



**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

June 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	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.	The Upgrading of Ward 2 Sportsfield.	24/05/2024	Lemalwa Trading	R 1 039 278.38	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	

					<p>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>	
<p>2.</p>	<p>Calibration of Prolaser / Truvelo speed machine.</p>	<p>23/01/2024</p>	<p>Truvelo manufacturers (Pty) Ltd</p>	<p>R 6 829.61</p>	<p>Truvelo manufacturers (Pty) Ltd is the sole supplier and or manufacturers of Truvelo range products. This includes maintenance, training and installation. All municipal vehicles and machines are repaired and serviced form where they were initially bought, because the original dealers have the necessary parts and have good knowledge of their</p>	

					products. This is done to preserve the warranty & guarantee of the products. It is impractical to follow SCM processes.	
3.	Repairs on NUT4991 Colt bakkie.	20/02/2024	Utrecht Auto & General CC (UAG)	R 3 944.50	It was impractical to follow SCM processes by obtaining a minimum of three quotations as per SCM policy because the parks and gardens Colt bakkie was initially sent for repairs at UAG garage and as they were fixing it, they discovered that there were other additional problems which needed to be fixed because they will cause a problem in the future. The repairs needs to be attended as a matter of urgency because the vehicle cannot perform its daily duties.	
4.	Conduct Medium and Low Voltage fault finding and provide necessary repairs.	09/05/2024	Matsiya Construction Engineering (Pty) Ltd	R 8 901.00	On Saturday, 20 April 2024, the municipality experienced Medium Voltage on Munic 2 breaker in Utrecht Eskom substation affecting customers in parts of Benschdorp in Agri-village and Utrecht Town. The municipal artisans were not available to perform standby and overtime duties. The urgent authorization instruction from the	

					<p>Municipal Manager was sought to urgently source a service provider that will conduct:</p> <ol style="list-style-type: none"> 1. Medium and Low Voltage fault finding and switching. 2. Any necessary repairs. <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>	
5.	Annual renewal for updates and amendments of the National Road Traffic Act.	14/05/2024	LexisNexis (Pty) Ltd	R 2 437.43	LexisNexis is the sole provider that provide updates on the latest Road Traffic/Road Transport 2 Media Acts.	
6.	The Upgrading of Ward 2 Sportsfield.	11/06/2024	Lemalwa Trading	R 1 012 652.85	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	

					<p>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>	<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</p>	
7.	The Upgrading of Ward 2 Sportsfield.	25/06/2024	Lemalwa Trading	R 1 214 018.52			

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.	Supply and Delivery of Working Tools for Parks and Gardens	12 days	02	Prosperous Positive Projects (Pty) Ltd	R 29 350-00
2.	Supply and Delivery of Traffic Sirens, Traffic Lights and Magnetic Signs	09 days	02-	Shain Holdings (Pty) Ltd	R 34 740-00

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.	Unauthorized expenditure	Double Action	R 217 177.50	Yes		Security Services, Vehicle Rental, Rental for Firearms: rifle and hand guns - 01/03/2024 - 31/03/2024. Budget has	Corporate

						been exceeded / overspent on the allocated vote.	
2.	Unauthorised expenditure	FBL Trading	R 378 174.53	Yes		Security Services, Vehicle Rental, Rental for Firearms - 01/03/2024 - 31/03/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
3.	Unauthorised expenditure	FBL Trading	R 378 174.53	Yes		Security Services, Vehicle Rental, Rental for Firearms - 01/03/2024 - 31/03/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
4.	Unauthorised expenditure	Double Action	R 217 177.50	Yes		Security Services, Vehicle Rental, Rental for Firearms: rifle and hand guns - 01/03/2024 - 31/03/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
5.	Unauthorised expenditure	FBL Trading	R 372 703.50	Yes		Security Services, Vehicle Rental, Rental for Firearms - 01/04/2024 - 30/04/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
6.	Unauthorised expenditure	Double Action	R 217 177.50	Yes		Security Services, Vehicle Rental, Rental for Firearms: rifle and hand guns - 01/04/2024 - 30/04/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
7.	Unauthorised expenditure	FBL Trading	R 372 703.50	Yes		Security Services, Vehicle Rental, Rental for Firearms - 01/04/2024 - 30/04/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
8.	Unauthorised expenditure	Double Action	R 217 177.50	Yes		Security Services, Vehicle Rental, Rental for Firearms: rifle and hand guns - 01/04/2024 - 30/04/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate

9.	Unauthorised expenditure	Loma Business Enterprises (Pty) Ltd	R 1 900.00	Yes	Pound Keeper Services - April 2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
10.	Unauthorised expenditure	FBL Trading	R 378 174.51	Yes	Security Services, Vehicle Rental, Rental for Firearms - 01/05/2024 - 31/05/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
11.	Unauthorised expenditure	Double Action	R 217 177.50	Yes	Security Services, Vehicle Rental, Rental for Firearms: rifle and hand guns - 01/05/2024 - 31/05/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
12.	Unauthorised expenditure	Double Action	R 217 177.50	Yes	Security Services, Vehicle Rental, Rental for Firearms: rifle and hand guns - 01/05/2024 - 31/05/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
13.	Unauthorised expenditure	FBL Trading	R 378 174.51	Yes	Security Services, Vehicle Rental, Rental for Firearms - 01/05/2024 - 31/05/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
14.	Unauthorised expenditure	Shepstone Wylie Attorneys	R 1 250.00	Yes	Legal Opinion on the Outcome of the Forensic Investigation Report (Director Corporate Services: Mrs GNZ Maphisa). Budget has been exceeded / overspent on the allocated vote.	Corporate
15.	Irregular expenditure	CCG Systems	R 18 000.00	Yes	Virtual private server - February 2024. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	Corporate
16.	Irregular expenditure	CCG Systems	R 18 000.00	Yes	Virtual private server - March 2024. The contract has expired and the expansion	Corporate

17.	Irregular expenditure	CCG Systems	R 18 000.00	Yes	has exceeded the 15% threshold stipulated in MFMA Circular 62. Virtual private server - April 2024. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	Corporate
18.	Irregular expenditure	CCG Systems	R 3 400.00	Yes	Additional Support - Remote Assistance (Assisting with processing direct deposit) - Consultants: Mbuso Ndwane – 22 February 2024. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	BTO
19.	Irregular expenditure	Matthew Francis Inc.	R 47 328.50	Yes	Legal Fees - Emadlangeni Municipality // Ocean Dawn Trading. Ocean Dawn Trading (Interdict Against Emadlangeni Municipality). SCM processes were not followed to appoint the service provider to attend this matter by obtaining at least three quotations or following competitive bidding as per SCM regulations and SCM policy. The budget has also been exceeded / overspent on the allocated vote.	Corporate
20.	Irregular expenditure	Syntell (Pty) Ltd	R 25 281.00	Yes	S3 Annual Monthly Licence Fee - May 2024. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	BTO
21.	Irregular expenditure	Payday Software Systems	R 28 612.00	Yes	Consultation Payroll SARS Submissions. The contract has expired on 29 February 2020 and the expansion has exceeded the 15% threshold stipulated in MFMA	Corporate

