

MPAC REPORT TO COUNCIL

A18 UNATHORISED, IRREGULAR. FRUITLESS AND WASTEFUL EXPENDITURE
INVESTIGATION REPORT OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OF
GREATER TZANEEN MUNICIPALITY

(C 2020 09 23)

(File No)

RESOLUTION

- a) That the Financial Misconduct Disciplinary Board investigate any element of financial misconduct and against any alleged transgressor;
- b) That expenditure be condoned in line with (MFMA Sec 32 (2)(a)) on the basis that it is mainly non-cash items, no loss was incurred by the municipality;
- c) That the municipality adhere to the SCM Policy, Regulations and processes;
- d) That the Budget and Treasury Office (Office of the CFO) conduct awareness workshops regularly on SCM Policy and Regulations to sensitize employees about SCM processes;
- e) That consequence management be implemented on non-compliance;
- f) That unauthorized, irregular or fruitless and wasteful expenditure policy or procedure manual be developed;
- g) That monitoring and evaluation of projects be strengthened;
- h) That Contract management be strengthened, and each municipal department develop its own contract register;
- i) That communication gap between SCM and user departments be strengthened;
- j) That budget practices be strengthened, and availability of budget be monitored to avoid unauthorized expenditure;
- k) That payments to services providers not be effected where user departments cannot produce proper documentation;
- l) That unauthorized, irregular or fruitless and wasteful expenditure be reported to Council on a quarterly basis.
- m) That the progress report on the implementation of these recommendations be tabled in the next council sitting.

Signed by the Speaker

Councillor DJ Mmetle



**A18 UNATHORISED, IRREGULAR. FRUITLESS AND WASTEFUL
EXPENDITURE INVESTIGATION REPORT OF MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE OF GREATER TZANEEN MUNICIPALITY**

(C 2020 09 23)

(12/2/3/1/1)

**REPORT OF THE CHAIRPERSON OF MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE, CLLR G MKHABELE**

PURPOSE OF THE REPORT

The purpose of this submission is to report to Council on the results of the investigations conducted on the 2018/19 Unauthorized, Irregular, Fruitless and Wasteful expenditure (UIF).

BACKGROUND

The Council has referred the 2018/19 Unauthorized, Irregular, Fruitless and Wasteful expenditure (UIF/W) report to the Municipal Public Account Committee for investigation on 27 June 2019, (Council resolution A125 C 2019 06 27). The Municipal Public Accounts Committee requested the Risk Management Unit, through the Accounting officer to investigate the expenditures on its behalf.

This report relates to the investigation of Unauthorized expenditure of R83 025 989.00, Irregular expenditure of R 19 073 994.89 and Fruitless and Wasteful expenditure of R9 975 974.30 in 2018/2019 financial year. In terms of section 62 of the Municipal Finance Management Act No. 56 of 2003 (herein referred to as "MFMA"), the accounting officer is responsible for managing the financial affairs of Greater Tzaneen Municipality (GTM) and he must, for this purpose, inter alia:

- a) Take all reasonable steps to ensure that unauthorized, irregular; fruitless and wasteful expenditure and other losses are prevented; and
- b) Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or Councilor of the municipality who has allegedly

committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

This is to ensure the effective, efficient and transparent systems of financial, risk management and internal control.

Section 32 (2) of the Local Government Municipal Finance Management Act 56 of 2003 “unauthorized, Irregular, fruitless and wasteful expenditure”. States that: “a Municipality must recover unauthorized, irregular, fruitless and wasteful expenditure from the person liable for such expenditure unless the expenditure-

- (a) In case of unauthorized expenditure;
 - (i) Unauthorized in an adjustment budget; or
 - (ii) Certified by the municipal Council, after investigation by the council committee as irrecoverable and written off by Council; and
- (b) In case of Irregular or fruitless and wasteful expenditure, is, after investigation by a Council Committee, certified by the council as irrecoverable and written off by the Council.”

REGULATORY FRAMEWORK

The MFMA defines the following:

“Irregular expenditure”, in relation to a municipality or municipal entity, means—

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality’s by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of “unauthorised expenditure”;

“Fruitless and wasteful expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

“Unauthorised expenditure”, in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—

(a) overspending of the total amount appropriated in the municipality’s approved budget;

(b) overspending of the total amount appropriated for a vote in the approved budget;

(c) expenditure from a vote unrelated to the department or functional area covered by the vote;

(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;

(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of “allocation” otherwise than in accordance with any conditions of the allocation; or

(f) a grant by the municipality otherwise than in accordance with this Act; “vote” means—

(a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and

(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

SUMMARY OF THE KEY FINDINGS

1. UNAUTHORISED EXPENDITURE: (Unauthorised expenditure occurs when the municipality exceeded its budget)

The investigation revealed that the municipality incurred unauthorized expenditure amounting to R83 025 989.00. The said expenditure can be broken down into:

DEPARTMENT	ORIGINAL BUDGET (R-Value)	ACTUAL Jul'18-June'19 (R-value)	DIFFERENC E (R-Value)	% VARIANCE
01 Budget and treasury (Financial Services)	R104 244 570	R182 538 971	R 78 294 401	133.14%
02 Electrical Services	R509 551 609	R514 283 197	R4 731 588	0.93%

Although these expenditures are considered as non-cash items related to depreciation and debt impairment because there is no transaction with any service provider or supplier, an under provision during the budget compilation process is a material misstatement of the surplus or deficit position of the municipality. This could be the result of poor budgeting or financial management, or unknown events that gave rise to the asset and debt impairment after the adoption of the budget. Therefore, it is recommended the unauthorized expenditure be condoned.

2. FRUITLESS AND WASTEFUL EXPENDITURE

The municipality incurred fruitless and wasteful expenditure amounting to R9 975 974.30. The detailed breakdown is on page 13-35 of the report.

The root-causes of this expenditure are due to:

- a) interest paid Eskom on account overdue;
- b) interest paid to DBSA on overdue account;
- c) interest on late payment on an overdue account

3. IRREGULAR EXPENDITURE

The municipality incurred irregular expenditure amounting to R 19 073 994.89. The breakdown of the said expenditure is on pages 36-58 of the report.

The root-causes of this expenditure are as a result of:

- a) expired contracts;
- b) non-compliance to CIDB regulations (threshold) 2018
- c) contract amounts which differs from signed SLA;

d) supply chain processes not followed;

Irregular Expenditure per Department

DEPARTMENT	SERVICE PROVIDER	AMOUNT PAID (R Value)	RECOMMENDATION
Community Services	Theuwedi Trading Enterprise	R7 054 788, 37	That the matter be referred to the Financial Misconduct Disciplinary Board as it appears to have an element of financial misconduct.
Budget and Treasury	Focus Outsourcing Solutions CC	R121 920, 56	It is recommended that the expenditure be written off and the municipality should finalise the appointment of the recommended or preferred bidder to render the required services.
	Contour Technology	R261 424, 71	
Engineering Services	Tshiamiso Trading (MULATI)	R3 086 697, 55	That the matter be referred to the Financial Misconduct Disciplinary Board as it appears to have an element of financial misconduct.
	Tshiamiso Trading (CODESA)	R7 246 886,00	That the matter be referred to the Financial Misconduct

	Eternity star investment (ESI)- (Mopye High School)	R1 302 277, 70	Disciplinary Board as it appears to have an element of financial misconduct. That the matter be referred to the Financial Misconduct Disciplinary Board as it appears to have an element of financial misconduct.
Tc -	R 19 073 994.89		

4. CRITICAL ISSUES IDENTIFIED DURING INVESTIGATIONS

- a) Non-termination of contracts by the municipality;
- b) Long term expired contracts continue rendering services to the municipality;
- c) Overspending on budget by departments which led to unauthorized expenditure;
- d) Court matters takes time to be finalized;
- e) Payments delayed due to cash flow problems;
- f) Non-compliance with relevant legislation or regulation in line with the SCM processes.

In terms of Section 32(2) (b) of the MFMA the irregular expenditure may only be written off by Council, if after an investigation by Council committee, the irregular expenditure is certified as irrecoverable. In terms of Section 170 of the MFMA only National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The municipal Council has therefore no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations. The treatment of expenditure associated with non-compliance is therefore the responsibility of Council.

The municipality can avoid unauthorized, irregular or fruitless and wasteful expenditure if due processes and procedures are being followed. The development of the policies such as unauthorized, irregular, fruitless and wasteful policy will be of the utmost importance. Those charged with responsibilities should adhere to the policies, procedures and processes. That proper procedures and processes be followed for any elements of financial misconduct within the municipality and consequence management be implemented

Recommendations:

- a) That the Financial Misconduct Disciplinary Board investigate any element of financial misconduct and against any alleged transgressor;
- b) That expenditure be condoned in line with (MFMA Sec 32 (2)(a)) on the basis that it is mainly non-cash items, no loss was incurred by the municipality;
- c) That the municipality adhere to the SCM Policy, Regulations and processes;
- d) That the Budget and Treasury Office (Office of the CFO) conduct awareness workshops regularly on SCM Policy and Regulations to sensitize employees about SCM processes;
- e) That consequence management be implemented on non-compliance;
- f) That unauthorized, irregular or fruitless and wasteful expenditure policy or procedure manual be developed;
- g) That monitoring and evaluation of projects be strengthened;
- h) That Contract management be strengthened, and each municipal department develop its own contract register;
- i) That communication gap between SCM and user departments be strengthened;
- j) That budget practices be strengthened, and availability of budget be monitored to avoid unauthorized expenditure;
- k) That payments to services providers not be effected where user departments cannot produce proper documentation;
- l) That unauthorized, irregular or fruitless and wasteful expenditure be reported to Council on a quarterly basis.
- m) That the progress report on the implementation of these recommendations be tabled in the next council sitting.

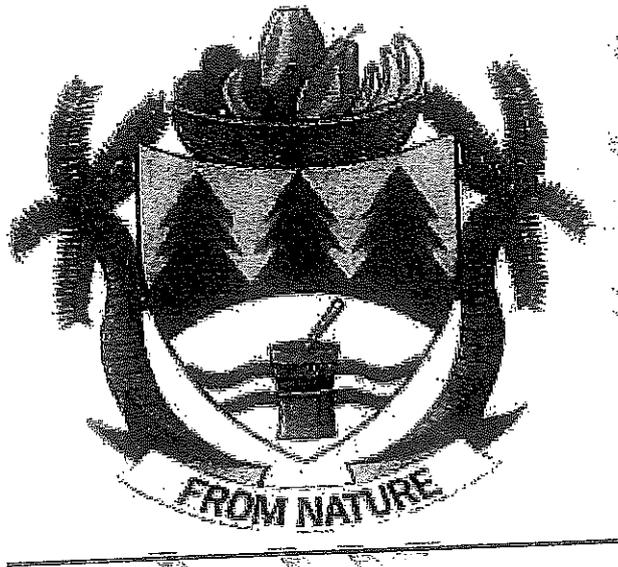
FOR CONSIDERATION.

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GREATER TZANEEN MUNICIPALITY UIFW

REPORT: 2018/19 FY



**UNAUTHORISED, IRREGULAR, FRUITLESS
AND WASTEFUL EXPENDITURE (UIFW)
INVESTIGATION REPORT: 2018/2019 FY**

“Financial Misconduct” means any misappropriation, mismanagement, waste or theft of the finances of a municipality, and also includes any form of financial misconduct specifically set out in sections 171 and 172 of the Act.

“Financial Misconduct Disciplinary Board” means a disciplinary board that is an independent advisory body that assists the council or the board of directors with the investigation of allegations of financial misconduct, and provide recommendations on further steps to be taken regarding disciplinary proceedings, or any other relevant steps to be taken as defined in terms of chapter 2, paragraph 4(2) of Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings

“Irregular expenditure”, in relation to a municipality or municipal entity, means:

- a) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- b) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of

“Overspending” means:

- a) in relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year’s budget for its operational or capital expenditure, as the case may be;
- b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- c) in relation to expenditure under section 26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section.

“Political Office Bearer” means the speaker, executive mayor, mayor, deputy mayor, or a member of the executive committee as referred to in the Municipal Structures Act.

“Prohibited expenditure” means unauthorised, irregular, fruitless and wasteful expenditure;

ABBREVIATIONS

<i>MFMA</i>	<i>Municipal Finance Management Act (Act No 56 of 2003);</i>
<i>STRUCTURES ACT</i>	<i>Local Government: Municipal Structures Act, (Act No 117 of 1998);</i>
<i>SYSTEMS ACT</i>	<i>Local Government: Municipal Systems Act, (Act No 32 of 2000);</i>
<i>"Constitution"</i>	<i>means the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996);</i>
<i>PFMA</i>	<i>Public Finance Municipal Act (Act No.1 of 1999 as amended by Act 29 of 1999);</i>
<i>GTM</i>	<i>Greater Tzaneen Municipality;</i>
<i>AO</i>	<i>Accounting Officer</i>
<i>IA</i>	<i>Internal Audit</i>
<i>AC</i>	<i>Audit Committee</i>
<i>RMU</i>	<i>Risk Management Unit</i>
<i>RMC</i>	<i>Risk Management Committee</i>
<i>UIF</i>	<i>Unauthorised, Irregular or Fruitless and Wasteful Expenditure</i>
<i>SAPO</i>	<i>South African Post Office</i>

1. INTRODUCTION

The Auditor-General has highlighted an escalating trend in unauthorised, irregular, fruitless and wasteful expenditure (UIFW) in municipalities over recent years which is evident in the audit reports and annual reports.

This report relates to the investigation of unauthorized expenditure of (R83 025 989.00), irregular expenditure of (R 19 073 994.89) and fruitless and wasteful expenditure of (R9 975 974.30) which occurred in 2018/2019 financial year. In terms of section 62 of the Municipal Finance Management Act No. 56 of 2003 (herein referred to as "MFMA"), the accounting officer is responsible for managing the financial affairs of Greater Tzaneen Municipality (GTM) and he must, for this purpose, inter alia:

- a) Take all reasonable steps to ensure that unauthorised, irregular, fruitless and wasteful expenditure and other losses are prevented; and
- b) Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or councillor of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

This is to ensure the effective, efficient and transparent systems of financial, risk management and internal control.

Section 32 (2) of the Local Government Municipal Finance Management Act 56 of 2003 "unauthorised, irregular, fruitless and wasteful expenditure" states that: "*a Municipality must recover unauthorised, irregular, fruitless and wasteful expenditure from the person liable for such expenditure unless the expenditure-*

(a) In case of unauthorised expenditure, is

(i) authorised in an adjustment budget; or

(ii) Certified by the municipal Council, after investigation by the council committee as irrecoverable and written off by Council; and

(b) In case of Irregular or fruitless and wasteful expenditure, is, after investigation by a Council Committee, certified by the council as irrecoverable and written off by the Council."

Unauthorised Expenditure

MFMA Circular No 68 Municipal Finance Management Act No. 56 of 2003 on Unauthorised, Irregular, Fruitless and Wasteful expenditure states that;

“In considering authorisation of unauthorised expenditure, Council must consider the following factors:

- (i) Has the matter been referred to Council for a determination and decision?*
- (ii) Has the nature, extent, grounds and value of the unauthorised expenditure been submitted to Council?*
- (iii) Has the incident been referred to a council committee for investigation and recommendations?*
- (iv) Has it been established whether the Accounting Officer or official or public office bearer that made, permitted or authorised the unauthorised expenditure acted deliberately or in a negligent or grossly negligent manner?*
- (v) Has the Accounting Officer informed Council, the Mayor or the Executive Committee that a particular decision would result in an unauthorised expenditure as per section 32(3) of the MFMA?*
- (vi) Are there good grounds shown as to why an unauthorised expenditure should be authorised? For example:*
 - the Mayor, Accounting Officer or official was acting in the best interests of the municipality and the local community by making and permitting unauthorised expenditure;*
 - the Mayor, Accounting Officer or official was acting in good faith when making and permitting unauthorised expenditure; and*
 - the municipality has not suffered any material loss as a result of the action.*

In these instances, the council may authorise the unauthorised expenditure. If unauthorised expenditure is approved by Council, there would be no further consequences for the political office-bearers or officials involved in the decision to incur the expenditure.”

3. PURPOSE OF THE REPORT

The purpose of this submission is to report to Council on the results of the investigations conducted on the 2018/19 unauthorised, irregular, fruitless and wasteful expenditure (UIFW).

4. BACKGROUND

Section 32 (2) of the Local Government Municipal Finance Management Act 56 of 2003 "Unauthorised, Irregular, fruitless and wasteful expenditure". States that:

"a Municipality must recover unauthorised, irregular, fruitless and wasteful expenditure from the person liable for such expenditure unless the expenditure-

- (c) In case of unauthorised expenditure, is*
 - (iii) authorised in an adjustment budget; or*
 - (iv) Certified by the municipal Council, after investigation by the council committee as irrecoverable and written off by Council; and*
- (d) In case of Irregular or fruitless and wasteful expenditure, is, after investigation by a Council Committee, certified by the council as irrecoverable and written off by the Council."*

On the 27th of June 2019 Council resolved that the 2018/19 register of unauthorised, irregular, fruitless and wasteful expenditure (UIFW) be noted and referred for investigation by MPAC as per Council Resolution number A140 of 27 June 2019.

5. SCOPE OF THE INVESTIGATION

The scope of the investigation will cover 2018/2019 UIF expenditure incurred by the municipality which are accumulated figures of unauthorised expenditure of R83 025 989.00, irregular expenditure of (R 19 073 994.89) and fruitless and wasteful expenditure of (R9 975 974.30). The scope of the UIF investigation was established by the Council Resolution number A140 of 27 June 2019. All relevant information from the opening balances was scrutinized which is covered by the investigation.

It should be noted that despite a diligent effort on our part to obtain all information and documentation relevant to conduct the investigation, we cannot guarantee that such is accurate. Therefore, our opinion and conclusions may change should further documentation or information be obtained or made available to us that materially impacts on this investigation.

2018/2019 UIFW INVESTIGATION REPORT

7. FRUITLESS AND WASTEFUL EXPENDITURE

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R ²)	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
1.	Eskom-Bulk Purchases	08/2018	1077737	482 115.50	Interest on late payment	Budget and Treasury (CFO); Electrical Engineering: (Director Electrical); Municipal Manager (Accounting Officer)	The expenditure was incurred due to interest paid to Eskom on account overdue. The municipality had long outstanding debt with Eskom due to cash flow constraints, of which interest was incurred, however the municipality made payment arrangements to ensure that the debt is settled, therefore the interest amounting to R482 115.50 was incurred and paid during the month of August 2018.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R ²)	DESCRIPTION	DEPARTMENT/OFFICIAL RESPONSIBLE	COMMENTS/RECOMMENDATIONS
							Recommendation: That the expenditure be written off by Council.
		12/2018	1079499	803 798.91	Interest of late payment	Budget and Treasury (CFO); Electrical Engineering: (Director Electrical); Municipal Manager (Accounting Officer)	The expenditure was incurred due to interest paid to Eskom on account overdue. The municipality had long outstanding debt with Eskom due to cash flow constraints, of which interest was incurred, however the municipality made payment arrangements to ensure that the debt is settled, therefore the interest amounting to R803 798.91 was incurred and paid during the month of December 2018.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R)	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							Recommendation: That the expenditure be written off by Council.
		04/2019	1081142	146 283.99	Interest on late payment	Budget and Treasury (CFO); Electrical Engineering (Director Electrical); Municipal Manager (Accounting Officer)	The expenditure was incurred due to interest paid to Eskom on account overdue. The municipality had long outstanding debt with Eskom of which interest was incurred, however the municipality made payment arrangements to ensure that the debt is settled, therefore the interest amounting to R146 283.99 was incurred and paid during the month of April 2019.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/OFFICIAL RESPONSIBLE	COMMENTS/RECOMMENDATIONS
							Recommendation: That the expenditure be written off by Council.
			1082580	609 199.17	Interest on late payment	Budget and Treasury (CFO); Electrical Engineering: (Director Electrical); Municipal Manager (Accounting)	The expenditure was incurred due to interest paid to Eskom on account overdue. The municipality had long outstanding debt with Eskom due to cash flow constraints, of which interest was incurred, however the municipality made payment arrangements to ensure that the debt is settled, therefore the interest amounting to R609 199.17 was incurred and paid during the month of June 2019.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R)	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							It is recommended that the municipality should develop proper systems of control, that is, there is no trace of when the invoice was received by the user departments. The delay in payment of the invoice which attracted the interest cannot be traced.
							That the expenditure be written off because it is uneconomical.
					Interest on late payment	Budget Treasury	The expenditure was incurred due to interest paid to Eskom on overdue account. Invoices were not received on time by
			1078818/4	38.20		&	

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							attracted the interest cannot be traced.
							That the expenditure be written off because it is uneconomical.
		03/2019	1080326/9	871.42	Interest on late payment	Budget Treasury &	The expenditure was incurred due to interest paid to Eskom on overdue account. Invoices were not received on time by the municipality and interest were incurred on invoices received late. The CFO indicated that invoices are normally received late. The municipality made an arrangement with Eskom to

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R ²)	DESCRIPTION	DEPARTMENT/OFFICIAL RESPONSIBLE	COMMENTS/RECOMMENDATIONS
							<p>on overdue account. The municipality received the invoice on the 11th of December 2018. Payment was effected on the 22nd of January 2019. This was a penalty interest payable on instalment not paid by the due date. The payment processed did not go through the bank because of a system error by the due date for the loan repayment.</p> <p>Recommendation: That the expenditure be written off.</p>

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							Disciplinary Board as it appears to have an element of financial misconduct.
		05/2019	1081633/6	43.01	Interest on late payment	Clayen Mokwena (lessee)	The expenditure was incurred due to interest paid to Eskom on overdue account. The municipality received the invoice amount R24.66 on the 12 th of April 2019 and R18.35 on 15 th of May 2019. Payment was effected on the 31 st of May 2019. The municipal employee has entered into a lease agreement with the municipality from 1 June 2017 to 30 May 2018, however the lessee was not making payment for the

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/OFFICIAL RESPONSIBLE	COMMENTS/RECOMMENDATIONS
							with the municipality from 1 June 2017 to 30 May 2018, however the lessee was not making payment for the electricity bill which resulted in interest being incurred.
							Recommendation: That the matter be referred to the Financial Misconduct Disciplinary Board as it appears to have an element of financial misconduct.
5.	Eskom Mohlaba Mast	03/2019	1080756/1	132.23	Interest on late payment	Budget Treasury	The expenditure was incurred due to interest paid to Eskom on overdue account. Invoices were not received on time by the municipality and interest

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R ²)	DESCRIPTION	DEPARTMENT/OFFICIAL RESPONSIBLE	COMMENTS/RECOMMENDATIONS
6.	Steven Murray & Associates	04/2019	1080974	11 924.00	Interest on late payment	Corporate Services (Communications Division)	<p>Former Director of Community Services has entered into a contract with African directory for advertising and government handbook of which payment was not effected to African Directory PTY LTD, then a letter of demand has been send to the municipality from the African Directory lawyers (Steven Murray and</p> <p>attracted the interest cannot be traced.</p> <p>That the expenditure be written off because it is uneconomical.</p>

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R')	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
7.	Readira Matlala/Nyapele JV	06/2019	AG Audit Finding	5 180 296.49	Expenditure incurred in vain (P & Gs) Morujje Matshwi-Kheshokolwe	(Former Director: Engineering Services) (Former Municipal Manager) (Former Supply Chain Manager)	Disciplinary Board as it appears to have an element of financial misconduct. Readira Matlala/ Nyapele JV has been appointed for the construction of Moruji-Matshwi-Kheshokolwe tarred road, however Quality Plant Hire construction took the municipality to court against the appointment of Readira Matlala/Nyapele JV. The court ruled in favour of Quality Plant Hire which resulted in appointment of the contractor by the municipality, the court judgement stated that the

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT (R)	DESCRIPTION	DEPARTMENT/OFFICIAL RESPONSIBLE	COMMENTS/RECOMMENDATIONS
							<p>are no longer working for the municipality.</p> <p>Recommendation: That the matter be referred to the Financial Misconduct Disciplinary Board as it appears to have an element of financial misconduct.</p>

						<p>Recommendation: It is recommended that the expenditure be written off and the municipality should finalise the appointment of the recommended or preferred bidder to render the required services.</p>
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MFMA Section 33 in terms of	long term contracts, states that contracts must not exceed 3 year period.	Recommendation:	It is recommended that the expenditure be written off and the municipality should finalise the appointment of the recommended or preferred bidder to render the required services.

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/OFFICIAL RESPONSIBLE	COMMENTS/RECOMMENDATIONS
							<p>contractor awarded the bid had 5CE PE grading which can undertake a contract in the range of tender values of less than or equal to R 6 500 000.00 as per the CIDB regulation.</p> <p>Therefore the awarded contractor did not have the required CIDB grading for the project value of R 20 060 637.59.</p> <p>7CE PE Grading can undertake a contract in the range of tender values of less than or equal to R 40 000 000.00 as per the CIDB regulation which was the</p>

8.4 ENGINEERING SERVICES

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
1.	Tshiamiso Trading (MULATI)	30/05/2019	1081615	3 086 697.55	(AG Audit findings: Disagreement) - Bids awarded a month apart - on both bids proof of Risk assessment done not adequate	Accounting Officer; BAC Members: (Chief Financial Officer; Director; Engineering Services; Director; Electrical services; Director; Planning and Development. BEC Members: (Former PMU	On 12 October 2018, Greater Tzaneen Municipality (GTM) advertised a tender for the upgrade of Mulati Access Road in the Mopani Herald. In terms of the design report by Leisopa Project Managers and Consulting Engineers, the estimate cost was R 37 224 194.28 and the lengths of the road is 5.7 Km. A compulsory briefing /site inspection was held on 25 October 2018 and the closing date was on 08 November 2018. The Municipality received 50 bids on the closing date. On 05 December 2018, during compliance evaluation, five (5) bids were disqualified and forty-five (45)

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO.	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							<p>recommendation for an amount of R26 824 512.88.</p> <p>The irregular expenditure occurred due to non-compliance with SCM processes. On 26 October 2018, the municipality advertised a tender for the upgrade of Codesa Street to Hani Street in the Mopani Herald and Letaba Herald with a CIDB grading of 6 CE or higher. Forty-two (42) bid proposals were received by the municipality and during the evaluation process, one (1) service provider was disqualified due to suspended CIDB certificate and 41 bids were evaluated on functionality, and two (2) bids failed to achieve the required minimum threshold of 70%,</p>

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							<p>Tshiamiso Trading, was previously and recently appointed on the other infrastructure project (Codesa access road). The service provider was appointment on 21 January 2019, the same plant, equipment and the key personnel where submitted for evaluation of two tenders and both constructions where performed at the same period. The recommended/ approved bidder might not be able to deliver resulting in the municipality incurring fruitless and wasteful expenditure due to poor performance.</p> <p>However, It was indicated that during the procurement processes of each bid for the appointment of Tshiamiso trading was evaluated and adjudicated</p>

ITEM NO.	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							<p>has been terminated due to contract price disparities.</p> <p>The contractor demanded to be paid amount of R17 639 667.20 which is above the tendered amount of R9 217 610.99.</p> <p>Recommendation: That the matter be referred to the Financial Misconduct Disciplinary Board as it appears to have an element of financial misconduct.</p>

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
					not approved for re-adverts.	Former SCM Manager	<p>thirty-nine (39) bids were evaluated further on price and preference point.</p> <p>On 18 December 2018 the Bid Evaluation Committee recommended the appointment of Tshiamiso Trading 135 for an amount of R 9 217 610.99. On 20 December 2018, the Bid Adjudication Committee (BAC) recommended the award to the Municipal Manager.</p> <p>On 21 January 2019, the Municipal Manager appointed Tshiamiso Trading in line with the BAC recommendation for an amount of R9 217 610.99.</p> <p>AGSA noted that, the same plant, equipment and the key personnel</p>

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/OFFICIAL RESPONSIBLE	COMMENTS/RECOMMENDATIONS
							<p>trading was evaluated and adjudicated separately, there were no comparison made with regard to the personnel, plant and equipment and the letter of acceptance for the bid was sent to the bidder with provided guarantee and gave the municipality the satisfaction that the bidder will be able to perform the projects to its completion. However the contract has been terminated due to contractual disputes on contract price disparities between the municipality and the service provider.</p> <p>Recommendation: That the matter be referred to the Financial Misconduct Disciplinary</p>

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/ OFFICIAL RESPONSIBLE	COMMENTS/ RECOMMENDATIONS
							<p>On 17 January 2019, the BAC held a meeting and did not accept the recommendation from BEC to appoint Shwings Construction. The reason was because Shwings Construction did not initial the price changing/cancellation on the bill of quantity and should be disqualified. The matter was referred back to the BEC to re-evaluate the bids.</p> <p>On 18 January 2019 the BEC re-evaluated the bid and subsequently recommended the appointment of Moepeng at R16 619 222. The Municipal Manager approved the appointment of Moepeng on 21 January 2019.</p>

ITEM NO	SERVICE PROVIDER	PAYMENT DATE	PAYMENT NO	AMOUNT	DESCRIPTION	DEPARTMENT/OFFICIAL RESPONSIBLE	COMMENTS/RECOMMENDATIONS
							<p>The risk assessment report reflected that amongst other the selection of the winning bidder was based on a 16% threshold of below and above the estimated cost R 24 241 479, 63 of the project. The risk assessment report stated that the project is extremely complex and requires a contractor with a reputable record and a tender amount marginally close to the cost estimate.</p> <p>On 21 February 2019 the BEC re-evaluated the bid and recommended the appointment of Eternity Star Investment based on the risk assessment report and the BAC supported the recommendation to appoint Eternity Investment Star at</p>

9. UNAUTHORISED EXPENDITURE: (Unauthorised expenditure occurs when the municipality exceeded their budget)

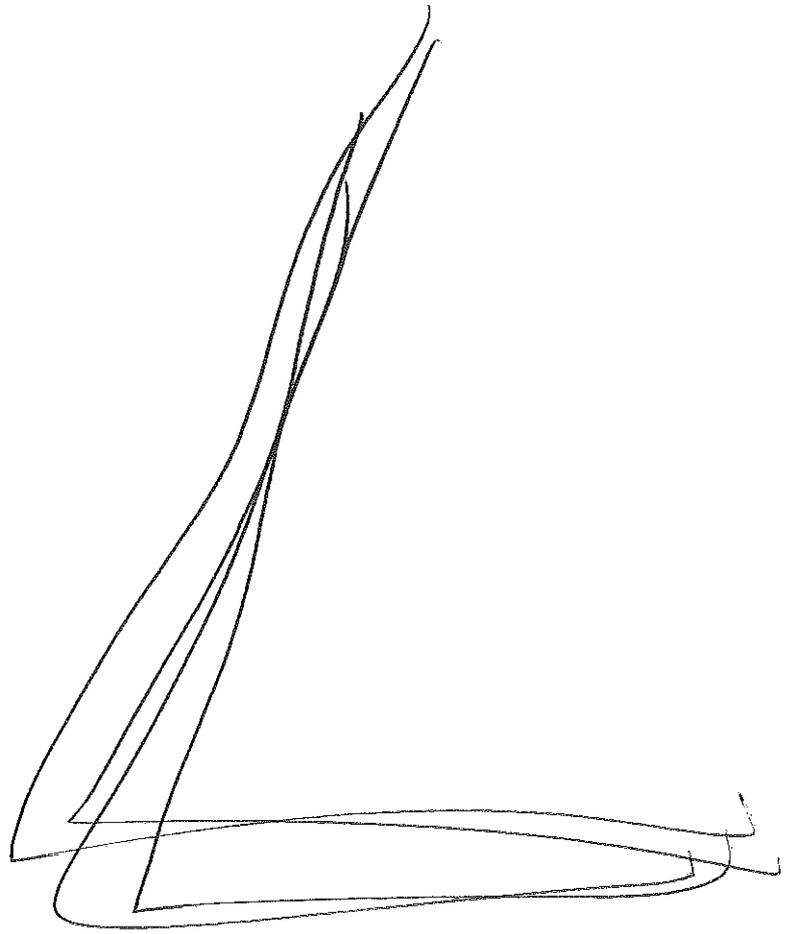
DEPARTMENTS THAT OVERSPENT	ORIGINAL BUDGET (R-Value)	ACTUAL JULY TO JUNE 19 (R-Value)	DIFFERENCE (R-Value)	% VARIANCE
1. BUDGET AND TREASURY (FINANCIAL SERVICES)	104 244 570	182 538 971	78 294 401	133.14%
2. ELECTRICAL ENGINEERING	509 551 609	514 283 197	4 731 588	0.93%

Although these expenditures are considered as non-cash items related to depreciation and debt impairment because there is no transaction with any service provider or supplier, an under provision during the budget compilation process is a material misstatement of the surplus or deficit position of the municipality. This could be the result of poor budgeting or financial management, or unknown events that gave rise to the asset and debt impairment after the adoption of the budget. Therefore it is recommended the unauthorised expenditure be condoned.

