



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

*(As per Section 6(1) (3) of the Municipal SCM Regulations)*

**SCM MONTHLY REPORT**

**December 2023**

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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 but there are no financial delegations.

### 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 declared interest.

### 3.2 Adequacy of personnel within SCM

- The personnel is not adequate within the 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 FORgh DEVIATION	NOTIFICATIONS		
						A G	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.

No.	DESCRIPTION (INCLUDING QUOTATION / BID NUMBER)	DATE OF AWARD	AWARDED TO	AWARD VALUE	REASON FOR DEVIATION	DATE REPORTED TO COUNCIL
1.	Purchase of 3 x MCCB 250 A, 3P 26KA fixed magnetic.	01/12/2023	Voltex Newcastle	R 5 624.28	<p>On Friday 01 of December 2023, the municipality experienced Medium Voltage electrical outage in the most parts of residential customers in Utrecht Town, around 11H00 AM. The artisan conducted the fault faultfinding with the intent to carry out repairs. Four of MCCB 250 A, 3P 26KA fixed magnetic in Mini Substation 09 are damaged and need replacement. The affected customers until the fault is resolved are residential customers in Utrecht town. The urgent authorization instruction from the Municipal Manager is sought to urgently source a service provider which will supply the circuit breakers to assist the electrical unit to immediately restore electricity power supply to the affected customers, by supplying the following: 3 X MCCB 250 A, 3P 26KA fixed magnetic. This had to be attended as a matter of emergency. It was impractical to follow SCM processes of getting a minimum of</p>	

					<p>three quotations from our panel of service providers to supply &amp; deliver electrical spares, consumables and materials because they did not have the required items on stock and Voltex Newcastle was the only nearby service providers that had these items available on stock.</p>	
2.	<p>Cable faultfinding and carry out repairs on the underground medium voltage 11000V 50mm<sup>2</sup>, 3 core cable from MS09-18 mini.</p>	08/11/2023	Matsiya Construction Engineering (Pty) Ltd	R 31 280.00	<p>On Friday 20th of October 2023, the municipality experienced Medium Voltage electrical outage in the most parts of residential customers in Utrecht Town, around 10H00 PM. The artisan conducted the fault faultfinding with the intent to carry out repairs. The fault was the underground Medium Voltage 11000V 50mm<sup>2</sup>, 3 core cable from MS09-18 mini. The affected customers until the fault is resolved were Rissik, President, Plein, Keerom, Hoog and part of Voor Streets. The municipality does not have a thumping machine, which is used to detect and locate the cable fault. The urgent authorization instruction from the Municipal Manager was sought to urgently source a service provider which will assist the electrical unit to</p>	

					<p>immediately restore electricity power supply to the affected customers, by rendering cable faultfinding using the thumping machine and to supply of 50 – 70mm2 splicing kit, carryout cable splice, supply party tape and scotch tape 23. This had to be attended as a matter of emergency to restore electricity power supply to the affected customers. Therefore, it was impractical to follow SCM processes.</p>	
<p>3.</p>	<p>Fault faultfinding with the intent to carry out repairs. The fault was Underground Medium Voltage 11KV 35 – 50mm2, 3 core cable XLPE cable fault. The cable along Cnr/Jeppe &amp; Kock Street Overhead line and MS2 mini-substation adjacent Caltex.</p>	<p>24/11/2023</p>	<p>Matsiya Construction Engineering (Pty) Ltd</p>	<p>R 28 290.00</p>	<p>On Saturday 28th of October 2023, the municipality experienced Medium Voltage electrical outage in the most parts of residential customers in Utrecht Town, around 10H30 AM. The artisan conducted the fault faultfinding with the intent to carry out repairs. The fault was Underground Medium Voltage 11KV 35 – 50 mm2, 3 core cable XLPE cable fault. The cable along Cnr Jeppe &amp; Kock Street Overhead line and MS2 mini-substation adjacent Caltex. The affected customers until the fault is resolved were residential customers in Utrecht Town. The urgent authorization instruction from the Municipal Manager was sought to urgently source a service</p>	

