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Quarterly Supply Chain Management report

Prepared in terms of the Local Government:
Municipal Finance Management Act (56 of 2003);
Supply Chain Management Regulations.

01 JULY 2025/26 – 30 SEPTEMBER 2025/26
FIRST QUARTER REPORT

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PART 1: QUARTERLY REPORT

1. LEGAL CONTEXT

1.1 Municipal Finance Management Act

Section 111 of the Municipal Finance Management Act (MFMA) determines that:

> "*Each municipality and each municipal entity must have and implement a supply chain management policy which gives effect to the provisions of this Act".*

Section 112 of the Municipal Finance Management Act (MFMA) determines that the supply chain management policy must comply with the prescribed framework:

"(1) The supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the following—

(a) the range of supply chain management processes that municipalities and municipal entities may use, including tenders, quotations, auctions and other types of competitive bidding;

(b) when a municipality or municipal entity may or must use a particular type of process;

(c) procedures and mechanisms for each type of process;

(d) procedures and mechanisms for more flexible processes where the value of a contract is below a prescribed amount;

(e) open and transparent pre-qualification processes for tenders or other bids;

(f) competitive bidding processes in which only pre-qualified persons may participate;

(g) bid documentation, advertising of and invitations for contracts;

(h) procedures and mechanisms for—

(i) the opening, registering and recording of bids in the presence of interested persons;

(ii) the evaluation of bids to ensure best value for money;

(iii) negotiating the final terms of contracts; and

(iv) the approval of bids;

(i) screening processes and security clearances for prospective contractors on tenders or other bids above a prescribed value;

(j) compulsory disclosure of any conflicts of interests prospective contractors may have in specific tenders and the exclusion of such prospective contractors from those tenders or bids;

(k) participation in the supply chain management system of persons who are not officials of the municipality or municipal entity, subject to section 117;

(l) the barring of persons from participating in tendering or other bidding processes, including persons—

(i) who were convicted for fraud or corruption during the past five years;

(ii) who wilfully neglected, reneged on or failed to comply with a government contract during the past five years; or

(iii) whose tax matters are not cleared by South African Revenue Service;

(m) measures for—

(i) combating fraud, corruption, favouritism and unfair and irregular practices in municipal supply chain management; and

(ii) promoting ethics of officials and other role players involved in municipal supply chain management;

(n) the invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made, taken or in any way influenced by—

(i) councillors in contravention of item 5 or 6 of the Code of Conduct for Councillors set out in Schedule 1 to the Municipal Systems Act; or

(ii) municipal officials in contravention of item 4 or 5 of the Code of Conduct for Municipal Staff Members set out in Schedule 2 to that Act;

(o) the procurement of goods and services by municipalities or municipal entities through contracts procured by other organs of state;

(p) contract management and dispute settling procedures; and

(q) the delegation of municipal supply chain management powers and duties, including to officials.

(2) The regulatory framework for municipal supply chain management must be fair, equitable, transparent, competitive and cost-effective."

Section 115 of the Municipal Finance Management Act (MFMA) determines that a system of supply chain management must be implemented:

(1) The accounting officer of a municipality or municipal entity must—

(a) implement the supply chain management policy of the municipality or municipal entity; and

(b) take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

(2) No person may impede the accounting officer in fulfilling this responsibility.

Section 117 of the Municipal Finance Management Act (MFMA) determines that councillors are barred from serving on tender committees:

"*No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer".*

Section 118 of the Municipal Finance Management Act (MFMA) determines that there may not be any interference in the supply chain management system:

"*No person may—*

(a) interfere with the supply chain management system of a municipality or municipal entity; or

(b) amend or tamper with any tenders, quotations, contracts or bids after their submission".

