

Supply Chain Management Quarterly report for the period ending 30 September 2026

1. DEMAND MANAGEMENT

For the quarter ending 30 September 2026, there was a 9.63% deviation (0% previous quarter) from the plan. Table 1 illustrates the percentage deviation from the procurement plan per directorate. It is noted that not all directorates performed within the required deviation rate of 10% and continued effort should be made to stay aligned with the procurement plan as agreed by each budget holder.

Table 1

	Directorate	% Deviation
1	Directorate Technical Services	17.86%
2	Directorate Planning; Development and Environmental Services	0.00%
3	Directorate Community Services	7.14%
4	Directorate Corporate Management	0.00%
5	Directorate Financial Services	33.33%
6	Office of the Municipal Manager	50%
	Total	9.63%

2. ACQUISITION MANAGEMENT

2.1 PROCUREMENT

For the quarter ending 30 September 2026, **857 (481 previous quarter)** requisitions were processed by the SCM unit to the value of **R41 865 078,80 (R13 401 731.73 previous quarter)**. Table 2 illustrates the number and value of requisitions per directorate as well as the percentage of total volume and value for the quarter ending 30 September 2026.

Table 2

Department	Requisition Quantity	Requisition R value	% of total nr	% of total value
Community Services	126	4 302 982,59	14,70	10,28
Corporate Services	86	2 973 926,09	10,04	7,10
Corporate Services Library	1	1 774,04	0,12	0,00
Electrical Services	173	13 344 591,00	20,19	31,88
Financial Services	35	2 690 831,84	4,08	6,43
Human Resources	26	701 175,89	3,03	1,67
Information Technology	12	6 324 696,33	1,40	15,11
Internal Audit	2	1 200,00	0,23	0,00
Office of the Mayor	4	41 626,55	0,47	0,10
Office of the Municipal Manager	6	243 926,15	0,70	0,58
OHS Resorts and Camps	45	1 003 039,37	5,25	2,40
Planning and Development	52	846 187,56	6,07	2,02

Streets, Stormwater and Parks	166	5 986 171,04	19,37	14,30
Traffic	1	10 267,76	0,12	0,02
Water, Sewerage and Sanitation	122	3 392 682,59	14,24	8,10
Total	857,00	R 41 865 078,80	100,00	100,00

2.2 INFRASTRUCTURE PROCUREMENT

In terms of MFMA NT Circular No. 77 which aims to provide guidance to municipalities to establish a suitable SCM system for infrastructure delivery. The aim is to assist municipalities in building efficiencies with in their current SCM control framework when undertaking infrastructure projects.

In support of Regulation 3(2) of the MFMA Supply Chain Management Regulations, the Standard for Infrastructure Procurement and Delivery Management were issued to improve the following project outcomes:

1. The decision-making process associated with procurement and delivery management through control frameworks and policies associated with the assigning of responsibilities for approving or accepting deliverable associated with a gate.
2. Aspects of delivery management and procurement processes, methods and procedures, and
3. Procurement documents

It must be noted that the implementation date for organs of state subject to the Municipal Finance Management Act is 1 July 2017.

As per the agreement with National Treasury and the Auditor General, a phase in approach will be applied in respect of the full implementation of the Standard for Infrastructure Procurement and Delivery Management.

The following actions will be required to be fully implemented before 1 July 2017:

1. Establish a suitable SCM Policy for Infrastructure Procurement and Delivery Management
2. Establish agency agreements between organs of state if projects are implemented on behalf of another organ of state;
3. Apply the prescribed control frameworks and record approval/ acceptance at the relevant gates.

The following remaining actions to be completed before 1 July 2019 (except action 7).

4. Establish implementation plans
5. Develop procurement documents in accordance with the provisions of the SIPDM
6. Ensure that built environment professionals perform designated functions as provided for in the SIPDM
7. Prepare annual performance report and issue to relevant treasury within two months of the year end. (Action implementation date to be confirmed by National Treasury)

As to how Hessequa Municipality are progressing regarding the implementation of actions 1, 2 and 3 above are noted below:

1. The SCM Policy for Infrastructure Procurement and Delivery Management are established and adopted by council.
2. Hessequa Municipality does not have any agency agreements;
3. The prescribed control frameworks are applied and acceptance at the relevant gates are duly recorded.

