



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 31 DECEMBER
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

- 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 (SECOND QUARTER)

Description	Bid No	Tender awarded to	Contract Amount
Supply and Installation of 30 LED High Mast for Mantsopa Local Municipality (Section 32 Appointment)	MLM 15/18/19	ERMSA Holding (Pty) Ltd	R11, 818 228.00
Manyatseng : Design and Construction Monitoring of 1,7 Km Paved Road and Stormwater in Los-My Cherrie and Vukasenzela	MLM 01/18/19-04	Dipabala Trading	R1,194 416.39
Dipelaneng : Construction of Multi-Purpose Sports Facility	MLM 20/18/19	Bulwazi Trading	R9,994 783.98
Rental Lease of Fleet for Period of Twelve (12) Months "As When and Required Basis" For Mantsopa Local Municipality	MLM 08/18/19	Matela Civil Construction	R47,200.00 per day
Supply, Delivery and Off-Loading of Premix Asphalt for Period of Three Years "As When and Required Basis" for Mantsopa Local Municipality	MLM 09/18/19	Khumoetsile Projects	R99 per bag
		TOTAL	R23, 054 727.37

T.P.

3.2 DEVIATIONS

The following were procured through section 36 of the SCM regulation

PAYMENT DATE	PAYMENT NUMBER	COMPANY NAME	REASON FOR DEVIATION	AMOUNT
01/10/2018	15050475	Regomoditswe General Trading	The municipality vehicle GWM reg no: DKG354FS broke down due to engine seizure and it needs to be fixed and diagnosed for strip and repairs. The SCM Division sourced one quote for strip and repair from Regomoditswe General Trading as it is impossible to obtain three quotations on such instances.	R 15,016.47
05/10/2018	15050554	Magnis Truck	The municipality vehicle, Nissan UD 85 refuse compactor truck reg no: DBC844FS, fuel filter assembly and water trap filters needs repairs or replacement urgently. The SCM Division sourced one quote for the required spare parts form UD Trucks T/A Magnis Truck because the supplier is the recommended manufacturer of Nissan UD Trucks.	R 6,678.73
11/10/2018	15050721	Waterenviro cc	The municipality 5.5KW pump at Tweespruit is broken, it needs to be fixed and be diagnosed for strip and repairs. The municipality SCM Unit requested one quote form Waterenviro cc for strip and repairs. Therefore it is impossible to obtain three quotations.	R 63,640.89
11/10/2018	15050733	Agisanang Burial Society	The municipality obtain one quotation from Agisanang Burial Home for pauper Burial of Sebolelo Mpakana. It is impossible and impractical to follow the supply chain procedure because the deceased is already in a mortuary.	R 6,000.00
11/10/2018	15050723	ELB Equipment	The Municipality vehicle. Terex TLB reg no: HDP782FS is due for 500 hours service repairs. The SCM unit of the municipality sourced one quote for repairs service from ELB Equipment because the supplier is the recommended manufacturer.	R 20,601.48
11/10/2018	15050722	John Williams Motors	The municipality's vehicle, Mercedes Benz reg no: FKJ123FS, rear and front brakes pads discs needs repairs or replacement urgently. The SCM Division sourced one quote for strip, repair and replace the worn and defected parts because the supplier is the recommended manufacturer of Mercedes-Benz.	R 7,695.20
30/10/2018	15050794	Khetho Yaka Funeral Society	The municipality obtain one quotation from Khetho Yaka Funeral Society for pauper Burial of the late Tshotleho Makhotla. It is impossible and impractical to follow the supply chain procedure because the deceased is already in a mortuary.	R 3,000.00

T.P.

30/10/2018	15050797	Lihlomo Guesthouse	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 2,932.50
30/10/2018	WS28552	Q&H Water & Sewage	The municipality pump station at Platberg needs strip and repairs urgently. The SCM Division sourced one quote for strip and repair from Q&H Water Sewage Services (Pty) Ltd.	R 18,722.92
30/10/2018	FL28905	Andre's Nissan	The municipality vehicle Nissan NP300 Bakkie reg no HDB425FS requires service and maintenance service for 30 000km urgently. The SCM Division sourced one quote for the repairs and maintenance/service from Andre's Nissan because the supplier is the recommended manufacturer.	R 2,052.40
30/10/2018	COM26284	Fire Equipment	The municipality's fire extinguishers need service every year. The SCM Division sourced one quotation from Fire Quip Pty Ltd and it is impossible to obtain three quotations because they must service the extinguishers before they quote.	R 14,945.40
13/11/2018	15050837	Magnis Truck	The municipality's vehicle, Nissan UD 80 Truck, Reg no: DBC844FS requires repairs and maintenance on the rear brake booster assembly and brake master cylinder complete replacement. The SCM Division sourced one quote for the supply of repairs and maintenance spares from UD Trucks because the supplier is the recommended manufacturer.	R 18,994.24
13/11/2018	15050837	Magnis Truck	The municipality's vehicle, Nissan UD35 Truck reg no: FHN635FS requires repairs and maintenance/Service urgently. The SCM Division sourced one quote for the repairs and maintenance/service kit spares from Magnis Trucks because the supplier is the recommended manufacturer.	R 6,576.95
13/11/2018	15050837	Magnis Truck	The municipality's vehicle, Nissan UD35 Truck reg no: FHN644FS requires repairs and maintenance on the rear hub oil seals, brake shoes replacement and service. The SCM Division sourced one quote for the repairs and maintenance spares from Magnis Trucks because the supplier is the recommended manufacturer.	R 6,576.95
13/11/2018	FL28845	Thomsons	The municipality Nissan Bakkie is broken and it needs to be fixed and diagnosed for strip and repairs. SCM unit sourced one quote from Thomsons Auto Body Repairs for	R 3,197.00