1.2 Supply Chain Management Policy

Section 3 of the Knysna Municipality Supply Chain Management Policy indicates a system of delegations:

"(1) The council hereby delegates all powers and duties to the Accounting Officer which are necessary to enable the Accounting Officer –

(a) *to discharge the supply chain management responsibilities conferred on the Accounting Officer in terms of –*
   (i) *Chapter 8 of the Act; and*
   (ii) *the Supply Chain Management Policy.*

(b) *to maximize administrative and operational efficiency in the implementation of this Policy;*

(c) *to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and*

(d) *to comply with his or her responsibilities in terms of Section 115 and other applicable provisions of the Act.*

(2) *Section 79 of the Act applies to the sub-delegation of powers and duties delegated to an Accounting Officer in terms of Sub-Section (1).*

(3) *The Council or Accounting Officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of municipality or to a committee which is not exclusively composed of officials of the municipality.*

(4) *Section 4(3) may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in Section 26 of this Policy.*

Certain subdelegations are also indicate in the Supply Chain Management Policy:

(1) *"The Accounting Officer may in terms of Section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the Accounting Officer in terms of this Policy, but any such sub-delegation must be consistent with Sub-Section (2) of this Section and Section 4 of this Policy.*

(2) *The power to make a final award –*
   (a) *above R10 million may not be sub-delegated by the Accounting Officer;*

   (b) *above R2 million, but not exceeding R10 million, may be sub-delegated but only to –*
      (i) *the Chief Financial Officer;*
      (ii) *a Head of Department**;** *or*
      (iii) *a Bid Adjudication Committee of which the Chief Financial Officer or a senior manager is a member.*
   (c) *not exceeding R 2 million may be sub-delegated but only to –*

(i) *the Chief Financial Officer;*
(ii) *a Head of Department;*
(iii) *a manager directly accountable to the Chief Financial Officer or a Head of Department, or*
(iv) *a Bid Adjudication Committee.*

(3) *An official or Bid Adjudication Committee to which the power to make final awards has been sub-delegated in accordance with Sub-Section (2) must within five working days of the end of each month submit to the Accounting Officer a written report containing particulars of each final award made by such official or committee during that month, including–*
(a) *the amount of the award;*
(b) *the name of the person to whom the award was made; and*
(c) *the reason why the award was made to that person.*

(4) *A written report referred to in Sub-Section (3) must be submitted –*
(a) *to the Accounting Officer, in the case of an award by –*
(i) *the Chief Financial Officer;*
(ii) *a senior manager; or*
(iii) *a Bid Adjudication Committee of which the Chief Financial Officer or a senior manager is a member.*
(b) *to the Chief Financial Officer or the senior manager responsible for the relevant bid, in the case of an award by –*
(i) *a manager referred to in subparagraph (2)(c)(iii); or*
(ii) *a Bid Adjudication Committee of which the Chief Financial Officer or a senior manager is not a member.*

(5) *Sub-Section (3) of this Section does not apply to procurements out of petty cash.*

(6) *This Section may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in Section 26 of this Policy.*

(7) *No supply chain management decision-making powers may be delegated to an advisor or consultant".*

Section 5 of the Knysna Municipality Supply Chain Management Policy prescribe the oversight role of Council:

"(1) The council reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the Accounting Officer must –

(a) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the Supply Chain Management Policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and

(b) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.

(3) The Accounting Officer must, within 10 days of the end of each quarter, submit a report on the implementation of the Supply Chain Management Policy to the mayor.

(4) The reports must be made public in accordance with Section 21A of the Municipal Systems Act.

(5) The Accounting Officer will, within 60 days of the end of each financial year, submit to the Provincial Treasury any information concerning supply chain management in such format as the National Treasury and Provincial Treasury may determine.

(6) To maintain oversight over the implementation of the SCM Policies and Principles. To this end, in addition to the reports referred to in regulation 6(2) and 6(3) of the SCM TR, and in addition to the deviations reports that are already being reported on, the Accounting Officer must also submit monthly reports to the Mayor for tabling in Council containing details of all tenders awarded.

(7) Information about any developments during that month in respect of any dispute, complaint, objection or court action submitted in relation to any tender award. If any of the above information becomes available only in subsequent months in relation to such awards, such information must likewise be reported to the Mayor in the month following that in which the information became known to the Accounting Officers.

