



**Implementation of the supply chain management policy of the
Emadlangeni Local Municipality**

(As per Section 6(1) (3) of the Municipal SCM Regulations)

SCM QUARTER 1 REPORT

July 2024 – September 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.	Repairs on cherri picker truck – NUT 3119.	24/06/2024	Utrecht Auto & General CC (UAG)	R 20 610.00	The cherri-picker truck went for road worthy test and failed because of few parts identified to be needing repairs and adjustments. It is impractical to follow SCM processes, because repairs need to be done urgently to avoid any	

					possible damages that can cause failure on the next road worthy test. It is recommendable to use the local service provider to strip and quote and to render all the necessary repairs.	
2.	Repairs to John Deere Ride on Mower for Caravan Park.	03/05/2024	Construction & Cutting Machines	R 18 632.00	The Game Park has a ride on mower that is used for grass cutting purposes. It is important that the game park maintain its ability to conduct its own grass cutting because the grass cutting team plans sometimes may not align with the need for grass cutting at the game park.	
3.	Refuse truck repairs – NUT 3585.	26/08/2024	Utrecht Auto & General CC (UAG)	R 8 461.00	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. The refuse truck experienced gear failure on the 30th of May 2024 when it was doing its daily waste collections. The repairs needed to be done urgently to avoid any further possible damages that can cause gearbox damages. In order for essential work to continue, it was recommended that the truck be taken to the nearest local service provider Utrecht Auto &	

					General CC to render the necessary repairs.	
4.	Refuse truck repairs – NUT 3585.	26/08/2024	Utrecht Auto & General CC (UAG)	R 8 461.00	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. The refuse truck experienced gear failure on the 30th of May 2024 when it was doing its daily waste collections. The repairs needed to be done urgently to avoid any further possible damages that can cause gearbox damages. In order for essential work to continue, it was recommended that the truck be taken to the nearest local service provider Utrecht Auto & General CC to render the necessary repairs.	
5.	Servicing Fire Truck NUT 2190.	18/09/2024	Stucky Motors Newcastle	R 26 873,40	The Fire Truck is repaired and serviced from where it was initially bought, because the original dealer has the necessary parts and have good knowledge of their truck. It is impractical to follow SCM processes by obtaining a minimum of three quotations as per SCM policy because	

					<p>this is done to preserve the warranty & guarantee on the fire truck.</p>	
<p>6.</p>	<p>NCR Radio slot for Gender Event.</p>	<p>27/08/2024</p>	<p>Newcastle Community Radio 103.7FM</p>	<p>R 45 000.00</p>	<p>Hiring NCR to assist with Promotion & Coverage of gender event taking place on the 30th of August 2024. This event will focus on gender development initiatives in the Emadlangeni Municipal area. Newcastle Community Radio is the only local radio station serving the Amajuba Park Region, and they have the required reach and audience to effectively promote and cover this important community event.</p> <p>The key benefits of partnering with Newcastle Community Radio for this event include:</p> <ul style="list-style-type: none"> • Extensive coverage and promotion of the event across their radio programming and digital platforms, reaching the target audience in Amajuba District. • Live broadcasts and interviews from the event itself to provide real-time updates and insights 	

						<ul style="list-style-type: none"> • Collaborative marketing and awareness-raising efforts to drive attendance and participation. <p>It is therefore impractical to follow SCM processes as Newcastle Community Radio is the only local radio station serving the Amajuba Park region.</p>	
				TOTAL	R 129 397.40		

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
1.	Unauthorised expenditure	Double Action	R 217 177.50	Yes	Security Services, Vehicle Rental, Rental for Firearms: rifle and hand guns - 01/06/2024 - 30/06/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
2.	Unauthorised expenditure	FBL Trading	R 378 174.51	Yes	Security Services, Vehicle Rental, Rental for Firearms - 01/06/2024 – 30/06/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
3.	Unauthorised expenditure	Double Action	R 217 177.50	Yes	Security Services, Vehicle Rental, Rental for Firearms: rifle and hand guns -	Corporate

