



**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

February 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	13/12/2023	E Multi Construction and Electricity CC	R 349 105.76	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	

	<p>Bloem Street to Electrical Workshop.</p>				<p>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. 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> <ol style="list-style-type: none"> 1. Supply and deliver 500kVA 11kV/400V mini-substation. 2. Remove the damaged mini-substation (MS7) from Bloem Street to deliver at Electrical Workshop. <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>	
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2.	Cable faultfinding and carry out repairs on the underground medium voltage 11kV 35-50mm ² , 3 core XLPE cable fault. The MV line fault along Bloem Street and Spar, in Utrecht Town.	15/01/2024	Matsiya Construction Engineering (Pty) Ltd	R 79 637.50	<p>On Tuesday 06 December 2024, the municipality experienced Medium Voltage electrical outage in the most parts of residential customers in Utrecht Town, around 11H00 AM. The artisan conducted the fault faultfinding with the intent to carry out repairs. The fault was underground Medium 11kV 35-50mm², 3 core XLPE cable fault. The MV line fault along Bloem Street and Spar, in Utrecht Town. The affected customers until the fault is resolved are residential customers in Utrecht Town. The urgent authorization instruction from the Municipal Manager was sought to urgently source a service provider which will supply and conduct MV and LV cable faultfinding and the following:</p> <ol style="list-style-type: none"> 1. Rent the cable thumping machine and carryout MV and LV fault finding. 2. Supply 5 x 35-50 mm XLPE joints with shear ferrules. 3. Supply 4 x Part tape. <p>It had to be attended as a matter of emergency to restore electricity power</p>	
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					supply to the affected customers. Therefore, it was impractical to follow SCM processes by obtaining a minimum of three quotations as per SCM policy.	
3.	Supply of eight laptops and one printer for matric excellence awards.	09/02/2024	Incredible Connection	R 48 591.00	On the 05th of February 2024, a purchase order (PO02995) was issued to Injiki Technologies to supply eight laptops and one printer for the matric excellence awards. Which were going to be held on the 9th of February 2024. The service provider was supposed to deliver the required items on the 8th of February 2024 as per agreement, but failed to do so. He was also given a chance to deliver the items on the day of the ceremony but still failed to do so. The municipality was left with no choice but attend to this matter of emergency, to buy the requested items on the day of the ceremony. Incredible Connections was the nearest service who had the required items on hand.	
4.	Refuse Truck Annual Service & Repairs.	26/01/2024	Utrecht Auto & General CC (UAG)	R 12 241.75	The refuse truck NUT 3585 went for annual service and thereafter for a roadworthy test and licence disc renewal. Some parts of the truck were faulty which lead the truck to fail the	

					<p>roadworthy test. Request for quotation for faulty parts was sent to UD Trucks which is the original dealer for the truck however they didn't quote for us. The request for quotation was sent to the local service provider, Utrecht Auto & General cc and they responded, and have the requested items on hand. It is impractical to follow SCM process and get a minimum of three (3) quotations as per SCM policy because the refuse truck is used on daily basis to collect waste as part of service delivery to the community and if it is not urgently repaired the waste removal services will be disturbed and the municipality may lose revenue as the community may not want to pay for this service.</p>	
<p>5.</p>	<p>Attend to transmission oil leak and supply and fit transmission hose for NUT4074 Bell TLB.</p>	<p>07/12/2023</p>	<p>Bell Equipment</p>	<p>R 6 241.11</p>	<p>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.</p>	

