



**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**

**May 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 FOR 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.	Twenty-Four (24) x 15 seater taxis to transport people from various Emadlangeni areas to the IDP/ Budget Roadshow on the 16th of	11/04/2024	Osizweni, Utrecht & Boundaries Taxi Association	R 73 600.00	Twenty-Four (24) x 15 seater taxis were requested from the taxi association to transport people to the IDP/ Budget Roadshow from the various Emadlangeni areas and return trip. This is the only recognized taxi association	

	April 2024 at Bendsdorp Sport field - Utrecht.					under Amajuba district for the requested routes. It is impractical to follow SCM processes.	
2.	Onsite meter inspection and installation, make corrections to ratify customer bulk meter billings and provide training to three (3) personnel on ZMD meter software.	17/08/2023	Landis + Gyr (Pty) Ltd.	R 55 911.84	Landis + Gyr (Pty) Ltd are established and reputable manufacturers of electricity meters, including prepayment, credit and ICGS (Industrial, Commercial, Grid and Smart) as well as revenue management software systems and test equipment. Landis + Gyr (Pty) Ltd is the sole provider that can render this service as this product is manufactured by Landis + Gyr (Pty) Ltd.		
3.	Repairs on NUT 2190 Fire Truck emergency lights and siren.	15/02/2024	Valucorp 328 t/a Motolek	R 7 992.50	It was impractical to follow SCM processes by obtaining a minimum of three quotations as per SCM policy because the fire truck's emergency lights and siren currently needs repairs and maintenance as they are not functional. The fire truck was taken to Motolek as the nearest service provider available for repairs to strip and quote and to do all the necessary repairs. The emergency lights and siren needs immediate repairs as this poses a threat when responding to emergencies.		

4.	The Upgrading of Ward 2 Sportsfield.	03/05/2024	Lemalwa Trading	R 801 044.46	<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 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.</p>	
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Purchase of groceries for the burial of four victims' families.	18/01/2024	Redbell t/a Uncle Deli Spar	R 4 342.92	On the 14th of January 2024 four victims were involved in the shooting incident in Reserve farm. Groceries were requested for the families as the Mayor and councilors will be visiting the bereaved families. This is an unforeseen matter and had to be attended urgently. It is impractical to follow SCM processes.
		<b>TOTAL</b>	<b>R 942 891.72</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
					YES	NO	
n/a	n/a	n/a	n/a	n/a			n/a

## 8. REGULATION 17(1)(c)(d) APPOINTMENT

8.1 The Municipal SCM Regulation 17(1)(c)(d); provide that a Supply Chain Management Policy must stipulate the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating:

- that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer;
- that the Accounting Officer must record the names of the potential providers and their written quotations.

8.2 In compliance with the above-mentioned prescripts, request for quotations / invitation to quote for the required goods was advertised and received as per the table below:

No.	Description	Total number of days the RFQ was advertised	Number of price quotations or offers received	Awarded service provider	Amount
1.	N/A	N/A	N/A	N/A	N/A

## 9. 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 25 281.00	Yes		S3 Annual Monthly Licence Fee - April 2024. The contract has expired and the	BTO



					expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	
2.	Irregular expenditure	South African Emergency Services Institute	R 4 360.00	Yes	Administration Fee & Certificate Fee (NFPA 1072: Hazmat Awareness & Hazmat Operations 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.	Corporate
3.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 1 956 072.69	Yes	Blue Mountain Electrification Project Phase 2. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Igoda Projects (Pty) Ltd as per SCM policy.	Infrastructure & Planning
4.	Irregular expenditure	Afrilectrical Consulting Engineers (Pty) Ltd	R 433 262.29	Yes	Emadlangeni Electrification Project Phase 2. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Afrilectrical Consulting Engineers (Pty) Ltd as per SCM policy.	Infrastructure & Planning



				15/05/2024
4.	Incuber Trading Enterprise (Pty) Ltd	R 715 797.49		10/05/2024
5.	Double Action Security and Training Academy CC Ltd	R 434 355.00		03/05/2024
				15/05/2024
6.	Afrilectrical Consulting Engineers (Pty)	R 433 262.29		24/05/2024
7.	Impumelelo Consulting Engineers	R 202 584.94		17/05/2024
8.	Goli Group (Pty) Ltd t/a Paper House	R 196 424.80		30/05/2024
9.	Indayi Communication	R 167 877.00		30/05/2024
10.	Intuthuko Newspaper	R 164 175.00		03/05/2024

**10.3 Top 10 suppliers by number of orders made**

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	Camelsa Consulting Group (Pty)Ltd	R 58 675.00	5
2.	Umhlaba Geomatics Inc	R 51 333.32	4
3.	Auditor-General SA	R 27 550.85	2
4.	Lemalwa Trading	R 1 840 322.84	2
5.	Loma Business Enterprises (Pty) Ltd	R 29 900.00	2
6.	Prosperous Positive Projects (Pty) Ltd	R 19 700.00	2
7.	Waltons Stationery	R 12 526.03	2



