

# EMTHANJENI MUNICIPALITEIT



## **SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT FOR THE 2016/2017 FINANCIAL YEAR**

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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 the 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 2015 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.

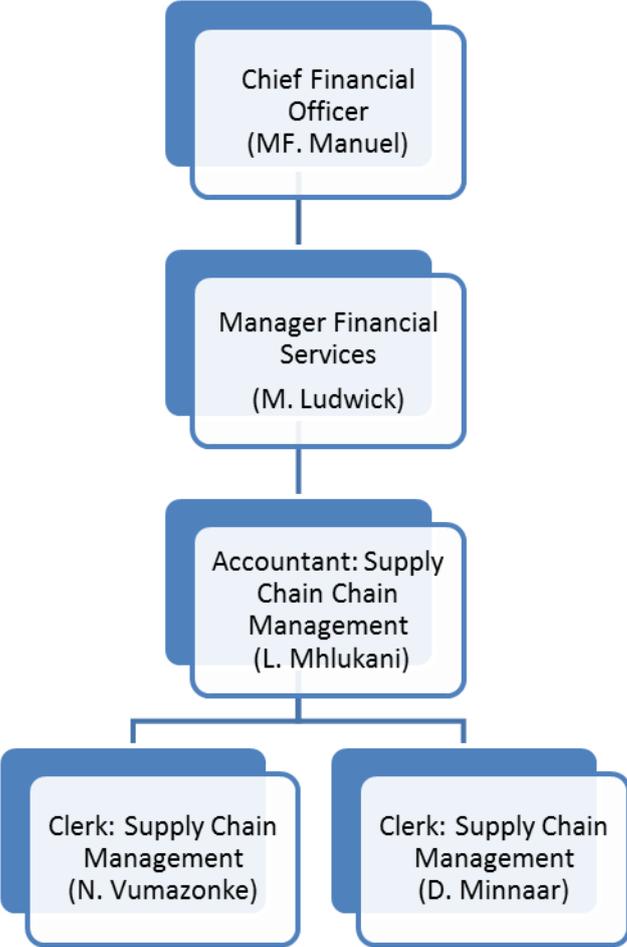
### **3. Organisational Structure**

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 functioning under enormous strain.

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 workshops were attended by Senior Managers, SCM staff and other staff members during the financial year.

No Officials were furthermore exposed to training during the financial year. Representatives of the Northern Cape Provincial Treasury are on hand in providing training on supply chain, assets, record management, CIBD and National Treasury contracts.

## 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.

Purchases for goods and services for the Municipality shall be 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 our database.

The Central Suppliers Database in an online web based system and anyone doing business with Municipality should register online. Emthanjeni Local Municipality has made 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)**

- Two 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)**

- Three 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 financial year. 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**

LM De Leeuw  
D Minnaar  
P Claaste  
H Joka

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

Finance Directorate	:	MF Manuel & M Ludwick
Corporate Services	:	VE Diamane, S Mvandaba & M Jack
Community Services	:	MR Jack & CP Appies
Infrastructure Services	:	M Owies, W Lubbe, FD Taljaard, S Mgijima

### 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:***

MR Ludwick  
M Jack  
FD Taljaard  
CP Appies  
N Vumazonke

**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:***

MF Manuel  
M Owies  
MR Jack  
VE Diamane  
LC Mhlukani

**Bids recommended by the Bid Adjudication Committee and awarded by the Accounting Officer.**

The following bids were recommended by the Bid Adjudication Committee and awarded by Accounting Officer in terms of the SCM Policy and the Preferential Procurement Policy for the 2016/2017 financial year:

**BIDS RECOMMENDED BY BID ADJUDICATION COMMITTEE AND AWARDED BY THE ACCOUNTING OFFICER DURING 2016/2017 FINANCIAL YEAR**

<b>PROJECT DESCRIPTION</b>	<b>PROJECT NO.</b>	<b>CLOSING DATES</b>	<b>BIDDERS</b>	<b>BID AMOUNTS</b>	<b>RESPONSIVE BIDDERS</b>	<b>BID POINTS SCORED</b>	<b>Bids Awarded to/Successful Bidder</b>
Upgrading of Street and Storm Water in De Aar_Phase2: Appointment of a Replacement Contractor for Completion of Remaining Works	T2/2015 (S32)		ACTOPHAMBILI ROADS	R5 050217.41	ACTOPHAMBILI		<b>ACTOPHAMBILI</b>  <b>R 5 050 217.41 VAT INCL.</b>
Municipal Vehicle	T3/2016	01 June 2016	De Aar Motors Trek in Motors	R 317 298.71 R 377 000.00	De Aar Motors Trek in Motors	80.00 64.95	<b>De Aar Motors</b> <b>R 317 298.71</b>
Disposal of ERF 246	T5/2016	29 July 2016	Khula Motors	<b>R 350 000.00</b>	Khula Motors	90.00	Khula Motors R 350 000.00
Security Services	T2/2017	02 March 2017	Raite Stalin Security Mafoko Security Patrols				

			Thabagutsa/ts abeng Security  Veeta no Verba  Bafazi Security  Khusela Guarding Division  Bantu Security  Sinegugu Security  Hynas Security  SA Tiger Security  Securi Force  Mphosa Security  Smada Security				
Supply of Server	T1/2017	13 April 2017	Mosima IT Solutions	R 517 710.20	ALL THE BIDDERS WERE RESPONSINVE	100.00	<b>Mosima IT Solutions</b>

Software and Hardware			Critan Group RSA	1 841 428.72		-112.55	
			Techno-Thusa Technologies	583 916.17		89.77	
			Tsemologong Technologies	1 500 568.71		-51.88	
			Vakunda Trust	918 315.04		38.10	
Disposal ERF 1035	T4/2016	29 July 2016	K2015376798 (SA) PTY LTD	20 000.00		80.00	<b>Meals on Wheels</b>
			Meals on Wheels	30 000.00		40.00	
			Lulama Ranelo	20 000.00 Jnjin		0.00	
			NLS Enterprise	75 000.00		120.00	
Employee Wellness and Health Program	T6/2016	04 November 2016	Barend Springbok Pyschologist	7 093 992.00	Barend Springbok was None-Responsive	91.65	<b>PB ICT has scored highest point but tender was not awarded due to council resolutions.(plz refer to minutes)</b>

			Fortogenic	8 595 720		0.00	
			PB ICT Media and Publishing	6 626 316.18		100.00	
THE DISTRIBUTION OF MUNICIPAL MONTHLY ACCOUNTS STATEMENTS via ELECTRONIC MMS SYSTEM	T3/2017	22 June 2017	Inside Data North Zazini Technology Mailtronic Direct marking CC NewStar Business Solution Material Digital South African Post Office ITS Diamond				<b>NOT YET AWARDED</b>

			Easy Pay				
Short Term Insurance	S32	15 June 2017	AON South Africa				<b>AON South Africa to submit a New Insurance Policy Schedule.</b>

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 2016/2017 financial year. These notices were evaluated against the 80/20 bid principle.

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:

Notice No	Description	Closing / Open date	Quotes Received	Bid Prices	Awarded to
01/2016	<b>400 Prepaid Meters</b>	29 July 2016	<ul style="list-style-type: none"> <li>• Elektro Vroomen EDMBPK 2</li> <li>• Grace Information Technologies</li> <li>• NLS Enterprise Pty Ltd</li> <li>• Hemming Trading</li> <li>• NB Mechanical Sales</li> </ul>	<ul style="list-style-type: none"> <li>• R 168 187.39</li> <li>• R 165 044.88</li> <li>• R 179 264.00</li> <li>• R196 688</li> <li>• R150 294.80</li> </ul>	NB Mechanical Sales R 150 294.80
02/2016	Proposal for Facilitation of Strategic Planning Session		<ul style="list-style-type: none"> <li>• Altcmx</li> <li>• Ignite Advisory</li> </ul>	<ul style="list-style-type: none"> <li>• R 86 000</li> <li>• R 47 880</li> </ul>	Ignite Advisory R 47 880
3/2016	Boardroom sound system with audio recordings		<ul style="list-style-type: none"> <li>• MH Office Machines and Stationery</li> <li>• Belrex305 cc/ta</li> </ul>	<ul style="list-style-type: none"> <li>• R 56 618.10</li> <li>• R 92 225.00</li> </ul>	MH Office Machines and Stationery R 56 618.10
04/2016	3XDrums 10Squaremm copper	26 August	<ul style="list-style-type: none"> <li>• Qongqo TG Trading</li> </ul>	<ul style="list-style-type: none"> <li>• R61 832.88</li> </ul>	<b>ISJX General Contracts</b>