(8) Any dispute, complaint, objection or court action in relation to any decisions or actions taken by the Municipality in respect of other aspects of the operation of the SCM system should likewise be reported on".

Section 9 of the Supply Chain Management Policy indicates a range of procurement processes:

"(1) Goods and services may only be procured by way of –

(a) Written price quotations in terms of Council's approved SCM Policy for procurement transactions with a value from R0.00 up to R2 000 (Incl. VAT);

(b) written price quotations for procurement transactions of a value up to R10 000;

(c) formal written price quotations for procurement transactions of a value from R0.00 up to R300 000; and

(d) a competitive bidding process for–

(i) procurement transactions with a value above of R300 000; and

(ii) the procurement of long-term contracts.

(2) The Accounting Officer may, in writing-

(a) lower, but not increase, the different threshold values specified in Sub-Section (1); or

(b) direct that –

(i) written quotations be obtained for any specific procurement of a transaction value lower than R2 000;

(ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R300 000; or

(iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R300 000.

(3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction".

Section 16 of the Supply Chain Management Policy describes the procurement process for purchases above R30 000:

"(1) The conditions for the procurement of goods or services for a value over R30 000 up to R300 000, through formal written price quotations are as follows:

(a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;

(b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in Section 14(1)(b) and (c) of this Policy;

(c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer, and

(d) the Accounting Officer must record the names of the potential providers and their written quotations.

(2) Quotations must:

(a) be in writing, and signed by a person with the necessary authority to act on behalf of the prospective supplier;

(b) comply with the specifications set out in the quotation notice;
(c) be marked for identification in relation to the particular quotation.

(3) A designated official referred to in Sub-Section (1) (c) must within three days of the end of each month report to the Chief Financial Officer on any approvals given during that month by that official in terms of that Sub-Section".

Section 18 of the Supply Chain Management Policy describes the procurement process for purchases above R30 000:

"(1) Goods or services above a transaction value of R300 000 and long term contracts may only be procured through a competitive bidding process, subject to Paragraph 11(2) of this Policy.

(2) The bid documentation will be prepared by the SCM Manager in consultation with the relevant directorate and displayed on notice boards, placed on the council's website, and advertised in commonly circulated local and/or provincial newspapers with a closing date of at least 14 days after the date that the advertisement first appears.

(3) No requirement for goods or services above an estimated transaction value of R300 000 may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process".

Section 25 of the Supply Chain Management Policy describes the procurement process for purchases above R300 000:

"(1) The Accounting Officer is required to establish a committee system for competitive bids of at least-
(i) a Bid Specification Committee;
(ii) a Bid Evaluation Committee; and
(iii) a Bid Adjudication Committee.

(2) The Accounting Officer appoints the members of each committee, taking into account Section 117 of the Act.

(3) A neutral or independent observer, appointed by the Accounting Officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

(4) The committee system must be consistent with –
(a) Section 27, 28 and 29 of this Policy; and
(b) any other applicable legislation.

(5) *The Accounting Officer may apply the committee system to formal written price quotations".*

Section 35 of the Supply Chain Management Policy describes the procurement process for deviations from the policy:

(1) *"The Accounting Officer may –*
   (a) *dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –*
      (i) *in an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address.*
      (ii) *where it can be demonstrated that goods or services are produced or available from a single source / sole supplier 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 and/or nature and game reserves; or*
      (v) *in any other exceptional case where it is impractical or impossible to follow the official procurement processes.*
   (b) *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; and*
   (c) *may condone any irregular expenditure incurred in contravention of, or that is not in accordance with a requirement of this Policy, provided that such condonation and the reasons therefore shall be reported to Council at the next ensuing meeting.*

(2) *The Accounting Officer must record the reasons for any deviations in terms of Sub-Sections (1)(a) and (b) of this policy and report them to the next meeting of Council and include as a note to the annual financial statements.*

