

**7.  
SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT – 2013/2014:  
4<sup>th</sup> QUARTER: 01 APRIL TO 30 JUNE 2014**

**8/2/2**

**CEM La Cock  
10 July 2014**

**(028) 313 8080**

**Corporate Head Office**

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**1. Executive Summary**

In terms of Clause 6(4) 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.

The report contains the following:

- a) awards made through the bid committee system in terms of delegated authority,
- b) deviations from and minor breaches of the Supply Chain Management Policy, respectively approved and ratified by the Accounting Officer in terms of Clause 36 of the Supply Chain Management Policy, dated 25 September 2008 as amended,
- c) progress made with regards to internal investigations into the incidences of irregular expenditure identified in the 2012/2013 financial year, and
- d) incidences of irregular expenditure identified to date during the 2013/2014 financial year.
- e) the status of Objections and Complaints lodged in terms of Clause 49 of the Supply Chain Management Policy against the implementation of the supply chain management system.

**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)  
(MFMA)

Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003)  
 (MFMA): Municipal Supply Chain Management Regulations  
 Local Government: Municipal Systems Act, No. 32 of 2000, (Systems Act)  
 Overstrand Municipality Supply Chain Management Policy dated 25 May 2008,  
 as amended.

**6. Background/Discussion**

**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:

- awards made through the bid committee system for the 4<sup>th</sup> Quarter of the 2013/2014 financial year, 01 April to 30 June 2014, in order to comply with the requirements of Clause 6(4) of the Policy,
- deviations from the Policy in terms of Clause 36 the Policy, and
- all incidences of non-compliance with the said policy.

**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:

| <b>Procurement Function</b>                                      | <b>2013/2014<br/>4<sup>th</sup> Quarter</b> | <b>2013/2014 to<br/>date</b> | <b>2012/2013</b>      |
|--|---|------------------------------|-----------------------|
| Bids Processed   | 30  | 131                          | 143                   |
| Bids Processed- Average per Quarter                              | 30  | 33                           | 36                    |
| Average days from final evaluation to Bid Adjudication Committee | 6   | 8                            | 7                     |
| Average days from initiation to Bid Specification Committee      | 8   | 7                            | 7                     |
| <b>Estimated Value of Awards (R)</b>                             | <b>19,044,794.08</b>                        | <b>181,586,965.21</b>        | <b>244,407,031.92</b> |

A schedule of these awards for the 4<sup>th</sup> Quarter of 2013/2014 is attached as **Annexure A**.

**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 2013/2014 year to date is compared to the 2012/2013 financial year as per the following schedule:

| SCM Policy           | Description            | 2013/2014<br>4 <sup>th</sup> Quarter | 2013/2014 to<br>date | 2012/2013  |
|----------------------|------------------------|--------------------------------------|----------------------|------------|
| Clause 36(1)(a)(i)   | Emergency              | 1                                    | 4                    | 8          |
| Clause 36(1)(a)(ii)  | Sole Supplier          | 9                                    | 22                   | 32         |
| Clause 36(1)(a)(iii) | Special works of Art   | 0                                    | 0                    | 4          |
| Clause 36(1)(a)(v)   | Impractical Impossible | 15                                   | 67                   | 105        |
|                      |                        | <b>25</b>                            | <b>93</b>            | <b>149</b> |

A schedule of all Deviations approved for the 4<sup>th</sup> Quarter of 2013/2014 is attached as **Annexure B**.

**C. Value of all Awards**

Bids are only awarded on condition that the required funds have been secured prior to the meeting of the Bid Adjudication Committee and prior to approval of deviations.

The total value of tenders awarded and deviations processed via the Supply Chain Management Unit for the 4<sup>th</sup> Quarter of 2013/2014, are as follows:

|                 | Operational Amount<br>(Excluding VAT,<br>where applicable) | Capital Amount<br>(Excluding VAT,<br>where applicable) | VAT @ 14%           | Total Value of<br>Awards (Including<br>VAT, where<br>applicable) for Q4 | Total Value of<br>Awards (Including<br>VAT, where<br>applicable) To Date |
|-----------------|--|--|---------------------|---|--|
| Bid Awards (30) | 14,857,625.20  | 1,909,477.09   | 2,277,691.79        | 19,044,794.08   | 181,586,965.21   |
| Deviations (25) | 1,760,538.64   | -  | 246,490.74          | 2,007,029.38  | 6,455,579.48   |
| <b>TOTAL</b>    | <b>16,618,163.84</b>                                       | <b>1,909,477.09</b>                                    | <b>2,524,182.53</b> | <b>21,051,823.46</b>  | <b>188,042,544.69</b>  |

**D. 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.

**1. 2012/2013**

Nine instances of irregular expenditure were identified in the 2012/2013 financial year and tabled before the Council on 25 September 2013. The final recommendations to Council by the Section 79 Committee were tabled on 28 May 2014 and in all the instances written off as irrecoverable.

A register of all incidences of irregular expenditure identified in the 2012/2013 financial year is attached as **Annexure C**.

**2. 2013/2014**

The Council is hereby informed of the incidences of irregular expenditure incurred during the current 2013/2014 financial year, attached as **Annexure D**.

**E. Objections and Complaints- Clause 50(3)**

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 or complaint 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.

A schedule of all objections and complaints for the 2013/2014 financial year to-date is attached as per Annexure E.