	Airdac	2016	<ul style="list-style-type: none"> <li>• NB Mechanical Sales</li> <li>• Mzozu Trading Enterprise</li> <li>• ISJX General Contracts</li> </ul>	<ul style="list-style-type: none"> <li>• R60 031.99</li> <li>• R99 180.00</li> <li>• R57 986.10</li> </ul>	
05/2016	1Drum of 500metre X16 squaremilimetre X4core PVC Insulated cable	26 August 2016	<ul style="list-style-type: none"> <li>• Qongqo TG Trading</li> <li>• NB Mechanical Sales</li> <li>• Mzozu Trading Enterprise</li> <li>• ISJX General Contracts</li> </ul>	<ul style="list-style-type: none"> <li>• R48 552.60</li> <li>• R47 139.00</li> <li>• R46 455.00</li> <li>• R52 440.00</li> </ul>	Mzozu Trading Enterprise
06/2016	½ Ton LVD Motor Vehicle	26 August 2016	<ul style="list-style-type: none"> <li>• De Aar Motors Nissan</li> <li>• Trek in Motors</li> <li>• CAT Motors</li> </ul>	<ul style="list-style-type: none"> <li>• R190 900.00</li> <li>• R253 128.10</li> <li>• R186 588.35</li> </ul>	CAT Motors
07/2016	1Bitumen Drum 200L	29 August 2016	None Bidded	None Bidded	
08/2016	Supply and Installation of Street Lighting in Louw Street in De Aar	09 September 2016	<ul style="list-style-type: none"> <li>• KOAHO Civil Contracts</li> <li>• Zenzalo Pty Ltd</li> <li>• Mzozu Trading Enterprise</li> </ul>	<ul style="list-style-type: none"> <li>• R199 900.00</li> <li>• R183 719.67</li> <li>• R187 074.00</li> </ul>	Zenzalo Pty Ltd
09/2016	Water meters and Pipes saddles	16 September 2016	<ul style="list-style-type: none"> <li>• Ryamic Mining Supplies</li> <li>• Zenzalo Pty Ltd</li> <li>• Qongqo TG Trading</li> <li>• Irrigation Equipment Supplies</li> </ul>	<ul style="list-style-type: none"> <li>• R130 914.18</li> <li>• R149 570.73</li> <li>• R118 246.27</li> <li>• R133 311.60</li> </ul>	Qongqo TG Trading R 118 246.27

10/2016	Mono Pipes	16 Sep 2016	<ul style="list-style-type: none"> <li>Ryamic Mining Supplies</li> <li>Zenzalo Pty Ltd</li> <li>Qongqo TG Trading</li> <li>Irrigation Equipment Supplies</li> </ul>	<ul style="list-style-type: none"> <li>R140 904.00</li> <li>R188 178.00</li> <li>R178 132.00</li> <li>R172 601.70</li> </ul>	Ryamic Mining Suppliers
11/2016	Office Furniture for Ward Councillors	21 October 2016	No one Bidded	No one Bidded	
12/2016	Supply and Delivery of 5 Laptops; Barcode scanners and Digital cameras	27 October 2016	<ul style="list-style-type: none"> <li>Xult ProjectsManagement</li> <li>Universe Direct</li> <li>Ryamic Mining Supplies</li> </ul>	<ul style="list-style-type: none"> <li>R84 995.00</li> <li>R79 515.00</li> <li>R129 993.50</li> </ul>	Universe Direct
13/2016	120 Bitumen Drums (200L)	19 October 2016	No one Bidded	No one Bidded	
16/2016	Catering Services (Year End Function)	11 November 2016	<ul style="list-style-type: none"> <li>The Hub Tree Events</li> <li>Nozoks General Trader</li> <li>Susans Catering</li> </ul>	<ul style="list-style-type: none"> <li>R 68 000.00</li> <li>R 92 000.00</li> <li>R 80 000.00</li> </ul>	The Hub Tree Events
17/2016	Prepaid Electricity Meters	24 November 2016	<ul style="list-style-type: none"> <li>Contour Technologies</li> <li>Hemming Trading</li> <li>NB Mechanical Sales</li> <li>Mzozu Trading Enterprise</li> </ul>	<ul style="list-style-type: none"> <li>R193 038.48</li> <li>R226 012.00</li> <li>R198 743.04</li> <li>R218 880.00</li> </ul>	NB Mechanicals
18/2016	Cascade Clamps	13 December 2016	<ul style="list-style-type: none"> <li>Xult ProjectsManagement</li> <li>EANDM Business</li> </ul>	<ul style="list-style-type: none"> <li>R166 815.00</li> <li>R175 800.00</li> </ul>	Prestige

