



**OCTOBER – DECEMBER 2022
(2ND QUARTER)**

**QUARTERLY REPORT TO THE MUNICIPAL COUNCIL
IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY
MPOFANA MUNICIPALITY**

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

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1. INTRODUCTION

In terms of clause 6(1)(3) of the Municipal Supply Chain Management Regulations, 2005, which deals with the Oversight role of council of municipality or board of directors of municipal entity:

- (1) *The council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its supply chain management policy.*
- (3) *The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality or the board of directors of the municipal entity, as the case may be.*

2. SCM POLICY & PROCEDURES

2.1 ADOPTION OF POLICY BY COUNCIL

SCM Policy was reviewed and approved on May 2022 (RES 26/5/2022)

2.2 SCM PROCEDURES

SCM procedure manual have be implemented as a standard of operation throughout the municipality with specific focus on the demand and acquisition elements of SCM, thereby ensuring uniformity in all procurement transactions and associated processes.

2.3 DELEGATIONS

In terms of section 79 of the MFMA the Accounting Officer of a Municipality Council must develop a system of delegations that will maximize administrative and operational efficiency and provide for adequate checks and balances in the municipality's financial administration. When assigning to staff members, clear segregation of duties must be taken into consideration in order to maintain appropriate and adequate internal controls.

SCM Manager: To approve quotations/bids from an estimated valued of R1000.00 up to R200 000.00 including VAT per case.

Acting Chief Financial Officer: To approve quotations/bids form an estimated value of R1000.00 up to R5 000 000.00 including VAT per case and also authorize payments.

3. FUNCTIONING OF THE SCM UNIT (PHRASE AS QUESTIONS)

3.1 SCM STRUCTURE:

SCM department have the following staff structure

- *Manager SCM: Mr. S. Sithole*
- *Procurement Officer: Mrs. B. Sokhela*
- *Asset Management Officer: Mr. S. Mkhulise*
- *Buyer (2): Miss S Vilakazi & the other one is vacant*
- *Inventory Clerk: Vacant (Mr. S. Mkhulise is currently doing the duties)*

3.2 DECLARATION OF INTEREST:

All SCM officials did sign declaration of interests in the beginning of the new financial year

3.3 CODE OF CONDUCT FOR SCM PRACTITIONERS:

All SCM officials did sign a Code of Conduct in the beginning of the new financial year.

3.4 TRAINING OF SCM PERSONNEL:

All SCM Personnel have been attending most of the trainings provided by Treasury.

4. FUNCTIONING OF BID COMMITTEES

4.1 Are Bid Committees constituted in line with Regulations 27, 28 &29?

- *All three bid committees are properly constituted and functioning.*

4.2 Are Bid Committee Terms of Reference in place?

- *They are in place.*

4.3 Number of Bid Committee Meetings held during the reporting period.

There were 3 Bid Committee Meetings

5. **REPORTING ITEMS**

5.1 **DEVIATIONS**

5.1.1 **Section 114 (Approval of tenders not recommended)None**

Date of Award	Bid No.	Description of Goods/Services/Works	Award Value	BEC Recommendation	BAC Recommendation	Reason for Deviation	Notifications		
							AG	PT	NT

5.1.2 **Regulation 32(Procurement of goods and services under contracts secured by other organs of State)None**

Date of Award	Contract Description	Award Value	Service Provider	Name of Contract Owner (Department / Municipality)	Consent obtained from Organ of State and Service Provider		Reason for Deviation	PT Decision	
					Yes	No		Approved	Not Approved

5.1.3 **Regulation 36 (Deviation from, and ratification of minor breaches of, procurement processes)**

Description of Goods/Services/Works	Date of Award	Awarded To	Award Value	Reason for Deviation	Date reported to Council
Strip & Repair of 2 X 200KVA Transformers	2022/10/13	Imbawula Technical Services	R 126 649.50	The Municipality repaired its 2 transformers in order to have a spare transformer in case of emergencies. Strip & Repair of transformers includes the cost of collection, delivery and the work to be performed in order to know the extent of damage to be repaired therefore it is unsound and costly to send to different suppliers.	
Repairs & Maintenance of all Mini Sub and Transformers	2022/10/17	FST Technical Services	R 30 711.49	The Municipality repaired its 2 transformers in order to have a spare transformer in case of emergencies.	