					<p>provider which will assist the electrical unit to immediately restore electricity power supply to the affected customers, by supplying the following:</p> <ol style="list-style-type: none"> <li>1. Renting the Cable Thumping Machine and carryout faultfinding between Mini Sub and Overhead line.</li> <li>2. Supply 1 x 35 – 50mm2 Splicing kit.</li> <li>3. Splicing 2 cable joint.</li> </ol> <p>It had to be attended as a matter of emergency to restore electricity power supply to the affected customers. Therefore, it was impractical to follow SCM processes.</p>	
<p>4.</p>	<p>Fault faultfinding with the intent to carry out repairs. The faul was Underground Medium Voltage 11kV 35 – 50mm2, 3 core cable XLPE cable fault. MV line fault along Keerom Street MS-9 to the corner General and Rissik Street, Utrecht Town.</p>	<p>24/11/2023</p>	<p>Matsiya Construction Engineering (Pty) Ltd</p>	<p>R 20 757.50</p>	<p>On Thursday 09 November 2023, the municipality experienced Medium Voltage electrical outage in the most parts of residential customers in Utrecht Town, around 23H30 PM. The artisan conducted the fault faultfinding with the intent to carry out repairs. The faul was Underground Medium Voltage 11kV 35 – 50 mm2, 3 core cable XLPE cable fault. MV line fault along Keerom Street MS-9 to the corner General and</p>	



					<p>Rissik Street, Utrecht Town. The affected customers until the fault is resolved were residential customers in Utrecht Town. The urgent authorization instruction from the Municipal Manager was sought to urgently source a service provider which will assist the electrical unit to immediately restore electricity power supply to the affected customers, by supplying the following:</p> <ol style="list-style-type: none"> <li>1. Renting the Cable Thumping Machine and carryout faultfinding on the underground cable between Mini Sub-9 and General &amp; Rissik Street.</li> <li>2. Supply 1 x 35 – 50mm2 Splicing kit.</li> <li>3. Splice cable.</li> </ol> <p>It had to be attended as a matter of emergency to restore electricity power supply to the affected customers. Therefore, it was impractical to follow SCM processes.</p>	
5.	Cable faultfinding and carry out repairs on the underground medium voltage 11000V 50mm2, 3	24/11/2023	Matsiya Construction Engineering (Pty) Ltd	R 24 667.50	<p>On Friday 27th of October 2023, the municipality experienced Medium Voltage electrical outage in the most parts of residential customers in</p>	

	core cable from MS09-18 mini.				<p>Utrecht Town, around 10H30 AM. The artisan conducted the fault faultfinding with the intent to carry out repairs. The fault was the underground Medium Voltage 11000V 50mm2, 3 core cable from MS09-18 mini-substations. The affected customers until the fault is resolved were Rissik, President, Plein, Keerom, Hoog and part of Voor Streets. The municipality does not have a medium voltage joint and terminations kits. The urgent authorization instruction from the Municipal Manager was sought to urgently source a service provider which will assist the electrical unit to immediately restore electricity power supply to the affected customers, by supplying the 50 – 70mm2 splicing kit X 2, 50 – 70mm2 termination kit, party tape and scotch tape 23. It had to be attended as a matter of emergency to restore electricity power supply to the affected customers. Therefore, it was impractical to follow SCM processes.</p>	
6.	Service for NP300 NUT 3732.	02/10/2023	NTT Nissan Newcastle	R 7 425.60	All municipal vehicles & machines are repaired & serviced from where they were bought, because the original	