			<ul style="list-style-type: none"> <li>• Hemming Trading</li> <li>• Prestige</li> </ul>	<ul style="list-style-type: none"> <li>• R168 990.00</li> <li>• R133 460.00</li> </ul>	
19/2016	Water Pipes and Fittings	13 December 2016	<ul style="list-style-type: none"> <li>• EANDM Business Enterprise</li> </ul>		
21/2016	Protective Clothing	19 January 2016	No One Bidded	None	
22/2017	Mono Pipes Parts		<ul style="list-style-type: none"> <li>• Ryamic Mining Supplies</li> <li>• Irrigation Equipment</li> </ul>	<ul style="list-style-type: none"> <li>• R206 366.20</li> <li>• R188 065.80</li> </ul>	Irrigation Equipment
23/2017	Repair of Hanover Reservoir Roof	17 February 2017	<ul style="list-style-type: none"> <li>• Bright Soul</li> <li>• De Aar Electric</li> <li>• Jack of All</li> <li>• Siyakhasa</li> <li>• Themba Holdings</li> </ul>	<ul style="list-style-type: none"> <li>• R87 033.00</li> <li>• R63 583.50</li> <li>• R77 143.00</li> <li>• R130 000.00</li> <li>• R96 030.00</li> </ul>	De Aar Electric
24/2017	Intent to reprogramme an audit 32Bulk meters	03 March 2017	<ul style="list-style-type: none"> <li>• Mzozu Trading and Civil</li> <li>• General Contractors Trad.</li> <li>• Hemming Trading</li> </ul>	<ul style="list-style-type: none"> <li>• R133 836.00</li> <li>• R180 804.00</li> <li>• R2157 900.00</li> </ul>	Mzozu Trading and Civil
25/2017	Pipes and Valves	01 March 2017	No One Bidded	None	None
26/2017	Intent to Purchase Welded Mesh Rolls and poles	01 March 2017	<ul style="list-style-type: none"> <li>• Takalani Makhani Trading</li> </ul>	Not Awarded	Not Awarded
27/2017	Protective Clothing	17 March 2017	<ul style="list-style-type: none"> <li>• Ekaya Promotions</li> <li>• Ryamic Mining Supplies</li> </ul>	<ul style="list-style-type: none"> <li>• R295 449.24</li> <li>• R180 310.27</li> </ul>	Ryamic Mining Supplies
28/2017	520XFigure 5B Concrete Curbs	22 March 2017	No One Bidded	None	None
29/2017	G1 Base Course	22 March 2017	<ul style="list-style-type: none"> <li>• De Aar Stone Crushers</li> </ul>	<ul style="list-style-type: none"> <li>• R137 940.00</li> </ul>	De Aar Stone Crushers
30/2017	120 Bitumen Drums	22 March 2017	<ul style="list-style-type: none"> <li>• Tosas</li> </ul>	<ul style="list-style-type: none"> <li>• R10 600</li> </ul>	
31/2017	Protective Clothing	31 March	<ul style="list-style-type: none"> <li>• Ekaya Promotions</li> </ul>	<ul style="list-style-type: none"> <li>• R127 880.64</li> </ul>	Ryamic Mining Supplies

