



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

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

SEPTEMBER 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
REPAIR COLT NUT 4972.	26/08/2016	UAG	R 3 880. 00	REPAIRS TO COLT 4972, THIS SERVICE PROVIDER HAD TO STRIP THE BAKKIE BEFORE GIVING US A QUOTE. THEREFORE THERE WILL BE ONLY ONE QUOTATION.	
SERVICE COMPRESSOR.	26/08/2016	UAG	R 3 950. 00	TO SERVICE COMPRESSOR. THIS WAS THE ONLY NEARBY SERVICE PROVIDER THAT COULD ATTEND TO THIS MATTER URGENTLY AND THEY ALSO NEEDED TO STRIP THE COMPRESSOR FIRST BEFORE THEY COULD QUOTE FOR US.	
REPAIR NISSAN NP 300 NUT 4072	01/09/2016	NTT NISSAN	R 14 518. 23	REPAIR NUT 4072 NP300. 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 GOOD KNOWLEDGE OF THEIR PRODUCTS.	
REPAIR SEWERAGE PIPES IN THE TECHNICAL DEPARTMENT.	08/09/2016	GOEDEHOOP CATERING & PROJECTS	R 3 800. 00	THE TECHNICAL DEPARTMENT HAD A PROBLEM WITH THE SEWERAGE PIPES. THE PIPES BURST AND HAD TO BE REPAIRED IMMEDIATELY FOR HYGIENIC PURPOSES. THIS MATTER HAD TO BE ATTENDED URGENTLY. WE COULD ONLY GET ONE QUOTATION FROM THE ONLY NEAR	

				SERVICE PROVIDER THAT COULD ATTEND TO THIS MATTER URGENTLY. THE SERVICE PROVIDER HAD TO ALSO STRIP AND QUOTE.	
TRACE & LOCATE CABLE FAULT	12/09/2016	WJ COETZE ELECTRICAL & MECHANICAL MAINTENANCE	R 21 091. 08	TRACE, LOCATE AND REPAIR CABLE FAULT BETWEEN MS19 & MS11. IT WAS IMPRACTICAL TO FOLLOW SCM PROCESS BECAUSE THE AREA HAD NO ELECTRICITY AND THIS MATTER NEEDED TO BE ATTENDED URGENTLY.	
REPAIR GYSER AT MARLOTHII FLATS	13/09/2016	HLBC CONTRACTORS CC	R 2 131.80	THE GEYSER IS OVERFLOWING AND HAD TO BE REPAIRED IMMEDIATELY. THIS MATTER HAD TO BE ATTENDED URGENTLY BECAUSE PEOPLE OCCUPYING THE FLAT HAD NO HOT WATER. WE COULD ONLY GET ONE QUOTATION FROM THE NEAR SERVICE PROVIDER THAT COULD FIX THE GEYSER. THE SERVICE PROVIDER HAD TO ALSO STRIP & QUOTE.	
REPLACE 5 CUTTER CHAINS FOR CHAIN SAW	15/09/2016	CONSTRUCTION & CUTTING MACHINES CC	R 1 120.00	TO REPLACE 5X CUTTER CHAINS FOR CHAIN SAW. THE CHAIN SAW WAS BOUGHT FROM CONSTRUCTION AND CUTTING MACHINES. MUNICIPAL ASSETS 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 750 YAMAHA MZ360.	15/09/2016	CONSTRUCTION & CUTTING MACHINE CC	R 12 534. 00	TO REPAIR HURQUARNA 61 CHAIN SAW. THE CHAIN SAW WAS BOUGHT FROM CONSTRUCTION AND CUTTING MACHINES. MUNICIPAL ASSETS 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 MARAYAMA BC500.	15/09/2016	CONSTRUCTION & CUTTING MACHINES CC	R 6 503. 50	TO REPAIR MARAYAMA BC500. THIS BRUSH CUTTER MACHINE WAS BOUGHT FROM CONSTRUCTION AND CUTTING MACHINES. MUNICIPAL ASSETS 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 KUDU 750 WITH HONDA GX390.	15/09/2016	CONSTRUCTION & CUTTING	R 2 059. 00	TO REPAIR KUDU 750 WITH HONDA GX390. THIS MACHINE WAS BOUGHT FROM CONSTRUCTION AND CUTTING MACHINES. MUNICIPAL ASSETS 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 HURQUARNA CHAIN 61 SAW	15/09/2016	CONSTRUCTION & CUTTING	R 2 998. 90	TO CHAIN SAW THIS WAS BOUGHT FROM CONSTRUCTION AND CUTTING MACHINES. MUNICIPAL ASSETS 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 & PAINT FOUR OFFICES IN THE MUNICIPAL BUILDING FOR COUNCIL.	26/08/2016	GOEDEHOOP CATERING & PROJECTS	R 2 692. 00	THE MAYOR & COUNCILLORS HAD TO USE THE OFFICE PREMISES TO OPERATE THEIR DUTIES. THE OFFICES WERE NOT IN GOOD STATE & HAD TO BE REPAIRED URGENTLY. ONE LOCAL SUPPLIER COULD ATTEND TO THIS URGENT MATTER AT SUCH NOTICE.
REPIAR BRAKES FOR BTO VEHICLE NUT 3730	23/09/2016	UAG	R 1 220. 00	THE VEHICLE HAD A PROBLEM WITH THE BRAKES. THE VEHICLE COULD NOT PASS A ROAD WORTHY TEST. WE HAD TO USE THE NEAR SERVICE PROVIDER WHO HAD TO STRIP AND QUOTE TO FIX THE BRAKES. IT WAS IMPRACTICAL TO FOLLOW SCM PROCESS.
REPAIR STARTER FOR CARAVAN PARK VEHICLE	23/09/2016	UAG	R 2 900. 00	THE VEHICLE HAD A PROBLEM WITH STARTER. THE VEHICLE COULD NOT MOVE BECAUSE OF THE STARTER. WE HAD TO USE THE NEAR BY SERVICE PROVIDER WHO HAD TO STRIP AND QUOTE. IT WAS IMPRACTICAL TO FOLLOW SCM PROCESS.