	7. Supply and delivery of Mini Substation and removal of damaged mini substation (MS10) from Scheffers street to deliver at Electrical Workshop.	07/12/2023	E Multi Construction and Electricity CC	R 894 670.00	<p>dealers have the necessary parts &amp; have good knowledge of their products. Therefore it is impractical to follow SCM process. This is done to preserve the warranty &amp; guarantee on vehicles.</p> <p>On Friday 1st of December 2023, the municipality experienced Medium Voltage electrical outage in the most parts of residential customers in Utrecht Town, around 11H00am. The artisan conducted the fault faultfinding with the intent to carry out repairs. Four of MCCB 250 A, 3P 26KA fixed magnetic in Mini Substation 09 are damaged and need replacement. Further to the above repairs was identified that the mini substation transformer is damaged resulting to single phasing. The affected customers until the fault is resolved are residential customers in Utrecht Town. The urgent authorization instruction from the Municipal Manager is sought to urgently source a service provider which will supply and deliver the mini substation on site and to remove the damaged unit to deliver at electrical workshop. It had to be attended as a</p>	
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						<p>matter of emergency to restore electricity power supply to the affected customers. Therefore, it was impractical to follow SCM processes.</p>	
<p>8.</p>	<p>Towing of NN 60217 Isuzu bakkie from Utrecht to Mndozo.</p>	<p>16/10/2023</p>	<p>Bar-One Auto (Pty) Ltd</p>	<p>R 1 500.00</p>	<p>Towing of Mr Mintambo's Isuzu bakkie (NN 60217) from Utrecht to Mndozo. The bakkie damaged its front suspension and steering wheel control due to striking through a sank/collapsed trench that was dug across Van Rooyen Street to install the MV cable. The ingress of water due to the rains experienced on Sunday night (15 October 2023) allowed the soil to absorb water and become saturated underneath and sank/collapsed. Unfortunately, Mr Mintambo's bakkie was unlucky to be the first vehicle to drive across the trench after it had sank and that resulted on his bakkie being damaged. Van Rooyen Street belong to Department of Transport, but the trench was dug by the Municipality and therefore, the cost for damages needs to be carried by the Municipality. This matter had to be attended urgently and Bar-One Auto was the only towing company in Utrecht that could render</p>		

9.	Repairs on NN 60217 Isuzu bakkie.	07/12/2023	Bar-One Auto (Pty) Ltd	R 25 580.00	Repairs on Mr Mntambo's Isuzu bakkie (NN 60217). The bakkie damaged its front suspension and steering wheel control due to striking through a sink/collapsed trench that was dug across Van Rooyen Street to install the MV cable. The ingress of water due to the rains experienced on Sunday night (15 October 2023) allowed the soil to absorb water and become saturated underneath and sink/collapsed. Unfortunately, Mr Mntambo's bakkie was unlucky to be the first vehicle to drive across the trench after it had sank and that resulted in his bakkie being damaged. Van Rooyen Street belongs to the Department of Transport, but the trench was dug by the Municipality and therefore, the cost for damages needs to be carried by the Municipality. A local service provider was requested to strip and quote Mr Mntambo's bakkie and to	this services. The next towing company near town is about 50 km away from Utrecht. To save costs of travelling we have to use the near service provider. Therefore, it was impractical to follow SCM processes.
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					do all the necessary repairs. Therefore, it was impractical to follow SCM processes.	
10.	Refuse truck tyre and brake lights repairs.	04/10/2023	Utrecht Auto & General CC (UAG)	R 4 228.79	On the 20th of July 2023, the refuse truck tyre had a noise indicating that the tyre had a brake problem. The burning smoke started emanating from the tyre and the brake lights went off. This incident took place while the refuse truck was collecting waste as per Thursday refuse schedule. Due to work strain and lack of other refuse vehicles, the decision was taken to use the local service provider to fix tyre and brake lights so that the waste removal operations would continue without further delays. Therefore, it is impractical to follow the SCM processes.	
			<b>TOTAL</b>	<b>R 1 044 023.67</b>		

**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 DESCRIPTION	AWARD VALUE	CONTRACT AWARDED TO	NAME OF DEPARTMENT/ MUNICIPALITY	CONSENT OBTAINED FROM BOTH ORGAN OF STATE AND SERVICE PROVIDER	REASON FOR DEVIATION
n/a	n/a	n/a	n/a	n/a	YES NO	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	DEPARTMENT RESPONSIBLE
				MEC:COGTA	A-G		
1.	Irregular expenditure	Syntell (Pty) Ltd	R 24 054.24	Yes		S3 Annual Monthly Licence Fee - November 2023. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	

