

The Chairperson and Members of  
Finance Services Committee

Notice is hereby given that Special Meeting of Finance & Budget Committee will  
be held as follows:

**16 February 2022**  
**11:00**

**Zoom conducted** to discuss the items on the agenda.

CLLR MJ Serati  
CHAIRPERSON  
11 February 2022

### ***A G E N D A***

- A. Opening and welcome
- B. Application for leave of absence
- C. Consideration of the attached report

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## OFFICE OF THE CHIEF FINANCIAL OFFICER

**TO:** Municipal Manger

**From:** Chief Financial Officer

**Date:** 31 December 2021

**Subject:** **SUPPLY CHAIN MANAGEMENT REPORT FOR THE MONTH ENDED 31 December 2021**

### 1.1. PURPOSE

The purpose of this report is to submit to Council the Supply Chain Management implementation report for all bids awarded through the NLM SCM Policy and SCM Regulation prescriptive for the periods 31 December 2021.

### 2.2. BACKGROUND

The supply chain management of NLM section 22.1 prescribe that Council of Ngwathe Local Municipality shall maintain an oversight over the implementation of supply chain management policy to ensure that it is within the ambit of the applicable legislation.

In order for the Council to exercise its oversight role over supply chain management effectively, the Accounting Officer shall:

- a) within 30 days of the end of financial year or whenever there are serious and material problems in the implementation of the supply chain management policy, submit reports on the implementation of the supply chain management to the Council of the municipality.
- b) within 10 days after the end of each quarter submit a report implementation of supply chain management policy to the mayor, who shall also table such report to council. mute

### 2.3. REPORTING

This report is prepared in line with the Supply Chain Management Policy Framework, Section 22.1 and its Guidelines. The report covers the following reportable areas of performance as outlined below:

- 2.3.1. Formal written price quotations above R 30,000 up to R 200,000 [Sec. 18(a) of the Municipal Supply Chain Management Regulations]

2.3.2. Competitive bidding process for procurements above a transaction value of R200,000, inclusive of VAT. [Sec. 19(a) of the Municipal Supply Chain Management Regulations]

2.3.3 None compliance

2.3.4 Deviation process

### 2.3.1. FORMAL WRITTEN PRICE QUOTATIONS ABOVE R30,000 UP TO R200,000

Section 18(a) of the Supply Chain Management Regulation (GNR 868 of 30 May 2005) prescribe that all requirements in excess of R30,000 (VAT included) that are to be procured by means of formal written price quotations, must in addition to the requirement of regulation 17, be advertise for at least 7 days on website and notice board of the municipality.

The following awards were made in terms of the above legislative prescripts:

#### OCTOBER 2021

TENDER NO	TENDER DESCRIPTION	AWARDED BIDDER	AMOUNT AWARDED
10(09/2021)	Supply and Delivery of Stationary	Batlokwa Holding(Pty)Ltd	R 44,440.00
05(10/2021)	Supply, Delivery and Installation of Office Carpet	Mchango Consulting & Projects	R 164,800.00
02(09/2021)	Supply and Delivery of Plumbing Material (PARYS)	Inkanyezi Road Service	R 161,000.00
03(09/2021)	Conversion of Vredefort Storage Bays into Garages (scope of work is attached)	Delange Risk Management	R 157,290.40
06(09/2021)	Supply and Delivery of Plumbing Material (PARYS)	Phalaphala Tours	R 180,000.00
06(06/2021)	Supply, Delivery and replacement of underground sewer pipe line at corner Voortreeker and merlots street	Alex Cale pty ltd	R 196,750.00
02(07/2021)	supply and delivery of grass cutting equipment's	Ginnerk Engineering (Pty) ltd	R 81,420.00
20(09/2021)	Supply, delivery and installation of electrical motor and rotating assembly at Koppise	Moloko o Motjha	R 148,000.00
22(09/2021)	Supply and delivery of Office Furniture (Heilbron)	Delzephine Corporate	R 180,000.00
15(09/2021)	Supply and delivery of cold asphalt premix 20-25kg 800bags	Fabritech Engineering	R 69,184.00

