



**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

August 2023

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 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 of safety boots, gloves and socks.	02/08/2023	Umfazi Safety (Pty) Ltd	R 10 675.02	The Municipality is awaiting delivery of full uniform from the appointed service provider which process has been delayed. This has resulted in staff working without PPE and correspondence has been received from both unions, SAMWU and IMATU indicating that employees have embarked on a go-slow action until they have received PPE. It is requested that goods be delivered by Municipality as soon as possible in order for staff to resume normal work. It is impractical to follow SCM processes.	
2.	Supply & installation of medium voltage magnefix switch gear 11kV, 450A to Mini Substation (MS20) on the urgent basis due to the electrical outages that affected parts of Kantoor, Loop, Skool Street and Niemeyer hospital.	11/08/2023	Matsiya Construction Engineering (Pty) Ltd	R 154 675.00	The Municipality experienced electrical outage in parts of Kantoor, Loop, Skool Street and Niemeyer hospital due to Mini Substation (MS20) medium voltage magnefix switch gear 11kV, 450A breakdown. The affected areas were left with no electricity and the switch gear could not be repaired. The municipality did not have a spare switch gear and as a result, the municipal manager authorized an instruction to urgently outsource a service provider to assist the electrical unit, and to immediately restore the electricity power supply to the affected customers feeding from the mini substation (MS20). It was	

					impractical to follow SCM processes because this had to be attended as a matter of emergency.	
3.	Underground cable fault thumping service for 95mm ² x 4 core copper cable (3 x cables) and 11kV 70mm ² MV underground cable (2 x cables) were rendered on the urgent basis due to the electrical outages that affected the corner of Klopper and Voor streets as well as Smit street in Bensdorp.	11/08/2023	Matsiya Construction Engineering (Pty) Ltd	R 31 340.01	The Municipality experienced electrical outage in the corner of Klopper and Voor streets as well as Smit street in Bensdorp respectively. Parts of the affected areas were left with no electricity and the municipal electricians could not locate the underground cable fault because the municipality does not have a Megger Thumper, which is the testing tool used for cable fault location. Therefore, this situation forced the electricians to call for assistance from the nearest service provider on the emergency basis to come on site and assist them with all these underground cable fault location so that they can be able to perform the necessary cable repairs. It was impractical to follow SCM processes because this had to be attended as a matter of emergency.	
			TOTAL	R 196 690.03		

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.	Unauthorised expenditure	CCG Systems	R 18 000.00	Yes		Virtual Private Server - June 2023. Budget has been exceeded / overspent on the allocated vote.	
2.	Irregular expenditure	Impact Emergency Technologies CC	R 69 920.00	Yes		Accommodation; Fire Fighting Full Course & First Aid Level 3 for T. Bophela and S.P.A Zulu. The SCM processes were not followed because the SCM unit did not receive a requisition for this request, and services were rendered without	

						following the SCM processes. A minimum of three quotations was not obtained. The procedure for the procurement of goods or services through written quotations or formal written price quotations were not followed as per SCM policy.	
3.	Irregular expenditure	BFJ van Zyl Attorneys	R 386 400.00	Yes		Asande Projects Consulting Engineers (Pty) Ltd // Emadlangeni Municipality Settlement Agreement. The municipality was in contravention with the MFMA as it did not pay the service provider for work that was done. The service provider took the matter to court and was ordered to attach the municipality assets. The matter was not defended by the municipality.	
4.	Irregular expenditure	CCG Systems	R 23 755.00	Yes		Additional Support - Remote Assistance (Assist with change of Meter Factor for KVA meters; Revenue working Session; Assisting with Debtors Reconciliation review; Assisting with meter updates and disconnections; Assisting with KVA meters; Assisting with RFQ; Assisting with inventory accounts & Checking IE accounts on the system) - Consultants: Mbuso Ndwalane; Odirile Sejo; Thandiswa Duma & Mohamed Sheriff Uddin. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
5.	Irregular expenditure	CCG Systems	R 9 690.00	Yes		Additional Support - Remote Assistance (Assisting client with workflow amendment; Assisting client with grid customization; Assisting with mpbm app updates and access; Assisting with C Schedule M10; Assisting with ORGB budget; Assisting with A Schedule draft	

						<p>& Assisting with datastrings M10) - Consultants: Zoliswa Mantshule & Nothando Mthembu. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.</p>	
6.	Irregular expenditure	CCG Systems	R 3 660.00	Yes		<p>Additional Support - Remote Assistance (Assisting with Budget vs Actual report & Assisting on Advanced Procurement module) - Consultants: Odirile Sejoe & Mohamed Sheriff Uddin. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.</p>	
7.	Irregular expenditure	CCG Systems	R 8 545.00	Yes		<p>Additional Support - Remote Assistance (Session for KVA meters Niemeyer Hospital Billing; Assisting with C Shedule; Assisting with A1F non-financial data & Assisting with C Schedule for M11) - Consultants: Mbuso Ndwalane & Nothando Mthembu. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.</p>	
8.	Irregular expenditure	CCG Systems	R 5 000.00	Yes		<p>Additional Support - Remote Assistance (Assisting with installing the mscoa reports; Deploying the script & Assisting with Original Budget) - Consultants: Phindile Mzelemu. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.</p>	
9.	Irregular expenditure	CCG Systems	R 18 000.00	Yes		<p>Virtual private server - June 2023. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.</p>	

10.	Fruitless and wasteful expenditure	Eskom	R 17 149.79	Yes	Invoice was not paid on time. The municipality could not make payment due to financial challenges.
11.	Fruitless and wasteful expenditure	Telkom	R 398.35	Yes	Invoice was not paid on time. The municipality could not make payment due to financial challenges.
	TOTAL		R 560 518.14		

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
- 4.