(3) *Sub-Section (2) does not apply to the procurement of goods and services contemplated in Section 11(2) of this policy".*

2 THIRD QUARTER SUPPLY CHAIN MANAGEMENT REPORT

2.1 Introduction

2.1.1 The Local Government: Municipal Finance Management Act requires that the Municipality must have and implement a Supply Chain Management Policy, which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

2.1.2 The SCM Unit hereby wish to submit the first quarter 2025/26 financial year report to the Audit Committee of Council, this report represents the implementation of Supply Chain Management from 01 July 2025 to 30 September 2025, and reflects the implementation of the supply chain management policies of the Municipality namely:

- Bid Administration Performance – and (Bid under consideration, Bid Adjudicated and Bid Cancelled)
- Contract Management Register and Supplier Performance
- RFQ Register and C -Order Register
- Deviation Register
- Irregular Expenditure Register

2.1.3 The purpose of this report is to provide the status of SCM Unit and report on the implementation of SCM policies in terms of Council's approved Supply Chain Management Policies and Procedures of the Municipality.

2.2 Bid Committee's Administration.

2.2.1 The bid committee systems for 2025/26 financial year for competitive bidding is in operation and functional, and bid committee structures are inccordance with the SCM Policy. The mandate, composition, roles and responsibilities of bid committee's as well a meeting procedures, ethical code of conduct and declaration of interest for committee's are clearly outlined and defined in the committees charter (terms of references).

2.2.2 The ethical code of conduct is to ensure proper good governance and compliance with SCM processess. The Bid Committee's members are required to abide by the Committtee TOR and sign declaration of interest form to manage any potential conflict of interest in bid committee meetings.

2.2.3 The committee's are comprises of the following members:

2.2.4

#	Bid Committee's	Bid Committee's Compositions and Functions
	Bid Specification Committee – BSC	BSC is Chaired by Manager Intergrated Human Settlement, Deputy Chair is Manager Administration. The following Managers are standing members of the committee, Manager Parks, Manager Spatial Planning, Manager Building Control. Three additional members were appointed as part of internal capacity building. The procuring department managers are standing members by invitation. Its soley mandate is to develop proper bid specifications, do proper needs analysis, project costing in line with the procurement plan, conduct feasibility study and conduct market analysis. The specifications submitted by the user department must allow effective competition and fair dealing for bidders to offer their goods and services. Members of the Bid Specification Committee shall in exercising and executing their powers and functions in terms hereof, comply with all Council approved policies, by-laws, guidelines, directives and relevant legislation pertaining to procurement of goods/services, construction works and appointment of consultants.
	Bid Evaluation Committee – BEC	BEC is Chaired by Director Intergrated Human Settlement, Deputy Chair is Senior Manager Project Management Unit. The following Managers are standing members of the committee, Senior Manager ICT, Manager Economic Development, Manager Roads and Stormwater, Manager water and sanitations. A procuring Manager by invitation is a standing member of the committee and SCM Official/ practitioner as the secretariat of the committe. Its soley mandate is to evaluate bids in accordance with evaluation criteria, do proper due diligent and quality assurance in the evaluation of bids. submit evaluation report with recommendations to the Bid Adjudication Committee for award and appointment by the Accounting Officer.
	Bid Adjudication Committee – BAC	At least 4 Senior Managers of Department (Directors), or a delegated Senior SCM Practitioner and SCM Manager with the CFO as Chairperson. Its sole mandate is to adjudicate or reject the recommendations from the BEC. To make awards or recommend to the MM to appoint for goods and services above R 10 million.

2.3 **Performance of the Bid Committee Members**

2.3.1 The appointment of the bid committee's by the Accounting Officer is in accordance with the Municipal Supply Chain Management Policy, is to ensure functional and effective bid administration committee systems. This helps the Municipality in terms of accountability and reporting, and meet service delivery performance standards. The SCM unit has a schedules of weekly standing meetings for bid committee's. The Wednesday is dedicated for Bid Adjudication Committee, Thursday is dedicated for Bid Evaluation Committtee and Tuesday is dedicated for Bid Specification Committee.

