

**15.
SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT – 2014/2015 :
3rd QUARTER: 01 JANUARY TO 31 MARCH 2015**

8/2/2

**CEM La Cock
15 April 2015**

(028) 313 8080

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.

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) incidences of irregular expenditure identified to date during the 2014/2015 financial year, and
- d) 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)
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:

- a) awards made through the bid committee system for the 3rd Quarter of the 2014/2015 financial year, 01 January to 31 March 2015;
- b) deviations in terms of Clause 36 of the Supply Chain Management Policy;
- c) all incidences of non-compliance with the Supply Chain Management Policy; and
- d) objections and Complaints

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	2014/2015 3 rd Quarter	2014/2015 to date	2013/2014
Bids Processed	17	77	131
Bids Processed- Average per Quarter	17	26	33
Average days from final evaluation to Bid Adjudication Committee	6	7	8
Average days from initiation to Bid Specification Committee	7	7	7
Estimated Value of Awards (R)	28,916,399.81	242,909,711.21	181,586,965.21

A schedule of these awards for the 3rd Quarter of 2014/2015 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 2014/2015, 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 (17)	11,262,952.62	14,110,141.77	3,543,305.42	28,916,399.81

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 2014/2015 year to date is compared to the 2013/2014 financial year as per the following schedule:

SCM Policy	Description	2014/2015 3 rd Quarter	2014/2015 to date	2013/2014
Clause 36(1)(a)(i)	Emergency	3	4	4
Clause 36(1)(a)(ii)	Sole Supplier	3	16	22
Clause 36(1)(a)(iii)	Special works of Art	0	2	0
Clause 36(1)(a)(v)	Impractical Impossible	8	36	67
		14	58	93

A schedule of all Deviations approved by the Municipal Manager or by the delegated officials for the 3rd Quarter of 2014/2015 is attached as **Annexure B**.

Value of all Deviations awarded

The total value of deviations processed via the Supply Chain Management Unit for the 3rd Quarter of 2014/2015, 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 (14)	410,852.04	125,000.00	74,351.90	610,203.93

c) Incidence of Non-compliance and Irregular Expenditure**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 C**.

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.

It should hereby be noted that no formal objections were received during the 3rd Quarter of 2014/2015 financial year.

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: 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 2014/2015.

RESPONSIBLE OFFICIAL :

R LA COCK

TARGET DATE FOR IMPLEMENTATION :

TO BE NOTED



FFGDF

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 FOR THE 3RD QUARTER - JANUARY TO MARCH 2015

#	Tender #	Description	Date Awarded /Cancelled	Awarded to	B/BBE Status (Law)	Completion Period	Unit Price	Amount Operational	Amount Capital	VAT @ 14%	Total Amount (including VAT)
1	SC13282014	Frost And heating	2015/01/01	Florida Gate CC W. Sakhach	4	2015.08.30	-	R 43 450.00	-	R 8 000.00	R 48 533.00
2	SC13312014	Complete and install the General and supplementary valuation roll for the period 1 July 2015 - 30 June 2017	2015/01/03	Bulew'Valent CC	4	2017.08.30	-	R 8 941 884.28	-	R 971 960.84	R 7 913 748.42
3	SC13322014	Supply of Service Vehicles	2015/01/03	CMH Car Hire (Pty) Ltd for CMH Fleet Solutions	Non-compliant Contributor	2015.04.10	-	-	R 1 678 000.00	R 235 080.00	R 1 814 080.00
4	SC13462014	Development of Overlay Zones for the Overstrand Municipal Area.	2015/01/08	Urban Dynamics Vukani Cape (Pty) Ltd	Non-compliant Contributor	2016.06.31	-	R 1 360 375.00	-	R 188 052.50	R 1 539 427.50
5	SC13472014	Supply and installation of mechanical & electrical equipment for sewage pump systems in Helderberg Amendment: Upgrading of residential units in Zwenhile Phase 1	2015/01/20	Cancelled - No compliant bids received	N/A	N/A	-	-	-	-	-
6	SC1432A2013	Replace existing & install new roof top air-condition unit at the Auditorium, Overstrand Municipality Harmond	2015/01/30	Cape Repair CC	N/A	2015.08.30	-	-	R 1 199 823.18	R 167 880.25	R 1 367 812.44
7	SC13302014	Supply and installation of sound system for Maffel Hall	2015/02/20	Cancelled - No compliant bids received	N/A	N/A	-	-	-	-	-
8	SC13322014	Supply and installation of industrial jobs and electric three for Maffel Hall	2015/02/20	Cancelled - No compliant bids received	N/A	N/A	-	-	-	-	-
9	SC13452014	Supply and installation of industrial jobs and electric three for Maffel Hall	2015/02/20	Cancelled - No compliant bids received	N/A	N/A	-	-	-	-	-
10	SC13462014	Supply and installation of industrial jobs and electric three for Maffel Hall	2015/02/20	Blount Trading CC	Non-compliant Contributor	2015.12.31	-	-	R 3 952 301.38	R 553 366.19	R 4 505 667.58
11	SC13452014	216. Surcharged water courses	2015/02/13	Emeralds Oemmerg CC	4	2015.08.30	-	R 34 520.00	-	R 4 832.80	R 39 352.80
12	SC13302014	Save of EY 1356 (Portion of Erf 1432) Zwenhile, for Residential Purpose	2015/03/26	Februs Luma Moshane	N/A	N/A	-	-	R 80 000.00	R 9 100.00	R 74 100.00
13	SC13472014	Supply and installation of heavy load deduction system at Zwenhile Library	2015/03/31	CSB Customer Services (Pty) Ltd	3	2015.08.31	-	-	R 96 206.88	R 13 466.42	R 109 706.18
14	SC13412014	Supply and installation of new Carpet at Harmond Park	2015/03/25	L.K. Moshane (Pty) Ltd	3	2015.08.30	-	R 63 770.00	-	-	R 63 770.00
15	SC13422014	Supply and installation of new Carpet at Harmond Park	2015/03/26	Debrah JH CC via Lighthouse Construction	3	2015.10.31	-	-	R 1 752 000.71	R 245 200.80	R 1 997 200.51
16	SC1431B2013	Amendment Procure of small works and materials "as tick sheet"	2015/03/18	Ami Boley EWI Engineering and Construction CC	N/A	2015.12.31	-	R 2 407 164.00	R 3 025 000.00	R 417 102.56	R 5 839 266.56
17	SC1336A2013	Structural Reinforcement of water pipes. Upgrading of Waterline Sewer Pipeline Phase 1	2015/03/26	WBE-10 Construction (Pty) Ltd	N/A	2015.08.31	-	-	R 542 622.80	R 131 953.19	R 1 074 475.99
								R 11 852 952.82	R 14 110 141.77	R 3 543 365.42	R 29 516 339.61