The following actions has not yet commenced:

4. Establish implementation plans
5. Develop procurement documents in accordance with the provisions of the SIPDM
6. Ensure that built environment professionals perform designated functions as provided for in the SIPDM
7. Prepare annual performance report and issue to relevant treasury within two months of the year end. (Action implementation date to be confirmed by National Treasury)

The National Treasury has confirmed that it is in the process of reviewing and revising the SCM system for Infrastructure delivery requirements in totality as it appears to be too onerous on smaller municipalities. It should however be noted that the Auditor-General was not instructed to delay its audit on full compliance.

National Treasury has issued communication and issued a revised version of the SIPDM on 28 August 2019. Comments on the revised version has closed on 13 September 2019, from which the draft SIPDM will be revised and promulgated in due course. Subsequently the draft revised standard was issued on 18 December 2019 after taking into consideration the inputs and comments received with further instruction from National Treasury to review and submit further comments by 17 January 2020.

For the quarter ending 31 March 2020, no movement about the revised SIPDM was noted from National Treasury. However, the long-awaited South African draft Public Procurement Bill was published.

One of the main aims of the draft statute is “to create a single regulatory framework for public procurement and eliminate fragmentation in laws which deal with procurement in the public sector”. The draft Bill proposes a range of reforms to the South African procurement system, including

- the creation of a national Public Procurement Regulator,
- repealing the Preferential Procurement Policy Framework Act and with it the entire current approach to preferential procurement, replacing it with a new, broad preferential procurement framework to be determined by the Minister of Finance by way of regulation,
- introducing a new remedies regime that includes reconsideration at entity level, provincial level and national level, with a standstill period, and a new Public Procurement Tribunal, which will have to be approached for review of procurement decisions prior to instituting judicial review applications,
- explicitly legislating for infrastructure procurement and PPPs and
- completely replacing the current local government procurement rules (it proposes to repeal the entire chapter 11 of the MFMA).

Comments was initially open until 31 May 2020, following the announcement from our President Cyril Ramaphosa of a 21-day lockdown commencing midnight on Thursday, 26th March 2020, the due date was extended to 30 June 2020.

That NT reached a resolution and issued Circular 106 on 01 October 2020 to this effect and will replace MFMA Circular 77. This however will be effective from 01 July 2021.

2.3. FORMAL BIDDING

For the quarter ending 30 September 2026, seven (7) formal tenders were awarded to the value of **R61 106 982.00**. During this period one (1) formal tender was cancelled. Also, during this period thirteen (13) closed quotations were awarded to the value of **R941 714.29**. Two (2) contracts were amended with a value of **R145 060.00**, with one (1) regulation 32 appointments to the value of **R9 424 125,11** were made, two (2) regulation 31 appointment were made to the value of **R1,078,235.32**. Table 3 indicates the tenders awarded and regulation 32 awards, closed quotations awarded, tenders extended, agreement expanded, and regulation 36 awards made by the BAC, and where the bidders are situated.

Table 3

Formal tenders						
Nr	Tender	Amount (Incl. VAT)	Amount Extended (Incl. VAT)	Local	Garde n Route	Other
1	HES-TECH 23/2526: CONSTRUCTION OF A NEW 1ML RESERVOIR IN JONGENSFONTEIN	R6 544 246.00			X	

2	HES-TECH 01/2526 - COLLECTION OF RECYCLABLE WASTE IN HESSEQUA MUNICIPAL AREA FOR A PERIOD OF THREE (3) YEARS	R5 483 854.00		X		
3	RFQ 28 – UPGRADING OF ROADS AND STORMWATER IN HESSEQUA MUNICIPAL AREA (2026/2027) UNDER PANEL TENDER HES-TECH 22/2223	R11 637 598,94			X	
4	RFQ 30 - CONSTRUCTION OF A NEW WATER TREATMENT WORKS IN HEIDELBERG UNDER PANEL TENDER HES-TECH 22/2223	R35 169 300,00		X		
5	RFQ 31 - WATERLINE CONNECTION FROM BOREHOLE TO WATER TREATMENT WORKS IN ALBERTINIA (2026/2027) UNDER PANEL TENDER HES-TECH 22/2223	R2 036 217,54			X	
6	RFQ 35: ELECTRICAL SERVICES: HES-CORP 09/2324 (SUPPLY, DELIVERY AND INSTALLATION OF SPLIT UNIT AIR CONDITIONERS) UNDER PANEL TENDER HES-CORP 09/2324	R235 765,52		X		
7	TENDER HES-TECH 03/2526 THE APPOINTMENT OF A SERVICE PROVIDER FOR THE RENDERING OF LIFESAVING SERVICES AT SIX (6) BEACHES, TWO (2) TIDAL POOLS AND STILL BAY RIVER MOUTH FOR A PERIOD OF THREE (3) YEARS	VARIOUS				X
	Total	R61 106 982.00				

