



Implementation of the supply chain management policy of the Emadlangeni Local Municipality

(As per Section 6(3) (4) of the Municipal SCM Regulations)

AUGUST 2016

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1. Introduction

In terms of paragraph 6(3) of the Municipal Supply Chain Management Regulations, the council must maintain an oversight role over the implementation of the Municipal Supply Chain Management policy. The accounting officer must within 10 days of the end of each quarter , submit a report on the implementation of this policy to the mayor.

2. SCM Policy and procedures

2.1 Items for consideration in the policy review

All the items in the policy review should be considered.

2.2 Delegations

The delegations are in the SCM policy.

2.3 Implementation of the procedure manual

SCM procedure manuals are in place .

3. Functioning of the SCM Unit

3.1 Declaration of interest by SCM personnel

- All SCM personnel have not declared interest.

3.2 Adequacy of personnel within SCM

- The personnel is not adequate within SCM Unit.

4. Functioning of bid committees

4.1 Bid committees constituted

- Bid committee are established as per SCM regulations.

4.2 Adequacy of Bid committees

- SCM bid committees are functioning

4.3 Bid committees declarations

- Bid committees declare their interest before any bid committee meeting commences.

5. SECTION 114 DEVIATIONS

Section 114 of the MFMA permits the Accounting Officer to approve a tender “other than the one recommended through a normal procurement process “. The Accounting Officer is required to report such a deviation to the Auditor –General, the Provincial Treasury, and the National Treasury within 10 working days (in terms of Regulation 29(7) of the Municipal SCM Regulations, 2005), stating the reasons that necessitated such a decision.

DATE OF AWARD	CONTRACT DESCRIPTION (TO INCLUDE BID/QUOTATION NUMBER)	AWARD VALUE	BEC RECOMMENDATION	BAC RECOMMENDATION	REASON FOR DEVIATION	NOTIFICATIONS		
						AG	NT	PT
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

6. REGULATION 36 DEVIATION

Regulation 36 of the Municipal SCM Regulations of 2005 permits the Accounting Officer to “dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process”. This would typically include urgent and emergency cases, single –source goods, and any other cases where it is impractical to follow normal SCM process. In the event of such a decision, the accounting officer is required to report this to the next Council meeting

DESCRIPTION (INCLUDING QUOTATION / BID NUMBER)	DATE OF AWARD	AWARDED TO	AWARD VALUE	REASON FOR DEVIATION	DATE REPORTED TO COUNCIL
REPAIR EXCHANGE DATABASE	01/08/2016	IHLILE COMPUWISE CC	R 2 880. 00	THE SYSTEM WAS DAMAGED AS RESULT OF UNFORESEEN POWER OUTAGE THAT HAD A NEGATIVE IMPACT ON THE MUNICIPAL SERVER. IT WAS IMPRACTICAL TO FOLLOW SCM PROCESSES.	
FULL SERVICE NUT NP 300 NUT 1919	05/08/2016	NTT NISSAN NEWCASTLE	R 6 267. 37	FULL CAR SERVICE FOR NUT 1919 NP300. THE CAR WAS BOUGHT FROM NTT NISSAN NEWCASTLE. MUNICIPAL VEHICLES ARE REPAIRED AND SERVICED FROM WHERE THEY WERE INITIALLY BOUGHT, BECAUSE THE ORIGINAL DEALER HAVE THE NECESSARY PARTS AND HAVE GOOD KNOWLEDGE OF THEIR PRODUCTS.	
REPAIR AND FULL SERVICE NP 300 NUT 3732.	16/08/2016	NTT NISSAN NEWCASTLE	R 30 281. 99	REPAIR AND FULL CAR SERVICE FOR NUT 3732 NP300. THE CAR WAS BOUGHT FROM NTT NISSAN NEWCASTLE. MUNICIPAL VEHICLES ARE REPAIRED AND SERVICED FROM WHERE THEY WERE INITIALLY BOUGHT, BECAUSE THE ORIGINAL DEALER HAVE THE NECESSARY PARTS AND HAVE GOOD KNOWLEDGE OF THEIR PRODUCTS.	