				Strip & Repair of transformers includes the cost of collection, delivery and the work to be performed in order to know the extent of damage to be repaired therefore it is unsound and costly to send to different suppliers.	
3 X Taxis to transport the warriors and maidens to Durban at Moses Mabhida Stadium for the coronation of the Zulu King	2022/10/28	Reitvet Local Taxi Association	R 10 400.00	There is only one Local Taxi Association within ward 2 & 4 therefore the Municipality had to use Reitvet Local Taxi Association which cause a deviation from normal SCM processes.	
2 X Mini Bus to transport the warriors and maidens to Durban at Moses Mabhida Stadium for the coronation of the Zulu King	2022/10/28	Mooi River Local Taxi Association	R 19 500.00	There is only one Local Taxi Association within ward 1, 3 & 4 which is Mooi River Local Taxi Association therefore the Municipality had to deviate from normal SCM processes	
Strip & Repair on TLB NMR 10189 due to overheating of leaking water pump	2022/11/04	ELB Equipment	R 26 845.52	The strip & repairs are limited to only one authorised dealership therefore the KZN ELB Equipment was the appointed dealership due to the nature of service to be performed there is a hardship of obtaining more than one quotation as strip and repair need to be done to know the extent of the work to be performed before a quotation is made.	
3 X Taxis to transport Mpofana Youth to participate on the SALGA Provincial Games in Pietermaritzburg	2022/11/04	Reitvet Local Taxi Association	R 15 000.00	There is only one Local Taxi Association within ward 2 & 4 therefore the Municipality had to use Reitvet Local Taxi Association which cause a deviation from normal SCM processes.	
4 X Mini Bus to transport Mpofana Youth to participate on the SALGA Provincial Games in Pietermaritzburg	2022/11/04	Mooi River Local Taxi Association	R 14 000.00	There is only one Local Taxi Association within ward 1, 3 & 4 which is Mooi River Local Taxi Association therefore the Municipality had to deviate from normal SCM processes	

Calibration of Vehicle Testing Equipment	2022/12/08	NEFFCON RoadTech Test Station Equipment CC	R 11 704.70	The service provider is the only authorised dealer to calibrate the equipment. The equipment were installed by the NEFFCON RoadTech therefore it is only calibrated by them.	
				TOTAL	R 254 811.21

5.2 Irregular Expenditure

TYPE OF EXPENDITURE INCURRED	RECEIPT OF THE PAYMENT	EXPNDITURE AMOUNT	REASON FOR EXPENDITURE
Irregular Expenditure	R & D Contractors CC	R 193 441.50	Proper SCM Panel Processes were not followed correctly
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Irregular Expenditure	Siyejabula Security Services	R 417 321.32	Service Provider was appointed during the time where the PPPFA Regulation was suspended
Irregular Expenditure	Siyejabula Security Services	R 417 321.32	Service Provider was appointed during the time where the PPPFA Regulation was suspended
Irregular Expenditure	Estcourt Security Services	R 2 300.00	Contract Expired
Irregular Expenditure	Estcourt Security Services	R 1 380.00	Contract Expired
Irregular Expenditure	Estcourt Security Services	R 1 380.00	Contract Expired
Irregular Expenditure	Scelo Business Consultancy	R 285 914.02	Tender was not advertised for 30 days (all tenders above R10 million must be advertised for 30 days)
Irregular Expenditure	Scelo Business Consultancy	R 56 693.24	Tender was not advertised for 30 days (all tenders above R 10 million must be advertised for 30 days)
Irregular Expenditure	Scelo Business Consultancy	R 11 910.00	Tender was not advertised for 30 days (all tenders above R 10 million must be advertised for 30 days)
Irregular Expenditure	SIGMA IT	R 19 871.99	Contract Expired
Irregular Expenditure	SIGMA IT	R 19 871.99	Contract Expired
Irregular Expenditure	SIGMA IT	R 19 871.99	Contract Expired
Irregular Expenditure	Siyejabula Security Services	R 417 321.32	Service Provider was appointed during the time where the PPPFA Regulation was suspended
Irregular Expenditure	R & D Construction CC	R 193 441.50	Proper SCM Panel Processes were not followed correctly
TOTAL		R 2 193 408.45	