Closed Quotation Appointments

Nr	Closed Quotation Description	Amount (Incl. VAT)	Amount Extended (Incl. VAT)	Local	Garde n Route	Other
1	RFQ 93337 - THE SUPPLY AND DELIVERY OF WOODTOP TABLES FOR COMMUNITY HALLS	R76 329,90 (Service provider is not Vat registered)				X
2	RFQ 93400 - THE SUPPLY AND DELIVERY OF PAINT	R79 050,23		X		
3	RFQ 93599 - THE PROVISION OF EXTERNAL AUDITING SERVICES FOR LANDFILL SITES IN THE HESSEQUA MUNICIPAL AREA	R128 800,00				X

4	RFQ 93645 - THE APPOINTMENT OF A MARKETING SERVICE PROVIDER FOR THE HESSEQUA MUNICIPALITY TOURISM SECTION FOR A PERIOD OF 11 MONTHS (AUGUST 2026 - JUNE 2027)	VARIOUS				X
5	RFQ 93618 - THE PROVISION OF MACHINERY TRAINING ON AN AS AND WHEN REQUIRED BASIS FOR A PERIOD OF TWO MONTHS	VARIOUS			X	
6	RFQ 93363 - THE SUPPLY AND DELIVERY OF ROAD MARKING PAINT FROM INCEPTION UNTIL 30 JUNE 2027	VARIOUS			X	
7	RFQ 93625 - THE SUPPLY AND DELIVERY OF ANIMAL FEED, MEDICINE AND CLEANING MATERIALS FOR THE HESSEQUA MUNICIPAL ANIMAL POUND FOR A PERIOD OF ONE YEAR	VARIOUS				X
8	RFQ 94129 - THE APPOINTMENT OF HANDYMAN SERVICES FOR THE PROPERTY MANAGEMENT DEPARTMENT FROM INCEPTION UNTIL 30 JUNE 2027	VARIOUS		X		
9	RFQ 93902 - THE SUPPLY AND DELIVERY OF SODIUM HYDROXIDE FOR HESSEQUA MUNICIPALITY	R113 400,00 (Supplier is not Vat registered)				X
10	RFQ 93935 - THE SUPPLY AND DELIVERY OF SMOKE DETECTORS FOR HESSEQUA MUNICIPALITY	R287 500,00		X		
11	RFQ 93459 - THE SUPPLY AND DELIVERY OF NOZZELS AND HOSES	R84 930,95				X
12	RFQ 93770 - THE SUPPLY AND DELIVERY OF ENVIRONMENTAL AND INFO SIGNAGE MATERIAL FOR BEACHES AND PUBLIC PLACES	R44 450,00		X		
13	RFQ 93925 - THE SUPPLY AND DELIVERY OF MATERIALS FOR PREEKSTOEL CAMP, STILLBAY	R127 253,71				X
	Total	R941 714.29				

Tenders/ Agreements Extended

Nr	Tender	Original Amount (Incl. VAT)	Amount Extended (Incl. VAT)	Local	Garde n Route	Other
1	HES-CORP 05/2324: SUPPLY AND DELIVERY OF PROTECTIVE CLOTHING AND EQUIPMENT FOR HESSEQUA MUNICIPALITY FOR A PERIOD OF THREE (3) YEARS	R 5 832 565.00	R 131 200.00		X	