2.3.2 This was undertaken to ensure that SCM unit improves on internal services delivery support and improve good turnaround time to finalise all the bids within the validity period. This will assist the Municipality to improve its performance and achievd service delivery targets. The following table depicts number of days for advertised bid validity period.

TENDER NUMBER	**DESCRIPTION**	**CLOSING DATE**	**NUMBER OF DAYS TO EVALUATE**	**COMMENTS**
T32 of 2025/26	Forensic Investigation	23 July 2025	84 days to evaluate out of 180 days bid validity	Awaiting the BEC report for adjudication
T04 of 2025/26	Office Space	25 July 2025	82 days to evaluate out of 180 days bid validity	Awaiting the BEC report for adjudication
T20 of 2025/26	Speed Cameras	25 July 2025	82 days to evaluate out of 180 days bid validity	Awaiting the BEC report for adjudication
T03 of 2025/26	Secuirty Services	27 August 2025	49 days lapses before evaluation out of 180 days of bid validity	Still to be evaluated by the BEC
T30 of 2025/26	Civil works at Sedgefield	21 May 2025	147 days lapses before evaluation out of 180 days of bid validity	Still to be Evaluated by the BEC
T01 of 2025/26	PSP for Housing	27 August 2025	49 days lapses before evaluation out of 180 days of bid validity	Still to be evaluated by the BEC

T02 of 2025/26	EOI for Social Housing	17 September 2025	28 days lapses before evaluation out of the 180 days bid validity	Still to be evaluated by the BEC
T08 of 2025/26	Media Monitoring	10 September 2025	35 days lapses before evaluation out of the 180 days bid validity	Still to be evaluated by the BEC
T10 of 2025/26	Supply and delivery of fire vehicles	29 August 2025	49 days lapses before evaluation out of the 180 days bid validity	Still to be evaluated by the BEC
T13 of 2025/26	Radio Airtime	01 October 2025	14 days lapses before evaluation out of the 180 days bid validity	Still to be evaluated by the BEC

N.B Considering the above table it shows that it takes the BEC almost 100 days on average to finalise the Bid Evaluation which is average performance, but considering the service delivery targets and challenges in the Municipality, more still need to be done.

2.3.3 The attached bids register indicates number of projects in the bid specification stages, evaluation stages and adjudication stages, and bid committee members attendance register.

2.3.4 The appointment of a Director to Chair BEC with the support of technical functional managers will enhance capacity in the BEC to improve on the quality of the BEC report and turn around time. The Bid committees meetings are scheduled yearly in line with annual Municipal calender meetings to ensure proper planning.

2.3.5 The SCM Manager and Chief Financial Officer must ensure that the principles of good governance and compliance in the functioning of the SCM Unit. To enforce element of supply chain management by ensuring proper due diligent, quality control for RFQ's and bid evaluation assurance to avoid administrative oversight and errors in the SCM functions.

2.3.6 The annual SCM performance is currently underway and assessed by the Auditor General for 2024/25 year under review. A case of a fraud has been open against the tender fraud scammers. The media alert and communique has been issued by the department of communication and marketing to the bidders and communities.

2.3.7 The SCM and Internal Audit has introduce a probity audit for procurement of goods, services and construction works in the Municipality this will enhance compliance as part of pre-auditing to improve quality assurance and control.

2.3.8 SCM Unit is currently mapping its business process in line with mSCOa guidelines, the financial systems vendor has introduce sytems module for contract management to assist with capital commitment reporting, automation of the deviation process and approval.

