



**MANTSOPA LOCAL MUNICIPALITY:  
DEPARTMENT OF FINANCE**

**SUBJECT: MUNICIPAL FINANCE MANAGEMENT ACT, NO 56 OF 2003: REPORT ON IMPLEMENTATION OF MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

**1. PURPOSE**

To report to council on the implementation of Municipal Supply Chain Management Policy.

**2. SUMMARY**

In terms of regulation 6 of the Supply Chain Management Regulations of 30 May 2005 the Accounting Officer of the municipality must, within 30 days of the end of each financial year, submit a report on the implementation of the Supply Chain Management Policy to council.

In terms of regulation 36(1) of the Supply Chain Management Regulations of 30 May 2005, a Supply Chain Management policy may allow the Accounting Officer-

- a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only-
- (i) in an emergency;
  - (ii) if such goods or services are procured 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; or
  - (v) in any exceptional case where it is impractical or impossible to follow the official processes; and

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b) To ratify any 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.

2. The Accounting Officer must record the reasons for any deviations in terms of sub regulation (1) (a) and (b) and report them to next meeting of the Council, and include as a note to the Annual Financial Statements.

### 3. DISCUSSION

Mantsopa Local Municipality approved its supply chain management policy on the 01 December 2005, and it is reviewed annually and according to the policy the Accounting Officer must establish supply chain management unit to implement its supply chain management policy.

#### 3.1 ADVERTISEMENTS AND ADJUDICATION OF BIDS FOR 2018/19 (FIRST QUARTER)

Description	Bid No	Tender awarded to	Contract Amount
Excelsior : Erection of 730m of Concrete Palisade Fence and Graveyard	MLM 12/17/18	Sediba Se Maphodi	R632,567.76
Fixing and Re-sealing of Potholes for Mantsopa Local Municipality	MLM 26/17/18	HDM Projects	R1,449 669.75
Tweespruit : Construction of Three (03) 40 Square Metre Standing Alone Residential Dwellings	MLM 02/18/19	Thap3lom General Trading	R618, 456.42
Supply and Delivery of ICT Software For Mantsopa Local Municipality	SCM 62/16/17	LQ Technolgies	R504,788.74
Appointment of Service Provider to Assist Municipality with Billing Data Verifications	MLM 03/18/19	Fezi Auditors	R953,000.00
Design and Construction Monitoring of Sport Facilities at Dipelaneng	MLM 01/18/19 -01	Proper Consulting Engineers	R1,618 252.17
Water Conservation and Demand Management For Matsopa Local Municipality	MLM 01/18/19 - 02	SADC Project Consulting	R1,714 069.25

**TOTAL = R7,490 834.09**

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### 3.2 DEVIATIONS

The following were procured through section 36 of the SCM regulation

PAYMENT DATE	PAYMENT NUMBER	COMPANY NAME	REASON FOR DEVIATION	AMOUNT
19/07/2018		Power Gear cc	The municipality utilized only Gearbox Bloemfontein for the strip and repair the seized gearbox of Nissan DJX973FS-Compactor Truck because they are gearbox specialists recommended by manufacturer.	R 77,041.20
13/07/2018	15049938	Trentyre	The municipality vehicle Reg CNY014FS needs re-treading of old tyres casings urgently. The SCM division sourced one quote from Trentyre for re-treading of old tyres. The tyres were initially purchased from Trentyre.	R 5,032.24
13/07/2018	15049938	Trentyre	The municipality vehicle reg no FHN635FS needs re-treading of old tyres casings urgently. The SCM division sourced one quote from Trentyre for re-treading of old tyres. The tyres were initially purchased from Trentyre.	R 4,896.05
13/07/2018	15049943	Regomoditswe General Trading	The municipality utilised Regomoditswe General Trading as the sole supplier for the strip and repair of engine for GWM DPX872FS.	R 5,378.29
13/07/2018	15049938	Trentyre	Re-treading of tyres casings urgently. The SCM division sourced one quote from Trentyre for re-treading of old tyres. The tyres were initially purchased from Trentyre.	R 4,896.05
13/07/2018	15049938	Trentyre	The municipality vehicle reg no FHN645FS needs re-treading of old tyres casings urgently. The SCM division sourced one quote from Trentyre for re-treading of old tyres. The tyres were initially purchased from Trentyre.	R 3,403.59
13/07/2018	15049938	Trentyre	The municipality vehicle reg no CWS996FS needs re-treading of old tyres casings urgently. The SCM division sourced one quote from Trentyre for re-treading of old tyres. The tyres were initially purchased from Trentyre.	R 7,869.19
02/07/2018	11061140	Remasoue Funeral Home	The municipality obtained one quotation from Remasoue Funeral Home for pauper burial of Joel Lefu Masienyane. It was impossible and impractical to follow the supply chain procedure because the corp is already in a mortuary.	R 3,500.00
13/07/2018	15049934	Thomsons Auto Body Repairs	The municipality utilised Thomsons Auto Body Repairs for the strip and repair of the propeller shaft, centre bearings, universal joints and	R 5,267.00