2	HES-TECH 08/2324: THE APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR THE HIRING OF EARTH MOVING EQUIPMENT / CONSTRUCTION VEHICLES FOR A PERIOD OF THREE (3) YEARS	R 111 474.00	R 13 860.00		X	
	Total	R5 944 039.00	R145 060.00			
Regulation 32 Appointments						
2	PROCUREMENT OF EIGHT (8) HILUX SC 2.4 GD S 5MT AC; FOUR (4) HILUX SC 2.4 GD-6 4X4 SR 6MT; THREE (3) HILUX SC 2.4 GD-6 RB RAIDER 6MT; THREE (3) STARLET 1.5L XS AT AND TWO (2) STARLET 1.5L XS MT UNDER TRANSVERSAL CONTRACT RT 57-2022: SUPPLY AND DELIVERY OF SEDAN, LIGHT AND HEAVY COMMERCIAL VEHICLES, BUSES, MOTORCYCLES, AGRICULTURAL TRACTORS, CONSTRUCTION PLANT AND EQUIPMENT TO THE STATE FOR THE PERIOD 01 JULY 2023 TO 30 JUNE 2026 (EXTENDED BY NT TO 31 OCTOBER 2026)	R9 424 125,11				X
5	Total	R9 424 125,11				
Regulation 31 Appointments						
1	RQ 93720 - Laptops, Desktops, Monitor and Laptop bags Procurement.	R1,078,235.32				X
2	RFQ 93677 - THE PROVISION OF AN ASSET TRACKING AND MANAGEMENT SOLUTION SYSTEM FOR A PERIOD OF 22 MONTHS	VARIOUS				X
	Total	R1,078,235.32				
Unsolicited proposal						
	NONE					
	Total	N/A				
Regulation 36 Appointments by BAC						
Nr	Deviation Description	Original Amount (Incl. VAT)	Amount Extended (Incl. VAT)	Local	Garde n Route	Other
1	INTERIM APPOINTMENT / CONTINUATION OF FUEL CARD AND FUEL MANAGEMENT SERVICE PROVIDERS FOR A MAXIMUM PERIOD OF THREE MONTHS	R3 934 380.15				X

2	RQ 93960 - YEAR ORDER FOR BUSINESS ENGINEERING COLLABORATOR FOUNDATION SYSTEM ON SITE SUPPORT FOR PERIOD OF 1 YEAR FROM JULY 2027 - 30 JUNE 20288	R539 621,40				X
3	RQ 93706 - Deviation: Nutanix Licenses Renewal	R1 547 808.00				X
4	RQ 94572 - SOLAR LICENSE 2025/26 (YEAR 1)	R802 298,06				X
	Total	R6 824 107.61				

Service Level Agreements

	Service Provider	Description of Service	Amount (Incl. VAT)	Local	Eden	Other
	CONTOUR TECHNOLOGY (PTY) LTD	APPOINTMENT OF SERVICE PROVIDER FOR THE SUPPLY, INSTALLATION AND MANAGEMENT OF A PRE-PAID VENDING TENDER FROM INCEPTION UNTIL 30 JUNE 2028	VARIOUS			X
	VODACOM (PTY) LTD	PROCUREMENT OF 40 MOBILE DATA CARDS IN TERMS OF TRANSVERSAL CONTRACT RT 15-2021 FOR A PERIOD OF TWO YEARS TERMINATING ON 30 JUNE 2026	R 143 040.00			X
	NATIONAL SEA RESCUE INSTITUTE OF SOUTH AFRICA CC	THE APPOINTMENT OF A SERVICE PROVIDER FOR THE RENDERING OF LIFESAVING SERVICES AT SIX (6) BEACHES, TWO (2) TIDAL POOLS AND STILL BAY RIVER MOUTH FOR A PERIOD OF THREE (3) YEARS	R7 022 463,88			X
	DLK GROUP (PTY)LTD	THE APPOINTMENT OF A SERVICE PROVIDER FOR THE PROVISION OF AN ASSET TRACKING AND MANAGEMENT SOLUTION SYSTEM FOR A PERIOD OF 22 MONTHS (SITA – RFB 1183/2022	R883 204,00			X

	HENQUE WASTE	COLLECTION OF RECYCLABLE WASTE IN HESSEQUA MUNICIPAL AREA FOR A PERIOD OF THREE (3) YEARS	R6 306 432,10		X		
	ENTSHA HENRA (PTY) LTD	RFQ 28: UPGRADING OF ROADS AND STORMWATER IN THE HESSEQUA MUNICIPAL AREA	R11 637 598,94		X		
	MEYER BETON	RFQ 30: CONSTRUCTION OF A NEW WATER TREATMENT WORKS IN HEIDELBERG	R35 169 300,00	X			
	ENTSHA HENRA (PTY) LTD	RFQ 28: UPGRADING OF ROADS AND STORMWATER IN THE HESSEQUA MUNICIPAL AREA	R 2 036 217,54		X		
	Contract/s transferred						
	Tender/contract		Service provider		Local	Eden	Other
NONE							

** Tender value can only be determined at the end of the period*

It should also be noted that during the period under review five (5) objections and two (2) appeals were lodged against Hessequa Municipality.