6.	Carry out Low Voltage cable fault-finding to repair the underground Low Voltage 400V 16mm ² , and 2 core cable fault.	07/02/2024	Matsiya Construction Engineering (Pty) Ltd	R 11 557.50	<p>This fault affected a customer at 14A President Street in Utrecht Town. On Friday 05 January 2024, the municipality experienced Low Voltage electrical outage affecting a customer at 14A President Street in Utrecht Town. The artisan conducted the fault faultfinding with the intent to carry out repairs. The fault was underground Low voltage 400V 16mm², and 2 core cable fault. The customer has no electricity power supply up until the fault was fixed. The urgent authorization instruction from the Municipal Manager was sought to urgently source a service provider which will supply and conduct LV cable faultfinding and the following:</p> <ol style="list-style-type: none"> 1. Rent the cable thumping machine and carryout LV fault finding. 2. Supply 1 X 16 mm 2 core cable splicing kit. <p>It was impractical to follow SCM processes by obtaining a minimum of three quotations as per SCM policy because this had to be attended as a matter of emergency.</p>	
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7.	Carry out Low Voltage cable fault-finding and repair Low Voltage electrical outage affecting a customer at 45 Bloem Street in Utrecht Town.	07/02/2024	Matsiya Construction Engineering (Pty) Ltd	R 13 754.00	<p>On Wednesday 03 January 2024, the municipality experienced Low Voltage electrical outage affecting a customer at 45 Bloem Street Utrecht Town. The artisan conducted the fault faultfinding with the intent to carry out repairs. The fault was underground Low voltage 400V 16mm², and 2 core cable fault. The customer has no electricity power supply up until the fault was fixed. The urgent authorization instruction from the Municipal Manager was sought to urgently source a service provider which will supply and conduct LV cable faultfinding and the following:</p> <ol style="list-style-type: none"> 1. Rent the cable thumping machine and carryout LV fault finding. 2. Supply 2 X 35-50 mm cable splicing kit. <p>It was impractical to follow SCM processes by obtaining a minimum of three quotations as per SCM policy because this had to be attended as a matter of emergency.</p>	
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8.	Replacement of clutch kit for Nissan bakkie NUT 3732.	25/10/2023	NTT Nissan Newcastle	R 23 854.40	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.	Carry out Medium Voltage and low Voltage cable fault-finding to repair the underground Medium Voltage 11000V 35- 50 mm2, 3 core XLPE cable fault.	07/02/2024	Matsiya Construction Engineering (Pty) Ltd	R 46 690.00	The cables are along MS9 and MS18 mini-substation in corner of President & Rissik Street to Mark Street. On Monday 11 December 2023, the municipality experienced Low Voltage electrical outage affecting customers in the upper part of the corner of President and Markshalk Streets in Utrecht Town. The artisan conducted the fault faultfinding with the intent to carry out repairs. The fault was underground Low voltage 400V 16mm2, 4 core XLPE cable fault, feeding from MS10 Mini-substation supplying meter kiosk in President Street. The affected customers until the fault is resolved were residential customers in Utrecht town. The urgent authorization instruction from the Municipal Manager was sought to urgently source a service provider that	

					<p>will supply and conduct LV cable faultfinding and the following:</p> <ol style="list-style-type: none"> 1. Rent the cable thumping machine and carryout LV fault finding 2. Supply 3 X 35-50 mm XLPE joints with shear ferrules <p>It was impractical to follow SCM processes by obtaining a minimum of three quotations as per SCM policy because this had to be attended as a matter of emergency.</p>	
10.	The Upgrading of Ward 2 Sportsfield.	27/02/2024	Lemalwa Trading	R 202 901.40	<p>Melo Okuhle Trading Enterprise was initially appointed for this project on 19 October 2023. On 09 January 2024, Melo Okuhle Trading Enterprise tendered a withdrawal of acceptance of appointment. This tender could not be re-advertised because the municipality will not afford to lose the grant funding if this project is not done as a matter of urgency. The municipality did a selection criteria to appoint a service provider to urgently perform these services from the list of bidders who tendered for this tender. Lemalwa Trading was going to be the</p>	

					recommended bidder if they were not disqualified due to the stipulated Clause C2.13.1 in the tender document, which was not relevant to this municipality. The municipality decided that Lemalwa Trading be appointed to render services for this project so that service delivery could not be compromised and MIG funding will not be sent back due to under spending.	
11.	Replacement, installation and rebalancing of propshaft for Nissan NP300 NUT 4072.	08/11/2023	NTT Nissan Newcastle	R 7 300.90	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.	
12.	Install new clutch kit & replace damaged brake fluid pipe on the right front wheel for NUT 4072 Nissan NP 300.	28/09/2023	NTT Nissan Newcastle	R 26 563.70	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.	

13.	Repairs on NUT 4072 Nissan NP 300.	23/01/2024	NTT Nissan Newcastle	R 651.90	<p>The Game Park Nissan NP300, was sent for repairs at NTT Nissan Newcastle for a replacement of a brake fluid pipe. When this was completed and they were reassembling they realised that there was an additional problem with the propshaft and they contacted the municipality for a further order for the propshaft. These two jobs have been completed. During another attempted reassembly the mechanics picked up that the connecting brake fluid pipe is also damaged and needs to be replaced. An order is needed for this pipe to be fitted. The repairs need to be attended as a matter of urgency because the vehicle cannot perform its daily duties. Therefore, it was impractical to follow SCM processes.</p>	
			TOTAL	R 829 090.92		

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	CCG Systems	R 16 190.00	Yes		Additional Support - Remote Assistance (Session with Revenue about the issues of the section; Debtors Reconciliation; Valuation Roll update; Assisting with SDK Connector license; Assisting with Chart of Accounts; Preparation for period closure & Revenue extracting reporting) - Consultants: Mbuso Ndwalane, Zoliswa	