12. CONCLUSION

In terms of Section 32(2) (b) of the MFMA the irregular expenditure may only be written off by Council, if after an investigation by Council committee, the irregular expenditure is certified as irrecoverable. In term of Section 170 of the MFMA only National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The municipal Council has therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations. The treatment of expenditure associated with non-compliance is therefore the responsibility of the Council.

The municipality can avoid unauthorised, irregular or fruitless and wasteful expenditure if due processes and procedures are being followed. The development of the policies such as unauthorised, irregular, fruitless and wasteful policy will be of the utmost importance. Those charged with responsibilities should adhere to the policies, procedures and processes. That proper procedures and processes be conducted for any elements of financial misconduct within the municipality and consequence management be implemented.



SDBIP – ESD

1. Conditional Grant Activities for 2019/20

Table: Performance on Conditional Grants for 2019/20						
Project/Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance	Adjustment Variance
Finance Management Grant (FMG)						
Strengthen Capacity and Upskill Officials in the BTO, Internal Audit & Audit Committees	Internal Audit Training, Risk & Compliance Management Training and BTO Training	70 000	70 000	65 597	4 403	4 403
Appointment of at least 5 Interns	Salaries Subsistence & Travelling	906 000	906 000	905 369	631	631
Acquisition & Upgrade of Financial Management Systems	MSCOA Training Grap Training Financial Management Support	720 000	839 000	1 069 778	-349 778	-230 778
Support the Training of Municipal Officials in Financial Management	MFMP Training	80 000	80 000	0	80 000	80 000
Support the Preparation & timely submission of quality Annual Financial Statements for Audits	Preparation of AFS	250 000	250 000	104 256	145 745	145 745
Implementation of Financial Management Reforms	Revenue Enhancement Programme	39 000	0	0	39 000	0
Support the Implementation of the Financial Misconduct regulations & promote	Consequence Management Training SCM Training	80 000	0	0	80 000	0
						budget reallocated to Acquisition, upgrade and maintenance of financial management systems to produce multi-year budgets, in-year reports, Service Delivery and Budget Implementation Plans, Annual Financial Statements, annual reports and automated financial management practices including mSCOA
						budget reallocated to Acquisition, upgrade and maintenance of financial management systems to produce multi-year budgets, in-year reports, Service Delivery and Budget Implementation Plans, Annual Financial Statements, annual reports and automated financial management practices including mSCOA
						Overspending supplemented with surplus funds from other activities
						budget reallocated to Acquisition, upgrade and maintenance of financial management systems to produce multi-year budgets, in-year reports, Service Delivery and Budget Implementation Plans, Annual Financial Statements, annual reports and automated financial management practices including mSCOA
						budget reallocated to Acquisition, upgrade and maintenance of financial management systems to produce multi-year budgets, in-year reports, Service Delivery and Budget Implementation Plans, Annual Financial Statements, annual reports and automated financial management practices including mSCOA
						None Applicable
						None Applicable

Table 8: Performance of Conditional Grants for 2019/20									
Project Initiative	Planned activities	Budget	Adjustment/Budget	Actual Expenditure	Budget Variance	Adjustment Variance	Reasons for deviations		
Electrification of 80 Households at Dan Village	Electrification of 80 Households at Dan Village	1 343 200,00		909 434	433 766	-909 434	permit application to work under Level 4 & 3, as per Gazette 43257 of 29 April 2020		
Electrification of Households at Zanghoma		-	15 764	13 708	-13 708	2 056	Construction work was stopped for +/- 35 days due to Covid-19 pandemic, resulting in less expenditure as work was halted. Wetland discovered requires contract modification		
Electrification of Households at Mariveni C		-	13 958	12 137	-12 137	1 821	None, captured expenditure does not include VAT, where else budget includes VAT		
Electrification of Households at Mbhekwana		-	562 883	367 180	-367 180	195 702	None, captured expenditure does not include VAT, where else budget includes VAT		
Electrification of Households at Relela		-	23 940	20 818	-20 818	3 123	Project completed, balance remaining was used to supplement other projects		
Electrification of Households at Mackerly Ext 7		-	44 288	38 512	-38 512	5 777	None, captured expenditure does not include VAT, where else budget includes VAT		
Electrification of Households at Nabane		-	254 323	96 150	-96 150	158 173	Project completed, balance remaining was used to supplement other projects		
Electrification of Households at Madawa		-	3 122 236	1 724 559	-1 724 559	1 397 677	Project completed, balance remaining was used to supplement other projects		
Electrification of Households at Gavaza		-	913 222	731 659	-731 659	181 563	Construction work was stopped for +/- 35 days due to Covid-19 pandemic, resulting in less expenditure as work was halted. 14 working days from 07/05/2020 was also used for contractor to prepare return to work plans and permit application to work under Level 4 & 3, as per Gazette 43257 of 29 April 2020		
TOTAL		18 942 230	16 485 344	16 971 997	1 970 233	-486 652			
Municipal Infrastructure Grant (excluding Civil works funding)									
Upgrading of Lenyenye To Khujwana Access Road	100% Completed (5.6km)	19 554 712	23 280 579	20 409 717	-855 005	2 870 862	Project was delayed due to the outbreak of Covid-19 pandemic		

Table 8: Performance on Conditional Grants for 2019/20							
Project/initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance	Adjustment Variance	Reasons for deviations
Paving Ward 5	Advertisement of a Contractor	-	2 800 000	1 733 821	1 733 821	1 066 179	Annual target was met
Total		84 299 312	89 549 851	77 869 317	6 429 995	11 680 534	

Table 8 presents the projects implemented with funding received from conditional grants. It can be observed that GTM spent all of the FMG funds received, however with INEP and MIG the challenges were:

- INEP: Delays with the implementation of projects due to National COVID lockdown.
- MIG: Expenditure on prior-year projects not approved in adjustment budget and the delay in the appointment of contractors.

Table 7: Capital Expenditure Per project for Financial Year 2019/20

Ward	IDP Ref No	Project Name	Estimated end date	2019/20		R-value spent Quarterly				Year-end		Source of funding	Project progress at year-end	Reason for deviation
				Budget	Adjusted budget	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	R-value spent	% of original budget spent			
13	EED 116	Renewal Repairs and maintenance on prepaid meters and infrastructure in phases (Mieliekloof & Tarentaalrand)	30/06/2020	300 000	300 000	665 795	735 770	-	-	1 401 565	467%	Loan		Expenditure captured is not correct. As there was no spending during 19/20 financial year
14	EED 117	Miniature substation Urban distribution networks in phases at 8 Christian Miller	30/06/2020	800 000	800 000	-	-	-	-	-	0%	Loan		Issues from stores of R 647 220,00 are not included in the expenditure. Work stoppage for +/- 35 days due to Covid-19 pandemic, resulting in late appointment of service provider to construct plinth.
16	EED 119	Substation Tripping Batteries in phases (Letsitele Valley)	30/06/2020	100 000	100 000	-	-	646 591	-	646 591	647%	Loan	100%	Expenditure captured is for 18/19 financial year, that was rolled over to 19/20 financial year that was appointed and completed in the 2nd Qtr. Expenditure was captured under the 19/20 substation batteries budget of R 100 000
ALL	EED 120	Provision of Electrical Capital Tools (Customer retail)	30/06/2020	50 000	50 000	6 934	-	-	469	6 465	13%	Loan		

Table 7: Capital Expenditure Per project for Financial Year 2019/20

Ward	IDP Ref No	Project Name	Estimated end date	2019/20		R-value spent Quarterly				Year-end		Source of funding	Project progress at year-end	Reason for deviation
				Budget	Adjusted budget	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	R-value spent	% of original budget spent			
Ba-Phalaborwa Municipality	EED 125	Rebuilding of 33kv lines Lalapanzi to Waterbok In phases (1.5km)	30/06/2020	600 000	600 000	69 722	-	-	-	69 722	12%	Loan	29%	Construction work was stopped for +/- 35 days due to Covid-19 pandemic and 14 working days from 01/05/2020 was also used for contractor to prepare return to work plans and permit application, as per Gazette 43257 of 29 April 2020. Resulting in less expenditure R 39 130,44
16	EED 126	Rebuilding of Mashutti 11kv lines in phases (1.3km)	30/06/2020	400 000	400 000	-	-	-	-	-	0%	Loan	29%	Construction work was stopped for +/- 35 days due to Covid-19 pandemic and 14 working days from 01/05/2020 was also used for contractor to prepare return to work plans and permit application, as per Gazette 43257 of 29

Table 7: Capital Expenditure Per project for Financial Year 2019/20														
Ward	IDP Ref No	Project Name	Estimated end date	2019/20		R-value spent Quarterly				Year-end		Source of funding	Project progress at year-end	Reason for deviation
				Budget	Adjusted budget	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	R-value spent	% of original budget spent			
15	EED 129	Rebuilding of Ledzee 11kv line from LZ44 to Vandergryp farm in phases (2km)	30/06/2020	1 400 000	1 400 000	-	91 304	91 304	-	91 304	7%	Loan	29%	Construction work was stopped for +/- 35 days due to Covid-19 pandemic and 14 working days from 01/05/2020 was also used for contractor to prepare return to work plans and permit application, as per Gazette 43257 of 29 April 2020 .Resulting in less budget spent
16	EED 130	Rebuilding of Lines Letsitele Valley substation to Bosbou and all T-offs in phases (1.6km)	30/06/2020	500 000	500 000	-	58 696	58 696	-	58 696	12%	Loan	29%	Construction work was stopped for +/- 35 days due to Covid-19 pandemic and 14 working days from 01/05/2020 was also used for contractor to prepare return to work plans and permit application, as per Gazette 43257 of 29 April 2020 .Resulting in less budget spent.
14	EED 132	Rebuilding of Rookkoples 11kv lines in phases (1.6km)	30/06/2020	500 000	500 000	711 462	-	32 609	-	744 071	149%	Loan	95%	Expenditure captured is for 18/19 financial year, that was rolled over 19/20 financial year, which was completed 18/12/2019. Which R 32 608,7

Table 7: Capital Expenditure Per project for Financial Year 2019/20

Ward	IDP Ref No	Project Name	Estimated end date	2019/20		R-value spent Quarterly				Year-end		Source of funding	Project progress at year-end	Reason for deviation
				Budget	Adjusted budget	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	R-value spent	% of original budget spent			
23	EED 143	Substation Fencing at major substations in phases (Letsetete Main Substation)	30/06/2020	500 000	500 000	-	-	-	-	-	0%	Loan	19%	Construction work was stopped for +/- 35 days due to Covid-19 pandemic and 14 working days from 01/05/2020 was also used for contractor to prepare return to work plans and permit application, as per Gazette 43257 of 29 April 2020. Resulting in less budget spent. Expenditure R 28 891,00
15	EED 144	Replace 2x15 MVA 66/11 kv Transformers with 2x20 MVA at Tzaneen mainsub in Phases 1 of 2	30/06/2020	5 000 000	6 600 000	162 427	1 201 373	8 184 529	-	9 548 329	191%	Loan	100%	Project budget was increase by the allocation of additional funding from the IPISA grant. Project linked with projects Row 67,75 &74
ALL	EED 146	Replace 11kv and 33kv Auto reclosers per annum (x4)	30/06/2020	1 000 000	1 000 000	-	-	65 987	-	65 987	7%	Loan	100%	Expenditure captures does not include stores requisitions of R 1 081 848,62
16	EED 148	Refurbishment of the Ebenezer 33kv Feeder (2.5km)	30/06/2020	1 000 000	1 000 000	-	-	65 217	-	65 217	7%	Loan	31%	Construction work was stopped for +/- 35 days due to Covid-19 pandemic and 14 working days from 01/05/2020 was also used for contractor to prepare return to work plans and permit

Table 7: Capital Expenditure Per project for Financial Year 2019/20

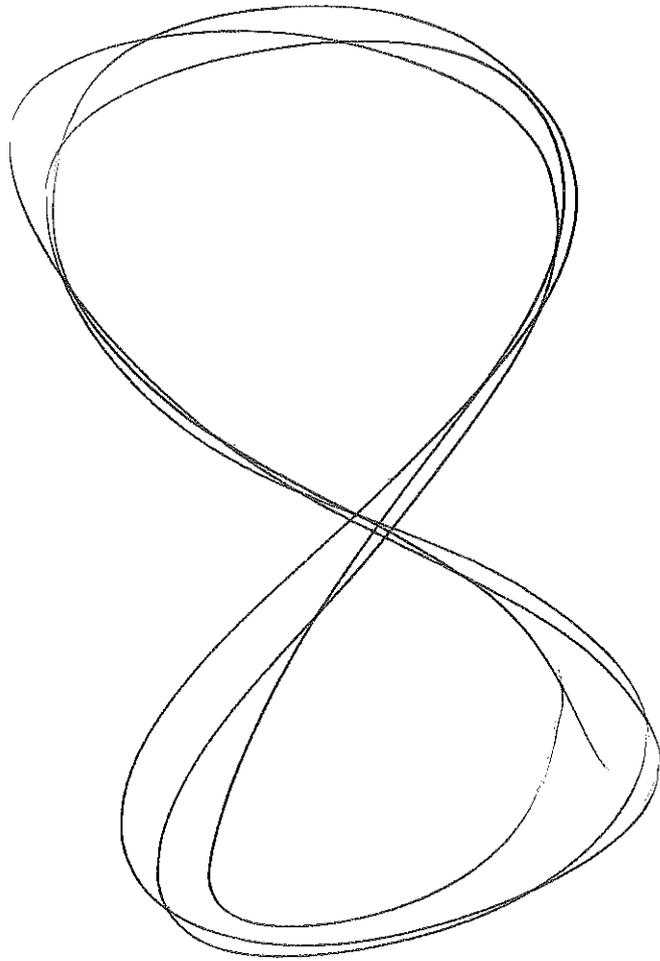
Ward	IDP Ref No	Project Name	Estimated end date	2019/20		R-value spent Quarterly				Year-end		Source of funding	Project progress at year-end	Reason for deviation
				Budget	Adjusted budget	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	R-value spent	% of original budget spent			
16,31,3 2,33	ESD 26	Upgrading of Khujwana to Lenyenywe Access Road: Phase 1 of 3, 2 of 3 and 3 of 3	30/06/2020	19 854 712	23 280 579	8 372 676	5 123 939	5 421 827	1 491 274	20 409 716	104%	MIG	95%	Delays due to Covid-19 outbreak
8	ESD 31	Relela Access Road upgrading from gravel to tar: Phase 1 of 4	30/06/2020	4 402 376	6 972 715	1 160 228	1 806 119	2 641 707	533 320	6 141 374	140%	MIG	67%	Annual target met
34	ESD 32	Matapa to Leseka Access road to school: Phase 1 of 2 and 2 of 2	30/06/2020	4 402 376	10 430 869	1 712 892	5 281 847	2 170 717	-	9 165 456	208%	MIG	43%	Annual target met
28	ESD 28	Paving of Moseanoka to Ceil C Pharere Internal streets (Ward 28)	30/06/2020	2 000 000	3 000 000	-	-	2 416 803	-	2 416 803	121%	MIG	0%	Target met. Planning and design completed
5	ESD 110	Paving of Risaba, Mhisi, Shando to Driving School Internal Street in Ward 5	30/06/2020	2 000 000	2 800 000	-	-	1 733 821	-	1 733 821	87%	MIG	0%	Target met. Planning and design completed
12,13	ESD 297	Paving of Main road from Ndhuna Mandlakazi, Efrika, Zangoma, Mpenyisi to Jamba Cross Internal Street (in Ward 13, Mandlakazi) and Nwamihwa Bridge via Nhlangelet School to Taxi Rank, Clinic via Lwandlamoni School to Nwamihwa/Mandlakazi Road (in Ward 12)	30/06/2020	2 000 000	3 851 021	-	-	3 348 714	-	3 348 714	167%	MIG	0%	Target met. Planning and design completed

Table 7: Capital Expenditure Per project for Financial Year 2019/20

Ward	IDP Ref No	Project Name	Estimated end date	2019/20		R-value spent Quarterly					Year-end % of original budget spent	Source of funding	Project progress at year-end	Reason for deviation	
				Budget	Adjusted budget	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	R-value spent					
	Rollover	expansion of Waterbok 33/11KV Substation		R	1 000 000										Budget was used to increase the budget for Tzaneen Main projects, as by the time the grant was transferred to the Municipality, the project had already started using the DBSA loan. As per the Project in Row 66
	Rollover	Expansion of Blackroll 33/11KV Substation		R	1 000 000										Budget was used to increase the budget for Tzaneen Main projects, as by the time the grant was transferred to the Municipality, the project had already started using the DBSA loan. As per the Project in Row 63
	Rollover	Replace 2 x 15 MVA 66/11 kv(linked to revenue on new electricity connections) with bigger capacity		R	4 000 000										Budget was used to pay expenditure linked with project EED 144 (Row28) and Expenditure under Row 67. All this expenditure are for Tzaneen Main Transformer replacement

Ward	IDP Ref No	Project Name	Estimated end date	2019/20		R-value spent Quarterly				Year-end		Source of funding	Project progress at year-end	Reason for deviation
				Budget	Adjusted budget	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	R-value spent	% of original budget spent			
	Rollover	Rebuilding of Haenertsburg 11kv Lines		R 810	R 315							DBSA loan	100%	Project completed
	Rollover	Rebuilding of Campsies Glen 11KV lines		R 292	R 342							DBSA loan	100%	Project completed
	Rollover	Rebuilding of Poltisi Valley 11kv lines		R 047	R 296					35 557		DBSA loan	98%	Project not completed
	Rollover	Houtbosdorp 11kv Ring		R 538	R 326							DBSA loan	100%	Project completed
	Rollover	Streelights R36		R 156	R 49							DBSA loan	100%	Project Completed
		Sub total		27 522	972	3 052 645	13 153 995	3 080 410	2 037 372	21 288	865			
		Total Capital Exp		140 819 850	763	34 591 329	39 977 973	41 514 065	10 328 157	968	1			

From Table 9 above it is evident that the main challenge with the implementation of Capital projects was the national Lockdown due to the COVID outbreak.

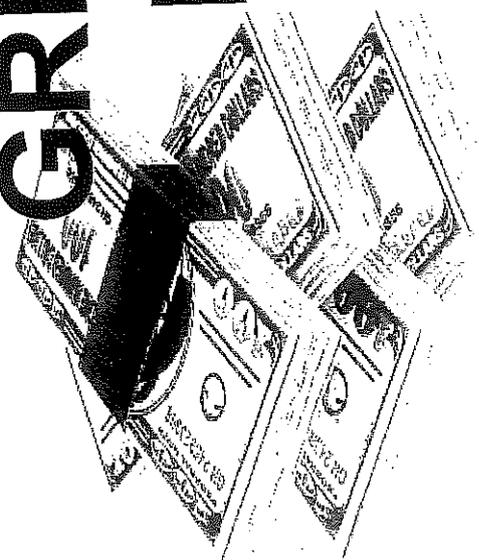


Report Municipal Financial Performance: Unauthorised, Irregular, Fruitless and Wasteful Expenditures (UIFE)



The use of consultants

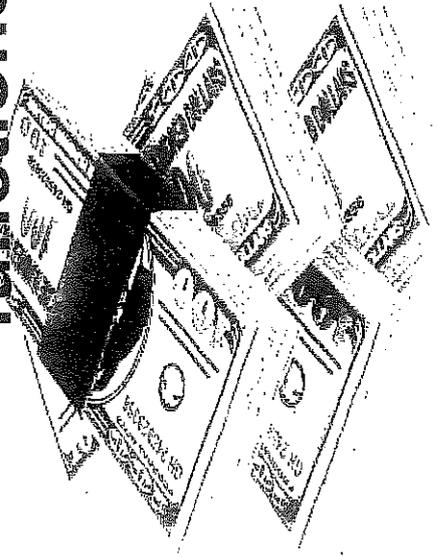
GREATERTZANEEN MUNICIPALITY





SECTION A KEY STRATEGIC OBJECTIVES TO COMPLY TO SEC 32 OF MFMA :

- The purpose of the report is to reflect on current unauthorized, irregular and fruitless and wasteful expenditure and to take appropriate steps to address this.
- The report also reflects on the use of consultants in various departmental functions currently in place





SECTION 32 : PROCESS OF REPORTING TO COUNCIL

6. Submission of UIF report to Executive Committee and Council
7. Council refer ALL UIF reports to MPAC , Portfolio committee Budget and Treasury and
8. Also referral financial misconduct board as established in 2018 may be done
A REPORT back from MPAC or Financial misconduct Board after investigations back to Council for write offs ,
9. OR recovery steps or any recommendations to be taken by management example :any forensics , opening SAPS cases etc..



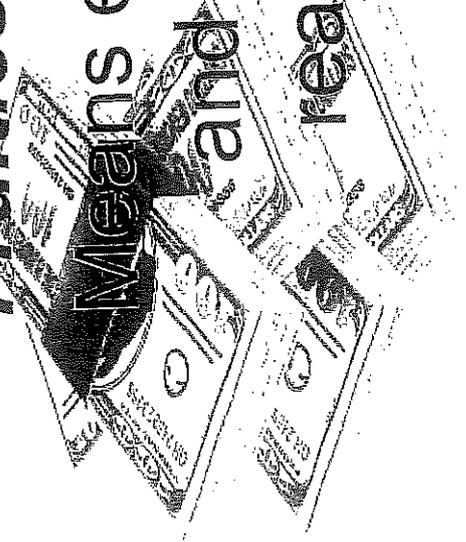
Section 32 of the MFMA determines the following:

Irregular Expenditure as:

Expenditure not in accordance with the requirement of the MFMA, MSA, the Public Office Bearers Act, the Supply Chain Management policy of the municipality or any By-Law giving effect to such policy.

Fruitless and Wasteful Expenditure as:

Means expenditure that was made in vain and would have been avoided had reasonable care been exercised.





THE UIF BELOW IS CATEGORIZED INTO THE

FOLLOWING:

Irregular Expenditure from prior years till **18/19**
awaiting council write off and also taken for
investigation to MPAC and Audit committee
oversight: **R 34 528 030**

Unauthorized Expenditure from prior year **18/19**
(only accounting deprecation journals no actual
cash outflow): **R 83 025 989**

Fruitless ad Wasteful Expenditure from **18/19**
awaiting council write off and also taken for
investigation to MPAC and Audit committee
oversight: **R 9 975 974,30 + R1 652 217 (Prior**
Years)

Register of Irregular Expenditure 2019/20:

<p>1. COMP NAME:</p>	<p>Contour Technology (Pty) Ltd- R 336 720.64</p>
<p>SEC32: NON COPLIANCE AREA</p>	<p><u>Irregular Expenditure</u> : Contract expiry</p>
<p><u>Action plan Taken to resolve the non-compliance :</u></p>	<p>Bid advertised in final stages to appoint and appoint a service provider, was deferred to Lockdown</p>
<p>2. COMP NAME:</p>	<p>Focus Outsourcing Solutions CC- R 122 011,97</p>
<p>SEC32: NON COPLIANCE AREA</p>	<p><u>Irregular Expenditure</u> :Contract Expiry</p>
<p><u>Action plan Taken to resolve the non-compliance</u></p>	<p>System generated consumer introduced statements from financial system vendor -Sebata , but Customers who prefer printed statements a new bid will be advertised by October -Nov 2020</p>

Register of Irregular Expenditure 2019/20:

<p>5. COMP NAME:</p> <p>Mulati Access Road: Tshamiso Trading 135 : R 12 839 312,76 Letsopa projects : R 95 337,55</p>	
<p>SEC32: NON COPLIANCE AREA</p>	<p><u>Irregular Expenditure:</u> no adequate Risk assement taken to award bidder 2 projects in similar periods on evaluation criteria</p>
<p><u>Action plan Taken to resolve the non-compliance :</u></p>	<ul style="list-style-type: none"> • A risk assessment are currently being undertaken by project engineers on all bids: • contractor's capacity • BOQ pricing- mathematical accuracy
<p>Total 19/20 Irregular EXP</p>	<p>R 24 862 274,29</p>

Register of Fruitless Expenditure 2019/20:

<p>3. COMP NAME:</p> <p><u>SEC32: NON COMPLIANCE AREA</u></p>	<p>ESKOM -Bulk electricity Purchases bill</p>
<p><u>Action plan Taken to resolve the non-compliance :</u></p>	<p><u>Fruitless Expenditure: Cashflow constraints</u></p> <ol style="list-style-type: none"> 1. Current electricity Tariff review and billing system audit with DBSA to improve meter and revenue data integrity ,Energy loss audit undertaken in 2019. 2. Current independent Debt collection process effected with new comp appointed 2019. 3. Meter reading and credit control more stringent 4. Pilot project to read large farm and industrial meters remotely to mitigate Electricity theft and bridging
<p>4. COMP NAME:</p> <p><u>SEC32: NON COMPLIANCE AREA</u></p> <p><u>Action plan Taken to resolve the non-compliance :</u></p>	<p>Auditor General : R 5 5580.83</p> <p><u>Fruitless Expenditure: Interest -- 1 invoice submitted late form AG from Dec 2019</u></p> <ul style="list-style-type: none"> • Meetings held with AGSA when sending invoices to include: CFO and CC: CFO secretary ,Expenditure manager and account creditor



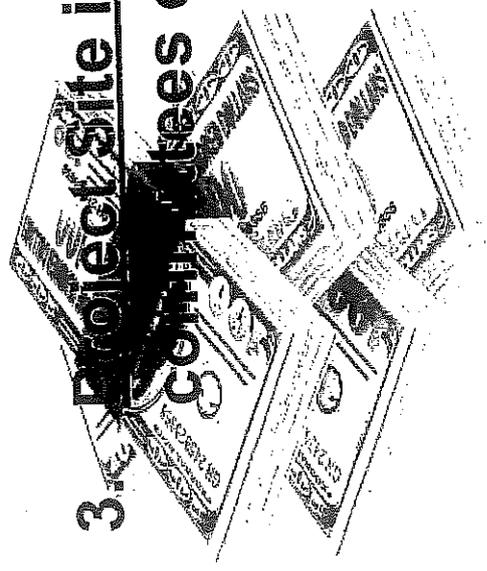
1 New identified fruitless and Wasteful expenditure identified in 18/19 AGSA audit:

4. COMP NAME:	Moruji Access Road : Readira Matlala/Nyapele JV : R5 180 296,49
SEC32: NON COMPLIANCE AREA	<u>Fruitless Expenditure:</u> <ul style="list-style-type: none">• Contactor in 2016/17 won court order to re-advertise road• Original engineer consultant withdrew from project
<u>Action plan Taken to resolve the non-compliance :</u>	<ul style="list-style-type: none">• Road has been competed to date• Costs were re-worked by new Engineer Makasela Consulting toe market related on(P & G's on BOQ)
TOTAL additional Fruitless Expenditure 2018/19	R5 180 296,49

Internal control measures in place:

Greater Tzaneen applies legislated procedures and has approved Council policies for :

1. Selecting, contracting, Appointing and Monitoring all Service Providers and Employees
2. All HOD's review all invoices prior to payments and assess value for money >> a non-delegated function

