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

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

SCM MONTHLY REPORT

February 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.	Colt bakkie repairs – NUT 4991.	05/12/2024	Utrecht Auto & General CC (UAG)	R 9 365.00	The Colt bakkie requires immediate repairs as the gear box is damaged. The bakkie is used used for the following: Transporting employees to their work sites and Transporting equipment such as lawnmowers to the working sites. The	

					repairs needed to be done urgently to avoid any further possible damage in order for essential work to continue. It was recommended that the bakkie be taken to the nearest local service provider Utrecht Auto & General CC to render the necessary repairs. It is 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.	
2.	Repairs on Husqvarna Lawnmowers.	13/01/2025	Construction & Cutting Machines (Pty) Ltd	R 25 904.00	The Municipality has Husqvarna lawnmowers that is used for grass cutting purposes. It is important that the repairs be done urgently because it is essential as it is grass cutting season. It was impractical to follow SCM processes because the lawnmowers were sent for assessment and the service provider had to strip and quote.	
3.	Procuring electrical consumables for medium and low voltage electrical cable joints.	20/02/2025	Voltex Newcastle	R 4 493.40	The proposed request aims to complete the temporary cable joint that have been initiated to repair the electrical outage on MUNIC 1 breaker, which occurred on the 19 February 2025. The joints that need to be topped up with resin are as follows:	

					• Caltex two temporally joints • Van Rooyen Street two temporally joints • Corner of Keerom and Voor Street need a complete MT5 joint kit The joints kits can only be urgently provided by Voltex in Newcastle. Therefore, 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.	
			TOTAL	**R 39 762.40**		

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 DISCRIPTION	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	FBL Trading Enterprise (Pty) Ltd	R 355 876.47	Yes	Security Services - (01/12/2024 - 31/12/2024). During the audit of supply chain management, it was noted that the preference points system was not used. As a result, it could not confirm whether the tenderer scoring the highest points was awarded. By not performing the point system, management could not assess if the other bidders would have quoted at cheaper or reasonable prices. In addition, the bid documents and advert stated that the tender will also be evaluated on the 80/20 point system and management did not do it when awarding the tender. The variation order has exceeded the 15% threshold stipulated in MFMA Circular 62. The initial contract amount was R 8 550 971-28 and the variation order needs to amount to R 1 282 645-69 which will than add up to a new total contract value of R 9 833 616-97. According to MFMA circular No.62 "Contracts may be expanded or varied only by the Accounting Officer by not more than 20% for construction related goods, services and / or infrastructure projects and 15% for all other goods and/ or services of the original value of the contract. Therefore, the 15% threshold has been exceeded.	Corporate
2.	Irregular expenditure	Double Action Security and Training Academy	R 217 177.50	Yes	Security Services - (01/12/2024 - 31/12/2024). During the audit of supply chain management, it was noted that the	Corporate

					preference points system was not used. As a result, it could not confirm whether the tenderer scoring the highest points was awarded. By not performing the point system, management could not assess if the other bidders would have quoted at cheaper or reasonable prices. In addition, the bid documents and advert stated that the tender will also be evaluated on the 80/20 point system and management did not do it when awarding the tender. The variation order has exceeded the 15% threshold stipulated in MFMA Circular 62. The initial contract amount was R 4 385 916-00 and the variation order needs to amount to R 657 887-40 which will than add up to a new total contract value of R 5 043 803-40. According to MFMA circular No.62 "Contracts may be expanded or varied only by the Accounting Officer by not more than 20% for construction related goods, services and / or infrastructure projects and 15% for all other goods and/ or services of the original value of the contract. Therefore, the 15% threshold has been exceeded.	
3.	Irregular expenditure	CCG Systems	R 35 997.00	Yes	E-Billing Training Session. (Delagates: Ntobeko Nene; Noluthando Xaba & Ncamisile Khoza). Date: 12 -13 February 2025. The preference points system was not used for the awarded bidders in the panel for the financial system.	BTO

4.	Irregular expenditure	Payday Software Systems	R 28 612.00	Yes	Payroll Consultation; IRP5 Bi-Annual Submission; Accommodation; S&T; Miscellaneous - Consultant: Mxolisi Sibiya. 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.	BTO
5.	Irregular expenditure	Payday Software Systems	R 161 184.00	Yes	Payday Annual License Fees - March 2025 - February 2026. 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.	Corporate
6.	Irregular expenditure	Goli Group (Pty) Ltd	R 500.00	Yes	25 x White Branded Caps. 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	CCG Systems	R 7 700.00	Yes	Additional Support - Remote Assistance (Training Snethemba on Receipting via Cashbook. Adding Mapping, configuring mappings and splitting transactions; Assisting with RFQ; Assisting with PO03196; Investigating June variance & Investigating the variance in Age analysis from SAGE intelligence and the one from SAGE report	BTO