5.3 Fruitless & Wasteful Expenditure

TYPE OF EXPENDITURE INCURRED	RECEIPT OF THE PAYMENT	EXPENDITURE AMOUNT	REASON FOR EXPENDITURE
Interest on account	Eskom	R 2 145 610.18	Interest on overdue account
Interest on balance	Telkom	R 834.21	Interest on previous balance
Interest charged	Umgungundlovu	R 1 602.22	Interest charged for October 2022
Interest charged	Auditor General	R 1 970.74	Interest charged on overdue account
Interest charged	SARS	R 74 627.95	Payroll-Penalty
Interest charged	SARS	R 44 765.62	VAT-Penalty
Interest on account	Eskom	R 2 282 583.26	Interest on overdue account
Interest on balance	Telkom	R 1 677.60	Interest on previous balance
Interest reversed	Umgungundlovu	(R 1 602.22)	Reversal of interest charged for the month of October 2022
Interest charged	Umgungundlovu	R 1 468.28	Interest charged for October 2022
Interest charged	Umgungundlovu	R 1 716.66	Interest charged for November 2022
Interest charged	SARS	R 17.00	Payroll-Interest @8.25% (20221001-20221101)
Interest charged	SARS	R 4 216.99	Payroll-Interest @8.25%
Interest charged	SARS	R 3 357.42	VAT-Interest @9%
Interest charged	Eskom	R 3 167 579.80	Interest on Overdue Account
Interest charged	SARS	R 3 357.42	VAT-Interest @9%
Interest charged	SARS	R 91 362.20	Payroll-Penalty
Interest charged	SARS	R 11.55	Payroll-Interest @9% (20221201-20221209)
Interest charged	SARS	R 6 992.54	Payroll-Interest @9% (20221201-20221209)
Interest charged	SARS	R 6 139.20	Payroll-Interest @9% (20221201-20221209)
Interest charged	SARS	R 450.55	Payroll-Interest @9%
Interest charged	SARS	R 49 810.28	VAT-Penalty
TOTAL		R 7 888 549.45	

5.3 **CENTRAL SUPPLIERS DATABASE (CSD)**

- All suppliers trading with the Municipality are registered on Central Supplier Database.
- Purchase orders are being uploaded on CSD.

5.4 **PROCUREMENT PLAN IMPLEMENTATION**

N o	Project description as per the annual procurement plan	Name of Supplier	Bid Number / Quotation Number	Actual value of Contract	Method of Procurement	Bid advert date	Bid closing date	evaluation end date	BAC submission date	Award date	contract start date	Contract expiry date
01	Provision of Security Services for a period of 36 months		MPO/05/2022		Tender	2022-08-11	2022-09-12	2022-11-01	2022-12-15			
02	Provision of Network Infrastructure & ICT Services for a period of 36 months		MPO/06/2022		Tender	2022-08-11	2022-09-12	2022-11-01	2022-12-15			

5.5 QUOTATIONS AWARDED

No.	SERVICE PROVIDER	DESCRIPTION OF GOODS/SERVICES	CONTRACT AMOUNT
1	ND General Services	Supply & Delivery of 400 X 160A Fuses	R 28 612.00
2	Nomqavela Trading (Pty) Ltd	Supply & Delivery of 32GB of RAM of Internal Hard Drive	R 15 349.00
3	Yamkela Enterprise (Pty) Ltd	Supply & Delivery of 2 X Lenovo Intel Core i5 Laptops	R 28 998.00
4	MenziUJU (Pty) Ltd	Supply & Delivery of 50 X brush cutters and 10 X Spark Plugs	R 7 250.00
5	Sanyera Trading (Pty) Ltd	Service Provider for the road markings	R 23 417.00
6	Sanyera Trading (Pty) Ltd	Service Provider to supply Road Traffic Signs	R 27 640.00
7	Sikhunkasthombe	Supply & Delivery of Electricity Materials: 5 X Termination Kit Outdoor HTSM 50-95 5 X Termination PILC 120-185 10 X Termination 16-32mm XLPE 10 X Termination KIT 35-70 3 Core XLPE/17B3	R 24 691.00
8	Supa Quick	Replacement of Brake Pads on NMR8729 Isuzu KB Vehicle	R 4 224.97
9	Singh's Tyres	Puncture Repair on Rear Tyre of TLB NMR10189	R 575.00
10	Singh's Tyres	Replacement of Battery for a new batter for NMR10152 Vehicle	R 1 956.52
11	Ithembalothando	Supply & Delivery of 2 X earth leakages	R 1 900.00
12	Prospering and Hyper Building Construction	Service Provider to revamp an office	R 20 450.00
13	Intuthuko Empire (Pty) Ltd	Supply & Delivery of Electricity Materials GTIX 11 koint Kit 35-95mm 11KV XLPE Indoor	R 26 000.00
14	Traffic Signals & Accessories (Pty) Ltd	Service Provider to repair the Traffic Lights at Lawrence Road	R 57 845.00
15	Yamkela Enterprise (Pty) Ltd	Service Provider required to repair the CCTV Cameras at licensing Office	R 87 040.00
16	Singh's Tyres	Supply & Delivery of 1 X 20L Hydraulic Oil	R 1 454.75
17	InterCalibration Natal (Pty) Ltd	Calibration of Speed Equipment as required by the Law N.RTA93/96	R 6 382.50
18	Rando Contractors CC	Hire of a Grader for a period of 22 days	R 212 899.50
19	Lunkanzi Trading (Pty) Ltd	Hire of a 10m ³ Tipper Truck for a period of 22 days on wet rates and operator	R 114 840.00
20	Singh's Tyres	Supply and Delivery of 1 X 20L Hydraulic Oil	R 1 454.75
21	ARB Electrical Wholesalers (Pty) Ltd	Purchase of Tools of Trade for meter reading	R 1 832.67
22	ELB Equipment (Pty) Ltd	Repairs on TLB NMR10189	R 26 845.82
23	Ilanga Media	Advertisement of Vacant Posts	R 8 453.68

