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Our ref: C25G37

Your ref:

Bitou Municipality

Manger Legal Services
Per email: acroutz@plett.gov.za
And to anjoko@plett.gov.za

11 August 2026

Dear Sir,

RE: GRANT IN AID

We refer to the above matter and confirm that we continue to address you on behalf of the Plettenberg Bay Ratepayers' and Residents' Association and thank you for your response which we must say raises significant concerns, firstly with respect to the understanding displayed with regard the conclusion of contracts and secondly the non-compliance with Bitou's Supply Chain Management Policy and the Grant in Aid Policy which renders all purported grants made as non-compliant with applicable law and also makes all of these payments seem fruitless and wasteful expenditure as contemplated in terms of National Treasury Fruitless and Wasteful Expenditure Framework and thus potentially rendering the officials involved being personally liable for such fruitless and wasteful expenditure.

In terms of the Bitou Supply Chain Management Policy 2024/2025, which was applicable at the time of these grants in aid being made, all contracts are required to be in writing and the Accounting Officer must have taken all reasonable steps to ensure that the terms of contract are properly enforced.

As will become apparent from what is said below there has not been compliance with this in any of the contracts entered into in respect of the grant in aid recipients.

It is also of great concern that the Grant In Aid policy clearly states at 4.1.4:

“Funding of projects and to organisations shall exclude travel costs, subsistence, accommodation, food or entertainment expenses of any kind, administrative staff salaries, capital costs, bursaries, payment in lieu of rates or other municipal charges.”

A very cursory glance at many of the financials and banks statements provided clearly show payments from the registered recipient NPO bank account to the office bearers of the NPO in direct contravention to the Grant in Aid Policy.

Thus the statement made in your reply that “all contracts are legally binding” is with respect far from the truth and all of these contracts are in fact legally flawed, have no legal force and effect and are not legally enforceable.

We note that you have provided a document headed Annexure A GIA Allocation 2024 6 December 2024 Final recon. However, this document is in fact headed Bitou Municipality Mayoral Grant-in Aid 2022/2023. We are assuming this to be a mistake and that the document is in fact meant to reflect the 2024 allocations.

1. All Nations Satisfactory Centre (ANSC)

   No bank statement and/or audited financial statements were provided by you for this organisation as part of the response to PAIA application notwithstanding Annexure A line 57 reflecting that you had received detailed annual bank statements and audited financial statements. Please provide copies of these.

   An amount of R90 000.00 was paid to ANSC and you provided us with a copy of the Contract concluded with ANSC.

   This contract has serious flaws.

Firstly and most importantly, the correct details of ANSC are not recorded in the contract and nowhere is the NPO registration reflected or referred to with it only being stated that the contract is between ANSC represented by Mrs Luyanda Dingela in her capacity as the Chairperson of ANSC, with no such evidence of her authority to legally bind ANSC having been attached as part of the contract.

The contract then provides that the Municipality shall measure ANSC output on the basis of the targets and programmes that the Municipality has agreed thereto, see attached letter as Annexure A (clause 3.2) and The transfer payment shall be used for items listed in Annexure A (clause 5.3).

There is no Annexure A to the contract and hence the contract is rendered meaningless. If there is no Annexure A what constitutes the targets and programs and items on which monies are to be expended? This renders the contract void for ambiguity.

Clause 7 then refers to obligations of Stepping Stone Development. What this entails is not referred to at all in the clause which is in fact the obligations resting on ANSC. This too renders the contract void for vagueness.

But the major concern is that whilst the contract has been signed by Luyanda Dingela as Chairperson, we are assuming of ANSC, this signature is neither dated nor witnessed. The Contract has not been signed by the Municipality in contravention of the Supply Chain Policy referred to above.

For the reasons advanced, this contract is fatally flawed and of no legal effect and thus the payment made thereunder is similarly unlawful.

2. Bongolethu Home Educare Centre (BHEC)

An amount of R90 000.00 was paid to BHEC and you provided us with a copy of the Contract concluded with BHEC.

This contract too has serious flaws.