					variance from June 2023 to June 2024) - Consultants: Mbuso Ndwalane, Phindile Mzelemu & Simammisa Mdletshe. Date: 23 - 24 July 2024. The preference points system was not used for the awarded bidders in the panel for the financial system.	
8.	Irregular expenditure	CCG Systems	R 9 750.00	Yes	Additional Support - Remote Assistance (Attending to the VAT AG meeting and preparing July - Sept 2024 VAT correcting journals; Working with Technicla support on a Period Closure Journal, creating the missing accounts and posting the Journal.) - Consultants: Bonisiwe Thomas & Samukelo Mahlaba. The preference points system was not used for the awarded bidders in the panel for the financial system.	BTO
9.	Irregular expenditure	CCG Systems	R 11 782.50	Yes	Accommodation; Mileage & Toll Fees - Consultants: Natasha Ramlal. Date: 01 - 05 July 2024. The preference points system was not used for the awarded bidders in the panel for the financial system.	BTO
10.	Irregular expenditure	CCG Systems	R 12 100.00	Yes	Additional Support - Remote Assistance (Assisting Ntobeko with comparing customer balances between raw file and system balance; Assisting on checking the Grants set up and the Period Closure Journal comparing against TB June 2024) - Consultants: Mbuso Ndwalane & Samukelo Mahlaba. Date: 15, 17 - 18 October 2024. The preference points system was not used for the awarded bidders in the panel for the financial system.	BTO

11.	Irregular expenditure	CCG Systems	R 11 575.00	Yes	Additional Support - Remote Assistance (Assisting Noluthando with Interest extraction for Reconciliation purposes; Assisting with SMSes; Assisting with Billing vs GL extraction for Rates; VAT session; Discussion of the transactions that did not take VAT into consideration; Comparing the Period closure Journal with Cschedule, Pre audited TB and the Data strings M04; Assisting with VAT query) - Consultants: Mbuso Ndwalane, Phindile Mzelemu, Samukelo Mahlaba & Simamisa Mdletshe. Date: 21 -24 October 2024. The preference points system was not used for the awarded bidders in the panel for the financial system.	BTO
12.	Fruitless & Wasteful expenditure	Eskom	R 812.43	Yes	Interest on overdue account - January 2025. Invoice was not paid on time. The municipality could not make payment due to financial challenges.	BTO
	TOTAL		**R 853 066.90**			

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.	Toyota South Africa	R 400 042.46	06/02/2025
2.	Siyaroro Trading CC	R 387 306.20	07/02/2025
3.	FBL Trading Enterprise	R 355 876.47	07/02/2025
4.	Abazingeli Civils (Pty) Ltd	R 318 895.95	07/02/2025 12/02/2025
5.	Sipho Glad Plant Hire and Construction CC	R 227 775.68	21/02/2025
6.	Double Action Security and Training Academy CC	R 217 177.50	07/02/2025
7.	PK Financial Consultants CC	R 203 502.01	07/02/2025
8.	Payday Software Systems	R 189 796.00	10/02/2025 12/02/2025
9.	Jumbo Holdings (Pty) Ltd	R 177 599.86	04/02/2025
10.	Tunimart Travel Agency	R 149 819.39	12/02/2025 12/02/2025 18/02/2025

10.3 Top 10 suppliers by number of orders made

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	Camelsa Consulting Group (Pty) Ltd	R 97 992.00	6

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	PAYMENTS 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 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 31/10/2023 30/11/2023 29/12/2023 31/01/2024	31/05/2022		No	Not submitted		

					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	29/02/2024 28/03/2024 30/04/2024 31/05/2024 28/06/2024 31/07/2024 30/08/2024 30/09/2024 31/10/2024 29/11/2024 31/12/2024 31/01/2025 28/02/2025				
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 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 15/11/2024 11/12/2024	08/09/2022	Yes		Fair

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)	Afrilectrical 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	1 852 389.54	410 385.14 83 724.23 38 674.59 261 498.19 378 774.56 31 564.54 63 129.09	20/09/2023 30/11/2023 03/06/2024 24/07/2024 26/09/2024 04/10/2024 31/10/2024	10/08/2023		No	Not submitted

			valuation of Biological Assets) and Updating of Fixed Assets Register for a Period of 3 Years							
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 2 482 274.08 296 700.00 2 477 944.20	18/12/2023 05/03/2024 15/08/2024 05/09/2024 29/11/2024 29/11/2024	17/04/2023	Yes		Fair
10.	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 14 950.00 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 08/08/2024 08/08/2024 11/10/2024 11/10/2024 11/10/2024 11/12/2024 14/12/2024	17/10/2023		No	Not submitted
11.	MN14/2022-23 (Panel)	FBL Protection Services	Security Services for Emadlangeni Local Municipality for a Period of 12 Months	8 550 971.28	712 580.94 712 580.94 756 349.02 756 349.02 378 174.53 378 174.53 372 703.50 372 703.50 378 174.51 378 174.51 378 174.51	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 28/06/2024 12/07/2024	01/11/2023		No	Good