ANNEXURE B

SUPPLY CHAIN MANAGEMENT REPORT IN TERMS OF CLAUSE 5(B) OF THE SCM POLICY - JANUARY TO MARCH 2015

#	Deviation #	Date Approved	Deviation in terms of Clause 36(1)(a)	Description	Responsible Official	Awarded to	Amount Operational	Amount Capital	Value of the Deviation
1	S-C00792	2015/01/06	Clause 36(1)(a)(i)(b)	Emergency repairs to the radio link between Houton and Hermanus high lines. The functioning of the radio is critical for the emergency services and traffic services.	Senior Business Award: Van Wepster J	Enovox Systems CC (a Business Communications PTY) LTD	R 6 427 000	R 309 79	R 7 216 79
2	S-C00793	2015/01/08	Clause 36(1)(a)	Exhibiting at the Field Holiday Show from the 27 February 2015 - 01 March 2015	Manager, LED, Jelle H	Mechanica Trading 400 (PTY) LTD	R 10 290 000	R 2 280 00	R 10 570 00
3	S-C00784	2015/01/16	Clause 36(1)(a)	Exhibiting at the Cape Gateway show from the 12 - 15 March 2015	Manager, LED, Jelle H	Ramsey-Media (PTY) LTD	R 13 725 000	R 1 921 50	R 15 646 50
4	S-C00785	2015/02/06	Clause 36(1)(a)(i)(b)	Engorging of trees in the Houton, Ormus and Sardinia areas in the 15 January 2015	Chief Fin Services, Snyth L	FFA Agrus (PTY) LTD	R 03 271 67	R 8 849 00	R 72 129 70
5	S-C00786	2015/02/18	Clause 36(1)(a)(i)(b)	Supply and install of Houton Vgl backup batteries for the Houton units installed in the municipal vehicles. The locations of these units are not known by Mesh Houton	Acting Manager: Fleet, Frans F	Achik Motor (PTY) LTD	R 56 170 41	R 7 664 26	R 64 034 67
6	S-C00787	2015/02/10	Clause 36(1)(a)(i)	Recalibration of speed monitoring equipment - Trucks	Chief Traffic Services, Frans R	Troosd Manufacture (PTY) LTD	R 11 888 96	R 1 661 06	R 13 520 01
7	S-C00788	2015/02/20	Clause 36(1)(a)	Revision of rosters for the capturing traffic lines for the period 1 - 31 December 2014	Chief Traffic Services, Frans R	Total Client Services Limited	R 5 045 000	R 711 00	R 5 706 00
8	S-C00789	2015/02/26	Clause 36(1)(a)(i)(b)	The appointment of Regard arrives on Houton Beach on the 8-14-15 February 2015	Senior Manager, Hermanus Administration, Bizamny	Overstrand Community Uligama, CC	R 4 770 000	R -	R 4 770 000
9	S-C00790	2015/02/06	Clause 36(1)(a)	Repair of the electrical locking around the municipal depot in Gansbaai	Manager, Operational, Du Vanger J	Air Spoke Overlays CC	R 19 001 64	R 2 610 22	R 21 661 76
10	S-C00791	2015/02/08	Clause 36(1)(a)	Repairing of the digger loader gearbox and servicing of the axle, CEH 0154	Acting Manager, Fleet, Frans F	Kamash Cape (PTY) LTD	R 14 943 40	R 2 002 09	R 17 035 57
11	S-C00792	2015/02/03	Clause 36(1)(a)	Procuring of a distribution board and the rewiring of the air conditioning electrical system	Senior Manager, Systems Development, Mervin C	Cable's Cabling CC	R 24 000 40	R 3 200 34	R 27 362 74
12	S-C00793	2015/02/25	Clause 36(1)(a)	Installation of a CO2 stripping pretreatment step in the Bardswenderse WTW	Deputy Director, Engineering Planning, Brijnoot H	Kusasa Chemicals (Pty) Ltd	R 124 000 00	R 17 500 00	R 141 500 00
13	S-C00794	2015/02/22	Clause 36(1)(a)	Envision of the Overstrand M3 City Water Treatment Plant	Deputy Director, Engineering Planning, Brijnoot H	Flexion Instrumental Services (Pty) Ltd	R 171 761 40	R 24 046 00	R 196 800 00
14	S-C00795	2015/02/27	Clause 36(1)(a)	The quarterly servicing of the water compactor (CBA 37562)	Acting Manager: Fleet, Frans F	Hydraxis (PT) LTD	R 3 535 17	R 404 90	R 4 030 10
							R 410 622 04	R 125 000 00	R 610 203 67

