

**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 OF 30 SEPTEMBER 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 2019/20 (QUARTER ENDED OF SEPTEMBER 2019)**

Bid Number	Description	Name of Service Provider	Amount
01/18/19-06	Licencing of Borrow Pits for Mantsopa Local Municipality	Mat Eng Consulting (Pty) Ltd	R 824,000.00
01/18/19-07	Construction Of 1.2 Km of Streets and Storm-Water In Masakeng and Thusanong (Consultant)	Metsweding Consulting	R 782,252.22
MLM 32/18/19	Supply, Delivery and Branding of Protective Clothing (Panel)"As When and Required Basis" For Employees Of The Municipality	Practicon Trading Enterprise	R 1,999,252.16
MLM 42/18/19	Rental Lease of Plant Hire (Panel) For Period of Three Years "As When and Required Basis" For Mantsopa Local Municipality	Rantoa Service Providers cc	R 45,100.00
MLM 42/18/19	Rental Lease of Plant Hire (Panel) For Period of Three Years "As When and Required Basis" For Mantsopa Local Municipality	Mashinini Trading	R 56,259.00

MLM 42/18/19	Rental Lease of Plant Hire (Panel) For Period of Three Years "As When and Required Basis" For Mantsopa Local Municipality	Selema Plant Hire	R	43,809.25
MLM 44/18/19	Supply, Delivery and Off-Loading Of Technical Service Maintenance Material (Panel) "As When and Required Basis" For Mantsopa Local Municipality (Three Years)	Rantoa Service Providers cc	R	5,702.52
MLM 44/18/19	Supply, Delivery and Off-Loading Of Technical Service Maintenance Material (Panel) "As When and Required Basis" For Mantsopa Local Municipality (Three Years)	Tshwara Thebe Construction	R	4,559.70
MLM 44/18/19	Supply, Delivery and Off-Loading Of Technical Service Maintenance Material (Panel) "As When and Required Basis" For Mantsopa Local Municipality (Three Years)	Motsooko Trading CC	R	11,797.03
MLM 44/18/19	Supply, Delivery and Off-Loading Of Technical Service Maintenance Material (Panel) "As When and Required Basis" For Mantsopa Local Municipality (Three Years)	Linomtha Plant Hire	R	6,630.00

MLM 44/18/19	Supply, Delivery and Off-Loading Of Technical Service Maintenance Material (Panel) "As When and Required Basis" For Mantsopa Local Municipality (Three Years)	1st and 2nd Correct Civil	R	18,713.80
MLM 44/18/19	Supply, Delivery and Off-Loading Of Technical Service Maintenance Material (Panel) "As When and Required Basis" For Mantsopa Local Municipality (Three Years)	Thelikes Trading	R	5,100.00
MLM 44/18/19	Supply, Delivery and Off-Loading Of Technical Service Maintenance Material (Panel) "As When and Required Basis" For Mantsopa Local Municipality (Three Years)	Olemo Ventures	R	6,500.00
MLM 44/18/19	Supply, Delivery and Off-Loading Of Technical Service Maintenance Material (Panel) "As When and Required Basis" For Mantsopa Local Municipality (Three Years)	Hatlile Holdings	R	17,718.36
MLM 44/18/19	Supply, Delivery and Off-Loading Of Technical Service Maintenance Material (Panel) "As When and Required Basis" For Mantsopa Local Municipality (Three Years)	Cedar Commodities	R	6,891.00
MLM 01/18/19-08	Manyatseng : Boundary Extension and Formalization of Cemetery	Melokuhle Mangammet	R	1,092,853.32

MLM 01/18/19-09	Ladybrand : Construction of Landfill Sites (Solid Waste Disposal) (Consultant)	Soleng Consulting	R	1,494,406.31
MLM 50/118/19	Appointment Of Professional Service Provider For Learnership Of Professional Driving NQF 3 (25 Learners)	Botjhabatsatsi Training & Consulting	R	981,250.00
		<b>Total</b>	<b>R</b>	<b>7,402,794.67</b>