									Circular 62. The contract was terminated on 30 June 2022.	
22.	Irregular expenditure	CCG Systems	R 18 000.00	Yes	Yes	Virtual private server - May 2024. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	Corporate			
23.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 638 866.24	Yes	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			
24.	Irregular expenditure	Department of Transport and Community Safety	R 49 592.70	Yes	Yes	Traffic Officer Refresher Course (Mr N.S Khoza). 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 regulations and SCM policy.	Community			
25.	Irregular expenditure	Matthew Francis Inc.	R 24 840.00	Yes	Yes	Legal Fees - Emadlangeni Municipality // Ocean Dawn Trading. Ocean Dawn Trading (Interdict Against Emadlangeni Municipality). SCM processes were not followed to appoint the service provider to attend this matter by obtaining at least three quotations or following competitive	Corporate			

						bidding as per SCM regulations and SCM policy.	
						The budget has also been exceeded / overspent on the allocated vote.	
26.	Irregular expenditure	Mdledle Incorporated	R 165 130.70	Yes		Legal Fees - Emadlangeni Municipality // Ocean Dawn Trading. Ocean Dawn Trading (Interdict Against Emadlangeni Municipality). SCM processes were not followed to appoint the service provider to attend this matter by obtaining at least three quotations or following competitive bidding as per SCM regulations and SCM policy.	
27.	Fruitless and Wasteful expenditure	Eskom	R 18.47	Yes		The budget has also been exceeded / overspent on the allocated vote.	Corporate
28.	Fruitless and Wasteful expenditure	Eskom	R 16 260.55	Yes		Interest on overdue account - April 2024. Invoice was not paid on time. The municipality could not make payment due to financial challenges.	BTO
	TOTAL		R 4 635 650.24			Interest on overdue account - May 2024. Invoice was not paid on time. The municipality could not make payment due to financial challenges.	BTO

10. 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

10.1 Bids awarded – Above R 100 000

NO.	SERVICE PROVIDER	DESCRIPTION OF GOODS/SERVICE	CONTRACT AMOUNT
1.	N/A	N/A	N/A

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

NO.	SERVICE PROVIDER	AMOUNT	DATE OF PAYMENT
1.	Lemalwa Trading	R 3 265 949.75	07/06/2024 14/06/2024 27/06/2024
2.	FBL Trading Enterprise	R 756 349.02	11/06/2024 28/06/2024
3.	Igoda Projects (Pty) Ltd	R 638 866.24	14/06/2024
4.	Double Action Security and Training Academy CC	R 434 355.00	11/06/2024 28/06/2024
5.	CQS Technology Holdings (Pty) Ltd	R 220 964.24	14/06/2024
6.	Mdledle Incorporated	R 165 130.70	28/06/2024

7.	Bay General Supplies Project & Maintenance (Pty) Ltd	R 123 314.50	03/06/2024 03/06/2024 28/06/2024
8.	SL and P Property Managers (Pty) Ltd	R 95 200.00	14/06/2024
9.	CCG Systems (Pty) Ltd	R 76 675.00	07/06/2024 07/06/2024 07/06/2024 07/06/2024 07/06/2024 14/06/2024
10.	Komani Projects (Pty) Ltd	R 75 316.50	14/06/2024

10.3 Top 10 suppliers by number of orders made

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	Burning Spear Advertising	R 19 016.58	4
2.	Igoda Projects (Pty) Ltd	R 1 374 019.36	3
3.	Auditor-General SA	R 99 854.74	2
4.	FBL	R 1 512 698.04	2
5.	Loma Business Enterprises (Pty) Ltd	R 29 900.00	2
6.	Lemalwa Trading	R 2 226 671.37	2
7.	Umhlaba Geomatics Inc	R 22 033.33	2

2.	MN04/2021-22	Lateral Unison Insurance Brokers (Pty)Ltd	Short term insurance for a period of years	3 630 951.55 (3 years)	999 958.00 1 810.00	14/07/2022 09/11/2022	31/05/2022	No	Not submitted
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 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 07/06/2024 07/06/2024 07/06/2024 07/06/2024 07/06/2024 28/06/2024	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	05/05/2023 11/05/2023 14/06/2023 30/06/2023 05/07/2023 28/08/2023 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	212 896.86 1 383 098.89 2 134 906.70 2 118 670.57 3 169 436.71 433 262.29	18/09/2023 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 1 956 072.69 638 866.24	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 14/06/2024	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 38 674.59	20/09/2023 30/11/2023 03/06/2024	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	13/12/2023 13/12/2023 08/02/2024 26/02/2024 25/03/2024	23/10/2023	No	Not submitted