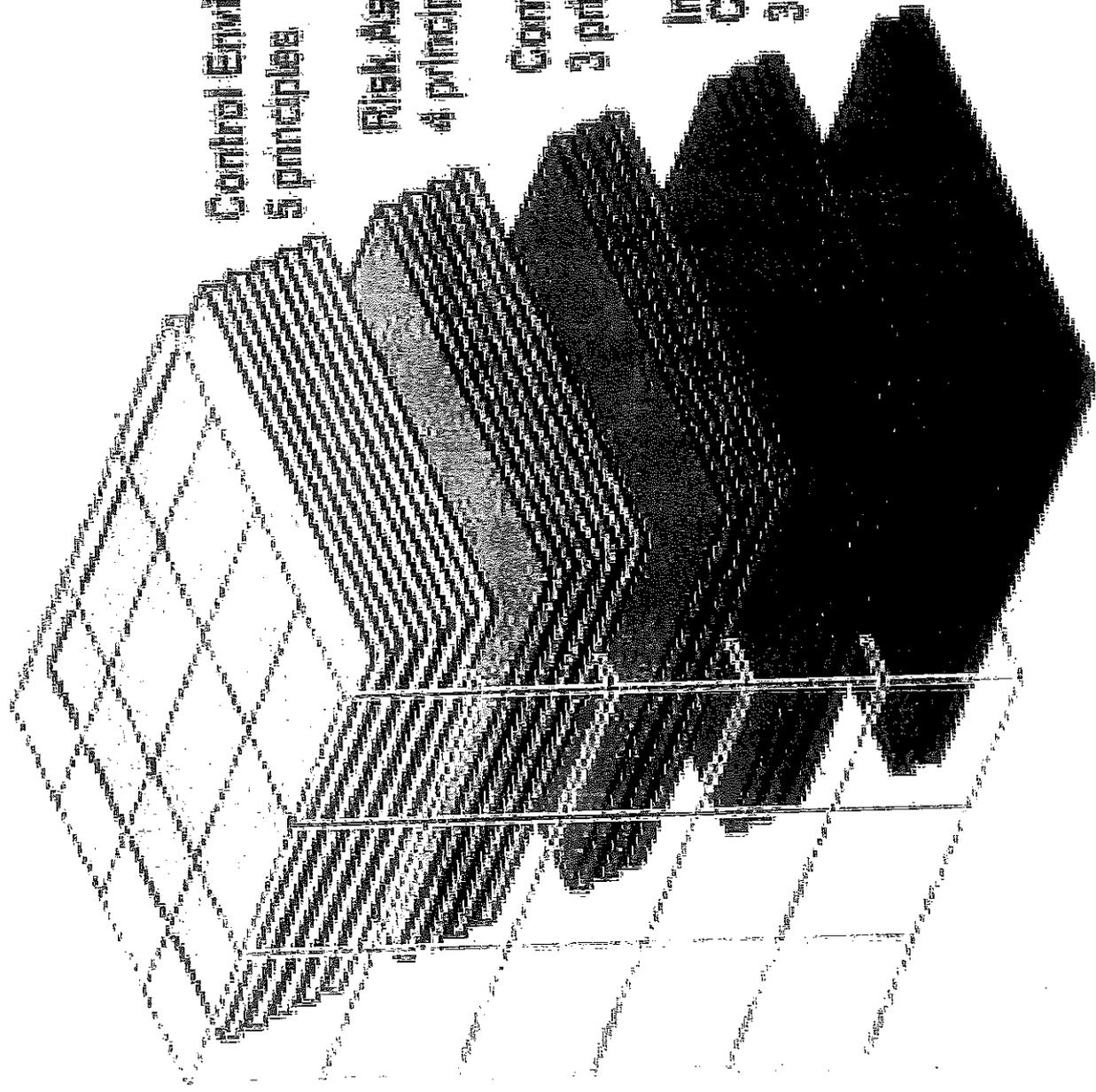


EA
NON
VULTE

3. Project Site inspections done regularly by Portfolio Committees of Council and councils and MPAC

GIM'S : INTERNAL CONTROLS ARE IMPLEMENTED

with the following mechanisms:



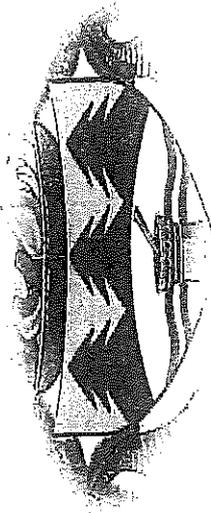
Control Environment
5 principles

Risk Assessment
4 principles

Control Activities
3 principles

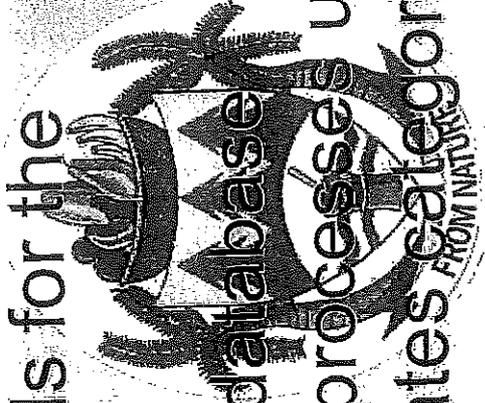
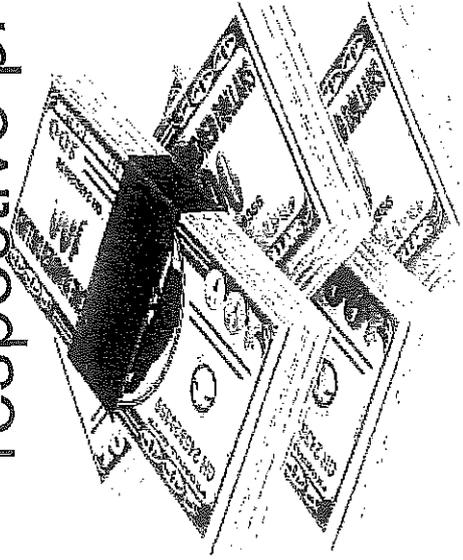
Information and
Communication
3 principles

Monitoring
2 principles



GTM

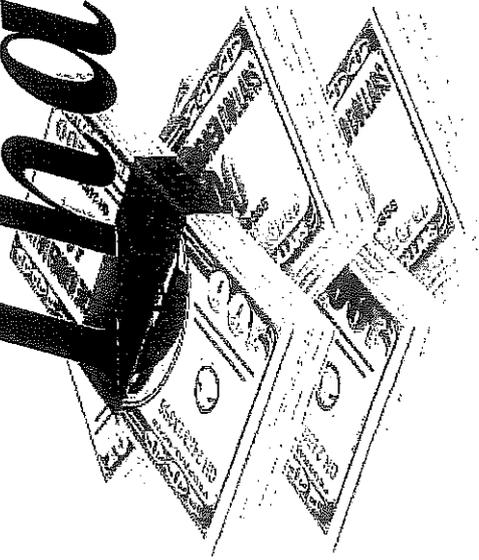
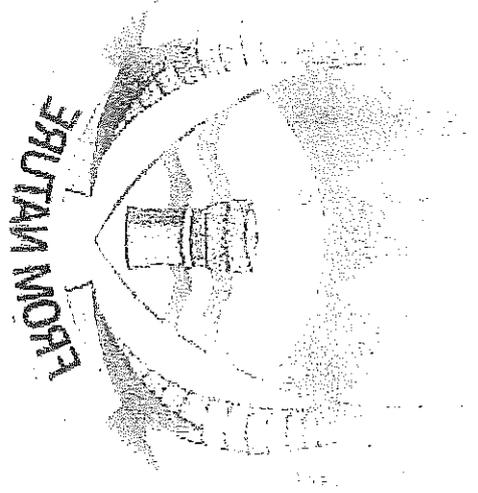
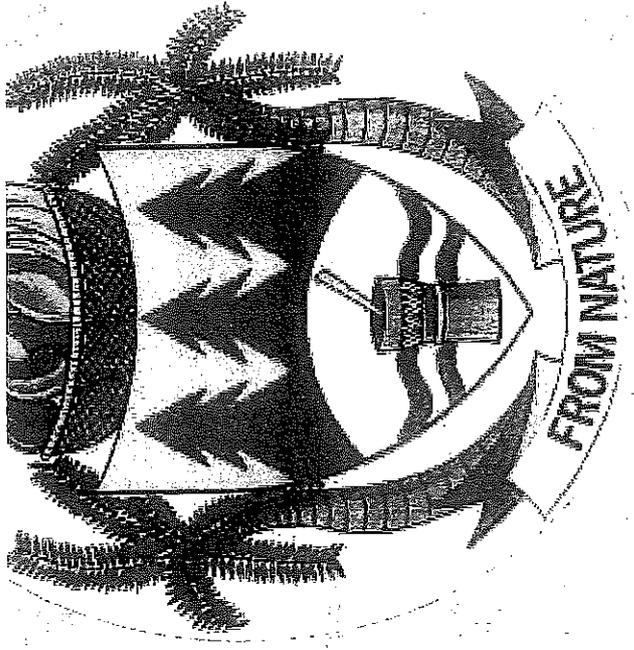
- SKILLS TRANSFER is now included SLA/ s signed with consultants Selection methods for the appointment of consultants
- Open quotation basis on existing database using appointed through public bidding processes using rates per hour aligned to DPSA rates categories or respective professions rates guidance



FROM NATURE
TO CIVILIZATION



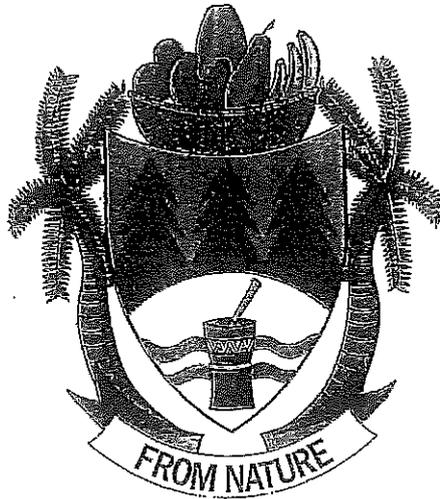
*The
End
Thank you*





**SUPPLY CHAIN MANAGEMENT POLICY
AND NATIONAL TREASURY GUIDELINES**

GREATER TZANEEN MUNICIPALITY



Reviewed - Supply Chain Management Policy

(Incorporating Preferential Procurement)

Greater Tzaneen Municipality Supply Chain Policy – Final

Transport Management.....	59
Vendor Performance.....	59
Contract Management.....	59
DISPOSAL MANAGEMENT SYSTEM.....	66
Goal.....	66
Disposal Management System.....	66
Transfer or Permanent Disposal of Assets and the Granting of Rights.....	67
RISK MANAGEMENT SYSTEM.....	68
General	68
The Risk Management Process.....	68
Key Principles.....	68
PERFORMANCE MANAGEMENT SYSTEM.....	70
CODE OF ETHICAL STANDARDS.....	71
General.....	71
Inducements, Rewards, Gifts and Favours.....	73
Sponsorships.....	74
Objections and Complaints.....	74
Resolution of Disputes, Objections, Complaints and Queries.....	74
PREFERENTIAL PROCUREMENT.....	77
Preferential Points System.....	77
B-BBEE Status Level certificates.....	77
Validity of B-BBEE Status Level Verification Certification.....	78
Verification Certificates in Respect of EMEs.....	79
Planning, Stipulation of Preference points system to be utilized and the determination for designated sectors.....	80
Evaluation of bids based on functionality as a criterion.....	80
The preference points system.....	83
Evaluation of bids that scored equal points.....	84
Cancellation and Re – Invitation of Bids.....	84

Greater Tzaneen Municipality Supply Chain Policy – Final

TERMS	DEFINITIONS
	assets are maintained at all times. Excludes assets that are non-durable in nature e.g. inventory.
Authoriser	The person responsible for approving a Procurement Requisition in each Unit or Cost Centre Manager.
Authority	The right or power attached to a rank or appointment permitting the holder thereof to make decisions, to take command or to demand action by others.
B-BBEE	Broad-based black economic employment as defined in section 1 of the Broad-Based Black Economic Empowerment Act.
B-BBEE status level of contributor	The B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.
Bid	A written offer in a prescribed or stipulated form in response to an invitation for any tender issued by the GTM for the provision of goods, services or works estimated transaction value exceeding R200 000.
Bid Adjudication Committee	<p>The Committee of the Municipality that:</p> <ul style="list-style-type: none"> • reviews the evaluation of bids; • adjudicate over bids; • adjudicates over the GTM's sourcing strategy; and • rejects/ recommend awards bids as per the recommendations of the Bid Evaluation Committee on tenders issued by the GTM, where the transaction value of the bid is above R200 000 or makes a recommendation to the MM for approval.
Bid Documentation	The standard documentation used when soliciting a proposal or quotation.
Bid Specification Committee	<p>The Committee that compiles the specification for each procurements of goods/ services drafted in an unbiased manner that allows all potential suppliers opportunity to put forward their proposal. The specification must take into account acceptable standards that the goods/ workmanship must comply with:</p> <ul style="list-style-type: none"> - Must where possible describe requirement i.t.o performance rather than in terms of descriptive characteristics of design; and - Must indicate the specific goals/ attributes for which points may be awarded i.t.o. the preferential procurement system

Greater Tzaneen Municipality Supply Chain Policy - Final

TERMS	DEFINITIONS
Municipal Manager	The Municipal Manager has the general responsibility of running the Municipality on day to day basis, accountable to the Council, and to assist the Council in discharging the duties as prescribed in the MFMA and perform such duties and responsibilities as have been delegated to him / her.
Chief Financial Officer	The CFO has the general responsibility to assist the Municipal Manager and Council in discharging the duties
Closing Date	The date that is stipulated as the last date on which a bidder may submit documentation or proposals in connection with a tender, in the Request for Tender document.
Closing Time	Stipulated time (e.g. 12H00) on a particular date on which the tender closes.
Co-Bidding	The practice whereby a tenderer separately teams up with two or more other tenderers on a particular bid.
Code of Conduct	GTM's Code of Conduct.
Comparative Price	The price that results after the factor of a non-firm price and all unconditional discounts that can be utilized.
Competitive Bidding Process	a competitive bidding process referred to in Regulation 12 (1) (d) of the SCM Regulations.
Competitive Bid	a bid in terms of a competitive bidding process.
Community Based Vendor	a supplier of goods, services and/or construction works who resides in a target area or community, who meets the criteria for community based vendors as determined by the Manager: SCM from time to time, and who is registered as such on the Municipality's Supplier database.
Council	The Council of the Municipal in term of the MFMA.
Construction Industry Development Board (CIDB) Act	Construction Industry Development Board Act, 38 of 2000 and includes the regulations pertaining thereto.
Construction Works	any work in connection with: <ul style="list-style-type: none"> - the erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure; - the installation, erection, dismantling or maintenance of a fixed plant;

Greater Tzaneen Municipality Supply Chain Policy – Final

TERMS	DEFINITIONS
Depreciation	The reduction in the value of assets resulting from wear and tear through use in the ordinary course of business, age or obsolescence. The consumption of capital is recognized as a cost of production.
Designated sector	A sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content.
Disposal Management	A process that ensures that all unserviceable, redundant or obsolete assets are subjected to a formal process of removal from operations in a cost-effective, but transparent and responsible manner. It also entails the maintenance of records and documents as prescribed.
Emerging Contractor	Is an enterprise owned by one or more individuals who may not necessarily have at its disposal all the required skills, experience, resources to meet business requirements.
End-User	The end-user is the person who utilizes the items / services procured.
Equipment	Non-consumable items issued for use in the business operations and which is accounted for as an asset in the register.
Emergency	Are cases where immediate action is necessary in order to avoid a dangerous or risky situation.
Empowerment Indicator	a measure of an enterprise/business's contribution towards achieving the goals of government's Reconstruction and Development Program. This indicator will relate only to certain specific goals for the purposes of this Policy.
Ex Post Factor	The Extension of the approval backwards in time. The approval that was otherwise not prohibited at the time the procurement transaction occurred.
Exempted Capital Asset	a municipal capital asset which is exempted by section 14(6) or 90(6) of the MFMA from the other provisions of that section.
Executive Authority	Members of the board as appointed by Gauteng Provincial MEC for Roads and Transport.
Final Award	The final decision on which bid or quote to accept
Firm Price	The price in a contract that is fixed, and not subject to any

Greater Tzaneen Municipality Supply Chain Policy – Final

TERMS	DEFINITIONS
Green Procurement	Taking into account environmental criteria for goods and services to be purchased in order to ensure that the related environmental impact is minimised.
GTM Vendor Database	A list of accredited prospective providers which a municipality or municipal entity must keep in terms of Regulation 14 of the SCM regulations or all suppliers/ vendors that GTM intend doing business with the GTM.
Historically Disadvantaged Individual	A South African citizen who, due to the apartheid policy, had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, or the Constitution of the Republic of South Africa; and / or who is a female; and / or who has a disability; provided that a person who obtained South African citizenship on or after the coming into effect of the Interim Constitution is deemed not to be an HDI.
Immovable Asset	As defined by the Government's Immovable Asset Management Act.
Implementing Agent	The decision maker/manager mandated by the Municipality to implement projects and invite bids/quotations for procurement of any nature.
Incoming Tender	A submission by a supplier in response to an official published GTM Request for Tender advertisement.
Imported Content	That portion of the tender price represented by the cost of components, parts or material which have been or are still to be imported (whether by the supplier or its subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs, such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South Africa port of entry.
Institution	All constitutional institutions, public entities as defined in the PFMA,
Integrated SCM	The Total Cost of Ownership concept, which has the effect of minimising the total procurement cost, and not necessarily the cost of individual items of goods or services. A TCO approach ensures that when procuring, the purchase costs as well as all related costs (ordering, delivery, subsequent usage, maintenance, supplier, and post delivery) are taken into consideration.
In the service of the state	a member of any municipal council, any provincial legislature or the National Assembly or the National Council of Provinces; an official of any municipality or municipal entity; an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning

Greater Tzaneen Municipality Supply Chain Policy – Final

TERMS	DEFINITIONS
Municipal Manager	The Municipal Manager has the general responsibility of running the Municipality on day to day basis, accountable to the Council, and to assist the Council in discharging the duties as prescribed in the MFMA and perform such duties and responsibilities as have been delegated to him / her.
Net Present Value	NPV is the difference between the present value of cash inflows and the present value of cash outflows, or the value that results after discounting a series of outflows over time to the present value. NPV is used in capital budgeting to analyse the comparative costs of alternative investments, or the profitability of an investment or project. Generally, if the NPV is positive the project in question is potentially worth undertaking, or when evaluating alternative investments that will require outflows of cash, the investment with the lowest present value is generally acceptable.
One-off Contract	Discrete contract where specified goods, services or construction works are supplied for an approved contract sum.
Non-exempted Capital Asset	Municipal capital asset which is not exempted by section 14(6) or 90(6) of the MFMA, from the other provisions of that section.
Non-firm price	All prices other than "firm" prices.
Obsolescence	A decline in the utility, competitiveness or value of an item of asset or inventory, due to the development of an improved or superior item, or due to a change in user requirements or preferences. Obsolescence is distinct from a decline due to physical deterioration through use, and wear and tear.
Official	An employee of the GTM.
Person	A juristic person which includes a natural or juristic entity.
Policy	Supply Chain Management
Practitioner	A person who practices a profession or art, or is an expert in a particular field.
Preference Points	Points allocated to preference in terms of the PPPFA.
Preference Procurement Regulations	The regulations pertaining to PPPFA.
Prime Contractor	Shall have the same meaning as Contractor
Provider	A provider is the private person or institution that provides goods, services or works to the GTM.

Greater Tzaneen Municipality Supply Chain Policy – Final

TERMS	DEFINITIONS
	overall capacity, linked to capital, liquidity and borrowing capacity, in the pursuit of its goals and objectives.
Risk Management	The identification, measurement and economic control of risks that threaten the assets and earnings of a business or other enterprise.
SCM Unit	The SCM function established in the GTM is rendered by person(s) with the relevant authority or delegated authority.
SCM Official	A SCM Official means: <ul style="list-style-type: none"> • A person employed by GTM performing the SCM function; or • A person contracted to the GTM to render service to perform the SCM function.
SCM Regulation	The National Treasury Regulations 16A.
Set-Aside	Reserving the award of a tender exclusively to a select class or group of tenderers. This is generally unconstitutional in terms of Section 217 of the Constitution as it is discriminatory.
Small Medium and Micro Enterprise (SMME's)	As defined in the National Small Business Act, No. 102 of 1996. Employing a maximum of 100 employees in any sector except manufacturing or construction where the maximum is 200 employees.
Sole Supplier	<p>A supplier that has exclusive and/ or patent rights or is a unique original equipment manufacturer (OEM). The product source is of a proprietary nature and can only be sourced from a specific supplier.</p> <p>Products or services that are enhancements or additions to existing systems or equipment that is in use at the Municipality, for which no other alternative source option is available.</p> <p>Sole source purchase where there is only one supplier available in the market for the goods or service sought or supplier has sole distribution rights.</p> <p>NOTE: It is important to note that the writing of tight specifications or the adoption of a specific supplier's specifications or the procurement of specific branded products or services, which have the effect of eliminating competition is not acceptable, as this can only encourage and perpetuate sole supplier status and high prices by sole suppliers</p>
Single Source Supplier	In the absence of a vendor database, the supplier utilized shall be a sole supplier for the type of goods or services being procured. Proof

Greater Tzaneen Municipality Supply Chain Policy – Final

TERMS	DEFINITIONS
	international best practices, whilst at the same time addressing Government's preferential procurement policy objectives and serving the end-users and customers efficiently.
System Act	The local Government – Municipal System Act, 32 of 2000.
Tax Clearance Certificate	Is an original and current clearance certificate, issued annually by the SARS certifying that the taxes payable by the taxpayer / vendor are up to date or that suitable alternative arrangements have been made with SARS.
Tender	A written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods, though price quotations, advertised competitive tendering processes or proposals.
Tender Box	The identifiable, lockable box marked GTM Tender Box: which is situated at the Reception Area of the GTM physically located at 1 Agatha Street, Tzaneen.
Tender Document	The standard documentation utilised by the GTM when soliciting a tender.
Tender Number	A unique serial number that is allocated to each individual tender issued from and recorded in the GTM Tender Register by the SCM Unit at the time that a tender is published.
Term Contractor	A supplier who has been awarded a contract with the GTM to supply specified goods or performs specified services or works for a specified period.
The State	The government of the Republic of South Africa and any of its organ or institutions.
Total Cost of Ownership	The sum of direct spends, related to spend, process to spend and, opportunity cost associated within a specific commodity and service.
Trust	The arrangement through which the property or one person is made over of bequeathed to a trustee to administer such property for the benefit of another person
Trustee	Any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person
Unserviceable	The condition resulting in when an item is no longer suitable for use and, which cannot be economically repaired.

ACRONYMS AND ABBREVIATIONS

ACRONYMS	ABBREVIATIONS
AG	Auditor General
AO/ AA	Accounting Officer/ Municipal Manager
B-BBEE	Broad-Based Black Economic Empowerment
B-BBEEA	Broad Based Black Economic Empowerment Act
BAC	Bid Adjudication Committee
BEC	Bid Evaluation Committee
BEE	Black Economic Empowerment
BVA	BEE Verification Agency
C-AMP	Custodian Asset Management Plan
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIDB	The Construction Industry Development Board
DAC	Disposal and Acquisition Committee
DN	Delivery Note
DRT	Department of Roads and Transport
EME's	Exempted Micro Enterprises
EPWP	Expanded Public Works Programme
EXCO	Executive Management Committee
GCC	General Conditions of Contract
GIAMA	Government Immovable Asset Management Act
GRN	Goods Received Note
GTM	Greater Tzaneen Municipality
HDI	Historically Disadvantaged Individual
IRBA	Independent Regulatory Board of Auditors

Greater Tzaneen Municipality Supply Chain Policy - Final

ACRONYMS	ABBREVIATIONS
SCO	Supply Chain Officer
SCOPA	Standing Committee on Public Accounts
SIF	Supplier Information Forms
SLA	Service Level Agreement
SM	Senior Manager
SMME	Small Medium and Micro Enterprise
SSS	Supplier Selection Sheet
TCO	Total Cost of Ownership
TOR	Terms of Reference
VAT	Value Added Tax

3 GUIDING PRINCIPLES

- The GTM, as an institution identified in the national legislation, undertakes all of its procurement and tendering in accordance with a system which is fair, equitable, transparent, competitive and cost-effective. The GTM ensures effective competition and transparency in its procurement processes, in line with the provisions of Section 217 (1) of the Constitution of the Republic of South Africa, through the use of the Request for Quote, Request for Proposal and public tender processes. The following principles will guide the GTM's procurement process:

Value for Money	The GTM shall strive for procurement effectiveness and shall carry out its procurement processes as cost effectively as possible.
Competitiveness	The GTM shall fulfil its requirements through open and effective competition, unless there are justifiable reasons to act to the contrary.
Accountability	Management shall be accountable for decisions and actions relative to procurement responsibilities, the procurement process, as well as the implementation, management and conclusion of any related contract. Accountability cannot be delegated and line management remains accountable.

Document Reference Library Document File Name	Context and Relevance
Broad Based Black Economic Empowerment Act,	Act No. 53 of 2003
Constitution of the Republic of South Africa Act	Act No.113 of 1997
Corporate Governance regulations	King III

3. This document describes the SCM policy of the GTM. It regulates the procurement of goods and services by the GTM.
4. The responsibility for developing, administering and enforcing this policy lies with the SCM Unit of the GTM, headed up by the CFO.

The SCM Unit shall:

- a. Act as the procurement advisor for best practice and execution of the SCM process in the GTM;
- b. Be the official buyer for the GTM;
- c. All procurement are done within SCM Unit (centralization of procurement)
- d. Stop the procurement process at any stage where the GTM's procurement policies or prescribed practices may be at risk or compromised;
- e. Ensure that all units within the GTM adhere to the SCM Policy;
- f. Ensure that a standardised and consistent approach is developed for the execution of all procurement;
- g. Ensure that all procurement transactions or contracts are properly implemented, managed, monitored and reported upon.

POLICY STATEMENT

Introduction

4. Section 111 of the Municipal Finance Management Act requires each municipality and municipal entity to adopt and implement a SCM policy, which gives effect to the requirements of the Act.
5. In addition, the Preferential Procurement Policy Framework Act requires an Organ of State to determine its Preferential Procurement Policy and to implement it within the framework prescribed. This requirement is given effect to in the Preferential Procurement section of this Policy.

Goal

Oversight

9. Section 117 of the Municipal Finance Management Act prohibit a Municipality councilor from being a member of a bid committee or any other committee evaluating or approving quotations or bids nor may a Municipality councilor attend any such meeting as an observer.
10. Council, however, has an oversight role to ensure that the MM implements this SCM Policy.
11. The Mayor must provide general political guidance over the fiscal and financial affairs of the Municipality and may monitor and oversee the exercise of responsibilities assigned to the MM and CFO in terms of the Municipal Finance Management Act.
12. For the purposes of such oversight, the MM shall, within 10 (ten) days of the end of each quarter, submit a report on the implementation of this Policy to the Mayor and, within 30 days of the end of each financial year, shall submit a similar such report to Council.
13. In addition, if any serious problem arises in relation to the implementation of this Policy, the MM shall immediately report to Council accordingly.
14. All such reports shall be made public in accordance with section 21.(1)(a) of the Systems Act.

Compliance with Ethical Standards

15. In order to create an environment where business can be conducted with integrity and in a fair and reasonable manner, this Policy will strive to ensure that the MM and all representatives of the GTM involved in SCM activities shall act with integrity and in accordance with the highest ethical standards.
16. All SCM representatives shall adhere to the code of conduct of municipal staff contained in schedule 2 of the Systems Act, and this Policy's Code of Ethical Standards.

- 21.4 disposal management system;
 - 21.5 risk management system; and
 - 21.6 performance management system.
22. These systems must be adhered to in all SCM activities undertaken by the Municipality.

Delegations

23. To the extent that it may be necessary, Council authorises the MM to delegate or sub-delegate to a staff member any power conferred on the MM in terms of the MFMA and the SCM Regulations relating to supply chain management.
24. No decision-making in terms of any SCM powers and duties may be delegated to an advisor or consultant.

Competency

25. The MM shall ensure that all persons involved in the implementation of this Policy meet the prescribed competency levels, and where necessary, shall provide relevant training.
26. The training of officials involved in implementing this Policy shall be in accordance with any National Treasury guidelines on SCM training.

SCM Unit

27. The Municipality must establish a SCM Unit to assist the MM to implement this Policy.

Communication with the Municipality

28. All correspondence with regard to this Policy shall be addressed to the Municipal Manager.

Availability of SCM Policy

29. A copy of the Policy and other relevant documentation should be made available on the Municipality's website.

- 34.2 identifying critical delivery dates;
- 34.3 identifying the frequency of the need;
- 34.4 linking the requirement to the budget;
- 34.5 conducting expenditure analyses based on past expenditure;
- 34.6 determining requirements,
- 34.7 conducting commodity analyses in order to check for alternatives; and
- 34.8 conducting industry analyses.

