

5.
SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT – 2015/2016 :
3RD QUARTER: 01 JANUARY TO 31 MARCH 2016

8/2/2

C Le Roux
08 April 2016

(028) 313 8107

Corporate Head Office

1. Executive Summary

In terms of Clause 6(3) of Council's Supply Chain Management Policy, the Municipal Manager must, within 10 business days of each quarter, submit a report on the implementation of the Supply Chain Management Policy to the Executive Mayor.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Finance
Department: Supply Chain Management

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003)
Overstrand Municipality Supply Chain Management Policy dated 25 May 2008, as amended.

6. Background/Discussion/Evaluation/Conclusion

Background

The purpose of this report is to ensure that Council maintains oversight over the implementation of the Supply Chain Management Policy, specifically regarding the following:

- a) awards made through the bid committee system for the 3rd Quarter of the 2015/2016 financial year, 01 January to 31 March 2016;
- b) deviations in terms of Clause 36 of the Supply Chain Management Policy;
- c) minor breaches approved by the Accounting Officer in terms of Clause 36(2) of the Supply Chain Management Policy;
- d) objections and complaints received; and

- e) incidences of non-compliance and irregular expenditure identified and currently undergoing investigation.

Discussion

a) Bid Awards

Bids are awarded in terms of Council's Supply Chain Management Policy and the preferential points system prescribed in the Preferential Procurement Policy.

All awards between R30 000 up to R10 million were approved through the bid committee system.

Procurement transactions have been processed through the bid committee system within the following timeframes:

Procurement Function	2015/2016 3 rd Quarter	2015/2016 to date	2014/2015
Bids Processed	7	65	124
Bids Processed- Average per Quarter	22	22	31
Average days from final evaluation to Bid Adjudication Committee	4	5	7
Average days from initiation to Bid Specification Committee	9	10	7
Estimated Value of Awards (R)	10 531 753	1 083 968 052	326 565 348

A schedule of these awards for the 3rd Quarter of 2015/2016 is attached as **Annexure A**.

Value of all Awards

The total value of tenders awarded by the Supply Chain Management Unit for the 3rd Quarter of 2015/2016 is:

	Operational Amount (Excluding VAT, where applicable)	Capital Amount (Excluding VAT, where applicable)	VAT @ 14%	Value of Awards (Including VAT, where applicable) for Q3
Bid Awards (7)	R 1 089 726	R 8 148 654	R 1 293 373	R 10 531 753

b) Deviations – Clause 36(1)(a)

Clause 36(1)(a) of Council’s Supply Chain Management Policy allows circumstances for deviations from the procurement processes. Furthermore, the policy requires in Clause 36(2), that the reasons for any deviations from the procurement processes must be recorded and be reported to Council.

Deviations approved by the Accounting Officer or by the delegated officials were motivated in terms of the following categories for applications approved for the 2015/2016 year to date is compared to the 2014/2015 financial year as per the following schedule:

SCM Policy	Description	2015/2016 3 rd Quarter	2015/2016 to date	2014/2015
Clause 36(1)(a)(i)	Emergency	5	7	10
Clause 36(1)(a)(ii)	Sole Provider	2	12	19
Clause 36(1)(a)(iii)	Special works of Art	0	2	2
Clause 36(1)(a)(iv)	Animals for zoos	0	0	0
Clause 36(1)(a)(v)	Impractical Impossible	6	33	55
Clause 36(1)(a)(v)(a)	Strip & quote repairs	4	4	0
Clause 36(1)(a)(v)(b)	Unskilled Labour (LLPP)	0	0	0
Clause 36(1)(a)(v)(c)	Acquisition of legal services	32	32	0
Clause 36(1)(a)(v)(d)	Advertisements	23	23	0
Clause 36(1)(a)(v)(e)	Accommodation & travel	4	4	0
Clause 36(1)(a)(v)(f)	Membership & subscription	0	0	0
Clause 36(1)(a)(v)(g)	Conferences & workshops	1	1	0
		77	118	86

The Supply Chain Management Policy was amended on 24 February 2016 with specific reference to clauses 2(3) and 36(1)(a)(v), to ensure adherence to National Treasury’s call for uniformity in supply chain practices, procedures and forms between organs of state.

Deviations approved in terms of clauses 36(1)(a)(i) – (v)(a) and clauses 36(1)(a)(v)(b)-(g) is attached as **Annexure B1** and **Annexure B2** respectively.

