



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

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

**FEBRUARY 2017**

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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 FRONT END LOADER PO2960	20/02/2017	BELL	R 30 164. 51	REPAIR FRONT END LOADER. ALL MUNICIPAL VEHICLES & MACHINES ARE REPAIRED & SERVICED FROM WHERE THEY WERE BOUGHT, BECAUSE THE ORIGINAL DEALER HAVE THE NECESSARY PARTS & HAVE GOOD KNOWLEDGE OF THEIR PRODUCTS. THEREFORE IT IS IMPRACTICAL TO FOLLOW SCM PROCESS	
RERESHMENTS FOR LAUNCHING OF A WARD	27/02/2017	REDBELL T/A UNCLE DELI SPAR	R 3 928. 50	THE LAUNCH FOR ALL WARD COMMITTEES WAS CONFIRMED AT THE LTT MEETING. THE LAUNCH FOR WARD 1 WAS ONLY CONFIRMED THE DAY BEFORE THE LAUNCH. THIS IS THE ONLY NEAR SERVICE PROVIDER THAT COULD ASSIST US IN SUCH SHORT NOTICE.	
COFFIN FOR INDIGENT BURIAL. PO2974	220/02/2017	C & J COFFINS	R 900. 00	COFFIN FOR INDIGENT BURIAL. IT WAS AN URGENT MATTER AND IT WAS IMPRACTICAL TO FOLLOW SCM PROCESS. ONLY ONE QUOTATION WAS RECEIVED FROM A NEARBY SERVICE PROVIDER IN THE LOCAL AREA THAT COULD ASSIST IN SHORT NOTICE.	
BOUGHT NEW STARTER AND ALTERNATOR FOR FORD TRACTOR NUT 3073 PO3001	02/02/2017	FEDAUTO FORD	R 5 586. 60	BOUGHT NEW STARTER AND ALTERNATOR FOR FORD TRACTOR NUT 3073. . ALL MUNICIPAL VEHICLES & MACHINES ARE REPAIRED & SERVICED FROM WHERE THEY WERE BOUGHT, BECAUSE THE ORIGINAL DEALER HAVE THE NECESSARY PARTS & HAVE GOOD	

				KNOWLEDGE OF THEIR PRODUCTS. THEREFORE IT IS IMPRACTICAL TO FOLLOW SCM PROCESS	
COFFIN FOR INDIGENT BURIAL. PO2931	03/02/2017	C & J COFFINS	R 900. 00	COFFIN FOR INDIGENT BURIAL. IT WAS AN URGENT MATTER AND IT WAS IMPRACTICAL TO FOLLOW SCM PROCESS. ONLY ONE QUOTATION WAS RECEIVED FROM A NEARBY SERVICE PROVIDER IN THE LOCAL AREA THAT COULD ASSIST IN SHORT NOTICE.	
CALLIBRATION OF TEST STATION EQUIPMENT. PO2938	07/02/2017	NEFFCON ROADTECH	R 4 936. 20	NEFFCON ROADTECH IS THE ONLY PLACE THAT SERVICE & CALIBRATES TEST STATION EQUIPMENT. IT IS IMPRACTICAL TO FOLLOW SCM PROCESS. THEREFORE WE WILL ONLY HAVE ONE QUOTATION.	
RERESHMENTS FOR LAUNCHING OF A WARD	08/02/2017	REBELL T/A UNCLE DELI SPAR	R 2 224. 00	THE LAUNCH FOR ALL WARD COMMITTEES WAS CONFIRMED AT THE LTT MEETING. THE LAUNCH FOR WARD 1 WAS ONLY CONFIRMED THE DAY BEFORE THE LAUNCH. THIS IS THE ONLY NEAR SERVICE PROVIDER THAT COULD ASSIST US IN SUCH SHORT NOTICE.	
SERVICE NISSAN NP 300 NUT 4072.	14/02/2017	NTT NISSAN NEWCASTLE	R 15 973. 30	SERVICE NISSAN NP 300 NUT 4072. ALL MUNICIPAL VEHICLES & MACHINES ARE REPAIRED & SERVICED FROM WHERE THEY WERE BOUGHT, BECAUSE THE ORIGINAL DEALER HAVE THE NECESSARY PARTS & HAVE GOOD KNOWLEDGE OF THEIR PRODUCTS. THEREFORE IT IS IMPRACTICAL TO FOLLOW SCM PROCESS	
COFFIN FOR INDIGENT BURIAL.	14/02/2017	AMUKELEKANI CONSTRUCTION	R 4 000. 00	URGENT ASSISTANCE WAS NEEDED TO REMOVE THE CORPSE FROM THE SCENE AND SEND IT NEAREST	