CATERING AND DECORATION FOR DUNDEE JULY EVENT.	29/08/2016	KWATHELA BUSINESS ENTERPRISE	R 70 000. 00	LATE INVITATION WAS RECEIVED FROM ENDUMENI MUNICIPALITY FOR THE DUNDEE JULY EVENT. THEREFORE IT WAS IMPRACTICAL TO FOLLOW SCM PROCESS.	
BUILDING MATERIAL FOR ABLUSHIN BLOCK	25/08/2016	HARDWARE KING	R 2 021. 00	MATERIAL WAS BOUGHT FOR EMERGENCY REPAIRS FOR ABLUSHIN BLOCK. THIS WAS THE NEAR SERVICE PROVIDER THAT HAD THE REQUIRED MATERIAL.	
REPAIR UD TRUCK NUT 3585	27/07/2016	UD TRUCKS NEWCASTLE	R 3 222. 84	REPAIR INDICATOR COMBINATION SWITCH FOR NUT 3585 REFUSE REMOVAL TRUCK. THE TRUCK WAS BOUGHT FROM UD TRUCKS NEWCASTLE. MUNICIPAL VEHICLES ARE REPAIRED AND SERVICED FROM WHERE THEY WERE INITIALLY BOUGHT, BECAUSE THE ORIGINAL DEALER HAVE THE NECESSARY PARTS AND HAVE GOOD KNOWLEDGE OF THEIR PRODUCTS	

REPAIR GRADER, NUT 3952.	24/08/2016	BELL	R 70 599. 77	REPAIR GRADER NUT 3952. THE GRADER WAS BOUGHT FROM BELL. ALL MUNICIPAL VEHICLES ARE REPAIRED AND SERVICED FROM WHERE THEY WERE INITIALLY BOUGHT, BECAUSE THE ORIGINAL DEALER HAVE THE NECESSARY PARTS AND HAVE GOOD KNOWLEDGE OF THEIR PRODUCTS
REPAIR DRUM ROLLER NUT 3951.	24/08/2016	BELL	R 7 458. 91	REPAIR DRUM ROLLER NUT 3951. THE DRUM ROLLER WAS BOUGHT FROM BELL. ALL MUNICIPAL VEHICLES ARE REPAIRED AND SERVICED FROM WHERE THEY WERE INITIALLY BOUGHT, BECAUSE THE ORIGINAL DEALER HAVE THE NECESSARY PARTS AND HAVE GOOD KNOWLEDGE OF THEIR PRODUCTS
SCREENING & VERIFICATION FOR FOUR CANDIDATES.	25/08/2016	WORK DYNAMICS	R 17 100. 00	ONLY A FEW CACCREDITED SERVICE PROVIDERS CAN PERFORM THE REQUIRED TASK, BUT THEY ONLY DO A FULL COURSE. WORK DYNAMICS IS THE ONLY SERVICE PROVIDER THAT IS WILLING TO DO THE RQUIRED COURSE BY THE MUNICIPALITY WHICH IS NOT THE FULL COURSE. THIS HAD TO BE DONE URGENTLY BECAUSE CANDIDATES HAD TO STARK WORKING.

7. SECTION 32 APPOINTMENTS

Regulation 32 of the Municipal SCM Regulations of 2005 allows the Accounting Officer to procure goods or services for the municipality under a contract secured by another organ of state.

DATE OF AWARD	CONTRACT DISCRIPTION	AWARD VALUE	CONTRACT AWARDED	NAME OF DEPARTMENT/MUNICIPALITY	CONSENT OBTAINED FROM BOTH ORGAN OF STATE AND SERVICE PROVIDER		REASON FOR DEVIATION
					YES	NO	
26/08/2016	SECURITY SERVICES	R 179 500. 00	FBL TRADING ENTERPRISE	GERT SIBANDE DISTRICT MUNICIPALITY	✓		CONTRACT FOR SEMR SECURITY WAS TERMINATED FOR POOR PERFORMANCE. MUNICIPAL ASSETS HAD TO BE ADEQUATELY SUCURED IN A SHORT SPACE OF TIME.

