



**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

April 2026

TABLE OF CONTENT

- 1. INTRODUCTION**
- 2. SCM POLICY & PROCEDURES**
- 3. FUNCTIONING OF SCM UNIT**
- 4. FUNCTIONING OF BID COMMITTEES**
- 5. SECTION 114 DEVIATIONS**
- 6. REGULATION 36 DEVIATION**
- 7. SECTION 32 APPOINTMENT**
- 8. SECTION 33 APPOINTMENT**
- 9. REGULATION 17(1)(c)(d) APPOINTMENT**
- 10. UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE**
- 11. SPEND ANALYSIS**
 - 11.1 BIDS AWARDED ABOVE R100 000,00**
 - 11.2 TOP TEN SUPPLIERS BY VALUE OF PAYMENT MADE**
 - 11.3 TOP TEN SUPPLIERS BY NUMBER OF PAYMENTS MADE**
- 12. PERFORMANCE MANAGEMENT**
- 13. RISK MANAGEMENT**

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	N T	P T
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.	PO04113 - PayDay Remote Consultation SARS Submission.	31/03/2026	Payday Software Systems (Pty) Ltd	R 5 451.00	The payroll unit requested Payday Software Systems to assist them with their EMP 501 Submission. The Municipality is currently using Payday Software systems. It is impractical to	

						follow SCM process by obtaining a minimum of three quotations as per SCM policy because Payday are the owners of this software.	
2.	PO04142 - Twelve (12) x 15 seater taxi to transport people from various Emadlangeni areas to the IDP& Budget Roadshow 2026/2027 scheduled for the 06th of May 2026 at Utrecht Town Hall – Ward 2.	29/04/2026	Osizweni, Utrecht & Boundaries Taxi Association	R 33 000.00	Twelve (12) x 15 seater taxi was requested from the taxi association to transport people from the various Emadlangeni area and return trip. This is the only recognized taxi association under Amajuba district for the requested routes. It is impractical to follow SCM processes.		
			TOTAL	R 38 451.00			

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
n/a	n/a	n/a	n/a	n/a	YES NO	n/a

8. SECTION 33 APPOINTMENTS

Section 33 of the Municipal Finance Management Act (MFMA) requires municipalities to make long-term contracts (lasting over three financial years) public and to seek public and government input on them. This process involves the municipality publishing background information and a draft contract to allow for public comment, and obtaining comments from relevant government bodies like the National Treasury.

NO.	BID REFERENCE NUMBER	NAME OF CONTRACTOR	DESCRIPTION OF CONTRACT	VALUE OF CONTRACT	APPOINTMENT DATE	START DATE	END DATE
1.	MN10/2021-22	Umhlaba Geomatics Inc.	General Valuation and Preparation of the Valuation Roll for 1 July 2023 and Preparation and Updating of Valuation Rolls for Period 1 July 2023 to June 2028	●Phase 1 (Year1) =R 700 000.00 ●Phase 2 (Year2-5) =R 770 000.00 ●Total Value =R 1 470 000.00	08/09/2022 ●Phase 1 (Year1) Compiling General Valuation Roll. ●Phase 2 (Year2-5) Maintenance of Valuation Roll	●Phase 1 (Year1) =01/09/2022 ●Phase 2 (Year2-5) =01/07/2023	●Phase 1 (Year1) =01/06/2023 ●Phase 2 (Year2-5) =30/06/2028
2.	MN01/2024-25	Firststrand Bank Limited	Banking Services for a Period of 5 Years	R 105.39/rate based	08/04/2025	01/05/2025	30/04/2030

9. 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 4 x 20L Snake Repellent	3 days	02	Autar Golden Enterprises (Pty) Ltd	R 18 000.00
2.	Repair of Piston Barrel and Service of Chainsaw Machine	1 day	01	Legacy Yencane (Pty) Ltd	R 7 200.00
3.	Supply and Delivery of Cistern Ceramic System	4 days	02	Autar Golden Enterprises (Pty) Ltd	R 9 600.00
4.	Supply and Delivery of Calendars & Diaries for 2026	7 days	02	Wild Ginger Creative Consulting (Pty) Ltd	R 42 262.50
5.	Towing and Replacement of the Lower Control Arm for Nissan NP300	2 days	01	Utrecht Auto & General CC (UAG)	R 7 374.14

