KNYSNA
Municipality Munisipaliteit uMasipala

inclusive ll innovative ll inspired

Quarterly Supply Chain Management report

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

01 APRIL 2025/26 – 30 JUNE 2025/26
FOURTH QUARTER REPORT

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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 FOURTH 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 Fourth quarter 2025/26 financial year report** to the Audit Committee of Municipal Council, this report represents the **implementation of Supply Chain Management from 01 April 2026 to 30 June 2026,** and reflects the implementation of the supply chain management policies of the Municipality namely:

- **Governance and Regulations Compliance – SCM Policy reviews and implementation.**
- **Demand and Acquisition Management (Procurement Plan, Bid Administration Performance) – Bids ending the 30 December 2026) and (Bid under consideration, Bid Adjudicated and Bid Cancelled)**
- **Contract Management Register and Supplier Performance (Capital Commitments)**
- **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 namely, the following **policies were approved by the Council before the start of 2026/27 Financial year.**

- **Municipal SCM Policies and Procedures**
- **SCM System delegations.**
- **Contracts Management Policy**
- **Inventory Management Policy**
- **PPPFA Policy Management**
- **Irregular Expenditure Policy**
- **Municipal Procurement Plan**

2.2 Bid Committee's Administration.

2.2.1 The **Acting Municipal Manager has appointed bid committee's for 2026/27 financial year for competitive bidding process, and bid committee structures are prescribed in**

accordance 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 annual bid commitees induction will be conducted by the SCM, and on the **25th and 26th August 2026 and a follow up training wil take place in November 2026 conducted by PT, CIDB and MISA** as an when required. The committee's are comprises of the following members:

2.2.4 The bid committees will have a committee for supply and delivery of goods and service, and a bid committees for technically construction related projects to enhance efficiency of the bid administration systems and improve the turn around times.

#	**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. All other Managers are standing members of the committee as appointed by the AO. The other 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 Manager Economic Development for supply and delivery projects and Technically related projects BEC is Chaired by Senior Manager Project Management. The following Managers are standing

#	Bid Committee's	Bid Committee's Compositions and Functions
		members of the committee, Senior Manager ICT, Manager Economic Development, Manager Roads and Stormwater, Manager water and sanitations. A procuring Managers by invitation are standing member of the committee and SCM Official/ practitioner act 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 Committttee 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 bid committee's performance was rated poorly with three (03) bids adajudicated in the fourth quarter and Twelve (12) bids withdrawn (Inadequate needs or market analysis and cost estimation**, budget affordability, review of bids adjudication strategy and no funds availability.

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

2.3.4 SCM Unit as the custodian of the bids administration will continue to conduct the educational and SCM policy awareness to all end users department and bid committee’s. There is also an budget allocation or funds availiable for continous training of SCM officials and Bid committees for 2026/27 financial year as part of the internal capacity building, training and development.

2.3.5 The invitation of end user Director by invitation into the BSC to participate in the drafting of tender specifications as one of the proposed reforms will improve the quality of tender specification to avoid tender cancellation because of the poor specifications and but also to take full ownership of the bid document, with the support of technical functional managers will enhance capacity in the BSC to improve on the quality of the bid specifications. The Bid committees meetings are scheduled yearly in line with annual Municipal calender meetings to ensure proper planning.

2.3.6 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.

2.3.7 The annual SCM performance will be assessed by the Auditor General for 2025/26 financial year such as:

- **SCM unit compliance on governance, regulations and policies.**
- **SCM has uploaded all information required for audit plan into the audit file and responded to all RFI’s in relation to audit preparation.**
- **SCM Internal quality control and proper good governance.(Strategic Intergrated Municipal Engagement Report from the Provincial Treasury it has been submitted to the Municipality, with various recommendations that requires immediate implementation).**
- **Supplier performance, contract management, bids administration and RFQ’s.**
- **Inventory Management**

2.3.8 The participation of the Municipality on National Treasury Transversal contract as another effecient method of national sourcing strategy has yielded various benefits in terms cost **saving (SITA Contracts for purchasing of Servers by the Municipality)**

2.3.9 The SCM and **Internal Audit has introduced probity audit for the 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.