- 39.1 Name of supplier / service provider;
 - 39.2 Street address;
 - 39.3 Postal address;
 - 39.4 Contact person
 - 39.5 Department's telephone number;
 - 39.6 Department's fax number;
 - 39.7 Department's cell number;
 - 39.8 Department's email address;
 - 39.9 Contact person in Accounts Department;
 - 39.10 Accounts Department's telephone number;
 - 39.11 Accounts Department's fax number;
 - 39.12 Accounts Department's email address;
 - 39.13 Vat registration yes/no;
 - 39.14 Vat registration number;
 - 39.15 Bank details;
 - 39.16 Type of industry;
 - 39.17 Valid certification for specialised services;
 - 39.18 Valid tax clearance certificate;
 - 39.19 CIDB registration if applicable;
 - 39.20 Valid B-BBBE certification.
40. Up to the quotation threshold, the Municipality shall invite quotes from the list of vendors or identified vendors in the relevant commodity, and category, featured on the vendor database. If a supplier who does not appear on the GTM Supplier Database has been identified as a potential supplier, the GTM will initiate the Request for Information (RFI) process with the identified supplier or other suppliers

Greater Tzaneen Municipality Supply Chain Policy – Final

- 44.5 must cancel a contract awarded to a person if:
- 44.5.1 the person committed a corrupt or fraudulent act during the procurement process or the execution of the contract; or
 - 44.5.2 an official or other role player committed any corrupt or fraudulent act during the procurement process or in the execution of the contract that benefited that person.
45. The MM may/must reject the bid or quote of any person if that person or any of its directors have:
- 45.1 failed to pay municipal rates and taxes or municipal service charges and such rates, taxes and charges are in arrears for more than three months;
 - 45.2 failed, during the last five years, to perform satisfactorily on a previous contract with the Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
 - 45.3 abused the SCM system of the Municipality or has committed any improper conduct in relation to this system;
 - 45.4 been convicted of fraud or corruption during the past five years;
 - 45.5 willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - 45.6 been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act, 12 of 2004 or has been listed on National Treasury's database as a person prohibited from doing business with the public sector.
46. The MM shall inform the Provincial Treasury of any actions taken in terms of clauses 44 to 45 above.

Appointment of Observer

47. Where appropriate, the MM may appoint a neutral or independent observer in order to ensure fairness and transparency in the application of this acquisition management system.

Contracts Having Budgetary Implications beyond three Financial Years

48. The Municipality may not enter into any contract that will impose financial obligations beyond the three years covered in the annual budget for that financial year, unless the requirements of section 33 of the Municipal Finance Management Act have been fully complied with.

nine months before the end of an existing contract.

54. The closure date for the submission of bids for banking services may not be less than 60 days from the date on which the advertisement is placed in a newspapers commonly circulating locally.
55. Bids shall be restricted to banks registered in terms of the Banks Act, 94 of 1990.

Acquisition of IT Related Goods or Services

56. If the transaction value of IT related goods or services exceeds R50 million in any financial year, or if the transaction value of a single contract (whether for one or more years) exceeds R50 million, the MM must notify the State Information Technology Agency (SITA) together with a motivation of the IT needs of the Municipality.

If SITA comments on the submission and the Municipality disagrees with such comment, the comments and the reasons for rejecting or not following such comments must be submitted to the Council, the Provincial and National Treasury, and the Auditor General prior to awarding the bid.

57. Notwithstanding the above, the MM may request the SITA to assist with the acquisition of IT related goods or services in which case the parties must enter into a written agreement to regulate the services provided by, and the payments to be made to, the SITA.

Acquisition of Goods Necessitating Special Safety Arrangements

59. Goods, other than water, which necessitate special safety arrangements (for example, flammable products, poisons), may not be acquired in excess of immediate requirements unless there is sound financial justification therefor.

Where the storage of goods, other than water in bulk is justified, the MM may authorise such storage and the decision must be based on sound reason including total cost of ownership and cost advantages for the Municipality.

Public-Private Partnerships

61. Part 2 of chapter 11 of the MFMA applies to the procurement of public-private partnership agreements. Section 33 also applies if the agreement will have multi-year budgetary implications for the Municipality within the meaning of that section.

Publications in Newspapers

62. In respect of any contract relating to the publication of official and legal notices and

Greater Tzaneen Municipality Supply Chain Policy – Final

68. If it is not possible to receive at least three quotations, the reasons should be recorded and approved by the CFO.

Written or Verbal Price Quotations

69. Where the estimated transaction value exceeds R2 000 (VAT inclusive) and is less than or equal to R30 000 (VAT inclusive).

Procurement of Consulting Services

70. Where the estimated value of fees exceeds R200 000 (VAT inclusive) or where the duration of the appointment will exceed one year, a competitive bidding process shall apply.
71. Where the estimated value of fees is less than or equal to R200 000 (VAT inclusive) and the duration of the appointment will be less than one year, a selection process as described in this Policy, as amended from time to time, shall be applied.

Threshold Values

72. The MM may:
- 72.1 lower, but not increase, the different threshold values specified in the acquisition management system of this Policy; or
 - 72.2 direct that:
 - 72.2.1 written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;
 - 72.2.2 at least three written or verbal price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
 - 72.2.3 at least three written price quotations be obtained for any specific procurement of a transaction value lower than R30 000; or
 - 72.2.4 a formal three written quotations be obtained for any specific procurement of a transaction value lower than R200 000 (must be advertised on the websites and notice board); and
 - 72.2.5 a competitive bidding process be followed for any specific

Greater Tzaneen Municipality Supply Chain Policy – Final

above R30 000, to a person whose tax matters have not been declared by the SARS to be in order.

75. Before making an award the Municipality must check with SARS if the person's tax matters are in order and, if SARS does not respond within seven days such person's tax matters may, for the purposes of clause 74, be presumed to be in order.
76. Irrespective of the procurement process followed, the Municipality is prohibited from making an award to a person:
- 76.1 who is in the service of the state;
 - 76.2 if the person is not a natural person, of which any director, manager or principal shareholder or stakeholder is in the service of the state; or
 - 76.3 who is an advisor or consultant contracted with the Municipality (refer to clause 95 in this regard).
77. The MM shall ensure that the notes to the annual financial statements of the Municipality disclose particulars of any award above R2000 to a person who is a spouse, child or parent of a person in the service of the state, or who has been in the service of the state in the previous twelve months, including:
- 77.1 the name of the person;
 - 77.2 the capacity in which the person is in the service of the state: and
 - 77.3 the amount of the award.

80. When determining transaction values, a requirement for goods or services, construction works or consultant services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

Bid Specifications

81. Bid specifications must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services.
82. Bid specifications must take account of any accepted standards such as those issued by South African National Standards, the International Standards Organisation, or any authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply.
83. Bid specifications shall, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design.
84. Bid specifications may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification.
85. Bid specifications may not make any reference to any particular trade mark, name, patent, design, type, specific origin or producer, unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words "or equivalent".
86. Bid specifications and/or bid documentation must indicate each specific goal for which adjudication points may be awarded.
- Bid specifications and/or bid documentation must be approved by the MM or his delegated authority prior to publication of the invitation for bids.
87. Where specifications are based on standard documents available to bidders, a reference to those documents is sufficient.

Bid Specification Committee

89. All bid specifications and bid documentation must be compiled by an ad-hoc bid specification committee constituted for each project or procurement activity.

The Bid Specification Committee shall be comprised of at least three Municipality officials, an appointed Chairperson, a responsible official and at least one SCM Practitioner of the Municipality.

Greater Tzaneen Municipality Supply Chain Policy – Final

- 103.2 the identification number or company or other registration number;
- 103.3 the bidders tax reference number and VAT registration number, if any;
- 103.4 an original valid tax clearance certification from the South African Revenue Services stating that the bidders tax matters are in order;
- 104. an original or certified copy of the B-BBEE certificate contributor level.
- 105. Bid documentation must stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation) or, where unsuccessful, in a court of South African law.
- 106. A provision for the termination/cancellation of the contract in the case of non-or under-performance must be included in the bid documentation.
- 107. Unless otherwise indicated in the bid documents, the Municipality shall not be liable for any expenses incurred in the preparation and/or submission of a bid.
- 108. Bid documentation must state that the Municipality shall not be obliged to accept the lowest bid, any alternative bid or any bid.
- 109. Unless the MM otherwise directs bids are invited in the Republic only.
- 110. Laws of the Republic shall govern contracts arising from the acceptance of bids.
- 111. Bid documentation must compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted.
- 112. The bid documentation must require bidders to disclose:
 - 111.1 whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - 111.2 if the bidder is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - 111.3 whether a spouse, child or parent of the bidder or of a director, manager, shareholder or stakeholder referred to in sub-clause 111.2 is in the service of the state, or has been in the service of the state in the previous twelve months.
- 113. Bid documentation for consultant services must require bidders to furnish the Municipality with particulars of all consultancy services, and any similar services (to the services being bid for) provided to an organ of state in the last five years.

Greater Tzaneen Municipality Supply Chain Policy – Final

Public Invitation for Competitive Bids

118. On completion of the bid specification and bid document processes the Municipality shall publicly invite bids.
119. Bid invitation shall be by notice published in the press, in newspapers circulating in the Greater Tzaneen Municipality area, in English and on the Municipality's official website.
120. The bid notice shall, as soon as possible after the publication contemplated above, be posted on official notice boards designated by the MM.
121. The bid notice may require payment of a non-refundable tender fee by bidders wanting to collect bid documents. This tender fee shall be determined by the CFO from time to time.
122. The public notice contemplated by clause 119 above shall specify:
 - 122.1 the title of the proposed contract and the bid or contract reference number;
 - 122.2 such particulars of the contract as the Municipality deems fit;
 - 122.3 the date, time and location of any site inspection, if applicable;
 - 122.4 the place where the bid documentation is available for collection and the times between which bid documentation may be collected;
 - 122.5 that bids may only be submitted on the bid documentation provided by the Municipality;
 - 122.6 the deposit payable, if any;
 - 122.7 the place where bids must be submitted;
 - 122.8 the closing date and time for submission of bids; and
 - 122.9 the required CIDB contractor grading for construction work.
123. The bid notice shall further state that all bids for the contract must be submitted in a sealed envelope on which it is clearly stated that such envelope contains a bid and the contract title and contract or bid reference number for which the bid is being submitted.
124. Bid documentation shall be available for collection until the closing date of bids.

projects with a duration exceeding three years.

135. The notice inviting bidders to pre-qualify must comply with the provisions of public invitation for competitive bids (clauses 118 to 124 refer).
136. Once bidders have pre-qualified for a particular project, they shall be given not less than 7 (seven) days to submit a final technical proposal (where applicable) and/or a financial offer.

Two Envelope System

137. A two envelope system differs from a two-stage (prequalification) bidding process in that a technical proposal and the financial offer are submitted in separate envelopes at the same place and time. The financial offers will only be opened once the technical proposals have been evaluated (clauses 184 to 189 refer).

Validity Periods

138. The period for which bids are to remain valid and binding must be indicated in the bid documents.
139. The validity period is calculated from the bid closure date and bids shall remain in force and binding until the end of the final day of that period.
140. This period of validity may be extended by the Chairperson of the Bid Evaluation Committee, provided that the original validity period has not expired, and that all bidders are given an opportunity to extend such period. Any such extension shall be agreed to by a bidder in writing.
141. Bidders who fail to respond to such a request before their tender lapses, or who decline such a request shall not be considered further in the bid evaluation process.
142. The responsible official must ensure that all bidders are requested to extend the validity period of their bids where necessary in order to ensure that the bids remain valid throughout the appeal period or until the appeal is finalised. If bidders are requested to extend the validity period of their bids as a result of an appeal being lodged it must be made clear to bidders that this is the reason for the request.

Contract Price Adjustment

143. For all contract periods equal to or exceeding one year, an appropriate contract price adjustment formula must be specified in the bid documents.

Greater Tzaneen Municipality Supply Chain Policy – Final

152. If samples are not submitted as required in the bid documents or within any further time stipulated by the Chairperson of the Bid Evaluation Committee in writing, then the bid concerned may be declared non-responsive.
153. Samples shall be supplied by a bidder at his/her own expense and risk. The Municipality shall not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents, and shall reserve the right not to return such samples and to dispose of them at its own discretion.
154. If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample. All goods/materials supplied shall comply in all respects to that contract sample.

Closing of Bids

155. Bids shall close on the date and at the time stipulated in the bid notice.
156. For bids for goods and services the bid closing date must be at least 14 (fourteen) days after publication of the notice.
157. For construction works the bid closing date must be at least 21 (twenty one) days after publication of the notice.
158. Notwithstanding the above, if the estimated contract value Exceeds R10 million (VAT included), or if the contract is of a long term nature with a duration period exceeding one year, then the bid closing date must be at least 30 (thirty) days after publication of the notice.
159. For banking services, the bid closing date must be at least 60 (sixty) days after publication of the notice.
160. For proposal calls using a two envelope system, the bid closing date must be at least 30 (thirty) days after publication of the notice.
161. The bid closing date may be extended by the CFO if circumstances justify this action; provided that the closing date may not be extended unless a notice is published in the press prior to the original bid closing date. This notice shall also be posted on the official notice boards designated by the MM, and a notice to all bidders to this effect shall be issued.
162. The MM may determine a closing date for the submission of bids which is less than any of the periods specified in clauses 156 to 160 above, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

Greater Tzaneen Municipality Supply Chain Policy – Final

Late Bids

175. A bid is late if it is not placed in the relevant bid box by the closing time for such bid.
176. A late bid shall not be admitted for consideration and where feasible shall be returned unopened to the bidder with the reason for the return thereof endorsed on the envelope.

Opening of Bids

177. At the specified closing time on the closing date the applicable bid box shall be closed.
178. The bid box shall be opened in public as soon as practical after the closing time.
179. Immediately after the opening of the bid box, all bids shall be opened in public and checked for compliance.
180. The official opening the bids shall in all cases read out the name of the bidder and, if practical, the amount of the bid.
181. As soon as a bid or technical proposal has been opened:
- 181.1 the bid/proposal shall be stamped with the official stamps, and endorsed with the opening official's signature;
 - 181.2 the name of the bidder, and where possible, the bid sum shall be recorded in a bid opening record kept for that purpose; and
 - 181.3 the responsible official who opened the bid shall forthwith place his/her signature on the bid opening record.
182. Bids found to be inadvertently placed in the incorrect bid box will be redirected provided that the applicable bids either closed on the same day at the same time, or are still open (in which case the Municipality disclaims any responsibility for seeing that the bids are in fact lodged in the correct bid box). A record of all bids placed in an incorrect box shall be kept.
183. Bids received in sealed envelopes in the bid box without a bid number or title on the envelope will be opened at the bid opening and the bid number and title ascertained. If the bid was in the correct bid box it will be read out. If the bid is found to be in the incorrect bid box, it will be redirected provided that the applicable bids either closed on the same day at the same time, or are still open. If the bid closes at a later date, the bid will be placed in a sealed envelope with the bid number and title endorsed on the outside, prior to being lodged in the applicable box. The Municipality however disclaims any responsibility for seeing that the bid is in fact lodged in the correct box.

Greater Tzaneen Municipality Supply Chain Policy – Final

proposal and a separate sealed financial offer/bid.

191. When bids are declared invalid at the bid opening, the bid sum of such bids shall not be read out. However, the name of the bidder and the reason for the bid having been declared invalid shall be announced.

Bid Sum

192. A bid will not necessarily be invalidated if the amount in words and the amount in figures do not correspond, in which case the amount in words shall be read out at the bid opening.
193. All rates, with the exception of rates only bids, and proprietary information are confidential and shall not be disclosed.

Bid Evaluation

General

194. The Municipality shall not be obliged to accept any bid.
195. For goods and services bids, the Municipality shall have the right to accept the whole bid or part of a bid or any item or part of an item or accept more than one bid.
196. Functionality must be included as a criterion in the evaluation of a tender that is specialised or technical in nature, in order to ensure the quality of the goods/ or services procured. The evaluation criteria for measuring functionality, and the weighting attached to each criterion must be listed in the Request for Tender document.
197. A minimum threshold of points for functionality must be identified and disclosed in the Request for Tender document. Bids that do not meet this threshold must automatically be disqualified from further evaluation.
198. Thereafter, only qualifying bids must be evaluated in terms of the 90/ 10 or 80 /20 preference point system, where 90/ 80 points are allocated for price only and 10/ 20 points are allocated for HDI ownership and achieving prescribed RDP goals, in accordance with the Preference Points Claim Form. The bidder submitting the lowest quote in terms of amount will score 90/ 80 points for price.

Bid Evaluation Committee

196. An ad-hoc Bid Evaluation Committee shall be constituted for each project or procurement activity to evaluate bids received.
197. The Bid Evaluation Committee shall be comprised of at least three Municipality officials, an appointed Chairperson (who may be the same person as the

Greater Tzaneen Municipality Supply Chain Policy – Final

- 202.8 who has failed to submit an original and valid tax clearance certificate from the South African Revenue Services (SARS) certifying that the taxes of the bidder are in order or that suitable arrangements have been made with SARS, and
- 202.9 who fails to comply with any applicable Bargaining Council agreements.
203. Bids shall be evaluated according to the following as applicable:
- 203.1 bid price (corrected if applicable and brought to a comparative level where necessary),
- 203.2 the unit rates and prices,
- 203.3 the bidder's ability to execute the contract,
- 203.4 any qualifications to the bid,
- 203.5 the bid ranking obtained in respect of preferential procurement as required by this Policy,
- 203.6 the financial standing of the bidder, including its ability to furnish the required institutional guarantee, where applicable,
- 203.7 any other criteria specified in the bid documents.
204. No bidder may be recommended for an award unless the bidder has demonstrated that it has the resources and skills required to fulfil its obligations in terms of the bid document.
205. The Bid Evaluation Committee shall check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears.
206. Additional information or clarification of bids may be called for if required but only in writing.
207. Alternative bids may be considered, provided that a bid free of qualifications and strictly in accordance with the bid documents is also submitted. The Municipality shall not be bound to consider alternative bids.
208. If a bidder requests in writing, after the closing of bids, that his/her bid be withdrawn, then such a request may be considered and reported in the bid evaluation report for decision by the Bid Adjudication Committee.
209. The bidder obtaining the highest number of points should be recommended for acceptance unless there are reasonable and justifiable grounds to recommend

Greater Tzaneen Municipality Supply Chain Policy – Final

threshold. A bid must be disqualified if it fails to meet the minimum threshold for functionality, as specified in the RFT document.

- 219 Thereafter, only qualifying bids are evaluated in terms of the 80/ 20 or 90/ 10 preference points system, where 80 or 90 points are allocated for price only, and 20 or 10 points are allocated based on B-BBEE status level of contributor. The bidder submitting the lowest quote in terms of amount, will score the full 80 or 90 points for price, depending on the preference point system applicable
- 220 No tender must be regarded as an acceptable tender if it fails to achieve the minimum qualifying score for functionality, as indicated in the RFT document.
- 221 The 80/ 20 preference points system will be used for the acquisition of services, works or goods up to and including a value of R1 000 000.
- 222 The 90/ 10 preference points system shall be used for the acquisition of services, works or goods above R1 000 000 in value.
- 223 The contract must be awarded to the bidder who scores the highest points, unless objective criteria in addition to that pertaining to specific goals justify the award to another bidder Broad-Based Black Economic Empowerment (B-BBEE) Status Level Certificates.
- 224 Bidders are required to submit original and valid B-BBEE Status Level Verification Certificates or certified copies thereof together with their bids, to substantiate their B-BBEE rating claims. Point must be awarded to a bidder for attaining the B-BBEE status level of contribution.
- 225 The bidder must not be disqualified from the bidding process, if he failed to submit the certificate substantiating the B-BBEE status level of contribution.

Points awarded for B-BBEE Status Level of Contribution

B-BBEE Status Level of Contributor	Number of points (90/ 10 system)	Number of points (80/ 20 system)
1	10	20
2	9	18
3	8	16
4	5	12

Greater Tzaneen Municipality Supply Chain Policy – Final

Recommendation to Bid Adjudication Committee

213. The Bid Evaluation Committee shall, having considered the Responsible Agent's draft report, submit a report, including recommendations regarding the award of the bid or any other related matter, to the Bid Adjudication Committee for award.

Bid Adjudication

Bid Adjudication Committee

214. The Bid Adjudication Committee shall comprise at least four senior managers, and shall include:
- 214.1 the CFO or a Manager designated by the CFO;
 - 214.2 at least one senior SCM practitioner of the Municipality; and
 - 214.3 a technical expert in the relevant field who is an official of the Municipality, if the Municipality has such an expert.
215. The MM shall appoint the members and chairperson of the Bid Adjudication Committee. If the chairperson is absent from a meeting, the members of the committee who are present shall elect one of the committee members to preside at the meeting.
216. Neither a member of the Bid Evaluation Committee, nor an advisor or person assisting such committees, may be a member of a Bid Adjudication Committee.

Adjudication and Award

217. The Bid Adjudication Committee shall consider the report and recommendations of the Bid Evaluation Committee and make a final award or make another recommendation to the MM on how to proceed with the relevant procurement.
218. The Bid Adjudication Committee may make an award to a preferred bidder, subject to the MM negotiating with the preferred bidder in terms of clause 231 of this Policy.
219. The MM may at any stage of the bidding process, refer any recommendation made by the Bid Evaluation or Bid Adjudication Committee back to that committee for reconsideration of the recommendation.

Approval of Bid not Recommended

220. If a Bid Adjudication Committee decides to award a bid other than the one recommended by the Bid Evaluation Committee, the Bid Adjudication Committee

c. the remedy sought by the appellant.

227. No tender shall be formally accepted until either the expiry of the 21 day appeal period, or confirmation in writing before the expiry of the 21 day appeal period that none of the affected parties intend to appeal, or confirmation of the satisfactory resolution of any appeals.

Notification of Decision

- 228 If the Bid Adjudication Committee or other delegated official has resolved that a bid be accepted, the successful and unsuccessful bidders shall be notified in writing of this decision.
- 229 The successful bidder shall, in addition, be advised of the 21 day appeal period, and be notified that no rights accrue to him/her until the tender is formally accepted in writing.
- 230 Every notification of decision shall be faxed or sent via electronic mail to the address chosen by the bidder, with a copy of proof of transmission kept for record purposes, or shall be delivered by hand, in which case acknowledgement of receipt must be signed and dated on a copy of such notification and kept for record purposes.

Greater Tzaneen Municipality Supply Chain Policy – Final

241. Any unapproved increases in the contract sum or contract period that have become necessary as a result of exceptional circumstances, or which have been considered to be in the public's interest, must be explained in a report to the Bid Adjudication Committee requesting condonation and approval for such unapproved increase.

Term Bids

General

242. It is permissible to invite bids for the supply of goods and services or construction works that is of an ad-hoc or repetitive nature, for a predetermined period of time (commonly referred to as a term bid).
243. The general acquisition procedure for term bids shall comply with procedures contained in the acquisition management system for competitive bids.
244. Bid documentation, where applicable, shall state that the acceptance of term bids based on a schedule of rates will not necessarily guarantee the bidder any business with the Municipality.
245. The practice of using term bids to circumvent the bid process in respect of what should be planned project work is not permissible.
246. Material for repairs and maintenance can be purchased on a term bid where circumstances warrant it.
247. Additional items included in a term bid by any bidder which are clearly not an alternative to any of the items specified shall not be considered.

Evaluation and Adjudication of Term Bids

248. The process for considering term bids shall be in terms of the evaluation and adjudication procedures for conventional competitive bids.
249. Subsequent to award, where different selections of items are required in terms of the same term bid and it is not possible or practical to separate orders for different items from different suppliers, service providers or contractors (in the case of construction works, for example), then a selection process will have to be carried out in respect of each application by the Responsible Agent. Individual orders will then be placed (or contracts awarded) on the basis of the highest total evaluation points received, per application.

Greater Tzaneen Municipality Supply Chain Policy – Final

Validity Periods

258. The provisions of clauses 138 to 141 of this Policy shall apply *mutatis mutandis* with regard to quotations.

Quotation Prices

259. In general, all quotations should be submitted on a fixed price basis (not subject to contract price adjustment). Only in exceptional circumstances may contract price adjustment be applied.
260. Notwithstanding clause 259 above, if the quotation validity period is extended, then contract price adjustment may be applied on a proven, fair and reasonable basis.

Submission of Documentation

261. Quotation documents issued by the Municipality shall clearly state the place where such documents must be submitted and the date and time by when they must be submitted.
262. No quotations submitted after any stipulated closing date and time shall be considered.

Opening of Quotations (where lodged in a quotation box)

263. The provisions of clauses 177 to 183 of this Policy shall apply with regard to quotations that are required to be lodged in a quotation box, with the exception of clause 182 where, with respect to quotations, the Municipality disclaims any responsibility for seeing that the quotations are lodged in the correct quotation box. Quotations found in the incorrect box shall be declared invalid and will not be considered.

Consideration and Acceptance of Quotations

264. All orders in respect of formal written price quotations shall be approved and released by the MM or his delegated authority.

Written Price Quotations

General

265. Where the Municipality intends to procure any goods or services, which involves a transaction value of up to R30 000 (VAT inclusive), written price quotations shall be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the supplier database, provided that if quotations

Appointment of Consultants

General

273. In the procurement of consulting services cognisance should be taken of any National Treasury guidelines in this respect or of Construction Industry Development Board Guidelines in respect of services relating to the built environment and construction works.

Procurement Process (over R200 000)

274. Where the estimated value of the fees exceeds R200 000 (VAT inclusive), or where the duration of the appointment will exceed one year, consulting services shall be procured through a competitive bidding process.
275. The practice of breaking out (parcelling) consultant appointments in order to circumvent the competitive bidding process is not permitted.

Procurement Process (up to R200 000)

276. Where the estimated value of the fees is less than or equal to R200 000 (VAT inclusive) and the duration of the appointment is less than one year, the selection of a consultant to provide the required service shall follow a written price quotation or a formal written price quotation procedure as described in this Policy.
277. Responsible agents must endeavour to ensure that there is rotation in respect of inviting suitably qualified consultants to quote.
278. A price/preference points system, as described in the preferential procurement section of this Policy, must be applied to such quotations.
279. Where it is in the interests of the Municipality to follow an advertised process, a formal competitive bidding process in accordance with the requirements of this policy may be followed.

Single-source Selection

280. National Treasury Guidelines provide for single-source selection in exceptional cases. The justification for single-source selection must be examined in the context of the overall interests of the Municipality and the project.
281. Single-source selection may be appropriate only if it presents a clear advantage over competition:

sale;

vii. any contract in respect of which compliance therewith would not be in the public interest;

viii. ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids; and

284. The MM or CFO depending on the threshold or as per MFMA may condone a deviation from the procurement processes, provided that such deviation is limited to the circumstances referred to in clause 283.

Emergency Dispensation

285. The conditions warranting Emergency dispensation should include the existence of one or more of the following:

- a. the possibility of human injury or death;
- b. the prevalence of human suffering or deprivation of rights;
- c. the possibility of damage to property, or suffering and death of livestock and animals;
- d. the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the Municipality as a whole;
- e. the possibility of serious damage occurring to the natural environment;
- f. the possibility that failure to take necessary action may result in the Municipality not being able to render an essential community service; and
- g. the possibility that the security of the state could be compromised.

286. The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal procurement process. Emergency dispensation shall not be granted in respect of circumstances other than those contemplated above.

287. Where possible, in an emergency situation, three quotes in accordance with general acquisition management principles should be obtained and a report

Greater Tzaneen Municipality Supply Chain Policy – Final

and any written comments or recommendations of the provincial or National Treasury, for consideration.

293. The Bid Adjudication Committee may award the bid in respect of any amount.
294. Any meeting of the Bid Adjudication Committee to consider an unsolicited bid shall be open to the public.
295. If any recommendations of the Provincial or National Treasury are rejected or not followed, the MM shall submit to the Auditor-General, the Provincial Treasury and the National Treasury the reasons for rejecting or not following those recommendations. Such submission shall be made within 7 (seven) days of the decision to award the unsolicited bid. No contract committing the Municipality to the bid may be entered into or signed within 30 (thirty) days of the submission.

Ratification of Minor Breaches of the Bid Processes

296. The MM may ratify any minor breaches of the procurement processes, which are purely of a technical nature, by an official or committee acting in terms of delegated powers or duties.

Condonation of Expenditure

297. The MM may, upon recommendation of the Bid Adjudication Committee, condone any expenditure incurred in contravention of, or that is not in accordance with, a requirement of this Policy. This power may not be sub-delegated by the MM. Such condonation shall not preclude the taking of disciplinary steps against the responsible official.
298. In the event where the MM refuses to condone any expenditure referred to in clause 297 such expenditure will be deemed to be either unauthorised, irregular or fruitless and wasteful expenditure as defined in section 1 of the MFMA and will be treated by the MM in accordance with the relevant provisions of the MFMA.

Obligation to Report

299. The reasons for all deviations shall be recorded and reported by the MM to Council at the next Council meeting, and shall be included as a note to the annual financial statements.

Greater Tzaneen Municipality Supply Chain Policy – Final

purchase order open for the outstanding delivery quantity.

311. Goods will be issued from stock with reference to reservations. Goods can be issued for consumption against internal orders, cost centres, projects and assets under construction.

Stores and Warehouse Management

312. The stores and warehousing function shall be decentralised in different districts and will operate under the jurisdiction of the SCM Unit.
313. The SCM Unit must ensure proper financial and budgetary control; uphold the principle of effective administration, proper stock holding and control, product standardisation, quality of products and a high standard of service levels.

Expediting Orders

314. The purchasing expeditor will be required to monitor and expedite outstanding purchase orders.
315. Reminder letters can be faxed automatically to vendors based on the reminder levels (days before delivery due date) that are set in the purchase order.

Transport Management

316. The Municipality's fleet management policy must be adhered to at all times.

Vendor Performance

317. The SAP System will enable system-based evaluation based on the vendors' performance with regard to certain pre-determined criteria.
318. The information will be available for contract negotiations and regular feedback to the vendors.

Contract Management

Application

319. The contract management provisions below are applicable only to contracts for the provision of goods or services (excluding construction work contracts).

Greater Tzaneen Municipality Supply Chain Policy – Final

- 327.4 formulating appropriate terms and conditions of contract;
- 327.5 identifying appropriate performance measures and benchmarks so that all parties know in advance what is expected, and how it will be tested;
- 327.6 actively creating competition, so the best possible suppliers bid for contracts; and
- 327.7 evaluating bids competently, to select the best contractor, with a strong customer focus and good prospects of building a sound relationship.