Firstly and most importantly, is the validity of the Application for Grant In Aid provided as part of this application. This form states that the closing date for applications for grant in aid is 30 September 2024. However, other application forms provided as part of your response to the PAIA application state that the closing date for grant in aid applications is the 31 July 2024. Please can you explain how there were two different dates for the submission of application forms?

Of greater concern is that the correct details of BHEC are not recorded in the contract and nowhere is the NPO registration reflected or referred to with it only being stated that the contract is between BHEC represented by Mrs Beauty Myameka Bota-Mpondo in her capacity as principal of BHEC, with no such evidence of her authority to legally bind BHEC having been attached as part of the contract.

This is further complicated by the provisions of the BHEC constitution - a copy of which was provided to yourselves as part of the application – where it requires two signatures on any financial document.

Thus Mrs Myameka-Mpondo alone had no authority to enter into this Contract.

The contract then provides that the Municipality shall measure BHEC output on the basis of the targets and programmes that the Municipality has agreed, see attached letter as Annexure A (clause 3.2) and the transfer payment shall be used for items listed in Annexure A (clause 5.3).

There is no Annexure A to the contract and hence the contract is rendered meaningless. If there is no Annexure A what constitutes the targets and programs and items on which monies are to be expended? This renders the contract void for ambiguity.

Clause 7 then refers to obligations of Stepping Stone Development. What this entails is not referred to at all in the clause which is in fact the obligations resting on BHEC. This too renders the contract void for vagueness.

But the major concern is that whilst the contract has been signed by Beauty M Bota-Mpondo, as Chairperson, we are assuming of BHEC, this signature is neither dated nor witnessed. The Contract has not been signed by the Municipality in contravention of the Supply Chain Policy referred to above.

For the reasons advanced, this contract is fatally flawed and of no legal effect and thus the payment made thereunder is similarly unlawful.

3. Libongwe Ngabantu Community Empowerment (LNCE)

An amount of R90 000.00 was paid to LNCE and you provided us with a copy of the Contract concluded with LNCE.

This contract too has serious flaws.

Of concern is that the correct details of LNCE are not recorded in the contract and nowhere is the NPO registration reflected or referred to with it only being stated that the contract is between LNCE represented by Mrs Nomakhaya Bangani in her capacity as Chairperson of LNCE, with no such evidence of her authority to legally bind LNCE having been attached as part of the contract.

This is further complicated by the provisions of the LNCE constitution - a copy of which was provided to yourselves as part of the application – where it requires two signatures on documents to be signed on behalf of LNCE.

Thus Mrs Nomakhaya Bangani alone had no authority to enter into this Contract.

The contract then provides that the Municipality shall measure LNCE output on the basis of the targets and programmes that the Municipality has agreed, see attached letter as Annexure A (clause 3.2) and the transfer payment shall be used for items listed in Annexure A (clause 5.3).

There is no Annexure A to the contract and hence the contract is rendered meaningless. If there is no Annexure A what constitutes the targets and programs and items ton which monies are to be expended? This renders the contract void for ambiguity.

Clause 7 then refers to obligations of Stepping Stone Development. What this entails is not referred to at all in the clause which is in fact the obligations resting on LNCE. This too renders the contract void for vagueness.

But the major concern is that whilst the contract has been signed by Mrs Nomakhaya Bangani, as Chairperson, we are assuming of LNCE, this signature is neither dated nor witnessed. The Contract has not been signed by the Municipality in contravention of the Supply Chain Policy referred to above.

For the reasons advanced, this contract is fatally flawed and of no legal effect and thus the payment made thereunder is similarly unlawful.

4. Edu Plett (EP)

An amount of R90 000.00 was paid to EP and you provided us with a copy of the Contract concluded with EP.

This contract too has serious flaws.

Of concern is that the correct details of EP are not recorded in the contract and nowhere is the NPO registration reflected or referred to with it only being stated that the contract is between EP represented by Mrs Zanele Duma in her capacity as Chairperson of EP, with no such evidence of her authority to legally bind EP having been attached as part of the contract.

This is further complicated by the provisions of the EP constitution - a copy of which was provided to yourselves as part of the application – where it requires two signatures on documents to be signed on behalf of EP.

Thus Mrs Zanele Duma alone had no authority to enter into this Contract.

