



**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 2026

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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.	PO03863 - Bi- Annual Emp501 submission Teamviewer.	19/09/2025	Payday Software Systems (Pty) Ltd	R 7 762.50	The Payroll unit requested Payday Software Systems to assist them with MSCOA alignment. 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.	PO04001 - Conduct repairs and Supply & Fit of Hydraulic Hose for TLB CK83NK ZN.	22/12/2025	Utrecht Auto & General CC (UAG)	R 4 490.00	On 21 November 2025, the Bell TLB CK83NK ZN experienced a burst hydraulic hose while performing digging activities required for underground electricity cable repairs. The repair had to be conducted urgently to enable the TLB to complete the work and ensure that electricity supply could be restored to customers without further delays. Due to the urgency of the situation, the vehicle was taken to the nearest local service provider, UAG, who is also on the municipal panel of approved mechanics. Immediate repair was necessary, as following the full SCM process would have caused operational delays and prolonged service interruption. The TLB is a critical municipal asset, utilised for various essential activities, including digging graves, repairing underground electricity cables, and operations at the refuse disposal site. Ensuring its continuous availability is	

						therefore crucial for uninterrupted municipal service delivery. Given the circumstances, it was impractical to follow the standard SCM processes, as the situation required immediate intervention to prevent further damage to the equipment and to ensure continuity of operations.	
3.	PO04002 - Supply & Fit of Water Hose for TLB CK83NKZN.	22/12/2025	Utrecht Auto & General CC (UAG)	R 3 010.00	On 20 August 2025, the Bell TLB CK83NKZN experienced a water hose breakage while assisting the Electrical Department team. Due to the nature of the breakdown and the operational urgency, the vehicle was taken to the nearest local service provider, UAG, who is an approved service provider on the panel of mechanics. Given the circumstances, it was impractical to follow the standard SCM processes, as the situation required immediate intervention to prevent further damage to the equipment and to ensure continuity of operations.		

4.	PO04039 - Appointment of a service provider for emergency repair of underground MV cable at MS04 Mini Substation opposite Rally Supermarket.	05/01/2026	Matsiya Construction Engineering (Pty) Ltd	R 27 792.50	On 01 January 2026, a critical fault occurred on the MV underground cable network supplying MS04. The fault resulted in a power outage affecting: Kerk, Bloem, Van Rooyen, Plein, Marchalk, De Kock, General, Naude, Hugo, Jooste, Zuid and Marhebe Streets, Water Works Plant, Caravan Park and Balele Game Park. Upon preliminary investigation by the standby team, it was determined that the specializing service provider to be sought because the cable required specialized outdoor 11kV, XLPE 70 – 120mm shrink jointing and termination kits and immediate repair to restore supply and ensure network stability. This matter needed to be dealt with urgently because extended outage affects the basic rights of residents to electricity. Furthermore, the specific MV jointing kits/termination kits required for this repair were not immediately accessible because the supply stores are closed for festive season and prolonged darkness	
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					increases the risk of crime and vandalism to municipal infrastructure.	
5.	PO04005 - Supply & delivery of disaster relief goods for all wards.	30/12/2025	Lungisitha Trading Enterprise	R 99 600.00	The Municipality experienced two (2) incidents of disruptive severe storms on 26 and 27 December 2025 which caused damage and affected Wards 2, 3, 4 & 5 being hard hit and left numerous families homeless. These have caused damage to households, infrastructure, environment, community livelihood and provision of essential services such as electricity, water and network. His worship the Mayor has been receiving community calls and is required to visit the affected families who are looking up to the Municipality for relief mostly drinking water, food packs and water supplies. It is Impractical to follow SCM processes by obtaining a minimum of three quotations by advertising for at least seven (7) days on the municipal website and notice boards as per SCM policy.	
			TOTAL	R 142 655.00		

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
					YES	
					NO	
n/a	n/a	n/a	n/a	n/a		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.	Render Video and Live Streaming Services for the Official Opening of Emadlangeni Disaster Management Emergency Centre and Fire Station scheduled for the 02 nd of December 2025 at Bersig Sport Ground.	5 days	01	TS Media Infinite Creativity	R 24 800.00
2.	Supply and delivery of two fibre glass din DB kiosk c/w gland plate 1 door 6-way metering kiosk.	1 day	01	Lungisitha Trading Enterprises (Pty) Ltd	R 29 600.00
3.	Supply and delivery of two 11 KV 3 Core XLPE 70 - 120mm outdoor shrink cable joints	1 day	01	Phehla Umsebenzi Trading 239 CC	R 29 850.00