2.	Irregular expenditure	CCG Systems	R 33 090.00	Yes		Mantshule & Phindile Mzelemu. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62. Additional Support - Remote Assistance (Assisting Asset Register on AMS360; Reviewing of treasury analysis; Debtors recon June 2023 & Debtors recon July 2023) - Consultants: Karabo Sibisi, Natasha Ramlal & Zoliswa Mantshule. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.			
3.	Irregular expenditure	CCG Systems	R 41 665.00	Yes		Additional Support - Remote Assistance (Implementing Asset Register on AMS360; Valuation Roll Recon; Debtors Recon; Analysing datastrings; Team session with budget accountants & Debtors recon July 2023) - Consultants: Karabo Sibisi, Mbuso Ndwane, Natasha Ramlal & 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 72 000.00	Yes		Additional Support - Remote Assistance (Updating UDF for Market Values on Customers; Assisting with Billing for October 2023; Assisting with cash-up report not balancing; Updating of meter types and readings; Updating of Rate tariffs for pensioners and indigents; Assisting with Meter Updates for previous months; Debtors Reconciliation; Assisting			

						with receipt correction; Assist with Interest Billing; Assist with issue on emailing of Statement; October Supplementary Roll Upload; Treasury meetings; Creating accounts; Analysis of PAUD differences; Approving accounts; Budget mapping & Creating of opening balance accounts per category for assets) - Consultants: Mbuso Ndwane & Natasha Ramlal. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.
5.	Irregular expenditure	Payday Software Systems	R 146 527.25	Yes		Payday Annual License Fees - March 2024 - February 2025. 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.
6.	Irregular expenditure	Syntell (Pty) Ltd	R 25 281.00	Yes		S3 Annual Monthly Licence Fee - January 2024. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.
7.	Irregular expenditure	CCG Systems	R 27 725.00	Yes		Additional Support - Remote Assistance (Assist with preparing and importing reversal batch for Vacant Res properties; Assist with Billing for November 2023; Assist with monitoring emailing of statement; Assessing transactions processed and proposing journals for receivables from non exchange transactions and receivables from exchange transactions; Journals for Property plant and equipment & Creation

							of accounts that were not previously created) - Consultants: Mbuso Ndwalane & Natasha Ramlal. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
8.	Irregular expenditure	CCG Systems	R 18 000.00	Yes	Yes	R 18 000.00	Virtual private server - December 2023. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
9.	Irregular expenditure	CCG Systems	R 11 000.00	Yes	Yes	R 11 000.00	Additional Support - Remote Assistance (Assisting with updating tariffs for Vacant Res; Assessing transactions processed and proposing journals for receivables from non exchange transactions, extracting trail balance as of 1 December 2023 & Analysis of transactions and getting SCOA description to identify accounts that are incorrect) - Consultants: Mbuso Ndwalane & Natasha Ramlal. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
10.	Irregular expenditure	CCG Systems	R 18 000.00	Yes	Yes	R 18 000.00	Virtual private server - January 2024. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
11.	Irregular expenditure	CCG Systems	R 12 050.00	Yes	Yes	R 12 050.00	Additional Support - Remote Assistance (Assist with SV upload; Assistance with reconciliation of October 2023 bank recon; Analysis of audited datastrang; Creation of accounts; Proposing journal for correction of datastrang for debtors	

						trade and other receivables and non exchange debtors & Assisting with resolving audited datastrng) - Consultants: Mbuso Ndwane & Natasha Ramlal. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.
12.	Irregular expenditure	CCG Systems	R 1 275.01	Yes		Additional Support - Remote Assistance (Assist with Valuation Roll recon between Sage and Umhlaba Geomatics) - Consultants: Mbuso Ndwane. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.
13.	Irregular expenditure	Syntell (Pty) Ltd	R 25 281.00	Yes		S3 Annual Monthly Licence Fee - February 2024. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.
14.	Fruitless & wasteful expenditure	Eskom	R 777.17	Yes		Interest on overdue account - January 2024. Invoice was not paid on time. The municipality could not make payment due to financial challenges.
15.	Fruitless & wasteful expenditure	Amajuba District	R 482.13	Yes		Interest on overdue account - August 2023. There's disputes on some accounts raised with Amajuba District. The municipality has requested a meeting with the District to try and resolve these issues.
	TOTAL		R 449 343.56			