The contract then provides that the Municipality shall measure EP output on the basis of the targets and programmes that the Municipality has agreed thereto, see attached letter as Annexure A (clause 3.2) and the transfer payment shall be used for items listed in Annexure A (clause 5.3).

There is no Annexure A to the contract and hence the contract is rendered meaningless. If there is no Annexure A what constitutes the targets and programs and items on which monies are to be expended? This renders the contract void for ambiguity.

Clause 7 then refers to obligations of Stepping Stone Development. What this entails is not referred to at all in the clause which is in fact the obligations resting on BHEC. This too renders the contract void for vagueness.

But the major concern is that whilst the contract has been signed by Mrs Zanele Duma, as Chairperson, we are assuming of EP, this signature is not dated nor witnessed. The Contract has been signed on behalf of the Municipality by Mbulelo Memani but the signature is neither witnessed nor dated in contravention of the Supply Chain Policy referred to above.

For the reasons advanced, this contract is fatally flawed and of no legal effect and thus the payment made thereunder is similarly unlawful.

5. Hope of Life (HOL)

An amount of R90 000.00 was paid to HOL and you provided us with a copy of the Contract concluded with HOL.

This contract too has serious flaws.

This contract should never have been concluded, as there was non-compliance with the Grant in Aid application. The Application for grant in aid was signed by

Nokuphumla Mlinganiso on the 29 October 2024 when the General Conditions for the Grant in Aid stated that the closing date for all applications was the 30 September 2024 or the 31 July 2024 – see the discrepancy raised earlier and further that no late applications would be accepted or considered.

Please explain how a contract was purportedly concluded with HOL when the conditions precedent were not complied with?

Of concern is that the correct details of HOL are not recorded in the contract and nowhere is the NPO registration reflected or referred to with it only being stated that the contract is between HOL represented by Nokuphumla Mlinganiso in her capacity as Chairperson of HOL, where no such evidence of her authority to legally bind HOL having been attached as part of the contract.

The contract then provides that the Municipality shall measure HOL output on the basis of the targets and programmes that the Municipality has agreed thereto, see attached letter as Annexure A (clause 3.2) and the transfer payment shall be used for items listed in Annexure A (clause 5.3).

There is no Annexure A to the contract and hence the contract is rendered meaningless. If there is no Annexure A what constitutes the targets and programs and items on which the monies are to be expended? This renders the contract void for vagueness.

Clause 7 then refers to obligations of Stepping Stone Development. What this entails is not referred to at all in the clause which is in fact the obligations resting on HOL. This too renders the contract void for vagueness.

But the major concern is that whilst the contract has been signed by Nokuphumla Mlinganiso, as Chairperson, we are assuming of HOL, this signature is neither dated nor witnessed. The Contract has been signed on behalf of the Municipality by Mbulelo Memani but the signature is not witnessed nor dated in contravention of the Supply Chain Policy referred to above.

For the reasons advanced, this contract is fatally flawed and of no legal effect and thus the payment made thereunder is similarly unlawful.

6. Luthando Soup Kitchen (LSK)

With respect this matter is the worst of the lot.

An amount of R40 000.00 was paid to LSK and you provided us with a copy of the Contract concluded with LSK.

You have stated that the authorisation from the Bitou Council for the entering into of these Grant In Aid contracts was granted on the 6 December 2024.

How is it that the contract provided by yourselves – having precisely the same flaws as those raised in respect of all the aforegoing contracts, is signed by Andisiwe Qawuka on the 14 January 2024 some 11 months prior to the Bitou Municipality agreeing to enter into a contract with LSK?

As such this contract is fatally flawed and of no legal effect and thus the payment made thereunder is similarly unlawful.

7. New Life Centre (NLC)

An amount of R80 000.00 was paid to NLC and you provided us with a copy of the Contract concluded with NLC.

This contract has serious flaws.

Firstly and most importantly, the correct details of NLC are not recorded in the contract and nowhere is the NPO registration reflected or referred to with it only being stated that the contract is between NLC represented by Mrs Thandiswa Gqukani in her capacity as the Chairperson of NLC, with no such evidence of her authority to legally bind NLC having been attached as part of the contract.