		2017	<ul style="list-style-type: none"> <li>• Ryamic Mining Supplies</li> </ul>	<ul style="list-style-type: none"> <li>• R113 065.14</li> </ul>	
32/2017	3 aspect led traffic lights with backboard and 2 aspect led pedestrian 230v without backboard	13 April 2017	<ul style="list-style-type: none"> <li>• Khumo Chilo Pty Ltd</li> <li>• Automotor Traffic Signal</li> <li>• Mzozu Trading Enterprise</li> </ul>	<ul style="list-style-type: none"> <li>• R122 500.00</li> <li>• R126 699.00</li> <li>• R167 142.20</li> </ul>	Khumo Chilo Pty Ltd
33/2017	Design Annual Report		<ul style="list-style-type: none"> <li>• Swift Print</li> </ul>	<ul style="list-style-type: none"> <li>• R136 135.38</li> </ul>	Swift Print
34/2017	Roof Painting and Paving at Phandulwazi Library	25 May 2017	<ul style="list-style-type: none"> <li>• Pixley Building</li> <li>• Boitumelo Naledi</li> </ul>	<ul style="list-style-type: none"> <li>• R159 800.00</li> <li>• R190 166.40</li> </ul>	Pixley Building
35/2017	Erection of Devil Fork Fence Libra Library	25 May 2017	<ul style="list-style-type: none"> <li>• Pixley Building</li> <li>• Inkunzi Enterprise</li> <li>• Boitumelo Naledi</li> </ul>	<ul style="list-style-type: none"> <li>• R49 624.00</li> <li>• R45 209.00</li> <li>• R54 043.00</li> </ul>	Inkunzi Enterprise
36/2017	Removal of Carpets and Laying of Ceramic Tiles Hennie Liebenberg Library	25 May 2017	<ul style="list-style-type: none"> <li>• Pixley Building</li> <li>• Bouitumelo Naledi</li> </ul>	<ul style="list-style-type: none"> <li>• R180 905.00</li> <li>• R149 890.00</li> </ul>	Bouitumelo Naledi
37/2017	Supply and Delivery of Office Equipment and Tools	15 June	Not Yet Awarded	None	None

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

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

The Supply Chain Management Policy states in Paragraph 39(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 39(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 2016/2017 financial year. These were also adopted by the Executive Committee and MPAC. Please see ANNEXURE A**

## **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.

## 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.

Serial_Number	Type_Name	Description_Name
7D006058	CALCULATOR	Unspecified
703TPMZ31547	COMPUTER MONITOR FLAT SCREEN	Unspecified
	COMPUTER CPU	COMPUTER CPU
	COMPUTER CPU	COMPUTER CPU
937A00545	COMPUTER PC	Unspecified
ETLE10D0739170D07B88502	COMPUTER MONITOR	Unspecified
	COMPUTER LAPTOP/NOTE BOOK	
4D007411	CALCULATOR	Unspecified
CNCD265356	PRINTER LASERJET 1300	Unspecified
Q3085977	CALCULATOR	Unspecified
Z2LHBAS900698Z	PRINTER	Unspecified
	CALCULATOR	Unspecified
	PRINTER	
	PRINTER	
	PRINTER SAMSUNG ML1520	
	PRINTER	
	PRINTER	
	PRINTER COLORLASERJET	
	PRINTER LASERJET 1300	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	Acer
	KITCHEN APPLIANCES	KITCHEN APPLIANCES
	COMPUTER LAPTOP/NOTE BOOK	Emachines
	CALCULATOR	
	COMPUTER SPEAKERS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER PC	
	COMPUTER MONITOR	

	MACHINE LAMINATING	Unspecified
	CALCULATOR	Unspecified
	COMPUTER CD WRITER	COMPUTER CD WRITER
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	BAUER C0211	HEATER ELECTRIC
Nissan bakkie	MOTOR VEHICLES	
HORN SPEAKERS		
Gigabyte	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Flatron black	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Canon mx700	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Samsung	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Fijitsu	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Gigabyte	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Axper	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Gigabyte	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Axper	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Gigabyte	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Gigabyte	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Gigabyte	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Gigabyte	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Gigabyte	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Fujitsu	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	