2.	Irregular expenditure	Payday Software Systems	R 13 800.00	Yes	Virtual Payday Consultation (HR Consultation) - 18 - 19 October 2023. The contract has expired on 29 February 2020 and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62. The contract was terminated on 30 June 2022.	
3.	Irregular expenditure	CCG Systems	R 3 990.00	Yes	Additional Support - Remote Assistance (Assisting client with specific AR report from SQL & Assisting Siphesihle with requisition issues) - Consultants: Mohamed Sheriff Uddin & Zoliswa Mantshule. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
4.	Irregular expenditure	CCG Systems	R 46 000.00	Yes	Additional Support - (Assist with Billing for July 2023; General Valuation Roll Recon; Assisting with Interest Billing; Assisting with account creation and approval; Assisting with Payroll chart; Assisting with Payroll journal settings; Creation of opening balance accounts; Reconciling the TB to the period closure jnl & Session with Philip regarding the receipts per category) - Consultants: Mbuso Ndwalane; Nothando Mthembu & Phindile Mzelemu. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
5.	Irregular expenditure	CCG Systems	R 55 575.00	Yes	Additional Support - Remote Assistance (Creating accounts for transaction codes; Client meeting regarding transaction codes; Accounts receivable transaction	



						codes linking; Mapping of accounts manually; Linking transaction codes for Electricity , Refuse, Rates, agriculture , mining , residential , industrial & Creating missing accounts) - Consultants: Natasha Ramlal. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
6.	Irregular expenditure	CCG Systems	R 4 250.00	Yes		Additional Support - Remote Assistance (Assisting with a working file for correction of Vacant Res properties & Investigated and identified blank requisitions) - Consultants: Mbuso Ndwalane & Odirile Sejo. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
7.	Irregular expenditure	CCG Systems	R 10 435.00	Yes		Additional Support - Remote Assistance (Assisting with Printing Consolidated Roll; Session for Valuation Recon; Assisting with Finalization; Assisting with linking for meters; Assisting with Clearing of Meter books; Assisting with Ageing correction; Meeting with Revenue Team and CFO; Ageing extract comparison, AFS vs updated system generated & Assisting with Requisition notifications) - Consultants: Mbuso Ndwalane, Phindile Mzelemu & Zoliswa Mantshule. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	

8.	Irregular expenditure	CCG Systems	R 14 225.00	Yes	Additional Support - Remote Assistance (Assisting with Interest Module; Reviewing of customer accounts; Assist with Finalization issue & Assisting with issues processing interest) - Consultants: Odirile Sejoe, Zingwe Mfazwe & Mbuso Ndwalan. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
9.	Irregular expenditure	CCG Systems	R 70 468.75	Yes	Additional Support - Remote Assistance (Assisting with ORGB Budget; Assisting with ORGB Reconciliation A2 to A8; Reviewing ORGB Reconciliation with the client; Reviewing current budget; Identifying all the accounts that have change for payroll; Changing accounts to new accounts on the payroll journal; Reimporting the journals; Adding employees numbers to the batch; Assisting with municipality property monthly billing to be allocated to their account; Creating transaction codes & Assisting with M12 submission) - Consultants: Nothando Mthembu, Ntombie Hoga & Phindile Mzelemu. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
10.	Irregular expenditure	CCG Systems	R 17 200.00	Yes	Additional Support - Remote Assistance (SV Roll upload; Assist with Emailing printing of Statements; Assisting with June 2023 debtors reconciliation difference; Valuation Roll and Supplementary	

						Valuation Reconciliation & Valuation Roll and Finalization Session) - Consultants: Bonisiwe Thomas & Mbuso Ndwalane. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
11.	Irregular expenditure	CCG Systems	R 6 810.00	Yes		Additional Support - Remote Assistance (Assisting with Meter readings corrections; Session for Properties; Assisting with SV upload; Revenue accounts creating & Sending customer statement) - Consultants: Mbuso Ndwalane & Zoliswa Mantshule. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
12.	Irregular expenditure	CCG Systems	R 2 280.00	Yes		Additional Support - Remote Assistance (Access Violation on Billing Module & Assisting with customer statement report) - Consultants: Mohamed Sheriff Uddin & Nthando Mthembu. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
13.	Irregular expenditure	CCG Systems	R 10 380.00	Yes		Additional Support - Remote Assistance (Preparing the Valuation Roll file for Import to the system; Assisting with Finalization and property check; Preparing import file for new Valuation Roll; Assisting with Inventory consumed and issues accounts; Assisting with virements and virement set up; Remapping the new Inventory accounts & Extracting the new accounts to be used for company 1 and 4	

