



**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

October 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 RGH 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.	Twelve (12) x fifteen seater taxis to transport men and women from the various Emadlangeni areas to the Gender Programme, to take place on the 30th of August 2023.	29/08/2023	Osizweni, Utrecht & Boundaries Taxi Association	R 36 800.00	Taxis are requested from the taxi association to transport men and women from the various Emadlangeni areas and return trip. This is the only recognized taxi association under the Amajuba district for the requested routes. It is impractical to follow SCM processes.	
2.	Three (3) x fifteen seater taxis to transport senior citizens to the senior citizens golden games 2023, to take place on the 23th of August 2023.	22/08/2023	Osizweni, Utrecht & Boundaries Taxi Association	R 7 100.00	Taxis are requested from the taxi association to transport senior citizens to the senior citizens golden games and return trip. This is the only recognized taxi association under the Amajuba district for the requested routes. It is impractical to follow SCM processes.	
3.	Electrical Repairs.	07/09/2023	Matsiya Construction Engineering (Pty) Ltd	R 35 880.00	On Tuesday 05th of September 2023, the municipality experienced Medium Voltage electrical outage in the most parts of residential customers in Utrecht Town, around 01H00 am. The artisan conducted the fault finding with the intent to carry out repairs. The fault was the underground Medium Voltage 11000V 50mm ² , 3 core cable from MS4	

					<p>mini sub in Voor Street opposite Rally Supermarket. The affected customers are as follows: Water works, Municipal Abattoir, Kiepersol, Rally Supermarket, BKB and the following streets: Kerk, Bloem, Van Rooyen, Plein, Marchalk, De Kock, General, Naude, Hugo, Jooste, Zuid and Marhebe. The municipality does not have a thumping machine, which is used to detect and locate the cable fault. This matter must 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>	
4.	Service and replace damaged rope of a fire truck backup generator. The fire truck is used for emergencies and for unforeseen circumstance that can happen anytime and need prompt responses.	27/06/2023	Utrecht Auto & General CC	R 4 648.30	<p>Currently the fire truck generator is not functioning and this poses as a threat when the team needs to respond to the incidents. The generator need service and a replacement rope in order for it to be functional. This matter must 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 fire truck urgently and have the necessary parts. The next near town is about 50km</p>	

					<p>away from Utrecht. To save costs of travelling we have to use the near service provider. It was impractical to follow SCM processes.</p>	
<p>5.</p>	<p>Cable fault locator and Carryout Cable Splice in between MS9 – MS11 repairing services were rendered on the urgent basis due to the electrical outages that affected along and across Voor Street in between MS9 – MS11.</p>	<p>20/09/2023</p>	<p>Matsiya Construction Engineering (Pty) Ltd</p>	<p>R 29 785.00</p>	<p>On Thursday the 31st of August 2023, the Municipality experienced medium voltage electrical outage in the most parts of residential customers in Utrecht town, around 03h30 AM. The artisan conducted the faultfinding with the intent to carry out repairs. The fault was the underground medium voltage 11 000V, 50mm², 3 core cable joining MS11 at the corner of Rissik street & President, and MS9 in corner of Keerom and Voor Street. Parts of the town 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. The urgent authorization instruction came from the municipal manager to urgently source a service provider. Therefore, the electricians called for assistance from the nearest service provider on the emergency basis to come on site and</p>	

					assist them with these electrical outages. It was impractical to follow SCM processes because this had to be attended as a matter of emergency.	
6.	Training of the three (3) newly appointed traffic officers to operate the Prolaser / Truvelo speed machine.	04/08/2023	Truvelo Africa Electronics Division (Pty) Ltd	R 10 000.00	Truvelo Africa Electronics Division (Pty) Ltd is the sole supplier and or manufacturers of Truvelo range products. This includes maintenance, training and installation. As the original dealer, they have the necessary knowledge of their products.	
7.	One (1) x candidate to undergo the senior management competency assessment.	12/10/2023	Gijima Holdings (Pty) Ltd	R 7 200.00	SCM procedures for procuring goods and services through formal written quotation above R 2 000 up to R 200 000 were followed as per SCM policy, S17.2 (1). Only two quotations were obtained from different providers instead of three providers as per SCM policy S 17.1(1).	
8.	Carry out 3000HRS service on NUT4074 Bell TLB.	29/08/2023	Bell Equipment	R 27 196.59	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.	

9.	Supply MV cable joints, MV terminations and repair cable fault on munic 2.11K breaker network.	27/09/2023	Matsiya Construction Engineering (Pty) Ltd	R 23 230.00	On the 27th of September 2023, the whole of Utrecht town experienced electrical outage. This matter had to be attended as a matter of emergency to supply customers with electricity. An internal investigation was done and an external service provider was needed to attend to the matter of restoring electricity.	
10.	Attend to machine overheating on NUT4074 Bell TLB.	29/08/2023	Bell Equipment	R 10 144.90	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.	
11.	Replace adaptor on rear bucket, replace side cutters and change tips on NUT4074 Bell TLB.	29/08/2023	Bell Equipment	R 18 441.43	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.	