Levels of Contract Administration

328. There are three levels of contract administration:

- 328.1 The first operational level is for standard contracts for goods and services. Day to day contract administration should become no more than a monitoring, record keeping and price adjustment authorisation role.
- 328.2 The second or intermediate level is for more complex contracts for services. An example would be a contract to outsource cleaning services. This type of contract will require a more active role for the contract manager in developing the relationship between the Municipality and the contractor.
- 328.3 The third level is for strategic contracts involving complex partnerships and outsourcing arrangements. These contracts need more active management of the business relationships between the supplier and the users, for example to manage outputs and not the process. Sufficient resources need to be dedicated by all parties to successfully manage these contractor relationships and, where feasible, to achieve partnership. A partnership is the result of mutual commitment to a continuing co-operative relationship, rather than parties working on a competitive and adversarial basis.

Appointing a Contract Manager

- 329. A contract manager should be appointed by the senior official in charge of the project prior to the execution of the contract.
- 330. Where it is practical to do so, the contract manager should be involved at the earliest stage of the acquisition, which is the time of writing the specification. Contract administration arrangements should be identified

Greater Tzaneen Municipality Supply Chain Policy – Final

performance of the contract.

Contract Management Process

339. The contract manager shall ensure the contractor fulfils its obligations and accepts its liabilities under the contract and must also ensure the contractors are treated fairly and honestly.
340. Both parties adhering to the agreed terms will result in:
- 340.1 value for money;
 - 340.2 timeliness;
 - 340.3 cost effectiveness; and
 - 340.4 contract performance.

Document Retention

341. The need exists to retain documents on a contract file for information and audit purposes, and in order to comply with the requirements of the Records Office.
342. Proper records regarding all aspects of the contract must accordingly be maintained.

Guidelines on Contract Administration

343. The responsibilities of a contract manager may include the following:
- a. establishing a contract management plan for the project;
 - b. reviewing the contract management process (including the plan) on a regular basis;
 - c. providing liaison between internal managers and users, and suppliers to identify and resolve issues as they arise;
 - d. monitoring the contractor's continuing performance against contract obligations;
 - e. providing the contractor with advice and information regarding developments within the department, where such developments are likely to affect the products provided;
 - f. determining if staged products should continue, and providing a

DISPOSAL MANAGEMENT SYSTEM

Goal

344. To give effect to:

344.1 Regulation 40 of the SCM Regulations which requires an effective system for the disposal of letting of assets including unserviceable, redundant or obsolete assets, and

344.2 the Municipal Asset Transfer Regulations, subject to sections 14 and 90 of the Municipal Finance Management Act (MFMA) and any other applicable legislation.

345. As far as possible, assets to be disposed of must be made available to recycling. Disposal to landfill is not allowed unless no recycling options are available.

Disposal Management System

346. Subject to the provisions of the Municipal Asset Transfer Regulations:

346.1 moveable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to the Municipality;

346.2 immovable property may:

346.2.1 be sold only at market related prices except when the public interest or the plight of the poor demands otherwise;

346.2.2 let only at market related rates except when the public interest or the plight of the poor demands otherwise and provided that all charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;

346.3 in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within

30 days whether any of the local schools are interested in the equipment;

346.4 in the case of fire arms, the National Conventional Arms Control Committee must approve any sale or donation of firearms to any person within or outside the Republic.

Greater Tzaneen Municipality Supply Chain Policy – Final

Key Principles

356. The key principles on managing risk in SCM include:
- 356.1 early and systematic identification of risk on a case-by-case basis, analysis and assessment of risks, including conflicts of interest and the development of plans for handling them;
 - 356.2 allocation and acceptance of responsibility to the party best placed to manage risk;
 - 356.3 management of risks in a pro-active manner and the provision of adequate cover for residual risks;
 - 356.4 assignment of relative risks to the contracting parties through clear and unambiguous contract documentation;
 - 356.5 acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it; and
357. ensuring that the costs incurred in managing risks are commensurate with the importance of the purchase and the risks to the Municipality's operations.

CODE OF ETHICAL STANDARDS

General

359. In addition to this Code of Ethical Standards, the codes of conduct for municipal councillors and employees shall apply in the application of this SCM Policy.
360. A code of ethical standards is hereby established for officials and all role players in the SCM system in order to promote:
- 360.1 mutual trust and respect; and
 - 360.2 an environment where business can be conducted with integrity and in a fair and reasonable manner.
361. An official or other role player involved in the implementation of the SCM policy:
- 361.1 must treat all providers and potential providers equitably;
 - 361.2 may not use his or her position for private gain or to improperly benefit another person;
 - 361.3 may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
 - 361.4 notwithstanding clause 361.3, must declare to the MM details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
 - 361.5 must declare to the MM details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the Municipality;
 - 361.6 must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - 361.7 must be scrupulous in his or her use of property belonging to the Municipality;

368. Clause 366 does not apply to gifts less than R350 in value or gifts from a single source in any calendar year that does not exceed R350 in value.

Sponsorships

369. The MM must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is:

- 369.1 a provider or prospective provider of goods or services; or
369.2 a recipient or prospective recipient of goods disposed or to be disposed.

Objections and Complaints

370. Persons aggrieved by decisions or actions taken in the implementation of this SCM system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

Resolution of Disputes, Objections, Complaints and Queries

371. The MM shall appoint an independent and impartial person not directly involved in the supply chain to assist in the resolution of disputes between the Municipality and other persons regarding:

- 371.1 any decisions or actions taken in the implementation of the SCM system; or
371.2 any matter arising from a contract awarded in the course of the SCM system; or
371.3 to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

372. The MM, or another official designated by the MM, is responsible for assisting the appointed person to perform his or her functions effectively.

The person appointed must;

strive to resolve promptly all disputes, objections, complaints; or
queries received; and

submit monthly reports to the MM on all disputes, objections,

GENERAL NOTICE

NOTICE 368 OF 2005

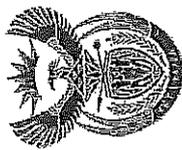
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003
MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS

The Minister of Finance, acting with the concurrence of the Minister for Provincial and Local Government, has in terms of section 168 of the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003), made the Regulations as set out in the Schedule.

SCHEDULE

TABLE OF CONTENTS

1. Definitions
- CHAPTER 1
- ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICIES
2. Supply chain management policies
 3. Adoption and amendment of supply chain management policies
 4. Delegation of supply chain management powers and duties
 5. Subdelegations
 6. Oversight role of council of municipality or board of directors of municipal entity
 7. Supply chain management units
 8. Training of supply chain management officials
- CHAPTER 2
- FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT POLICIES
9. Format of supply chain management policy
 - Part 1: Demand management
 10. System of demand management
 - Part 2: Acquisition management
 11. System of acquisition management
 12. Range of procurement processes
 13. General preconditions for consideration of written quotations or bids



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AIDS HELPLINE: 0800-0123-22. Prevention is the cure

- (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) The supply chain management policy of a municipal entity must, in addition to complying with subregulation (1), and to the extent determined by the parent municipality, also be consistent with the supply chain management policy of the parent municipality. If the supply chain management policy of an entity is not consistent with the supply chain management policy of its parent municipality, the council of the parent municipality must take appropriate steps to ensure consistency.
- (3) No municipality or municipal entity may act otherwise than in accordance with its supply chain management policy when --
- (a) procuring goods or services;
 - (b) disposing of goods no longer needed;
 - (c) selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
 - (d) in the case of a municipality, selecting external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- (4) Subregulations (1), (2) and (3) do not apply in the circumstances described in section 110(2) of the Act except where specifically provided otherwise in these Regulations.

- Adoption and amendment of supply chain management policies**
3. (1) The accounting officer of a municipality or municipal entity must --
- (a) promptly prepare and submit a draft supply chain management policy complying with regulation 2 to the council of the municipality or the board of directors of the municipal entity for adoption;
 - (b) at least annually review the implementation of the policy; and
 - (c) when the accounting officer considers it necessary, submit proposals for the amendment of the policy to the council or the board of directors.
- (2) The accounting officer may for purposes of subregulation (1)(a) make use of any Treasury guidelines determining

“list of accredited prospective providers” means the list of accredited prospective providers which a municipality or municipal entity must keep in terms of regulation 14;

“other applicable legislation” means any other legislation applicable to municipal supply chain management, including --

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000);

“Treasury guidelines” means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

“the Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“written or verbal quotations” means quotations referred to in regulation 12(1)(b).

**CHAPTER 1
ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN
MANAGEMENT POLICIES**

Supply chain management policies

2. (1) Each municipality and each municipal entity must in terms of section 111 of the Act have and implement a supply chain management policy that --
- (a) gives effect to --
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with --
 - (i) the regulatory framework prescribed in Chapter 2 of these Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation;

submit to the official referred to in subsection (4) 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 subsection (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; or
- (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 subsection (2)(c)(iii); or
 - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.

(5) Subregulations (3) and (4) do not apply to procurements out of petty cash.

(6) This regulation may not be interpreted as permitting an official to whom the power to make final awards has been subdelegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in regulation 26.

(7) No decision-making in terms of any supply chain management powers and duties may be delegated to an advisor or consultant.

Oversight role of council of municipality or board of directors of municipal entity

6. (1) The council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its supply chain management policy.

(2) For the purposes of such oversight the accounting officer must—

- (a) (i) in the case of a municipality, within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality;
- (ii) in the case of a municipal entity, within 20 days of the end of each financial year, submit a report on the implementation of the municipal entity's supply chain management policy to the board of directors, who must then submit the report to the accounting officer of

the parent municipality for submission to the council in terms of subparagraph (i); and

(iii) whenever there are serious and material problems in the implementation of the supply chain management policy, immediately submit a report to the council of the municipality or in the case of a municipal entity, to the board of directors, who must then submit the report to the accounting officer of the parent municipality for submission 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 of the municipality or the board of directors of the municipal entity, as the case may be.

(4) The reports of a municipality must be made public in accordance with section 21A of the Municipal Systems Act. The reports of a municipal entity must be made public in a similar way.

Supply chain management units

7. (1) Each municipality and each municipal entity must establish a supply chain management unit to implement its supply chain management policy.

(2) A parent municipality and a municipal entity under its sole or shared control may establish a joint supply chain management unit to implement their respective supply chain management policies.

(3) A supply chain management unit must, where possible, operate under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

Training of supply chain management officials

8. The training of officials involved in implementing a supply chain management policy should be in accordance with any Treasury guidelines on supply chain management training.

**CHAPTER 2
FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT POLICIES**

Format of supply chain management policy

9. The supply chain management policy of a municipality or municipal entity must describe in sufficient detail—

- (a) the supply chain management system that is to be implemented by the municipality or municipal entity; and

as far as possible be treated and dealt with as a single transaction.

General preconditions for consideration of written quotations or bids

13. A supply chain management policy must state that the municipality or municipal entity may not consider a written quotation or bid unless the provider who submitted the quotation or bid –

- (a) has furnished the municipality or municipal entity with that provider's –
 - (i) full name;
 - (ii) identification number or company or other registration number; and
 - (iii) tax reference number and VAT registration number, if any;
- (b) has authorised the municipality or municipal entity to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (c) has indicated –
 - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (i) is in the service of the state, or has been in the service of the state in the previous twelve months.

Lists of accredited prospective providers

14. (1) A supply chain management policy must –
- (a) instruct the accounting officer –
 - (i) to keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the municipality or municipal entity through written or verbal quotations and formal written price quotations; and
 - (ii) at least once a year through newspapers commonly circulating locally, the website of the municipality or municipal entity and any other appropriate ways, to

- (b) specify the listing criteria for accredited prospective providers; and
 - (c) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- (3) The list must be compiled per commodity and per type of service.

Petty cash purchases

15. A supply chain management policy must stipulate the conditions for the procurement of goods by means of petty cash purchases referred to in regulation 12(1)(a), which must include conditions –

- (a) determining the terms on which a manager may delegate responsibility for petty cash to an official reporting to the manager;
- (b) limiting the number of petty cash purchases or the maximum amounts per month for each manager, excluding any types of expenditure from petty cash purchases, where this is considered necessary; and
- (c) requiring monthly reconciliation reports from each manager to the Chief financial officer, including –
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.

Written or verbal quotations

16. A supply chain management policy must stipulate the conditions for the procurement of goods or services through written or verbal quotations, which must include conditions stating –

- (a) that quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria in the supply

Public invitation for competitive bids

22. (1) A supply chain management policy must determine the procedure for the invitation of competitive bids, and must stipulate—
- (a) that any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or municipal entity or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - (b) the information a public advertisement must contain, which must include—
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subregulation (2); and
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality or municipal entity.
 - (2) A supply chain management policy may allow the accounting officer to determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
 - (3) Bids submitted to the municipality or municipal entity must be sealed.
 - (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

Procedure for handling, opening and recording of bids

23. A supply chain management policy must determine the procedure for the handling, opening and recording of bids, and must—
- (a) stipulate that bids—
 - (i) may be opened only in public; and
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired;
 - (b) confer on any bidder or member of the public the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price; and

Bid documentation for competitive bids

21. A supply chain management policy must determine the criteria to which bid documentation for a competitive bidding process must comply, and state that in addition to regulation 18 the bid documentation must—
- (a) take into account—
 - (i) the general conditions of contract;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
 - (b) include evaluation and adjudication criteria, including any criteria required by other applicable legislation;
 - (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
 - (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish—
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements—
 - (aa) for the past three years; or
 - (ab) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
 - (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

(h) proper record keeping.

manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
 No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

(4)

Bid evaluation committees

28. (1) A bid evaluation committee must –
- (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system as must be set out in the supply chain management policy of the municipality or municipal entity in terms of regulation 27(2)(f) and as prescribed in terms of the Preferential Procurement Policy Framework Act;
 - (b) evaluate each bidder's ability to execute the contract;
 - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears; and
 - (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible be composed of –
- (a) officials from departments requiring the goods or services; and
 - (b) at least one supply chain management practitioner of the municipality or municipal entity.

Bid adjudication committees

29. (1) A bid adjudication committee must –
- (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) A bid adjudication committee must consist of at least four senior managers of the municipality or municipal entity which must include –

- (i) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer;
 - (ii) at least one senior supply chain management practitioner who is an official of the municipality or municipal entity; and
 - (iii) a technical expert in the relevant field who is an official of the municipality or municipal entity, if the municipality or municipal entity has such an expert.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5) (a) If a bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears; and
 - (ii) notify the accounting officer.
- (b) The accounting officer may –
- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) The accounting officer must comply with section 114 of the Act within 10 working days.

- (a) all consultancy services provided to an organ of state in the last five years; and
- (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The municipality or municipal entity must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality or entity.

Deviation from, and ratification of minor breaches of, procurement processes

36. (1) A supply chain management policy may allow the accounting officer—
- (a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only—
- in an emergency;
 - if such goods or services are produced or available from a single provider only;
 - for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - acquisition of animals for zoos; or
 - in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
- (b) to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subregulation (1)(a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements.
- (3) Subregulation (2) does not apply to the procurement of goods and services contemplated in regulation 11(2).

Unsolicited bids

37. (1) A supply chain management policy must state that the municipality or municipal entity is, in terms of section 113 of the Act not obliged to consider unsolicited bids received outside a normal bidding process.

- (2) If a municipality or municipal entity decides in terms of section 113(2) of the Act to consider an unsolicited bid, it may do so only if—

- the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
- the product or service will be exceptionally beneficial to, or have exceptional cost advantages for, the municipality or municipal entity;
- the person who made the bid is the sole provider of the product or service; and
- the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

- (3) If a municipality or municipal entity decides to consider an unsolicited bid that complies with subregulation (2), the municipality or municipal entity must make its decision public in accordance with section 21A of the Municipal Systems Act, together with—

- its reasons as to why the bid should not be open to other competitors;
 - an explanation of the potential benefits for the municipality or entity were it to accept the unsolicited bid; and
 - an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) Once the municipality or municipal entity has received written comments pursuant to subregulation (3), it must submit such comments, including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account—

- any comments submitted by the public; and
 - any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract

Performance management
 42. A supply chain management policy must provide for an effective internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes are being followed and whether the desired objectives are being achieved.

Part 4: Other matters

Prohibition on awards to persons whose tax matters are not in order
 43. (1) The supply chain management policy of a municipality or municipal entity must, irrespective of the procurement process followed, state that the municipality or municipal entity may not make any award above R15 000 to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
 (2) Before making an award to a person, a municipality or municipal entity must first check with SARS whether that person's tax matters are in order.
 (3) If SARS does not respond within seven days such person's tax matters may for purposes of subregulation (1) be presumed to be in order.

Prohibition on awards to persons in the service of the state
 44. The supply chain management policy of a municipality or municipal entity must, irrespective of the procurement process followed, state that the municipality or municipal entity may not make any award to a person –
 (a) who is in the service of the state;
 (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
 (c) who is an advisor or consultant contracted with the municipality or municipal entity.

Awards to close family members of persons in the service of the state
 45. The notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
 (a) the name of that person;
 (b) the capacity in which that person is in the service of the state; and
 (c) the amount of the award.

- (b) stipulate that –
 - (i) immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (ii) movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to the municipality or municipal entity;
 - (iii) in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment; and
 - (iv) in the case of the disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person or institution within or outside the Republic;
- (c) provide that –
 - (i) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise; and
 - (ii) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed; and
- (d) ensure that where assets are traded in for other assets, the highest possible trade-in price is negotiated.

Risk management
 41. (1) A supply chain management policy must provide for an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system.
 (2) Risk management must include –
 (a) the identification of risks on a case-by-case basis;
 (b) the allocation of risks to the party best suited to manage such risks;
 (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
 (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

database of persons prohibited from doing business with the public sector.

- (3) Subregulation (1) does not apply to gifts less than R350 in value.

Sponsorships

48. The accounting officer of a municipality or municipal entity must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted to the municipality or municipal entity, whether directly or through a representative or intermediary, by any person who is --

- (a) a provider or prospective provider of goods or services to the municipality or municipal entity; or
(b) a recipient or prospective recipient of goods disposed of to be disposed of by the municipality or municipal entity.

Objections and complaints

49. The supply chain management policy of a municipality or municipal entity must allow persons aggrieved by decisions or actions taken by the municipality or municipal entity in the implementation of its supply chain management system, to lodge within 14 days of the decision or action a written objection or complaint to the municipality or municipal entity against the decision or action.

Resolution of disputes, objections, complaints and queries

50. (1) The supply chain management policy of a municipality or municipal entity must provide for the appointment by the accounting officer of an independent and impartial person not directly involved in the supply chain management processes of the municipality or municipal entity --

- (a) to assist in the resolution of disputes between the municipality or municipal entity and other persons regarding --
(i) any decisions or actions taken by the municipality or municipal entity in the implementation of its supply chain management system; or
(ii) any matter arising from a contract awarded in the course of its supply chain management system; or
(b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

- (2) A parent municipality and a municipal entity under its sole or shared control may for purposes of subregulation (1) appoint the same person.

- (3) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

(4) The person appointed must --

- (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
(b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

(5) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if --

- (a) the dispute, objection, complaint or query is not resolved within 60 days; or
(b) no response is received from the municipality or municipal entity within 60 days.

(6) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

(7) This regulation must not be read as affecting a person's rights to approach a court at any time.

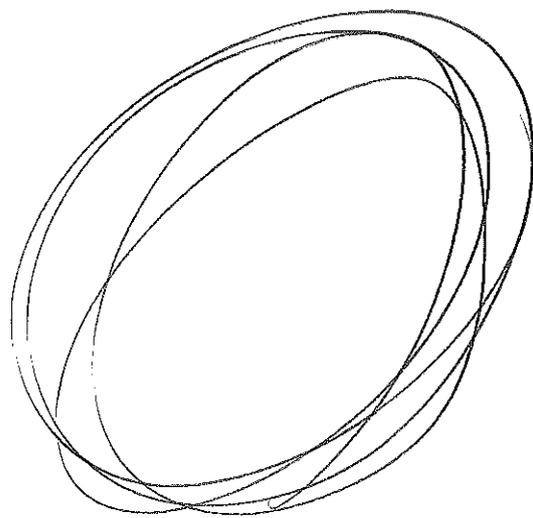
Contracts providing for compensation based on turnover

51. If a service provider acts on behalf of a municipality or municipal entity to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality or municipal entity must stipulate --

- (a) a cap on the compensation payable to the service provider; and
(b) that such compensation must be performance based.

Commencement

52. These Regulations take effect on 1 July 2005 and becomes effective for a municipality or municipal entity on that date subject to any exemptions that may be granted in terms of section 177 of the Act.



9 DELEGATIONS OF POWER FOR GREATER TZANEEN MUNICIPALITY

(E/C 2019 04 25; C 2019 06 27)

(2/4/2)

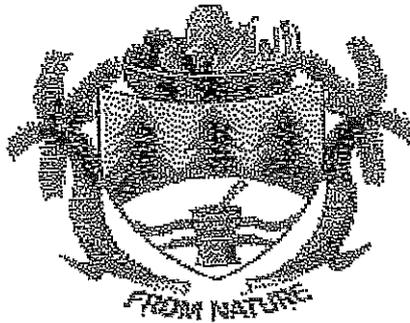
RESOLVED

- (a) That Council approves the delegations document attached with the report as (Annexure A), to serve for the duration of the present Council as the systems of delegations for Greater Tzaneen Municipality.
- (b) That Council note that the previous systems of delegations are hereby repealed by the new systems of delegations as adopted by the Council.
- (c) That Council notes that the law requires the systems of delegations to be approved in the second Council meeting after the Inauguration of the new Council members and that the current Council has two years in existence, as such the adoption of the delegations are a matter of urgency.

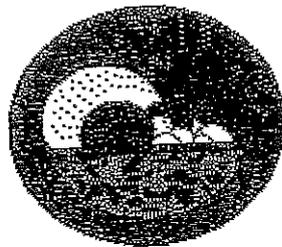
Signed by the Speaker

Councillor DJ Mmetle





DELEGATION OF POWERS



Greater Tzaneen Municipality

OFFICE OF THE MUNICIPAL MANAGER

- (c) The implementation of the Municipality's Integrated Development Plan, and the monitoring of progress with implementation of the plan;
 - (d) The management of the provision of services to the local community in a sustainable and equitable manner;
 - (e) The management, effective utilisation and training of staff;
 - (f) The maintenance of discipline of staff;
 - (g) The promotion of sound labour relations and compliance by the Municipality with applicable labour legislation;
 - (h) Advising the political structures and political office bearers of the Municipality;
 - (i) Managing communications between the Municipality's administration and its political structures and political office bearers;
 - (j) Carrying out the decisions of the political structures and political office bearers of the Municipality;
 - (k) The administration and implementation of the Municipality's by-laws and other legislation;
 - (l) The exercising of any powers and the performing of any duties delegated by the Municipal Council, or sub-delegated by other delegating authorities of the Municipality, to the Municipal Manager in terms of section 59;
 - (m) Facilitating participation by the local community in the affairs of the Municipality;
 - (n) Developing and maintaining a system whereby community satisfaction with Municipal services is assessed;
 - (o) The implementation of national and provincial legislation applicable to the Municipality; and
 - (p) The performance of any other function that may be assigned by the Municipal Council.
- (2) As accounting officer of the Municipality the Municipal Manager is responsible and accountable for –

- (a) All income and expenditure of the Municipality;
- (b) All assets and the discharge of all liabilities of the Municipality;
- and
- (c) Proper and diligent compliance with the Municipal Finance Management Act.

(1) The accounting officer of a Municipality

(a) Is responsible for the effective, efficient, economical and transparent use of the resources of the Municipality;

(b) Must keep full and proper records of the financial affairs of the Municipality in accordance with any prescribed norms and standards;

(c) Must ensure that the Municipality has and maintains: -

(i) Effective, efficient and transparent systems of financial and risk management and internal control;

(ii) A system of internal audit operating in accordance with any prescribed norms and standards;

(d) Must take all reasonable steps to prevent unauthorised, irregular and fruitless and wasteful expenditure and other losses; and

(e) Must take effective and appropriate disciplinary steps against any official of the Municipality who: -

(i) Contravenes or fails to comply with a provision of this Act;

(ii) Commits an act which undermines the financial management and internal control system of the Municipality; or

(iii) Makes or permits and unauthorised, irregular or fruitfulness and wasteful expenditure.

(2) The accounting officer of a Municipality must take all reasonable steps to ensure that the Municipality has and implements: -

(a) Procurement and asset disposal policies which the Municipality must adopt in terms of section 166;

(b) A tariff policy referred to in section 74 of the Municipal Systems Act;

(c) A rates policy as may be required in terms of any applicable national legislation;

(d) A credit control and debt collection policy referred to in section 96 of the Municipal Systems Act; and

(e) A supply chain management policy which gives effect to the provisions of MFMA.

Delegations

6.2 In terms of Section 79(1), the Accounting Officer of a Municipality,

must-

- (a) For the proper application of the MFMA, in the Municipality's administration, develop an appropriate system of financial delegation that will both maximise administrative and operational efficiency and provide adequate checks and balances in the Municipality's financial administration;
- (b) May, in accordance with that system of delegations, delegate to a member of the Municipality's top management referred to in Section 77 or any other official of the Municipality;
- (i) Any of the powers or duties assigned to an Accounting Officer in terms of the MFMA; or
- (ii) Any powers or duties reasonably necessary to assist the accounting officer in complying with a duty which requires the accounting officer to take reasonable or appropriate steps to ensure the achievement of the aims of a specific provision of the MFMA; and
- (c) Must regularly review delegations issued in terms of paragraph (b) and, if necessary, amend or withdraw any of those delegations.

6.4 In terms of Section 79(2), the accounting officer may not delegate to any political structure or political office bearer of the Municipality any of the powers or duties assigned to accounting officers in terms of the MFMA.

6.5 In terms of Section 79(3), a delegation in terms of subsection (1), must be in writing:

- (a) Subject to such limitations and conditions as the accounting officer may impose in a specific case;
- (b) May either be to a specific individual or to the holder of a specific post in the Municipality;
- (c) May, in the case of a delegation to a member of the Municipality's top management in terms of subsection (1)(b), authorize that member to sub-

- (b) On a monthly basis calculate revenue due to the Municipality;
 - (c) Ensure that accounts for Municipal tax, and charges for Municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;
 - (d) Ensure that all money received is promptly deposited in accordance with this Act into the Municipality's primary and other banks accounts;
 - (e) Establish and maintain a management, accounting and information system which: -
 - (i) Recognises revenue when it is earned;
 - (ii) Accounts for debtors; and
 - (iii) Accounts for receipts of revenue;
 - (c) Establish and maintain a system of internal control in respect of debtors and revenue as may be prescribed;
 - (d) Charge interest on arrears, except where the Council has granted exemptions in accordance with its budget-related policies and within a prescribed framework; and
 - (e) Ensure that all revenue received by the Municipality, including revenue received by any collecting agent on its behalf, is reconciled as least on weekly basis.
- (4) The accounting officer must immediately inform the National Treasury of any payments due by an organ of state to the Municipality in respect of Municipal tax or for Municipal services, if such payments are regularly in arrears for periods of more than 30 days.
- (5) The accounting officer must ensure
- (a) That any funds collected by the Municipality on behalf of another organ of state is transferred to that organ of state at least on a weekly basis; and
 - (b) Those funds are not used for other purposes.

16.2.6 Expenditure management Section 65 of MFMA

- (1) The accounting office of a Municipality is responsible for the management of the expenditure of the Municipality.
- (2) The accounting officer must for the purpose of subsection (1): -

In a format and at intervals as may be prescribed, report to the Council on all expenditure incurred by the Municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure namely: -

- (a) Salaries and wages
- (b) Contributions for pensioners and medical aid;
- (c) Travel, motor car, accommodation, subsistence and other allowances
- (d) Housing benefits and allowances
- (e) Overtime payments;
- (f) Loans and advances; and
- (g) Any other type of benefit or allowance related to staff; and
- (h) Disclose such expenditure in the Municipality's annual report in a prescribed format.

16.2.8 Budget preparation – Section 68 of MFMA

(1) The accounting officer of a Municipality must -

- (a) Assist the Mayor in performing the budgetary functions assigned to the Mayor in terms of Charter 4; and
- (b) Provide the Mayor with the administrative support, resources and information necessary for the performance of those functions.

16.2.9 Budget implementation Section 69 of MFMA

(1) The accounting officer of a Municipality is responsible for implementing the Municipality's approved budget, including taking all effective and appropriate steps to ensure that: -

- (a) The spending of funds is in accordance with the budget and is reduced as necessary when revenue is anticipated to be less than projected in the budget or in the budget and service delivery implementation plan; and
- (b) Revenue and expenditure are properly monitored.

Municipality and the National Treasury a report in the prescribed format on the state of the Municipality' budget during that month and during the financial year up to the end of that month reflecting: -

- (a) The actual revenue, per revenue source;
 - (b) Actual borrowings;
 - (c) The actual expenditure, per vote;
 - (d) The actual capital expenditure, per vote;
 - (e) The amount of any transfers received, from national organs of state in terms of the annual Division of Revenue Act, and from Provincial organs if state and other Municipalities;
 - (f) The actual expenditure on those transfers, excluding expenditure on its share of the Local Government equitable share and on transfers which the annual Division of Revenue Act exempts from this section;
 - (g) When necessary, an explanation of: -
 - i. Any material variances from the Municipality's projected revenue by source, and from the Municipality's expenditure projections per vote; and
 - ii. Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the Municipality's approved budget. A projection of revenue and expenditure for rest of the financial year, and any revisions from initial projections.
- (2) The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the Municipality's approved budget.
- (3) The statement to the National Treasury referred to in subsection (1) may be in electronic format or hardcopy.
- (4) The accounting officer of a Municipality which has received transfer referred to in subsection (1) (e) during any particular month must, by no later than seven working days after the end of that month, submit that part of the statement reflecting the particulars referred to subsection (1) (e) and (f) to the National or Provincial organ of State or Municipality which made the transfer.

18.2.12 Reports on failure to adopt or implement budget- related and other

- (d) Any other senior officials designated by the accounting officer.
- (2) The top management must assist the accounting officer in managing and coordinating the financial administration of the Municipality.