10. 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	iFix Business Solutions (Pty) Ltd	R 79 781.25	Yes			Support - BUD mSCOA Budgets & Funding Matrix and A8 Checks - Consultants: Nonhle Gumede, Lethukuthula Zulu & Dumisani Mathambo Ncube. In an effort to address the challenges arising from previous budget-related errors, the municipality resolved to allocate specific tasks and activities to the two panel	BTO

					members based on their respective strong areas of expertise and specialization. As a result, the preference points system was not applied in the appointment of the successful bidders under the financial system panel because both panel members were afforded an equal and fair opportunity to participate, as the panel consisted of two members who were each allocated work in line with their demonstrated competencies.	
2.	Irregular expenditure		R 4 403.35	Yes	Repairing Stub Axle & Front Wheel Bearing Kit for NUT3732 Nissan Bakkie. Based on the Auditor-General's audit opinion relating to Bid No. MN02/2024-25: Panel of Service Providers to Render Repairs, Maintenance and Servicing of Municipal Fleet on an As-and-When-Needed Basis for a Period of Three (3) Years, it was noted that the bid document and the advertisement invitation only provided for a one-stage evaluation system based on functionality criteria. The applicable preference point system in terms of the Preferential Procurement Regulations was not stipulated in the bid documentation and the advertisement. As a result, the expenditure was classified as irregular due to non-compliance with procurement prescripts. This item has been included in the irregular expenditure register for reporting purposes.	Community

						However, the matter remains under dispute and subject to further engagement and discussion with the Auditor-General, based on differing interpretations of the regulatory requirements.	
3.	Irregular expenditure		R 27 937.59	Yes		Billing Period 01/03/2026 - 31/03/2026. The SCM processes were not followed because the SCM unit did not receive a requisition for this request, and services were rendered without following the SCM processes. A minimum of three quotations was not obtained. The procedure for the procurement of goods or services through written quotations or formal written price quotations were not followed as per SCM policy.	Corporate
	TOTAL		R 112 122.19				

11. 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

11.1 Bids awarded – Above R 100 000

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

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

NO.	SERVICE PROVIDER	AMOUNT	DATE OF PAYMENT
1.	Mbogz Civils (Pty) Ltd	R 2 383 454.26	01/04/2026 24/04/2026
2.	Igoda Project (Pty) Ltd	R 1 353 449.04	01/04/2026
3.	Fezile Security Services (Pty) Ltd	R 351 585.20	07/04/2026
4.	Ocean Dawn Trading & Projects CC	R 136 128.86	10/04/2026
5.	iFix Business Solutions	R 79 781.25	07/04/2026
6.	Mr Mizansi Enterprises	R 65 095.00	08/04/2026
7.	Magix Africa (Pty) Ltd	R 53 199.57	08/04/2026
8.	Wild Ginger Creative Consulting (Pty) Ltd	R 42 262.50	08/04/2026
9.	Authar Golden Enterprises (Pty) Ltd	R 27 600.00	07/04/2026 08/04/2026
10.	TS Media Infinite Creativity (Pty) Ltd	R 18 000.00	07/04/2026

11.3 Top 10 suppliers by number of orders made

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	Amantungwa Holdings	R 16 500.02	2
2.	Prosperous Positive Projects (Pty) Ltd	R 9 375.00	2

12. 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.	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		
2.	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	09/12/2022 19/12/2022 11/01/2023 28/02/2023 24/03/2023 18/04/2023 17/10/2023 26/01/2024 26/01/2024 26/01/2024 12/03/2024 03/05/2024	08/09/2022	Yes		Fair		

			a period of 24 months		136 128.87 272 257.73 136 128.87 272 257.73 136 128.87 272 257.73 136 128.87 136 128.87 272 257.73 100 000.00 172 257.73 272 257.73 136 128.86 136 128.87 136 128.86	14/07/2025 14/07/2025 07/08/2025 29/08/2025 29/08/2025 16/10/2025 21/11/2025 04/12/2025 12/12/2025 16/01/2026 02/02/2026 12/02/2026 13/03/2026 13/03/2026 08/04/2026						
11.	MN11/2024-25	Siyaroro Trading CC	Construction of Luthilunye Access Road in Ward 1	5 787 944.25	671 772.50 2 774 786.40 1 026 278.50 253 777.60 436 540.00 579 657.50	31/07/2025 27/08/2025 30/09/2025 29/10/2025 05/12/2025 20/12/2025	03/06/2025	Yes			Good	
12.	MN05/2024-25	Kunene Makopo Risk Solutions	Provision of Short-Term Insurance for a period of three (3) years.	2 509 639.33	358 971.90 358 971.90	27/08/2025 29/12/2025	03/06/2025	Yes			Good	
13.		Igoda Projects (Pty) Ltd	Energy Efficiency Services under EEDSM Programme	3 850 000.00	1 073 300.00 1 195 099.00	31/10/2025 16/02/2026	07/08/2025	Yes			Good	
14.	RFQ22/2025-26	Access Technology Consultants (Pty) Ltd	Provision of Internet Connectivity of 150 Mbps Wireless	158 700.00	34 500.00 10 350.00 10 350.00 10 350.00 10 350.00	02/12/2025 02/12/2025 22/01/2026 26/02/2026 13/03/2026	16/10/2025	Yes			Fair	