9.1 Bids awarded – Above R 100 000

NO.	SERVICE PROVIDER	DESCRIPTION OF GOODS/SERVICE	CONTRACT AMOUNT
1.	Intwenhle Media Services	Advertisement of the vacancies of chief financial officer and director infrastructure, planning and development on a national & provincial newspaper.	R 109 194.50
2.	Matsiya Construction Engineering	Supply and installation of medium voltage magnefix 11kV, 450A switch gear to Mini Substation (MS20)	R 154 675.00

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 2 188 670.57	28/08/2023
2.	Lemalwa Trading	R 207 473.26	28/08/2023
3.	Matsiya Construction Engineering (Pty) Ltd	R 199 987.53	30/08/2023 30/08/2023 30/08/2023
4.	Camelsa Consulting Group (Pty) Ltd	R 68 650.00	30/08/2023 30/08/2023 30/08/2023 30/08/2023 30/08/2023 30/08/2023
5.	Blue Aquarium (Pty) Ltd	R 53 824.00	12/08/2023
6.	Komani Projects (Pty) Ltd	R 44 084.22	30/08/2023
7.	Pro-Chem Lemon Tree Chemicals CC	R 25 875.00	30/08/2023
8.	Umfazi Safety (Pty) Ltd	R 10 675.02	02/08/2023
9.	3One Consulting Actuaries	R 7 751.00	30/08/2023
10.	Burning Spear Advertising (Pty) Ltd	R 3 163.27	30/08/2023 30/08/2023

9.3 Top 10 suppliers by number of orders made

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	Camelsa Consulting Group (Pty) Ltd	R 50 650.00	5
2.	Matsiya Consulting Engineering (Pty) Ltd	R 199 987.51	3
3.	FBL Trading Enterprise	R 1 183 235.00	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	PAYMENTS TO DATE	DATE OF PAYMENT	APPOINTMENT DATE	SUPPLIER PERFORMANCE ASSESSMENT / PERFORMANCE RATING		
								SUPPLIER PERFORMANCE ASSESSMENT REPORT COMPILED	Yes	No
1.	MN08/2016-2017	Umhlaba geometrics Inc	General valuation and preparation of valuation roll – Ending on 30/06/2023.	970 000. 00	861 266.60 43 578.95 5 750.00 15 131.58 15 131.58 7 565.79 7 565.79 7 565.79	b/f from previous financial years 12/06/2017 27/07/2022 15/09/2022 14/10/2022 11/01/2023 28/02/2023 24/03/2023 18/04/2023		No	No	Not submitted

2.	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
3.	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	-
4.	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	09/12/2022 19/12/2022 11/01/2023 28/02/2023 24/03/2023 18/04/2023	08/09/2022		No	Not submitted
5.	RFQ	Vodacom	Supply 30 Mbp wireless business internet for a period of 12 months	R 68 388.00					No	Not submitted
6.	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	Yes		Satisfactory
7.	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	Yes		Satisfactory
8.	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			




9.	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	20/07/2023 25/07/2023 28/08/2023	17/04/2023		
10.	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	12/05/2023 05/07/2023 31/07/2023 31/07/2023	17/04/2023		
11.	MN09/2018-19 (Turnkey)	Igoda Projects	Waiihoek Phase 2	6 199 012.68	1 384 195.80 1 302 531.98 768 903.22 518 408.41 65 474.32 1 232 072.28 307 525.40 309 905.50	05/11/2021 05/11/2021 07/01/2022 02/03/2022 29/07/2022 30/11/2022 03/03/2023 05/07/2023	01/06/2022		

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
	Auditor General				
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	The Council has been capacitated on its duties and functions. The council will ensure that its oversight committee is entrusted with the responsibility of	Ongoing	Councillors were trained The Unauthorized expenditure is being reported and referred to MPAC for investigation with a view

				investigating the Unauthorized, irregular and fruitless and wasteful expenditure on a quarterly basis and make recommendations to council. Going forward the management has taken the necessary steps and has sourced a service provider to investigate unauthorised expenditure incurred by the municipality. The Council has been capacitated on its duties and functions. The council will ensure that its oversight committee is entrusted with the responsibility of investigating the Unauthorized, irregular and fruitless and wasteful expenditure on a quarterly basis and make recommendations to council. Going forward the management has taken the necessary steps and has sourced a service provider to investigate irregular expenditure incurred by the municipality.			of complying with the prescripts of section 32 of MFMA.
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			Ongoing		Councillors were trained. 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.
	<u>INTERNAL AUDIT</u>			<u>Management responses:</u>			
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	12/09/2023	DATE	13/09/2023	DATE	13/09/2023