Table 1: Bids Under Consideration for First Quarter 2025/2026

No	Bid Number	Bid Descriptions	Status of the Project	Comments
1	T 30 of 2024/25	Construction of Civil Engineering Services in Sedgefield	Bid Evaluation Stage	The project has been delayed by the lack of funding from the department.
2	T 32 of 2024/25	Appointment of a Panel of Three (03) Service Providers to provide Forensic Investigation Services for a period of 36 Months	Bid Evaluation Stage	BEC report to be submitted for adjudication
3	T 44of 2024/25	Leasing of a Building for a Municipal Payment and Licensing Office for a period ending on 30 June 2028 from date of appointment	Bid Evaluation Stage	BEC report to be submitted for adjudication
4.	T 01 of 2025/26	: Expression of Interest for Appointment of a Panel of Suitable Qualified Professional Service Providers (Engineers, Town Planners, Land Surveyors, Environmental Practitioners, Architects, Project Managers, Health and Safety Officer, for the Design and Implementation of Various Housing Development Projects within Greater Knysna Municipal Area for a period of 36 Months.	Bid Evaluation Stage	
5.	T 02 of 2025/26	Expression of Interest for the appointment of Accredited Social Housing Institution/s or Developer/s partnering with Accredited Social Housing Institution as Knysna	Bid Evaluation Stage	

		Municipality partner/s for the Development of Social Housing Units on various Buildings/Land Parcels owned by Knysna municipality for a period of 30 years.		
6.	T 03 of 2025/26	Provision of Security Services for a period of Thirty-Six (36) Months	Bid Evaluation Stage	
7.	T 04 of 2025/26	Provision of the Multi-utility online vending system including third-party vending and revenue enhancement for a period of 36 months.	Bid Specification Stage	
8.	T 05 of 2025/26	Surfacing of Gravel Roads in Dam Se Bos (Ward 3):	Bid Advertising Stage	
9.	T 06 of 2025/26	Rehabilitation of Sewer Pipe Bridge in Khayalethu - Re-Routing Outfall Sewer Line:	Bid Advertising Stage	
10.	T 07 of 2025/26	Surfacing of Gravel Roads in Concordia (Ward 4):	Bid Advertising Stage	
11	T 08 of 2025/26	Appointment of a Service Provider for Media Monitoring Services for a 36-Months Period.	Bid Evaluation Stage	
12	T 09 of 2025/26	Surfacing of Gravel Roads in Concordia (WARD 7):	Bid Advertising Stage	
13.	T 10 of 2025/26	Supply and Delivery of Two New Light Single Cab 4x4 Fire-Fighting Vehicles.	Bid Evaluation Stage	
14.	T 11 of 2025/26	Supply and Fitment of Pneumatic Tyres, Wheel Puncture Repairs and Wheel Alignment for a Period of 36 months	Bid Advertising Stage	

15	T 12 of 2025/26	Render a complete, well equipped and suitably qualified Lifesaving Function in the Greater Knysna Municipal Area for a period of thirty-six months (December & Easter Holiday’s	Bid Advertising Stage	
16	T 13 of 2025/26	Appointment of a Panel for the provision of Radio Airtime and Related Services for a 36-months period (as & when required).	Bid Evaluation Stage	
17	T 14 of 2025/26	Supply and Delivery of Building Material for a period of 36 months	Bid Specification Stage	
18	T 15 of 2025/26	Supply and Delivery of Cleaning and Maintenance Products (Highly Concentrated & Concentrated) for a Period of 36 months	Bid Specification Stage	
19	T 16 of 2025/26	Request For Proposal (RFP) Public Private Partnership for Design, Construction and Finance of Middle-Income Residential Development, Sell & Transfer of Complete Housing Units on Erf. 3339 Knysna.	Bid Advertising Stage	This is the PPP project and already registered with National Treasury
20	T 17 of 2025/26	Expression of Interest – Panel of qualified Professional Service Providers to render Environmental Services for a period of three years	Bid Specification Stage	
21	T 18 of 2025/26	Supply and Delivery of a new Hook Lift Truck and Trailor	Bid Specification Stage	
22	T 19 of 2025/26	RFP for Heidevallei Development	Bid Specification Stage	
23	T 20 of 2025/26	Appointment of a Professional Service Provider: Improvements to Knysna Wastewater Treatment Works	Bid Specification Stage	
24	T 21 of 2025/26	Contract for Maintenance of the existing Knysna Municipal Telemetry Installation for a period of 6 months	Bid Specification Stage	