		RT3-2022- Transversal Contract								
20.	MN05/2025-26	Nsibandos Electrical	Electrification of 25 Households for Chanceni Phase 2 in Ward 5	2 470 655.40 + 1 353 449.04 = 3 824 104.44 Variation Order	1 029 729.21 965 670.69 1 353 449.04	02/03/2026 31/03/2026 01/04/2026	29/12/2025	Yes		Fair

13. 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.	Auditor General 1. Five (5) year financial obligation not reported to council. During the audit of SCM, it was noted that bid no. MN01/2024-25 Banking services imposed a financial obligation for a period of 5 years. There is no evidence that the municipal council has adopted a resolution to approve the entire contract as required by section 33(1)(c)(ii) of the Municipal Finance Management Act 2. SCM process not commenced at least nine months before the end of an existing contract During the audit of Supply chain management, it was noted that for	Auditor General	1. To make long-term contracts (lasting over three financial years) public and to seek public and government input on them. This process involves the municipality publishing background information and a draft contract to allow for public comment, and obtaining comments from relevant government bodies like the National Treasury. 2. The procurement process will begin at least nine months before the expiration of the existing contract. The closing date for bid submissions will not be less than 60 days from the date of the advertisement in a newspaper.	Immediately	1. -All contracts with a duration exceeding three (3) years are reported in the Supply Chain Management (SCM) report under Section 33 appointments. -Contract for banking service has been reported to Council for adoption and was approved on December 2025. 2. All future appointment of banking services shall strictly be in accordance to the regulations as stipulated by the Local Government: Municipal Finance

	bid number MN 01/ 2045-25: Banking services, the procurement process did not commence at least nine months before the end of the then existing contract, which ran until 31 October 2024. The advertisement for Bid No: MN 01/2045-25 was advertised on 21 October 2024, 9 days before the contract expired and was concluded on 17 March 2025 with the issue of the appointment letter. Therefore, the municipality invested money with FNB without a valid contract, which resulted in irregular expenditure.		-Internal controls will be implemented to ensure compliance with laws and regulations. -Going forward the contract register will be closely monitored; relevant officials be reminded on contracts coming to an end on time so the procurement process will commence early.		Management Act (MFMA) 2003 (Act No. 56 of 2003) and the Municipal Supply Chain Management (SCM) Regulations (Notice 868 of 2005) & SCM policy.
	<u>Risk Management</u>		<u>Action plan to improve the management of the risk:</u>		
1.	Poor implementation of Supply Chain Management processes: 1. Increase in Irregular, Unauthorised, Fruitless and Wasteful expenditure. 2. Compromised service delivery. -Delays in implementation of projects. -Municipal performance targets might not be achieved	Risk Management	1. To enforce the SCM policy and standard operating procedures; to review all transactions to ensure compliance. 2. To prepare and monitor the Procurement Plan on a quarterly basis and communicate progress to User Departments and submit to the Provincial treasury. 3. To develop a schedule plan for the for bid committee sittings.		1. There is an existing SOP which is reviewed annually. 2. Procurement plan was consolidated and submitted to Provincial treasury. 3. Procurements plans are monitored and submitted to PT next quarter will be sent to user departments. 4. Schedule plan is part of the Procurement plan. 5. Contact register is in place and updated. Variations are being authorised by the accounting officer and monitored not to exceed stipulated threshold.
2.	Financial Management: Unauthorised, Irregular, Fruitless and Wasteful Expenditure:	Risk Management	1. To develop the unauthorised, irregular or fruitless and wasteful expenditure strategy and procedures.		1. SCM unit is continuously monitoring budget for all requisitions.

1. Overspending on allocated budget.	2. Financial Loss.	3. Adverse Audit opinion.	3. Non-Compliance with the provisions of the Municipal Finance Management Act.		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.	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.	5. MDB and MPAC are investigating UIFW.
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PREPARED BY SCM Practitioner	S.I Mpanza	REVIEWED BY SCM Manager	T.N.S Madondo	APPROVED BY CFO	S.C Mkhize
SIGNATURE		SIGNATURE		SIGNATURE	
DATE	06/05/2026	DATE	06/05/2026	DATE	08/05/2026