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			balancing the propeller shaft for TLB,DPY896FS.	
13/07/2018	15049934	Thomsons Auto Body Repairs	The municipality utilised Thomsons Auto Body Repairs for the strip and repair of the propeller shaft,centre bearings,universal joints and balancing the propeller shaft for TLB,DPY896FS.	R 2,530.00
02/07/2018	11061132	SA AIRBRAKE & TRUCK	The municipality, Honeysucker broken needs to repair and replace the power Steering Pump. The SCM division sourced one quote from SA Air Brake & Truck because it is impossible to obtain three quotations.	R 5,579.50
13/07/2018	15049931	Lihlomo Guest House	The Municipality Supply Chain Division is booking accomodation for employee whereby and nearby the meeting,course,seminar and conference is held.It is impossible to follow normal procurement processes on such instance.	R 12,880.00
17/08/2018	15050181	Mangaung Water Services	The municipality 5.5kw borehole pump at Ladybrand was broken and it needs to be fixed and diagnosed for strip and repairs. The SCM division source one quote for strip and quote for Mangaung water service. It is impossible to obtain three quotations on such instances	R 25,035.00
28/08/2018	15050202	Scholtz Motors	The municipality tractor at Excelsior is broken and it needs to be fixed and diagnosed from strip and repair. The SCM unit sourced one quotation for strip and repairs from Scholtz Motors, therefore it is impossible to obtain three quotations on such instance.	R 57,521.85
08/08/2018	150150127	Barloworld Equipment	The municipality Caterpillar CAT 953D Dozer is broken, it needs to be fixed and diagnosed for strip and repairs. The SCM unit sourced one quotation for strip and repairs of caterpillar. Therefore, it is impossible to obtain three quotations and municipality procured that Dozer from Barloworld.	R 23,496.06
13/08/2018	15050132	Stijl Gariep Hotel	The Municipality Supply Chain Division is booking accommodation for employee whereby and nearby the meeting, course, seminar and conference is held. Therefore, it is impossible follow normal procurement processes on such instances.	R 106,400.00
03/08/2018	15050117	Zero Tolerance	The municipality utilised Zero Tolerance because it was an emergency to source and protect Municipal properties as including residence of ward Councillors in Manyatseng and Ladybrand for period not exceeding seven days in line with applicable MFMA prescripts.	R 311,650.00
06/09/2018	150150368	Regomoditswe General	The municipality utilised	R 6,969.42