						01/06/2024 - 30/06/2024. Budget has been exceeded / overspent on the allocated vote.	
4.	Unauthorised expenditure	FBL Trading	R 378174.51	Yes	Yes	Security Services, Vehicle Rental, Rental for Firearms - 01/06/2024 – 30/06/2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
5.	Unauthorised expenditure	iFix Business Solutions (Pty) Ltd	R 196 075.00	Yes	Yes	MuniBI Analytic Base; Generating A1 Schedules and Review to funding plan; Data String Review & Running Generation and Review. Budget has been exceeded / overspent on the allocated vote.	BTO
6.	Unauthorised expenditure	iFix Business Solutions (Pty) Ltd	R 25 875.00	Yes	Yes	MuniBI Licenses Fees (2 users Monthly Fee from April 2024); C Schedule Template 6.7 (Monthly Fee from April 2024) & Monthly C Schedule Setup, Review and Analysis with Data strings errors handling Monthly Data Strings. Budget has been exceeded / overspent on the allocated vote.	BTO
7.	Irregular expenditure	Redbell Trading t/a Uncle Deli Spar	R 5000.00	Yes	Yes	Assistance with groceries 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

8.	Irregular expenditure	Afrilectrical Consulting Engineers (Pty) Ltd	R 866 946.00	Yes	Emadlangeni Electrification Project Phase 2 (Retention). 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
9.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 591 980.40	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
10.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 143 172.72	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
11.	Irregular expenditure	Syntell (Pty) Ltd	R 25 281.00	Yes	S3 Annual Monthly Licence Fee - June 2024. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.	BTO
12.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 1 100 429.00	Yes	Blue Mountain Electrification Project Phase 2 (Retention). 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	Infrastructure & Planning

						appoint Igoda Projects (Pty) Ltd as per SCM policy.	
13.	Unauthorised expenditure	Loma Business Enterprise (Pty) Ltd	R 14 950.00	Yes		Pound Keeper Services - May 2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
14.	Unauthorised expenditure	Loma Business Enterprise (Pty) Ltd	R 14 950.00	Yes		Pound Keeper Services - June 2024. Budget has been exceeded / overspent on the allocated vote.	Corporate
15.	Unauthorised expenditure	iFix Business Solutions (Pty) Ltd	R 197 600.00	Yes		Running A1 Schedule Report; DGS-FY2022 Opening balances alignment & audited Yrs Alignment to mSCOA 6.8 & AFS; DGS - ORGB, IBY1, IBY2 Rolling over Opening balances Alignment & Audited Yrs; MUNBI002- MunBI Templates; EHS- Data String Review; DSR- Running Generation & Review; DSG-FY2021 Opening Balances Alignment & Audited Ys Alignment to mSCOA 6.8 & AFS and DGS-FY2022 Opening balances alignment & audited Yrs Alignment to mSCOA 6.8 & AFS). Budget has been exceeded / overspent on the allocated vote.	Corporate
16.	Irregular expenditure	Matthew Francis Inc.	R 8 625.00	Yes		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.	Corporate
17.	Irregular expenditure	Matthew Francis Inc.	R 6 900.00	Yes		Ocean Dawn Trading (Interdict Against Emadlangeni Municipality). SCM processes were not followed to appoint the service	Corporate

						provider to attend this matter by obtaining at least three quotations or following competitive bidding as per SCM regulations and SCM policy.	
18.	Irregular expenditure	Afrilectrical Consulting Engineers (Pty) Ltd	R 2 084 986.26	Yes	Dorothea Electrification Project. 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	
19.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 480 898.13	Yes	Blue Mountain Phase 3 Electrification Project. 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	
20.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 2 649 426.81	Yes	Blue Mountain Phase 3 Electrification Project. 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	
21.	Irregular expenditure	CCG Systems	R 5 692.50	Yes	SMSES Bundles. 15000 SMS's Bundles. Invoice Date 06/02/2024. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MIFMA Circular 62.	BTO	
22.	Irregular expenditure	Igoda Projects (Pty) Ltd	R 230 000.00	Yes	Blue Mountain Phase 2 Electrification Project. Service provider was appointed as a turnkey project. The requirement for a	Infrastructure & Planning	

