



**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**

**January 2025**

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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.	Advertising MPRA Section 14(1) and (2) on the Government Gazette.	20/06/2024	Government Printing Works	R 2 017.56	Government Printing Works is sole provider for publishing the requested publication in government gazette. Therefore, it was impractical to follow	

						SCM processes by obtaining a minimum of three quotations as per SCM policy.
					<b>R 2 017.56</b>	
				<b>TOTAL</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	CCG Systems	R 18 000.00	Yes			Virtual private server - November 2024. The contract has expired, and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	Corporate
2.	Irregular expenditure	CCG Systems	R 18 000.00	Yes			Virtual private server - October 2024. The contract has expired, and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	Corporate
3.	Irregular expenditure	CCG Systems	R 18 000.00	Yes			Virtual private server - August 2024. The contract has expired, and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	Corporate
4.	Irregular expenditure	CCG Systems	R 18 000.00	Yes			Virtual private server - July 2024. The contract has expired, and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	Corporate

5.	Irregular expenditure	CCG Systems	R 18 000.00	Yes	Virtual private server - June 2024. The contract has expired, and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	Corporate
6.	Irregular expenditure	Redbell Trading (Pty) Ltd t/a Uncle Deli Spar	R 500.00	Yes	Grocery Voucher for Indigent Burial. Assistance of groceries for indigent burial was requested by the Office of the Mayor. 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.	MM
7.	Irregular expenditure		R 905.00	Yes	Tyre repairs for Grader NUT 3952. Tyre repairs for Grader NUT 3952 was done by Technical Services Unit. 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.	Infrastructure & Planning
8.	Irregular expenditure	Utrecht Auto & General CC (UAG) Utrecht Auto & General CC (UAG)	R 1 705.00	Yes	Purchase of Battery for Refuse Truck NUT 3585. A battery was purchased for the Refuse Truck NUT 3585. The SCM processes	Community





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

NO.	SERVICE PROVIDER	AMOUNT	DATE OF PAYMENT
1.	Toyota South Africa	R 570 929.51	29/01/2025
2.	Camelsa Consulting Group (Pty) Ltd	R 90 000.00	28/01/2025 28/01/2025 28/01/2025 28/01/2025 28/01/2025
3.	Contour Technology (Pty) Ltd	R 16 317.11	21/01/2025
4.	Simuhle Business Concept (Pty) Ltd	R 4 519.50	21/01/2025
5.	Supa Quick Newcastle	R 2 943.07	21/01/2025 21/01/2025
6.	Tswelopele Bomfusi Trading (Pty) Ltd	R 2 650.00	28/01/2025
7.	Government Printing Works	R 2 017.56	21/01/2025
8.	Redbell Tarding (Pty) Ltd t/a Uncle Deli Spar	R 1 954.10	21/01/2025 21/01/2025

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

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	Camelsa Consulting Group (Pty) Ltd	R 52 907.50	5
2.	Ayanda Mbanga Communications (Pty) Ltd	R 15 071.93	4
3.	Auditor- General	R 1 827 888.51	3
4.	BI Infrastructure Consultants	R 98 272.02	2

### 11. 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
1.	MN03/2021-22	Konica Minolta South Africa	Leasing of printers for a period of 3 years.	575 692.92 (fixed amount) for 3 years	31 983.02 15 991.51 15 991.51 15 991.51 15 991.51 15 991.51 15 991.51 15 991.51 15 991.51 15 991.51	31/10/2022 30/11/2022 30/12/2022 31/01/2023 28/02/2023 31/03/2023 28/04/2023 31/05/2023 30/06/2023 31/07/2023 31/08/2023 29/09/2023	31/05/2022		No	Not submitted		