13(09/2021)	Supply and delivery of brush cutters and lawn mowers	Batlokwa Holdings	R 35,875.00
11(09/2021)	Supply and delivery of 3 laptops	High Life Holdings	R 50,999.97
03(06/2021)	Repairing of 5 houses	De Lange Risk Management	R 156,000.00
16(09/2021)	Supply and delivery of cleaning material	Batlokwa Holdings	R 38,490.00
13(10/2021)	Supply and delivery of 2 water leak detector	Fabritech Engineering & Supplies	R 160,947.10
		<b>TOTAL AWARDS</b>	<b>R1 825 196.47</b>

### NOVEMBER 2021

TENDER NO	TENDER DESCRIPTION	AWARDED BIDDER	AMOUNT AWARDED
02(10/2021)	Supply and delivery of water treatment material	Maksp General Dealer	R 56,500.00
24(10/2021)	Supply and delivery of plumbing material	Mchango Consulting	R 155,500.00
28(10/2021)	Supply and delivery of fire material	Patsam General Dealer	R 58,950.00
22(09/2021)	Supply and delivery of Office Furniture (Heilbron)	Delzephine Corporate	R 180,000.00
12(10/2021)	Repair Automatic starter of the pump at Oudewerf pump	Fabritech Engineering	R 43,556.25
18(10/2021)	Repair of the pump at Mbeki pump station	Kleva Black Enterprises	R 160,000.00
07(10/2021)	Supply and delivery of laptops for councillors (19)	Purple maroon Projects (Pty) Ltd	R 174,800.00
06(10/2021)	Supply and delivery of laptops for councillors (19)	Purple maroon Projects (Pty) Ltd	R 174,800.00
12(10/2021)	supply and delivery of laptops bags for councillors (19)	Nyareli Construction (Pty) Ltd	R 65,330.74
15(10/2021)	Replacement of Steel Pipe	David's Deeds	R 53,350.00
17(10/2021)	Supply, Delivery and Off-Load of Tar	Icox Trading(Pty)Ltd	R 49,200.00
17(10/2021)	Repair of Bio Filter Arm(Parys)	David's Deeds	R 139,800.00
		<b>TOTAL</b>	<b>R1,311,786.99</b>

## DECEMBER 2021

TENDER NO	TENDER DESCRIPTION	AWARDED BIDDER	AMOUNT AWARDED
01(10/2021)	Supply and delivery of dustbins	Nyareli Construction (Pty) Ltd	R 198,858.00
08(11/2021)	Supply and delivery of plumbing material	Patsam General Dealer	R 99,225.00
		<b>TOTAL AWARDS</b>	<b>R298,083.00</b>

Section 17(1)(c) of the Municipal Supply Chain Management Regulations (GNR 868 of 30 May 2005) stipulates that, if it is not possible to obtain at least three formal written price quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer.

The awards below did not comply with the above regulated requirement and a reason relating to each instance is given for the approval of the Chief Financial Officer:

**3.3.2. PROCUREMENTS ABOVE A TRANSACTION VALUE OF R200, 000 (VAT Included) THAT WERE SUBJECTED TO A COMPETITIVE BIDDING PROCESS:**

TENDER NO	TENDER DESCRIPTION	AWARDED BIDDER	AMOUNT AWARDED
NLM: TEC/08/2021 (RESERVOIRS) - 3	APPOINTMENT OF A CONTRACTOR FOR REFURBISHMENT OF THE BULK WATER SUPPLY PIPELINE TO RESERVOIR 3	NDUMASEKHO (PTY) LTD	R11,331,704.29
NLM: TEC/08/2021 (RESERVOIRS) - 4	APPOINTMENT OF A CONTRACTOR FOR REFURBISHMENT OF THE BULK WATER SUPPLY PIPELINE TO RESERVOIR 4	MAGWA CONSTRUCTION	R9,094,579.82
NLM: FIN – 01 – 2021 MRS	APPOINTMENT OF A SERVICE PROVIDER FOR SUPPLY AND RENDER A COMPREHENSIVE METER READING SYSTEM (HARDWARE AND SOFTWARE) FOR ELECTRONIC CONVENTIONAL METER READING MANAGEMENT.	LONDOLOZA UTILITY SOLUTION	R2,725,040.00
		<b>TOTAL AWARDS</b>	<b>R23,151,324.11</b>

### 3.3.3. NONE COMPLIANCE

The Municipal Supply Chain Management Policy as well as Regulations (GNR 868 of 30 May 2005) prohibits business transactions with a person whose:

- Tax matters are not in order;
- In the service of state;

The Policy further outlines processes that must be followed when requesting/procuring goods or services above the following ranges:

- R 0 – R 2,000 > Petty cash purchases
- R 2,000 – R 10,000 > Written or verbal quotations (VAT Included)
- R 10,001 – R 200,000 > At least three quotations must be solicited
- R 30,000 < in addition to at least three quotations, must be advertised for at least seven days on the website and on official notice board of the municipality
- R 200,001 > Competitive bidding process

Despite the above regulated requirements, the following conditions could still not be complied with:

**3.3.3.1. Tax clearance certificates were not obtained from the following suppliers:**

Supplier	Services/Goods	Cost
TOTAL		

**3.3.3.2. The declarations of interest were not obtained from the following suppliers:**

Supplier	Services/Goods	Cost
TOTAL		

**3.3.3.3 None Compliance / Irregular Expenditure**

Supplier	Services/Goods	Cost
NONE		

**3.3.3.4 Awards made in terms of Supply Chain Management Regulation, Section 32 of the SCM Regulation**

SCM Regulation, sec. 32 and SCM Policy sec. 6 makes provision for the accounting officer to procure goods or services for the municipality under a contract secured by another organ of state, but only if:

- a) The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state.
- b) That other organ of state and the provider have consented to such procurement in writing.
- c) There is no reason to believe that such contract was not validly procured.
- d) There are demonstrable discounts or benefits to do so.

The following services / goods were procured in terms of the above legislative prescripts:

Date	Service Provider	Project Discretion	Department	Amount

### 3.4 DEVIATION

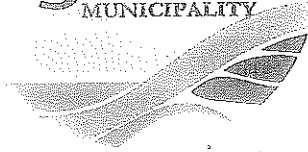
The municipal SCM Policy, applied consistently with Section 36(1) of the Municipal Supply Chain Management Regulations which provides for the accounting officer to dispense with the official procurement processes established by the Policy to procure any required goods or service through any convenient process which may include direct negotiations and/or deviating from the Supply Chain Management process.

The accounting officer has considered and approved a total number of 18 procurement transaction totalling R1 633 775.46 in line with Section 36 of the SCM Regulation (Deviation) (Annexure A, B and C).

## ANNEXURE A

# Ngwathe

MUNICIPALITY



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## DEVIATION REPORT FOR THE MONTH ENDED 31 OCTOBER 2021

The Supply Chain Management Regulation, Section 36 Government Gazette notice 868 of 2005, refers.

DATE	NAME OF SUPPLIER	REASON FOR DEVIATION	DESCRIPTION	AMOUNT
18/10/2021	Castle Hill Trading cc 314	Distribution of various blankets to old age home people and orphanages during winter season by the office of the Executive Mayor in honour of struggle heroes, the purpose is to ensure that they get warm and safe during the cold season throughout winter season. .	Blankets	80,500.00
13/10/2021	Mdzili's Trading Enterprise	The existing 5.5 Borehole pump is damaged, so the installation of new one is needed to Supply Water.	5.5 Borehole Pump	37,753.28
29/10/2021	Tshismamo Projects	Community service they request for the municipality to appoint an external security services at sewer plant, water plant and multipurpose centre in koppies kindly be advised that the SCM received an urgent request from electricity department for procurement of electricity material. The SCM requested quotations from the current appointed service providers for supply, delivery, offload and commissioning/installation of various electrical material, namely step confidence and Uande engineering, due to outstanding amount owed to these service providers, and they are not submitting the requested quotations, therefore, it is essential that the municipality for the sake of business continuity basic services to the community of ngwathe local municipality	Security hire	156,240.00
15/10/2021	Star Traders (Pty) Ltd	Community service they request for the municipality to appoint an external security services at sewer plant, water plant and multipurpose centre in koppies kindly be advised that the SCM received an urgent request from electricity department for procurement of electricity material. The SCM requested quotations from the current appointed service providers for supply, delivery, offload and commissioning/installation of various electrical material, namely step confidence and Uande engineering, due to outstanding amount owed to these service providers, and they are not submitting the requested quotations, therefore, it is essential that the municipality for the sake of business continuity basic services to the community of ngwathe local municipality	Line taps 70mm	67,968.45