2.4 Table 2: Bids Awarded in the First Quarter 2025/26

No	Tender	Tenderer	Total Rand Value/ amount of Requisitions
1.	T 18 of 2024/25: Supply and Delivery of Plumbing Material	Various Service Providers	Establishment of Panel (Rates based tender)
2	T 21 of 2024/25: Upgrade of 66/22kv Transformer Bays and Switchgear at Main Intake Substation No. 1 in Knysna.	VE Reticulation	R 56, 999,889.15
3	T 28 of 2024/25: Geotechnical Drilling and Materials Investigation of the proposed Kruisvallei Dam Site	Mukono Geotechnics	R 2, 323,535.19
4	T 35 of 2024/25: Supply, Delivery and Installation of Mechanical and Electrical Equipment, for a Bio - Filter Model 30 kl RBC Waste Water Treatment Plant	Phathina 08 Projects (Pty) Ltd. **The bidder decline the Offer the bid must be re-advertised.**	R 874, 402.50
5	T 38 of 2024/25: Renewal of the Knysna Municipality Email Management and Archiving Solution for a period of 36 Months.	Netmarks IT Group	R 2, 036,924.85
6	T 26 of 2024/25: Upgrading of Rheenendal Bulk Water Supply – Phase 1 in Rheenendal (Ward 5):	Vitsha Trading	R 12, 267,936.35
7	Surfacing of Gravel Roads in Rheenendal.	Zimelo (Pty) ltd	R 9,322,603.03

2.6 Table 3: Cancelled Bids in the Fourth Quarter 2025/26

No	Tender number	Tender Description	Reason for cancellation
1.	T 05 of 2024/25	Electronic Web-Based Organisational and Individual Performance Management System, Compliance Management System and Professional Services for a period of 36 months from date of appointment.	Restrictive bid specifications and bid offer was too high.
	T 17 of 2024/25	Supply and Delivery of Server.	No budget to cover the envisage expenditure

	T 25 of 2024/25	Repair & Maintenance of Water & Sewer Pumps for a period of Three years	The tendered amount exceed the advertised CIDB grading Threshold and the budget.
	T 08 of 2024/25	Three (3) year contract for Maintenance of the existing Knysna Municipal Telemetry Installation	The tendered amount exceed the advertised CIDB grading Threshold and the budget.

2.7 Terminated Suppliers for Contracted Services

No	Name of the Supplier	Description of Service	Reasons for Termination
1.	Dephethogo Security Services	Provision of Physical Security services	Settlement agreement out of contract
2	SNR Electrical	Repaires and Maintenance of water and sewerage Pumbs	Tender cost reaching a contractual awarded threshold amount

N.B. The Office of the Municipal Manager, CFO and SCM are considering various options in relation to the handling of objections in the Municipality, various options like completely outsourcing the functions and responsibilities to procurement lawyers to enhance and improve on turn around time of finalizing the objections with 14 days from the date of the objections. The appeal authority and legal services to give guidance and process flow in relation to the objections .

2.8 14 days Objections

No	Bid Number	Bid Descriptions	Type of Objections	Name of the Supplier
1.	None	None	None	None
2	None	None	None	None

2.8 Formal written quotations

2.8.1 A summary of the formal written quotation awards made by the delegated officials for the period is indicated in Table 3 below. More detailed information on the awards made to service providers, their BBBEE status, their origin or location and the amounts involved are depicted in detailed **Annexure A and Annexure B attached** to this report.