3.	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 12 833.33 12 833.33 12 833.33 12 833.33 12 833.33 12 833.33	09/12/2022 19/12/2022 11/01/2023 28/02/2023 24/03/2023 18/04/2023 17/10/2023 26/01/2024 26/01/2024 26/01/2024 12/03/2024 03/05/2024	08/09/2022		No	Not submitted
4.	Regulation 32	Gutakura Tradings (Pty) Ltd	Kaarpoort Electrification	2 645 188.90	1 414 041.84 421 486.47 497 878.29 131 691.39	Balance b / f 07/12/2022 05/07/2023 05/03/2024	01/07/2022		No	Not submitted
5.	MN09/2018-19 (Turnkey)	NWS consulting engineering (Pty)Ltd	Kwa Ntaba Electrification	2 866 194.41	823 211.09 144 538.48 431 241.13 361 705.55	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 3 169 436.71 433 262.29	20/07/2023 25/07/2023 28/08/2023 30/04/2024 24/05/2024	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 1 962 410.34 226 305.28 753 459.19 1 552 462.05 1 956 072.69	12/05/2023 05/07/2023 31/07/2023 31/07/2023 05/09/2023 19/12/2023 05/03/2024 05/03/2024 12/04/2024 07/05/2024	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	259 142.15 828 000.00 810 000.00 810 000.00 533 681.65 715 797.49	13/12/2023 13/12/2023 08/02/2024 26/02/2024 25/03/2024 10/05/2024	23/10/2023	No	Not submitted
11.	MN04/2023-24	Mbogz Civils (Pty) Ltd	The Upgrading of Plein Street	3 883 882.06	851 769.12 1 386 042.28 169 865.78 1 191 140.49	13/12/2023 30/01/2024 08/03/2024 12/04/2024	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 2 024 327.68	18/12/2023 05/03/2024	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	712 580.94 712 580.94 756 349.02 756 349.02 378 174.53 378 174.53 372 703.50 372 703.50	01/12/2023 22/12/2023 01/02/2024 01/03/2024 02/04/2024 05/04/2024 03/05/2024 15/05/2024	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	317 820.00 317 820.00 434 355.00 434 355.00 217 177.50 217 177.50 217 177.50 217 177.50	01/12/2023 22/12/2023 01/02/2024 01/03/2024 02/04/2024 05/04/2024 03/05/2024 15/05/2024	01/11/2023	No	Not submitted
16.	MN02/2023-24	Lemalwa Trading	The Upgrading of Ward 2 Sportsfield	7 106 846.72	202 901.40 817 143.06 1 504 806.14 801 044.46	28/02/2024 25/03/2024 19/04/2024 07/05/2024	02/02/2024	No	Not submitted

## 12. 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><b><u>Auditor General</u></b></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"> <li>- For all bids above R200 000, competitive bidding is implemented.</li> <li>- Cost / benefit analyses will be conducted prior to the appointment of Regulations 32 contracts.</li> <li>- 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.</li> </ul>	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><b><u>INTERNAL AUDIT</u></b></p>		<p><b><u>Management responses:</u></b></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	<p>Currently the municipality has not procured any goods and services of a transaction value above R200 000 without inviting competitive bids, as required by the Regulation 19(a) of the Municipal Supply Chain Regulations (SCM regulations).</p>

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	The municipality has not entered into any Regulation 32 contract.
	<p><b><u>Risk Management</u></b></p>		<p><b><u>Action plan to improve the management of the risk:</u></b></p>		
1.	<p>Poor implementation of Supply Chain Management processes:</p> <ol style="list-style-type: none"> <li>1. Increase in Irregular, Unauthorised, Fruitless and Wasteful expenditure.</li> <li>2. Exceeding threshold for variation orders.</li> <li>3. Compromised service delivery.</li> </ol>	Risk Management	<ol style="list-style-type: none"> <li>1. To submit inputs for the SCM Clerks position during the review processes of the municipal organogram.</li> <li>2. To enforce the SCM policy and standard operating procedures, to review all transactions to ensure compliance.</li> <li>3. To prepare and monitor the Procurement Plan on a quarterly basis and communicate progress to User Departments, and submit to the Provincial treasury.</li> </ol>		<ol style="list-style-type: none"> <li>1. Inputs were submitted in regards of the SCM CLERKS position.</li> <li>2. There is an existing SOP which is reviewed annually.</li> <li>3. Procurement plan was consolidated and submitted to Provincial treasury.</li> <li>4. Procurements plans are monitored and submitted to PT next quarter will be sent to user departments.</li> </ol>

<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"> <li>1. Overspending on allocated budget.</li> <li>2. Financial Loss.</li> <li>. Adverse Audit opinion.</li> <li>3. Non Compliance with the provisions of the Municipal Finance Management Act.</li> </ol>	<p>Risk Management</p>	<ol style="list-style-type: none"> <li>1. To develop the unauthorised, irregular or fruitless and wasteful expenditure strategy and procedures.</li> <li>2. Implementation of the unauthorised, irregular or fruitless and wasteful expenditure strategy and procedures.</li> <li>3. Strict Budget monitoring controls</li> <li>- UJFWE will be supported by memorandum approved from the Accounting Officer</li> <li>4. Strict implementation of the updated SCM policy</li> <li>- Procurement Plans</li> <li>- Adherence to provincial and national treasury circulars</li> <li>5. MDB and MPAC to investigate and Implement consequence management which may include recovery or disciplinary action.</li> </ol>		<ol style="list-style-type: none"> <li>1. SCM unit is continuously monitoring budget for all requisitions.</li> <li>2. SCM unit ensures that all processes are followed for all requisitions.</li> <li>3. SCM unit ensures that SCM policy is followed and it is up to date and in line with the latest regulations and circulars.</li> <li>4. Invoices are submitted on time for payments.</li> </ol>

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	07/06/2024	DATE	10/06/2024	DATE	11/06/2024