



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

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

DECEMBER 2016

TABLE OF CONTENT

- 1. INTRODUCTION**
- 2. SCM POLICY & PROCEDURES**
- 3. FUNCTIONING OF SCM UNIT**
- 4. FUNCTIONING OF BID COMMITTEES**
- 5. SECTION 114 DEVIATIONS**
- 6. REGULATION 36 DEVIATION**
- 7. SECTION 32 APPOINTMENT**
- 8. UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE**

- 9. SPEND ANALYSIS**
 - 9.1 BIDS AWARDED ABOVE R100 000,00**
 - 9.2 TOP TEN SUPPLIERS BY VALUE OF PAYMENT MADE**
 - 9.3 TOP TEN SUPPLIERS BY NUMBER OF PAYMENTS MADE**
- 10. PERFORMANCE MANAGEMENT**
- 11. RISK MANAGEMENT**

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 not in place yet.

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
VENUE FOR MFMP TRAINING PO2852	12/12/2016	ALOES COUNTRY LODGE T/A MULORO B/B	R 6 000. 00		
COFFIN FOR INDIGENT BURIAL PO2889	15/12/2016	C & J COFFINS	R 900. 00	THIS WAS AN URGENT MATTER AND IT WAS IMPRACTICAL TO FOLLOW SCM PROCESS, SO WE ONLY RECEIVED ONE QUOTATION. C & J COFFIN IS THE ONLY NEARBY SOLE PROVIDER IN OUR LOCAL AREA THAT COULD ASSIST US IN SUCH SHORT NOTICE.	
UNBLOCK SEWER LINE AT TAXI RANK PO2886	12/12/2016	ARENDS CONTRACTORS	R 1 945. 98	THIS WAS AN URGENT MATTER, THE TAXI RANK WAS FLOODED WITH WATER FROM THE SEWER LINE, PEOPLE CUOLD NOT USE THE TAXI RANK. FOR HYGIENIC REASONS THE MATTER HAD TO BE ATTENDED URGENTLY. IT WAS IMPRACTICAL TO FOLLOW SCM PROCESS.	

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 DISCRPTION	AWARD VALUE	CONTRACT AWARDED	NAME OF DEPARTMENT/MUNICIPALITY	CONSENT OBTAINED FROM BOTH ORGAN OF STATE AND SERVICE PROVIDER		REASON FOR DEVIATION
					YES	NO	
N/A	N/A	N/A	N/A	N/A			N/A

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.	N/A	N/A	N/A	N/A		N/A	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
1.	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.	FREE 2 BEE	R 55 800. 00	13/12/2016
2.	FG UNIFORMS	R 46 796. 00	12/12/2016
3.	UTRECHT COUNTRY CLUB	R 29 450. 00	12/12/2016
4.	RALLY SUPERMARKET & HARDWARE	R 18 394. 00	12/12/2016

5.	MICA POWER HOUSE	R 15 251. 97	14/12/2016
6.	TRANSNAT COACH LINE	R 15 000. 00	29/11/2016
7.	KMS COLLEGE	R 15 000. 00	15/12/2016
8.	LESEDI CORPORATE TECHNOLOGY	R 11 390. 88	07/12/2016
9.	SPAR	R 10 948. 00	01/12/2016
10.	SPAR	R 8 347. 50	05/12/2016

9.3 Top 10 suppliers by number of payments made

NO.	SERVICE PROVIDER	AMOUNT	DATE OF AWARD
1.	SPAR	R 10 948. 00	01/12/2016
		R 8 347. 50	05/12/2016
		R 719. 25	05/12/2016
		R 719. 25	05/12/2016
		R 719. 25	05/12/2016
		R 2 339. 10	06/12/2016
		R 984. 85	08/12/2016
		R 992. 22	15/12/2016
		2.	RALLY SUPERMARKET & HARDWARE
R 5 000. 00	29/11/2016		
R 1 690. 00	05/12/2016		
3.	MICA POWER HOUSE	R 6 205. 79	12/12/2016
		R 15 251. 97	14/12/2016

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	APPOINTMENT DATE
1.	MN02/2015-16	Sele and Musa Trading and Tours (Lenz Link Gravel Road)	R 2 440 092. 64	R 655 726. 86 R 614 984 .30 R 406 018. 98 R 255 530. 19	18/12/2015
2.	MN01/2015-16	Lulisandla (Groenvlei gravel road)	R 3 042 454. 80	R 376 364. 16 R 704 501. 76 R 462 684. 96 R 532 515. 66	29/02/2015
3.	MN14/2015-16	Sele & Musa (Vaalbank access road)	R 6 733 697. 85	R 912 190. 95 R 3 512 870.10	19/05/2016

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 used.	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	DONE
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, to avoid deviations.	N/A	NOT DONE

PREPARED BY	NOMBALI		REVIEWED BY	
DATE			DATE	
SIGNATURE			SIGNATURE	

CHIEF FINANCIAL OFFICER: _____

SIGNED: _____

DATE: _____