



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

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

**MARCH 2017**

# **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 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
VENUE FOR MFMP TRAINING	02/03/2017	MULORO B & B	R 4 800. 00	Muloro B & B is the only supplier that sent us quotation regarding the training. It is the closest place by the municipal office that can conduct the training for officials, the training is supposed to take place in Durban, at KMS college. But due to financial constraints and cost measures we allow them to do the training here in Utrecht so that we will be able to save the time and value for money as outlined in circular 2 of the MFMA.	
REPAIR TLB	06/03/2017	BELL	R6 129.03	REPAIR TLB – ATTEND WATER IN FUEL. 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.	
SERVICE NP 300 NISSAN BAKKIE NUT 1919	08/03/2017	NTT NISSAN NEWCASTLE	R5 728. 04	SERVICE NP 300 NISSAN BAKKIE NUT 1919. 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.	
SERVICE NP 300 NISSAN BAKKIE NUT 3732.	08/03/2017	NTT NISSAN NEWCASTLE	R3 334. 70	SERVICE NP 300 NISSAN BAKKIE NUT 3732. 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.	
SERVICE REFUSE TRUCK NUT 3585.	15/03/2017	UD TRUCKS	R 6 152.80	SERVICE REFUSE TRUCK NUT 3585. 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.	
REMOVE AND REFIT NEW CROSS MEMBER NUT 3119	15/03/2017	UD TRUCKS	R 7 791. 31	REMOVE AND REFIT NEW CROSS MEMBER NUT 3119 . 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.	
SERVICE FIRE TRUCK NUT 2190.	17/03/2017	STUCKY MOTORS	R 6 557. 90	SERVICE FIRE TRUCK NUT 2190. 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.	

ATTEND COURT CASE	08/03/2017	STOWEL & CO	R 21 908,02	EMERGENCY COURT CASE. 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 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.	HUMAN COMMUNICATIONS	R 22 194. 43	10/03/2017
2.	AMAPHOZI (PTY) LTD	R 17 000. 00	02/03/2017
3.	AMAPHOZI (PTY)LTD	R 17 000. 00	20/03/2017
4.	FREE 2 BEE	R 16 800. 00	08/03/2017
5.	WJ COETZEE	R 13 557. 83	28/02/2017
6.	UD TRUCKS	R 7 791. 31	15/03/2017



	NEWCASTLE		
7.	CANYON OFFICE AUTOMATION	R 6 942. 60	14/03/2017
8.	STUCKY MOTORS	R 6 557. 90	17/03/2017
9.	UD TRUCKS NEWCASTLE	R 6 152. 80	15/03/2017
10.	BELL	R 6 129. 03	06/03/2017

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

NO	SERVICE PROVIDER	AMOUNT	DATE OF AWARD
1.	VOLTEX	R 468. 80 R 758. 61 R 3 530. 81 R 731. 34 R 884. 36	03/03/2017 03/03/2017 03/03/2017 03/03/2017 20/03/2017
2.	SPAR	R 3 928. 80 R 3 429. 30 R 879. 80 R 984. 25 R 998. 70	27/02/2017 07/03/2017 14/03/2017 24/03/2017 24/03/2017
3.	NTT NISSAN NEWCASTLE	R 670. 00 R 5 820. 87 R 3 334. 77 R 5 728. 05	28/02/2017 07/03/2017 07/03/2017 08/03/2017
4.	HUMAN COMMUNICATION	R 22 194. 43 R 1 907. 33 R 1 885. 32	10/03/2017 10/03/2017 08/03/2017
5.	RALLY SUPREMARKET & HARDWARE	R 2 250. 00 R 4 075. 00	03/03/2017 08/03/2017

6.	UD TRUCKS	R 6 152. 80 R 7 791. 31	15/03/2017 15/03/2017
7.	CANYON OFFICE AUTOMATION	R 3 420. 00 R 6 942. 60	09/03/2017 14/03/2017
8.	AMAPHOZI (PTY) LTD	R 17 000. 00 R 17 000. 00	02/03/2017 02/03/2017

## 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 350 997.34	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	R 3 042 454. 80	R 367 125. 00	03/09/2015	29/02/2015

		gravel road)		R 401 261. 76 R 376 364. 16 R 704 501. 76 R 462 684. 96 R 462 684. 96 R 532 515. 66	25/04/2016 31/05/2016 13/06/2016 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	IA	All invoices received by the SCM will be	N/A	DONE

	received are not stamped		dated and stamped.		
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: \_\_\_\_\_