					378 174.51 665 677.50 689 868.90 344 934.45 344 934.45 344 934.45 344 934.45 355 876.47 355 876.47 355 876.47 355 876.47	16/07/2024 02/08/2024 04/09/2024 04/10/2024 16/10/2024 08/11/2024 15/11/2024 05/12/2024 11/12/2024 27/12/2024 07/02/2025				
12.	MN14/2022-23 (Panel)	Double Action Security	Security Services for Emadlangeni Local Municipality for a Period of 12 Months	4 385 916.00	317 820.00 317 820.00 434 355.00 434 355.00 217 177.50 217 177.50 217 177.50 217 177.50 217 177.50 217 177.50 217 177.50 217 177.50 434 355.00 434 355.00 217 177.50 217 177.50 217 177.50 217 177.50 217 177.50 217 177.50 217 177.50 217 177.50	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 04/10/2024 16/10/2024 08/11/2024 15/11/2024 05/12/2024 11/12/2024 27/12/2024 07/02/2025	01/11/2023		No	Good
13.	MN14/2023-24	Jabelu Plant and Logistics (Pty) Ltd	Regravelling of Vaalbank Access Road in Ward 3	2 289 194.60	603 415.72 849 811.51 120 049.44	29/08/2024 27/09/2024 30/10/2024	23/07/2024	Yes		Fair

					324 712.24 276 745.97	19/12/2024 19/12/2024				
14.	MN09/2018-19 (Turnkey)	Igoda Projects (Pty) Ltd	Blue Mountain Phase 3 Electrification	8 025 000.00	480 898.13 2 649 426.81 119 371.87 3 380 379.99	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 Barouw 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 1 500 000.00 608 646.38 227 775.69	27/09/2024 30/10/2024 29/11/2024 19/12/2024 20/12/2024 28/12/2024 21/02/2025	29/08/2024	Yes		Fair
19.	MN17/2023-24	PK Financial Consultant CC	Regravelling of Mlwane Access Road in Ward 6	2 204 672.36	838 701.90 203 502.01	27/09/2024 07/02/2025	23/07/2024		No	Fair
20.	MN16/2023-24	Jambo Holdings (Pty) Ltd	Regravelling of Lenz Access Road in Ward 5	2 064 848.91	856 520.98 311 605.13 324 702.20 177 599.86	27/09/2024 01/11/2024 19/12/2024 04/02/2025	16/08/2024	Yes		Fair

21.	MN18/2023-24	Mbogz Civils (Pty) Ltd	Construction of Emathangeni Access Road in Ward 3	3 994 506.19	904 387.70 1 408 875.48 853 782.46 864 801.28	27/09/2024 30/10/2024 29/11/2024 19/12/2024	16/08/2024	Yes		Fair
22.	MN15/2023-24	Mlandomude (Pty) Ltd	Regravelling of Reserve Access Road in Ward 4	3 458 262.62	1 107 810.85 1 512 266.24 395 295.24	18/10/2024 04/12/2024 19/12/2024	12/08/2024	Yes		Fair
23.	MN12/2023-24	Urban and Rural Construction (Pty) Ltd	Regravelling of Dorothea Access Road in Ward 1	3 092 615.08	1 795 177.31 559 443.29	30/10/2024 19/12/2024	08/08/2024	Yes		Fair
24.	MN21/2024-25	Siyaroro Trading CC	Balele Game Park Refurbishment Project – Phase 2	2 894 787.60	469 365.72 703 846.00 387 306.20	11/11/2024 29/11/2024 07/02/2025	11/09/2024	Yes		Fair
25.	RFQ05/2024-25	Imvula iTechnologies (Pty) Ltd	Supply & Install 100 Mbps Wireless Business Internet for 12 months	149 040.00	12 420.00 12 420.00	30/10/2024 14/12/2024	01/09/2024	Yes		Fair

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
	Auditor General				

1.	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. 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. 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	Auditor General	Management will ensure strict adherence to the SCM Policy and Regulations by ensuring that: - 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.

	identified in the procurement process for various electrification projects.				
	INTERNAL AUDIT		**Management responses:**		
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.

	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 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.				
	Risk Management		**Action plan to improve the management of the risk:**		
1.	Poor implementation of Supply Chain Management processes: 1. Increase in Irregular, Unauthorised, Fruitless and Wasteful expenditure. 2. Exceeding threshold for variation orders. 3. Compromised service delivery. -Delays in implementation of projects. -Municipal performance targets might not be achieved	Risk Management	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.		1. Inputs were submitted in regards of the SCM CLERKS position. SCM clerk position has been filled. 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.

	-Underspending on allocated budget and subsequent withdrawal of grant funding.				
2.	Financial Management: Unauthorised, Irregular, Fruitless and Wasteful Expenditure: 1. Overspending on allocated budget. 2. Financial Loss. . Adverse Audit opinion. 3. Non-Compliance with the provisions of the Municipal Finance Management Act.	Risk Management	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 - UIFWE 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.		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	10/03/2025	DATE	11/03/2025	DATE	11/03/2025