

# EMTHANJENI MUNICIPALITEIT



**SUPPLY CHAIN MANAGEMENT  
IMPLEMENTATION REPORT  
FOR THE  
2020/2021 FINANCIAL YEAR  
HALF YEAR  
(JULY 2020-DECEMBER 2020)**

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## 1. INTRODUCTION

The scope of the implementation review will include the following:

### **Supply Chain Management Implementation Report**

The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), (the 'MFMA') requires the municipality to have and implement a Supply Chain Management Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

On the 30th May 2005 the Municipal Supply Chain Management Regulations were issued. As a Medium Capacity Municipality Emthanjeni Local Municipality had to comply with the provisions of the Regulations from 01 January 2006. Annually the SCM Policy is revised by Council. The SCM Policy, together with the applicable set of delegations was approved by Council on 29 May 2018 at a legally constituted Council meeting.

Although the MFMA prohibits a Councillor from being a member of a bid committee or any other committee evaluating or approving quotations, bids or tenders the council has an oversight role to ensure that the accounting officer implements all supply chain management activities in accordance with this policy. For the purposes of such oversight the Regulations require that the accounting officer must –

- (a) Within 30 days of the end of each financial year, submit a report on the implementation of the policy to the Council.**

## 2. The Delegations

The Accounting Officer is responsible for implementing the policy and taking all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

In terms of this responsibility Council has adopted a full set of delegations which assist in maximising the administrative and operational efficiency. The delegations also provide adequate checks and balances in the municipalities Supply Chain Management function. According to Section 79 and 106 of the MFMA delegations and sub-delegations in terms of sub-section 1 must be in writing.

The Accounting Officer has delegated powers and duties to directors as prescribed by the SCM Policy, these delegations have been conferred in writing between the individuals (CFO, MFS and all Accountant). There are also minor sub-delegations in place in terms of individual officials' job description but these sub-delegations have not been conferred in writing between the parties as is prescribed by the policy. The municipality has duly implemented the Bid Committee system, also with the proper written delegations.

The undertaking by the Supply Chain Management Unit to exercise a thorough identification of the powers and the duties of officials to determine the relevant levels for sub-delegations to the incumbents and compile written delegations and have implemented this system of written delegations in terms of the legislation by the 1st of October 2007 has been reached.

SCM reports are submitted to the National and Provincial Treasury as well as the Council and MPAC on a regular basis.

Progress on the implementation will be provided on an ongoing basis through the quarterly reports.

