



**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

November 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 FOR REASON FOR 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 fit cutting edges on NUT3952 Bell Grader.	29/08/2023	Bell Equipment	R 27 551.61	All municipal vehicles & machines are repaired & serviced from where they were bought, because the original dealers have the necessary parts & have good knowledge of their products. Therefore it is impractical to follow SCM process. This is done to preserve the warranty & guarantee on vehicles.	
2.	Supply & replace leaking transmission hose on NUT4074 Bell TLB.	29/08/2023	Bell Equipment	R 7 412.84	All municipal vehicles & machines are repaired & serviced from where they were bought, because the original dealers have the necessary parts & have good knowledge of their products. Therefore it is impractical to follow SCM process. This is done to preserve the warranty & guarantee on vehicles.	
3.	Hiring of tools to assist electrical unit with electrical outages for the maximum of two days.	19/09/2023	Elegant Line Trading	R 53 498.00	The municipality has been experiencing electrical outages amounting 54 hours in period for one week. The results of the above mentioned background has resulted in the electrical distribution network being overloaded and risk of collapsing at any time. This situation will	

					be very costly to remedy and keep the customers with no power supply for many days or weeks. This matter had to be attended as a matter of emergency to source a service provider to assist the electrical unit with the restoration of a medium voltage ring feed in Van Rooyen Street.	
4.	Supply & fit cutting edges and guide rails on ELB Grader NN 96809.	29/08/2023	ELB Equipment	R 36 037.30	All municipal vehicles & machines are repaired & serviced from where they were bought, because the original dealers have the necessary parts & have good knowledge of their products. Therefore it is impractical to follow SCM process. This is done to preserve the warranty & guarantee on vehicles.	
5.	One (1) x 15 seater taxi to transport people from various Emadlangeni areas to the Disability Games, to take place on the 19th of October 2023.	18/10/2023	Osizweni, Utrecht & Boundaries Taxi Association	R 2 600.00	One (1) x 15 seater taxi was requested from the taxi association to transport people with disability from the various Emadlangeni area and return trip. This is the only recognized taxi association under Amajuba district for the requested routes. It is impractical to follow SCM processes.	
6.	Cable faultfinding and carry out repairs on the underground medium	16/10/2023	Matsiya Construction Engineering (Pty) Ltd	R 20 585.00	On Sunday 24th of September 2023, the municipality experienced Medium Voltage electrical outage in the most	

	<p>voltage 11000V 50mm2, 3 core cable from MS14-15 mini sub in De Kock street.</p>				<p>parts of residential customers in Utrecht Town, around 10H00 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 MS14-15 mini sub in De Kock street. The affected customers until the fault is resolved are De Kock, Hugo, Jooste, Zuid and Merhebe cable fault. 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 immediately restore electricity power supply to the affected customers, by rendering cable faultfinding using the thumping machine and to supply of 35 – 70mm2 splicing kit. 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>	
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7.	Supply and fit bucket teeth and replace mirror on NUT4074 Bell TLB.	29/08/2023	Bell Equipment	R 6 807.16	All municipal vehicles & machines are repaired & serviced from where they were bought, because the original dealers have the necessary parts & have good knowledge of their products. Therefore it is impractical to follow SCM process. This is done to preserve the warranty & guarantee on vehicles.
8.	2000 x Confidential laser pay slips.	16/10/2023	Payday Software Systems	R 5 470.85	The Municipality is currently using Payday software systems. Payday is the sole provider because they are the owners of the software and they design & produce their own pay slips for their software. It is impractical to follow SCM process.
9.	Four (4) x 15 seater taxi to transport people from various Emadlangeni areas to the Emadlangeni Senior Citizens Programme, to take place on the 26th of October 2023.	25/10/2023	Osizweni, Utrecht & Boundaries Taxi Association	R 12 500.00	Four (4) x 15 seater taxi were requested from the taxi association to transport Emadlangeni Senior Citizens to the Emadlangeni Senior Citizens Programme from the various Emadlangeni area and return trip. This is the only recognized taxi association under Amajuba district for the requested routes. It is impractical to follow SCM processes.
			TOTAL	R 172 462.76	

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 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	Double Action Security and Training Academy	R 47 500.00	Yes			Vehicle rental for Mayor, Firearms rifle and hand guns - 01/10/2023 - 30/10/2023. SCM unit did not receive a formal request from the user department to procure these services. The procedure for the procurement of goods or services through written quotations or formal written price quotations were not followed or	

					competitive bidding processes as per SCM policy.	
2.	Irregular expenditure	CCG Systems	R 8 085.00	Yes	Additional Support - Remote Assistance (Assisting with data strings opening balance jnl; Assisting with data strings; Assisting with M02 datastring validation) - Consultants: Natasha Ramlal, Thandiswa Duma & Nothando Mthembu. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
3.	Irregular expenditure	CCG Systems	R 16 140.00	Yes	Additional Support - Remote Assistance (Assisting with Interest billing for August 2023; Assisting with Interest reversal for February 2023; Assisting with validation RAUD 2022; Assisting with period closure; Assisting with PAUD submission; Reversal batches for the Interest August 2022, November 2022, February 2023 & March 2023; Changing the transaction types on the interest batches & Assisting with Evaluation report) - Consultants: Mbuso Ndwalane; Nothando Mthembu; Phindile Mzelemu & 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 21 810.00	Yes	Additional Support - Remote Assistance (Assisting 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	