24	TS Optimum Project & Maintenance	Supply & Delivery of Electricity Materials 3 X 3 Phase Boundary Meter Box Cable	R 28 975.63
25	Mooi Auto Clinic	Towing of Municipal Vehicles from Woza Woza to PMB Garage for repairs	R 11 500.00
26	Media 24 News	Advertisement of Vacant Post	R 29 808.00
27	Witness Newspaper Company	Public Notice adoption	R 4 657.50
28	Advanced Product Technology	Supply & Delivery of Electricity Materials	R 17 664.00
29	Reitver Association	Transportation of the Warriors & Maidens to the Coronation of the King 3 X Taxis	R 19 500.00
30	Mooi River & District Taxi Association	Transportation of the Warriors & Maidens to the Coronation of the King 3 X Taxis	R 10 400.00
31	Reitver Association	Hire of 3 X Taxis to transport youth to SALGA Games at PMB	R 15 000.00
32	Mooi River & District Taxi Association	Hire of 01 X Bus to transport youth to SALGA Games	R 14 000.00
33	ELB Equipment (Pty) LTD	Repairs on TLB NMR10189 due to overheating	R 26 845.82
34	FST Technical Services	Repairs and Maintenance of all Mini Sub & Transformers	R 30 711.49
35	Imbawula Technical Services & Supplies Group	2 X 200KVA Strip and repair of transformers	R 126 649.50
36	Singh's Tyres	Puncture Repair on NP214-236	R 1 196.00
37	Ilanga Media	Erratum Advert	R 1 252.41
38	Versatile Office Furniture	Supply & Delivery of Office Furniture for PMU Office	R 64 097.55
39	OZONE Green	Supply & Delivery of Cleaning Materials	R 25 907.74
40	NeffCon RoadTech Testing Station	Calibration of Vehicles Examination Equipment	R 11 704.70
41	Government Printing Works	Gazette the adoption of the Mpofana Local Municipality's SDF as per requirements of SEC20(1) of PLUMA	R 1 008.80
42	Earlyworks 266 T/A Nashua	Supply & Delivery of Traffic department	R 20 216.14
		TOTAL	R 1 191 207.44

5.6 MUNICIPAL BID APPEALS

➤ None

5.7 CONTRACT MANAGEMENT

5.7.1 Contracts Register Statistics

No. of Current Contracts	No. of Contracts about to expire in <6 months	No. of Expired Contracts but still in use
15	None	1. Estcourt Security

5.7.2 Variations

i) Variations within 15% or 20%

Contract No.	Contract Description	Contract Value	Reasons for Variation	Amount
None				

ii) Variations above 15% or 20% (Comply with MFMA S116(3))

Contract No. & Description	Contract Value	Reasons for Variation	Amount	Date Tabled at Council	Date of Notice to Community
None					