23.	Irregular expenditure	CCG Systems	R 12 325.00	Yes	<p>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.</p> <p>Additional Support - Remote Assistance (Assist with ERF Numbers that were not billing and incorrectly linked; Analysis of grants the way its being recorded on the systems; Extracting trail balance and datastring to do the comparison; Copy budget ran scripts; Extract budget template; Grant transaction process; Creating accounts for projects & Bank reconciliation January 2023 & December 2023) - Consultants: Mbuso Ndwane & Natasha Ramlal. Date: 02 - 09 February 2024. The contract has expired and the expansion has exceeded the 15% threshold stipulated in MFMA Circular 62.</p>	BTO
24.	Irregular expenditure	Gutakura Tradings (Pty) Ltd	R 45 674.90	Yes	<p>Kaarpoort Electrification Project. The contractor was appointed by way of section 32 when the underlying contract between the supplier and the contracting municipality had already expired. The municipality extended the contract with the contractor when the original contracting municipality had not done so.</p>	Infrastructure & Planning
25.	Irregular expenditure	Afrilectrical Consulting Engineers (Pty) Ltd	R 2 482 274.08	Yes	<p>Dorothea Electrification Project. 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</p>	Infrastructure & Planning

26.	Irregular expenditure	Payday Software Systems	R 48 300.00	Yes	<p>followed to appoint Afrilectrical Consulting Engineers (Pty) Ltd as per SCM policy.</p> <p>HR Consultation; S&T; Accommodation & Miscellaneous - Consultant: Gloria Masango - July 2024. 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.</p>	Corporate
27.	Irregular expenditure	Ayamukelwe Trading	R 5 000.00	Yes	<p>Hiring of Gas Heaters for Gender Programme. 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.</p>	Community
28.	Irregular expenditure	TS Media Infinite Creativity (Pty) Ltd	R 5 500.00	Yes	<p>Décor for Gender Programme. 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.</p>	Community

TOTAL		R 12 438 565.82	

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.	Jabelu Plant and Logistics	Regravelling of Vaalbank Access Road In Ward 03	R 2 289 194.60
2.	PK Financial Consultants CC	Regravelling of Mlwane Access Road In Ward 06	R 2 204 672.36
3.	Amahlungu Civils (Pty) Ltd	Rehabilitation of Keerom Street In Ward 02	R 2 946 406.71
4.	Konke Kuzokhanya Holdings Enterprises (Pty) Ltd	Sourcing Equipment, Supplies, Vouchers and Products for the Implementation of the Employment Initiative (MEI) Projects	R 345 437.28
5.	Urban and Rural Construction (Pty) Ltd	Regravelling of Dorothea Access Road In Ward 01	R 3 092 615.08
6.	Mlandomude (Pty) Ltd	Regravelling of Reserve Access Road In Ward 04	R 3 458 262.62
7.	Jumbo Holdings (Pty) Ltd	Regravelling of Lenz Access Road In Ward 05	R 2 064 848.91
8.	Mbogz Civils (Pty) Ltd	Construction of Emathangeni Access Road In Ward 03	R 3 994 506.19

9.	Sipho Glad Construction and General Trading CC	Rehabilitation of Naude Street In Ward 02	R 5 172 103.31
10.	Iskhonyane Civils (Pty) Ltd	Construction of Barouw Access Road In Ward 05	R 4 227 117.68
11.	Siyaroro Trading CC	Balele Game Park Refurbishment Project – Phase 2	R 2 894 787.60
12.	Sibangwane Trading and Projects	Service Provider To Provide The Services Of Printing Newsletter: Design, Layout, Editing, Proof-Reading, Translation, Printing, Delivery And Distribution Of The Emdlalangi Municipality Newsletter	R 165 500.00