					<p>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.</p>	
5.	Irregular expenditure	CCG Systems	R 34 400.00	Yes	<p>Additional Support - Remote Assistance (C Schedule reviewal vs Post Billing; Following up on the debtors recon; Session with Sarah and Ntobeko for Interest that was not charged; Formatting the August Interest batch and uploading into Sage; Assisting with uploading November 2022, February 2023 and March 2023; Formatting November 2022, February 2023 and March 2023; Reuploading August with the corrected Interest figures; Activating customers on hold which are in the Interest batches for August 22, November 22, February 23 and March 23; Identifying the customers that are on hold; Assisting with the batch validation; November 2022 Interest correction batch; March 2023 Interest correction batch; Assisting with PO Requisition to PO processing; Merging of PO with same req number & Yearend portal submissions) - Consultants: Nothando Mthembu; Phindile Mzelemu & Zoliswa Mantshule. The contract has</p>	

						expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
6.	Irregular expenditure	South African Emergency Services Institute	R 3 200.00	Yes		Final Integrated Supervised Assessment (NFPA 1072: Hazmat Awareness & Hazmat Operations-Core+PPE+PC and NFPA 1001: Fire Fighter 1 & Fire Fighter 2) 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.	
7.	Irregular expenditure	Payday Software Systems	R 7 774.00	Yes		Virtual Payday Consultation (Payroll Consultation) - 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.	
8.	Irregular expenditure	Payday Software Systems	R 18 400.00	Yes		Virtual Payday Consultation (HR Consultation) - 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.	

9.	Irregular expenditure	Payday Software Systems	R 18 400.00	Yes	Virtual Payday Consultation (HR Consultation) - 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.	
10.	Irregular expenditure	Maximum Profit Recovery (Pty) Ltd	R 25 060.86	Yes	Fees for performing a VAT recovery assignment - VAT201 - 03/2022. The appointment of this service provider is not in line with the KZN municipal circular No 01/2016 and MFMA circular No 96. The accounting officer of Emadlangeni local municipality did not receive consent from Provincial Treasury before he/she could approach another organ of the state to participate in Regulation 32. Some of the required documents that form part of Regulation 32 are not in possession and some processes were not correctly followed to secure this contract.	
11.	Fruitless and Wasteful expenditure	Eskom	R 55 572.21	Yes	Interest on overdue account – October 2023. Invoice was not paid on time. The municipality could not make payment due to financial challenges.	
	TOTAL		R 610 392.07			

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.	FBL Trading	Provision for Security Guards for 12 Months	R 8 550 971.28
2.	Double Action Security	Provision for Security Guards for 12 Months	R 3 813 840.00
3.	Mbongz Civils (Pty) Ltd	The Upgrading of Plein Street (Ward 2)	R 3 883 882.06
4.	The Corruption Hotline (Pty) Ltd	Forensic Investigation	R 197 250.00

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

NO.	SERVICE PROVIDER	AMOUNT	DATE OF PAYMENT
1.	SL & P Property Managers (Pty) Ltd	R 438 020.00	02/11/2023
2.	Abazingeli Civils (Pty) Ltd	R 132 481.13	28/11/2023
3.	SDM Assets Management & Consulting	R 83 724.23	30/11/2023
4.	CCG Systems	R 80 435.00	09/11/2023
			09/11/2023
			09/11/2023
			09/11/2023
5.	Elegant Line Trading 785 CC	R 53 498.00	10/11/2023

6.	TS Media Infinite Creativity	R 50 000.00	10/11/2023 10/11/2023 28/11/2023
7.	Double Action Security	R 47 500.00	03/11/2023
8.	ELB Equipment	R 43 318.69	10/11/2023
9.	Bell Equipment	R 41 771.61	10/11/2023 10/11/2023 28/11/2023
10.	Lungisitha Trading	R 37 600.00	10/11/2023 24/11/2023

9.3 Top 10 suppliers by number of orders made

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	Auditor-General	R 1 900 165.07	4
2.	CCG Sysytem	R 80 435.00	4
3.	Redbell Trading t/a Uncle Deli Spar	R 2 369.80	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 REPORT COMPILED		SUPPLIER PERFORMANCE ASSESSMENT / PERFORMANCE RATING			
								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 geometics 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	Balance b / f 29/04/2022 28/02/2022	18/09/2022		No		Not submitted		




6.	MN05/2022-23	Lemalwa Trading	Upgrading of Kerk Street - Phase 3	4 257 937.15	361 705.55	06/05/2022 05/05/2023 11/05/2023 14/06/2023 30/06/2023 05/07/2023 28/08/2023 18/09/2023 18/09/2023 18/09/2023	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	20/07/2023 25/07/2023 28/08/2023	17/04/2023	No	Not submitted
8.	MN09/2018-19 (Turnkey)	Igoda Projects (Pty) Ltd	Blue Mountain Phase 2 Electrification	10 867 000.0 0	1 256 361.86 614 449.93 45 066.16 2 822 348.03 1 881 811.31	12/05/2023 05/07/2023 31/07/2023 31/07/2023 05/09/2023	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 Immoveable & 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

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
	<u>Auditor General</u>				
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</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>

				provider to investigate irregular expenditure incurred by the municipality.		
	INTERNAL AUDIT			Management responses:		
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	27/12/2023	DATE	27/12/2023	DATE	