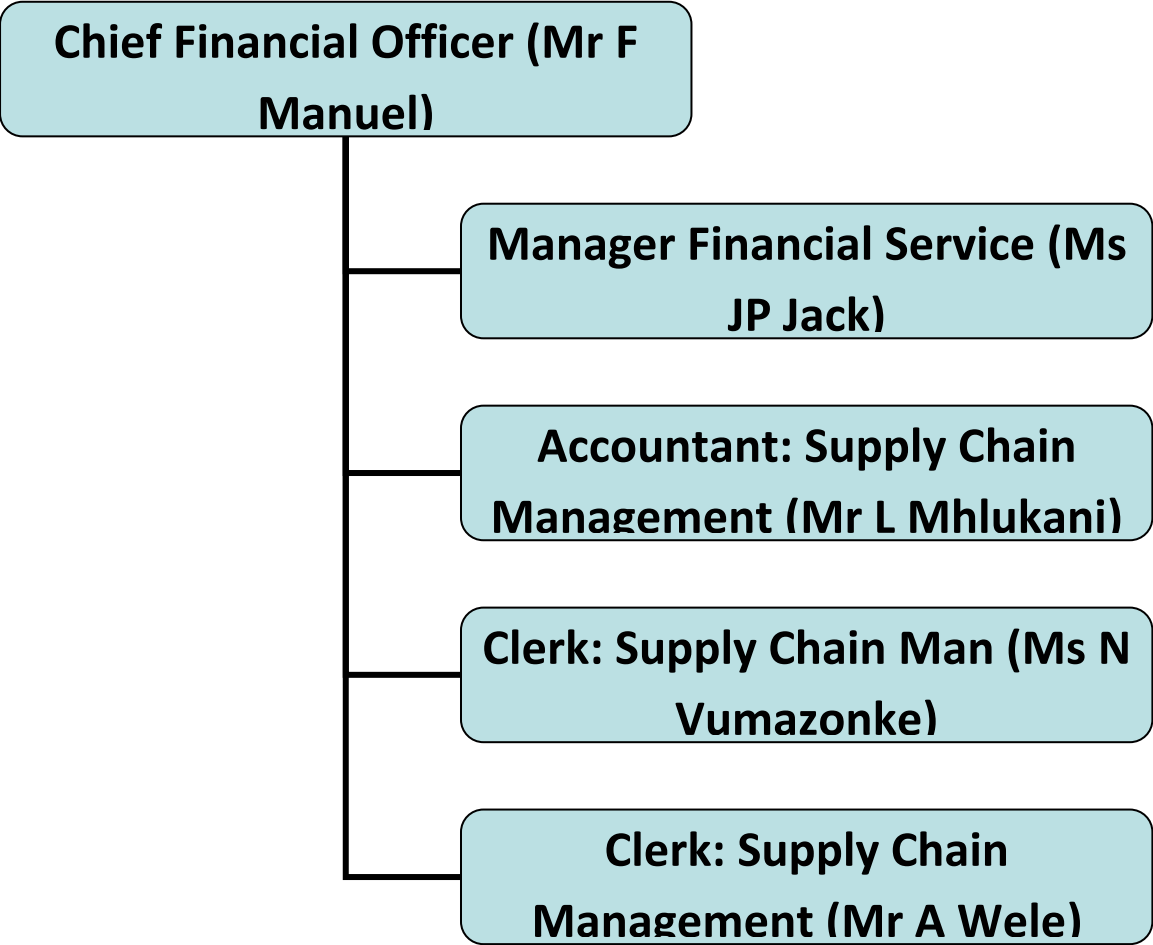
### **3. Organisational Structure**

In terms of Paragraph 7 of the Municipal Supply Chain Management Regulations (MSCMR) the municipality must establish a Supply Chain Management Unit (SCMU) to implement its supply chain management policy. The SCMU operates under the direct supervision of the Chief Financial Officer (CFO) or may be delegated to an official in terms of Section 82 of the MFMA.

However the SCM Accountant and staff reports directly to the Manager Financial Services.

With all the challenges facing the SCM unit, procurement is being done centrally and the SCM unit is trying its best to cope with the workload.

The organizational structure within the unit is set out as follows:



**During the reporting period, the staff complement that performed the duties and functions in terms of the SCM policy were as follows:**

Chief Financial Officer -	Supply Chain Management Practitioner Co-ordinates and controls the implementation of the Policy
Manager of Financial Services -	Supply Chain Management Practitioner Co-ordinates and controls the implementation of the Policy
Accountant: Supply Chain Management -	Implementation of the policy Supervise the implementing staff Processing of all procurement
Clerks: Supply Chain Management -	Processing of all procurement

This structure ensures that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices. The Chief Financial Officer is responsible for the administration and the implementation of the SCM policy and interchangeably takes part in the Bid Committee system.

#### **4. Competency Levels of the Supply Chain Management Unit**

No SCM related workshops were attended by the supply chain management unit staff under the current financial year 2020/2021 (July 2020 till December 2020). However all three officials in the supply chain management have been enrolled with supply chain management learnership program which is facilitated by National and Provincial Treasury offered by Commerce Edge. This program has since commenced in September 2020

The Supply Chain Unit staff Possesses a lot of experience amongst themselves; but because this unit is an ever changing unit on an everyday basis it is important that the staff be equipped by attending workshops and trainings when they request to do so, so that as the country and world is developing they are equally equipped to deal with the changes that comes with development. It is my plea then that this becomes one of the priorities in the municipality to make sure that this municipality is kept in par with the rest of the country.

## 5. Demand Management

### 5.1 Preferred Suppliers Database

In terms of the Municipal Financial Management Act (MFMA) (Act 56 of 2003) the Emthanjeni Local Municipality is required to have a Preferred Suppliers Database.

However Purchases for goods and services for all the Municipality since 2015/16 Financial Year has been made through the Central Suppliers Database (CSD). The Emthanjeni Local Municipality is using the Central Suppliers Database (CSD) and requested all current as well as interested suppliers to register on the database.

The Central Suppliers Database is an online web based system and anyone doing business with Municipality should register online. Emthanjeni Local Municipality has made efforts and continues to make efforts e.g. Workshops to assist businesses to register online on CSD and this is happening on a day to day as the office of SCM Unit is assisting individuals to register their businesses on the CSD.