**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: Schedule of Deviations from the procurement processes
- Annexure C: Register of all incidences of Irregular Expenditure identified in the 2012/2013 financial year.
- Annexure D: Register of all incidences of Irregular Expenditure identified in the 2013/2014 financial year.
- Annexure E: Schedule of all objections and complaints

**RECOMMENDATION TO THE COUNCIL:**

1. that **cognisance be taken** of the awards made through the bid committee system for the 4<sup>th</sup> Quarter of 2013/2014;
2. that **cognisance be taken** of the deviations from the procurement processes for the 4<sup>th</sup> Quarter of 2013/2014;
3. that **cognisance be taken** of the status of all cases of Irregular Expenditure to the Supply Chain Management Policy for the 2013/2014 financial year; and
4. that **cognisance be taken** of the report on objections against awards made by the Bid Adjudication Committee or the Accounting Officer for the current financial year to-date.

**RESPONSIBLE OFFICIAL :****R LA COCK****TARGET DATE FOR IMPLEMENTATION :****TO BE NOTED**



SUPPLY CHAIN MANAGEMENT REPORT IN TERMS OF CLAUSE 5(4) OF THE SCM POLICY

TENDERS & FORMAL WRITTEN QUOTATIONS AWARDED AS WELL AS CANCELLED IN TERMS OF COUNCIL'S SCM AND PREFERENTIAL PROCUREMENT POLICY- 4th QUARTER 2013/2014: APRIL to JUNE 2014

| #  | Tender #     | Description   | Date Awarded / Cancelled | Awarded to   | B-BBEE Status Level       | Completion Period | Unit Price | Amount Operational | Amount Capital | VAT @ 14%   | Total Amount (including VAT) |
|----|--------------|---|--------------------------|--|---------------------------|-------------------|------------|--------------------|----------------|-------------|------------------------------|
| 1  | SC1427/2013  | Pruning and felling of trees in the Greater Hermanus area   | 2014/04/25               | Cancelled – No responsive bids received                | N/A                       | -                 | -          | -                  | -              | -           | -                            |
| 2  | SC1428/2013  | Sale of Erf 456 Peary Beach for Residential / Resort use  | 2014/04/22               | Franciscus Jozet Maria Komen                           | N/A                       | 2014/09/30        | 300,000.00 | -                  | 300,000.00     | 42,000.00   | 342,000.00                   |
| 3  | SC1441/2014  | Supply and deliver new/retread tyres to Overstrand Municipality for the period of two years           | 2014/04/11               | Caledon Tyre Retreading Factory T/A Supa Quick Caledon | 5                         | 2016/06/30        | Various    | 1,099,547.81       | -              | 153,936.693 | 1,253,484.50                 |
| 3  | SC1441/2014  | Supply and deliver new/retread tyres to Overstrand Municipality for the period of two years           | 2014/04/11               | Supa Quick Kleinmond                                   | 4                         | 2016/06/30        | Various    | 489,288.00         | -              | 68,500.32   | 557,788.32                   |
| 3  | SC1441/2014  | Supply and deliver new/retread tyres to Overstrand Municipality for the period of two years           | 2014/04/11               | AJ Bandediens  | 3                         | 2016/06/30        | Various    | 120,543.60         | -              | 16,876.104  | 137,419.70                   |
| 4  | SC1448/2014  | Supply and delivery of soft body armout vests for Protection Services, Hermanus                       | 2014/04/25               | Startune (Pty) Ltd                                     | 3                         | 2014/06/30        | Various    | -                  | 237,255.00     | 33,215.70   | 270,470.70                   |
| 5  | SC1451/2014  | Supply and install roof structure at the Spaces for Sport Communal Sport Grounds, Gansbaai            | 2014/04/04               | Engelbrecht Roofing CC                                 | Non-compliant Contributor | 2014/06/30        | -          | -                  | 70,900.00      | 9,926.00    | 80,826.00                    |
| 6  | SC912A/2010  | Amendment: Servicing and Maintenance of 8 Multifunction printers by Nashua                            | 2014/04/25               | Hybricode Pty (Ltd) trading as Nashua Breede Valley    | N/A                       | 2016/04/30        | Various    | 154,286.54         | -              | 21,600.11   | 175,886.65                   |
| 7  | SC1439/2014  | Supply and install irrigation system Mount Pleasant Soccer Field and Hawston Rugby field Hermanus..   | 2014/05/02               | Hydro Cape Turf Services CC                            | 1                         | 2014/06/30        | -          | 210,607.73         | -              | 29,485.08   | 240,092.81                   |
| 8  | SC1445/2014  | Supply, install stage curtains at Zwellihle Community hall and Moffat Hall Mint Pleasant              | 2014/05/23               | Lamb's Chemical Manufacturer CC                        | 3                         | 2014/06/30        | -          | 226,228.00         | -              | 31,671.92   | 257,899.92                   |
| 9  | SC1446/2014  | Supply and install acoustic wall panels and ceiling tiles at Moffat Hall Mount Pleasant               | 2014/05/20               | Masanda Trading CC                                     | 1                         | 2014/06/30        | -          | 130,780.43         | -              | 18,309.26   | 149,089.69                   |
| 10 | SC1461/2014  | Additions & alterations to existing light steel prefabricated building                                | 2014/05/29               | ADE Cocum Project Management CC                        | 1                         | 2014/08/01        | -          | -                  | 358,878.99     | 50,243.06   | 409,122.05                   |
| 11 | SC1464/2014  | Supply and installation of a water pump set   | 2014/05/02               | Cancelled – No responsive bids received                | N/A                       | N/A               | -          | -                  | -              | -           | -                            |
| 12 | SC1471/2014  | Amendment: Service Level Agreement with Lateral Dynamics  | 2014/05/23               | Lateral Dynamics (Pty) Ltd                             | N/A                       | 2017/06/30        | Various    | 1,728,036.00       | -              | 241,925.04  | 1,969,961.04                 |
| 13 | SC1479/2014  | Transversaal: Development of a Long Term Financial Plan for Overstrand Municipality                   | 2014/05/20               | INCA Portfolio Management (Pty) Ltd                    | N/A                       | 2014/08/31        | -          | 246,724.57         | -              | 34,541.44   | 281,266.01                   |
| 14 | SC1442A/2014 | Amendment/Variation of Supply and installation of mechanical and electrical equipment for sewage pump | 2014/05/26               | EOH Intelligent Infrastructure (Pty) Ltd               | N/A                       | 2014/06/30        | -          | -                  | 163,208.10     | 22,849.13   | 186,057.23                   |
| 15 | SC1327A/2013 | Amendment 2 of Contract: For the implementation of a Time and Attendance Software Solution            | 2014/05/30               | Bytes Systems Integrated (Pty) Ltd                     | N/A                       | 2016/06/30        | Various    | 430,729.00         | -              | 144,277.00  | 1,174,827.00                 |
| 16 | SC1395A/2013 | Amendment/Variation of Upgrade Hawston Sportsgrounds ablation facilities                              | 2014/05/15               | Coalition Trading 1317 CC                              | N/A                       | 2014/06/30        | -          | -                  | 5,000.00       | -           | 5,000.00                     |
| 17 | SC1453/2014  | Supply, deliver and installation of rubber safety matting around play equipment Hermanus              | 2014/06/17               | Cancelled - Expiry of validity period                  | N/A                       | N/A               | -          | -                  | -              | -           | -                            |