11.	MN04/2023-24	Mbogz Civils (Pty) Ltd	The Upgrading of Plein Street	3 883 882.06	715 797.49 851 769.12 1 386 042.28 169 865.78 1 191 140.49	10/05/2024 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 14 950.00 14 950.00	29/02/2024 29/02/2024 29/02/2024 29/02/2024 03/06/2024 03/06/2024	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	712 580.94 712 580.94 756 349.02 756 349.02 378 174.53 378 174.53 372 703.50 372 703.50 378 174.51	01/12/2023 22/12/2023 01/02/2024 01/03/2024 02/04/2024 05/04/2024 03/05/2024 15/05/2024 11/06/2024	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	317 820.00 317 820.00 434 355.00 434 355.00 217 177.50 217 177.50 217 177.50 217 177.50 217 177.50	01/12/2023 22/12/2023 01/02/2024 01/03/2024 02/04/2024 05/04/2024 03/05/2024 15/05/2024 11/06/2024	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	28/02/2024 25/03/2024 19/04/2024	02/02/2024	No	Not submitted

	<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 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>				
	INTERNAL AUDIT		Management responses:		

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	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).
2.	<ol style="list-style-type: none"> 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. 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. 3. Some goods and services procured under the contracts secured by other organs of state were not procured in accordance 	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>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>Risk Management</u></p> <p>Poor implementation of Supply Chain Management processes:</p> <ol style="list-style-type: none"> 1. Increase in Irregular, Unauthorised, Fruitless and Wasteful expenditure. 2. Exceeding threshold for variation orders. 3. Compromised service delivery. <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>Risk Management</p>	<p><u>Action plan to improve the management of the risk:</u></p> <ol style="list-style-type: none"> 1. To submit inputs for the SCM Clerks position during the review processes of the municipal organogram. 2. To enforce the SCM policy and standard operating procedures, to review all transactions to ensure compliance. 3. To prepare and monitor the Procurement Plan on a quarterly basis and communicate progress to User Departments, and submit to the Provincial treasury. 5. To develop a schedule plan for the for bid committee sittings. 		<ol style="list-style-type: none"> 1. Inputs were submitted in regards of the SCM CLERKS position. 2. There is an existing SOP which is reviewed annually. 3. Procurement plan was consolidated and submitted to Provincial treasury. 4. Procurements plans are monitored and submitted to PT next quarter will be sent to user departments. 5. Schedule plan is part of the Procurement plan. 6. Contact register is in place and updated. Variations are being authorised by the accounting officer and monitored not to exceed stipulated threshold.
<p>2.</p>	<p>Financial Management: Unauthorised, Irregular, Fruitless and Wasteful Expenditure:</p>	<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. 		<ol style="list-style-type: none"> 1. SCM unit is continuously monitoring budget for all requisitions.

	<p>1. Overspending on allocated budget.</p> <p>2. Financial Loss.</p> <p>. Adverse Audit opinion.</p> <p>3. Non Compliance with the provisions of the Municipal Finance Management Act.</p>		<p>3. Strict Budget monitoring controls</p> <ul style="list-style-type: none"> - UIFWE will be supported by memorandum approved from the Accounting Officer <p>4. Strict implementation of the updated SCM policy</p> <ul style="list-style-type: none"> - Procurement Plans - Adherence to provincial and national treasury circulars <p>5. MDB and MPAC to investigate and Implement consequence management which may include recovery or disciplinary action.</p>		<p>2. SCM unit ensures that all processes are followed for all requisitions.</p> <p>3. SCM unit ensures that SCM policy is followed and it is up to date and in line with the latest regulations and circulars.</p> <p>4. Invoices are submitted on time for payments.</p>
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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	15/07/2024	DATE	15/07/2024	DATE	15/07/2024