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.	Lemalwa Trading	Upgrading of Ward2 Sportsfield	R 7 106 846.72
2.	Tlomogale Business Development & Consulting (Pty) Ltd	Training for x 5 (Five) Emadlangeni Local Municipality Employees	R 143 750.00
3.	Indayi Communication	Media Briefing taking place on the 16th of February 2024 at Balele Game Park.	R 167 877.00
4.	Goli Group (Pty) Ltd t/a Paper House	Supply & Delivery of Uniform for EPWP Workers.	R 196 424.80
5.	Intuthuko Newspaper	Provide Service of Printing 3000 x Copies of Newsletter: Design, Layout, Editing. Proof-Reading, Translation, Printing, Delivery and Distribution of the Emadlangeni Municipality Newsletter.	R 164 175.00

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

NO.	SERVICE PROVIDER	AMOUNT	DATE OF PAYMENT
1.	Incuber Trading Enterprise (Pty) Ltd	R 1 620 000.00	08/02/2024 26/02/2024
2.	FBL Trading Enterprise	R 756 349.02	01/02/2024
3.	Abazingeli Civils (Pty) Ltd	R 497 864.27	29/02/2024
4.	Double Action Security	R 434 355.00	01/02/2024
5.	Ekaya Promotions CC	R 380 644.25	08/02/2024
6.	E Multi Construction and Electricity	R 349 105.76	08/02/2024
7.	Camelsa Consulting Group (Pty) Ltd	R 250 995.00	01/02/2024 01/02/2024 01/02/2024 01/02/2024 15/02/2024 15/02/2024 15/02/2024 15/02/2024 15/02/2024 15/02/2024
8.	Memotek Trading CC	R 223 029.40	08/02/2024
9.	Lemalwa Trading	R 202 901.40	28/02/2024
10.	Vangisa Project Consulting Engineering & Project Managers	R 156 545.24	16/02/2024

9.3 Top 10 suppliers by number of orders made

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	CCG Systems	R 130 937.50	7
2.	Umhlaba Geomatics	R 43 096.49	5
3.	Loma Business Enterprise (Pty) Ltd	R 59 800.00	4
4.	Matsiya Construction Engineering	R 82 409.00	4
5.	Auditor- General	R 26 889.30	2
6.	Syntell	R 50 562.00	2
7.	Goli Group (Pty) Ltd t/a Paper House	R 198 322.30	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 / REPORT COMPILED			SUPPLIER PERFORMANCE ASSESSMENT / PERFORMANCE RATING			
								Yes	No		Good	Fair	Poor	

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	214 563.56 708 086.97 974 240.06 750 000.00 657 499.61 207 473.26 179 366.95 348 386.30 212 896.86	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	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	10 867 000.00	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	259 142.15 828 000.00 810 000.00 810 000.00	13/12/2023 13/12/2023 08/02/2024 26/02/2024	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
13.	MN11/2022-23	Loma Business Enterprises (Pty) Ltd	Appointment of Service Provider to Provide Pound Keeper Services for a Period of 36 Months	538 200.00	14 950.00 14 950.00 14 950.00 14 950.00	29/02/2024 29/02/2024 29/02/2024 29/02/2024	17/10/2023	No	Not submitted
14.	MN14/2022-23 (Panel)	FBL Protection Services	Security Services for Emadlangeni Local Municipality for a Period of 12 Months	8 550 971.28	712 580.94 712 580.94 756 349.02	01/12/2023 22/12/2023 01/02/2024	01/11/2023	No	Not submitted
15.	MN14/2022-23 (Panel)	Double Action Security	Security Services for Emadlangeni Local Municipality for a Period of 12 Months	4 385 916.00	317 820.00 317 820.00 434 355.00	01/12/2023 22/12/2023 01/02/2024	01/11/2023	No	Not submitted
16.	MN02/2023-24	Lemalwa Trading	The Upgrading of Ward 2 Sportsfield	7 106 846.72	202 901.40	28/02/2024	02/02/2024	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.	<p>Auditor General</p> <p>Some goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by the Regulation 19(a) of the Municipal Supply Chain Regulations (SCM regulations). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was reported in the prior year. This non-compliance was identified in the procurement processes for various electrification projects.</p> <p>Some good and services procured under contracts secured by other organs of state were not procured in accordance with SCM regulation 32, as there were no demonstrable benefits and discounts for participating in these contracts. Some goods or services procured under contracts secured by other organs of state and the provider did not consent to such procurement in writing. This non-compliance was</p>	Auditor General	<p>Management will ensure strict adherence to the SCM Policy and Regulations by ensuring that:</p> <ul style="list-style-type: none"> - For all bids above R200 000, competitive bidding is implemented. - Cost / benefit analyses will be conducted prior to the appointment of Regulations 32 contracts. - All Regulation 32 appointments will be supported by written consent obtained from the other organ of state, however management has no intention to enter into any regulation 32 contract. 	Ongoing	The municipality has not entered into any Regulation 32 contract.