8. Reports on unauthorized, irregular, fruitless and wasteful expenditure

Section 32(4) of the MFMA requires that the Accounting Officer “promptly” inform the Mayor, MEC for Local Government, and the Auditor-General of any unauthorized, irregular, and fruitless and wasteful expenditure that the municipality has incurred. Only Council can deal with these matters in the manner prescribed.

NO.	TYPE OF EXPENDITURE INCURRED	RECIPIENT OF THE PAYMENT	EXPENDITURE AMOUNT	REPORTING		DETAILED EXPLANATION OF THE EXPENDITURE	INDIVIDUAL RESPONSIBLE
				MEC:COGTA	A-G		
1.	FRUITLESS & WASTEFUL	TELKOM	R 388. 80	N/A		INTEREST ON OVERDUE ACCOUNT. INVOICE WAS RECEIVED LATE.	N/A
2.	FRUITLESS & WASTEFUL	SARS	R 25 626. 31	N/A		INTEREST ON OVERDUE ACCOUNT FROM SARS.	N/A
3.	FRUITLESS & WASTEFUL	TELKOM	R 61. 66	N/A		INTEREST ON OVERDUE ACCOUNT. INVOICE WAS RECEIVED LATE.	N/A
4.	FRUITLESS & WASTEFUL	TELKOM	R 170. 32	N/A		INTEREST ON OVERDUE ACCOUNT. INVOICE WAS RECEIVED LATE.	N/A
5.	IRREGULAR EXPENDITURE	GOEDEHOOP CATERING & PROJECTS	R 2 692. 00	N/A		MAYOR & COUNCILLORS HAD TO USE THE OFFICE PREMISES. ONLY ONE LOCAL SERVICE PROVIDER COULD PAINT THE OFFICE AS SOON AS POSSIBLE. ONLY ONE QUOTATION WAS OBTAINED.	N/A

9. Spend Analysis

In order for the Council to have an oversight role the following information is supplied.

1. All bids awarded above R 100 000
2. Top 10 suppliers by value of contracts awarded
3. Top 10 suppliers by number of contracts awarded

9.1 Bids awarded – Above R 100 000

NO.	SERVICE PROVIDER	DESCRIPTION OF GOODS/SERVICE	CONTRACT AMOUNT
	N/A	N/A	N/A

9.2 Top 10 suppliers by value of payment (bids and quotations)

NO.	SERVICE PROVIDER	AMOUNT	DATE OF AWARD
1.	BELL	R 70 599. 71	24/08/2016
2.	METEORS OFFICE FURNITURE	R 48 796. 56	29/07/2016
3.	UNIVERSITY OF PRETORIA	R 45 144. 00	11/08/2016
4.	ARTHURS WOODCRAFT	R 34 736. 48	25/08/2016
5.	OSSIES MOTOR WORLD	R 32 999. 99	05/08/2016
6.	BIDVEST WALTONS	R 27 763. 99	19/08/2016
7.	ITNA TRUSTED VALUE	R 24 025. 99	11/08/2016
8.	METEORS OFFICE FURNITURE	R 21 865. 20	02/08/2016
9.	FAVOURITE SPORTS	R 21 780. 00	27/07/2016
10.	HARDWARE KING	R 21 348. 00	27/07/2016

9.3 Top 10 suppliers by number of payments made

NO.	SERVICE PROVIDER	AMOUNT	DATE OF AWARD
1.	SPAR	R 1000. 00	29/07/2016
		R 1000. 11	29/07/2016
		R 999. 50	29/07/2016
		R 998. 10	29/07/2016
		R 143. 92	02/08/2016
		R 1115. 10	02/08/2016
		R 994. 93	12/08/2016
		R 407. 52	18/08/2016
		R 2279. 79	23/08/2016
		R 252. 82	22/08/2016
2.	HARDWARE KING	R 21 348. 00	27/07/2016
		R 2350. 00	04/08/2016
		R 350. 00	18/08/2016
3.	RALLY SUPERMARKET & HARDWARE	R 1440. 00	27/07/2016
		R 1810. 00	27/07/2016
4.	C & J COFFINS	R 900. 00	29/07/2016
		R 900. 00	29/07/2016
5.	CITY PRINTING WORKS	R 9547. 50	01/08/2016
		R 9547. 75	01/08/2016
6.	NGELEMUTHI BUSINESS ENTERPRISE	R 2160. 00	01/08/2016
		R 9300. 00	02/08/2016
7.	BELL	R 7458. 91	24/08/2016
		R 70 599. 71	24/08/2016
8.	MPONDONHLE TRADING	R 18 000. 00	05/08/2016
		R 6400. 00	22/08/2016
9.	FBL SECURITY	R 4788. 00	19/08/2016
		R 10 260. 00	01/08/2016