The contract then provides that the Municipality shall measure NLC output on the basis of the targets and programmes that the Municipality has agreed, see attached letter as Annexure A (clause 3.2) and the transfer payment shall be used for items listed in Annexure A (clause 5.3).

There is no Annexure A to the contract and hence the contract is rendered meaningless. If there is no Annexure A what constitutes the targets and programs and items on which monies are to be expended? This rendered the contract void for vagueness.

Clause 7 then refers to obligations of Stepping Stone Development. What this entails is not referred to at all in the clause which is in fact the obligations resting on NLC. This too renders the contract void for ambiguity.

But the major concern is that whilst the contract has been signed by Mrs Thandiswa Gqukani as Chairperson, we are assuming of NLC, this signature is neither dated nor witnessed. The Contract has not been signed by the Municipality in contravention of the Supply Chain Policy referred to above.

In addition, it is evident from the Standard Bank statements provided that Mrs Gqukani has a monthly draw of R5000 from NLC, in contravention of the Grant In Aid policy and in addition, and as stated in the annual financial statements of NCL, that the major expense incurred by NCL is in respect of salaries, which is in direct contravention of the Grant In Aid policy.

For the reasons advanced, this contract is fatally flawed and of no legal effect and thus the payment made thereunder is similarly unlawful.

8. New Horizons Development Agency (NHDA)

An amount of R80 000.00 was paid to NHDA and you provided us with a copy of the Contract concluded with NHDA.

This contract too has serious flaws.

Firstly and most importantly, is the validity of the Application for Grant In Aid provided as part of this application. This form states that the closing date for applications for Grant in Aid is 31 July 2024 and no late applications would be considered or accepted, yet the application for the Grant in Aid is dated 30 September 2024, some 2 months after the stated closing date on the applicable grant in Aid application form.

Please explain how a contract could then have been concluded when the conditions precedent in the grant in aid application were not complied with?

Furthermore, please advise on what basis this organisation was selected as a recipient of the Grant in Aid scheme when it is evident that the NHDA has a cash surplus of over R50 000?

Of concern is that the correct details of NHDA are not recorded in the contract and nowhere is the NPO registration reflected or referred to with it only being stated that the contract is between NHDA represented by Mr Claemont Titus in his capacity as Chairman of NHDA, with no such evidence of her authority to legally bind NHDA having been attached as part of the contract.

The contract then provides that the Municipality shall measure NHDA output on the basis of the targets and programmes that the Municipality has agreed, see attached letter as Annexure A (clause 3.2) and the transfer payment shall be used for items listed in Annexure A (clause 5.3).

There is no Annexure A to the contract and hence the contract is rendered meaningless. If there is no Annexure A what constitutes the targets and programs and items on which the monies are to be expended?. This rendered the contract void for vagueness.

Clause 7 then refers to obligations of Stepping Stone Development. What this entails is not referred to at all in the clause which is in fact the obligations resting on NHDA. This too renders the contract void for vagueness.

But the major concern is that whilst the contract has been signed by Mr Claemont Titus, as Chairperson, we are assuming of NHDA and by Mr Mbulelo Memani on behalf of the Bitou Municipality neither of these signatures are witnessed nor dated as required by the applicable Bitou policy.

For the reasons advanced, this contract is fatally flawed and of no legal effect and thus the payment made thereunder is similarly unlawful.

9. Tshisa Talent

No contract has been provided for the grant in aid given to Tsisha Talent. Please provide a copy.

Please explain on what basis it was decided to approve this grant in aid application given that the annual financial statements of Tsisha Talent show that the organisation has a cash surplus of R264 841.00 and hence why did it require any contribution from Bitou Municipality?

A casual inspection of the bank statements provided clearly shows that the majority of payments are for salaries/gratuities in contravention of the Grant In Aid policy.

We thus request you advise within 14 days of receipt of this letter, what measures will be taken to ensure that the issues raised herein are addressed and that any fruitless and wasteful expenditure arising from payment made under the above-mentioned invalid and unlawful contracts will be recovered and furthermore what steps you propose taking against complicit municipal officials, failing which our Client's right to approach the relevant authorities to ensure this is done are reserved.

Yours faithfully

Hiscox and Associates