### 5.2 Supply Chain Management processes

The following thresholds are currently being adhered to in order to support the strategic and operational commitments of the Municipality:

#### **(a) For procurement to a value of R1 000 (VAT included)**

- One quotation will be required
- The supplier is selected and appointed on a rotation basis, provided that the parts or repairs are supplied immediately
- Normal stock items: the buyer will re-order at the agreed minimum stock level
- For the purchasing of non-stock items authorization is required in accordance with the delegations

#### **(b) For procurement of values between R1 001 and R2 000 (VAT included)**

- One quotations will be required
- The supplier is selected and appointed on a rotation basis, provided that the parts or repairs are supplied immediately
- Normal stock items: the buyer will re-order at the agreed minimum stock level
- For the purchasing of non-stock items authorization is required in accordance with the delegations

**(c) For procurement of values between R2 001 and R10 000 (VAT included)**

- Two written quotations will be required
- The supplier is selected and appointed on a rotation basis, provided that the parts or repairs are supplied immediately
- Normal stock items: the buyer will re-order at the agreed minimum stock level
- For the purchasing of non-stock items authorization is required in accordance with the delegations

**(d) For procurement of values between R10 001 and R200 000 (VAT included)**

- Three formal written quotations will be required
- The CFO will appoint the supplier on a rotation basis, depending on the urgency and delivering period
- All requirements in excess of R30 000 must be advertised for at least 7 days on the website and an official notice board of Emthanjeni Local Municipality
- The CFO will approve all purchases above R100 000

**(e) For procurement above R200 000 (VAT included) and long term contracts**

Goods and services are procured by way of a competitive bidding process for-

- procurement above a transaction value of R200 000 (VAT included); and
- the procurement of long term contracts.

The development of efficient and effective Procurement Procedures was set as a prime objective. This goal, although it is an ongoing process, has been reached.



## 6. The Bid Committee System

The Bid Committee system for competitive bids has been actively applied within the municipality over the past 6 months of financial year (July 2020 till December 2020). Officials are still being invited on an ad-hoc basis to participate in the committees as and when required, but with written delegations in order to participate in the committees.

### 6.1 The bid specification committee

The bid specification committee compiles the specifications for the procurement of goods or services by the municipality.

The committee is appointed by the Accounting Officer and must be composed of one or more officials of the municipality, preferably a Supply Chain Management Practitioner and the manager responsible for the function involved, and may when regarded appropriate by the Accounting Officer, include external specialist advisors.

The relevant Director is normally the chairperson of the Specifications Committee

The current members of the Bid Specification Committee are:

#### **Standing Members**

A Wele  
P Claaste  
J Barth  
L Ranelo  
M Mbombo

#### ***Advisors to the Specification Committee as Specialised Function as per specific tender that relates to a particular Directorate.***

Finance Directorate	:	F Manuel & JP Jack
Corporate Services	:	T Msengana
Community Services	:	MR CP Appies
Infrastructure Services	:	W Lubbe, L Billy, Bressies

### 6.2 The bid evaluation committee

The bid evaluation committee is appointed by the Accounting Officer and must as far as possible be composed of –

- One or two senior managers from the departments requiring the goods or services;
- Supply Chain Management Practitioner / Controller

- Tender Secretariat
- Internal Auditor

***The current members of the Bid Evaluation Committee are:***

Ms P Jack  
W Lubbe  
L Billy  
CP Appies  
N Vumazonke (SCM)

**6.3 The bid adjudication committee**

The bid adjudication committee may consist of:

- The Chief Financial Officer
- Supply Chain Accountant
- Director
- Tender Secretariat
- Technical Expert in the relevant field who is an official, if such an expert exists

The Bid Adjudication Committee has been fully functional and has been involved in all bids exceeding R 200 000 and due to a conservative approach even awards to a lesser value. The Bid Adjudication Committee recommends to the Accounting Officer, the successful Bidder. The Accounting Officer has the discretion to ratify or rejects the recommendation of the Bid Adjudication Committee.

***The current members of the Bid Adjudication Committee are:***

F Manuel ( From 1<sup>st</sup> March 2020)  
M Owies ( Mr Owies resigned and Mr Lubbe is Acting)  
T Msengana  
H Joka  
LC Mhlukani (SCM)

The following Tenders were advertised in the 6 months (July 2020 till December 2020) bids in terms of the SCM Policy and the Preferential Procurement Policy:

1. T2/2021: **Administration and Selling of Prepaid Electricity on behalf of the Emthanjeni Municipality.**

The following Bidders submitted Tender Proposals:

- Syntell
- Cigicel (Pty) Ltd
- Ntlangani
- Thea
- Ontec
- Contour Technology
- K2016470834 (South Africa)

The Bid for the above mentioned tender was awarded to Syntell.