10. Performance management

The Section 116 (2) (d) report is submitted by the relevant user departments on the management and performance on the appointed contractors whose contracts are still in progress.

NO.	BID REFERENCE NUMBER	NAME OF CONTRACTOR	VALUE OF CONTRACT	PAYMENTS TO DATE	DATE OF PAYMENT	APPOINTMENT DATE
1.	MN16/2014-15	Njengamanje JV Phambili (Reitz, Smith & Minaar)	R 2 101 360.40	R 666 722. 59 R 524 400. 00 R 282 779. 96	29/02/2016 24/05/2016 30/06/2016	14/09/2015
2.	MN02/2015-16	Sele and MusaTrading and Tours (Lenz Link Gravel Road)	R 2 440 092. 64	R 300 375. 01 R 467 609. 16 R 655 726. 86 R 614 984 .30 R 193 146.77 R 406 018. 98 R 225 530. 19	21/09/2016 20/04/2016 25/05/2016 08/06/2016 30/06/2016 21/07/2016 17/08/2016	18/12/2015
3.	MN01/2015-16	Lulisandla (Groenvlei gravel road)	R 3 042 454. 80	R 367 125. 00 R 401 261. 76 R 376 364. 16 R 704 501. 76 R 462 684. 96 R 462 684. 96 R 532 515. 66	03/09/2015 25/04/2016 31/05/2016 13/06/2016 30/06/2016 21/08/2016 17/08/2016	29/02/2015
4.	MN14/2015-16	Sele & Musa (Vaalbank access road)	R 6 733 697. 85	R 912 190. 95 R 101 354. 55 R 3 512 870. 10	30/06/2016 30/06/2016 17/08/2016	19/05/2016
5.	Small town rehabilitation – Kantoor street	TL Engineering	R 11 000 000. 00	R 270 000. 00 R 1 014 216. 96 R 1 135 219. 40 R 537 359. 09	27/05/2016 13/06/2016 29/06/2016 30/06/2016	01/05/2016

6.	Small town rehabilitation – De Kock street	TL Engineering	R 11 000 000 .00			01/05/2016
7.	Electrification project	Asande Projects	R 9000 000. 00			01/07/2015

11.Risk Management

From the audits done by the Auditor-General and Internal Audit and the Provincial assessment the following issues were noted which requires monitoring before the municipality is exposed.

NO.	ISSUE RAISED	ISSUE RAISED BY	PROPOSED ACTION TO ADDRESS ISSUE	DUE DATE	CURRENT STATUS ON REPORT DATE
1.	Competitive bidding processes not followed	AG	All Bid above R200 000.00 will undergo a full bidding process.	N/A	DONE
2.	Three quotations not obtained	AG	All quotation value above R2 000.00 will have at least three quotations	N/A	DONE
3.	Preference point system not use.	AG	All quotation above R30 000.00 will be evaluated using Preferential point system.	N/A	DONE
4.	Some of the invoices received are not stamped	IA	All invoices received by the SCM will be dated and stamped.	N/A	IN PROGRESS
5.	Three quotation are not received for the servicing and repairing of motor vehicles.	AG	A council resolution must be drafted to allow all motor vehicles to repaired and serviced at their original dealers.	N/A	IN PROGRESS

PREPARED BY	NOMBALI		REVIEWED BY	
DATE			DATE	
SIGNATURE			SIGNATURE	

CHIEF FINANCIAL OFFICER: _____

SIGNED: _____

DATE: _____