22/10/2021	Twin Construction	Our electrical panel at a reservoir pump station has been vandalized and electrical components have been stolen, as a result of this our booster pump station is out of operation. Our electrical department tried to reconnect the cables but couldn't manage to fix the problem, and case of theft and vandalism was opened at the Edenville police station. At the moment we cannot pump water to entire community of Edenville	Build, supply and installation of 2,2kw electrical panel board for booster pump operating in auto and manual starting system	398,923.96
			TOTAL	<u>741,385.69</u>

## ANNEXURE B

**Ngwathe**  
MUNICIPALITY



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**DEVIATION REPORT FOR THE MONTH ENDED 30 NOVEMBER 2021**

**The Supply Chain Management Regulation, Section 36 Government Gazette notice 868 of 2005, refers.**

DATE	NAME OF SUPPLIER	REASON FOR DEVIATION	DESCRIPTION	AMOUNT
03/11/2021	Hydraulic Engineering Specilized	Hydraulic Engineering they are the sole company which was available to be approached, request for approval and deviation for not following normal SCM of sourcing three quotations was not practically possible and it was also an emergency	Repair Ford Ranger DBM 474 FS	40,250.00
03/11/2021	Hydraulic Engineering Specilized	Hydraulic Engineering they are the sole company which was available to be approached, request for approval and deviation for not following normal SCM of sourcing three quotations was not practically possible and it was also an emergency	Repair Ford Ranger DBM 992 FS	37,950.00
04/11/2021	Pioneer Security	The municipality security does not have the capacity to deal with all theft and burglaries taking place at municipal buildings due to required numbers therefore. Also we are still having a contractual glitch with the newly appointed security company	Security Service 01/10/2021-31/10/2021	115,506.00
08/11/2021	Egweni River lodge	The municipality will be embarking on a two-day work session involving 40 personnel. The work session is intended to develop a strategic view and implementation plan for the municipality for the next 25 years broken into 5 years. The session should also culminate in a handover action plan for the new council	Conference centre for a work session	36,900.00
23/11/2021	Cms Water Engineering	Install and supply a 7,5kw submersible pump, service exchange at Koppies sewage pump station	Koppies sewerage pump station, 7,5kw submersible	25,047.00

			pump service exchange install & commission	
23/11/2021	Cms Water Engineering	At river pump station our T8 Gorman Rupp Element had a breakdown and raw sewage went to the river. The T8 Gorman rupp element was replace with a element service exchange	River sewerage pump station, T8 rotating element service exchange install & commission	29,992.00
			<b>TOTAL</b>	<b><u>285,645.00</u></b>

## ANNEXURE C



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**NWATHE LOCAL MUNICIPALITY**

**DEVIATION REPORT FOR THE MONTH ENDED 31 DECEMBER 2021**

**The Supply Chain Management Regulation, Section 36 Government Gazette notice 868 of 2005, refers.**

DATE	NAME OF SUPPLIER	REASON FOR DEVIATION	DESCRIPTION	AMOUNT
20/12/2021	The Rescue Tool Guys	For repair and service the rescue tools that will be highly needed during festive	Rescue set	57,893.88
21/12/2021	Reef Chain Saw	The fire fight machine need to be repaired because there's only machine	Fire fight machine	10,883.05
23/11/2021	Cms Water Engineering	Install and supply a 7,5kw submersible pump, service exchange at Koppies sewage pump station	Koppies sewerage pump station, 7,5kw submersible pump service exchange install & commission	25,047.00
10/12/2021	Centralec	We are experiencing a challenge of electricity supply on three plots Koppies, this plots have been without electricity for two ways dus to their transformer, which have been struck by lightning on Friday.	Transformer	43,700.00
09/12/2021	Tshisamamo Project	We are requesting to procure the service of an extension for external service provider to assist us with safe guarding our assets in Edenville	Security	110,880.00
07/12/2021	Tshisamamo Project	We are requesting to procure the service of an extension for external service provider to assist us with safe guarding our assets in koppoies for 20 days	Security	110,880.00
14/12/2021	Mdzili's Trading Enterprise	We Don't have water in the unit and the boreholes are burnt during load shedding so burnt	Purchasing 2pumps	56,192.84

07/12/2021	Pioneer Security	We are requesting to procure the service of an extension for external service provider to assist us with safe guarding our assets in for 20 days	Security	191,268.00
			TOTAL	<u>606,744.77</u>

-End of Report -