



**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**

**January 2024**

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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.	Supply and delivery of Mini Substation at Bloem Street and removal of damaged mini substation (MS07) from Bloem Street to Electrical Workshop.	13/12/2023	E Multi Construction and Electricity CC	R 349 105.76	<p>The mini substation in Bloem Street caught fire and was deemed unsafe. On Thursday 07 December 2023, the municipality experienced an explosion at MS7 mini-substation in Bloem Street affecting most of the residential customers, in the following streets: Bloem, Keerom, Kerk, Water Works, Balele Game Park, Scheffer, General, President, Jooste, Naude, Oos, Hugo, Maschalk, Van Rooyen, Plein and Rissik.</p> <p>The authorization instruction from the Municipal Manager is sought to 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. The installation of the new mini-substation in Bloem Street will stabilize the electrical load which has now being connected to other mini-substation, the service provider will do the following:</p>	

					<p>1. Supply and deliver 500KVA 11kV/400V mini-substation.</p> <p>2. Remove the damaged mini-substation (MS7) from Bloem Street to deliver at Electrical Workshop.</p> <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>2.</p>	<p>Carry out 2000HRS service on NUT2190 Fire Truck Engine.</p>	<p>08/11/2023</p>	<p>Stucky Motors Newcastle</p>	<p>R 13 271.39</p>	<p>All municipal vehicles &amp; machines are repaired &amp; serviced from where they were bought, because the original 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>3.</p>	<p>Repairing of front wheel for refuse truck NUT 3585. The refuse truck is used for essential services.</p>	<p>07/12/2023</p>	<p>Utrecht Auto &amp; General CC (UAG)</p>	<p>R 14 368.68</p>	<p>On the 28 of August 2023 the truck experienced a wheel bearing making a noise and locking. This matter had to be attended as a matter of emergency in order for the fire truck to be in full function and perform its daily duties. UAG is the only company in Utrecht that can do the servicing and repairs on the</p>	

					<p>refuse truck urgently and have the necessary parts. The next near town is about 50 km away from Utrecht. To save costs of travelling we have to use the near service provider. It was impractical to follow SCM processes.</p>	
4.	<p>Servicing of Fire Truck Back-Up Generator.</p>	<p>30/11/2023</p>	<p>Utrecht Auto &amp; General CC (UAG)</p>	<p>R 1 138.50</p>	<p>The fire and disaster management unit deals with emergencies which happen anytime and need prompt response. On the 20th of September 2023, a big fire was reported in Kingsley Ward 6 and the fire fighters responded. While extinguishing the fire, the back-up generator went off. The team used blowers to continue to put out the fire which meant that if a house was reported, the team would not be able to respond as the back-up generator was no longer working. If another incident is reported, the fire fighters would not be able to respond because the back-up generator is not working. On 21st of September 2023, a fire truck was taken to the nearest service provider for quotation because it had to be attended as a matter of emergency.</p>	

					Therefore, it was impractical to follow SCM Processes.	
5.	Appointment of Independent Investigator.	03/11/2023	The Corruption Hotline (Pty) Ltd	R 197 250.00	In the council meeting held on the 27th October 2023, resolved that the Municipal Manager be directed to appoint the independent investigator to investigate all the allegations against the Director Corporate Services, Mrs. G.N.Z Maphisa. Due to the urgency of the matter, it is impractical to follow competitive bidding process which is lengthy. Furthermore, investigations time frames are regulated and it is impractical to follow SCM processes and also comply with the regulations.	
			<b>TOTAL</b>	<b>R 575 134.33</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 - December 2023. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	

2.	Irregular expenditure	CCG Systems	R 18 000.00	Yes	Virtual private server - November 2023. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.
3.	Irregular expenditure	CCG Systems	R 18 000.00	Yes	Virtual private server - August 2023. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.
4.	Irregular expenditure	CCG Systems	R 18 000.00	Yes	Virtual private server - September 2023. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.
5.	Irregular expenditure	CCG Systems	R 18 000.00	Yes	Virtual private server - October 2023. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.
	<b>TOTAL</b>		<b>R 96 054.24</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
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1.	Memotek Trading CC	Supply and Deliver of Cable Fault Locating Equipment Set for PVC, XLPE and Paper Cable.	R 446 058.80
2.	SL & Property Managers (Pty) Ltd	Hiring Plant Equipment for a Period of Ten (10) Days (For Landfill Site And Clearing of Illegal Dumps Around Town).	R 185 000.00
3.	Ezembeni 76 Trading (Pty) Ltd	Supply and delivery of Construction Plants & Vehicle Oil & Lubricants.	R 134 829.52
4.	Prosperous Positive Projects (Pty) Ltd	Supply and Delivery of Power Backup Devices.	R 101 800.00

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

NO.	SERVICE PROVIDER	AMOUNT	DATE OF PAYMENT
1.	Mbongz Civils (Pty) Ltd	R 1 386 042.28	30/01/2024
2.	Ekaya Promotions CC	R 380 644.25	30/01/2024
3.	E Multi Construction and Electricity CC	R 349 105.76	15/01/2024
4.	The Corruption Hotline (Pty) Ltd	R 197 250.00	30/01/2024
5.	CCG Systems	R 72 000.00	09/01/2024 09/01/2024 09/01/2024 09/01/2024
6.	Mr Mzansi Enterprises (Pty) Ltd	R 52 316.00	26/01/2024 26/01/2024 26/01/2024
7.	Umlhlabu Geomatics Inc.	R 38 499.99	26/01/2024 26/01/2024 26/01/2024
8.	Syntell	R 24 054.24	03/01/2024
9.	Nashua	R 18 060.04	26/01/2024
10.	Amajuba Builders and Suppliers (Pty) Ltd	R 17 974.00	26/01/2024

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

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	CCG Systems	R 162 945.00	4
2.	Auditor-General	R 501 649.31	2
3.	Burning Spear Advertising	R 7 917.75	2
4.	Intwenhle Media Services	R 6 986.19	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	31 983.02 15 991.51 15 991.51 15 991.51 15 991.51 15 991.51 15 991.51	31/10/2022 30/11/2022 30/12/2022 31/01/2023 28/02/2023 31/03/2023 28/04/2023 31/05/2023	31/05/2022		No	Not submitted			

						15 991.51 15 991.51 15 991.51 15 991.51 15 991.51 15 991.51 15 991.51 15 991.51 15 991.51 15 991.51	30/06/2023 31/07/2023 31/08/2023 29/09/2023 31/10/2023 30/11/2023 29/12/2023 31/01/2024					
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			Not submitted	
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 12 833.33 12 833.33 12 833.33	09/12/2022 19/12/2022 11/01/2023 28/02/2023 24/03/2023 18/04/2023 17/10/2023 26/01/2024 26/01/2024 26/01/2024	08/09/2022	No			Not submitted	
4.	Regulation 32	Gutakura Trading (Pty)Ltd	Kaarpoot 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	1 383 098.89 2 134 906.70 2 118 670.57	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 1 386 042.28	13/12/2023 30/01/2024	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.	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.	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.	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.	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	09/02/2024	DATE	09/02/2024	DATE	09/02/2024