16.3 General Powers delegated to the Municipal Manager

- (a) To execute any power contemplated in the relevant conditions of service as applicable to the various employees of the Municipality.
- (b) To take any action necessary to ensure that a Council resolution is executed.
- (c) To sign any documents on behalf of the Municipality in accordance with Municipal policy.
- (d) To revoke an official's (excluding the Municipal Manager and the directors) suspension at any time.
- (e) To authorise the payment of an acting allowance for officials directly accountable to the Municipal Manager.
- (f) To declare any plant material or animals as surplus.
- (g) To authorise the payment of medical or funeral expenses arising from an injury on duty.
- (h) To allocate office accommodation to the various Municipal departments.
- (i) The powers arising from section 2(1) of the Control of Access to Public Premises and Vehicles Act, 1985 (Act 53 of 1985).
- (j) To approve or refuse an application for burial in the honorary acre.
- (k) To authorise all reports from the various Departments to committees of the Council.
- (l) To appoint and dismiss all staff from the level of Strategic Business Unit manager downward, subject to the policy directions of the Municipal Council, provided further that this power may be further sub-delegated to the Directors of the various Divisions of the Municipality.
- (m) To withdraw any power delegated to a manager directly reporting to the Municipal Manager.
- (n) Approve of acting in higher/other positions for directors in a temporary capacity.
- (o) To approve of time-off for trade union activities not catered for in the facilities agreement.

- (b) Must ensure the effective, efficient, economical and transparent use of financial and other resources within the area of responsibility of that manager or official;
- (c) Must take effective and appropriate steps to prevent, within the area of responsibility of that manager or official, any unauthorised, irregular or fruitless or wasteful expenditure and any under-collection of revenue due;
- (d) Must comply with the provisions of this Systems Act to the extent applicable to that manager or official, including any delegations in terms of section 74,
- (e) Is responsible for the management, including the safeguarding, of the assets and the management of the liabilities within the area of responsibility of that manager or official; and
- (f) Must perform these functions subject to the directions of the accounting officer of the Municipality.

17.2 Delegations – Section 79 of MFMA

(1) The accounting officer of a Municipality: -

(a) Must for the proper application of this Act in the Municipality's administration develop an appropriate system of delegation that will both maximise administrative and operational efficiency and provide adequate checks and balances in the Municipality's financial administration;

(b) May, in accordance with that system, delegate any of the powers or

duties assigned to an accounting officer in terms of MFMA: -

(i) To a member of the Municipality's top management referred to in section 56

of the Systems Act or

(ii) To any other official of the Municipality;

(c) Must regularly review delegations in terms of paragraph (b) and, if necessary, amend or withdraw any of those delegations.

(2) A delegation in term of subsection (1): -

(a) Must be in writing;

(b) is subject to such limitations and conditions as the accounting officer may impose in a specific case;

- 18.8 The power to grant leave of absence to all employees and Managers within his/her directorate, other than himself, or to postpone or deny such leave, or call back any member of his personnel herein mentioned from vacation leave.
- 18.9 The power to approve overtime worked by as well as the remuneration thereof to employees within his/her directorate.
- 18.10 To grant approval of shortlists.
- 18.11 The power to claim the submission of medical certificates in accordance with the Service Conditions, in cases where applications for sick leave for a period(s) of more than two working days are lodged by employees and Managers within his/her directorate.
- 18.12 The power to either accept or refuse to accept notices of service termination in respect of personnel within his/her directorate.
- 18.13 To approve unpaid leave to a maximum period of 10 working days per employee and/or Managers per year in respect of personnel within his/her directorate.
- 18.14 The enforcement, by way of prosecution or otherwise, of the Council's by-laws or policy, as well as any title and/or charter (deed of foundation) being administered by his/her directorate, with the understanding that no prosecution will be instituted before consulting with the Municipal Manager, but that this reservation exclude the Manager Human Resources and the Manager Community Health Services in the enforcement of the Council's by-laws.
- 18.15 Should he/she regard it as being in the interest of the Council, the Directors can grant approval to officials, including divisional Managers within their directorate to undertake visits for a maximum of one week for official purposes and the attendance of courses and seminars for up to but not exceeding two weeks, he/she can authorize the payment for attendance and registration fees as well as travelling and accommodation expenses in such cases, or allow officials to make use of official transport.
- 18.16 To represent the Council's case after collaboration with the Manager: Legal Services, when action has been instituted against the Council in a court of law, with regard to their directorate.

OFFICE OF THE MUNICIPAL MANAGER:

20. MANAGER RISK AND COMPLIANCE MANAGEMENT

- 20.1 The Manager is responsible to ensure the minimization of security related risks, the enforcement of good governance, transparent, efficient and accountable practice and the implementation of corrective measures and is authorized to.
- 20.2 Conduct all security related investigation in terms of an approved investigative program.
- 20.3 Report every security breach, fraud and corruption investigation to the Municipal Council.
- 20.4 Conduct pre-active information and security audits.
- 20.5 Conducting compliance risk assessment training workshops and internal reviews and audits.
- 20.6 Advising internal management and business partners on the implementation of compliance programs and developing risk management strategies.
- 20.7 Following up on compliance issues that require investigation.
- 20.8 Evaluating compliance systems and ensuring adequate software is in place.
- 20.8 Reporting on compliance issues.
- 20.10 Comply with supply chain processes and other compliance legislation.
- 20.11 Take initiatives to avoid and prevent unauthorised, irregular and fruitless expenditure.
- 20.12 To provide continuous corrective counselling to the subordinate employees.
- 20.13 To promote discipline to the subordinate employees.

21. MANAGER INTERNAL AUDIT SERVICES

- 20.1 The objective of internal audit is to assist Directors and Managers in the effective discharge of their responsibilities. Internal audit's scope of work is to examine and evaluate the adequacy and effectiveness of the organisations system of internal control and the quality of performance in carrying out assigned responsibilities.
- 20.2 Manage the internal auditing department according to the statement of purpose, authority and responsibility for the internal auditing department.
- 20.3 Provide written policies and procedures to guide audit staff.

- 22.6 Develop Divisional vision and strategy in order to ensure alignment of divisional institutional vision and strategy.
- 22.7 To provide continuous corrective counselling to the subordinate employees.
- 22.8 To promote discipline to the subordinate employees.
- 22.9 To promote discipline to the subordinate employees.
- 22.10 Comply with supply chain processes and other compliance legislation.
- 22.11 Take initiatives to avoid and prevent unauthorised, irregular and fruitless expenditure.

23. DISASTER MANAGEMENT OFFICER

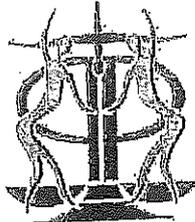
- 23.1 To exercise the powers as contained in Regulation 44 of the Disaster Management Act, and according to the provisions of the Municipal Systems Act 32 of 2000.
- 23.2 When the powers with regard to a resolution is exercised on "disaster" as set out in Regulation 53 of the Disaster Management Act, 32 of 2000, referred to in Regulation 55(1), conference shall be held with the Municipal Manager, wherever possible.
- 23.3 That in case of a disaster occurring outside the jurisdictional area of Greater Tzaneen Municipality, the Manager Disaster Management and the Municipal Manager is authorized to order disaster management personnel to act outside the jurisdictional area of Greater Tzaneen Municipality.
- 23.4 That the Disaster Management Officer is also the Member/ Chairperson of the Municipal Disaster Management Committee, with due regard of the Municipality's state of preparedness, refer back all matters regarding the Municipality's state of preparedness to the Municipal Manager, Directors and Divisional Managers, in accordance with Regulation 44(1)(d) of the Disaster Management Act.
- 23.5 To investigate, report and recommend to Council in respect of the state of preparedness of the Council according to Regulation 47 of the Disaster Management Act.
- 23.6 To, in collaboration with the Municipal Manager, grant permission for the hiring of any equipment as well as the activating of equipment and resources of other

- 24.1 To enter appearance to defend and to take the necessary steps defend any lawsuit, claim or legal action instituted against the Council.
- 24.2 To obtain legal opinions from the Council's attorneys or an advocate on advise of the Council attorneys regarding any subject or consequent lawsuit Council might be involved with or on any legal question/matter which matter certainty needs to be obtained.
- 24.3 In co-operation with Council's attorneys, take the necessary steps to institute legal action in any court against any person who fails or neglects to execute any agreement with the Council or to claim damages which Council might sustain whether resulting from contract or delict or for any amount which such person legitimately owes Council, whether such legal action instituted by way of action or motion.
- 24.4 To execute and implement legal responsibilities in terms of the provisions of Section 17, 26 and 56 of SPLUMA Act, in consultation with the Director: Planning and Economic Department and the Municipal Manager.
- 24.5 In terms of the provisions of Section 6 of Ordinance 17 of 1938, to fully conclude any matter in respect of any lawsuit by or instituted against the Council, undertake all actions necessary, including the appointment of attorneys and/or advocates, as well as and including the signing of the necessary power of attorneys, sworn affidavits and other documents.
- 24.6 In consultation with the Municipal Manager, to appoint attorneys, advocates and attorney's firms in line with Council policy and panel of attorneys.
- 24.7 To ensure that all legal matters of the Council, Executive Committee, Mayor and any other committee of Council receive the necessary attention.
- 24.8 To represent Council at any conciliation meeting, the CCMA, SLAGA Bargaining Council and other tribunals.
- 24.9 Signing authority for financial documents and in terms of the Unit's approved budget.
- 24.10 To vet and co-ordinate all legal documents including council resolutions to insure compliance with relevant legislation.

10/10

10/10

10/10



PUBLIC PROTECTOR
SOUTH AFRICA

MOSIRELETSI WA BATHO • MOŠIRELETSI WA BATHO
MUSIRHELELI WAVANHU • MUTSIRELEDZI WA VHATHU
OPENBARE BESKERMER • UMKHUSELI WABANTU • UMVIKELI WABANTU

LIMPOPO PROVINCIAL OFFICE

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Please quote this reference on your reply:

712-008099/19

Your references:

Enquiries: LL Matlou

Tel: 015 295 5712/5699

07 October 2019

Councillor Maripe Mangena
Mayor: Greater Tzaneen Municipality
1 Agatha Street
Arbor Park
TZANEEN
0850

Dear Cllr Mangena

RE: INVESTIGATION INTO ALLEGATIONS OF IRREGULAR APPOINTMENT OF THE MUNICIPAL MANAGER: MR THAPELO MATLALA AND IRREGULAR PROCUREMENT OF SECURITY SERVICES BY THE MUNICIPAL MANAGER.

1. The above matter refers.
2. Kindly take note that the Public Protector received a complaint on the above subject.
3. It is alleged that the appointment of the Municipal Manger (the MM), Mr Thapelo Matlala, was irregular in that he had a criminal record by the time of his appointment, that he did not disclose the criminal record and that during his security clearance vetting, the outcome were negative in the first and second attempts and was positive after two (2) attempts, which could not be explained.
4. It is further alleged that there was no concurrence by the Member of the Executive Council (MEC) in his appointment. P
5. Other allegations are that there is a security company called Ulwazi Security Services which was appointed to provide security to the contract amount of R716 858.88 for the Municipal Manager (the MM). It is alleged that this company was appointed without following proper Supply Chain processes. Further that no

PUBLIC PROTECTOR LETTER

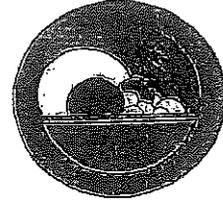
RESPONSE TO PUBLIC PROTECTOR



GREATER TZANEEN MUNICIPALITY
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ADV GEORGE MATIMOLANE
OFFICE OF THE PUBLIC PROTECTOR
P. O. BOX 4533
POLOKWANE
0700

Ref: 7/2-008099/19

28 October 2019

Dear Sir

INVESTIGATION INTO ALLEGATIONS OF IRREGULAR APPOINTMENT OF THE MUNICIPAL MANAGER AND PROCUREMENT OF SECURITY SERVICES BY THE MUNICIPAL MANAGER

1. Your letter dated 07 October 2019, authored by your investigator, Ms LL Matlou bears reference.
2. Responses to complaints as received by your esteemed office are as shown below:
3. **RESPONSE TO PAR.3 OF PP LETTER**

3.1 It is incorrect that the appointment of the Municipal Manager was irregular on the basis of a criminal record. The information received from the State Security Agency did not contain criminal record which could render a candidate barred from consideration or appointment.

3.2 The application form used for recruitment of senior managers is explicit on criminal record which must be declared when applying for a position. The application form requires an applicant to state if he or she has been convicted

days of receiving the information provided for in subsection (7), take appropriate steps to enforce compliance by the municipal council with this section, which may include an application to a court for a declaratory order on the validity of the appointment, or any other legal action against the municipal council”.

4.3 Correspondence which took place between the Municipality and the MEC related to the contract period of the Municipal Manager which was addressed.

5. RESPONSE TO PAR. 5 OF PP LETTER

5.1 The circumstances leading to engagement of Ulwazi Security Services were widely covered in the media space. During a Council sitting on 12 September 2019, a mob forced their way into the municipal main building and stormed the Council Chamber, charged at and attacked the Municipal Manager. The incident happened in the presence of the police and security personnel who were overpowered by the mob. A container full of petrol was seized from one member of the mob in the building. A sense of insecurity permeated the whole institution, particularly councillors and employees based in Head Office. Members of the public, particularly clients of the municipality were equally concerned and affected by the disturbance of services.

5.2 The Municipal Manager deemed it fit that security capacity be increased on urgent basis to ensure safety and security of Council property, councillors, employees and clients. Indeed normal procurement processes were not followed, however the method used to engage the services of the company are provided for in the Supply Chain Policy. Part 2 of the Supply Chain Policy provides for Deviation from, and ratification of minor breaches of procurement processes. The accounting officer may in terms of the policy dispense with the procurement processes and procure any required goods or services through convenient process, which include direct negotiations but only in the following circumstances:

5.2.1 Emergency

SAPS officers was in vain. The two of the three people were later forced out of the venue.

6.1.3 It is also worth mentioning that a similar intervention of engaging additional security capacity was done during the State of the Municipal Address held on 26 July 2019 after assessment of the situation. The Bopha Security Services were hired to provide security for the event.

7. RESPONSE TO PAR. 7 PP LETTER

7.1 TMT Service and Supplies Management (PTY) LTD T/A Traffic Management Technology was appointed after a due process was followed. The service provider was subjected to bid processes as all other bidders. The service provider was previously engaged on contract for speed cameras and collection of fines. Upon conclusion of their contract, the service provider unfortunately left without leaving some information. They however submitted an electronic disc after correspondence between them and the municipality although there was a challenge on opening the disc by our IT unit.

7.2 The allegation that traffic data which was in the possession of TMT service provider was worth R 70 000 000.00, is a smack of fabrication. The municipality could not make a determination due to failure to open the electronic disc submitted by the company. If the complainant has credible information on the value of data which was in the service provider's possession, it would be highly appreciated if it can be shared with the municipality.

7.3 It should be noted that the service provider was not blacklisted and they rendered a service to the municipality before the employment of the current Municipal Manager. As already mentioned, the service provider was subjected to a bid process like other bidders and they scored the highest when evaluated which is why they were appointed for the new project of Parking Meters in town.

7.4 It must be noted that the Municipal Manager signed the contract for Parking Meters on the 8th of January 2019, however the project of collecting revenue

9.2.2. In line with the requirements of the application form and the security clearance report, the recruitment panel and council were satisfied with his participation in the recruitment process and ultimately his appointment to the position of the Municipal Manager.

9.2.3. As already stated, circumstances leading to the appointment of the concerned companies have been clearly explained, where deviations occurred, compelling factors have been cited.

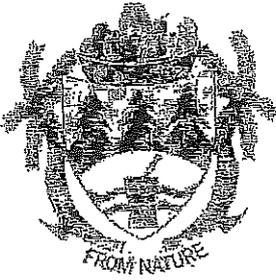
10. Hoping that this submission will help dispel what I view as deliberate misinformation with an intent to create wrong impressions and doubts against Council and its functionaries. This is said without an intent to undermine people's rights to approach the Office of the Public Protector to remedy wrong doing in the public affairs of the land nor the responsibility of the Office to investigate and determine remedial actions.

11. I further implore that the Public Protector note that besides questions on the Council appointment of the Municipal Manager, the rest of the issues are procurement processes and as such are administrative in nature.

Best Regards



CLLR MG MANGENA
HIS WORSHIP: MAYOR
GREATER TZANEEN MUNICIPALITY

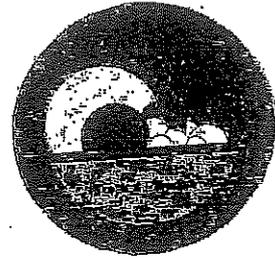


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TEL: 015 307 8000
FAX: 015 307 8049

www.greatertzaneen.gov.za



SCMU 21/2019

ENQ: BS MATLALA

CELL: 071 592 5089

16 September 2019

Your Ref:

MR. BONGANI MABIZELA
ULWAZI SECURITY GROUP (PTY) LTD
NATIONAL OFFICE

ATT: Bongani Mabizela

TELL: 066 094 8025

CELL: 082 925 4957

FAX: 086 4007 886

EMAIL: bongani@ulwazigroup.co.za

Sir / Madam

DEVIATION: APPROVAL AS SERVICE PROVIDER

**DESCRIPTION: HIGH LEVEL SECURITY SERVICES: GREATER TZANEEN
MUNICIPALITY (DEVIATION: SCMU 03 / 2019)**

1. The above matter refers.
2. It has been resolved by deviation on the basis of emergency circumstances in the Greater Tzaneen Municipality.
3. The Municipality hereby appoint your company for high level security services for an amount of R 716 858.88 inclusive of VAT for a contract period one (01) month on the basis of the following conditions:

- a) That the total amount of Ulwazi Group (Pty) Ltd must not exceed the amount of R 716 858.88.
- b) That the service provider confirm that the contract amount will remain fixed for the duration of the contract.
- c) That the service provider undertakes in writing that he / she has sufficient personnel, ammunition and fleet to achieve the required services.
- d) That the service provider undertakes in writing that he has sufficient and approximately qualified personnel to be able to execute the services required within generally accepted standard required in high level security services.
- e) The council reserves the right to negotiate further conditions and requirements with the service provider should such need arise.
- f) The service provider will execute each task within the scope of the accepted bidding standards applicable to high level security services based on your capabilities and experience.
- g) The service provider will execute security task within the scope of the services within upon notification and instruction by the Greater Tzaneen Municipality under Community Services Department: Safety and Security Division.
- h) This appointment is subject to your written acceptance immediately you receive this appointment letter as this is a matter of urgency.
- i) Further note that in terms of section 116 of the Local Government: Municipal Finance Management Act, you are required to enter into a service level agreement with the Greater Tzaneen Municipality in compliance with our financial regulation.
- j) Your communication with the Municipality will be through the Community Service Department: Manager: Safety and Security Division at the following number: 082 070 1951.
- k) Yours in service delivery.



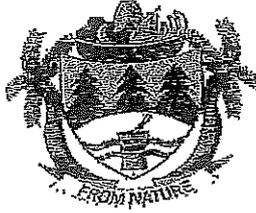
MR BS MATLALA
MUNICIPAL MANAGER
GREATER TZANEEN MUNICIPALITY.

16 / 09 / 2019
DATE

SLA - SECURITY

Confidential
Greater Tzaneen Municipality

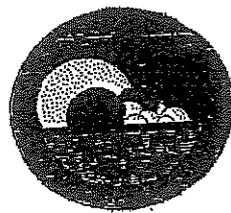
SERVICE LEVEL AGREEMENT: PROVISION FOR PHYSICAL SECURITY IN GTM // ULWAZI: D.03 / 2019



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SERVICE LEVEL AGREEMENT

PROVISION OF HIGH LEVEL PHYSICAL SECURITY IN THE GREATER TZANEEN MUNICIPALITY (DEVIATION 03 / 2019)

Entered into between

GREATER TZANEEN MUNICIPALITY

As established in terms of section 12 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998); having its legal nature in terms of section 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000); represented herein by Mr Bartholomew Serapelo Matlala of Identity Number: 7306245527084 in his capacity as the Municipal Manager; appointed by "the Council Resolution" Number (A28: EC 26 02 2018: C27 02 2018), as "the Municipal Manager and the Accounting Officer" of the Greater Tzaneen Local Municipality ("the Municipality" having its principal place of business at number 01 Agatha Street, Tzaneen (herein referred to as "the Service Authority")

and

ULWAZI SECURITY GROUP (PTY) LTD

A Close Corporation with registration number 2007/031987/07 registered as such in terms of the Companies Act, 2008 (Act No. 71 of 2008), having its principal place of business at CoSpace Complex, Cnr Brand Road / Swart Drive, Midrand, 1685 herein represented by Bongani Mabizela, Identity Number: 6208165476081 in his capacity as the EXECUTIVE DIRECTOR duly authorized by "appointment"; (hereinafter referred to as "the Service Provider").

(Jointly "the parties")

"Applicable laws" means all laws applicable in the jurisdictions in which the parties operate, and includes any present or future constitution, decree, judgement, legislation, order, ordinance, regulation, statute, treaty, directive, rule, guideline or code, practice or practice note and circular issued by any relevant authority;

"National Treasury Regulations" means Government Gazette 27388 and 25613 dated 28 June 2004

"Bid File" means Annexure A - 1 to 12 as contained in Bid File number SCMU D 03 / 2019, compiled by the Supply Chain Division of the Municipality.

"Annexure/s" means any receipts and documents relevant to the contract, including the "Bid File and the tender document".

"Data / Information" means any information that the service provider may have before or from the duration of the contract under the service provider's care which shall belong to the Municipality.

"Submission of Data" means submission of any information that the Municipality may require for future use which the service provider must hand it over at the end of the contract for safe keeping by the Municipality.

"Contract Value" means a rigid amount of *Seven One Six Eight Five Eight comma Eight Eight (716 858.88) VAT inclusive.*

"GCC" means the original and updated General Conditions of Contract; which shall form part of this contract (as updated).

2. Authority to Contract

The signatories hereto warrant that they possess the necessary authority and capacity to enter into this contract.



5. Commencement and Duration

Notwithstanding the date of signature hereof, this contract comes into operation on commencement date and ends on contract end date as defined and stipulated in this contract.

6. Obligations of the Municipality

The Municipality shall provide the Service Provider with timeous access to information and sites reasonably required by the Service Provider to perform its duties in terms of this contract and the Bid document, and the tender document.

7. Obligations of the Service Provider

The Service Provider must-

- a. Comply with all specifications and standards outlined in the Bid File and the Tender document,
- b. Discharge, implement and manage the provision for physical security services contract under the supervision of Safety and Security Division;
- c. Comply with all legislation applicable to the Service Provider and the rendering of the services;
- d. The new service provider shall ensure that the security personnel / guards report to duty on the 16th of September 2019 so that the Municipality shall have security at all points immediately as a matter of emergency.
- e. The Service Provider must be registered as a security company and be registered with Private Security Industry Regulatory Authority (PSIRA)



turnover rate is ten percent (10%) or less of total number of personnel assigned to the Municipality.

- k. The Service Provider shall have an established, comprehensive personnel training program that all security guards and other assigned staff will undergo in order to ensure that all security guards are competent to perform all duties required in the security project.
- l. The service provider may install, maintain and use an electronic active guard patrol monitoring system at no cost to the municipality.
- m. The service provider must provide a health and safety plan and company code of conduct and ensure adherence by all security officers.
- n. The service provider must provide a backup communication system to be used during emergency for direct contact with the base station (it could be in the form of cell phones, radios etc.).
- o. The service provider must ensure that all security personnel who are in possession of firearms shall possess competency certificate as issued by the South African Police Service,
- p. Obtain the signature of the project sponsor on all documents or reports submitted by the Service Provider to the Municipality.
- q. The service provider shall ensure that the services are discharged as tendered and if there are corrections they must be adjusted to the summary before commencement of the project.
- r. All security work / duties must be in accordance with OSH requirements.
- s. Weekly progress reports about provision of security services must be submitted to the Municipality until the end date of the contract.



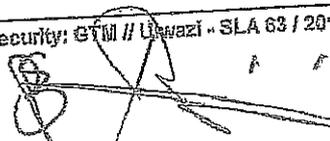
- e) Security personnel must have no criminal record; and must be able to speak, read and write either English, Xitsonga and Sepedi or Afrikaans languages or any other language spoken within the area of municipal jurisdiction;
- f) The security personnel who will be provided with firearms shall possess competency certificate as provided by South African Police Services.
- g) At all times, the security personnel must be present and promote a friendly and courteous attitude towards our clients and stakeholders; and must keep their working areas clean, hygienic and neat.
- h) The security personnel must not interfere with duties of the camera control room operator/s and must not interfere with normal duties of the municipal staff.
- i) The security personnel must be at their designated areas/stations at all times and must not sleep while on duty during day shifts or night shifts.
- j) No security person will be allowed to work more than 12 consecutive hours.
- k) Only the Municipality can declare an emergency and authorize the service provider to hold their security personnel beyond the 12-hour requirement.
- l) Security guard may not report for duty with less than 12 hours rest from having worked a previous shift, unless such reporting is necessitated by an emergency.
- m) Transgression to the matters indicated in clause 7.3 above, and those that are identified from time-to time and relevant to security operations but not mentioned in clause 7.3 above, will be reported to the service provider for further action.

7.4 Guardhouse facilities

7.4.1 The Municipality will provide a guard house with the following facilities for the security personnel on its premises:

- a) Water, (b) Electricity, (c) Telephone (only intercom service), (d) Toilet, (e) Chairs and tables as well as (f) Dustbins.
- b) All other equipment and supplies required by the security personnel to execute their duties must be provided by the service provider and the Municipality accepts no liability for any loss, theft or damage to the equipment or supplies provided by the service provider.

7.5 Security equipment and utilities



- m) React to alarm and attend to the site, contact SAPS when needed.
- n) Confront all suspicious person and determine whether they are authorized to be on the premises

7.6.3 Night shift

- a) Ensure that only authorized persons enter the premises.
- b) Ensure that the details [name(s), vehicle registration number] and entry/exit times of every person is recorded correctly.
- c) Undertake regular patrols of the premises at approximately thirty (30) minutes intervals, ensuring that all exterior doors and windows of all buildings are securely locked or closed.
- d) Escort staff members to their cars (where required), if applicable at night.
- e) Record any unlocked doors and open windows in the observance book.
- f) Clock on every patrol at Services Department clock point.
- g) No contractors to be allowed entry after hours and weekends without prior approval from the Acting Manager: Safety and Security.
- h) At least two fully charged torches (covering distance of at least 10 meters from the security personnel) per night to be used for patrolling and wherever needed.
- i) All vehicles to be searched after hours and weekends.

7.6.4 Guarding

- a) The security personnel shall protect people and property against the harmful actions, by word or deed of other parties.
- b) The vigilant and, if necessary tactful, protection of property and personnel against any attempt by any person to unlawfully enter the premises of the Municipality.

7.6.5 Patrolling

- a) A pro-active method of observing the environment for any form of security threat or other hazard (e.g. safety hazards which may have the potential to cause damage to property or injury to people). Sustained vigilance and discipline are of the utmost importance.

regulations and dog(s) should be allowed to rest during the day.

d) Entrance control

- i. To ensure that no unwanted or unauthorized persons enter the premises or part of the premises.
- ii. Contractors, Visitors and Students should be challenged and be requested to sign the visitors' register which must be issued at the entrance with a visitors' card.
- iii. Examination of delivery documents accompanying vehicles wanting entry.
- iv. Municipal Council staff must identify themselves by recognized methods of identification before being allowed on the premises and if such staff cannot identify themselves, they must be treated as if they are visitors.
- v. Councillors shall be identified as portrayed on the updated brochure for Councillors of Greater Tzaneen Municipality as updated from time to time.
- vi. Nobody will be allowed to bring anything that is prohibited (e.g. fire-arms, poisonous chemicals or any possible harmful object, substance or gas and liquid) onto the premises.
- vii. Nobody will be allowed to carry out any activity on the premises that is prohibited by Management.
- viii. All visitors/patrons to be issued with visitor's card on entry and security personnel shall ensure that the disclaimer is understood by the visitor.
- ix. The security personnel shall provide use of e-Scan for the visitors and visitors cannot be signed out without submitting visitor's card (where applicable).
- x. The security personnel shall ensure that people and vehicles leaving the premises do not remove property of the Municipality and searching of vehicles must be done as per instruction.
- xi. The service provider acknowledges that lost cards given to visitors shall be defrayed from the service provider's monthly invoice and the Acting Manager Security Services is entitled to know how many cards are used per day and any card lost must be immediately reported to the municipality.

e) Tasks of the Security Personnel

- i. Exercise strict control over all visitors.
- ii. Safe keeping and control of visitors' cards and scanning equipment.



accordance with the schedule of performance deficiency. Some anticipated schedule of performance deficiency includes, but are not limited, to the following:

Item	Performance Deficiency	Penalty	Comments
1	Sleeping on duty, and/or deserting post and/or negligence in the performance of guards duties and/or arriving late for duty	Guard to be immediately removed from site and replaced within 2 hours <input type="checkbox"/> First occurrence: Letter of non-performance issued by the municipality <input type="checkbox"/> Second and subsequent occurrences: Shift payment deducted per guard irrespective of replacement	municipality call meeting with site representative <input type="checkbox"/> If this practice continues more than twenty (20) in total irrespective of which guard, contract may be terminated.
2	Failure of the guards to visit each of the identified check-in points	First occurrence: Letter of non-performance issued by municipality <input type="checkbox"/> Second and subsequent occurrences: One guard shift payment deducted	municipality call meeting with site representative <input type="checkbox"/> If this practice continues more than twenty (20) in total irrespective of which guard, contract may be terminated.
3	Failure of guards to conduct themselves in a professional and courteous and cooperative manner as determined by municipality Supervisory Staff and/or Refusal to comply with lawful instructions	Guard to be immediately removed from site and replaced within 2 hours <input type="checkbox"/> Letter of non-performance issued by municipality	municipality call meeting with site representative <input type="checkbox"/> Guard never to be deployed at municipality again
4	Number of complaints against guard exceeds three (3) in any one calendar month	Guard to be immediately removed from site and replaced within 2 hours <input type="checkbox"/> Letter of non-performance issued by municipality	municipality call meeting with site representative <input type="checkbox"/> Guard never to be deployed at municipality again
5	Guards intoxicated or under the influence of liquor/drugs	Guard to be immediately removed from site and replaced within 2 hours <input type="checkbox"/> Letter of non-performance issued by municipality	municipality call meeting with site representative <input type="checkbox"/> Guard never to be deployed at municipality again <input type="checkbox"/> If this practice continues, contract may be terminated.
6	Guard without basic equipment, invalid identification and improperly dressed	Guard to be immediately dressed properly and have valid identification or be removed from site and replaced within 2 hours	municipality call meeting with site representative <input type="checkbox"/> If this practice continues, contract may be terminated

		<input type="checkbox"/> First occurrence: Written warning to the security company Second occurrence: Letter of non-performance issued by municipality <input type="checkbox"/> No payment for lack of and/or defective equipment irrespective of which occurrences	
7	Forced break-ins	Letter of non-performance issued by municipality <input type="checkbox"/> Liable for full costs of loss and repairs for each occurrence	Municipality call meeting with site representative. <input type="checkbox"/> Investigation to be conducted by municipality and security company <input type="checkbox"/> Quotation for loss and repairs to be supplied to the security company by municipality <input type="checkbox"/> If forced break-ins continues more than five (5) times per year per site, contract may be terminated.
8	Theft of any municipality's assets/equipment/tools	Guard to be handed over to SAPS <input type="checkbox"/> Security company liable for full payment of the theft associated to its employee(s)	If this practice continues, contract may be terminated.
9	Failure to search vehicles leaving premises after 6pm during weekdays and all day during weekends and holidays	First occurrence: Letter of non-performance issued by the municipality Second and subsequent occurrences: Two guards shift payment deducted	municipality call meeting with site representative <input type="checkbox"/> If this practice continues, contract may be terminated.
10	Failure to deploy agreed number of security personnel	Letter of non-performance issued by municipality and no shift payment for the absent guards	municipality call meeting with site representative <input type="checkbox"/> If this practice continues, contract may be terminated.