2. T3/2021: **Appointment of an Implementing agent to provide full service for the Design and Implementation of Energy Efficiency (EEDSM) program.**

The following Bidders submitted Tender Proposals:

- Divinity Trading
- Solar Lease (Pty) Ltd
- Xsemble (Pty) Ltd
- Energy Dots and MNP Engineering
- Timekeeper Trading
- LSOGA Project (Pty) Ltd
- BVI Engineering
- TCB Engineering

The Bid for the above mentioned tender is still at Bid Evaluation Committee.

3. T4/2021: **The Appointment of consulting engineers for all Civil Works Framework Agreement basis for civil projects in Emthanjeni.**

The following Bidders submitted Tender Proposals:

- Luvhengo Consulting Engineers
- Tshepega
- Makone Consulting
- Dibetsi (Pty) Ltd
- Muteo Consulting
- Ribicon Consulting Group
- Molatelo Engineers
- Vakunda Trust
- Skotane Development
- Neil Lyners and Associates
- Disema Consulting Engineers

- PWP Consulting
- Dipabala Consulting Engineers
- Bigen
- Phatsimo
- Tshiki Consulting Engineers
- Gilgal/Mapolisa Consortium
- Victory Ticket 846 cc t/a AP
- SMEC
- Stabicis Development
- Proper Consulting
- IXengineers (Pty) Ltd
- BVI Engineers
- ISJX General Contractors
- Thewo Engineers
- BM Infrastructure Development
- Drop Dot (Pty) Ltd
- Sejagobe Engineers cc
- Phethego Consulting (Pty) Ltd
- Superior Quality Engineers
- Reneilwe Construction and Projects
- Melokuhle Management
- Tukseo JV DNMZ

The Bid for the above mentioned tender is at the Bid Evaluation Committee.

4. T5/2021: **Appointment of Consulting Electrical Engineering for all Electrical works Framework agreement basis for electrical projects in emthanjeni.**

The following Bidders submitted Tender Proposals:

- BVI Engineering
- Pedigree Energy Solutions (Pty) Ltd
- Skotane Development Consultants
- Muteo Consulting cc
- Theshani Montja JV
- Civil Sense Consulting
- Heyns Van Rooyen
- ISJX General Contractors
- IX engineering (Pty) Ltd
- Bigen
- Tsitello (Pty) Ltd
- Superior Quality Engineers
- Melokuhle Management
- S\$D Consulting Engineers
- Neil Lyners and Associates

The Bid for the above mentioned tender is still at Bid Evaluation Committee.

5. T6/2021: 481 Sewer Housing Connection in Britstown.

The following Bidders submitted Tender Proposals:

- Iviwe Engineering Solutions
- Drop Dot (Pty) Ltd
- Mbhonya Trading & Projects
- Duneco
- Irrigation Equipment Supplies
- BBT Group
- Vutsila and Nkhululeko JV
- WS Maddocks
- Matela Civils and Construction

The Bid for the above mentioned tender has been awarded to BBT Group.

6. T7/2021: Disposal of ERF 1466 (RosePark),corner visser and Pixley ka Seme Street De Aar.

The following Bidders submitted Tender Proposals:

- OC Jooste BK

The Bid for the above mentioned tender is still at Bid Evaluation Committee.

7. T8/2021: Disposal of portion of ERF 1730 Amandel Stree, De Aar Street De Aar.

The following Bid there were no proposals received upon closing date:

8. T9/2021: Appointment of service provider for Preparation of Grap Compliant AFS and Fixed Assets register.

The above tender was advertised in December 2020 but it closed in January 2021.

The Bid for the above mentioned tender is still at Bid Evaluation Committee.

9. T10/2021: Appointment of service provider for Preparation of General Valuation Roll for period 2022 to 2027 and Supplementary Valuation Rolls.

The above tender was advertised in December 2020 but it closed in January 2021:

The Bid for the above mentioned tender is still at Bid Evaluation Committee.