						Signed) - Consultants: Mbuso Ndwalane, Phindile Mzelemu & Nthando Mthembu. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
14.	Irregular expenditure	CCG Systems	R 7 375.00	Yes		Additional Support - Remote Assistance (Assisting with MB Receipting; Working session around KVA meters and Revenue issues; Meeting with Revenue Team and Technical Team around meters and KVA meters; Assisting with Payroll chart of accounts for Pay day & Assisting with AR module access permission to user) - Consultants: Mbuso Ndwalane & Nthando Mthembu. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
15.	Irregular expenditure	CCG Systems	R 15 621.50	Yes		Accommodation; Mileage & Toll Gates - Consultants: Nthando Mthembu, Ntombie Hoga & Phindile Mzelemu. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
16.	Irregular expenditure	CCG Systems	R 13 680.00	Yes		Additional Support - Remote Assistance (Assisting with ORGB budget; Assisting with sage evolution; Assisting with account mapping & Accounts approval) - Consultants: Nthando Mthembu. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	

17.	Irregular expenditure	Afrilectrical Consulting Engineers (Pty) Ltd	R 3 975 275.68	Yes	Dorothea Electrification Project for 155 households connections. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Afrilectrical Consulting Engineers (Pty) Ltd as per SCM policy.	
18.	Irregular expenditure	CCG Systems	R 292 849.86	Yes	AFS Support - (Obtaining supporting schedules for AFS adjustments; Assisting with responding to COMAF's; Assisting with responding to COMAF's and following up on RFI's Providing audit support; Following up on RFI's and ensuring that information has been submitted; Providing audit support and engaging auditors on differences; AFS Compilation Prior Period Restatements; Additional Support on AFS; Reconciliations; Debtors; Assets; Cash and Bank & Creditors). The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
19.	Irregular expenditure	Afrilectrical Consulting Engineers (Pty) Ltd	R 622 000.00	Yes	Luthilunye Electrification Project for 44 households connections (Pre-Engineering Activities). Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Afrilectrical Consulting Engineers (Pty) Ltd as per SCM policy.	

20.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 1 256 361.86	Yes	Blue Mountain Electrification Project Phase 2. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Igoda Projects (Pty) Ltd as per SCM policy.	
21.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 614 449.93	Yes	Blue Mountain Electrification Project Phase 2. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Igoda Projects (Pty) Ltd as per SCM policy.	
22.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 45 066.16	Yes	Blue Mountain Electrification Project Phase 2. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Igoda Projects (Pty) Ltd as per SCM policy.	
23.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 2 822 348.03	Yes	Blue Mountain Electrification Project Phase 2. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Igoda Projects (Pty) Ltd as per SCM policy.	
24.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 1 881 811.31	Yes	Blue Mountain Electrification Project Phase 2. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Igoda Projects (Pty) Ltd as per SCM policy.	

		Irregular expenditure	Igoda Projects (Pty) Ltd	R 1 962 410.34	Yes	was not followed to appoint Igoda Projects (Pty) Ltd as per SCM policy.	
25.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 1 962 410.34	Yes	Blue Mountain Electrification Project Phase 2. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Igoda Projects (Pty) Ltd as per SCM policy.		
26.	Irregular expenditure	Afrilectrical Consulting Engineers (Pty) Ltd	R 1 383 098.89	Yes	Emadlangeni Electrification Project Phase 2. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Afrilectrical Consulting Engineers (Pty) Ltd as per SCM policy.		
27.	Irregular expenditure	Afrilectrical Consulting Engineers (Pty) Ltd	R 2 134 906.70	Yes	Emadlangeni Electrification Project Phase 2. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Afrilectrical Consulting Engineers (Pty) Ltd as per SCM policy.		
28.	Irregular expenditure	Afrilectrical Consulting Engineers (Pty) Ltd	R 2 118 670.57	Yes	Emadlangeni Electrification Project Phase 2. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Afrilectrical Consulting Engineers (Pty) Ltd as per SCM policy.		