7.6.6) ii Parties to this service level agreement shall note that the list indicated in the table above is not exhaustive and will be expanded or amended from time to time at annual review meetings.

owing to the Service Provider either in terms of this contract or any other contract that the Service Provider may have with the Greater Tzaneen Municipality or any Court order, an amount equal to the amount of any outstanding claims that the Municipality may have against the Service Provider for damages, costs or any other indebtedness arising out of this contract or Judgement Creditors: Provided that the Municipality will provide the Service Provider with written notice of its intention to set off, supported by reasonable details of the actual damages, costs or indebtedness incurred by the Municipality or against the service provider.

8.7. A certificate of indebtedness signed by the Chief Financial Officer of the Municipality, reflecting the amount due and payable under clause 8.5 together with interests thereon, shall be sufficient and conclusive proof of the contents and correctness thereof, for the purposes of with-holding, deduction or set off by the Municipality or payment by the Service Provider or for provisional sentence, summary judgment or any other proceedings against the Service Provider in a court of law and shall be valid as a liquid document for such purposes.

8.8. In the event that the Municipality institutes legal action against the Service Provider for any matter in connection with this contract, on the basis of action, conduct, omission, criminal liability, civil liability or negligence by the Service Provider, the Service Provider will be liable to pay the Municipality's legal fees on an Attorney and own client scale.

8.9 Within the agreed contract value, the service provider shall ensure that additional guards shall be provide wherever is necessary and the service provider shall be paid as per the current / normal rate.

8.10 The "parties" to this contract acknowledge lack of compliance with PSIRA payment rates.

9. Warranties and Representations

9.1 The Service Provider warrants that --

11. Cession and Assignment

11.1. The Service Provider may only cede its right to payment (or part payment) and assign its obligations under this contract in terms of the Limpopo Preferential Procurement Policy Framework or Greater Tzaneen Municipality's Preferential Procurement Policy Framework or National Preferential Procurement Policy Framework or in terms of applicable National Treasury regulations or guidelines.

11.2. The Municipality may not cede or assign any right or obligation in terms of this contract to any third party, unless the prior written consent of the Service Provider has been obtained, consent of which may not be unreasonably withheld.

11.3. Where the parties agree to a cession or assignment, the cession or assignment agreement must contain a provision that the cessionary or assignee is subjected to the same terms and conditions of this contract.

12. Confidentiality

12.1 Unless required by law, the parties must keep confidential and not disclose to any third party the terms of this contract, the results and any information relating to or acquired in connection with this contract.

12.2. The Service Provider's personnel must keep confidential all information regarding the sites.

12.3. The provisions of clause 12 shall continue to be binding on the parties notwithstanding termination or cancellation of this contract or any part thereof.

13. Indemnity

13.1 The Service Provider indemnifies and holds the Municipality harmless against any claim by any person (natural or juristic), relating to but not limited to any matter

- (b) incompetence, which is substantial and serious;
- (b) commits or participates in any unlawful, dishonest or unethical act in the performance of its obligations under this contract;
- (c) breaches this contract twice during the contract period; or
- (d) Fail to comply with the Specifications in the Bid document.
- (e) has failed to comply with any legal or policy requirement that the Service Provider must comply with in order to enter into a valid contract with the Municipality, including but not limited to any public servant in the employ of the Service Provider not having the necessary permissions or authorisation in terms of the Municipal Finance Management Act (Act 56 of 2003), Municipal Systems Act 2000 (Act 32 of 2000) and 2011 (Act 7 of 2011) or not having made the necessary financial disclosures to the employer or not having declared any or all interests in the relevant bid documents.

15. Protection of rights

15.1. If the Service Provider fails to comply either timeously or at all with any obligation imposed upon it by this contract, the Municipality may, without prejudice to any of its rights, effect such compliance, and claim damages from the Service Provider of an amount equal to the expenses actually incurred by the Municipality in enforcing such compliance. The Municipality may, at its sole discretion, set off such claim for damages in terms of clauses 8.5 and 8.6.

15.2 The Service Provider will have no claim against, nor defence to any claim by the Municipality arising out of any act or omission on the part of the Municipality arising from or connected with effecting or attempting to effect such compliance or, even if the Municipality has undertaken to effect such compliance and then fails to do so properly or at all.

15.3 The Municipality's rights in terms of this clause are in addition and without prejudice to any other rights it may have in terms of this contract.

meet promptly and in good faith and attempt to reach an amicable settlement of the dispute.

16.4.3 In the event that the dispute between the parties is not resolved amicably, the dispute shall be referred to mediation within five (05) days of either party declaring such a dispute.

16.4.4 A mediator shall be appointed by the parties, or alternatively by the chair of the Attorney's Association for Limpopo Province, for the purpose of presiding over the mediation.

16.4.5 Should the dispute not be resolved within 10 (ten) business days of the commencement of mediation, it shall be referred to arbitration.

16.4.6 An arbitrator shall be appointed by the parties, or alternatively by the chair of the Arbitration Foundation of South Africa (AFSA), to preside over the arbitration.

16.4.7 The rules of AFSA shall govern the conduct of the arbitration in terms of the relevant legislation.

16.4.8 Nothing in this paragraph shall prevent either party from approaching the High Court for suitable judicial relief in case either one of the parties is not satisfied by the arbitration outcomes.

16.5 Penalties

16.5.1 If the Service Provider fails to deliver on any or all of the terms and conditions of this Agreement / Contract or fails to perform the Services within period(s) specified in this Agreement, the Greater Tzaneen Municipality shall without prejudice to its other remedies under this agreement, impose such penalties on the service provider as prescribed under the General Conditions of this Contract / Agreement which shall include but not limited to recovery of damages from the Service Provider, authority to cede the amount of debts owed by the contractor to the creditors or to settle the damages with any balance outstanding to the Service Provider from the Municipality.

16.5.2 The Greater Tzaneen Municipality reserves the authority not to pay if the Contractor did not complete his / her services to the satisfaction of the Municipality or its community which also shall include the failure to discharge the project within agreed contractual requirements and procedures.

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17.2. Either party may from time to time decide to vary its address for the service of notices and processes by giving written notice to the other party and such notice must be posted by prepaid registered post or hand delivered to the other party's addresses for service of notices and processes and shall be presumed, until the contrary is proven, to have been received by that party on the 10th day after the day of posting or on the date of delivery, as the case may be.

17.3. Any matters or other communication to be given to either of the parties in terms of this contract is valid and effective only if it is given in writing.

17.4 Any notice in terms of this contract to either party which is —

17.4.1 sent by prepaid registered post in a correctly addressed envelope to the address specified for it in clause 17.1 is deemed to have been received, unless the contrary is proved, within 14 days from the date on which it was posted;

17.4.2 delivered to the party by hand at the address specified for it in clause 17.1 is deemed to have been received on the day of delivery, provided that it has been delivered to a responsible person during ordinary business hours; or

17.4.3 sent by facsimile to a party at the telefax numbers specified for it in clause 17.1 is deemed to have been received, unless the contrary is proved, within four hours of transmission if it is transmitted during normal business hours of the receiving party or within 12 hours of the first business day of the receiving party after it is transmitted, if it is transmitted outside those business hours.

17.5 For the purposes of clause 17.4, any notice in terms of this contract to either party which is given on a date in December in any particular year, is deemed to be given on the corresponding date in January of the following year.

17.6 Notwithstanding anything to the contrary contained in this clause, a written notice or other communication actually received by either party and for which written acknowledgement of receipt has been obtained, is adequate written notice or



deem appropriate, services similar to those undelivered and the service provider shall be liable for excess costs thereof.

- g) Termination of this contract shall not prejudice or affect any right of action or remedy, which has accrued or will accrue thereafter to Municipality.

21. Severability

Any provision in this service level agreement which is or may become illegal, invalid or unenforceable in any jurisdiction affected by this service level agreement shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be treated as if it had never been written (*pro non scripto*) and severed from the balance of this service level agreement, without invalidating the remaining provisions of this service level agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

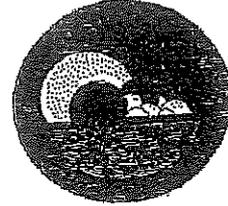




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SCHEDULE 1 PART A
ANNEXURE A

Physical Security Services

Service Delivery Plan

1 INTRODUCTION

This Service Delivery Plan ("SDP") provides details relating to the manner in which the Private Party intends to provide the Physical Security Services, having specific regard to the provisions of clause 2.4.10 of Schedule 6 Part 1 B (Facilities Management Specifications), the provisions of which shall at all times take precedence over this SDP.

The Private Party shall be entitled to revise this SDP from time to time and within its sole discretion, provided that such revision shall not in any way detract from the Private Party's obligations to provide the Physical Security Services in accordance with the provisions of clause 2.4.10 of Schedule 6 Part 1 B (Facilities Management Specifications).

The Private Party shall, within 5 (Five) days of any revision of the SDP, provide the CoT with a copy of such revised SDP.

2 SERVICE DELIVERY PLAN

2.1 Scope of Service

2.1.1 To provide Physical Security Services at the Facilities to prevent physical damage and theft to premises and assets and to provide controlled access to the relevant locations, in accordance with clause 2.4.10 of Schedule 6 Part 1 B.

2.1.2 The Physical Security Services will be provided in such a way that the following, as set out in clause 2.4.10 of Schedule 6 Part 1 B, is provided:

- a. Safety of staff and visitors;
- b. Security of building/s and contents;
- c. Ability to lock down the facility and to ensure continued and safe operation in the event of civic unrest.

2.2 Operational Elements

2.2.1 General

2.2.1.1 The CoT will retain the primary responsibility for the personal security of the Mayor, The Speaker, The Chief Whip of Greater Tzaneen Municipality, The Municipal Manager, The Directors / Senior Managers and Exco Members. Vetting and investigations will also be retained in the CoT.

2.2.1.2 Access to the parking garage / area will be controlled.

2.2.1.3 Vehicles entering the Municipality will be identified and recorded if necessary.

will be monitored on a scheduled basis
3 (Performance Standards and Payment

ways, and may include the following

ments in Schedule 6 Part 1 B. Planned
ities Management System so that the
actioned accordingly;

actioned and results recorded against the

in Private Security Industry Regulatory

ity Services will be governed by the CoT's
he parties and which that will be made

requirements in Schedule 6 Part 1 B, and
lrix, the Service Schedules are developed
nd..

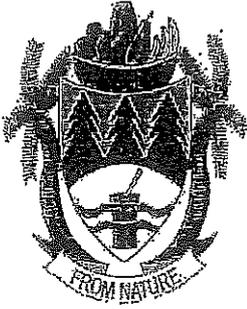


TYPICAL SERVICE SCHEDULES

Description of Service	Service Task	Service Interval	Space Category Relevance
Site and perimeter patrol, guarding and monitoring	Site operation according to industry acceptable standard operating practices	Daily	

12

Deviation - Memo Security

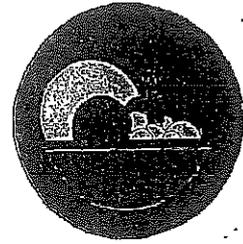


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Greater Tzaneen Municipality
GREATER TZANEEN MUNICIPALITY
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MASIPALA WA TZANEEN
MASEPALA WA TZANEEN

P.O. BOX 24
TZANEEN
0850

TEL: 015 307 8000
FAX: 015 307 8049

www.greatertzaneen.gov.za



INTERNAL MEMORANDUM SAFETY & SECURITY DIVISION

TO : THE MUNICIPAL MANAGER

FROM : DIRECTOR COMMUNITY SERVICES

DATE : 13 SEPTEMBER 2019

REF: 17/15/R

REPORT ON INCIDENT AT THE SPECIAL COUNCIL SITTING AT THE GREATER TZANEEN MUNICIPALITY WHICH WAS HELD ON THURSDAY 12 SEPTEMBER 2019 AT 12H00

1. Purpose of the Memorandum

To inform the Municipal Manager concerning the incident that took place at the Special Council sitting which was held on Thursday 12 September 2019 at the Council Chamber.

2. Discussion:-

Council sat at exactly 12h00 and relevant security logistics were put in place accordingly. On or about 12h08 the acting Safety & Security Manager was approached by some community members

from Nkowankowa town working for Tshiamisho company at the Codesa project and demanded to meet with the Municipal Manager and were advised that since Council commenced its not possible for them to meet with him they rather make an appointment with his office which they flatly refused. They started swearing, insulting and naming with derogatory words against the acting Safety and Security Manager.

Realising that the group was now growing in numbers the support staff was requested to inform the Municipal Manager who directed the Director Community Services to address them which he did in some office. While the other group was being addressed another one came looking for them and violently wanted to join them believing that the acting Manager was refusing and hiding them inside the council chamber despite assurance that they went to be addressed somewhere. They then left promising to come soon and indeed they came carrying a 5 litre of container with petrol while mentioning that on that day history would be made which it would never be forgotten.

Meantime a security back up including the Tzaneen SAPS were contacted and members from Vispol arrived. The person carrying petrol was confronted by police and security and that container confiscated and placed at the licencing because the group was trying to charge against them and there was no other near place to put it at that time:

The group came back fortified and still demanded by force to take out the Municipal Manager as they said they did not need the Director Community Services but wanted the Municipal Manager in order for him to sign some payments documents regarding the Codesa project. Their request was refused and they kept shouting and became more violent. Police tried to intervene but not successful and within seconds they pushed through the door and entered the council chamber interrupting the session, continued to shout and banged the tables demanding that the Municipal manager must come out and deal with their matter failing which council would not proceed.

They went close to the Municipal Manager and some protection was made unfortunately it was not enough and they managed to manhandle and assaulted him as he flee from them. During the scuffle the Municipal Manager was rescued and hidden in an office until an escape route was done where he was whisked away in a police kombi to a place of safety. His car and other possession was safely driven to him.

3. The Legal and Risk Implication.

Mapheto Security abandoned their role at the entrance and allowed members of the public carrying a 5 litre petrol inside the building with Councillors, Officials and Visitors on a very busy day. They

breached the Service Level Agreement (SLA) and rendered the building more vulnerable to arson..

All Councillors, Employees, Representatives of the Traditional Authorities, Members of the SAPS and members of the public could have suffered or perished in the council chamber and the whole municipal building engulfed in fire causing many to lose lives. Council should have suffered millions of civil suit emanating from the event. The service provider needs to be summoned by the Legal Services to account to management and possible mitigating aggravating sanction in terms of deterrent action be taken as this matter is viewed in a more serious light.

The current security services only offer physical guarding and not fully conversant with protection services and Councillors, Employees and Visitors are generally unsafe working under the current set up. Therefore the executive must look into a matter of responding to serious security risks by amongst others fast tracking the installation of surveillance cameras and this time ensure an appointment is made as there is no other choice because crucial evidence is insufficient when needed by the courts. Install perimeter fencing and appoint VIP Security that also provide Close Body Officers for certain targeted political and administrative staff for a period as determined by security assessment.

4. Financial Implications

The installation of perimeter fencing and appointment of VIP Security shall be accommodated in the current security vote and adjusted during the budget adjustment process. The Budget for installation of surveillance cameras is covered in the current financial year. Safety and security to further benchmark with other municipalities with regard to protection of Councillors and Employees in line with the legislative prescripts and develop a policy as soon as possible.

6. Recommendations

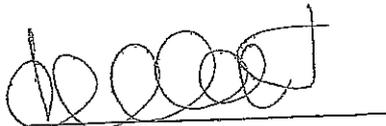
6.1. A case of public violence to be opened with the Tzaneen SAPS by the acting Manager Safety and Security.

6.2. Legal Manager summons Mapheto Security to account to the Executive for security breach and action shall be taken for allowing the group from Nkowankowa Codesa project inside the building with a highly inflammable petrol.

6.3. Supply Chain to complete process of appointing of service provider to install surveillance cameras as this frustrate crucial evidence with the courts.

6.4. Municipal Manager to authorize installation of perimeter fencing after assessment by Safety & Security.

6.5. Municipal Manager to look into possibilities of strengthening security with a qualified PSIRA VIP service provider to stabilize the situation and assessment be reviewed regularly.



MR MK MAKHUBELE
ACTING SAFETY & SECURITY MANAGER

13/09/2019

DATE

Recommended / Not Recommended

Comments

MR HA NKUNA
DIRECTOR COMMUNITY SERVICES

Recommended / Not Recommended

Comments

MR W SHIBAMBA
DIRECTOR CORPORATE SERVICES

Recommended / Not Recommended

Comments

MS PM MAKHUBELA
CFO

Approved / Not Approved

Comments

MR B S MATLALA
MUNICIPAL MANAGER

Information received is that we are going to have more marches. High fees need to be appointed urgently to avoid march.

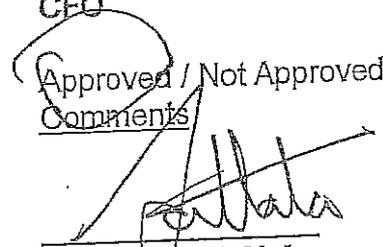
13/09/2019
DATE



13/09/2019
DATE

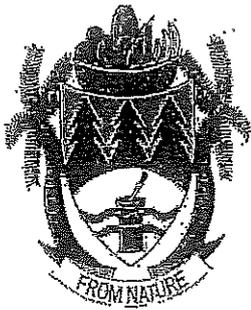
Recommendations are supported but savings from the municipal budget should be identified in order to avoid overspending of the municipal budget

13/07/2019
DATE

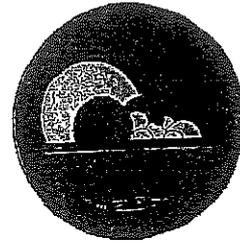


13/09/2019
DATE

Attention - Security Requests



GREATER TZANEEN MUNICIPALITY
GROTER TZANEEN MUNISIPALITEIT
MASIPALA WA TZANEEN
MASEPALA WA TZANEEN



P.O. BOX 24
TZANEEN
0850

TEL: 015 307 8000
FAX: 015 307 8049

www.greatertzaneen.gov.za

TO : Municipal manager
FROM: Director Community Services
DATE: 15 October 2019
FILE : 17/15/R

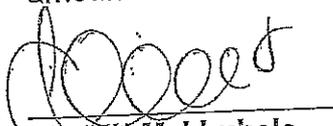
RE: EXTENSION OF PROVISION FOR HIGH LEVEL SECURITY SERVICES FOR THE GREATER TZANEEN MUNICIPALITY (DEVIATION SCMU 03/2019)

1. The Greater Tzaneen Municipality appointed Ulwazi Security Group (PTY) LTD to provide High Level Security Services for a month effective 16 September 2019 to 15 October 2019.
2. The service provider is tasked to provide Close Protection Officers for the Mayor, the Municipal Manager, Director Corporate Services, Director Community Services and Director Engineering Services as well as physical protection of staff, Councillors and the public in the main offices.
3. This was a result of incident that occurred on the 12 September 2019 during the Special Council sitting wherein a group of people from Nkowankowa town who were working at the Tshiamisho Company's Chris Hani to Codesa street project forcefully entered the Council Chamber while Council was in session in the presence of Mapheto Security and the Police. They manhandled the Municipal Manager which left us with no option but to whisked him away to a place of safety.
4. An internal Security Assessment was done and having realized that the current Security Company (MBS) failed dismally to protect the municipal building by allowing the group to enter the building with highly inflammable substance, container of petrol cannot be trusted, and this gave rise to

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recommendations that the Municipality appoint a High Level Security Services for a period of month.

5. The threats are not yet diluted as other protests are still prevalent as evidenced by another group from Bolobedu South on the 27 September 2019 who marched to the Municipality shouting and baying for the life of the Municipal Manager.
6. Another problem might come again because the tenders for Mulati and Nkowankowa projects for Tshiamisho have been since terminated and as things stand we cannot predict the future because even the authority tasked to advice was caught unaware on all occasions.
7. For this reason, it is recommended that the Greater Tzaneen Municipality extend the contract of Ulwazi Security Group (PTY) LTD to provide a High level Security Services by a further month effective from 16 October 2019 and ending on 15 November 2019 with the same conditions for a contract amount R716 858.88 pm inclusive of VAT.

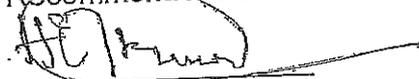

 Mr. MK Makhubele

Acting Manager Safety & Security

15/10/2019
 Date

Comments

Recommended / Not Recommended



Mr. HA Nkuna
 DIRECTOR COMMUNITY SERVICES

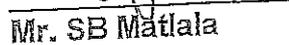
15/10/2019
 Date

Recommended / Not Recommended
 Comments


 Ms. PM Makhubela
 Chief Financial Officer

Comments

Approved / Not approved

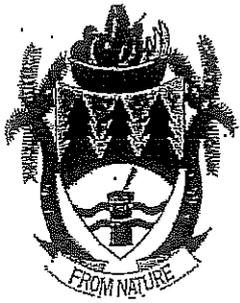

 Mr. SB Matlala
 Municipal Manager

Reduce Scope (Number of guards)
 1. Due to affordability of institution
 2. GIRA rates alignment
 3. Scope of Extension to be revised based on reduced threat observed if court order has been secured against protesters preventing building access

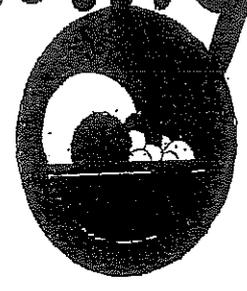
15/10/19
 Date

15/10/2019
 Date

17/15/12 Extension Contract - Security



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MASIPALA WA TZANEEN
MASEPALA WA TZANEEN



P.O. BOX 24
TZANEEN
0850

TEL: 015 307 8000
FAX: 015 307 8049

Our Ref: Mr BS Matlala /MM /2/1/1/2
Tel: 015 307 8024
Enq: Mr K Makhubela
Date: 15 October 2019

THE MANAGING DIRECTOR
ULWAZI SECURITY GROUP (PTY) LTD
COSPACE COMPLEX
CNR BRAND ROAD / SWART DRIVE
MIDRAND
1685

RECEIVED
[Signature]
26/10/2019

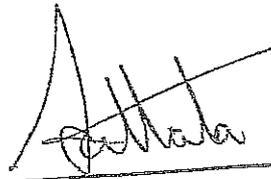
Sir / Madam

EXTENSION OF CONTRACT: SCMU D03 / 2019 PROVISION OF HIGH LEVEL PHYSICAL SECURITY SERVICES FOR GREATER TZANEEN MUNICIPALITY

1. The above matter bears reference.
2. The Greater Tzaneen Municipality appointed Ulwazi Security Group (Pty) Ltd to render the provision of High Level Physical Security Services within the head offices of Greater Tzaneen Municipality.
3. Section 116 (1) (a) to (b) (iv) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) provides that, a contract or agreement procured through the supply chain management system of a municipality must be in writing; stipulate the terms and conditions of the contract or agreement, which must include provisions

providing for the termination of the contract or agreement and dispute resolution mechanisms to settle disputes between the parties; a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years.

4. The Accounting Officer of the Municipality have the power on the basis of Section 116 (2) of the MFMA* to exercise his powers to procedurally renew the contract after the termination period and, or ultimately terminate the contract on the basis of appointment of the new service provider.
5. The Municipality hereby notify you that the contract for SCMU D03 / 2019 for the provision of Physical Security services is hereby extended, on a month to month basis, from 16 October 2019.
6. You are hereby notified that the contract (SCMU D03 / 2019) had been extended by a further period of one (01) month, the extension period of which shall be from 16th of October 2019 to the 15th of November 2019, with the same conditions.
7. The Municipality will provide a formal termination letter to Ulwazi Security Group (Pty) Ltd after the threats had been eliminated.
8. We will appreciate acceptance of this extension within seven (07) working days after receipt of this letter.
9. We hope that the above communication is in order, your kind cooperation will be much appreciated.



MR BS MATLALA
MUNICIPAL MANAGER

File

17/10/19



ULWAZI
SECURITY

"Excellence in Safety"

Your Ref No: Greater Tzaneen Municipality
Our Ref No.: US/GTM/09/2019
Date: 16 October 2019

Attention: Mr BS Madala
Municipal Manager
Greater Tzaneen Municipality
PO BOX 24
TZANEEN
0850

Email: tmadala@tzaneen.gov.za
Email: mandy.arjoon@tzaneen.gov.za
Fax: (015) 307 8049

Dear Sir,

EXTENSION OF CONTRACT: SCMU 003/2019 PROVISION OF HIGH LEVEL PHYSICAL SECURITY SERVICES FOR GREATER TZANEEN MUNICIPALITY

Your letter dated 15 October 2019 on the above-mentioned subject refers.

I hereby on behalf of ULWAZI SECURITY (PTY) LTD wish to confirm acceptance of the said extension of contract appointment. We are looking forward to continuously providing your organisation with a safe environment to work within.

Should you need more information, please don't hesitate to contact us at 082 925 4957/066 094 8025/066 153 8250 or email: info@ulwazigroup.co.za / bongani@ulwazigroup.co.za / bbmabizela@gmail.com.

Yours faithfully,

Mr BB Mabizela
Chief Executive Officer & Founder
On behalf of
ULWAZI SECURITY (PTY) LTD

ulwazi group of companies



T: +27 (0) 66 094 8025
M: +27 (0) 82 925 4957
F: +27 (0) 66 153 8250
R: +27 (0) 86 4007 886

Email: info@ulwazigroup.co.za
Email: bongani@ulwazigroup.co.za
Email: mandy@ulwazigroup.co.za

Ulwazi Security (Pty) Ltd Reg. No. 1998/025833/07, CSD No. MA A40548628, PSIRA No. 530928
The Number: 9048076641; VAB Number: 2140297485
Registered Address: 03 Dundee Street, Blue Valley Estate, Knopstad, Centurion, 0157, SOUTH AFRICA

Head Office:
Physical: Corner Brand Road & Swart Drive, Midrand, JOHANNESBURG, 1685
Postal: PO Box 11966, Zvanklop, 0657, South Africa.

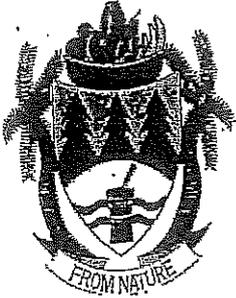
Branch Offices:
KwaZulu-Natal: Easton, Cape, North West, Mpumalanga, Western Cape, Limpopo, Free State, Gauteng

Board of Directors:
Directors: Mr BB Mabizela (CEO), Mrs SF Mabizela (COO)
Company Secretary: Ms. L. Matjie

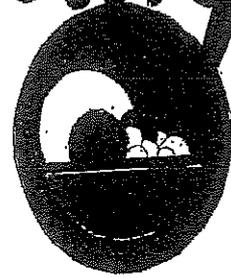


PSIRA
Physical Security Institute of South Africa

17/15/12 Extension Contract - Security



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Our Ref: Mr BS Maflala /MM /2/1/1/2

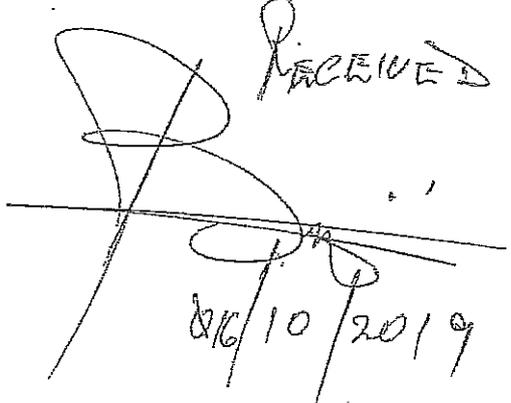
Tel: 015 307 8024

Enq: Mr K Makhubela

Date: 15 October 2019

THE MANAGING DIRECTOR
ULWAZI SECURITY GROUP (PTY) LTD
COSPACE COMPLEX
CNR BRAND ROAD / SWART DRIVE
MIDRAND
1685

Sir / Madam

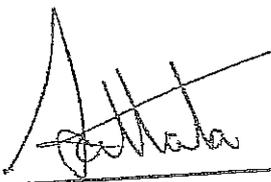
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26/10/2019

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PHYSICAL SECURITY SERVICES FOR GREATER TZANEEN MUNICIPALITY**

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MR BS MATLALA
MUNICIPAL MANAGER

File

17/10/19



**ULWAZI
SECURITY**

"Excellence in Safety"

Your Ref No: Greater Tzaneen Municipality
Our Ref No.: US/GTM/09/2019
Date: 16 October 2019

Attention: Mr BS Matlala
Municipal Manager
Greater Tzaneen Municipality
PO BOX 24
TZANEEN
0850

Email: matlala@tzaneen.gov.za
Email: mandy.arjoon@tzaneen.gov.za
Fax: (015) 307 8049

Dear Sir,

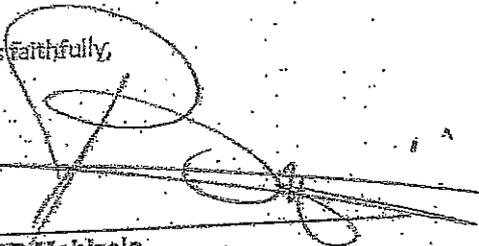
EXTENSION OF CONTRACT: SCM U D03/2019 PROVISION OF HIGH LEVEL PHYSICAL SECURITY SERVICES FOR GREATER TZANEEN MUNICIPALITY

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[I hereby on behalf of ULWAZI SECURITY (PTY) LTD wish to confirm acceptance of the said extension of contract appointment. We are looking forward to continuously providing your organisation with a safe environment to work within.