**10. T13/2021: Supply and Delivery of 25 Computer laptops**

**The following Bidders submitted Tender Proposals:**

- **Emonti Automation**
- **Poley Corporation**
- **Mosima IT Solution**
- **Nomasa Corporation**
- **Ribilwa Trading Enterprise**
- **Themba Holdings**
- **GPC Projects (Pty) Ltd**
- **DataTegra (Pty) Ltd**
- **Ditlagiso Construction and Projects**
- **Jirehel Engineering Services**
- **Paprenax Exceptional**
- **Inново Networks**
- **IT by G3 (Pty) Ltd**
- **Mamello General**
- **Kgosikholo Transport**
- **Dooling IT Solutions**

**The Bid for the above mentioned tender is still at Bid Evaluation Committee.**

**Procurement above R30 000 and less than R200 000 where formal written quotations were invited. The following SCM Notices were advertised for at least seven days on the municipal website and official notice board of the municipality during the Period (July 2020 till December 202). These notices were evaluated against the 80/20 bid principle.**

SCM Web Notices - Request For Quotations (R30 000 to R200 000)											
FINANCIAL YEAR:01 July 2020 to 30 June 2021											
Notice No	Description	Owner	Date Published	Closing Date	On Website (Yes/No)	Bids Received		Deviation Required (Yes/No)	Awarded to	Order No	Payment Reference
						Bidder	Amount				
1/2021	Supply and Delivery of Covid 19 Personal Protective Equipment	Ms JP jack	31-Jul-20	07-Aug-20	Yes	1. Phoenix 1810Civils (2) Van Work (3) MSK & LP Trading (4) Gibisela Brothers (5) Jack Hummer Civil Work (6) Predictvest Ppe	1. R 68 428 (2) R 80 390 (3) R 51 370 (4) R 30 380 (5) R 34 500 (6) R 23 305,90	No	Predictvest	D1021562	EBO73243
2/2021	Repair of SFU K103 Transmitter at the main substation for load shedding management system	Mr H Botha	31-Jul-20	07-Aug-20	Yes	1. Farad Pty Ltd (2) Phoenix 1810 Civils	1. R 83 392,47 (2) R 77 050	No	Farad	D1021705	Not Paid Yet
3/2021	Supply and Delivery of Transformers and Electrical Cables	Mr H Botha	08-Aug-20	20-Aug-20	Yes	1. Nandina Trading 55 CC T/A TRS (2) Gibisela Brothers (3) Luno Eletrical Pty Ltd (4) Jack Hummer Civil Works	1. 311 636,20 (2) R 263 275 (3) R 198 500 (4) R 215 110	No	Luno	D102 1670/1671	EBO73364/EBO73252
4/2021	Senior Management Competency Assessment and Vetting	Mr Msengana		09-Sep-20	Yes	1. MIE Smart Vetting (2) Gijima Holdings	1. R 46 287,50 (2) R 50 750,03	No	Gijima Holdings	D1021696	Not Paid Yet
5/2021	Supply and Delivery of 12 notebooks	Mr L Mhlukani	10-Sep-20	18-Sep-20	Yes	1. ASG TT Support Services (2) TT by G3 (3) Tri Star Technology (4) Quintillion	1. R 203 384,40 (2) R 179 098,16 (3) R 198 996 (4) R 171 083,40	No	Re-Advertised	Re-Advertised	Re-Advertised
6/2021	Appoint Service Provider to Remove the Wooden floor, Back Filling, laying of concrete floor and Tiling of Hanover Library	Mr L Joka	23-Oct-20	02-Nov-20	Yes	1. Pixley Building Safe Construction (2) Electrical Emthanjeni (Pty) Ltd (3) G3 Group Pty Ltd (4) Fillas Enterprise Pty Ltd (5) Brave Heart Enterprise Pty Ltd (6) Themba Holding	1. 196 735 (2) R 311 750 (3) R 264 611,64 (4) R 318 035 (5) R 365 972 (6) R 195 806	No	Not Awarded	Not Awarded	Not Awarded
7/2021	Appoint Service Provider to supply chemicals for odour control, minimize flies and supress waste for the portable toilets of emthanjeni local municipality	Mr L Joka	23-Oct-20	02-Nov-20	Yes	1. Zays Unlimited (2) Isinamuva Consulting (Pty) Ltd	1. R 130 000 (2) R 189 000	No	Zays Unlimited	D1021777	EBO73371
8/2021	Provision of Ventilation improved Pit Toilet Chemicals	Mr L Joka	19-Nov-20	30-Nov-20	Yes	NO RESPONSES		No			
9/2021	Delivery of aggregates and sand	Mr J Barth	06-Nov-21	17-Nov-20		De Aar Stone Crushers CC	1. R 186 600	No			
10/2021	Delivery of Covid19 Personal Protective Equipment (MIG Grant)	Ms L Billy	10-Dec-20	18-Dec-20	Yes	1) Takalani makhari Trading (Pty) Ltd (2) Mzuvukile B Building and Civils (3) Isinamuva Consulting (Pty) Ltd (4) G3 Group (Pty) Ltd	1. R 1 474 535,80 (2) R 425 062,06 (3) R 187 894,00 (4) R 239 925,99	No	Still at Evaluation		
11/2021	Appoint Service Provider to Remove the Wooden floor, Back Filling, laying of concrete floor and Tiling of Hanover Library (Re_Notice06/2021)	Mr L Joka	10-Dec-20	18-Dec-20	Yes	(1.) Mzuvukile Building and Civil Construction (Pty)Ltd (2) Takalani Makhari Trading (Pty)Ltd (3) G3 Group (Pty) Ltd (4) Themba Holdings (Pty) Ltd (5) Ribiwa Trading Enterprise	1. R 216 385 (2) R 234 335 (3) R 198 104,97 (4) R 215 415 (5) R 190 000	No	Still at Evaluation		