					Consulting Engineers (Pty) Ltd as per SCM policy.	
29.	Fruitless and Wasteful expenditure	Eskom	R 76 267.42	Yes	Interest on overdue account - November 2023. Invoice was not paid on time. The municipality could not make payment due to financial challenges.	
30.	Fruitless and Wasteful expenditure	Eskom	R 14 220.64	Yes	Interest on overdue account - December 2023. Invoice was not paid on time. The municipality could not make payment due to financial challenges.	
	<b>TOTAL</b>		<b>R 19 515 881.88</b>			

## 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.	E Multi Construction and Electricity CC	Supply and Deliver 315kVA 11kV/400V mini-substation. Remove the damaged mini substation (MS10) from Scheffer street to deliver at Electrical workshop.	R 894 670.00



2.	E Multi Construction and Electricity CC	Supply and delivery of Mini-substation at Bloem Street and removal of damaged mini substation (MS7) from Bloem Street to Electrical Workshop.	R 1 396 423.02
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**9.2 Top 10 suppliers by value of payment (bids and quotations)**

NO.	SERVICE PROVIDER	AMOUNT	DATE OF PAYMENT
1.	Afrilectrical Consulting Engineers (Pty) Ltd	R 4 597 275.68	18/12/2023 22/12/2023
2.	Igodia Projects (Pty) Ltd	R 1 962 410.34	19/12/2023
3.	FBL Trading Enterprise	R 1 425 161.88	01/12/2023 22/12/2023
4.	E Multi Construction and Electricity CC	R 894 670.00	08/12/2023
5.	Mbongz Civils (Pty) Ltd	R 851 769.12	13/12/2023
6.	Shisalanga Construction	R 828 000.00	13/12/2023
7.	Double Action Security	R 635 640.00	01/12/2023 22/12/2023
8.	CCG Systems	R 571 140.11	18/12/2023 18/12/2023 18/12/2023 18/12/2023 18/12/2023 18/12/2023 18/12/2023 18/12/2023 18/12/2023 18/12/2023 18/12/2023 18/12/2023 18/12/2023

			22/12/2023
9.	DLV Project Managers and Engineers (Pty) Ltd	R 335 108.25	13/12/2023
10.	Incuber Trading Enterprise (Pty) Ltd	R 259 142.15	13/12/2023

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

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	CCG Systems	R 643 140.11	19
2.	Komani Projects (Pty) Ltd	R 190 506.90	4
3.	Umhlababa Geomatic Inc.	R 38 499.99	3
4.	Afrilectrical Consulting Engineers (Pty) Ltd	R 4 597 275.68	2
5.	Double Action Security	R 635 640.00	2
6.	E Multi Construction and Electricity CC	R 2 291 093.02	2
7.	FBL Trading Enterprise	R 1 425 161.88	2
8.	Utrecht Auto & General CC (UAG)	R 30 515.83	2

### 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	DESCRIPTION OF CONTRACT	VALUE OF CONTRACT	PAYMENT S TO DATE	DATE OF PAYMENT	APPOINTMENT DATE	SUPPLIER PERFORMANCE ASSESSMENT / PERFORMANCE RATING					
								SUPPLIER PERFORMANCE ASSESSMENT REPORT COMPILED	Yes	No	Good	Fair	Poor
1.	MN03/2021-22	Konica Minolta South Africa	Leasing of printers for a period of 3 years.	575 692.92 (fixed amount) for 3 years	51 443.00	31/10/2022	31/05/2022		No		Not submitted		
2.	MN04/2021-22	Lateral Unison Insurance Brokers (Pty)Ltd	Short term insurance for a period of years	3 630 951.55 (3 years)	999 958.00 1 810.00	14/07/2022 09/11/2022	31/05/2022		No		-		
3.	MN10/2021-22	Umhlaba geomatics Inc.	General valuation and preparation of valuation roll – 01/07/2023 – 30/06/2028.	1 470 000.00	37 818.19 447 272.73 41 268.19 37 818.19 75 636.38 63 636.62 12 833.33	09/12/2022 19/12/2022 11/01/2023 28/02/2023 24/03/2023 18/04/2023 17/10/2023	08/09/2022		No		Not submitted		
4.	Regulation 32	Gutakura Trading (Pty)Ltd	Kaarpoort Electrification	2 645 188.90	1 414 041.84 421 486.47 497 878.29	Balance b / f 07/12/2022 05/07/2023	01/07/2022		No		Not submitted		
5.	MN09/2018-19 (Turnkey)	NWS consulting engineering (Pty)Ltd	Kwa Ntaba Electrification	2 866 194.41	823 211.09 144 538.48 431 241.13 361 705.55	Balance b / f 29/04/2022 28/02/2022 06/05/2022	18/09/2022		No		Not submitted		
6.	MN05/2022-23	Lemalwa Trading	Upgrading of Kerk Street - Phase 3	4 257 937.15	214 563.56 708 086.97 974 240.06 750 000.00 657 499.61 207 473.26	05/05/2023 11/05/2023 14/06/2023 30/06/2023 05/07/2023 28/08/2023	08/03/2023		No		Not submitted		