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		Trading	Regomoditswe General Trading for strip and repair the engine crank sensor, ignition coil and engine oil pump and drive of shaft of GWM Bakkie reg no DPX870FS.	
06/09/2018	15050379	Lihlomo Guest House	The Municipality Supply Chain Division is booking accommodation for employee whereby and nearby the meeting, course, seminar and conference is held. Therefore it is impossible follow normal procurement processes on such instances.	R 11,730.00
06/09/2018	15050389	B.R Dienste	The Municipality procured Landini Tractor from BR Dienste. The tractor is broken and it needs to be repaired and be diagnosed for strip and repairs. The SCM unit of the municipality sourced one quote for strip and repairs from BR Dienste therefore it is impossible to obtain three quotations.	R 24,206.69
06/09/2018	150150404	Imperial Group	The Municipality Isuzu tipper truck is broken and it needs to be fixed and diagnosed for strip and repairs. SCM unit source one quote from Imperial GM for strip and repairs. Therefore it is impossible to obtain three quotations.	R 17,632.06
06/09/2018	15050342	Q&H Water & Sewage Services	The municipality utilised Q&H Water Services because they were the company arranged to strip and quote repairs on the 75kw motor that burnt at the Tweespruit Borwa Sewage pump station. This is an emergency due to the overflowing of raw sewage in the environment, causing a health hazard to humans and pollution to the environment.	R 26,242.80
06/09/2018	15050342	Q&H Water & Sewage Services	The municipality utilised Q&H Water Services because they were the company arranged to strip and quote repairs on the 75kw motor that burnt at the Tweespruit Borwa Sewage pump station. This is an emergency due to the overflowing of raw sewage in the environment	R 58,459.43
11/09/2018	15050429	Magnis Trucks	The municipality vehicle, Nissan refuse compactor truck reg no DBC844FS rear brake cylinder, rear park brake cable wedge and cage roller are defective and needs repairs urgently. The SCM sourced one quote for repairs spare parts from UD Trucks because the supplier is the recommended manufacturer.	R 8,066.26
19/09/2018	15050438	B.R Dienste	The municipality tractor is broken and it needs to be fixed and diagnosed from strip and repair. The SCM unit sourced one quotation for strip and repairs from BR Dieste, therefore it is impossible to obtain three quotations on such instance.	R 9,339.15

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21/09/2018	15050449	City Lodge Hotels	The Municipality Supply Chain Division is booking accommodation for employee whereby and nearby the meeting, course, seminar and conference is held. Therefore it is impossible follow normal procurement processes on such instances.	R 3,833.75
			<b>TOTAL =</b>	<b>R828, 855.58</b>

### 3.3 Formal written price Quotation

Municipal Supply Chain Management Policy regulation 17(1) (c) state that: if it is not possible to obtain at least three quotations the reason must be recorded by the Procurement Unit and approved by the Chief Financial Officer or an official designated by the Chief Financial officer.

The reasons for not obtaining three quotations were recorded by the Procurement Unit and approved by the Chief Financial Officer for the quarter ended 30 September 2018.

### 3.4 Bid Committees

In terms of the Municipal Supply Chain Management Policy regulation 26(1)(a)(i)(ii)(iii).The Accounting officer is required to-

- (a) Establish a committee system for competitive bids consisting of at least (i) a bid specification committee;
- (ii) a bid evaluation committee; and
- (iii) a bid adjudication committee;

Municipal Bid Committees established in terms of the above regulation consist of the following:

**Bid Specification Committee** consists of the following officials:

- (a) Mr. Tsepo Selepe – PMU Manager
- (b) Mr. Khotso Pharoe – SCM Manager
- (c) Mr. Mmuso Motlounq – Assets and Fleet Manager
- (d) Mrs. Cecilia Tsoenyane – Disaster Coordinator
- (e) Mr. Gabriel Rabasothoana – Parks and Cemeteries Manager
- (f) Mr. Luyanada Vice – Environmental Manager
- (g) Mrs. Palesa Yangaphi – Accountant Income
- (h) Mrs. Motshewa Mofarasi – Assets Officer
- (i) Mrs. Pinkie Mahlophe - Town Planner
- (j) Mr. Sam Moeti – Water and Authority Service Manager
- (k) Mr. Pule Hlahane – Legal and Admin Manager
- (l) Mr. Mokhele Mohapi – Acting IT Manager

- (m) Mrs. Lucia Lisenyane – Demand Officer
- (n) Mrs. Mannini Sixaxa – Supply Chain Clerk
- (o) Mr. Goutlwa Makhothi – Assets Officer

**Bid Evaluation Committee** consists of the following officials:

- (a) Mr. Tsepo Selepe – PMU Manager
- (b) Mr. Khotso Pharoe – SCM Manager
- (c) Mr. Mmuso Motloun – Assets and Fleet Manager
- (d) Mrs. Cecilia Tsoenyane - Disaster Cordinator
- (e) Mr. Gabriel Rabasothoana – Parks and Cemeteries Manager
- (f) Mr. Luyanada Vice – Environmental Manager
- (g) Mrs. Palesa Yangaphi – Accountant Manager
- (h) Mrs. Motshewa Mofarasi – Assets Officer
- (i) Mrs. Pinkie Mahlophe – Town Planner
- (j) Mr. Sam Moeti – Water and Authority Service Manager
- (k) Mr. Pule Hlahane – Legal and Admin Manager
- (l) Mr. Mokhele Mohapi – Acting IT Manager