Tender No.	Received From	Date Received	Date Completed	Outcome
JULY 2026				
HES-TECH 23/2526: Construction of a new 1ml reservoir in Jongensfontein (Appeal)	Meyer Beton Siviele Boukontrakteurs	07 July 2026	27 July 2026	Dismissed
AUGUST 2026				
HES-TECH 07/2526: The supply and delivery of water treatment chemicals for a period from 13 September 2026 until 30 June 2029 (Objection)	Deefor (Pty) Ltd	14 August 2026	17 August 2026	Dismissed
HES-TECH 07/2526: The supply and delivery of water treatment chemicals for a period from 13 September 2026 until 30 June 2029 (Objection)	Mzantsi Facilitors CC	19 August 2026	24 August 2026	Dismissed
HES-TECH 07/2526: The supply and delivery of water treatment chemicals for a period from 13 September 2026 until 30 June 2029 (Objection)	Chemcape (Pty) Ltd	19 August 2026	26 August 2026	Dismissed

HES-TECH 07/2526: The supply and delivery of water treatment chemicals for a period from 13 September 2026 until 30 June 2029 (Objection)	Improchem (Pty) Ltd t/a AECI Water	21 August 2026	In Process	N/A
SEPTEMBER 2026				
HES-TECH 07/2526: The supply and delivery of water treatment chemicals for a period from 13 September 2026 until 30 June 2029 (Objection)	Improchem (Pty) Ltd t/a AECI Water	21 August 2026	02 September 2026	Upheld
RFQ 93720: The procurement of laptops, desktops, monitor and laptop bags in terms of RFB 740-2020 for the provision of outright purchase of computer peripherals, consumables and services for government departments for a period of three (3) years (Appeal)	Juvinon Systems (Pty) Ltd t/a ISM	16 September 2026	28 September 2026	Dismissed

VALIDITY EXTENTIONS

July 2026

No tender validity period were extended.

AUGUST 2026:

No tender validity period were extended.

SEPTEMBER 2026:

No tender validity period were extended.

All other tenders were awarded within their validity period. All tenders indicated in table 2 was awarded by following the official procurement system, in other words by means of the Bid Committee System.

2.4 DEVIATIONS FROM THE OFFICIAL PROCUREMENT PROCESS

For the quarter ending 30 September 2026 a total of 92 (**54** the previous quarter) requests for deviation were processed to the value of **R11 947 910.88** (previous quarter; **R832 945.00**). This amounts to a 70.37% increase in volume and a 1 334.42% increase in value. Table 4 illustrates the number and value of deviations per threshold.

Table 4

ITEM	NUMBER OF DEVIATIONS	VALUE OF DEVIATION
< R 2000		
Sole Suppliers		
Emergency		
Exceptional Circumstances	1	R1 715,32
R 2000 - R 30 000		
Sole Suppliers	4	R53 101.38
Emergency	1	R2 938.45
Exceptional Circumstances	30	R206 143.52
R 30 000 - R 200 000		
Sole Suppliers	2	R57 026.49
Emergency		
Exceptional Circumstances	26	R1 372 506.75
>R 200 000		
Sole Suppliers	2	R10 254 478.97
Emergency		
Exceptional Circumstances	26	R8 211 730.32
TOTAL DEVIATIONS	92	R11 947 910.88