In cases where less than three quotations were received for any procurement, these procurement will form part of the detail summary list of deviation register (list). These deviations were tabled to Council on monthly basis. Detail of deviations are as follows:

## **7. Minor Breaches and Deviations**

### **7.1 Minor breaches of procurement processes**

The Supply Chain Management Policy states in Paragraph 36(1)(b) that: “The accounting officer may ratify minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature”

### **7.2 Deviations from Procurement Process**

The Supply Chain Management Policy states in Paragraph 36(1)(a): “The accounting officer may dispense with the official procurement processes established by this policy and may procure any required goods or services through any convenient process, which may include direct negotiations, but only –

- (i) in a emergency;
- (ii) if such goods or services are produced or available from a single provider only;
- (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
- (iv) acquisition of animals for zoos and/or nature and game reserves; or
- (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes”

A detailed schedule of all the minor breaches & deviations were approved by the Accounting Officer during the 2020/2021 financial year. These were also adopted by the Executive Committee and MPAC. Please see below

SCM DEVIATION REGISTER - JULY 2020						
DATE	CHEQUE / ORDER NO.	SUPPLIER	AMOUNT	REASON FOR DEVIATION	Summary of Quotations	
					One	Two
12/06/2020	EB072968	Thys Wynand Fortuin	5 700,00	The only service provider that was available, the building staff of the municipality was on lockdown and the office was very dirty	5 700,00	
23/06/2020	EB072977	Thys Wynand Fortuin	9 500,00	The service provider repair the roof that was leaking when raining and Health and Safety raised the issue with health reasons.Repair and fix also Isolation room for Covid 19 cases. It was only this service provider was available within this short period	9 500,00	
08/07/2020	D1021489	Media 24	24 684,75	Only service provide received for advertising on national newspaper	24 684,75	
			<b>39 884,75</b>			
					<b>39 884,75</b>	<b>-</b>

**SCM DEVIATION REGISTER - AUGUST 2020**

DATE	CHEQUE / ORDER NO.	SUPPLIER	AMOUNT	REASON FOR DEVIATION	Summary of Quotations	
					One	Two
05/08/2020	D1021541	Ubertech	14 674,00	Only Ubertech provide us with quote the other service provider were requested quote but did not respond. They are the current IT consultant maintaining hardware and IT environment services.	14 674,00	
05/08/2020	D1021540	Ubertech	5 456,75	Only Ubertech provide us with quote the other service provider were requested quote but did not respond. They are the current IT consultant maintaining hardware and IT environment services.	5 456,75	
06/08/2020	T/no. 138675	Celerity System	12 105,26	The procurement of 50 000 sms in order to communicate to all consumers, stakeholders on various matters such as account balances,monthly account levies encourage to pay the accounts. This is to improvedour communication platform to the community	12 105,26	
07/08/2020	D1021565	Xzeqmail	17 400,00	This service provider has technical experience with the specific PBSA machine and they will service the machine onsite	17 400,00	
12/08/2020	D1021550	Tri-Lectro	11 858,25	Only service provider perform this highly specialised task in our area. The fault was already located by service provider.	11 858,25	
12/08/2020	D1021551	Tri-Lectro	10 917,18	The service provider is the H.T service provider in our area. They already locate and repair cable in our area without problems.	10 917,18	
12/08/2020	D1021552	Tri-Lectro	23 950,98	Only service provider that can perform this specialised function in our area, repair of signal network	23 950,98	
12/08/2020	T/no. 138686	Colleen Lane	25 850,00	The sole provider assist the municipality with abakus financial service system. We had various system error's as indicated in the invoices problem with ledger module creditors module. This was caused delay in the process of year end closure.	25 850,00	
17/08/2020	Cheque no. 68719	Checkers	3 215,10	Two quotes were received the chepeast quote shoprite did not have all the cleaning material we needed	3 215,10	
26/08/2020	D1021563	CM Chemicals	3 341,47	The only service provider that provide us with spray cans and sanitizer	3 341,47	
			<b>128 768,99</b>		<b>128 768,99</b>	<b>-</b>