2.3.10 SCM Unit is currently mapping its business process in line with **mSCOa guidelines** requirements for quotations systems, contract management, inventory and project management.

2.3.11 The SCM Unit has been appointed as the champion of **the UIFWE, the UIFWE steering committee** has been appointed with clear terms of reference and process flow is developed in line with National Treasury guidelines.

2.4 Table 1: Bids Under Consideration for Fourth Quarter 2025/2026

	BIDS UNDER CONSIDERATION		
No	**Tender No**	**Description**	**Time frame**
1	T05 of 2025/26	Surfacing of Gravel Roads in Dam Se Bos (Ward 3)	Once off
2	T 06 of 2025/26	Rehabilitation of Sewer Pipe Bridge in Khayalethu - Re-Routing Outfall Sewer Line:	Once off
3	T 07 of 2025/26	Surfacing of Gravel Roads in Concordia (Ward 4)	Once off
5	T 09 of 2025/26	Surfacing of Gravel Roads in Concordia (Ward 7)	Once off
11	T 22 of 2025/26	Supply and Delivery of Oil and Lubricants	36 Months
12	T 33 of 2025/26	Expression of Interest for appointment of Emerging Contractors for the Construction (Labour and Materials) of Low Income Houses	36 Months
13	T 32 of 2024/25	Appointment of a Panel of Three (03) Service Providers for Forensic Investigation Services for a Period of 12 Months.	36 Months

2.4 Table 2: Bids Awarded in the Fourth Quarter 2025/2026

No	Tender	Tenderer	Awarded Bidders	Total Rand Value/ amount of Requisitions
1.	T 23 of 2024/25	Biological Monitoring and Medical Survilance for employees	Dr LG Nemukongwe Incorporate	Rates based tender
2.	T 06 of 2025/26	Rehabilitation of sewer pipe bridge in Khayalethu	FM Infrastructure	R8 695 265.29
3.	T 37 of 2025/26	Provision of short term insurance for a period of 36 months(award pending appointment by Municipal Manager)	Opulentia Financial Services	R 25 894 265,15

2.5 Table 3: Contracted Services Ending December 2026

			REGISTER FOR CONTRACTS ENDING 31 DECEMBER 2026				
Tender Number		Description	Time Frame	Successful bidder	Contract end Date	Directorate	Status of new tender
T	37 OF 2022/23	Provision and Management of a PABX System for a 3 year period	3 Years	Vox Telecommunications	2026/08/30	Corporate Services	Procuring department to start with new Specifications
T	49 OF 2022/23	Appointment of a Service provider to design and place adverts in local, provincial and national media	3 Years	Ayanda Mbanga, Sondlo & Knopp	09/09/2026	Corporate Services	Procuring department to start with new Specifications
T	51 OF 2022/23	Provision of accounting support, Actuarial Services and Asset Management for a period of 3 years	3 Years	Mubesko Tsholo Moore (Accounting Support) Zaqen Actuaries (Actuarial Services)	30/06/2026	Financial Services	Procuring department to start with new Specifications
T	52 OF 2020.21	Compilation of General Valuation Roll and Supplementary Valuation Rolls and maintenance for the financial years	5 Years	CDV Waardeerders	30/06/2027	Financial Services	Procuring department to start with new Specifications
T	69 OF 20202/21	Request for the provision of banking services for a period of 5 years from 1 July 2022 until 30 June 2027	5 Years	Standard Bank	30/06/2027	Financial Services	Procuring department to start with new Specifications
T	01 OF 2023/24	Procurement of transactional advisory services for a period of three years	3 Years	KRMS Architects, DM5 Inc, PWC, Contrarians	02/10/2026		Procuring department to start with new Specifications

T	66 OF 2022/23	Provision of Professional Services for the design, approvals and supervision Khayalethu Fire station	3 Years	6111 Consulting (Pty) Ltd	10/09/2026	Technical Services	Procuring department to start with new Specifications
T	53 OF 2022/23	Supply and delivery of protective clothing	3 years	Ashwood Holdings/ Blackbird Trading 480 CC	12/11/2026	Financial Services - stores	Procuring department to start with new Specifications
T	70 OF 2022/23	Rehabilitation of Hornlee Internal streets and related infrastructure	3 years	Startime Trading	01/11/2026	Technical Services	Procuring department to start with new Specifications
T	12 OF 2020/21	Request for Proposal for the leasing of the Buffalo Bay Caravan Park	5 YEARS	Buffalo Bay Caravan Park	Ending 31/01/2026(Contract extended with 18 months)Contract extended with 18 months)	Corporate Services	Item to Council to either extend the lease and request proposal for leasing
T	46 OF 2022/23	Transaction Advisory Services	3 years	UTHO Capital, Chiefton Facilities Management, Cresco Advisory	19/09/2026		Procuring department to start with new Specifications
T	18/2023/24	Supply and delivery of vehicle spare parts for a period of 3 years	3 years	Shorts Nissan	10/04/2027	Technical Services	Proper Demand Mnagement is needed
T	20/2023/24	Lease of vehicles on an as and when required for a period of three years	3 years	Kennings, Eco Car Hire, Fleet Data	05/02/2027	Technical Services	Proper Demand Mnagement is needed
T	72 OF 2022/23	Supply and delivery of non flush chemical toilets to various areas for a period of 36 months	36 months	Mashengu Building and Electrical Projects, Moreki Distributors, Bidvest Services	18/02/2027	IHS	procuring department to start with new Specifications
T	03/2023/24	Appointment of service provider to co - source the Internal Audit function and assist the Risk Management function	36 months	Moore Consulting Southern Cape (Pty) Ltd , PWC	31/03/2027	Municipal Manager	Procuring department to start with new Specifications

T	15/2023/24	Provision of waste Transportation services between waste disposal facilities on an as and when needed basis	36 months	Just Breeze General Trading, Aqua Transport, Gqwane Mhlango JV & Inkunzi Waste Management	31/03/2027	Community Services	Procuring department to start with new Specifications

Table 4: Cancelled Bids in the Fourth Quarter 2025/2026

CANCELLED BID REGISTER FOR FOURTH QUARTER			
No.	**Tender No**	**Description**	**Reason for cancellation**
1	T01 of 2025/26	EOI for Appointment of a panel of suitable qualified professional service providers for various housing	SCM regulation 44 on possible conflict of interests on the contracted consultants
2	T08 of 2025/26	Appointment of a service provider for Media Monitoring services for a period of 36 months.	Funds are no longer available to cover the total envisaged expenditure. cover the total envisaged expenditure.
3	T12 of 2025/26	Render a complete, well equipped and suitably qualified Lifesaving function in the Greater Knysna Municipal area for a period of 36 months.	Inadequatedemand Management (Specifications)
4	T13 of 2025/26	Appointment of a panel for the provision of radio airtime and related services for a period of 36 months.	No Funds availiable to cover the total envisaged
5	T03 of 2025/26	Provision for security services for a period of 36 months.	Cancelled by AMM as recommended by the BAC
6	T18 of 2025/26	Supply and Delivery of A new hooklift Truck and Trailer	No responsive tenders received.
7	T35 of 2025/26	Supply, Delivery and Installation of mechanical and electrical equipment, for a Bio-Filter model 30KL RBC wastewater.	No responsive tenders received.
8	T11 of 2025/26	Supply and Fitment of Pneumatic Tyres, Wheel Puncture Repairs and Wheel alignment for a period of 36 months	No responsive tenders received.

9	T15 of 2025/26	Supply and Delivery of cleaning and maintenance products (Highly concentrated and concentrated) for a period of 36 months.	No responsive tenders received.
10	T30 of 2024/25	Construction of Civil Engineering Services.	The tendered amount exceeds the Budget Estimate
11	T25 of 2024/25	Repair and supply of Pumps, motors, Generators including maintenance and repair for various Water and Sewer Pump Stations and Facilities for a period of three (3) years.	The tendered amount exceeds the Advertised CIDB grading threshold values and the budget.
12	T O4 of 2025/26	Provision of a multi online vending system	Circular note issued by National Treasury
13	T14 of 2025/26	Supply and delivery of Building Material for a Period of 36 Months.	No responsive tenders received.

