments: CASH MANAGEMENT AND INVESTMENT POLICY

Current policy: Section 6.5

The accounting officer shall ensure that all investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe, or are otherwise lodged for safekeeping with the municipality's bankers or attorneys.

Proposed amendment: Section 6.5

The accounting officer shall ensure that all investment documents and certificates are properly secured.

Changes as per workshop resolution:

The workshop resolved that the policy should not be amended and be referred to the Section 80 Committee for review once the committee has been established.

Inputs from Internal Audit division:

i) Have cybersecurity risks been considered now that investment documentation is stored electronically?

ii) Is there an updated Standard Operating Procedure or ICT policy that guides secure storage and retrieval of digital investment records?

Proposed amendments: VIREMENT POLICY

Current policy: Section 1.13

"Vote" (strategic objective) means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments of the municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

Proposed amendment: Section 1.13

"Vote" (strategic objective) means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned [See annexure "A" for the old Vote structure and annexure "B" for the revised Vote structure to be used].

Changes as per workshop resolution:

The workshop resolved that the policy should be amended as proposed.

Proposed amendment:

Replacement of Annexure A with Annexure B

Changes as per workshop resolution:

The workshop resolved that the policy should be amended as proposed; however, should the structure change, the annexure must be amended accordingly.

Proposed additions

6.15 Virement transactions for individual line items related to operational expenditure must not exceed 5% of the budget of that department or functional area of the municipality.

6.16 Virement transactions for individual line items related to capital expenditure must not exceed 5% of the budget of that department or functional area of the municipality.

Changes as per workshop resolution:

A resolution was taken at the workshop that a fixed amount, rather than a percentage, should be specified in the policy. Furthermore, it was resolved that the delegations must be amended by 1 July 2025 to align with the Virement Policy.

The following proposals is made based on the above resolutions:

6.15 Virement transactions for individual line items related to operational expenditure must not exceed the following amounts in the respective departments or functional areas:

i) Technical Services – R 2 000 000.00

ii) Community Development and Planning Services – R 1 500 000.00

iii) Corporate Services – R 5 000 000.00

iv) Financial Services – R 2 100 000.00

v) Office of the Municipal Manager – R 200 000.00

6.16 Virement transactions for individual line items related to capital expenditure must not exceed the following amounts in the respective departments or functional areas:

i) Technical Services – R 1 000 000.00

ii) Community Development and Planning Services – R 2 000 000.00

iii) Corporate Services – R 2 000 000.00

iv) Financial Services – R 300 000.00

v) Office of the Municipal Manager – R 100 000.00

* In addition to the proposed amendments, it was resolved that the Virement Policy must be reviewed by the Section 80 Committee once it has been established.

Inputs from Internal Audit division:

i) Has the revised vote structure been aligned with the current IDP, departmental strategic objectives, and performance indicators?

Proposed amendment: SUPPLY CHAIN MANAGEMENT POLICY

Current policy: Section 28(2) - BID ADJUDICATION COMMITTEES

A Bid Adjudication Committee must consist of at least three senior managers of the Cape Winelands District Municipality, which must include -...

Proposed amendment:

A Bid Adjudication Committee must consist of at least four senior managers of the Cape Winelands District Municipality, which must include -...

Changes as per workshop resolution:

None

Current policy: Section 53(4) NOTIFICATION OF BID DECISIONS

Every notification of decision shall be faxed or sent via electronic mail and ordinary mail to the address chosen by the bidder, with a copy of proof of transmission kept for record purposes, or shall be delivered by hand, in which case acknowledgement of receipt must be signed and dated on a copy of such notification to be kept for record purposes.

Proposed amendment:

Every notification of decision shall be sent via electronic mail.

Changes as per workshop resolution:

Every notification of decision shall be sent via electronic mail after relevant letters have been reviewed and signed by delegated officials.

Current policy: Section 55(1) - FRAMEWORK FOR INFRASTRUCTURE DELIVERY AND PROCUREMENT MANAGEMENT

The Framework for Infrastructure Delivery and Procurement Management and relevant Circular is attached as Annexure "A". The Cape Winelands District Municipality will during the course of the 2023/2024 financial year determine its ability to implement those parts of the Framework that are practically implementable.

Proposed amendment:

The Framework for Infrastructure Delivery and Procurement Management and relevant Circular is attached as Annexure "A". The Cape Winelands District Municipality will during the course of the 2025/2026 financial year determine its ability to implement those parts of the Framework that are practically implementable.

Changes as per workshop resolution:

None

Proposed addition

Section 5 - SUB-DELEGATIONS

Add paragraph

2(c)(iii) Below R 30 000 (VAT included) to be disposed by delegated official in terms of approved delegatory power and function.

Changes as per workshop resolution:

None

**See attach Annexure A with comments received from Internal Audit Division.*