



**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 END OF 31 MARCH 2019

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 quarter

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 (QUARTER ENDED 31 MARCH 2019)

Description	Bid No	Tender awarded to	Contract Amount
Dipelaneng : Construction of Multi-Purpose Sports Facility (Health and Safety)	MLM 01/181/9-04	Melokuhle Management	R91,678.00
Manyaseng : Construction of 1.7 Km Paved Road and Storm-Water in Los My Cherrie and Vukasenzele	MLM 35/18/19	Nomano	R9,842 171.34
Appointment of a Professional Service Provider For Compilation of GRAP Compliant Annual Financial Statements of 2018/19 Financial Year	MLM 37/18/19	EMS Advisory	R1,563 370.00
Boroo : Design and Construction Monitoring of Upgrading of Sport Facility	MLM 01/18/19-05	Nakeni Projects	R209,867.80
		TOTAL	R11,707 087.14

3.2 DEVIATIONS

The following were procured through section 36 of the SCM regulation

PAYMENT DATE	PAYMENT NUMBER	DESCRIPTION	COMPANY NAME	REASON FOR DEVIATION	AMOUNT
07/01/2019	15051239	Repairs of Wheel Boltsx12 Rim	BR Dienste Ladybrand	The municipality's vehicle, New Holland Tractor No: BSZ117FS requires repairs and maintenance and/or replacement of front wheel rims and studs urgently. The SCM Division sourced one quote for the repairs and maintenance/spares from BR Dienste Ladybrand, because the supplier manufacturer.	R2,587.50
07/01/2019	15051240	Retreat of Tyres	Trentyre	The municipality vehicle 10 old tyre casings are taken for re-treading, whereby the municipality pays for the rubber and machining solely. The municipality those tyres from Trentyre	R14,950.00
07/01/2019	15051241	Radiator Repairs	Komatsu	The municipality's vehicle Komatsu grader reg no: CYR131FS has a malfunctioning hour and leaking radiator cap which needs replacement urgently. The SCM Division sourced one quote for the replacement parts of the defective and malfunctioning hour and Radiator cap from Komatsu SA because the supplier is the recommended manufacturer.	R7,145.77
08/01/2019	15051242	Land Cruiser Service	OVK/ Ladybrand Toyota	The municipality's vehicle, Toyota Land Cruiser reg no: DBM384FS needs repairs and replacement of filters urgently. The SCM Division sourced one quote for repairing form Ladybrand Toyota	R2,862.53
10/01/2019	FL28968	Repairs of DHN645FS	Thomson's Auto Repairs	The municipality utilized Thomson's Auto as the sole supplier for the strip, supply spares and repair the rear left hub, backing plates compete with brake calipers and brake pads for Nissan UD Truck, Reg no:FHN645FS.	R11,416.05
16/01/2019	FL28966	Repairs: Komatsu Grader	Komatsu	The municipality utilized Komatsu as the sole supplier for the strip and repairs of the defective hydraulic cylinder of the	R10,191.88

				Komatsu Grader G-650, because the supplier is the manufacturer.	
17/01/2019	FL28967	Log Books and Vehicle Books	Orange Drukkery BPK	The municipality utilized Orange Print and Packaging as the sole supplier for the re-printing of vehicle pre-trip checklists and log books because the supplier is the only printing service provider locally and they have already designed all municipal face value books, purchase order books and logbooks.	R4,349.30
17/01/2019	FL28964	Honey Sucker Clutch Repairs	SA Air Brake	The municipality SA Air Brake & Clutch as the sole supplier for the strip and repair of FAW honey sucker truck gearbox selector shaft, reverse gear and fork shaft because the supplier is recommended by the manufacturer.	R3,766.00
29/01/2019	FL28981	Repairs of DTN565FS	Thompson Auto Body Repairs	The municipality utilised Thompsons Auto for the strip, supply spares/starter and repair the vehicle registration number DTN654FS, GWM Bakkie.	R5,261.56
29/01/2019	FL28986	Repairs of HDD597FS	Thompson Auto Body Repairs	The municipality submitted two quotations (Thomson) the insurer for the strip, supply spares and repairs the vehicle registration number HDD597FS, rear right tail light, rear right bumper and stop light. The municipality utilized Thomson's Auto because the supplier was initially approved by the insurance to repair. The municipality thereafter resolved to incur the expense due to excess amount payable of R5000.00 with the difference payable by the insurance of R1781.73.	R6,781.76
29/01/2019	15051278	Traffic Speed Machine Service	Truvelo	The municipality procured Truvelo speed machine from Truvelo Manufacturers for Traffic Division the machine needs to calibrate for compliance. The SCM requested one quotation from Truvelo Manufacturers. Therefore, it is impossible follow normal procurement process on such instances.	R8,700.00
29/01/2019	FL28983	Repairs of DMD942FS	Toyota Ladybrand	The municipality utilized Toyota Ladybrand for the strip, supply spares & repair and/or service Toyota Quantum	R2,333.68