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

NO.	SERVICE PROVIDER	AMOUNT	DATE OF PAYMENT
1.	Afrilectrical Consulting Engineers (Pty) Ltd	R 5 434 206.34	09/07/2024 22/08/2024 05/09/2024
2.	Igoda Projects (Pty) Ltd	R 5 195 907.06	10/07/2024 19/07/2024 26/07/2024 16/08/2024 27/08/2024 29/08/2024
3.	FBL Trading Enterprise	R 2 111 895.42	12/07/2024 16/07/2024 02/08/2024 04/09/2024
4.	Jabelu Plant and Logistics (Pty) Ltd	R 1 453 227.23	29/08/2024 27/09/2024
5.	Double Action Security and Training Academy CC	R 1 303 065.00	12/07/2024 16/07/2024

			02/08/2024
			04/09/2024
6.	CCG Systems (Pty) Ltd	R 1 210 000.50	22/07/2024
			15/08/2024
			15/08/2024
			15/08/2024
			15/08/2024
			15/08/2024
			12/09/2024
			12/09/2024
			30/09/2024
			30/09/2024
			30/09/2024
			30/09/2024
			30/09/2024
			30/09/2024
			30/09/2024
7.	Mbogz Civils (Pty) Ltd	R 904 387.70	27/09/2024
8.	Jambo Holdings (Pty) Ltd	R 856 520.98	27/09/2024
9.	PK Financial Consultants CC	R 838 701.90	27/09/2024
10.	SDM Assets Management & Consulting	R 640 272.75	24/07/2024
			26/09/2024

10.3 Top 10 suppliers by number of orders made

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	Tunimart Travel Agency	R 91 377.78	11
2.	Waltons Stationery	R 103 898.34	5
3.	Nompumelelo, Hadebe Inc.	R 479 540.50	5
4.	Redbell (Pty) Ltd t/a Uncle Deli Spar	R 9 693.28	5
5.	Auditor- General	R 919 044.84	4
6.	Burning Spear Advertising	R 17 488.05	3
7.	Intwenhle Media Service	R 31 118.00	3
8.	SALGA	R 602 262.20	3
9.	Utrecht Auto & General CC (UAG)	R 36 256.62	3
10.	Afrilectrical Consulting Engineers (Pty) Ltd	R 4 567 260.34	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 / PERFORMANCE RATING		
								SUPPLIER PERFORMANCE ASSESSMENT REPORT COMPILED	Good	Fair
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 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 15 991.51 15 991.54 15 991.54 15 991.54 15 991.54 15 991.54 15 991.54 15 991.54 15 991.54 15 991.54 15 991.54 15 991.54 15 991.54 15 991.54 15 991.54 15 991.54	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 31/10/2023 30/11/2023 29/12/2023 31/01/2024 29/02/2024 28/03/2024 30/04/2024 31/05/2024 28/06/2024 31/07/2024 30/08/2024 30/09/2024	31/05/2022	Yes No No	Good Fair Poor	Not submitted

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	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 28/06/2024 30/09/2024	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 45 674.90	Balance b / f 07/12/2022 05/07/2023 05/03/2024 05/09/2024	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.	MN09/2018-19 (Turnkey)	Africtical Consulting Engineers (Pty) Ltd	Emadlangeni Phase 2 Electrification	10 057 000.00	1 383 098.89 2 134 906.70 2 118 670.57 3 169 436.71 433 262.29 866 946.00	20/07/2023 25/07/2023 28/08/2023 30/04/2024 24/05/2024 09/07/2024	17/04/2023		No	Not submitted