**TENDERS & FORMAL WRITTEN QUOTATIONS AWARDED AS WELL AS CANCELLED IN TERMS OF COUNCIL'S SCM AND PREFERENTIAL PROCUREMENT POLICY- 4th QUARTER 2013/2014: APRIL TO JUNE 2014**

| #  | Tender #     | Description   | Date Awarded / Cancelled | Awarded to                                      | B-BBEE Status Level       | Completion Period | Unit Price | Amount Operational | Amount Capital | VAT @ 14%    | Total Amount (including VAT) |
|----|--------------|---|--------------------------|---|---------------------------|-------------------|------------|--------------------|----------------|--------------|------------------------------|
| 18 | SC1462/2014  | Cleaning projects for the Kleinmond informal areas.   | 2014/06/27               | Cancelled - Error in bid Specifications         | N/A                       | N/A               | -          | -                  | -              | -            | -                            |
| 19 | SC1466/2014  | Provision of Laboratory Services for the Monitoring of Water Quality with a contract period ending 30 June 2017                                       | 2014/06/06               | A.L. Abbott and Associates (Pty) Ltd            | 4                         | 2017.06.30        | Various    | 5,412,120.00       | -              | 757,696.80   | 6,169,816.80                 |
| 20 | SC1468/2014  | Supply, Delivery and Installation of Furniture, Carpentry and Fittings for a Municipal Court.   | 2014/06/13               | JHC Interiors CC                                | Non-compliant Contributor | 2014.08.14        | -          | -                  | 174,414.00     | 24,417.96    | 198,831.96                   |
| 21 | SC1472/2014  | Novell Patespin Forge 600 series one year standard software maintenance   | 2014/06/10               | Lateral Dynamics (Pty) Ltd                      | Non-compliant Contributor | 2015.05.30        | -          | 79,690.00          | -              | 11,156.60    | 90,846.60                    |
| 22 | SC1473/2014  | Online subscription for access to legal information   | 2014/06/13               | Cancelled - No bids received                    | N/A                       | N/A               | -          | -                  | -              | -            | -                            |
| 23 | SC1476/2014  | Printing & Distribution of municipal accounts and newsletters   | 2014/06/20               | Maitronic Direct Marketing CC                   | 2                         | 2017.06.30        | Various    | 2,981,355.89       | -              | 417,389.82   | 3,398,745.71                 |
| 24 | SC1477/2014  | Service and maintenance of multi-functional office machines in the Overstrand Municipal Area for a period ending 30 June 2016                         | 2014/06/27               | Cancelled - No bids received                    | N/A                       | N/A               | -          | -                  | -              | -            | -                            |
| 25 | SC1210B/2012 | 2nd Amendment of contract: Maintenance and Support Services for the RF network and PABX system  | 2014/06/30               | Gijima Holdings (Pty) Ltd                       | N/A                       | 2015.06.30        | Various    | 42,993.60          | -              | 6,019.10     | 49,012.70                    |
| 26 | SC1487/2014  | Amendment: Provision of electricity power quality monitoring services to Overstrand Municipality  | 2014/06/27               | CT Lab (Pty) Ltd                                | N/A                       | 2017.06.30        | -          | 382,032.00         | -              | 53,484.48    | 435,516.48                   |
| 27 | SC1023C/2011 | Amendment of Contract SCD 2460/2012 for the Operational Monitoring and Maintenance of the De Kelders and Pearly Beach Membrane Water Treatment Plants | 2014/06/27               | Quality Filtration Systems CC                   | N/A                       | 2017.06.30        | 16,166.30  | 629,786.80         | -              | 88,170.15    | 717,956.95                   |
| 28 | SC1104A/2011 | Amendment of Contract: Provision of cleaning services in the Gansbaai/Stanford areas  | 2014/06/30               | Siyanda Alien Clearing and Cleaning Services CC | N/A                       | 2014.09.30        | 3,060.91   | 39,791.83          | -              | -            | 39,791.83                    |
| 28 | SC1104A/2011 | Amendment of Contract: Provision of cleaning services in the Gansbaai/Stanford areas  | 2014/06/30               | Henry Moses Spandiel Projects                   | N/A                       | 2014.09.30        | 4,406.76   | 57,287.88          | -              | -            | 57,287.88                    |
| 28 | SC1104A/2011 | Amendment of Contract: Provision of cleaning services in the Gansbaai/Stanford areas  | 2014/06/30               | TM Siswana                                      | N/A                       | 2014.09.30        | 4,169.68   | 54,205.84          | -              | -            | 54,205.84                    |
| 29 | SC1152A/2012 | Amendment of Contract: Cleaning Project: Masakhane/Beverly Hills, Gansbaai  | 2014/06/30               | NA Twala  | N/A                       | 2014.09.30        | 4,169.68   | 54,205.84          | -              | -            | 54,205.84                    |
| 30 | SC1109A/2011 | Amendment of Contract: Provision of cleaning services in the said Kleinmond areas   | 2014/06/30               | Sunshine Cleaning Services                      | N/A                       | 2014.09.30        | 14,245.74  | 185,194.62         | -              | -            | 185,194.62                   |
| 30 | SC1109A/2011 | Amendment of Contract: Provision of cleaning services in the said Kleinmond areas   | 2014/06/30               | MD Cleaning Services                            | N/A                       | 2014.09.30        | 7,860.71   | 102,189.23         | -              | -            | 102,189.23                   |
|    |              |   |                          |   |                           |                   |            | 14,857,625.20      | 1,909,477.09   | 2,277,691.79 | 19,044,794.08                |



