



**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**

**September 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	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.	Publication of public notice as per MPRA Section 14(1) & (2) in the government gazette.	26/06/2023	Government Printing Works	R 1 008.80	Government Printing Works is the sole provider for publishing the required publication in the government gazette. It is impractical to follow SCM processes.	
2.	Advertising of vacancies for the Chief Financial Officer and Director: Infrastructure, Planning and Development on National and Provincial Newspaper.	11/08/2023	Intwenhle Media Services (Pty) Ltd	R 109 194.50	The request for the advertisement of vacancies for the Chief Financial Officer and Director: Infrastructure, Planning and Development positions on National and Provincial Newspaper was urgently required due to the potential legal implications and Council directive to finalise the recruitment and selection process within the shortest space of time to avert potential legal implications. It was impractical to follow SCM processes because this had to be attended as a matter of emergency.	
			<b>TOTAL</b>	<b>R 110 203.30</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	FBL Trading Enterprise	R 591 732.50	Yes		Provision of security guards 01/08/2023 - 31/08/2023. 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.	

2.	Irregular expenditure	Double Action Security and Training Academy	R 47 500.00	Yes	<p>Vehicle rental for Mayor, Firearms rifle and hand guns - 01/08/2023 - 31/08/2023. 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.</p>	
3.	Irregular expenditure	CCG Systems	R 18 000.00	Yes	<p>Virtual private server - July 2023. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.</p>	
4.	Irregular expenditure	Gijima Holdings	R 8 710.00	Yes	<p>Competency Assessment &amp; Vetting for Position of Director Corporate Services. A minimum of three quotations were not obtained. The end user department confirmed that Gijima Holdings (Pty) Ltd was the only service provider that was assigned by the department of Cooperative Governance to assist all municipalities that are based within the KZN area and that this process had to be attended as a matter of urgency. The end user department than later submitted an expired contract to the SCM unit after all processes had been followed. Therefore, the contract submitted by the end user department is invalid and it cannot be considered since it has expired.</p>	

5.	Irregular expenditure	Double Action Security and Training Academy	R 47 500.00	Yes	Vehicle rental for Mayor, Firearms rifle and hand guns - 01/09/2023 - 30/09/2023. 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.
6.	Irregular expenditure	FBL Trading Enterprise	R 598 862.50	Yes	Provision of security guards 01/09/2023 - 30/09/2023. 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.
	<b>TOTAL</b>		<b>R 1 312 305.00</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.	SL & P Property Managers (Pty) Ltd	Supply; deliver & reupholster of indoor furniture for Balele Game Park.	R 438 020.00
2.	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.	R 1 852 389.54
3.	Ekaya Promotions CC	Uniform for Emadlangeni Local Municipality Employees.	R 800 354.00

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

NO.	SERVICE PROVIDER	AMOUNT	DATE OF PAYMENT
1.	Igoda Projects (Pty) Ltd	R 1 881 881.31	05/09/2023
2.	FBL Trading Enterprise	R 1 190 595.00	01/09/2023 28/09/2023
3.	Lemalwa Trading	R 740 650.11	18/09/2023 18/09/2023 18/09/2023
4.	SDM Assets Management & Consulting	R 410 385.14	20/09/2023
5.	Afi Consult (Pty) Ltd	R 153 078.47	20/09/2023 20/09/2023 20/09/2023
6.	Intwenhle Media Services	R 109 194.50	28/09/2023
7.	Double Action Security and Training Academy CC	R 95 000.00	01/09/2023 28/09/2023
8.	Camelsa Consulting Group (Pty) Ltd	R 18 000.00	09/09/2023
9.	Gijjima Holdings	R 8 710.00	26/09/2023

10.	Basadzi Media and Personnel (Pty) Ltd	R 3 166.13	14/09/2023
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### 9.3 Top 10 suppliers by number of orders made

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	Afi Consult (Pty) Ltd	R 153 078.47	3
2.	Lemalwa Trading	R 740 650.11	3
3.	Uzwano Investments 26 t/a Buffalo Group	R 25 059.00	3
4.	Matsiya Construction Engineering	R 88 895.00	3
5.	Umhlaba Geomatics Inc	R 24 333.33	2
6.	UAG	R 24 749.00	2
7.	FBL Trading Enterprise	R 1 190 595.00	2
8.	Double Action Security and Training Academy CC	R 95 000.00	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	Umhlabi 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				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	Kaapooort 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)	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 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		

### 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 provider to investigate irregular 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>
	<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	
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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	12/10/2023	DATE	12/10/2023	DATE	16/10/2023