**SCM DEVIATION REGISTER - SEPTEMBER 2020**

DATE	CHEQUE / ORDER NO.	SUPPLIER	AMOUNT	REASON FOR DEVIATION	Summary of Quotations	
					One	Two
01/09/2020	D1021591	Precision Hydraulics	10 315,50	The service provide repair cherry picker of CPF 216 NC	10 315,50	
08/09/2020	D1021675	Ubertech	28 859,25	Only Ubertech provide us with quote the other service provider were requested quote but did not respond. They are the current IT consultant that has done kaspersky endpoint services.	28 859,25	
17/09/2020	Req. no. 57282	Ubertech	4 098,60	Only Ubertech provide us with quote the other service provider were requested quote but did not respond. They are the current IT consultant has done network and wireless services.	4 098,60	
17/09/2020	Req. no. 57283	Ubertech	2 018,25	Only Ubertech provide us with quote the other service provider were requested quote but did not respond. They are the current IT consultant that has done wireless USB services.	2 018,25	
17/09/2020	D1021673	Fulcrum Technology	27 398,75	Only service provider provide us with quote of service and calibration testing equipment, as the calibration expires on 20th this month.	27 398,75	
22/9/2020	D1021692	Tri-Lectro	44 120,67	Only service provider, provide us with H.T network in our municipality. They already located and repair faults on cables.	44 120,67	
22/09/2020	D1021551	Tri-Lectro	36 841,17	The service provider repair cables between 22kv sub and industrial sub 2 joints.	36 841,17	
22/09/2020	D1021687	De Aar Stone Crushers	8 625,00	The digger loader of sanitation was stuck on the hole. De Aar Stone Crushers was the only service provider that have the machine to lift up the digger loader.	8 625,00	
			<b>162 277,19</b>		<b>162 277,19</b>	<b>-</b>

**SCM DEVIATION REGISTER - OCTOBER 2020**

DATE	CHEQUE / ORDER NO.	SUPPLIER	AMOUNT	REASON FOR DEVIATION	Summary of Quotations	
					One	Two
29/09/2020	D1021711	Eshukwini General Trading	4 050,00	The service provider was requested to provide meals for 30 more people on the day the event. After the service provider submitted invoice for 50 people as requested (referred to original invoice for 50 people which was already approved)	4 050,00	
					<b>4 050,00</b>	<b>-</b>

**SCM DEVIATION REGISTER - NOVEMBER 2020**

DATE	CHEQUE / ORDER NO.	SUPPLIER	AMOUNT	REASON FOR DEVIATION	Summary of Quotations	
					One	Two
21/10/2020	D1021755	Spectrum Communication	28 505,05	The parts of telemetry system can be required from spectrum. The system was build by them and they are the only service provider	28 505,05	
21/10/2020	D1021756	Spectrum Communication	4 115,85	The service provider designed and install this system and are the only ones who can do maintenance thereof	4 115,85	
04/11/2020	D1021757	Bo Karoo Skrynwerkers	2 970,00	During the advertisement of tender, the returned tender documents was volumous and the tender box was small and couldn't hold all the tender documents. We decided to ask this service provider for a quote to build a big box.	2 970,00	
06/11/2020	Req no. 60166	Early Worx	6 000,00	Only service provider that can provide us with postage stamps	6 000,00	
12/11/2020	Req no. 57776	Tri-Lectro	33 566,66	The service provider provide us with the service of repairing call out power failure industr Sub. They also work on HT network	33 566,66	
12/11/2020	Req no. 57777	Tri-Lectro	26 873,59	The service provider repair cable and joint on substation. They also work on HT network	26 873,59	
13/11/2020	D1021804	AdsActive (Pty)Ltd PDK	8 377,50	They received three quotes, the cheapest supplier don't have all the items we need, so they've taken the second supplier.		8 377,50
19/10/2020	Req no. 58587	Super Armature Winding	3 236,10	The service provider must dismantle the vehicle before they give us a quote.	3 236,10	
18/11/2020	D1021771	CM Chemicals	26 269,99	The cheapest service provider does not have all the cleaning material that was needed	26 269,99	
20/11/2020	D1021777	Zayz Unlimited	128 625,00	Two bidders were received during the closing date of 02 November 2020 Notice 7/2021 portable toilets chemicals. Due to the delay of the notice the bucket were not removed to such an extent people from Nkanini disposed their waste behind Veritas High School which is harmful during Covid 19 and both bidders municipal accounts were in arrears that is why we deviated, so that the process of procuring this chemicals continue for the health of community		128 625,00
			<b>268 539,74</b>		<b>131 537,24</b>	<b>137 002,50</b>