7.	MN09/2018-19 (Turnkey)	Igoda Projects (Pty) Ltd	Blue Mountain Phase 2 Electrification	13 925 000.00	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 1 956 072.69 638 866.24 591 980.40 143 172.72 1 100 429.00 230 000.00	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 10/07/2024 19/07/2024 26/07/2024 16/08/2024	17/04/2023	No	Not submitted
8.	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 38 674.59 261 498.19 378 774.56	20/09/2023 30/11/2023 03/06/2024 24/07/2024 26/09/2024	10/08/2023	No	Not submitted
9.	MN09/2018-19 (Turnkey)	Afrilectrical Consulting Engineers (Pty) Ltd	Dorothea Electrification Project	17 093 682.84	3 975 275.68 2 024 327.68 2 084 986.26 2 482 274.08	18/12/2023 05/03/2024 15/08/2024 05/09/2024	17/04/2023	No	Not submitted
10.	MN11/2022-23	Loma Business Enterprises (Pty) Ltd	Appointment of Service Provider to Provide Pound Keeper Services	538 200.00	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	17/10/2023	No	Not submitted

11.	MN14/2022-23 (Panel)	FBL Protection Services	for a Period of 36 Months	8 550 971.28	14 950.00 14 950.00 14 950.00 712 580.94 712 580.94 756 349.02 756 349.02 378 174.53 378 174.53 372 703.50 372 703.50 378 174.51 378 174.51 378 174.51 378 174.51 665 677.50 689 868.90	03/06/2024 08/08/2024 08/08/2024 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 28/06/2024 12/07/2024 16/07/2024 02/08/2024 04/09/2024	01/11/2023	No	Not submitted
12.	MN14/2022-23 (Panel)	Double Action Security	Security Services for Emadlangeni Local Municipality for a Period of 12 Months	4 385 916.00	317 820.00 317 820.00 434 355.00 434 355.00 217 177.50 217 177.50 217 177.50 217 177.50 217 177.50 217 177.50 217 177.50 217 177.50 434 355.00 434 335.00	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 28/06/2024 12/07/2024 16/07/2024 02/08/2024 04/09/2024	01/11/2023	No	Not submitted
13.	MN14/2023-24	Jabelu Plant and Logistics (Pty) Ltd	Regravelling of Vaalbank Access Road in Ward 3	2 289 194.60	603 415.72 849 811.51	29/08/2024 27/09/2024	23/07/2024	No	Not submitted

14.	MN09/2018-19 (Turnkey)	Igoda Projects (Pty) Ltd	Blue Mountain Phase 3 Electrification	8 025 000.00	480 898.13 2 649 426.81	16/08/2024 22/08/2024	15/04/2024	No	Not submitted
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	06/09/2024	19/04/2024	No	Not submitted
16.	MN19/2023-24	Iskhonyane Civils (Pty) Ltd	Construction of Barouw Access Road in Ward 5	4 227 117.68	208 329.98	27/09/2024	29/08/2024	No	Not submitted
17.	MN13/2023-24	Amahlungu Civils (Pty) Ltd	Rehabilitation of Keerom Street in Ward 2	2 946 406.71	316 076.65	27/09/2024	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	27/09/2024	29/08/2024	No	Not submitted
19.	MN17/2023-24	PK Financial Consultant CC	Regravelling of Milwane 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	Regravelling of Lenz Access Road in Ward 5	2 064 848.91	856 520.98	27/09/2024	16/08/2024	No	Not submitted
21.	MN18/2023-24	Mbogz Civils (Pty) Ltd	Construction of Emathangeni Access Road in Ward 3	3 994 506.19	904 387.70	27/09/2024	16/08/2024	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>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	<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.
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 in regards of the SCM CLERKS position. 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. . 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 - UJFWE will be supported by memorandum approved from the Accounting Officer 4. Strict implementation of the updated SCM policy - 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	14/10/2024	DATE	14/10/2024	DATE	14/10/2024

