



**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 MONTH END OF 31 MAY 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

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 (MONTH END OF MAY 2019)

Description	Bid No	Tender awarded to	Contract Amount
		TOTAL	R0,00

3.2 DEVIATIONS

The following were procured through section 36 of the SCM regulation

DATE	VENDOR	DESCRIPTION	ORDER NO	AMOUNT	REASON
06/05/2019	Q&H Water & Sewer	250mm Gearbo Butterfly	WS29639	R 25,162.23	The municipality utilized Q&H Water Sewage Services (Pty) Ltd as the company arranged to supply urgently a 250mm gearbox butterfly valve 25 bar for Ladybrand Genoa-Water Treatment Works. This is urgent because no water can be transferred to reservoirs.
07/05/2019	Pumpshop Africa	Repair 30KW 380V motor	HOB28363	R 11,395.35	The municipality 30KW 380V motor is broken and it needs to be fixed and diagnosed for strip and repairs. The SCM Division sourced one quote for strip and repair from Pumpshop Africa as it is impossible to obtain three quotations on such instances.
07/05/2019	Pumpshop Africa	Repair KSB Centrifugal pump	HOB28364	R 10,228.02	The municipality KSB Centrifugal pump is broken, and it needs to be fixed and diagnosed for strip and repairs. The SCM Division sourced one quote for strip and repair from Pumpshop Africa as it is impossible to obtain three quotations on such instances.
14/05/2019	Garden Court East London	Accommodation	SP29903	R 60,480.00	The municipality Supply Chain Division is booking accommodation for employee and or councillors nearby the meeting, course, seminar and conference is held. Therefore, it is impractical to follow normal procurement processes on such instances as this will also save costs of travelling in between the venue and the Hotel.
17/05/2019	Toyota Ladybrand	Repairs HDD587FS	FL29076	R 3,598.21	The municipality utilized Toyota Ladybrand for strip, supply spares & repair, front and rear brakes of Toyota Avanza HDD587FS, because the supplier is the manufacturer.

17/05/2019	Toyota Ladybrand	Repairs DMD942FS	FL29075	R 4,812.19	The municipality utilized Toyota Ladybrand for strip, supply spares & repair the water pump and V-belt of Toyota Quantum reg DMD942FS because the supplier is the manufacturer.
18/05/2019	Q&H Water & Sewer	Repair Submersible Pump	WS29628	R 18,259.93	The municipality utilized Q&H Water & Sewage Services (Pty) Ltd as the company arranged to strip and quote repairs on the 7kw ABS submersible pump for Excelsior sewer pump station.
17/05/2019	Thomsons Auto Body Repairs	Repairs DPX870FS	FL29074	R 7,084.52	The municipality utilized Thomson's Auto Body Repairs for strip, supply spares and repair complete, rear shocks, handbrake cables, and replace rear shocks.
17/05/2019	Thomsons Auto Body Repairs	Repairs DVN985FS	FL29072	R 7,245.00	The municipality utilized Thomson's Auto Body Repairs for strip, supply spares and repair complete the Tata Truck, propeller shaft universal joints, Centre bearings and balancing of the propshaft.
17/05/2019	Power Gear cc	Repairs DBM398FS	FL29073	R 61,811.26	The municipality utilized Power Gear Bloemfontein for strip and repair of the seized gearbox of Toyota Land Cruiser-Fire Truck reg DBM398FS because they are gearbox specialists.
24/05/2019	Toyota Ladybrand	Repairs HDD587FS	FL29087	R 3,943.17	The municipality Toyota Ladybrand for strip, supply spares & repair the front brake discs of Toyota Avanza reg HDD587FS because the supplier is the manufacturer.
24/05/2019	Toyota Ladybrand	Repairs HDD587FS	FL29088	R 2,593.34	The municipality utilized Toyota Ladybrand for strip, supply spares & service Toyota Avanza reg HDD587FS because the supplier is the manufacturer.

28/05/2019	Garden Court East London	Accommodation	SP29906	R 114,132.00	The municipality Supply Chain Division is booking accommodation for employee and or councillors nearby the meeting, course, seminar and conference is held. Therefore, it is impractical to follow normal procurement processes on such instances as this will also save costs of travelling in between the venue and the Hotel.
30/05/2019	Magnis Trucks	Repairs FHN635FS	FL29090	R 36,604.12	The municipality utilized Magnis Trucks as the for the strip, supply spares and repair the Nissan UD 35 truck reg FHN635FS because the supplier is the manufacturer.
30/05/2019	Magnis Trucks	Repairs DBC844FS	FL29091	R 2,251.70	The municipality utilized Magnis Trucks as the sole supplier for the supply of the service spare parts for the Nissan UD 80 truck reg DBC844FS because the supplier is the manufacturer.

TOTAL **R 369,601.04**

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 Month Ended 31 May 2019.

Description	Bid No	Tender awarded to	Contract Amount
		TOTAL	R0,00

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 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) 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 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 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 Month Ended 31/05/2019. The report is attached

PAYMENT DATE	PAYMENT NUMBER	COMPANY NAME	DESCRIPTION	REASON FOR IRREGULAR EXPENDITURE	AMOUNT
				TOTAL =	R0,00

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 month ended 31/05/2019	R0,00
Total amount of deviations for the month ended 31/05/2019	R 369,601.04
Total amount of goods/services procured using one quote for the month ended 31/05/2019	R0,00
Total amount of irregular expenditure for the month ended 31/05/2019	R0,00
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 monthly basis

That the report be presented to the Mayor and EXCO

Submitted by Mr. Khotso Pharoe (Supply Chain Manager)

Signature : 

Date : 13 May 2019

Comment by Mr. Sello Nyapholi (Chief Financial Officer)

Signature : 

Date : 13 May 2019

Approved by Mr. Thamae Masejane (Municipal Manager)

Signature : 

Date : 13 May 2019