Value of all Deviations awarded

The total value of deviations processed via the Supply Chain Management Unit for the 3rd Quarter of 2015/2016, are as follows:

	Operational Amount (Excluding VAT, where applicable)	Capital Amount (Excluding VAT, where applicable)	VAT @ 14%	Value of Awards (Including VAT, where applicable) for Q3
Deviations (77)	R 1 244 198	R -	R 130 597	R 1 374 795

c) Minor Breaches

The Supply Chain Management Policy states in Clause 36(1)(b) that the Accounting Officer may consider ratifying any minor breach of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

The Accounting Officer approved zero (0) minor breach of the Supply Chain Management Policy in the 3rd Quarter of the 2015/2016 financial year:

SCMMB #	Date approved	Description
#	DD/MM/YY	Not applicable for the period

d) Objections and Complaints – Clauses 49 & 50

In terms of Clause 49 of the SCM Policy, persons aggrieved by decisions or actions taken in the implementation of the supply chain management system, may lodge a written objection against the decision or action within 10 business days of the decision or action.

These objections must be dealt with and resolved in terms of Clause 50(1) of the SCM Policy. In terms of this, the Accounting Officer has appointed an ‘appeals authority’ which must strive to resolve all objections within 46 business days of receipt and report to the Accounting Officer on a monthly basis on the objections received, attended to and resolved in terms of Clause 50(3) of the Policy.

Council is hereby informed of disputes, objections, queries and complaints dealt with during the 3rd Quarter of 2015/2016, attached as **Annexure C**.

e) Incidences of Non-compliance and Irregular Expenditure

In terms of Section 32(4) of the Local Government Municipal Finance Management Act (56 of 2003) the Executive Mayor, inter alia, must be made aware of all possible irregular expenditure incurred by the municipality.

A register of all incidences of irregular expenditure identified and currently undergoing investigation is attached as **Annexure D**.

7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

- Annexure A: Schedule of Awards made through the Bid Committee system
- Annexure B: Schedules of Deviations from the procurement processes
- Annexure C: Schedule of disputes, objections, queries and complaints received
- Annexure D: Schedule of Irregular Expenditure

RECOMMENDATION TO THE COUNCIL:

that **cognisance be taken** of the activities undertaken and outcomes achieved in the implementation of the Overstrand Municipality Supply Chain Management Policy for the 3rd Quarter of 2015/2016;

RESPONSIBLE OFFICIAL :

C LE ROUX

TARGET DATE FOR IMPLEMENTATION :

TO BE NOTED

**SUPPLY CHAIN MANAGEMENT REPORT IN TERMS OF CLAUSE 5(3) OF THE SCM POLICY
TENDERS & FORMAL WRITTEN QUOTATIONS AWARDED TO THE BIDDER SCORING THE HIGHEST POINTS AS WELL AS TENDERS CANCELLED IN TERMS OF COUNCIL'S PREFERENTIAL
PROCUREMENT POLICY- JANUARY TO MARCH 2018**

#	Tender #	Description:	Date Awarded / Cancelled	Awarded to	B-BBEE Status Level	Completion Period	Amount Operational	Amount Capital	VAT @ 14%	Total Amount (Including VAT)
1	SC16870015	Desktop and Network peripherals (agency)	20/01/2018	Cancelled - validity period expired	MA	N/A	-	-	-	-
2	SC16810011	Storm Sewer Resilience Upgrade - Phase 2	22/01/2018	Surfar Civil (Pty) Ltd	Non-compliant Contributor	32 weeks	R 8 100 00	R 5 132 400 00	R 721 200 00	R 8 879 700 00
3	SC16842015	Replacement of two interlocking units at the Inxanton Liberty and the installation of five interlocking units at the Backstreet Mall, Pretoria.	25/02/2018	Garibay Justice & Highgate CC	3	2 weeks	R 8 100 00	-	R 1 288 00	R 10 488 00
4	SC16802015	Provision of Multi-Junction Office Machines to Overstrand Municipality for a contract period ending 30 June 2018	19/02/2018	Amica Mwahe BA, a Division of Sibeni Office (Pty) Ltd	3	30/06/2018	R 894 420 00	-	R 121 019 91	R 1 015 439 91
5	SC16802015	Provision of Multi-Junction Office Machines to Cuthbert Municipality for a contract period ending 30 June 2018	19/02/2018	Solite Business Solutions and Services (Pty) Ltd	1	30/06/2018	R 216 00 00	-	R 30 254 75	R 246 254 75
6	SC 16852018	Construction of Kibbowa Pump Station, Bang Matsi and Refurbishment of Palmar Blue West and Bunka River Dam Bridge	04/03/2018	Pearl Stone Civil CC	3	30/06/2018	-	R 2 432 176 45	R 269 504 71	R 2 701 681 16
7	SC 16820216	Extension of Contract for the alterations and additions to Office at Pekaoson, Steyns Wyl, Hermanus	15/03/2018	Treated 28 CC for Loghouse Construction	MA	30/06/2018	-	R 164 077 33	R 22 870 60	R 186 947 93
							R 1 009 726 00	R 8 148 594 04	R 1 283 373 22	R 10 241 713 26