12.	One (1) x 15 seater taxi to transport people with disability from various Emadlangeni areas to Disability Games, to take place on the 7th of September 2023.	06/09/2023	Osizweni, Utrecht & Boundaries Taxi Association	R 2 600.00	A taxi is requested from the taxi association to transport people with disability from the various Emadlangeni areas and return trip. This is the only recognized taxi association under the Amajuba district for the requested routes. It is impractical to follow SCM processes.
			TOTAL	R 213 026.22	

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
					YES	NO	
n/a	n/a	n/a	n/a	n/a			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 - September 2023. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
2.	Irregular expenditure	Redbell Trading t/a Uncle Deli Spar	R 6 777.20	Yes		Grocery vouchers for 8 families - Kwa Hatting accident victims. Assistance of groceries for indigent burial was requested by the Office of the Mayor. SCM processes were not followed because the SCM unit did not receive this request, and goods were taken without informing the SCM office. A minimum of three quotations was not obtained.	
3.	Irregular expenditure	Redbell Trading t/a Uncle Deli Spar	R 996.65	Yes		Grocery voucher for a funeral. Assistance of groceries for indigent burial was requested by the Office of the Mayor. SCM processes were not followed because the SCM unit did not receive this request, and goods were taken without informing the SCM office. A minimum of three quotations was not obtained.	
4.	Irregular expenditure	Umhlaba Geomatics Inc.	R 11 500.00	Yes		Valuation of Khayaletu for transfer purposes. The service provider was	

					requested by the user department to render services that was out of scope from the initial contract which they were appointed for. 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 as per SCM policy.	
5.	Irregular expenditure	Redbell Trading t/a Uncle Deli Spar	R 999.69	Yes	Grocery voucher for pauper burial. Assistance of groceries for indigent burial was requested by the Office of the Mayor. SCM processes were not followed because the SCM unit did not receive this request, and goods were taken without informing the SCM office. A minimum of three quotations was not obtained.	
6.	Irregular expenditure	Redbell Trading t/a Uncle Deli Spar	R 1 006.25	Yes	Grocery voucher for pauper burial. Assistance of groceries for indigent burial was requested by the Office of the Mayor. SCM processes were not followed because the SCM unit did not receive this request, and goods were taken without informing the SCM office. A minimum of three quotations was not obtained.	
7.	Irregular expenditure	Syntell (Pty) Ltd	R 24 054.24	Yes	S3 Annual Monthly Licence Fee - October 2023. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
8.	Irregular expenditure	Impact Emergency Technologies CC	R 8 050.00	Yes	Accommodation for the 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.	
9.	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.		
10.	Irregular expenditure	FBL Trading Enterprise	R 599 782.50	Yes	Provision of security guards 01/10/2023 - 31/10/2023. The contract has expired on 30/09/2018 and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62. The municipality cannot follow SCM processes to appoint service provider for new security services because of a pending court case.		
	TOTAL		R 1 063 620.77				

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.	Altron Karabina a division of Altron TMT (Pty) Ltd	Microsoft Office 365 Annual Licence Renewal	R 132 268.03
2.	Loma Business Enterprise (Pty) Ltd	Appointment of Service Provider to Provide Pound Keeper Services for a Period of 36 Months	R 538 200.00
3.	Mela Okuhle Trading Enterprise CC	The Upgrading of Ward 02 Sportfield	R 7 105 701.65
4.	Incuber Trading Enterprise (Pty) Ltd	The Upgrading of Scheepers Street in Ward 2	R 3 956 687.24

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

NO.	SERVICE PROVIDER	AMOUNT	DATE OF PAYMENT
1.	FBL Trading Enterprise	R 599 782.50	31/10/2023
2.	Incuber Trading Enterprise (Pty) Ltd	R 160 610.90	20/10/2023
3.	Authar Golden Enterprise (Pty) Ltd	R 96 500.00	17/10/2023
4.	Matsiya Construction Engineering	R 88 895.00	17/10/2023
			17/10/2023
			30/10/2023

5.	Bell Equipment	R 55 782.92	30/10/2023 30/10/2023 30/10/2023
6.	Syntell (Pty) Ltd	R 48 108.48	05/10/2023 30/10/2023
7.	Osizweni, Utrecht & Boundaries Taxi Association	R 46 500.00	09/10/2023 09/10/2023 30/10/2023
8.	TS Media Infinite Creativity	R 29 000.00	03/10/2023
9.	Lizbo	R 27 520.00	17/10/2023
10.	Lunenhlanhla Business Enterprise (Pty) Ltd	R 27 500.00	30/10/2023

9.3 Top 10 suppliers by number of orders made

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	Osizweni, Utrecht & Boundaries Taxi Association	R 15 100.00	2
2.	Syntell (Pty) Ltd	R 48 108.48	2
3.	TS Media Infinite Creativity	R 20 500.00	2
4.	Umcebowomasina Business Enterprise	R 24 500.00	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	Good
1.	MN08/2016-2017	Umhlaba geomatics 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		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 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
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	214 563.56 708 086.97 974 240.06 750 000.00 657 499.61 207 473.26 179 366.95 348 386.30 212 896.86	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			
9.	MN09/2018-19 (Turnkey)	Africtical 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 1 881 811.31	12/05/2023 05/07/2023 31/07/2023 31/07/2023 05/09/2023	17/04/2023			




11.	MN09/2018-19 (Turnkey)	Igoda Projects	Waaiohoek 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		
12.	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	20/09/2023	10/08/2023		
13.	MN18-2020/21	Incuber Trading Enterprise (Pty) Ltd	Upgrading of Loop Street Phase 1	3 212 273.35	290 094.98 126 632.28 106 519.07 92 214.36 61 967.52 1 751.87 491 058.74 620 570.48 206 486.19 143 839.32 160 610.19 160 610.90	18/03/2022 18/03/2022 22/04/2022 12/05/2022 24/05/2022 30/06/2022 25/07/2022 30/08/2022 29/09/2022 10/11/2022 21/12/2022 20/10/2023			

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 Unauthorised 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 Unauthorised 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	14/11/2023	DATE	14/11/2023	DATE	15/11/2023