Axper	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Gigabyte	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Axper	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Gigabyte	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Exper	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
AXPER	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	OFFICE EQUIPMENT INCLUDING FAX MACHINES	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
Public Address amplifier	AUDIOVISUAL EQUIPMENT	
	AUDIOVISUAL EQUIPMENT	
SPA 100	AUDIOVISUAL EQUIPMENT	
Titanaudio	AUDIOVISUAL EQUIPMENT	
Titanaudio	AUDIOVISUAL EQUIPMENT	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
	COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	
FORD bantam	MOTOR VEHICLES	
FORD bantam	MOTOR VEHICLES	
Nissan Almera	MOTOR VEHICLES	

***The Total Amount of Immovable Assets Disposed this Financial Year 2016/17 amount to R 370 000.00 ( erf 246 and erf 1035)***

**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 2016/17 financial year had not yet took place.

**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.

***“NB: FROM THE 01 JULY 2016 EMTHANJENI LOCAL MUNICIPALITY HAS STARTED IMPLEMENTING THE USE OF CENTRAL SUPPLIERS DATABASE”. AND ON THE 01 APRIL 2017 EMTHANJENI LOCAL MUNICIPALITY HAS STARTED WITH THE IMPLEMENTATION OF NEW PPPFA REGULATIONS.***

**I. VISSER  
MUNICIPAL MANAGER**

# **ANNEXURE A**



**SCM DEVIATION REGISTER - AUGUST 2016**

DATE	CHEQUE / ORDER NO.	SUPPLIER	AMOUNT	REASON FOR DEVIATION	Summary of Quotations	
					One	Two
24/06/2016	D1018027	Zelco Motors	5 274,90	Only service provider that the car of Mayor can service and its having a warranty	5 274,90	
01/07/2016	D1018092	Prestige Hardware	1 062,30	The only service provider that was willing to give credit on the repairing of damages on the hall	1 062,30	
11/07/2016	EB067929	Early Worx	6 000,00	Only service provider that can provide us with franking machine postage	6 000,00	
08/08/2016	D1018112	Nissan De Aar Motors	6 587,87	The cheapest service provider is out of town so they were using the local supplier		6 587,87
16/08/2016	D1018116	MH Office Machine & Stationary	56 618,10	Only two quotes were receive d on the closing date of Notice 3/2016		56 618,10
24/08/2016	D1018147	Trentyer	2 784,97	Only service provider locally was registered on Central Supplier Database that can provide us with tyers	2 784,97	
25/08/2016	D1018138	Khula Motors	61 782,64	The service provider quote was the one obtained as the repair quote is subjected to dismantlethe vehicle	61 782,64	
31/08/2016	D1018146	Trentyer	2 023,41	Only service provider locally was registered on Central Supplier Database that can provide us with tyers	2 023,41	
			<b>142 134,19</b>		<b>78 928,22</b>	<b>63 205,97</b>

**SCM DEVIATION REGISTER - SEPTEMBER 2016**

DATE	CHEQUE / ORDER NO.	SUPPLIER	AMOUNT	REASON FOR DEVIATION	Summary of Quotations	
					One	Two
02/09/2016	D1018167	G.V Donald	20 029,80	Only service provider that the car of Mayor can service and its having a warranty	2 029,80	
05/09/2016	D1018163	Ignite Advisory	47 880,00	Only two service provider received on the closing date of Notice 2/2016		47 880,00
15/09/2016	Req. no. 48130	Peermont Metcourt	11 120,00	Impsa Annual General Conference		11 120,00
27/09/2016	Req. no. 51529	Funchal	4 703,90	Only service provider that can provide with quote when purchasing Newspaper and Magazine for Libraries	4 703,90	
			<b><u>83 733,70</u></b>		<b><u>6 733,70</u></b>	<b><u>59 000,00</u></b>