Should you need more information, please don't hesitate to contact us at 082 925 4957/066 094 8025/066 153 8250 or email: info@ulwazigroup.co.za / bonzani@ulwazigroup.co.za / bbmabizela@gmail.com.

Yours faithfully,


Mr BB Mabizela
Chief Executive Officer & Founder
On behalf of
ULWAZI SECURITY (PTY) LTD

ULWAZI GROUP COMPANY



T: +27 (0) 66 094 8025
M: +27 (0) 81 925 4957
M: +27 (0) 66 153 8250
F: +27 (0) 86 4007 886

Email: info@ulwazigroup.co.za
Email: bonzani@ulwazigroup.co.za
Email: andy@ulwazigroup.co.za

Ulwazi Security (Pty) Ltd, Reg. No. 1998/025633/07, CSD No.: MAA40548628, PSIRA No.: 530519
Tax Number: 9048076661, VAT Number: 4140297485
Registered Address: 64 Dundee Street, Blak Valley Estate, Komatjalo, Capetown, 0157, SOUTH AFRICA

Head Office:
Physical: Concorde Brand Road & Swart Drive, Midrand, JOHANNESBURG, 1685
Postal: PO Box 11966, Zwartkop, 0051, South Africa.

Provincial Offices:
KwaZulu/Natal, Eastern Cape, North West, Mpumalanga, Western Cape, Limpopo, Free State, Gauteng

Board of Directors:
Directors: Mr BB Mabizela (CEO); Mrs. SF Mabizela (COO);
Company Secretary: Ms. L Mashe



PSIRA

Payment

P/210/28/00001896/2019-2020

1.

new

THE GREATER TZANEEN MUNICIPALITY

DEPARTMENT OF THE FINANCIAL MANAGER

P.O. BOX 24 TZANEEN 0850; TEL : 015 307 8000 FAX 015 307 8049

Messrs : ULWAZI SECURITY (PTY) LTD

04 /10 /2019

ACC NO 032526806

BRANCH: 012645

REF NO :

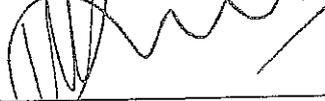
Cheque no: 1083631

DETAILS	VOTE NO:	VOTE AMOUNT	CHEQ AMOUNT
DEPLOYMENT OF A CLOSE PROTECTION TEAM			358 429.44
INV US/GT-001			
PAID		CAPTURED	
ULWAZI SECURITY (PTY) LTD	140/074/1263	311 677.77	
	912/912/9012	46 751.67	
Greater Tzaneen Municipality			358 429.44
2019-10-04			
BANK TRANSFER			
DEPLOYMENT OF A CLOSE PROTECTION TEAM			

MY DEPARTMENT, THAT THE GOODS HAVE BEEN RECEIVED OR THE WORK REFERRED TO CARRIED OUT IN AN EFFICIENT MANNER, AND THAT THE PRICE IS FAIR AND REASONABLE IN ACCORDANCE WITH THE CONTRACT AND OR ORDER


ACCOUNTANT 04/10/2019
DATE


COMPILED 04/10/19
DATE

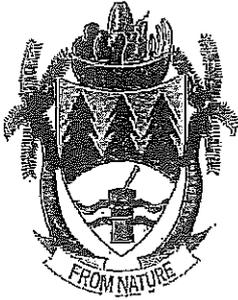

1ST APPROVAL 04/10/2019
DATE


2ND APPROVAL 04/10/19
DATE

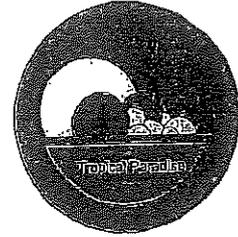
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US/GT-001



GREATER TZANEEN MUNICIPALITY
GROTER TZANEEN MUNISIPALITEIT
MASIPALA WA TZANEEN
MASEPALA WA TZANEEN



P.O. BOX 24
TZANEEN
0850

TEL: 015 307 8000
FAX: 015 307 8049

www.greatertzaneen.gov.za

REQUEST FOR PAYMENT

Payee: Ulwazi Security (pty) Ltd

Amount: R358 429,44

Details: Deployment of a Close Protection Team at the GTM.

Debit Expenditure Vote/mScoa segment: 140/074/1263

Budget Amount Available: R960 132-71

Budget/ Expenditure Confirmation Personnel: [Signature]

Requested by:

PAID

Dept. / Section: Safety & Security

Date: 04/10/2019

Manager: [Signature]

Date: 04/10/2019

Approved by:

CAPTURED

Director: [Signature]

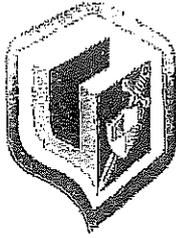
Date: 04 10 2019

CFO: [Signature]

Date: 04 /10/ 2019

Municipal Manager: [Signature]

Date: 2019/10/04



ULWAZI
SECURITY

Tax Invoice

Attention: Municipal Manager
Greater Tzaneen Municipality
PO BOX 24
TZANEEN
0850

VAT Number: 4130193669

ULWAZI SECURITY (Pty) Ltd
Address: Cnr Brand Road & Swart Drive
Midrand, 1685
PO Box 11966, Zwartkop, 0051
Office: +27(0) 66 094 8025
Fax: +27 (0) 86 4007 886
Mobile: +27(0) 82 925 4957
Email: bongani@ulwazigroup.co.za
Email: info@ulwazigroup.co.za
VAT Number: 4140287485

GREATER TZANEEN
MUNICIPALITY
EXPENDITURE
04 OCT 2019
RECEIVED

Date: 02/10/2019
Invoice: No: US/GT-001

DESCRIPTION	Amount
DEPLOYMENT OF A CLOSE PROTECTION TEAM AT THE MUNICIPALITY FOR A PERIOD OF ONE MONTH; WITH AN OPTION FOR FURTHER EXTENSION	R311 677, 78
Sub total	R311 677, 78
Vat 15%	R 46 751, 66
Total	R358 429, 44

CAPTURED

Banking Details

Account Holder: ULWAZI SECURITY (Pty) Ltd
Bank Name: Standard Bank
Account : 032 526 806
Branch Name: Centurion
Branch Code: 012645
Account Type: Cheque

PAID

[Handwritten Signature]
04/10/2019 *[Handwritten Signature]*

THE GREATER TZANEEN MUNICIPALITY

DEPARTMENT OF THE FINANCIAL MANAGER
 P.O. BOX 24 TZANEEN 0850 ; TEL 0307 8000 FAX 015 30 8049

Payment

2.

Messrs : ULWAZI SECURITY (PTY) LTD

16 / 10 / 2019

BRANCH: 012645

ACC NO: 032526806,

Cheque no: 1083738

DETAILS	VOTE NO:	VOTE AMOUNT	CHEQ AMOUNT
INV US/GT-002			
DEPLOYMENT OF A CLOSE PROTECTION TEAM SCMU 03/2019 2019			358 429.44
PAID CAPTURED			
ULWAZI			
ULWAZI SECURITY SERVICES	140/074/1263	311 677.78	
	912/912/9012	46 751.66	
		358 429.44	
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Greater Tzaneen Municipality 2019-10-16 BANK TRANSFER </div>			
DEPLOYMENT OF A CLOSE PROTECTION TEAM			

I HEREBY CERTIFY THAT THE ABOVE ACCOUNT IS CORRECT AS FAR AS IT CONCERNS MY DEPARTMENT, THAT THE GOODS HAVE BEEN RECEIVED OR THE WORK REFERRED TO CARRIED OUT IN AN EFFICIENT MANNER, AND THAT THE PRICE IS FAIR AND REASONABLE IN ACCORDANCE WITH THE CONTRACT AND OR ORDER

ACCOUNTANT

DATE

[Signature]
 16/10/2019

1ST APPROVAL

DATE

COMPILED

DATE

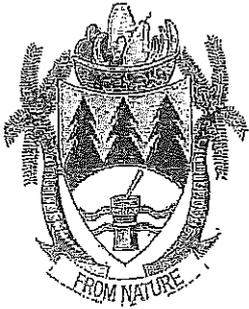
2ND APPROVAL

DATE

3313
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 US/GT-002

16/10/19

[Signature]



GREATER TZANEEN MUNICIPALITY
 GROTER TZANEEN MUNISIPALITEIT
 MASIPALA WA TZANEEN
 MASEPALA WA TZANEEN



P.O. BOX 24
 TZANEEN
 0850

TEL: 015 307 8000
 FAX: 015 307 8049

www.greatertzaneen.gov.za

REQUEST FOR PAYMENT

Payee: Ulwazi Security Group (Pty) Ltd

Amount: R358 429,44

Details: Provision of high level security for
 GTM (post payment as balance).

Debit Expenditure Vote: 140/074/1263

Budget Amount Available: R12 228 189 -52

Budget/ Expenditure Confirmation Personnel: [Signature]



CAPTURED

PAID

Requested by:

Dept. / Section: Safety & Security

Date: 15/10/2019

Manager: [Signature]

Date: 15/10/2019

Approved by:

Director: [Signature]

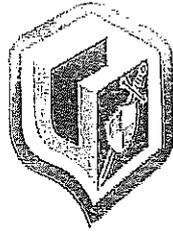
Date: 15/10/2019

CFO: [Signature]

Date: 15/10/2019

Municipal Manager: [Signature]

Date: 15/10/2019



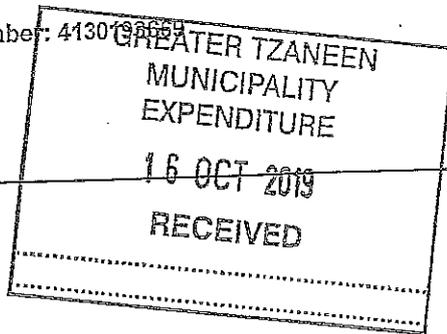
ULWAZI
SECURITY

Tax Invoice

Attention: Municipal Manager
Greater Tzaneen Municipality
PO BOX 24
TZANEEN
0850

ULWAZI SECURITY (Pty) Ltd
Address: Cnr Brand Road & Swart Drive
Midrand, 1685
PO Box 11966, Zwartkop, 0051
Office: +27(0) 66 094 8025
Fax: +27 (0) 86 4007 886
Mobile: +27(0) 82 925 4957
Email: bongani@ulwazigroup.co.za
Email: info@ulwazigroup.co.za
VAT Number: 4140287485

VAT Number: 4130198654



Date: 11/10/2019
Invoice: No: US/GT-002

DESCRIPTION	Amount
DEPLOYMENT OF A CLOSE PROTECTION TEAM AT THE MUNICIPALITY FOR A PERIOD OF ONE MONTH; WITH AN OPTION FOR FURTHER EXTENSION	R311 677, 78
Sub total	R311 677, 78
Vat 15%	R 46 751, 66
Total	R358 429, 44

CAPTURED

Banking Details

Account Holder: ULWAZI SECURITY (Pty) Ltd
Bank Name: Standard Bank
Account : 032 526 806
Branch Name: Centurion
Branch Code: 012645
Account Type: Cheque

PAID

[Handwritten Signature]
15/10/2019

"Excellence in Safety"



Date 12 February 2019

Centurion Branch

To Whom It May Concern

Re: Confirmation of Bank account

This letter serves to confirm that the below mentioned customer conducts an account in our books.

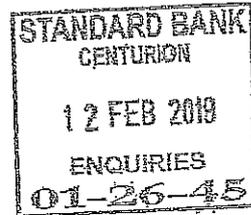
Legal entity name ULWAZI SECURITY PTY LTD
 Name of account ULWAZI SECURITY PTY LTD
 Account number 032526806
 Account type BUSINESS CURRENT ACCOUNT
 Registration/Identity/Passport number 1998/023833/07
 Branch CENTURION
 Branch code 012045
 Branch code (electronic payments) 051001
 SWIFT address SBZA ZA JJ
 Date account opened 07 November 2017

This letter is given without responsibility and does not rise to any obligations or liability on the part of the Bank and/or its officials.

We trust the above meets with your requirements.

Yours sincerely

Name Joshua
 Title Mr
 Branch Centurion
 Telephone 0128714175



Disclaimer
 Whilst care has been taken in compiling this letter, Standard Bank makes no representations or warrant (expressed or implied) about the accuracy, or completeness of the information contained herein for any purpose.
 Standard Bank, its employees or agents accept no liability to any party for any loss, damage or costs however arising, whether directly or indirectly arising from any action or decision taken as a result of any person relying on or otherwise using this document or arising from any omission from it.

Standard Bank Building Cor Hendrik Verwoerd and South streets Centurion 0157
 PO Box 7265 Centurion 0157 SWIFT Address: SBZA ZA JJ www.standardbank.co.za
 Tel: 0860 101 341

The Standard Bank of South Africa Limited (Reg. No. 1992/000298/06) Authorised financial services and registered credit provider (NCRCP15).

Directors: TS Grabashe (Chairman) L Fuzile* (Chief Executive) A Dabirke* RMM Dunne* EJ Fraser-Moleketi Hao Hu* GMB Kaimosi BJ Kruger* JH Mera
 NMA Makumbe *KD Moroka *M. Odum-Diabo* AC Parker *ANA Paloside con* MJD Buck *D.Sullivan* SK Tshabalala *M Vice Lubo Wang*
 Company Secretary: Z. Stephen * Executive Director * British, * Chinese * Kenyan * Nigerian * Australian 12/02/2019
 00051619 201802

Payment B

PII 11/18/00001987

THE GREATER TZANEEN MUNICIPALITY
DEPARTMENT OF THE FINANCIAL MANAGER
P.O. BOX 24 TZANEEN 0850; TEL : 015 307 8000 FAX 015 307 8049

Messrs : ULWAZI SECURITY

15 /11 / 2019

ACC NO 032526806 1

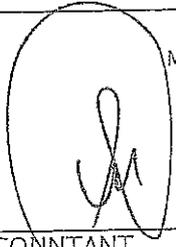
BRANCH: 012 645 1

REF NO :

Cheque no: 1080151

DETAILS	VOTE NO:	VOTE AMOUNT	CHEQ AMOUNT
PROVISION OF CLOSE PROTECTION TEAM			716 858.89
INV US/GTM-004			
CAPTURED			
ULWAZI SECURITY	140/074/1263	623 355.56	
	912/912/9012	93 503.33	
		716 858.89	1
PROVISION OF CLOSE PROTECTION TEAM			

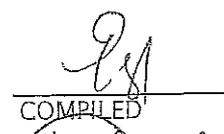
MY DEPARTMENT, THAT THE GOODS HAVE BEEN RECEIVED OR THE WORK REFERRED TO CARRIED OUT IN AN EFFICIENT MANNER, AND THAT THE PRICE IS FAIR AND REASONABLE IN ACCORDANCE WITH THE CONTRACT AND OR ORDER



ACCOUNTANT

DATE

5/1288



COMPILED

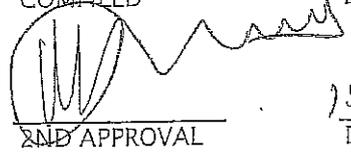
15/11/19
DATE



1ST APPROVAL

15/11/2019
DATE

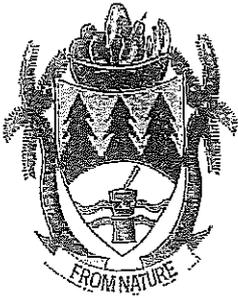
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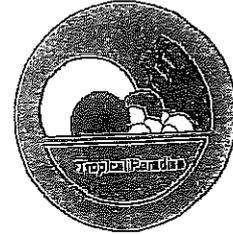
2ND APPROVAL

15/11/2019
DATE

us/gtm/004



GREATER TZANEEN MUNICIPALITY
GROTER TZANEEN MUNISIPALITEIT
MASIPALA WA TZANEEN
MASEPALA WA TZANEEN



P.O. BOX 24
TZANEEN
0850

TEL: 015 307 8000
FAX: 015 307 8049

www.greatertzaneen.gov.za

REQUEST FOR PAYMENT

Payee: ULwazi Security (Pty) Ltd

Amount: R716 858,89

Details: Provision of close protection Team

Security services for BTM

Debit Expenditure Vote: 140/074/1263

Budget Amount Available: R10 540 320-86

GREATER TZANEEN
MUNICIPALITY
EXPENDITURE

15 NOV 2019

RECEIVED

Budget/ Expenditure Confirmation Personnel: [Signature]

CAPTURED

Requested by:

Dept. / Section: Safety & Security

Date: 12/11/2019

Manager: [Signature]

Date: 12/11/2019

Approved by: [Signature]

Director: [Signature]

Date: 12/11/2019

CFO: [Signature]

Date: 12/11/19

Municipal Manager: [Signature]

Date: 12/11/19



ULWAZI
SECURITY

Tax Invoice

Attention: Mr. BS Matlala
Municipal Manager
Greater Tzaneen Municipality
PO BOX 24
TZANEEN
0850

VAT Number: 4130193669

ULWAZI SECURITY (Pty) Ltd
Blue Valley Shopping Centre, Office
B2, Coatbridge Road, Kosmosdal,
Centurion, 0157
PO Box 11966, Zwartkop, 0051
Office: +27(0) 11 512 1532
Fax: +27 (0) 86 4007 886
Mobile: +27(0) 82 925 4957
Email: bongani@ulwazigroup.co.za
Email: info@ulwazigroup.co.za
VAT Number: 4140287485

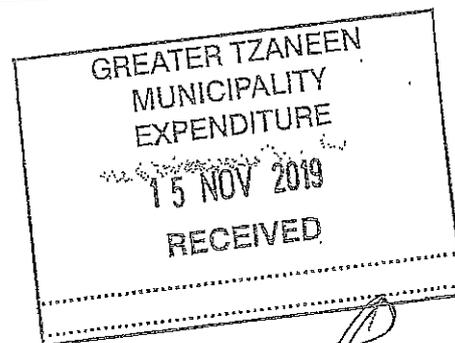
Date: 15/11/2019
Invoice: No: US/GTM-004

DESCRIPTION	Amount
DEPLOYMENT OF A CLOSE PROTECTION TEAM AT THE MUNICIPALITY FOR A PERIOD OF ONE MONTH; WITH AN OPTION FOR FURTHER EXTENSION: Greater Tzaneen Municipality (Head Office Building)	R623 355, 56
Sub total	R623 355, 56
Vat 15%	R 93 503, 33
Total	R716 858, 89

CAPTURED

Banking Details

Account Holder: ULWAZI SECURITY (Pty) Ltd
Bank Name: Standard Bank
Account: 032 526 806
Branch Name: Centurion
Branch Code: 012645
Account Type: Cheque



"Excellence in Safety"

[Handwritten signatures]

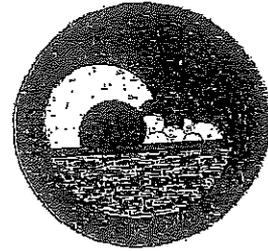


GREATER TZANEEN MUNICIPALITY
GROTER TZANEEN MUNISIPALITEIT
MASIPALA WA TZANEEN
MASEPALA WA TZANEEN

P.O. BOX 24
TZANEEN
0850

TEL: 015 307 8000
FAX: 015 307 8049

www.greatertzaneen.gov.za



SCMU 21/2019

ENQ: BS MATLALA

CELL: 071 592 5089

16 September 2019

Your Ref:

MR. BONGANI MABIZELA
ULWAZI SECURITY GROUP (PTY) LTD
NATIONAL OFFICE

ATT: Bongani Mabizela

TELL: 066 094 8025

CELL: 082 925 4957

FAX: 086 4007 886

EMAIL: bongani@ulwazigroup.co.za

Sif / Madam

DEVIATION: APPROVAL AS SERVICE PROVIDER

DESCRIPTION: HIGH LEVEL SECURITY SERVICES: GREATER TZANEEN
MUNICIPALITY (DEVIATION: SCMU 03 / 2019)

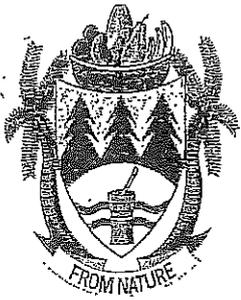
1. The above matter refers.
2. It has been resolved by deviation on the basis of emergency circumstances in the Greater Tzaneen Municipality.
3. The Municipality hereby appoint your company for high level security services for an amount of R 716 858.88 inclusive of VAT for a contract period one (01) month on the basis of the following conditions:

- a) That the total amount of Ulwazi Group (Pty) Ltd must not exceed the amount of R 716 858.88.
- b) That the service provider confirm that the contract amount will remain fixed for the duration of the contract.
- c) That the service provider undertakes in writing that he / she has sufficient personnel, ammunition and fleet to achieve the required services.
- d) That the service provider undertakes in writing that he has sufficient and approximately qualified personnel to be able to execute the services required within generally accepted standard required in high level security services.
- e) The council reserves the right to negotiate further conditions and requirements with the service provider should such need arise.
- f) The service provider will execute each task within the scope of the accepted bidding standards applicable to high level security services based on your capabilities and experience.
- g) The service provider will execute security task within the scope of the services within upon notification and instruction by the Greater Tzaneen Municipality under Community Services Department: Safety and Security Division.
- h) This appointment is subject to your written acceptance immediately you receive this appointment letter as this is a matter of urgency.
- i) Further note that in terms of section 116 of the Local Government: Municipal Finance Management Act, you are required to enter into a service level agreement with the Greater Tzaneen Municipality in compliance with our financial regulation.
- j) Your communication with the Municipality will be through the Community Service Department: Manager: Safety and Security Division at the following number: 082 070 1351.
- k) Yours in service delivery.



MR BS MATLALA
MUNICIPAL MANAGER
GREATER TZANEEN MUNICIPALITY.

16 / 09 / 2019
DATE



**GREATER TZANEEN MUNICIPALITY
GROTER TZANEEN MUNISIPALITEIT
MASIPALA WA TZANEEN
MASEPALA WA TZANEEN**



P.O. BOX 24
TZANEEN
0850

TEL: 015 307 8000
FAX: 015 307 8049

www.greatertzaneen.gov.za

REQUEST FOR PAYMENT

Payee: African Calabash lodge cc

Amount: R363 300,00

Details: 15X Accommodation, Breakfast, lunch, Dinner for
Close Protection Officers for ULwazi Security (Pty) Ltd.

Debit Expenditure Vote: 140/074/1263

Budget Amount Available: R9 916 964,80

Budget/ Expenditure Confirmation Personnel:

GREATER TZANEEN MUNICIPALITY EXPENDITURE
20 NOV 2019
RECEIVED

PAID

Requested by:

Dept. / Section: Mlc Makhubela Date: 19/11/2019

Manager: [Signature] CAPTURED Date: 19/11/2019

Approved by: [Signature] Date: 2019/11/19

Director: [Signature] Date: 2019/11/19

CFO: [Signature] Date: 2019/11/19

Municipal Manager: [Signature] Date: 2019/11/19

Tax Clearance Confirmed

as attached

QUOTE NO: 0207020

P.O.Box 1149
N'WAMITWA 0871

DATE: 15/11/ 2019

FAX NO : (086) 416 5058
TEL NO: (015) 312 7904



INVOICE

RESPONSIBLE PERSONNEL	JOB	PAYMENT TERMS	DUE DATE
TZANEEN MUNICIPALITY	ACCOMMODATION	EFT	

QUANTITY	DESCRIPTION	UNIT PRICE	LINE TOTAL
15	LUXURY ROOMS	R 450,00	R 189 000,00
15	BREAKFAST BUFFET	R 75,00	R 31 500,00
15	LUNCH BUFFET	R 155,00	R 65 100,00
15	DINNER BUFFET	R 185,00	R 77 700,00

CHECK IN 19/10/2019
CHECK OUT 15/11/2019
28 nights

GREATER TZANEEN
MUNICIPALITY
EXPENDITURE
20 NOV 2019
RECEIVED

BANK DETAILS
AFRICAN CALABASH LODGE
FNB
TZANEEN
ACCOUNT NO. 62798471589
BRANCH CODE. 250655

THANK YOU FOR YOUR BUSINESS!!!

SUBTOTAL	R 363 300,00
VAT	
TOTAL	R 363 300,00

NB: THIS INVOICE MUST BE PAID IN 7 DAYS

MIR Z MABUNDA
Managing Member

[Handwritten Signature]
19/11/2019

101/21/2286

P.M.E. 4

THE GREATER TZANEEN MUNICIPALITY

DEPARTMENT OF THE FINANCIAL MANAGER
P.O. BOX 24 TZANEEN 0850; TEL : 015 307 8000 FAX 015 307 8049

Messrs: AFRICAN CALABASH LODGE

ACC NO 62798471589

BRANCH: 250 655

REF NO : _____

21 /11 /2019

Cheque no: 1084476
10844596 cells

DETAILS	VOTE NO:	VOTE AMOUNT	CHEQ AMOUNT
ACCOMMODATION FOR ULWAZI SECURITY			482 670.00
44554			
PAID		CAPTURED	
AFRICAN CALABASH LODGE	140/074/1263	482 670.00	
Greater Tzaneen Municipality			
2019-12-06			
BANK TRANSFER			
ACCOMMODATION FOR ULWAZI SECURITY			

MY DEPARTMENT, THAT THE GOODS HAVE BEEN RECEIVED OR THE WORK REFERRED TO CARRIED OUT IN AN EFFICIENT MANNER, AND THAT THE PRICE IS FAIR AND REASONABLE IN ACCORDANCE WITH THE CONTRACT AND OR ORDER

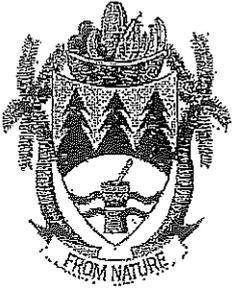
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ACCOUNTANT DATE

m 06/12/2019
1ST APPROVAL DATE

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COMPILED
[Signature]
2ND APPROVAL

21/11/19
DATE
06/12/2019
DATE

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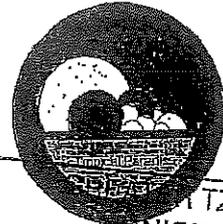


GREATER TZANEEN MUNICIPALITY
 GROTER TZANEEN MUNISIPALITEIT
 MASIPALA WA TZANEEN
 MASEPALA WA TZANEEN

P.O. BOX 24
 TZANEEN
 0850

TEL: 015 307 8000
 FAX: 015 307 8049

www.greatertzaneen.gov.za



GREATER TZANEEN
 MUNICIPALITY
 EXPENDITURE
 19 NOV 2019
 RECEIVED

CHEQUE REQUISITION

Cheque in Favour of: African Caraborn Lodge

Amount: R 482 670.00

Debit Expenditure Vote: 140/074/1263

Budget Amount Available: R 11 916 511 - 74

Details: Accommodation for 18 ulungu
 security (P.M.) Group presentation Officers

Requested by: Makhubele **CAPTURED** Mk 21/10/2019
 Name: Security & Security Date: 21/10/2019
 Dept. / Section:

Approved by: [Signature] Date: 21/10/2019
 Manager:

Director: [Signature] Date: 2019/11/09

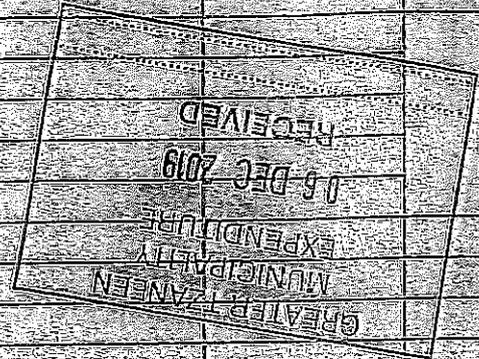
CFO: [Signature] Date: 2019/11/12

Handwritten signature

NB: THIS QUOTATION IS VALID FOR 30 DAYS
 THANK YOU FOR YOUR BUSINESS!

MR Z MABUNDA
 Managing Member

QUANTITY	DESCRIPTION	UNIT PRICE	LINE TOTAL
18	LUXURY ROOMS	R 450.00	R 251 100.00
18	BREAKFAST BUFFET	R 75.00	R 41 850.00
18	LUNCH BUFFET	R 155.00	R 86 490.00
18	DINNER BUFFET	R 185.00	R 103 230.00
	CHECK IN - 18/09/2019		
	CHECK OUT 18/10/2019		
BANK DETAILS			
AFRICAN CALABASH LODGE			
FNB			
TZANEEN			
ACCOUNT NO. 62798471589			
BRANCH CODE 250555			
SUBTOTAL			
R 482 570.00			
VAT			
TOTAL			
R 482 570.00			



Handwritten signature

INVOICE NO: 44554

INVOICE

DATE: 02/12/2019



P.O. Box 1149
 N. WAMITWA 0871
 FAX NO: (086) 416 5058
 TEL NO: (015) 312 7904