COFFIN FOR INDIGENT BURIAL	08/09/2016	C & J COFFINS	R 900. 00	C & J COFFINS IS THE ONLY NEAR SERVICE PROVIDER THAT HAS THE REUIRED COFFIN FOR THE INDIGENT BURIAL. IT WAS IMPRACTICAL FOR FOLLOW SCM PROCESS.	
LIFELOC BREATHALIZER	14/09/2016	PSA- PRECISION SAFETY APPLIANCES	R 2 366.87	PSA IS THE ONLY SERVICE PROVIDER THAT PROVIDES LIFELOC BREATHALYZERS FOR THE LIFELOC MACHINE THAT IS USED BY PROTECTION SERVICE.	

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	
22/09/2016	LOCAL ECONOMIC DEVELOPMENT STRATEGY, INVESTMENT	R 259 710.00	NGOME ECONOMIC DEVELOPMENT	NQUTHU MUNICIPALITY	✓		IT WAS ADVERTISED AND THE PROCESS TO APPOINT THE SERVICE PROVIDER TOOK TOO LONG AND THE VALIDITY PERIOD FOR QUOTES WERE

	PLAN & AGRICULTURAL STRATEGY.						LONG OVERDUE. MEC COMMENTED THAT THE SERVICE PROVIDERS MUST BE APPOINTED URGENTLY. THE MUNICIPALITY HAD TO RESPOND THO THE COMMENT OF THE MEC AS SOON AS POSSIBLE.
22/09/2016	COMPILATION OF MUNICIPAL INTEGRATION WASTE MANAGEMENT PLAN	R 400 000. 00	ISIBANI PLANNING CONSULTANTS	NTAMBANANA LOCAL MUNICIPALITY	✓		IT WAS ADVERTISED AND THE PROCESS TO APPOINT THE SERVICE PROVIDER TOOK TOO LONG AND THE VALIDITY PERIOD FOR QUOTES WERE LONG OVERDUE. MEC COMMENTED THAT THE SERVICE PROVIDERS MUST BE APPOINTED URGENTLY. THE MUNICIPALITY HAD TO RESPOND THO THE COMMENT OF THE MEC AS SOON AS POSSIBLE.

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 & WASTEFUL	AMAJUBA MUNICIPALITY	R 175 .25	N/A		INTEREST ON OVERDUE ACCOUNT. 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.	FULLERTON E COMMERCE	FURNITURE FOR COUNCILLORS	R 129 620. 00

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

NO.	SERVICE PROVIDER	AMOUNT	DATE OF AWARD
1.	FULLERTON E COMMERCE	R 129 620. 00	01/09/2016
2.	KWATHELA BUSINESS ENTERPRISE	R 70 000. 00	14/07/2016
3.	MPONDONHLE TRADING	R 56 922. 52	05/09/2016
4.	PARACOACH CC T/A VUKA	R 38 500. 00	02/09/2016
5.	ZAQ ACTUARIES (PTY) LTD	R 29 000. 00	31/08/2016
6.	NEWCASTLE OFFICE SHOP	R 27 408. 90	14/09/2016
7.	WJ COETZEE	R 21 091. 08	12/09/2016
8.	NEWCASTLE OFFICE SHOP	R 18 168. 65	09/ 09/2016
9.	NTT NISSAN	R 14 518. 23	01/09/2016
10.	NEWCASTLE OFFICE SHOP	R 12 791. 89	14/09/2016

9.3 Top 10 suppliers by number of payments made

NO.	SERVICE PROVIDER	AMOUNT	DATE OF AWARD
1.	SPAR	R 2 064. 59 R 292. 89 R 570. 00 R 3 132. 00 R 669. 39 R 136 .97 R 395 .82 R 997 46 R 866. 19 R 149 .05 R 950. 00 R 1 813. 50 R 988 .09 R 957. 83 R 999. 00	26/08/2016 29/08/2016 29/08/2016 05/09/2016 05/09/2016 30/08/2016 08/09/2016 08/06/2016 12/09/2016 14/09/2016 14/09/2016 14/09/2016 15/09/2016 22/09/2016 22/09/2016
2.	CONSTRUCTION & CUTTING	R 1 120. 00 R 6 503. 20 R 2 059. 00 R 12 534. 00 R 2 998. 90	14/09/2016 15/09/2016 15/09/2016 15/09/2016 15/09/2016
3.	NEWCASTLE OFFICE SHOP	R 361.80 R 18 168. 05 R 12 791. 89 R 27 408. 90	09/09/2016 09/09/2016 14/09/2016 14/09/2016

4.	RALLY SUPERMARKET	R 1 606. 80 R 539. 97	08/09/2016 15/09/2016
5.	BIDVEST WALTONS	R 4 833.60 R 7 498. 94	07/09/2016 23/09/2016
6.	FICKELECT (PTY) LTD	R 7800. 00 R 7800. 00	29/08/2016 29/08/2016
7.	GOEDEHOOP CATERING & PROJECTS	R 2 692. 00 R 3 800. 00	30/08/2016 08/09/2016
8.	PARACOACH	R 6 000. 00 R 38 500. 00	26/08/2016 02/09/2016
9.	HLBC CONSTRUCTION	R 2 131. 80 R 855. 00	13/09/2016 14/09/2016

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.	MN16/2014-15	Njengamanje JV Phambili (Reitz, Smith & Minaar)	R 2 101 360.40	R 606 722.58	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: _____