**SUPPLY CHAIN MANAGEMENT REPORT IN TERMS OF CLAUSE 5(4) OF THE SCM POLICY**

**Deviations from the Policy, Approved in terms of Clause 36(1)(a) for the 4th Quarter of 2013/2014- April to June 2014**

| #  | Deviation # | 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 |
|----|-------------|---------------|---------------------------------------|---|---|--|--------------------|----------------|-------------|------------------------|
| 1  | SCD2709     | 2014/04/02    | Clause 36(1)(a)(i)                    | Supply Chain Management Policy: The procurement of laminated padlocks for the pumpstation, boreholes and reservoirs. The brass/copper padlocks are being stolen and sold for scrap metal. Patch Industrial Suppliers are the sole trained agent of these laminated padlocks.  | First Technician: Operational Services, Marx T      | Patch Industrial Suppliers             | R 24,877.80        |                | R 3,482.86  | R 28,360.46            |
| 2  | SCD2710     | 2014/04/01    | Clause 36(1)(a)(i)                    | The procurement of emergency fire fighting services on the 08/02/2014, 22/02/2014, 23/02/2014 and 28/02/2014 as the magnitude of situation exceeded the municipality's own resources.   | Chief: Fire Officer, Smith L                        | FFA Aviation (PTY) LTD                 | R 259,188.45       |                | R 36,287.54 | R 295,476.99           |
| 3  | SCD2711     | 2014/04/14    | Clause 36(1)(a)(i)                    | Replacement of test boards used in NRCS testing equipment which is used by the traffic department. The current test board is faulty and cannot be repaired. Avdis is the only supplier that manufactures these test boards.   | Chief: Traffic/Licenses, Fraser R                   | Analogie & Digital System CC (ANDIS)   | R 8,993.51         |                | R 1,246.49  | R 10,150.00            |
| 4  | SCD2713     | 2014/04/09    | Clause 36(1)(a)(v)                    | The Provision of Professional Services for the establishment of market-related remuneration for top management  | Municipal Manager, C. Goonewald                     | Work Dynamics (Pty) Ltd                | R 18,772.00        |                | R 2,628.08  | R 21,400.08            |
| 5  | SCD2714     | 2014/04/10    | Clause 36(1)(a)(v)                    | CEM 31017 was sent to Worcester Brake & Clutch for inspection and it was found that the clutch kit needs to be repaired due to wear and tear (via a strip and quote process).   | Superintendent: Mechanical Workshop, Hanekom J      | Worcester Brake and Clutch             | R 3,260.00         |                | R 456.40    | R 3,716.40             |
| 6  | SCD27015    | 2014/04/11    | Clause 36(1)(a)(v)                    | The engine of CEM 31017 was inspected and it was found to be using too much oil. The tractor was sent to Worcester Enjin Sentrum for inspection and it was found that the pistons rings was damaged due to wear and tear (via a strip and quote process). The engine was recommended by the supplier to be refurbished.   | Superintendent: Mechanical Workshop, Hanekom J      | Worcester Enjin Sentrum                | R 29,876.00        |                | R 4,166.64  | R 34,072.64            |
| 7  | SCD2716     | 2014/04/24    | Clause 36(1)(a)(v)                    | The identification and repair of faults with the hopper and compactor body of CEM 23618, which was damaged due to wear and tear causing waste to leak out, via a strip and quote process.   | Superintendent: Mechanical Workshop, Hanekom J      | TFM Transtech                          | R 122,817.05       |                | R 17,194.43 | R 140,011.48           |
| 8  | SCD2717     | 2014/04/11    | Clause 36(1)(a)(ii)                   | Procurement of services for the relocation of existing instrumentation used to monitor the municipality's electricity quality, by the sole manufacturer and supplier of the instrumentation.  | Chief: Electro Technical Services, Du Plessis JH    | CT Lab (PTY) LTD                       | R 19,860.00        |                | R 2,780.40  | R 22,640.40            |
| 9  | SCD2718     | 2014/04/11    | Clause 36(1)(a)(v)                    | Onlab Specialist Electro- Technology CC has been identified as the specialist in the developing of the Walkerbay Substation Protection model and was therefore requested to repair the faults identified by the Scade system.   | Chief: Electro Technical Services, Du Plessis JH    | Onlab Specialist Electro-Technology CC | R 14,580.00        |                | R 2,041.20  | R 16,621.20            |
| 10 | SCD2719     | 2014/04/11    | Clause 36(1)(a)(v)                    | The auditing and installation of bulk meters by PJ Technologies in the Richmond area. They are the sole supplier of the bulk meter software and is the only company responsible for the maintenance of it, auditing of meters and extracting of the data for the use in the billing meters. This is approved with the provision that the preferred due process tender or s116(3) be adhered to by 30 June 2014. | Senior Manager: Electrical Services : Du Plessis JH | PJ Technologies -- Cape CC             | R 15,008.00        |                | R 2,101.12  | R 17,109.12            |
| 11 | SCD2720     | 2014/04/11    | Clause 36(1)(a)(ii)                   | The provision of Inellicash bank reconciliation software from originally designer and developer of the system and who also owns sole copyright, as the risk of implementing an alternative system during the financial year would have an impact on the reconciliations, financial statements and external audit of the municipality.   | Manager: Financial Services, King B                 | Pricewaterhouse Coopers Inc.           | R 58,400.00        |                | R 8,316.00  | R 67,716.00            |
| 12 | SCD2721     | 2014/04/14    | Clause 36(1)(a)(ii)                   | Service and repair of Holmatro Hydraulic Rescue tools. The manufacturer has confirm that Fire Raiders are the exclusive and authorized dealer in South Africa.  | Divisional Commander: Lobb B                        | Fire Raiders Cape (PTY) LTD            | R 9,290.87         |                | R 1,309.72  | R 10,591.59            |
| 13 | SCD2722     | 2014/04/14    | Clause 36(1)(a)(ii)                   | Servicing of the Bauer Breathing air compressors. High Pressure Systems is the sole importer of the Bauer breathing air compressors in South Africa as indicated by the manufacturer.   | Divisional Commander: Lobb B                        | High Pressure Systems CC               | R 6,781.52         |                | R 949.41    | R 7,730.93             |