Table 3: Formal Written Quotations

No	Month	Total Number of Requisitions processed	Total Rand Value/ amount of Requisitions
1.	July 2025	06	R653 670.00
2.	August 2025	05	R496 260.00
3.	September 2025	24	R2 083 877.90
Overall Total		**35**	**R3 233 807.90**

C – Orders (Advertised RFQ's and only less than three quotations were obtained)

No	Month	Total Number of Requisitions processed	Total Rand Value/ amount of Requisitions
1.	July 2025	01	R3 352.25
2.	August 2025	05	R 466 839.65
3.	September 2025	04	R290 656.11
Overall Total		**10**	**R760 848.01**

2.9 Deviations from the SCM Policy

2.9.1 Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes under certain circumstances. The total deviations for the period under review is depicted in Table 4 below . More detailed information on the deviations made to service providers, their compelling and justifiable reasons and the amounts involved are depicted in detailed **Annexure C attached** to this report.

Table 4: Approved Deviations Register

Awarded Deviations		
Execptional Cases	**7**	R 9 210 427,65
Emergency	**2**	R 198 973,00
Sole Supplier	**0**	R 00.00
Total	**09**	**R 9 409 400,65**

2.10 IRREGULAR EXPENDINTURE

The work is ongoing in order to reduce the Irregular Expenditure Balance. The report on Irregular Expenditure Balance as found on unuadited Annual Financial Statement for 2025/26 Financial Year. **(Annexure D)**

TENDER NUMBER	TENDER DESCRIPTION	SUPPLIERS	EXPENDITURE INCL VAT	REASONS
T 36/2019/2020	Appointment of Consulting Engineers	Various	2 060 721,51	Expenditure after contract end date (30 JUNE 2023)
D 10786	inv L0005/25 Lopes//Others-SCA345/24	NANDI BULABULA INC	346 337,47	ComAF 37 - Non compliance during the deviation process - bids
D 10783	ALARM INSTALLATION QUEENS HOUSE OFFICE	Dephethogo Trading	7 517,75	No formal SCM process
D 10782	ALARM INSTALLATION WEST VEIW OFFICES	Dephethogo Trading	45 699,38	No formal SCM process
D 10787	Leasing of Office Space Customer Care	Noble Spectatus Fund 4	926 202,15	ComAF 6 - SCM - Quotes - Deviations
	Irregular Expenditure - Current Year before Audit		**R 3 386 478,26**	
T 69 OF 202/21	Request for the provision of banking services for a period of 5 years	Standard Bank	2 523 047,39	ComAF 56 - Contracts awarded after validity period expired
T 49 OF 2022/23	Appointment of Service Providers to Design and Place Advertisements in Local, Provincial and National Media	Panel of Service Providers	49 073,20	COMAF 43 Non compliance in awarding of bids
T 55 OF 2022/23	Supply and delivery of building material for a period of 18 months	Panel of Service Providers	97 991,32	COMAF 43 Non compliance in awarding of bids
T 03 OF 2023/24	Appointment of Service providers to co-source the Internal Audit Function and support the Risk Management function	Moore Consulting Southern Cape	12 792,52	COMAF 43 Non compliance in awarding of bids
T 51 OF 2022/23	Provision of Accounting Support	Mubesko Tsholo Moore	446 158,93	COMAF 43 Non compliance in awarding of bids
	Irregular on contracts Identified through Audit 2022-2023		**R 3 129 063,36**	

The below mentioned recommendations will greatly assist in reducing the Irregular Expenditure and improve efficiency in the implementation of Supply Chain Management systems and business process in the Municipality.

ATTACHMENTS:

Annexure A: RFQ Register.
Annexure B: C Order (RFQ) Register
Annexure C: Deviations Register
Annexure D: Irregular Register

2.11 Recommendations

The Audit Committee of Council should:

- Note the first Quarter report for implementation of the Supply Chain Management in the Municipality.
- Note all the irregular and deviation expenditure, and inform MPAC to investigate all the Irregular Expenditure of the first quarter of the 2025/26 Financial year.
- Make appropriate recommendations where applicable to Council in relation to implementations of Supply Chain Managaement policy in the Municipality .

TR MAMPANA
SUPPLY CHAIN MANAGER
DATE: 30 SEPTEMBERS 2025