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 and settlement agreement is reached
3.	Kgoshigadi Consulting Engineer	Proffesional Services and Project Management Services	Poor Performance
4.	Various Contractors	EOI For emerging contractors for construction of Low income Housing	Tender cost reaching a contractual awarded threshold amount
5.	VTC Suppies and Trading	Hiring of Plant and Equipement	Tender cost reaching a contractual awarded threshold amount

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 .

2.6 14 days Objections

No	Bid Number	Bid Descriptions	Type of Objections	Name of the Supplier
1.	T 18 of 2024/2025	Forensic Services for Municipality	Application of Regulations 44 in line with MFMA	Moore Consulting
2	T 18 of 2024/2025	Speed Cameras Violations	Internal Audit Investigation on Segregation of Authority	None

2.6 Formal written quotations

2.6.1 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.	April 2025	04	R274 999.73
2.	May 2025	07	R829 758.61
3.	June 2025	15	R1 324 398.56
Overall Total		**26**	**R2 429 156.90**

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.	April 2025	00	R00.00
2.	May 2025	04	R148 860.00

3.	June 2025	17	R420 800.00
Overall Total		**21**	**R569 660.00**

2.7 Deviations from the SCM Policy

2.7.1 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	**16**	R	32 275 030,37
Emergency	**10**	R	16 602 227,49
Sole Supplier	**0**	R	-
Total		**R**	**48 877 257,86**

2.8 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)**

Irregular Expenditure - Quarter4 (01 April 2026 - 30 June 2026)

Tender No	Tender Description	Supplier	Expenditure Incl VAT	Reason
T 36/2019/2020	Appointment of Consulting Engineers	Various	1 391 729,19	Expenditure after contract end date (30 June 2023)
D 10996	Speed Cameras Violation for May 2026	Syntell	939 831,75	No formal procurement process followed
D 11049	Speed Cameras Violation for April 2026	Syntell	839 367,75	No formal procurement process followed
D 11022	iComply user fees- INV0006932	Ignite	8 172,36	No formal procurement process followed
D 11025	Ignite Advisory SDBIP User Montly fees	Ignite	15 667,08	No formal procurement process followed

D 11031	SDBIP User Fees- INV0006931	Ignite	15 667,08	No formal procurement process followed
D 11032	SDBIP User Fees- INV0006866	Ignite	15 667,08	No formal procurement process followed
D 11034	Support with the preparation of S57 eval	Ignite	28 007,10	No formal procurement process followed
D 11046	Ignite SDBIP User Fees May 2026	Ignite	15 667,08	No formal procurement process followed
D 11063	iComply user Fees- Inv0006988	Ignite	8 172,36	No formal procurement process followed
D 11072	SDBIP User Fees for June 2026	Ignite	15 667,08	No formal procurement process followed
D 11073	iComply user fees- June 2026	Ignite	8 172,36	No formal procurement process followed
D 10998	Water Main repair Sandpiper street	B&V Contractors	62 776,20	Work completed without order
D 11076	Ext of scope of work erf 3339	Maswana JV	-	Work completed without order
	Irregular Expenditure - Current Year before Audit		**3 364 564,47**	
T 49 OF 2022/23	Appointment of Service Providers to Design and Place Advertisements in Local, Provincial and National Media	Panel of Service Providers	161 570,64	COMAF 43 Non compliance in awarding of bids
	Irregular on contracts Identified through Audit		**161 570,64**	

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
Annexure E: Fourth Quarter Irregular Written off by MPAC
Annexure F: Existing Long Term Contracts
Annexure G: Fourth Quarter SCM Presentation

Recommendations

The Audit Committee of Council should:

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

TR MAMPANA
SUPPLY CHAIN MANAGER
DATE: 30 July 2026