| Deviations from the Policy, Approved in terms of Clause 36(1)(a) for the 4th Quarter of 2013/2014- April to June 2014 |             |               |                                       |   |   |   |                    |                |              |                        |
|---|-------------|---------------|---------------------------------------|---|---|---|--------------------|----------------|--------------|------------------------|
| #   | Deviation # | 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 |
| 14  | SCD2723     | 2014/04/24    | Clause 36(1)(a)(ii)                   | Repair of the fly rope and several pulleys on the extension ladder. This was damaged during a training exercise in March 2014. Due-Safety Ladder Corporation has confirmed that Marce Projects is the sole services and sale provider of their product in South Africa                    | Chief: Fire Officer, Smith L                                | Marce Projects (PTY) LTD                              | R 3,860.00         |                | R 545.20     | R 4,423.20             |
| 15  | SCD2724     | 2014/04/24    | Clause 36(1)(a)(v)                    | Procurement for the disconnection and reconnection of services for the period ending 31 July 2014. To mitigate any financial losses due to the current supplier failing to perform this services efficiently  | Manager: Income - Stadler E                                 | IPES Utility Management Services (PTY)                | R 118,421.05       |                | R 16,578.95  | R 135,000.00           |
| 16  | SCD2725     | 2014/04/29    | Clause 36(1)(a)(v)                    | The identification and repair of faults with the foam tank of CEM10226 via a strip-and-queue process, as the extent of the damage could only be determined by removing the structure panels and investigate the foam tank   | Superintendent: Mechanical Workshop, Hanekom J              | Fire Raiders (PTY) LTD                                | R 13,245.00        |                | R 1,854.30   | R 15,099.30            |
| 17  | SCD2726     | 2014/05/08    | Clause 36(1)(a)(v)                    | On 27 April 2014 the Berg en See area was left without electricity due to a cable fault. The fault could not be identified by the municipality's own resources and the services of Caltest CC was procured on short notice to find the fault.   | Senior Manager: Electrical Services, Du Plessis JH          | Caltest CC  | R 5,320.50         |                | R 744.87     | R 6,065.37             |
| 18  | SCD2727     | 2014/05/08    | Clause 36(1)(a)(v)                    | Provision of urgent specialised testing services for the location of a fault on the 11kv cable network in order to prevent damages and potential outages on the hermanus electrical network.  | Senior Manager: Electrical Services, Du Plessis JH          | Caltest CC  | R 5,770.50         |                | R 807.87     | R 6,578.37             |
| 19  | SCD2728     | 2014/05/21    | Clause 36(1)(a)(ii)                   | The 6 monthly preventative maintenance service of Riello Aros Multistandard UPS system by the sole AROS distributor and service centre for Riello Aros systems in Western and Eastern Cape provinces.   | ICT System Developer: Johnson C                             | UPS Cape via AC Digital Energy                        | R 4,307.50         |                | R 605.05     | R 4,910.55             |
| 20  | SCD2729     | 2014/05/21    | Clause 36(1)(a)(v)                    | The engine of CEM12879 overheated. The cylinder head was sent to Silverton Radiators (Rossouw Diesel & Petrol) for the identification, and proposed repair of faults via a strip-and-queue process  | Superintendent: Mechanical Workshop, Hanekom J              | Silverton Radiators (Rossouw Diesel & Petrol)         | R 2,500.00         |                | R 350.00     | R 2,850.00             |
| 21  | SCD2730     | 2014/06/26    | Clause 36(1)(a)(v)                    | The ETV signal at Bettybay, Kleinmond area was reported faulty. Transmitter Magic CC was contacted to investigate the problem. The supplier repaired the faulty vivid satellite decoder.  | Manager: Systems Development, Johnson C                     | Transmitter Magic CC                                  | R 3,324.00         |                | R 465.36     | R 3,789.36             |
| 22  | SCD2731     | 2014/06/23    | Clause 36(1)(a)(v)                    | The review and integration of existing performance agreements into the top layer SDBIP by the original developer and implementer of the municipality's existing SDBIP and performance management system.  | Senior Manager: Strategic Services, Louw R                  | Ignite Advisory Services (Pty) Ltd                    | R 14,250.00        |                | R 1,995.00   | R 16,245.00            |
| 23  | SCD2732     | 2014/06/26    | Clause 36(1)(a)(ii)                   | An electrical short circuit prevented the digger loader CEM 8154 from being operated. Kennach Cape (PTY) LTD, the sole accredited JCB Construction Equipment dealer in the Western Cape, was requested to inspect the vehicle and found that a switch was damaged and had to be replaced. | Superintendent: Mechanical Workshop, Hanekom J              | Kennach Cape (PTY) LTD                                | R 10,890.06        |                | R 1,496.89   | R 12,386.95            |
| 24  | SCD2733     | 2014/06/27    | Clause 36(1)(a)(v)                    | Renewal of PMAXXX software licences and setting up of software used for the monitoring for enternax meters by the original developer and implementer of the current systems   | Senior Manager Electrical Technical Services, Du Plessis JH | PJ Technologic - Cape CC                              | R 40,464.03        |                | R 5,664.96   | R 46,128.99            |
| 25  | SCD2735     | 2014/06/27    | Clause 36(1)(a)(v)                    | Deviation: The Acquisition of capped ELA Licensing Fee for the GIS system for a contract period ending 30 June 2017, by the sole provider of the current system implemented by the municipality to perform GIS functions.   | Director: Infrastructure and Planning                       | Environmental Systems Research Institute SA (Pty) Ltd | R 945,750.00       |                | R 132,405.00 | R 1,078,155.00         |
|   |             |               |                                       |   |   |   | 1 760,539.64       |                | 246,490.74   | 2 007,030.38           |