				MORTUARY. THIS WAS THE ONLY NEAR SERVICE PROVIDER WHO WAS NEAR THE SCENE AND COULD ASSIST AT SHORT NOTICE.	
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## 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	
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.	KMS COLLEGE	R 90 000. 00	07/02/2017
2.	PAPER HOUSE	R 41 033. 60	03/02/2017
3.	BELL	R 30 164. 51	20/02/2017
4.	WORKWEAR DEPOT	R 16 554. 44	31/01/2017



5.	NTT NISSAN	R 15 973. 40	14/02/2017
6.	HARDWARE KING	R 14 080. 00	20/02/2017
7.	BKB	R 10 000. 00	23/02/2017
8.	NEWCASTLE OFFICE SHOP	R 8 403. 70	02/02/2017
9.	RALLY SUPERMARKET & HARDWARE	R 7 000. 00	23/02/2017
10.	BURNING SPEAR	R 6 537. 81	03/02/2017

### 9.3 Top 10 suppliers by number of payments made

NO	SERVICE PROVIDER	AMOUNT	DATE OF AWARD
1.	SPAR	R 990. 21	27/01/2017
		R 1 000. 78	30/01/2017
		R 1 724.00	30/01/2017
		R 983. 19	03/02/2017
		R 995. 79	06/02/2017
		R 2 224. 00	08/02/2017
		R 998. 84	13/02/2017
		R 999. 79	13/02/2017
		R 1 015. 26	13/02/2017
		R 972 .74	13/02/2017
		R 2 149. 60	16/02/2017
		R 879. 80	21/02/2017
		R 999. 16	22/02/2017
2.	NEWCASTLE OFFICE SHOP	R 8 403. 70	02/02/2017
		R 3 147. 28	10/02/2017
		R 2 154. 62	15/02/2017

3.	HARDWARE KING	R 715. 00 R 14 080. 00	23/02/2017 20/02/2017
4.	C & J COFFINS	R 900. 00 R 900. 00	03/02/2017 22/02/2017

## 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 R 391 704. 00 R 291 240. 75	29/02/2016 24/05/2016 30/06/2016 14/10/2016 28/02/2017	14/09/2015
2.	MN02/2015-16	Sele and Musa Trading 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 R 332 014. 46	21/09/2016 20/04/2016 25/05/2016 08/06/2016 30/06/2016 21/07/2016 17/08/2016 13/01/2017	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	03/09/2015 25/04/2016 31/05/2016 13/06/2016	29/02/2015

				R 462 684. 96 R 462 684. 96 R 532 515. 66	30/06/2016 21/08/2016 17/08/2016	
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 R 577 589. 11	27/05/2016 13/06/2016 29/06/2016 30/06/2016 05/12/2016	01/05/2016
6.	Small town rehabilitation – De Kock street	TL Engineering	R 11 000 000 .00	R 1 083 578. 25	06/12/2016	01/05/2016
7.	Electrification project	Asande Projects	R 9000 000. 00	R 500 000. 00	23/11/2016	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 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	AG	A council resolution must be drafted to allow all motor vehicles to repaired and	N/A	NOT DONE

	and repairing of motor vehicles.		serviced at their original dealers, to avoid deviations.		
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PREPARED BY	NOMBALI		REVIEWED BY	
DATE			DATE	
SIGNATURE			SIGNATURE	

CHIEF FINANCIAL OFFICER: \_\_\_\_\_

SIGNED: \_\_\_\_\_

DATE: \_\_\_\_\_