7.	MN09/2018-19 (Turnkey)	Afrilectrical Consulting Engineers (Pty) Ltd	Emadlangeni Phase 2 Electrification	6 999 000.00	1 179 366.95 348 386.30 212 896.86	18/09/2023 18/09/2023 18/09/2023	17/04/2023	No	Not submitted
8.	MN09/2018-19 (Turnkey)	Igoda Projects (Pty) Ltd	Blue Mountain Phase 2 Electrification	10 867 000.00	1 256 361.86 614 449.93 45 066.16 2 822 348.03 1 881 811.31 1 962 410.34	12/05/2023 05/07/2023 31/07/2023 31/07/2023 05/09/2023 19/12/2023	17/04/2023	No	Not submitted
9.	MN09/2022-23	SDM Asset Management and Consulting (Pty) Ltd	Appointment of Service Provider for the Verification of Immovable & Biological Assets (including valuation of Biological Assets) and Updating of Fixed Assets Register for a Period of 3 Years	1 852 389.54	410 385.14 83 724.23	20/09/2023 30/11/2023	10/08/2023	No	Not submitted
10.	MN03/2023-24	Incuber Trading Enterprise (Pty) Ltd	The Upgrading of Scheepers Street in Ward 2	3 956 687.24	259 142.15 828 000.00	13/12/2023 13/12/2023	23/10/2023	No	Not submitted
11.	MN04/2023-24	Mbongz Civils (Pty) Ltd	The Upgrading of Plein Street	3 883 882.06	851 769.12	13/12/2023	07/11/2023	No	Not submitted
12.	MN09/2018-19 (Turnkey)	Afrilectrical Consulting Engineers (Pty) Ltd	Dorothea Electrification Project	6 000 000.00	3 975 275.68	18/12/2023	17/04/2023	No	Not submitted

## 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.	<p>Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure as required by section 32(2)(a) of the MFMA.</p>	Auditor General	<p>The Council has been capacitated on its duties and functions.</p> <p>The council will ensure that its oversight committee is entrusted with the responsibility of investigating the Unauthorised, irregular and fruitless and wasteful expenditure on a quarterly basis and make recommendations to council.</p> <p>Going forward the management has taken the necessary steps and has sourced a service provider to investigate unauthorised expenditure incurred by the municipality.</p>	Ongoing	<p>Councillors were trained</p> <p>The Unauthorized expenditure is being reported and referred to MPAC for investigation with a view of complying with the prescripts of section 32 of MFMA.</p>
2.	<p>Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure as required by section 32(2)(a) of the MFMA.</p>	Auditor General	<p>The Council has been capacitated on its duties and functions.</p> <p>The council will ensure that its oversight committee is entrusted with the responsibility of investigating the Unauthorised, irregular and fruitless and wasteful expenditure on a quarterly basis and make recommendations to council.</p> <p>Going forward the management has taken the necessary steps and has sourced a service provider to investigate irregular expenditure incurred by the municipality.</p>	Ongoing	<p>Councillors were trained.</p> <p>The Unauthorized expenditure is being reported and referred to MPAC for investigation with a view of complying with the prescripts of section 32 of MFMA.</p>

	<b>INTERNAL AUDIT</b>		<b>Management responses:</b>		
1.	During the time of the audit of the Supply Chain Management processes for the period from 1 July 2018 to 31 January 2019, it was found that only three (3) of the sixteen (16) tenders listed in the 2018/19 Tender Register had been awarded.	Internal Audit	The management acknowledge the finding; the management will prepare a detail plan of meeting to ensure all tender advertised are being finalized timeously	Ongoing	

PREPARED BY SCM Practitioner	S.I Mpanza	REVIEWED BY SCM Manager	T.N.S Madondo	APPROVED BY CFO	P.P Sithole
SIGNATURE		SIGNATURE		SIGNATURE	
DATE	11/01/2024	DATE	12/01/2024	DATE	12/01/2024