				DMD942FS, because the supplier is the manufacturer.	
29/01/2019	FL28981	Repairs of DTN654FS	Thompsons Auto Repairs	The municipality utilized Thompsons for strip, supply spares/starter and repair the vehicle registration number DTN645FS, GWM bakkie.	R5,261.56
31/01/2019	FIR29501	Repairs of DBM398FS	Ladybrand Toyota	The municipality utilized Ladybrand Toyota for the repair of front suspension for Land Cruiser for registration DBM398FS because the supplier is the recommended manufacturer of the Fire Truck.	R12,595.61
31/01/2019	FL28953	Grass cutting repairs	Thompsons Auto Repairs	The municipality utilized Thompsons as the sole supplier for the strip and repair the gearbox of grass cutting slasher for parks and cemeteries.	R3,000.35
31/01/2019	15051297	Repairs of DDM442FS	Ladybrand Scrapyard	The municipality's vehicle, Man Fire Truck, reg no DDM442FS requires repairs and maintenance of the defective radiator.	R2,558.70
31/01/2019	15051288	Repairs of FHN638FS	PG Glass Ladybrand	The municipality's vehicle, Nissan UD Truck, reg no: FHN368FS requires repairs and maintenance and/or replacement of front windscreen urgently. The SCM Division sourced one quote for the supply and fitment of windscreen from PG Glass Ladybrand, because the supplier is the only supplier for trucks glaziers locally.	R2,469.05
18/02/2019	15051415	Repairs DDM442FS	Man Automotive	The municipality's Man Truck reg no: DDM442FS, front mountings needs repair, strip and replacement. The SCM sourced one quote for repair and replaces of the broken mountings, the supplier is the manufacturer of Man Truck.	R 3,696.19
20/02/2019	15051415	Repair 75kw motor	Q&H Water Sewage	The municipality utilized Q&H Water Sewage Services because they were the company arranged to strip and quote repairs on the 7.5km BMG Motor that flooded at Tweespruit Sewage Pump Station.	R 41,484.37
20/02/2019	15051415	Transfer Raw Sewage	Q&H Water Sewage	The municipality utilized Q&H Water & Sewage Services because they were the company	R 17,659.51

				arranged to strip and quote repairs on the 2nd 7kw ABS submersible pump that broke at Excelsior Sewage Pump Station.	
20/02/2019	15051415	Refurbish Submersible Pump	Q&H Water Sewage	The municipality utilized Q&H Water Sewage Services because they were the company arranged to strip and quote repairs on the submersible pump for OVK sewage pump station in Tweespruit.	R 19,072.20
20/02/2019	15051415	Transfer Raw Sewage	Q&H Water Sewage	The municipality pump station at Tweespruit needs strip and repairs on the 2nd 75kw BMG motor that flooded at Tweespruit Sewage pump station urgently. The SCM Division sourced one quote for strip and repair from Q&H Water Sewage.	R 39,786.00
25/02/2019	15051637	Honey Sucker DVB053FS	SA Airbrake	The municipality utilized SA Airbrake for the strip and repair of the FAW Honey sucker truck's fuel pump (DVB053FS) because the supplier is the manufacturer FAW trucks.	R 4,427.50
13/03/2019	FL29000	Vehicle Log books	Orange Drukkery	The municipality utilized Orange Print & Packaging as the sole supplier for the re-printing of vehicle pre-trip checklists and log books the supplier is the only printing service provider locally and they have already designed all municipal face value books, purchase order books and logbooks.	R 4,183.70
14/03/2019	FL29009	Repairs DBP314FS	BR Dienste Ladybrand	The municipality utilized BR Dienste Ladybrand as the sole supplier for the strip, repair and service the Landini, tractor, DBP314FS because the supplier is the manufacturer.	R 4,415.20
14/03/2019	FL29002	Repairs DBP314FS	BR Dienste Ladybrand	The municipality utilized BR Dienste Ladybrand as the sole supplier for the strip and repair the Landini, tractor, DBP314FS clutch and accelerator cables because the supplier is manufacture of Landini	R 3,565.00
28/03/2019	TR25357	56 Artikel Books	Orange Drukkery	The municipality utilized Orange Drukkery as the sole supplier for the re-printing of Article 56 traffic fine books because the supplier is the only printing service provider locally and they have already designed	R 7,082.85