## Supply Chain Management Policy

## Irregular Expenditure

## Register 2012/2013

| SCMIE #  | Date of Discovery | Date Reported to the Accounting Officer | Date of Memo | Received   | Date approved for payment | Report to Council | Nat Treats | Description   | Type of Prohibited Expenditure | Awarded to  | Amount Capital | Amount Operational | VAT @ 14%      | Value of the Irregular Expenditure Incurred | Status |    |    |    |   |    |
|----------|-------------------|---|--------------|------------|---------------------------|-------------------|------------|---|--------------------------------|---|----------------|--------------------|----------------|---|--------|----|----|----|---|----|
|          |                   |   |              |            |                           |                   |            |   |                                |   |                |                    |                |   | UI     | DP | CC | TR | P | WO |
| 2013/001 | 2013/01/28        | 2013/02/13                              | 2013/01/28   | 2013/02/08 | 2013/02/13                | 2014/05/28        | 2013/08/30 | Leasing of Eri 4485 in Kleinmond for office accommodation without following a competitive bidding process in terms of Paragraph 19(a) of the Policy and awarding to a service provider whose tax matters are not in order                 | SCM Regulation 16              | ACM Krige   |                | R 40,960.00        | R -            | R 40,960.00                                 |        |    |    |    | X |    |
| 2013/002 | 2012/07/27        | 2012/07/27                              | 2012/07/27   | 2012/07/27 | 2012/07/27                | 2014/05/29        | 2013/08/30 | Repair of curtain rail in auditorium during the Kallifolus in 2011 as a stop-and-go prior to approval of a deviation  | SCM Regulation 16              | Arza Curtains   |                | R 1,000.00         | R -            | R 1,000.00                                  |        |    |    |    | X |    |
| 2013/003 | 2012/07/24        | 2012/10/15                              | 2012/07/24   | 2012/07/24 | 2012/10/15                | 2014/05/30        | 2013/08/30 | Procurement of low in services from the only available service provider in Hermanus without obtaining three quotations and prior approval of the deviation  | SCM Regulation 16              | Hermanus Towing                                       |                | R 482.46           | R 67.54        | R 550.00                                    |        |    |    |    | X |    |
| 2013/004 | 2012/12/05        | 2012/12/05                              | 2012/12/05   | 2012/12/05 | 2012/12/05                | 2014/05/31        | 2013/08/30 | Procurement of low in services from the only service provider available at the time without obtaining three quotations or prior approval of the deviation   | SCM Regulation 16              | Hermanus Towing                                       |                | R 1,098.49         | R 153.51       | R 1,250.00                                  |        |    |    |    | X |    |
| 2013/005 | 2012/12/13        | 2013/01/11                              | 2012/12/13   | 2013/01/09 | 2013/01/11                | 2014/06/01        | 2013/08/30 | Procurement of the services of an event co-ordinator to arrange the Mayoral Ball without obtaining other three quotations or prior approval of a deviation  | SCM Regulation 16              | Dieter Oelendal                                       |                | R 5,000.00         | R -            | R 5,000.00                                  |        |    |    |    | X |    |
| 2013/006 | 2013/02/25        | 2013/12/03                              | 2013/02/25   | 2013/03/08 | 2013/03/12                | 2014/06/02        | 2013/08/30 | The urgent programming and installation of a municipal radio repeater at Baby's Bay without obtaining either three quotations or prior approval of a deviation  | SCM Regulation 16              | Estreaux Systems CC<br>t/a Beniekor<br>Communications |                | R 3,949.50         | R 552.93       | R 4,502.43                                  |        |    |    |    | X |    |
| 2013/007 | 2013/05/14        | 2013/05/14                              | 2013/05/14   | 2013/05/14 | 2012/08/30                | 2014/06/03        | 2013/08/30 | The procurement of a conference venue for the SCF Forum held on 23 & 24 August 2012, award to a person in the service of the state: Zely 1776 (Pty) Ltd t/a Misy Waves: Councillor M. Lem   | SCM Regulation 44              | Zely 1776 (Pty) Ltd                                   |                | R 13,684.21        | R 1,915.79     | R 15,600.00                                 |        |    |    |    | X |    |
| 2013/008 | 2013/08/08        | 2013/08/30                              | 2014/02/11   | 2014/02/11 | 2013/06/30                | 2014/06/04        | 2013/08/30 | Non-compliance with Regulation 22: The award of tender SC 878/2010, for the operation of Garibabai Landfill site and public drop-offs in Greater Garibabai and Stender, with an estimate contract value of above R 10 million (incl. VAT) | SCM Regulation 22              | Enviroserve Waste Management (Pty) Ltd                |                | R 22,200,361.68    | R 3,108,050.64 | R 25,308,412.32                             |        |    |    |    | X |    |
| 2013/009 | 2013/08/08        | 2013/08/30                              | 2014/02/11   | 2014/02/11 | 2013/02/28                | 2014/06/05        | 2013/08/30 | Non-compliance with Regulation 22: The award of tender SC 781/2008 for the Transport of Contaminated Municipal Solid Waste and Chipping of Garden Waste, with an estimate contract value of above R 10 million (incl. VAT)                | SCM Regulation 22              | Enviroserve Waste Management (Pty) Ltd                |                | R 18,238,160.15    | R 2,555,342.42 | R 20,791,502.57                             |        |    |    |    | X |    |

## Abbreviations:

- UI: Irregular expenditure Under Investigation
- DP: Disciplinary process initiated against responsible person
- CC: Criminal charges laid with SAPS
- TR: Transferred to receivables for recovery
- P: Paid or in process of paying in instalments
- WO: Written-off by council as Irrecoverable