14.	MN09/2018-19 (Turnkey)	Igoda Projects (Pty) Ltd	Blue Mountain Phase 3 Electrification	8 025 000.00	276 745.97 480 898.13 2 649 426.81 119 371.87 3 380 379.99	19/12/2024 16/08/2024 22/08/2024 29/11/2024 29/11/2024	15/04/2024	Yes		Fair
15.	MN08/2023-24	Contour Technology (Pty) Ltd	Supply, Deliver & Installation of Multi-Utility Pre- paid Electricity Vending System for a period of 36 months	2.07% (VAT Inclusive) of Sales / Payments	16 228.58 15 338.94 15 689.58 15 248.46 15 307.52 16 317.11	06/09/2024 04/10/2024 04/10/2024 15/11/2024 14/12/2024 21/01/2025	19/04/2024	Yes		Good
16.	MN19/2023-24	Iskhonyane Civils (Pty) Ltd	Construction of Barou Access Road in Ward 5	4 227 117.68	208 329.98 645 855.53 2 080 132.65 286 599.26	27/09/2024 30/10/2024 29/11/2024 19/12/2024	29/08/2024	Yes		Fair
17.	MN13/2023-24	Amahlungu Civils (Pty) Ltd	Rehabilitation of Keerom Street in Ward 2	2 946 406.71	316 076.65 1 563 023.81	27/09/2024 05/11/2024	23/07/2024	No		Not submitted
18.	MN20/2023-24	Sipho Glad Construction and General Trading CC	Rehabilitation of Naude Street in Ward 2	5 172 103.31	418 773.11 423 305.17 454 950.60 380 316.40 1 500 000.00 608 646.38	27/09/2024 30/10/2024 29/11/2024 19/12/2024 20/12/2024 28/12/2024	29/08/2024	Yes		Fair
19.	MN17/2023-24	PK Financial Consultant CC	Regraveling of Mlwane Access Road in Ward 6	2 204 672.36	838 701.90	27/09/2024	23/07/2024	No		Not submitted
20.	MN16/2023-24	Jambo Holdings (Pty) Ltd	Regraveling of Lenz Access Road in Ward 5	2 064 848.91	856 520.98 311 605.13 324 702.20	27/09/2024 01/11/2024 19/12/2024	16/08/2024	Yes		Fair
21.	MN18/2023-24	Mbogz Civils (Pty) Ltd	Construction of Emathangeni	3 994 506.19	904 387.70 1 408 875.48 853 782.46	27/09/2024 30/10/2024 29/11/2024	16/08/2024	Yes		Fair








<p>1.</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.</p> <p>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</p>	<p>Auditor General</p>	<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>	<p>Ongoing</p>	<p>The municipality has not entered into any Regulation 32 contract.</p>
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	identified in the procurement process for various electrification projects.				
	<b>INTERNAL AUDIT</b>		<b>Management responses:</b>		
1.	Some goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by 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.	Internal Audit	All procurement must go through the Supply Chain Management office. No procurement should be authorized where procurement processes were not followed. Seek advice from the SCM office on the necessary steps to be followed on procurement processes.	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 Regulation 19(a) of the Municipal Supply Chain Regulations (SCM regulations).
2.	1. Some goods 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.	Internal Audit	SCM regulation 32 should be avoided at all times because of its strict conditions. 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. Seek advice from the SCM office on the necessary steps to be followed on procurement processes.	Ongoing	The municipality has not entered into any Regulation 32 contract.

	<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>			
	<p><b><u>Risk Management</u></b></p>	<p><b><u>Action plan to improve the management of the risk:</u></b></p>	<p>Risk Management</p>	
<p>1.</p>	<p>Poor implementation of Supply Chain Management processes:</p> <ul 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> </ul> <p>-Delays in implementation of projects. -Municipal performance targets might not be achieved</p>	<ul 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> <li>5. To develop a schedule plan for the for bid committee sittings.</li> </ul>	<p>Risk Management</p>	<ul style="list-style-type: none"> <li>1. Inputs were submitted in regards of the SCM CLERKS position. SCM clerk position has been filled.</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> <li>5. Schedule plan is part of the Procurement plan.</li> <li>6. Contact register is in place and updated. Variations are being authorised by the accounting officer and monitored not to exceed stipulated threshold.</li> </ul>

	<p>-Underspending on allocated budget and subsequent withdrawal of grant funding.</p>	<p>Risk Management</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. <ul style="list-style-type: none"> <li>· Adverse Audit opinion.</li> </ul> </li> <li>3. Non-Compliance with the provisions of the Municipal Finance Management Act.</li> </ol>	<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 <ul style="list-style-type: none"> <li>- UJFWE will be supported by memorandum approved from the Accounting Officer</li> </ul> </li> <li>4. Strict implementation of the updated SCM policy <ul style="list-style-type: none"> <li>- Procurement Plans</li> <li>- Adherence to provincial and national treasury circulars</li> </ul> </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>

<p>PREPARED BY SCM Practitioner</p>	<p>S.I Mpanza</p>	<p>REVIEWED BY SCM Manager</p>	<p>T.N.S Madondo</p>	<p>APPROVED BY CFO</p>	<p>P.P Sithole</p>
<p>SIGNATURE</p>		<p>SIGNATURE</p>		<p>SIGNATURE</p>	
<p>DATE</p>	<p>10/02/2025</p>	<p>DATE</p>	<p>10/02/2025</p>	<p>DATE</p>	<p>12/02/2025</p>