3. SUPPLIER DATABASE

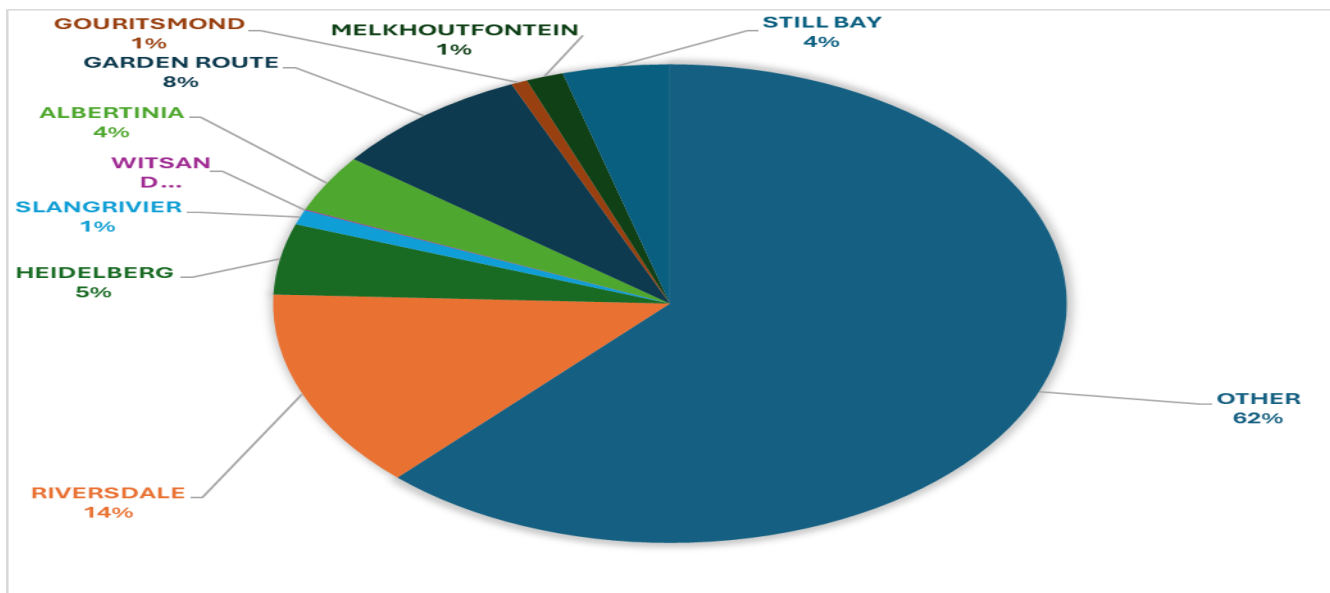
The supplier database of Hessequa Municipality currently consists of 3304 suppliers as of 30 September 2026. None of the categories have less than 3 suppliers registered.

It should also be noted that this is not a reflection of suppliers currently registered on the Central Supplier Database (CSD), it reflects those suppliers copied onto the Hessequa Municipal Supplier Database from the CSD.

The number of active local suppliers registered on the municipal database is a going concern. The matter was investigated by the SCM unit to determine the reason. It was established that the local suppliers which were rendered non-compliant on CSD, is due to their tax matters not being in order or suppliers not updating the listed commodities.

Herewith a summary of the current service providers listed on the Hessequa Municipal database for the quarter ending 30 September 2026.

TOTAL REGISTERED SUPPLIERS FOR HESSEQUA MUNICIPALITY



1. LOGISTICS MANAGEMENT

Controls for the handling of inventory are in place, and effectively controlled. Plans for a general store in Riversdale have been shelved for the time being because of the employee cost.

2. DISPOSAL MANAGEMENT

We are currently implementing a system of self-verification combined with spotchecks which the Asset management and Insurance section manages. This process has been progressing well since its inception in June 2020.

3. RISK, PERFORMANCE AND CONTRACT MANAGEMENT

Risk management will always be an ongoing concern in any entity considering the ongoing change in business, public and economic climates. We are continuously developing business processes and operating procedures with the aim of continuous improvement in our SCM processes. The support from management is however, essential to manage any risk within an organisation.

Regarding contract management, a monthly report on the performance of contractors is submitted to the Executive Mayoral Committee as per Section 116 of the MFMA. Overall the performance of the contractors was good with an exception of a few service providers and/or contractors. Those contractors for which improvement are required, are actively monitored to ensure the mitigation of possible risk to the organisation.

It is however important to highlight some concerns of contract management within the organisation in that of updating and monitoring of the contract file on the Collaborator system which may add value especially considering the safeguarding of information and supplier performance and dispute resolution.

Herewith a summary representation of all actively monitored contracts for the period under review which meet the criteria of more than R300 000 and/or longer than one (1) year.

	Description	Quantity
1	Number of contracts registered and actively monitored, as per SLA register	151
2	Number of new contracts for the period under review	8
4	Number of contracts extended for period under review	2
5	Number of contracts cancelled or terminated for period under review	0
6	Number of contracts in dispute and/or arbitration for period under review	0
7	Number of contracts that expires or terminates within the next 6 months for period under review	57
8	Regulation 32 and Transversal Appointments for the period under review	2
9	Service Delivery agreements	4
10	Contracts having budgetary implication longer than three years	7
11	Public Private Partnership	0
12	Contracts transferred	0

RECOMMENDATIONS AND CONCLUSION

From my perspective, it should be noted that the SCM implementation is going well.