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		R 19 121.62	Yes		Billing Period 01/12/2025 - 31/12/2025. 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 Services
2.	Fruitless & Wasteful expenditure	Microsoft Ireland Operations Limited	R 736.80	Yes		Interest on overdue account - December 2025. (Account No. 7289864497). Invoice was not paid on time. The municipality could not make payment due to financial challenges.	BTO
	TOTAL		R 19 858.42				

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.	Fezile Security Services (Pty) Ltd	R 670 697.48	16/01/2026
2.	Siyaroro Trading CC	R 662 573.94	06/01/2026
3.	Incuber Trading Enterprise (Pty) Ltd	R 567 610.12	07/01/2026
4.	Mr Mzansi Enterprises	R 145 000.00	16/01/2026
5.	Lungisitha Trading Enterprise	R 129 200.00	05/01/2026
6.	CHM Vumani	R 100 000.00	30/01/2026
7.	Ocean Dawn Trading & Projects CC	R 100 000.00	16/01/2026
8.	Vuka Timbers (Pty) Ltd	R 31 462.33	14/01/2026
9.	Phehla Umsebenzi Trading 239 CC	R 29 850.00	31/01/2026
10.	TS Media Infinite Creativity (Pty) Ltd	R 24 800.00	16/01/2026

11.3 Top 10 suppliers by number of orders made

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	Umlhlabi Geomatics Inc	R 38 499.99	3
2.	Auditor- General	R 1 813 308.63	3
3.	Prosperous Positive Projects (Pty) Ltd	R 29 090.00	3

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.

[illegible]

9.	RFQ05/2024-25	Imvula iTechnologies (Pty) Ltd	Supply & Install 100 Mbps Wireless Business Internet for 12 months	149 040.00	16 476.44 19 535.81 19 463.54 17 532.71 19 079.53 16 723.60 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00	25/08/2025 12/09/2025 26/09/2025 21/11/2025 02/12/2025 29/12/2025 30/10/2024 14/12/2024 18/03/2025 02/04/2025 02/04/2025 24/04/2025 15/05/2025 30/06/2025 18/07/2025 30/09/2025 11/11/2025	01/09/2024	Yes	Good	
10.	MN21/2018-19	Ocean Dawn Trading and Projects CC	Security Services for Emadlangeni Local Municipality for a period of 24 months	6 534 185.46	136 128.87 136 128.87 136 128.87 136 128.87 136 128.87 136 128.87 272 257.73 136 128.87 272 257.73 136 128.87 272 257.73 136 128.87 272 257.73 136 128.87 272 257.73 100 000.00	26/03/2025 04/04/2025 19/05/2025 10/06/2025 18/06/2025 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	01/02/2025	Yes	Good	
11.	MN11/2024-25	Sivatoro 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	31/07/2025 27/08/2025 30/09/2025 29/10/2025	03/06/2025	Yes	Good	

17.	MN03/2025-26	Mbogz Civils (Pty) Ltd	Rehabilitation of Hugo Street in Ward 2	4 113 035.00	1 830 541.42	29/11/2025	26/09/2025	Yes		Fair
18.	MN04/2025-26	Incuber Trading Enterprise (Pty) Ltd	Construction of KwaMgadlela Access Road in Ward 4	2 848 509.08	725 619.79 1 273 770.71	05/12/2025 20/12/2025	26/09/2025	Yes		Good
19.	TRANS-RFQ01/2024-25	Konica Minolta South Africa	Leasing of Shredder Machine for a period of 36 months through RT3-2022-Transversal Contract	15 376.78	423.46 423.46	31/12/2025 30/01/2026	27/05/2025		No	Not submitted

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
	<u>Auditor General</u>				

1.	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 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.	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. -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.	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 Management Act (MFMA) 2003 (Act No. 56 of 2003) and the Municipal Supply Chain Management (SCM) Regulations (Notice 868 of 2005) & SCM policy.
	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. 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: 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. 5. MDB and MPAC are investigating UIFW.

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	06/02/2026	DATE	06/02/2026	DATE	09/02/2026