**SCM DEVIATION REGISTER - OCTOBER 2016**

DATE	CHEQUE / ORDER NO.	SUPPLIER	AMOUNT	REASON FOR DEVIATION	Summary of Quotations	
					One	Two
20/09/2016	D1018291	Super Armature	16 196,76	The motor pump must be dismantle before they give us quote	16 196,76	
20/09/2016	D1018290	Super Armature	23 927,86	The vehicle must be dismantle before they give us quote	23 927,86	
27/09/2016	D1018289	Spectrum Communication	11 602,92	Only service provider that can repair or monitor telemetry machine	11 602,92	
27/09/2016	D1018296	Wee Cee	2 960,00	The starter must be dismantle before they give us quote	2 960,00	
29/09/2016	D1018243	Trek in Toyota	1 631,34	Only toyota agent service centre available	1 631,34	
03/10/2016	D1018288	Dumas Ingenieurs Werke	7 410,00	Only service provider manufacture steel locally	7 410,00	
03/10/2016	D1018294	AAS Operations	27 527,03	Three quotation was received only AAS Operation have chlorine gas		27 527,03
04/10/2016	D1018287	Elester Kent	2 471,52	Only service provider that can distribute water meters	2 471,52	
04/10/2016	D1018257	Bokamoso Skills and Training	29 996,00	The service provider had to conduct inhouse training	29 996,00	
10/10/2016	D1018286	Precision Hydraulics	32 951,70	Dismantling and stripping of Cherry Picker Trucks	32 951,70	
10/10/2016	D1018282	De Aar Electrical	2 697,24	Emergency repair of electrical pole during weekend to restore power to the community	2 697,24	
13/10/2016	D1018292	Ross Electrical and Nutsman	3 972,90	Urgent intervention was required to repair leakage in the server room	3 972,90	
31/10/2016	D1018339	Trek in Toyota	13 122,23	Only service provider that can assist us on quote	13 122,23	
31/10/2016	Cheque no. 67967	Checkers	2 480,91	Only two service provider that can provide us with quotation when purchasing refreshments		2 480,91
31/10/2016	Cheque no. 67968	Checkers	5 068,59	Only two service provider that can provide us with quotation when purchasing refreshments		5 068,59
31/10/2016	Cheque no. 67973	Checkers	8 371,87	Only two service provider that can provide us with quotation when purchasing refreshments		8 371,87
			<b>192 388,87</b>		<b>148 940,47</b>	<b>43 448,40</b>



**SCM DEVIATION REGISTER - NOVEMBER 2016**

DATE	CHEQUE / ORDER NO.	SUPPLIER	AMOUNT	REASON FOR DEVIATION	Summary of Quotations	
					One	Two
31/10/2016	Cheque no. 67977	Funchal	4 833,90	Only service provider that can provide us newspaper and magazine on monthly basis and pay them later	4 833,90	
01/11/2016	D1018354	Kimru -It Logix	5 703,88	Service already rendered and renewal is required(computer system)	5 703,88	
03/11/2016	D1018353	Ubertech	3 933,00	Only service provider who can assist us with a quote	3 933,00	
08/11/2016	D1018351	Gariep A Forever Resort	38 012,00	The only service provider that can allocate us for Emthanjeni Strategic Planning	38 012,00	
08/11/2016	D1018364	Tri-Lectro	23 575,20	Only service provider in our area can specialised with this kind of work	23 575,20	
15/11/2016	D1018365	Zelco Motors	31 512,60	Only service provider that can assist as an agent	31 512,60	
21/11/2016	D1018400	Lithotech	14 494,87	Only one quote we receive when purchasing meter reading cards	14 494,87	
21/11/2016	D1018387	De Aar Bande and Gas	5 088,00	The only service provider that can do mix moulding	5 088,00	
21/11/2016	D1018398	Kwapele Basadi Clean It	28 995,16	Three quote were received due to quality of product provide by supplier we value for money		28 995,16
28/11/2016	D1018418	The Hub Tree Event and Projects	10 400,00	Only two suppliers in our area that can do décor		10 400,00
			<b>166 548,61</b>		<b>127 153,45</b>	<b>39 395,16</b>
<b>CHECKED BY: M F MANUEL</b>				<b>DATE: 12 December 2016</b>		
<b>CHIEF FINANCIAL OFFICER</b>						
<b>APPROVED BY: I VISSER</b>				<b>DATE: 12 December 2016</b>		
<b>MUNICIPAL MANAGER</b>						