| Supply Chain Management Policy |                   |   |                                    |                            |                           |                    |            |   |                                |  |                |                    |   |        |    |    |    |   |
|--------------------------------|-------------------|---|------------------------------------|----------------------------|---------------------------|--------------------|------------|---|--------------------------------|--|----------------|--------------------|---|--------|----|----|----|---|
| Irregular Expenditure          |                   |   |                                    |                            |                           |                    |            |   |                                |  |                |                    |   |        |    |    |    |   |
| Register 2013/2014             |                   |   |                                    |                            |                           |                    |            |   |                                |  |                |                    |   |        |    |    |    |   |
| SCMIE #                        | Date of Discovery | Date Reported to the Accounting Officer | Date of Memo                       | Received                   | Date approved for payment | *Report to Council | Nat. Treas | Description   | Type of Prohibited Expenditure | Awarded to   | Amount Capital | Amount Operational | Value of the Irregular Expenditure Incurred | Status |    |    |    |   |
|                                |                   |   |                                    |                            |                           |                    |            |   |                                |  |                |                    |   | UI     | DP | CC | TR | P |
| 2014/002                       | 2013/10/14        | 2014/03/10                              | 2013/10/14                         | 2013/10/14                 | 2014/03/10                | 2014/04/10         | 2014/06/30 | The continued provision of services by contractors, appointed in terms of Tenders SC 110/2011 & SC 114/2011, without following the Official Procurement Process.<br>Non-compliance with Clause 16 of the Overstrand Municipality Supply Chain Management Policy. The provision of mobile telecommunication services, by Spectrum Communications, for use in the operation of Overstrand Municipality's telemetry systems via the developer and implementer of the said system, for a period ending 30 June 2013, without following the official procurement process.  | SCM Clause 18                  | Various Contractors  | R 72,567.81    | R 72,567.81        | X   |        |    |    |    |   |
| 2014/003                       | 2013/12/06        | 2014/07/10                              | 2014/06/03<br>(Update: 2014/06/30) | 2014/06/03                 | 2014/07/10                | In Process         | 2014/06/30 | The provision of services for the hosting and maintenance of Overstrand Municipality's external website by the existing services provider appointed in terms of SC 992/2010 after the expiry of the contract for a period ending 30 September 2013 without following the formal written quotation process or obtaining prior approval of a renewal or variation/extension of the existing contract.<br>Non-compliance with the Overstrand Municipality Supply Chain Management Policy. The provision and licensing of a GIS software solution from Environmental Systems Research Institute South Africa (Pty) Ltd, without following the official procurement process. | SCM Clause 16                  | Spectrum Communications, a division of Connoisseur Electronics (Pty) Ltd | R 4,541.00     | R 5,176.74         | X   |        |    |    |    |   |
| 2014/004                       | 2013/10/29        | 2013/11/08                              | 2013/10/29                         | 2013/10/29                 | 2013/11/08                | 2014/04/10         | 2014/06/30 | The provision of services for the hosting and maintenance of Overstrand Municipality's external website by the existing services provider appointed in terms of SC 992/2010 after the expiry of the contract for a period ending 30 September 2013 without following the formal written quotation process or obtaining prior approval of a renewal or variation/extension of the existing contract.<br>Non-compliance with the Overstrand Municipality Supply Chain Management Policy. The provision and licensing of a GIS software solution from Environmental Systems Research Institute South Africa (Pty) Ltd, without following the official procurement process. | SCM Clause 17                  | Max internet Technologies CC   | R 29,858.77    | R 4,180.23         | R 34,039.00                                 |        |    |    |    | X |