T.P.

			strip and repairs. Therefore it is impossible to obtain three quotations.	
13/11/2018	FL28875	Thomsons	The municipality vehicle. Toyota Hilux reg no: CVP737FS, propshaft has broken and needs repairs urgently. The SCM Division sourced one quote for strip, repair and balancing of the propshaft from Thomsons Auto Body Repairs.	R 7,998.25
13/11/2018	FL28888	Thomsons	The municipality vehicle, Landini Tractor reg no: DBP315FS has just been completed repairs on seized engine and needed to be towed back to Thaba Patchoa urgently. The SCM Division sourced one quote for the towing from Thomsons Auto Body Repairs because the supplier has the truck to cater for 8 ton load.	R 4,025.00
13/11/2018	FL27896	Thomsons	The municipality Bomag roller needs strip and repair. The SCM division sourced one quote from Thomsons Auto Body Repairs it is impossible to obtain three quotations for strip and repairs	R 3,494.85
13/11/2018	FL28917	Thomsons	The municipality vehicle, GWM Bakkie reg no: DKG354FS requires repairs and maintenance or replacement of the defective front axle idler arm, tie rod ends-left and right ball joints, centre link and stabiliser arm bushes. The SCM Division sourced one quote for strip, supply, repair and fitment of the defective front axle complete from Thomsons Auto Body Repairs	R 9,598.48
13/11/2018	FL28918	Thomsons	The municipality's equipment, Bomag Compactor Roller requires repairs and maintenance or replacement of the defective high tension bolts, spring washers and re-threading urgently. The SCM Division sourced one quote for strip, supply and repairs from Thomson's Auto Body Repairs.	R 3,474.85
13/11/2018	FL28929	Komatsu	The municipality's vehicle, Komatsu Grader reg no: CYR131FS requires repairs and maintenance of the defective wiper arm. The SCM Division sourced one quote for the supply and delivery of the defective wiper arm from Komatsu SA because is the manufacturer of the Komatsu Grader G655-3A. Therefore it is impossible to obtain three quotes.	R 3,400.56
13/11/2018	WS28564	Q&H Water & Sewer	The municipality's pump station in Tweespruit at the Kooperasie needs strip and repairs on 15kw submersible pump and also electrical panel. The SCM Division sourced one quote from Q&H Water because it is impossible to obtain three quotations.	R 38,055.00

T.P.

16/11/2018	WS28563	Q&H Water & Sewer	The municipality's water treatment works in Ladybrand needs strip and repairs on 0.20kw dousing pump. The SCM Division sourced one quote from Q&H water & Sewage Services because it is impossible to obtain three quotations.	R 7,986.75
19/11/2018	TD27944	President 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 2,400.00
19/11/2018	TD29803	President 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 9,600.00
23/11/2018	COM22288	Antaboga	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 14,526.80
23/11/2018	FL28938	Plexus Suppliers cc	The municipality's office air conditioner units require repairs and maintenance as they are not working. The SCM Division sourced one quote for the strip and repair of the defective air conditioner units from local supplier Plexus and it is impractical to obtain three quotations	R 2,162.00
27/11/2019	FL28939	Ladybrand Toyota	The municipality's vehicle, Toyota Land Cruiser reg no: DBM398FS requires repairs and maintenance of the defective fuel elements and air filter element. The SCM division sourced one quotation for strip and repair of the defective fuel and air elements from Toyota Ladybrand because the supplier is the recommended manufacturer and it is impractical to obtain quotations.	R 2,908.36
20/12/2018	TW28151	Waterenviro cc	The municipality utilised Waterenviro cc because it is matter of emergency as the community of Tweespruit will be without water for the whole festive if we do not get the borehole pump by tomorrow	R15,438.75
			TOTAL =	R321,700.78

T.P.

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 31 December 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 Motloung – 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 Lisenyanane – 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 Coordinator
- (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

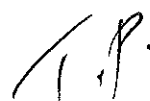
Bid Adjudication Committee consists of the following officials:

- (a) Mr. Sello Nyapholi – Chief Financial Officer
- (b) Mr. Africa Masuku - 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 31/12/2018. The report is attached

PAYMENT DATE	PAYMENT NUMBER	COMPANY NAME	REASON FOR IRREGULAR EXPENDITURE	AMOUNT
02/11/2018	15050817	Botjhabatsatsi Training	One quotation obtained and it was not advertised on the municipal website and municipal website	R 192,150.00
			TOTAL =	R192,150.00



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
		Total	R0.00		

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

Details	Amount
Total amount of bids awarded for the quarter ended 31/12/2018	R23, 054 727.37
Total amount of deviations for the year quarter ended 31/12/2018	R321,700.78
Total amount of goods/services procured using one quote for the quarter end 31/12/2018	R0.00
Total amount of irregular expenditure for the quarter ended 31/12/2018	R192,150.00
Quotations advertised on the website and notice boards	R0.00

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

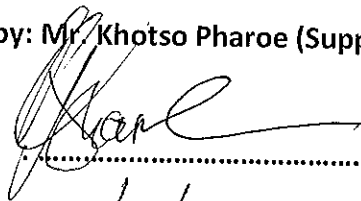
That the report be presented on quarterly basis

That the report be presented to the Mayor and EXCO

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

Signature


Date


: 14/01/2019

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

Signature

Date


: 14/01/2019

Approved by: Mr. Thamae Masejane (Municipal Manager)

Signature

Date