Annexure B₁₂

SUPPLY CHAIN MANAGEMENT REPORT IN TERMS OF CLAUSE 6(3) OF THE SCM POLICY
 DEVIATIONS FROM THE POLICY, APPROVED IN TERMS OF CLAUSE 36(1)(a)(i) - (v)(g) FOR THE QUARTER - JANUARY TO MARCH 2016

#	Deviation #	Dated	Received	Date Approved	Deviation in Terms of Clause 36(1)(a)	Description	Responsible Official	Awarded to	Retioud Operational	Amount Capital	VAT @ 14%	Value of the Deviation
1	SCD266/2016	2016/01/07	2016/01/07	2016/01/07	Clause 36(1)(a)(i)	Procurement of Spare Parts for JCB Digger Loader, CEM 6154 and Willemas Protection Plate from Sole Supplier	Manager: Housing, Frans F. Laatz	Kemath Equipment (Pty) Ltd	R 9 702.71	-	R 1 358.36	R 11 061.09
2	SCD266/2016	2016/01/07	2016/01/11	2016/01/12	Clause 36(1)(a)(i)	PAYE legislative update symposium and practical workshop - 12 & 13 April 2016 - Payroll Software Systems (Pty) Ltd	Acting Senior Manager: P&T, Frans F. Laatz	Payroll Software Systems (Pty) Ltd	R 8 788.42	-	R 1 227.56	R 9 996.00
3	SCD266/2016	2016/01/05	2016/01/07	2016/01/12	Clause 36(1)(a)(i)	Repair of Alarm System Panel Box by current service provider at Blantford Municipal Offices as it would be impractical to obtain quotations from other service providers	Deputy Director: Operational Services, Bertram M. Boshwina	Boshwina Security CC the Safe Security Systems, Blantford	R 5 985.79	-	-	R 5 985.79
4	SCD267/2016	2016/01/12	2016/01/12	2016/01/14	Clause 36(1)(a)(i)	Investigation of reasons for RF Network failure and repair to the Radio Frequency Sector problem at the Ollantsberg high site in Hermanus	Manager: Systems Development, C. Johann	Ojama Holdings (Pty) Ltd	R 3 546.00	-	R 508.44	R 4 054.44
5	SCD267/2016	2016/01/22	2016/01/22	2016/01/27	Clause 36(1)(a)(i)	Locating MV cable fault between Minkel and Esatoff street	Sr. Manager: Electric Technical Services, J.H. M. Prinsloo	Colort CC via Protection Feeding	R 6 390.00	-	R 848.40	R 8 908.40
6	SCD267/2016	2016/01/26	2016/01/27	2016/01/27	Clause 36(1)(a)(i)	Attending Sport Facilities Infrata in Cape Town	Director: LED, S. Mackenzie	Tarascio Advisory	R 3 025.32	-	R 423.66	R 3 450.00
7	SCD267/2016	2016/01/18	2016/01/21	2016/02/04	Clause 36(1)(a)(i)	Embarking at the 2016 Cape Ocellary Show	Director: LED, S. Mackenzie	Rainway Media (Pty) Ltd	R 13 725.00	-	R 1 921.00	R 15 646.00
8	SCD267/2016	2016/01/26	2016/01/26	2016/02/02	Clause 36(1)(a)(i)	Urgent repairs on tractors CEM 21023 & CEM 10287	Acting Manager: P&T Frans	LAUSUS SA	R 17 607.00	-	R 2 460.18	R 20 106.18
9	SCD267/2016	2016/01/13 & 29	2016/01/28 & 29	2016/02/15	Clause 36(1)(a)(i)	Extinguish fire at Lemnoskop, Fankouf Nature Reserve and Kalkbake	Chief: P&T & Disaster	Nicom Wildlife Management (Pty) Ltd	R 16 864.70	-	-	R 16 864.70
10	SCD267/2016	2016/01/29	2016/01/29	2016/02/15	Clause 36(1)(a)(i)	Extinguish fire at Lemnoskop, Fankouf Nature Reserve	Chief: Fire & Disaster	Harley Air (Pty) Ltd	R 124 280.88	-	R 17 599.30	R 141 879.88
11	SCD267/2016	2016/02/05	2016/02/15	2016/02/17	Clause 36(1)(a)(i)	Service and repairs to Self-contained breathing apparatus cylinders	Chief: Fire & Disaster	Drajer South Africa (PTY) LTD	R 5 440.00	-	R 760.00	R 6 200.00
12	SCD267/2016	2016/02/19	2016/02/19	2016/02/22	Clause 36(1)(a)(i)	MFO Conference - Effect of GRAP on the recognition and re-cognition of land and proposed housing as well as the latest updates on GRAP Standard: 23 February 2016	Senior Manager: Expenditures & Assets	MFC (Institute of Municipal Finance Officers)	R 3 368.42	-	R 331.58	R 2 700.00
13	SCD267/2016	2016/02/18	2016/02/18	2016/02/18	Clause 36(1)(a)(i)	Urgent repairs on Tractor CEM 31017	Manager: Housing, Frans F. Laatz	ARGCO Lesotho	R 26 133.40	-	R 3 687.48	R 29 814.88
14	SCD266/2016	2016/01/05	2016/01/06	2016/02/23	Clause 36(1)(a)(i)	Membership fees for Southern Africa Revenue Protection Association (SARPA)	Director: Infrastructure and Planning, S. Muller	SARPA	R 4 328.85	-	R 608.00	R 4 933.00