### 3.2 DEVIATIONS

The following were procured through section 36 of the SCM regulation

DATE	VENDOR	DESCRIPTION	ORDER NO	AMOUNT	REASON
16/07/2019'	Q&H Water & Sewage Services(Pty)Ltd	Repairs on booster pump	WS29641	R 8,625.00	The municipality utilised Q&H Water & Sewage Services as the company arranged to strip and quote repairs on the panel to automate and manual operate the booster pump station in Excelsior.
11/07/20'19	Q&H Water & Sewage Services(Pty)Ltd	Repairs 132Kw Fenner motor		R 67,792.27	The municipality utilised Q&H Water & Sewage Services as the company arranged to strip and quote repairs on the 132Kw Fenner motor for Ladybrand town pump station.
11/07/2019'	Q&H Water & Sewage Services(Pty)Ltd	Repairs KSB ETA pump	R5/8/93	R 15,467.50	The municipality utilised Q&H Water & Sewage Services as the company arranged to strip and quote repairs on the KSB ETA 150-3 pump for Ladybrand Town pump station.
11/07/2019'	Q&H Water & Sewage Services (Pty) Ltd	Strip and Repairs	WS29650	R 9,775.00	The municipality utilised Q&H Water & Sewage Services as the company arranged to strip and quote repairs on the KSB close couple pump for Excelsior filter pump at the water treatment works.
11/07/2019'	Q&H Water & Sewage Services (Pty) Ltd	Strip and Repairs on the 3.7kw submersible pump	WS29649	R 14,156.50	The municipality utilised Q&H Water & Sewage Services as the company arranged to strip and quote repairs on the HCP submersible pump for Ladybrand Platberg pump station.
11/07/2019'	C Pac Pumps and Valves	Strip and Quote on Tweespruit Borehole	Ord0000034	R 61,728.55	The municipality utilised C Pac Pumps and Valves as the company arranged to strip and quote repairs on the golf course borehole in Tweespruit. This is an emergency repair required which started on 5 June 2019

					causing water shortage.
02/07/2019'	John Williams Ladybrand	Repairs FX644FS	R19/7/32/2019	R 24,610.30	THE municipality utilised John Williams Ladybrand for the strip and repairs of the seized coolant pump, burst water hoses, thermostat and fuse box complete, of Mercedes Benz, FX644FS because the supplier is the manufacturer.
11/07/2019'	SA AIRBRAKE & TRUCK	REPAIRS DVB053FS	R19/7/33/2019	R 4,023.01	The municipality SA Airbrakes for strip, supply spares and repair of Faw Honey Sucker truck registration number DVB053FS, steering box and during repairs, it is identified that the steering column needs to be replaced.
11/09/2019'	John Williams	Repairs FKJ 123 FS	R4/9/153/2019-20	R39,654.30	The Municipality utilized John Williams Ladybrand for strip and repairs of the front axle shocks, stabilizer links, timing chain and perform service of Mercedes Benz, FKJ 123 FS. The SCM sourced one quotation from John Williams because is the Supplier is manufacturer and vehicle was stripped prior for diagnosis

### 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 2019.

PAYMENT DATE	COMPANY NAME	DESCRIPTION	REASON FOR NOT OBTAINING THREE QUOTATIONS	AMOUNT
26/08/2019	BB Guesthouse	Accommodation (Mr. Albert Titus)	The Municipality SCM Division sourced three quotes, however other Guest House were fully booked, and evidence of the email is attached on the payment	R2,600.00
19/09/2019	MAM Travel & Tours	Transport	The Municipality SCM Division requested three quotes from Interstate Bus Lines, MAM Travel and JPS Couches does not have bus a bus on the 22 September	R10,900.00

			2019. Therefore, it is impossible to obtain three quotes on such instance.	
19/09/2019	Kevco	Fire Fighters Pipe	The municipality SCM Division utilized Kevcor because Fire-Equipment and Lawnmowers and Turf could not provide us with the quotation for the required material. Therefore it is impossible to follow normal supply chain processes.	R6,778.32
		<b>TOTAL</b>		<b>R29, 278.32</b>

