



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

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

JANUARY 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 |
|--|------------------|----------------------------------|--------------|---|-----------------------------|
| COURT CASE PO2902 | 23/01/2017 | STOWELL & CO | R 40 798. 89 | EMERGENCY COURT CASE. IT WAS IMPRACTICAL TO FOLLOW SCM PROCESS. | |
| REPAIR GRADER PO2913 | 23/01/2017 | BELL | R 3 524. 88 | REPAIR GRADER. THE GRADER WAS BOUGHT FROM BELL. ALL MUNICIPAL VEHICLES & MACHINES ARE SERVICED AND REPAIRED FROM THE ORIGINAL DEALER BECAUSE THEY HAVE THE NECESSARY PARTS & HAVE GOOD KNOWLEDGE OF THEIR PRODUCTS. | |
| CALLIBRATION OF SPEED MACHINE PO2911 | 24/01/2017 | TRANS ATLANTIC ENFORCEMENT CC | R 5 191. 56 | CALLIBRATION OF SPEED MACHINE. TRANS ATLANTIC ENFORCEMENT CC IS THE ONLY PLACE THAT DOES CALLIBRATION FOR THIS TYPE OF SPEED MACHINE. IT IS 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 DISCRIPTION | AWARD VALUE | CONTRACT AWARDED | NAME OF DEPARTMENT/MUNICIP ALITY | 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. | FRUITLESS & WASTELFUL EXPENDITURE | ESKOM | R 6 294.21 | YES | | INVOICE WAS RECEIVED LATE. | 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. | METEORS OFFICE FURNITURE | R 31 033. 08 | 19/01/2017 |
| 2. | MGV ELECTRONICS | R 28 000. 00 | 24/01/2017 |
| 3. | IMVULA ITECHNOLOGIES | R 19 200. 00 | 19/01/2017 |
| 4. | CONSTRUCTION & CUTTING | R 12 819. 00 | 24/01/2017 |
| 5. | SONDIYA CLASSICS | R 8 500. 00 | 18/01/2017 |
| 6. | MGV ELECTRONICS | R 6 750. 00 | 24/01/2017 |
| 7. | HOUR GLASS T/A E & F AFRICA | R 6 250. 00 | 19/01/2017 |
| 8. | MICA POWER HOUSE | R 6 000. 00 | 18/01/2017 |
| 9. | SANDILE NDOSI | R 5 216. 00 | 24/01/2017 |
| 10. | OSSIES MOTOR WORLD | R 5 180. 00 | 24/01/2017 |

9.3 Top 10 suppliers by number of payments made

| NO. | SERVICE PROVIDER | AMOUNT | DATE OF AWARD |
|-----|--------------------------------|--|--|
| 1. | REDBELL T/A UNCLE DELI SPAR | R 1 003. 65 R 977. 71 R 469. 70 R 1 102. 59 R 998. 41 R 1 334. 06 | 05/01/2017 07/01/2017 09/01/2017 19/01/2017 23/01/2017 20/01/2017 |

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 | 29/02/2016 24/05/2016 30/06/2016 14/10/2016 | 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 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 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 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 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: _____