**SUPPLY CHAIN MANAGEMENT REPORT IN TERMS OF CLAUSE 6(3) OF THE SCM POLICY
DEVIATIONS FROM THE POLICY, APPROVED IN TERMS OF CLAUSE 36(1)(a)(i) - (v)(a) FOR THE QUARTER - JANUARY TO MARCH 2016**

#	Deviation #	Dated	Received	Date Approved	Deviation in terms of Clause 36(1)(a)	Description	Responsible Official	Awarded to	Amount Operational	Amount Capital	VAT @ 14%	Value of the Deviation
15	SC028672016	20160105	14/01/2016	20160304	Clause 36(1)(a)(v)	Payment of Membership Fees to Association of Municipal Electricity Utilities	Senior Manager: Electrotechnical Services, ds Phiso J.	Association of Municipal Electricity Utilities	R 2 008 77	R -	R 281 23	R 2 280 00
16	SC028812016	20160304	07/03/2016	20160301	Clause 36(1)(a)(v)	Use of Sandglass Hall for Ward Committee meetings	Area Manager - Human Resources, D Kwaqo	Sandglass Hall Committee	R 10 950 00	R -	R -	R 10 950 00
17	SC028832016	20160302	20160302	20160302	Clause 36(1)(a)(i)	Hire of Jawahar vacuum tankers for the period 22 March 2016 to 07 April 2016	Deputy Director: Operational Services, Bartram M.	Jahula South Africa (Pty) Ltd	R 179 200 00	R -	R 25 088 00	R 204 288 00
									R 439 342 76	R -	R 28 369 23	R 467 712 00



SUPPLY CHAIN MANAGEMENT

APPEALS / COMPLAINTS / DISPUTES / QUERIES REGISTER - 2015/2016

#	TENDER NO	Date Advert closed	Evaluation Date	Adjudication Date	Description	Awarded to	Complainant	Appeal / Complaint / Dispute / Query	Date received	Where in process	Date of Outcome	Outcome
1	SC-1593/2015	20/05/2015	15/10/2015	30/10/2015	Sale of erf 11486 Hermanus	L Minnar	TL Havenga	Appeal against the fairness evaluation of the offers	12/1/2015	Appeal Awaiting		
2	SC-1578/2015	08/05/2015	05/11/2015	12/11/2015	Traffic Speed Measuring, cameras and back office for fine collection in the Overstrand	TMT Services (Pty) Ltd	Synsil (Pty) Ltd	Appeal against the awarding of tender to TMT Services	30/11/2015	Finalised	23/03/2016	Resolved - Award upheld
3	SC-1565/2015	17/07/2015	26/11/2015	04/12/2015	Appointment of Architects, Architectural Technologists, structural engineers and Quantity Surveyors	Engelbrecht & Seung	John C. Pfeiffer Architecture	Appeal against the awarding of tender to TMT Services	15/12/2015	Finalised	13/01/2016	Resolved - Award upheld