	<p>identified in the procurement processes for various electrification projects.</p> <p>Some goods and services procured under the contracts secured by other organs of state were not procured in accordance with SCM regulations 32, as the prices paid were not the same as the original contract. This non-compliance was identified in the procurement process for various electrification projects.</p>				
	<p><u>INTERNAL AUDIT</u></p>		<p><u>Management responses:</u></p>		
1.	<p>Some goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by the Regulation 19(a) of the Municipal Supply Chain Regulations (SCM regulations). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was reported in the prior year. This non-compliance was identified in the procurement processes for various electrification projects.</p>	Internal Audit	<p>All procurement must go through Supply Chain Management office.</p> <p>No procurement should be authorized where procurement processes were not followed.</p> <p>Seek advice from the SCM office on the necessary steps to be followed on procurement processes.</p>	Ongoing	

2.	<p>1. Some good and services procured under contracts secured by other organs of state were not procured in accordance with SCM regulation 32, as there were no demonstrable benefits and discounts for participating in these contracts.</p> <p>2. Some goods or services procured under contracts secured by other organs of state and the provider did not consent to such procurement in writing. This non-compliance was identified in the procurement processes for various electrification projects.</p> <p>3. Some goods and services procured under the contracts secured by other organs of state were not procured in accordance with SCM regulations 32, as the prices paid were not the same as the original contract. This non-compliance was identified in the procurement process for various electrification projects.</p>	Internal Audit	<p>SCM regulation 32 should be avoided at all times because of its strict conditions.</p> <p>Proper planning must be done for all procurement and requisitions must be submitted on time to allow all necessary steps for competitive bidding processes to be followed.</p> <p>Seek advice from the SCM office on the necessary steps to be followed on procurement processes.</p>	Ongoing	
1.	<p>Risk Management</p> <p>Poor implementation of Supply Chain Management processes:</p> <ol style="list-style-type: none"> Increase in Irregular, Unauthorised, Fruitless and Wasteful expenditure. Exceeding threshold for variation orders. Compromised service delivery. 	Risk Management	<p>Action plan to improve the management of the risk:</p> <ol style="list-style-type: none"> To submit inputs for the SCM Clerks position during the review processes of the municipal organogram. To enforce the SCM policy and standard operating procedures, to review all transactions to ensure compliance. To prepare and monitor the Procurement Plan on a quarterly basis and communicate progress to User Departments, and submit to the Provincial treasury. 	<ol style="list-style-type: none"> Inputs were submitted and the SCM CLERKS There is an existing SOP which is reviewed annually. Procurement plan was consolidated and submitted to Provincial treasury. Procurements plans are monitored and submitted to PT next quarter will be sent to user departments. 	

	<p>-Delays in implementation of projects.</p> <p>-Municipal performance targets might not be achieved</p> <p>-Underspending on allocated budget and subsequent withdrawal of grant funding.</p>		<p>5. To develop a schedule plan for the for bid committee sittings.</p>	<p>5. Schedule plan is part of the Procurement plan.</p> <p>6. Contact register is in place and updated. Variations are being authorised by the accounting officer and monitored not to exceed stipulated threshold.</p>
<p>2.</p> <p>Financial Management: Unauthorised, Irregular, Fruitless and Wasteful Expenditure:</p> <ol style="list-style-type: none"> 1. Overspending on allocated budget. 2. Financial Loss. <ul style="list-style-type: none"> . Adverse Audit opinion. 3. Non Compliance with the provisions of the Municipal Finance Management Act. 	<p>Risk Management</p>	<ol style="list-style-type: none"> 1. To develop the unauthorised, irregular or fruitless and wasteful expenditure strategy and procedures. 2. Implementation of the unauthorised, irregular or fruitless and wasteful expenditure strategy and procedures. 3. Strict Budget monitoring controls <ul style="list-style-type: none"> - UIFWE will be supported by memorandum approved from the Accounting Officer 4. Strict implementation of the updated SCM policy <ul style="list-style-type: none"> - Procurement Plans - Adherence to provincial and national treasury circulars 5. MDB and MPAC to investigate and Implement consequence management which may include recovery or disciplinary action. 	<ol style="list-style-type: none"> 1. SCM unit is continuously monitoring budget for all requisitions. 2. SCM unit ensures that all processes are followed for all requisitions. 3. SCM unit ensures that SCM policy is followed and it is up to date and in line with the latest regulations and circulars. 4. Invoices are submitted on time for payments. 	

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	12/03/2024	DATE	12/03/2024	DATE	12/03/2024