**Supply Chain Management Policy
Irregular Expenditure Incurred in terms of Paragraph 36(2)
Register**

Sl. No.	Date of Receipt	Date of Issue	Date of Approval/No. of Approval	Report to Council	Net Issue	Investigation	Type of Financial Expenditure	Assessable Expenditure	Amount Spent	Amount Approved	VAT @ 4%	Total	Update as @ 31/03/2015
Incidents reported and currently under investigation													
2014002	2013/10/14	2014/03/18	2014/03/10	2014/04/10	2014/07/23	For an amount of Rs. 1,00,000/- (One Lakh) towards the purchase of 1000 kg of Rice (1000 kg) for the purpose of the Rice Processing Plant.	SC/Class 16	100000.00	0	0	0	0	The investigation report has been submitted to the Director, Community Services for consideration.
2014003	2013/12/08	2014/03/19	2014/03/10	2014/07/23	2014/08/30	For an amount of Rs. 1,00,000/- (One Lakh) towards the purchase of 1000 kg of Rice (1000 kg) for the purpose of the Rice Processing Plant.	SC/Class 16	100000.00	0	0	0	0	The investigation report has been submitted to the Director, Community Services for consideration.
2014004	2014/03/23	2014/03/23	N/A	2014/07/23	2014/08/30	For an amount of Rs. 1,00,000/- (One Lakh) towards the purchase of 1000 kg of Rice (1000 kg) for the purpose of the Rice Processing Plant.	SC/Class 16	100000.00	0	0	0	0	The investigation report has been submitted to the Director, Community Services for consideration.
Incidents Identified to-date in 2014/2015													
2015001	2014/03/26	2014/03/26	2014/07/23	2014/07/23	2014/08/30	The provision of a computer to be used for the purpose of the Rice Processing Plant, without following the approval of a decision in terms of Paragraph 36 of the SCM Policy.	SC/Class 17	20000.00	0	0	0	0	The investigation report has been submitted to the Director, Administrative and Planning for consideration.
2015002	2014/03/26	2014/03/26	N/A	2014/07/23	2014/08/30	The provision of a computer to be used for the purpose of the Rice Processing Plant, without following the approval of a decision in terms of Paragraph 36 of the SCM Policy.	SC/Class 17	20000.00	0	0	0	0	The investigation report has been submitted to the Director, Administrative and Planning for consideration.
2015003	2014/03/26	2014/03/26	2014/07/23	2014/07/23	2014/08/30	The provision of a computer to be used for the purpose of the Rice Processing Plant, without following the approval of a decision in terms of Paragraph 36 of the SCM Policy.	SC/Class 17	20000.00	0	0	0	0	The investigation report has been submitted to the Director, Administrative and Planning for consideration.
2015004	2014/03/26	2014/03/26	2014/07/23	2014/07/23	2014/08/30	The provision of a computer to be used for the purpose of the Rice Processing Plant, without following the approval of a decision in terms of Paragraph 36 of the SCM Policy.	SC/Class 17	20000.00	0	0	0	0	The investigation report has been submitted to the Director, Administrative and Planning for consideration.
2015005	2014/03/26	2014/03/26	2014/07/23	2014/07/23	2014/08/30	The provision of a computer to be used for the purpose of the Rice Processing Plant, without following the approval of a decision in terms of Paragraph 36 of the SCM Policy.	SC/Class 17	20000.00	0	0	0	0	The investigation report has been submitted to the Director, Administrative and Planning for consideration.