**Bid Adjudication Committee** consists of the following officials:

- (a) Mr. Sello Nyapholi – Chief Financial Officer
- (b) Mr. Dumile Nana - Acting Director Technical Services
- (c) Advocate N. Litabe – Director Corporate Services
- (d) Ms. Tshidi Lesoetsa – Director Community Services

### 3.5 Irregular, wasteful and fruitless expenditure

The municipality incurred irregular, wasteful and fruitless expenditure for the Year ended 30/09/2018. The report is attached

PAYMENT DATE	PAYMENT NUMBER	COMPANY NAME	REASON FOR IRREGULAR EXPENDITURE	AMOUNT
13/07/2018	15049954	Maccavlei Learning Academy	One quotation obtained and it was not advertised on the municipal website and notice boards	R 42,195.96
25/07/2018	15049999	Botjhabatsatsi Training and Consulting	One quotation obtained and it was not advertised on the municipal website and notice boards	R 128,100.00
06/08/2018	15050193	Mthembu and Mahamed Attorneys	One quotation obtained and it was not advertised on the municipal website and notice boards	R 100,000.00
04/09/2018	15050253	Bene-Tech	One quotation obtained and it was not advertised on the municipal	R 76,532.50

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			website and notice boards	
07/09/2018	15050406	Kgolo Institute	One quotation obtained and it was not advertised on the municipal website and notice boards	R 114,000.00
			<b>TOTAL =</b>	<b>R460,828.46</b>

### 3.6 Quotations advertised for 7 days

Quotations were advertised for seven days on the website and on local notice boards.

Bid Number	Description	Name of Service Provider	Amount	Appointment Date	Total Points
SCM 09/18/19	Renewal of Anti-Virus Kaspersky Total Security or Equivalent for Mantsopa Local Municipality	Netsec	R47,610.00	20/09/2018	100.00
SCM 08/18/19	Supply and Delivery of Eight (08) Black Tops for Mantsopa Local Municipality	Donavan Group	R103,999.92	20/09/2018	100.00
		<b>Total</b>	<b>R151,609.92</b>		

#### 4. Formulation of the problem

Regulation 6 of supply chain management regulations of 30 May 2005 stipulates as follows:

- 1) The Accounting Officer must, within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy to council for consideration.
- 2) The reports of a municipality must be made public in accordance with section 21A of the Municipal Systems Act

#### 5. Discussion of alternatives

No other alternative



**6. Motivation**

See recommendations under subparagraph 14.

**7. Organizational and Personnel implications**

No personnel implications.

**8. Financial Implications**

<b>Details</b>	<b>Amount</b>
Total amount of bids awarded for the quarter ended 30/09/2018	R7,490 834.09
Total amount of deviations for the quarter ended 30/09/2018	R828,855.58
Total amount of goods/services procured using one quote for the quarter ended 30/09/2018	R0.00
Total amount of irregular expenditure for the quarter ended 30/09/2018	R460,828.46
Quotations advertised on the website and notice boards	R151,609.92

**9. Communication implications**

(a) Submission to council.

**10. Legal Implications**

Regulation 6 of the municipal supply chain regulations of 30 May 2005

**11. Strategic Focus**

To comply with the strategy pertained in the Integrated Development Plan i.e. Good Municipal Governance.

**12. Implementation Plan**

Submission to the EXCO and Council

**13. Other Departments/Bodies consulted**

Portfolio Head of Finance was consulted to submit this report to the office of the Municipal Manager

14. **Recommendation**

That council takes note of the report regarding the implementation of the municipal supply chain management policy

That the report be presented on quarterly basis

That the report be presented to the Mayor and EXCO

Submitted by: Mr. Khotso Pharoë (Supply Chain Manager)

Signature :  .....


Date : 10/10/2018 .....

Comment by: Mr. Sello Nyapholi (Chief Financial Officer)

Signature :  .....

Date : 10/10/2018 .....

Approved by: Mr. Thamae Masejane (Municipal Manager)

Signature :  .....

Date : 25/01/2019 .....

MANTSOPH  
LOCAL MUNICIPALITY  
10 OCT 2018  
SUPPLY  
CHAIN MANAGEMENT