### 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. Mokhele Mohapi – Acting IT Manager
- (j) Mrs. Lucia Lisenyane – Demand Officer
- (k) Mrs. Mannini Sixaxa – Supply Chain Clerk
- (l) 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. Mokhele Mohapi – 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) Mr. Pule Hlahane – Acting Director Corporate Services
- (d) Mr. Dumile Nana – Acting Director Community Services

### 3.5 Irregular expenditure

The municipality incurred irregular expenditure for the quarter ended 30/09/2019. The report is attached

PAYMENT DATE	PAYMENT NUMBER	COMPANY NAME	DESCRIPTION	REASON FOR IRREGULAR EXPENDITURE	AMOUNT
22/09/2019	MAY29715	Star Chalale	Live Gospel Performance	Only One Quotation received from Mayoral Office and the service provider is not registered with the CSD	R15,000.00
				TOTAL =	R15,000.00

### 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 27/18/19	Design, Layout and Printing of 100 Copies Of Annual Report for 2017/18 Financial Year	Reliba Trading (Pty) Ltd	R136,850.00	04/07/2019	100.00



SCM 08/19/20	Appointment of Transport Service Provider For Women's Dialogue Event for 100 People on the 22 August 2019	Ben Tsika Enterprise (Pty) Ltd	R12,000.00	21/08/2019	100.00
SCM 02/19/20	Supply and Delivery Of Office Stationery For Mantsopa Local Municipality	SKL Resources	R104,495.00	29/08/2019	99.14
SCM 07/19/20	Appointment of Catering and Deco service Provider for Women's Dialogue Event for 200 People on the 22 August 2019	Keamohetsoe General Trading	R22,835.00	21/08/2019	100.00
SCM 04/19/20	Repairs of Two Reservoirs at Tweespruit	Lesedi Electronics (Pty) Ltd	R56,789.500	03/09/2019	80.00
SCM 03/19/20	Repairs and Cleaning of the Reservoir in Excelsior	Lesedi Electronics (Pty) Ltd	R41,850.95	03/09/2019	80.00
SCM 01/19/20	Supply and Delivery Of Cleaning Material	SKL Resources	R37,953.30	03/09/2019	80.00
SCM 05/19/20	Repairs and Cleaning of the Reservoirs in Hobhouse	Ben Tsika Enterprise	R95,000.00	26/09/2019	70.84
SCM 10/19/20	Supply and Delivery of UPVC Pipe, Adapters and Saddled for Mantsopa Local Municipality	Ben Tsika Enterprise	R89,160.00	30/09/2019	80.00
		<b>Total</b>	<b>R596,939.75</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

Details	Amount
Total amount of bids awarded for the quarter ended 30/09/2019	R7,402 794.67
Total amount of deviations for the quarter ended 30/09/2019	245,823.43
Total amount of goods/services procured using one quote for the quarter ended 31/09/2019	29,278.32
Total amount of irregular expenditure for the quarter ended 31/09/2019	R15,000.00
Quotations advertised on the website and notice boards	R596,939.75

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

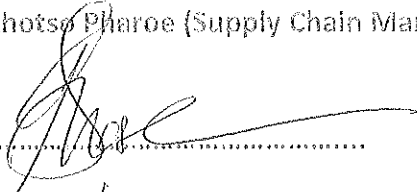
That council takes note of the report regarding the implementation of the municipal supply chain management policy

That the report be presented on quarterly basis

That the report be presented to the Mayor, EXCO and Council

That council approve the deviation for quarter one for 2019/20 Financial Year

Submitted by: Mr. Khotsa Pharo (Supply Chain Manager)

Signature :  .....

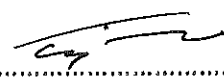
Date : 15/10/2019

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

Signature :  .....

Date :

Approved by: Mr. Thamae Masejane (Municipal Manager)

Signature :  .....

Date : 18/10/2019