



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

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

OCTOBER 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 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
COFFIN FOR INDIGENT BURIAL	26/09/2016	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.	
REPAIR NUT BRAKES FOR NUT 3730	27/09/2016	NTT NISSAN NEWCASTLE	10226,42	REPAIR BRAKES AND LABOUR FOR BTO VEHICLE NUT 3730. 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.	
COFFIN FOR INDIGENT BURIAL	04/10/2016	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.	
REPAIR TRACTOR	05/10/2016	SISONKE CAR REPAIRS AND PANEL BEATING TRADING (PTY) LTD	5484,77	WE ONLY HAVE ONE NEAR SERVICE PROVIDER WHO COULD REPAIR & SERVICE THE TRACTOR. THE SERVICE PROVIDER HAD TO STRIP AND QUOTE, THEREFORE WE COULD NOT	

				ASK OTHER SERVICE PROVIDERS to quote. It was impractical to follow SCM process.	
TRACE & LOCATE CABLE FAULT	11/10/2016	WJ COETZEE ELECTRICAL & MECHANICAL MAINTENANCE	4172,84	TRACE AND LOCATE CABLE FAULT ON 11KV XLPE CABLE 50MM2 FOUND FAULT 445M FROM MINI SUB IN BLOEM STREET. IT WAS IMPRACTICAL TO FOLLOW SCM PROCESS BECAUSE THIS MATTER NEEDED TO BE ATTENDED URGENTLY.	
REPAIR BELL GRADER	11/10/2016	BELL EQUIPMENT	48385,19	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 NUT 3732	11/10/2016	NTT NISSAN NEWCASTLE	22776,56	REPAIR NUT 3732. ALL MUNICIPAL VEHICLES AND MACHINES ARE SERVICED AND REPAIRED FROM WHERE THEY WERE BOUGHT, BECAUSE THE ORIGINAL DEALER KNOW VERY WELL THEIR PARTS AND HAVE THE REQUIRED PARTS.	
REPAIR CHERRY PICKER	26/09/2016	UD TRUCKS	5635,58	REPAIR NUT 3119 CHERRY PICKER. ALL MUNICIPAL VEHICLES AND MACHINES ARE SERVICED AND REPAIRED FROM WHERE THEY WERE BOUGHT, BECAUSE THE ORIGINAL DEALER KNOW VERY WELL THEIR PARTS AND HAVE THE REQUIRED PARTS.	

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	
26/09/2016	PROVISION OF LABOUR LAW & LITIGATION	R 551 612. 55	SEETHAL ATTORNEYS	RAY NKONYENI MUNICIPALITY	✓		COUNCIL TOOK A DECISION TO LAY CHARGES AGAINST MUNICIPAL MANAGER IN TERMS OF THE REGULATIONS. THIS MATTER HAD TO BE ATTENDED URGENTLY, NORMAL BIDDING WAS IMPRACTICAL TO FOLLOW.

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 & WASTEFULL EXPENDITURE	TELKOM	442.41	N/A		INTEREST ON OVERDUE ACCOUNT. INVOICE WAS RECEIVED LATE.	N/A
2.	FRUITLESS & WASTEFULL EXPENDITURE	NATAL JOINT MUNICIPAL PENSION FUND	148.10	N/A		ACCOUNT WAS PAID TO AN OLD ACCOUNT & WE WERE NOTIFIED LATE, TO PAY ON NEW ACCOUNT.	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.	ALPINE HEATH RESORT	ACCOMODATION FOR MUNICIPAL OFFICALS' CONFERENCE.	R 118 582. 45
2.	BIDVEST WALTONS	LAPTOPS	R 163 584.33
3.	WORKWEAR DEPOT	UNIFORM FOR EPWP	R 121 695. 32

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

NO.	SERVICE PROVIDER	AMOUNT	DATE OF AWARD
1.	BIDVEST WALTONS	R 163 584. 33	19/10/2016
2.	WORKWEAR DEPOT	R 121 695. 32	19/10/2016
3.	ALPINE HEATH RESORT	R 118 582. 45	04/10/2016
4.	KAMOHELO LAND MANAGEMENT CONSULTANTS (PTY)LTD	R 62 000. 00	27/09/2016
5.	POST MASTER	R 55 510. 00	07/10/2016
6.	BELL	R 48 385. 19	11/10/2016
7.	MPONDONHLE TRADING	R 24 650. 00	14/10/2016
8.	NTT NISSAN NEWCASTLE	R 22 650. 00	11/10/2016
9.	NASHUA	R 21 452. 52	17/10/2016
10.	BIDVEST WALTONS	R 15 105. 00	25/10/2016

9.3 Top 10 suppliers by number of payments made

NO.	SERVICE PROVIDER	AMOUNT	DATE OF AWARD
1.	SPAR	26/09/2016 27/09/2016 28/09/2016 28/09/2016 03/10/2016 07/10/2016 07/10/2016 13/10/2016 14/10/2016 18/10/2016 21/10/2016 21/10/2016 21/10/2016	R 998. 02 R 289. 82 R 2 039. 87 R 1 406. 58 R 996. 06 R 155. 88 R 1 457. 10 R 998. 87 R 1 552. 71 R 672. 70 R 2 564. 90 R 1 104. 88 R 2 199. 60
2.	RALLY SUPERMARKET & HARDWARE	10/10/2016 10/10/2016 13/10/2016 18/10/2016	R 1 500. 00 R 9 082. 30 R 2 830. 00 R 1 399. 00
3.	BIDVEST WALTONS	19/10/2016 20/10/2016 25/10/2016	R 163 584. 33 R 1 140. 05 R 15 105. 00
4.	AUTAR GOLDEN ENTERPRISES	27/09/2016 25/10/2016 27/09/2016	R 2 500. 00 R 1 250. 00 R 2 500. 00
5.	C & J COFFINS	26/09/2016 04/10/2016	R 900 .00 R 900. 00
6.	OSSIES MOTOR WORLD	17/10/2016	R 2 099. 95

		19/10/2016	R 1 149. 99
7.	PAPER HOUSE	24/10/2016 24/10/2016	R 1 065. 90 R 2 850. 00
8.	CANON OFFICE AUTOMATION CC	13/10/2016 18/10/2016	R 6 371. 32 R 6 942. 60
9.	P. FERREIRA ENGINEERING	03/10/2016 03/10/2016	R 300 .00 R 465 .00
10.	SANDILE NDOSI TRADING	14/10/2016 24/10/2016	R 7 800. 00 R 1 200. 00

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.	MN16/2014-15	Njengamanje JV Phambili (Reitz, Smith & Minaar)	R 2 101 360.40	R 606 722.58 R 391 704.00	14/09/2015
2.	MN02/2015-16	Sele and MusaTrading 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

3.	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
4.	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: _____