**SCM DEVIATION REGISTER - DECEMBER 2020**

DATE	CHEQUE / ORDER NO.	SUPPLIER	AMOUNT	REASON FOR DEVIATION	Summary of Quotations	
					One	Two
			-		-	-

## **8. Awards to Close Family Members of Persons in the Service of the State**

In terms of Regulation 45 of the Supply Chain Management Regulation, awards to close family members of persons in the service of the state must disclose particulars of awards of more than R 2000 in the Annual Financial Statements.

**No bids were awarded to a person who is a family member of a person in the service of the state.**

### **Awards to Persons in the Service of the State**

In terms of Council's Supply Chain Management Policy, Paragraph 49, the municipality is prohibited from doing business with any person in the service of the state.

**No bids were awarded to a person in the service of the state (July 2020 till December 2020).**

## **9. Logistics, Disposals and Risk Management**

The SCM unit must provide an effective system to ensure the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, vendor performance, maintenance and contract administration as well as provide for an effective method of disposal and letting of assets which is inclusive of redundant and obsolete stock. Such systems must also have in place mechanisms to identify, consider and avoid potential risk in the SCM system.

Sec 40 Municipal Supply Chain Management Regulations: Disposal Management provides for an effective system of disposal management for the disposal or letting of assets, including unserviceable, redundant or obsolete assets.

***No Immovable and/or Moveable Asset/s were disposed this Financial Year 2020/2021 (July 2020 till December 2020).***

### **a. Setting of Inventory Levels**

The inventory levels are monitored on a regular basis and updated, with the assistance with the Expenditure Department.

### **b. Inventory Control**

At the Time this report was prepared the stock take for the 2020/2021 financial year has just not been concluded (July 2020 till December 2020).

### **c. Placing of Orders**

Copies of all orders are kept onsite and outstanding orders are followed up on a regular basis.

### **d. Receiving and Distribution of Goods**

The receipt and distribution of goods are recorded on the accounting system. This enables us to regularly do spot checks on stock as well as a full formal stock take at the end of the financial year.

### **e. Vendor Performance, Maintenance and Contract Administration**

Vendor performance is monitored continuously and problems are promptly addressed. Vendor records are also updated on a regular basis and contract administration are performed regularly to ensure service delivery.



**f. Redundant and Obsolete Stock**

Redundant and obsolete stock are written off in terms of Council's Asset Management Policy.

**g. Mechanisms to identify, consider and avoid potential risk in the SCM System**

The potential of risks are identified on a case by case basis when the specifications of a particular requirement are drawn up. Individual transactions are scrutinized by the heads of department with the relevant delegation of authority to ensure compliance 36 with the SCM policy and further scrutiny is placed on the transactions before the payment is made by the office of the CFO.

## **10. Summary**

The implementation of Supply Chain Management in the municipality has become an accepted reality in the municipality.

Projects and procurement is being planned with cognisance of the requirements of the Supply Chain Management legislative framework. However more work should be done in order to improve strategic sourcing to enhance the value the municipality can derive in improved sourcing and supplier development.

The current shortcomings in the implementation of the Supply Chain Management Policy are constantly addressed. Council's SCM policy fully complies with the requirements of the SCM Regulations, and is ideally set to ensure that procurement processes of the municipality is fair, equitable, transparent, competitive and cost effective and comply with the prescriptions of the Municipal Finance Management Act.

**I. VISSER  
MUNICIPAL MANAGER**



