| 2014/005                       | 2014/05/23        | Awaiting Department Report              | Awaiting Department Report         | Awaiting Department Report | N/A                       | In Process         | 2014/06/30 | Non-compliance with the MFMA (Act 55 of 2003) section 33: Entering into a contract with Boland Valuers CC, resulting from tender SC 995/2010 for the Execution of a General and Supplementary Valuation of all properties in the area of Jurisdiction of the Overstrand Municipality, without adhering to the provision of section 33 for a contract imposing financial obligations beyond 3 financial years.   | SCM Clause 19                  | Environmental Systems Research Institute South Africa (Pty) Ltd          | R 296,012.82   | R 41,441.80        | R 337,454.62                                | X      |    |    |    |   |
| 2014/006                       | 2014/05/09        | 2014/06/18                              | 2014/06/18                         | 2014/06/18                 | N/A                       | In Process         | 2014/06/30 | Non-compliance with the MFMA (Act 55 of 2003) section 33: Entering into a contract with Boland Valuers CC, resulting from tender SC 995/2010 for the Execution of a General and Supplementary Valuation of all properties in the area of Jurisdiction of the Overstrand Municipality, without adhering to the provision of section 33 for a contract imposing financial obligations beyond 3 financial years.   | MFMA Section 33                | Boland Valuers CC  | R 3,982,589.17 | R 557,562.48       | R 4,540,151.65                              | X      |    |    |    |   |

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## SUPPLY CHAIN MANAGEMENT

## APPEALS / COMPLAINTS / DISPUTES / QUERIES REGISTER - 2013/2014

| # | TENDER NO    | Date Advert closed | Evaluation Date | Adjudication Date | Description   | Awarded to                           | Complainant                      | Appeal/Complaint/Dispute/Query   | Date received | Date of Outcome | Outcome                 |
|---|--------------|--------------------|-----------------|-------------------|---|--------------------------------------|----------------------------------|--|---------------|-----------------|-------------------------|
| 1 | SC 1374/2013 | 2013/08/02         | 2013/09/09      | None              | Lease of a portion of erf 4771, Hermanus known as Dutchies Restaurant for operating a restaurant                | SuperFecta Trading 608 CC            | AJM Gonggrijp                    | Claimed that the municipality was not transparent in awarding the tender.          | 2013/10/02    | 2013/10/24      | Resolved - Award upheld |
| 2 | SC 1375/2013 | 2013/08/08         | 2013/09/27      | 2013/10/04        | Provision of cleaning services in Hermanus area with a contract period ending 30 June 2016                      | Autumn Skies Trading 491 CC          | N Gardner                        | Project successfully handled the last 3 years                                      | 2013.10.17    | 2013/10/24      | Resolved - Award upheld |
| 3 | SC 1379/2013 | 2013/08/19         | 2013/10/14      | 2013/10/25        | Provision of a parking management system for the Hermanus central business district                             | Numque 20 CC                         | Red Flare Technologies (Pty) Ltd | Disputed the offer made by the successful bidder                                   | 2013/11/08    | 2013/11/22      | Resolved - Award upheld |
| 4 | SC 1409/2013 | 2013/11/01         | 2013/11/21      | 2013/12/06        | Upgrade of Kwaaiwater and Hawston switching stations and 11kv electrical network                                | Adencon Construction (Pty) Ltd       | VE Reticulation (Pty) Ltd        | Claimed that they are able to perform within the timeframes in the tender document | 2013/12/18    | 2014/01/03      | Resolved - Award upheld |
| 5 | SC 1466/2014 | 2014/05/16         | 2014/05/30      | 2014/06/06        | Provision of Laboratory Services for the Monitoring of Water Quality with a contract period ending 30 June 2017 | A.L. Abbott and Associates (Pty) Ltd | Integral Laboratories (Pty) Ltd  | Disputed the Pre-qualification Evaluation and Scoring                              | 2014/06/13    |                 | Awaiting Outcome        |