Annexure C

Supply Chain Management Policy														
Irregular Expenditure Incurred in terms of Paragraph 36(2)														
Register 2015/2016														
SCM#	Date of Discovery	Date Reported to the Accounting Officer	Date of Bill	Receiver	Date approved for payment	Report to Council	MYT#	Description	Type of Procurement Expenditure	Awarded to	Responsible Director	Amount Overhead	VAT @ 14%	Total
i. Incidences identified and currently under investigation														
2015/007	2015/06/09	2015/06/30	2015/06/29	2015/06/29	2015/06/29	2015/06/29	2015/06/30	The total of medical oxygen contains for use at the branches in Harare and Abanda.	SCM Case 11	African Oxygen Limited (Pty) Ltd	Community Protection and Security Services	R -	R -	R 1 086,58
2015/008	2015/06/22	2015/06/20	2015/06/29	2015/06/29	2015/06/29	2015/06/29	2015/06/30	The supply and delivery of newspapers to the Harare Library for the period September to December 2014, without following the official procurement process.	SCM Case 14	Black Road Cells	Community Services	R -	R -	R 1 412,30
ii. Irregular expenditure recommended to be certified as irrecoverable and written off in terms of S32(2)(b) of the Local Government: Municipal Finance Management Act, Act 56 of 2003														
2015/005	2014/05/25	2014/05/29	2014/05/29	Awaiting Department Approval	N/A	2014/05/29	2014/05/30	No expenditure with the District Municipality Security Guard Management Company. The provider and form of a UIC vehicle which has Government General Insurance make South Africa (Pty) Ltd, which follows the official procurement process.	SCM Case 17	International Spatula Specialist Institute South Africa (Pty) Ltd	Infrastructure and Planning	R -	R -	R 277 200,00
2015/001	2014/05/06	2014/05/29	2014/05/29	2014/05/29	2014/05/29	2014/05/29	2014/05/30	The supplier of a container for the procurement for training purposes, by a suitably qualified service provider, without following the official procurement process, in the timely application and approval of a bid. This is in contravention with the SCM Policy.	SCM Case 17	ITA Assets (Pty) Ltd	Infrastructure and Planning	R -	R -	R 3 867,41
2015/002	2014/05/09	2014/05/29	2014/05/29	2014/05/29	N/A	2015/04/29	2015/04/29	The provision of security services for various sites and properties, provided by Overseas Municipality, without following the official procurement process, in the timely application and approval of a bid. This is in contravention with the SCM Policy.	SCM Case 14	Venue Contractors	Community Services	R -	R -	R 693 505,81
2015/003	2014/05/02	2014/05/29	2014/05/29	2014/05/29	N/A	2015/04/29	2015/04/29	The provision of a mobile link between the municipality's call payment machines and the bank, as required in terms of the agreement with ABSA, without following the official procurement process, in the timely application and approval of a bid. This is in contravention with the SCM Policy.	SCM Case 14	One (Pty) Ltd	Finance	R -	R -	R 47 680,08
2015/006	2015/04/10	2015/04/17	2015/04/10	2015/04/10	2015/04/17	2015/04/29	2015/04/29	Provision of food to the department offices who were suppressing fire which occurred over the period of February and March 2012.	SCM Case 16	Robert's Catering (Pty) Ltd	Protection and Security Services	R -	R -	R 2 293,28
2015/003	2015/12/16	2015/12/16	2015/12/16	2015/12/16	2015/12/16	N/A	N/A	After leaving and was removed on the day directly with by the account supplier and not the one indicated through the official procurement process.	SCM Case 30	John's Dancer and Family Services	Community Services	R -	R -	R 16 770,00
2015/003	2015/12/16	2015/12/16	2015/12/16	2015/12/16	2015/12/16	N/A	N/A	After leaving and was removed on the day directly with by the account supplier and not the one indicated through the official procurement process.	SCM Case 30	John's Dancer and Family Services	Community Services	R -	R -	R 16 770,00

iii. Incidences condoned in terms of clause 36(1)(c) of the Overstrand Municipality's SCM Policy