				all municipal books.	
29/03/2019	FL29033	Repairs DMD942FS	Ladybrand Toyota	The municipality utilized Toyota Ladybrand for the strip, supply and repair Toyota Quantum DMD942FS because the supplier is the manufacturer.	R 27,114.63
29/03/2019	FL29034	Repairs DPX870FS	Thomsons Auto Repairs	The municipality utilized Thomsons Auto for the strip, supply spares and repair complete, the front axle, wheels stabilizers bar bushes, calipers and replace front and rear shocks.	R 29,557.30
12/03/2019	FL28993	Repairs DJX973FS	Magnis Trucks	The municipality utilised UD Trucks Magnis Trucks as the sole supplier for the supply pf the defective indicator flasher unit for the Nissan UD 80 truck, reg no DJX973FS because the supplier is the manufacturer.	R 2,867.15
28/03/2019	SP27497	Accommodation for Councillors	Garden Court East London	The municipality Supply Chain Division is booking accommodation for councillors whereby and nearby the meeting, course, seminar and conference is held. Therefore, it is impossible to follow normal procurement processes on such instances.	R 77,760.00
19/03/2019	15051611	Repairs DDM442FS	Man Truck	The municipality utilised Man Truck for repair of brake sensor for Man Truck DDM442FS because it is the manufacturer.	R 2,946.30
25/03/2019	15051636	Repairs DKG356FS	Thomsons Auto Repairs	The municipality utilised Thomsons Auto for the strip, supply spares cylinder head gasket, front brake pads and rear brake linings and repair the vehicle registration number DKG356FS, GWM bakkie.	R 3,876.19
				TOTAL	R463,291.51

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 March 2019.

Description	Bid No	Tender awarded to	Contract Amount
Dipelaneng : Construction of Multi-Purpose Sports Facility (Health and Safety)	MLM 01/181/9-04	Melokuhle Management	R91,678.00
		TOTAL	R91,678.00

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) Mr. Pule Hlahane – Legal and Admin Manager
- (j) Mr. Mokhele Mohapi – Acting IT Manager
- (k) Mrs. Lucia Lisenyane – Demand Officer
- (l) Mrs. Mannini Sixaxa – Supply Chain Clerk
- (m) 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 Motloug – 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) Mr. Pule Hlahane – Legal and Admin Manager
- (j) 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 expenditure

The municipality incurred irregular expenditure for the quarter ended 31/03/2019. The report is attached

PAYMENT DATE	PAYMENT NUMBER	COMPANY NAME	DESCRIPTION	REASON FOR IRREGULAR EXPENDITURE	AMOUNT
15/03/2019	15051586	Botjhabatsi Training & Consulting	Training	One quotation obtained and it was not advertised on the municipal website and newspaper. One of the Director she is service of the State	R 192,150.00
20/03/2019	15051607	N.J.H General Dealers	Transport	The order was splitted into two submissions by Mayors Office:Majoro Mporu.	R 28,400.00
20/03/2019	15051608	Maqelepo Projects & Logistics	Transport	The order was splitted into two submissions by Mayors Office:Majoro Mporu.	R 28,400.00
27/03/2019	15051654	Kgolo Institute	MFMP Training	One quotation obtained and it was not advertised on the municipal website and newspaper.	R 273,600.00
				TOTAL =	R522,950.00

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
SCM 19/18/19	Supply and Delivery of Five (05) Laptops For Mantsope Local Municipality	Incredible Connection	R124,985.00	15/03/2019	80.00
SCM 20/18/19	Supply and Delivery of Office Stationery For Mantsope Local Municipality	Maqelepo Projects	R105,711.65	25/03/2019	100.00
		Total	R230 669.65		

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 31/03/2019	R11,707 087.14
Total amount of deviations for the quarter ended 31/03/2019	R463,291.51
Total amount of goods/services procured using one quote for the quarter ended 31/01/2019	R91,678.00
Total amount of irregular expenditure for the quarter ended 31/03/2019	R522,950.00
Quotations advertised on the website and notice boards	R230 669.65

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

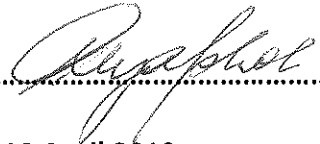
That the report be presented to the Mayor and EXCO

Submitted by Mr. Khotso Pharoe (Supply Chain Manager)

Signature : 

Date : 10 April 2019

Comment by Mr. Sello Nyapholi (Chief Financial Officer)

Signature : 

Date : 10 April 2019

Approved by: Mr. Thamae Masejane (Municipal Manager)

Signature : 

Date : 10 April 2019