5.7.3 Supplier Performance Management

Contract no. & Description	Name of Contractor	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating
			Yes	No	
MPO/02/20218 General Valuation & Preparation of the Valuation Roll	MetGovis / Genix Valuation (Pty) Ltd	2022/12/23	X		Satisfactory
MPO/11/2019 Debt Collection Services and Data Cleansing	CleaResult77 (Pty) Ltd	2022/12/23	X		Satisfactory
MPO/10/2019 Short-Term Insurance	Indwe Risk Services (Pty) Ltd	2022/12/23	X		Good
MPO/02/2020 Provision of Internal Audit Services	Inkazimulo Business Advisory Services	2022/12/23	X		Good
MPO/01/2020 MaxProf Recovery (Pty) Ltd	Provision of VAT Specialist	2022/12/23	X		Good
Lease of Photocopying Machines	Nashua Pietermaritzburg	2022/12/23	X		Good
MPO/08/2021 Panel of Attorneys	AP Ngubo Attorneys	2022/12/23	X		
MPO/06/2021 The upgrading of Landfill-Geotech Analysis, Design and Construction of leachate management system and drainage	Surg Sut (Pty) Ltd	2022/12/23	X		Good
MPO/07/2020 Cash Management Services	Fidelity Cash Solutions	2022/12/23	X		Good
MPO/09/2020 Supply, Installation and maintenance of Hygiene equipment	Bidvest Steiner	2022/12/23	X		Satisfactory
Provision of Security Services	Siyejabula Security Services	2022/12/23	X		Good
Supply, Installation, Servicing and monitoring of Alarm System	Estcourt Security Services	2022/12/23	X		Good
Lease of Vehicles	Scelo Business Consulting	2022/12/23	X		Satisfactory
MPO/08/2021 PANEL OF ATTORNEYS	BS MABASO CC	2022/12/23	X		Good

5.8 Logistics / Inventory Management

i) Policy – Approved by Council on 26 June 2020, RES 1/06/2020.

ii) Cycle counts – Annually at the end of each financial year.

5.9 Unsolicited Bids **None**

Description of Goods/services	Amount	Date Submitted to Council	Supported		Date submitted to Provincial Treasury	Supported	
			Yes	No		Yes	No

5.10 E-Tender Portal

- i) Access – Mpofana Municipality is included on the E-Tender Portal
 ii) Bids published during the quarter - None

6. PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT (PPPFA), REGS2017

6.1 Contracts with Pre-Qualification (Regulation 4)

Contract Description	Pre-Qualification Criteria	Award Value	Date of Award
None			

6.2 Contracts with Objective Criteria (Section 2(1)(f) PPPF Act)

Contract Description	Objective Criteria	Award Value	Date of Award
None			

6.3 Contracts above R30 million (Contract Participation Goals) (Regulation 4)

Contract Description	Sub-Contracting Criteria	Award Value	Amount Sub-Contracted	Date of Award
None				

7. Local Content Procurement

Contract Description	Designated Sector	% Designated	Award Value	Date of Award	Reporting to DTI
None					

8. RISK MANAGEMENT

8.1 Fraud Prevention Plan

Is there a Fraud Prevention Plan in place?

Yes there is a Fraud Prevention Plan in place which was approved by the Audit Committee last year June.

8.2 Auditor General Findings

ITEM	DEPARTMENT / SECTION	RISK DESCRIPTION	SOURCE DOCUMENT / REFERENCE	AUDITOR GENERAL SOUTH AFRICA FINDING	IMPLEMENTATION PLAN TO ADDRESS FINDING / ACTION REQUIRED	RESPONSIBLE OFFICIAL
01.	SCM Expenditure Management	Non-Tax Compliant suppliers awarded	Audit Report 2021/22 Par. 5	The SCM did not perform adequate review of the CSD tax compliance for some suppliers against the completed SCM checklist to confirm compliance with the regulations prior to award	Management has visited all the payment vouchers to verify tax compliance status on CSD. The SCM officials are the ones who check on the CSD website for the compliance of the supplier tax status	SCM Manager
02.	SCM Expenditure Management	No terms of reference for the transfer of skills from the consultants to the employee of the Municipality	Audit Report 2021/22 Par.22	The SCM Officials did not adequately prepare the Service Level Agreement which takes into account the requirements for the transfer of skills	The CFO & SCM manager will review and make amendments on the Service Level Agreements to ensure that the clause for transfer of skills is put into consideration for cost containment purposes.	SCM Manager CFO
03.	SCM Expenditure Management	Irregular Expenditure investigations not conducted effectively	Audit Report 2021/22 Par. 24	The MPAC did not adequately review the reports provided by the investigating consultants to ensure that investigations conducted are performed effectively by the investigating team and that all relevant information is taken into account to support the conclusion.	The MPAC will adequately review the investigation reports with the appointed investigation team	SCM Manager

CHIEF FINANCIAL OFFICER:

Mr. P. Molefe

SIGNATURE:

DATE:
