

**8.
SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT – 2014/2015:
4th QUARTER: 01 APRIL TO 30 JUNE 2015**

8/2/2

CEM La Cock

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Hermanus Administration

10 July 2015

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) 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/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 4th Quarter of the 2014/2015 financial year, 01 April to 30 June 2015;
- b) deviations in terms of Clause 36 of the Supply Chain Management Policy; and
- c) 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 4th Quarter	2014/2015 to date	2013/2014
Bids Processed	44	124	131
Bids Processed- Average per Quarter	44	31	33
Average days from final evaluation to Bid Adjudication Committee	7	7	8
Average days from initiation to Bid Specification Committee	8	7	7
Estimated Value of Awards (R)	76,856,916.32	326,565,347.41	181,586,965.21

A schedule of these awards for the 4th 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 4th 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 Q4
Bid Awards (17)	59,850,120.90	7,649,533.71	9,357,261.71	76,856,916.32

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 4 th Quarter	2014/2015 to date	2013/2014
Clause 36(1)(a)(i)	Emergency	5	10	4
Clause 36(1)(a)(ii)	Sole Supplier	4	19	22
Clause 36(1)(a)(iii)	Special works of Art	0	2	0
Clause 36(1)(a)(v)	Impractical Impossible	17	55	67
		26	86	93

A schedule of all Deviations approved by the Municipal Manager or by the delegated officials for the 4th 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 4th 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 Q4
Deviations (26)	2,247,577.10	R -	313,190.77	2,560,767.87

c) 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.

A schedule of all disputes, objections, queries and complaints received for the 4th Quarter of 2014/2015 is attached as Annexure C.

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 disputes, objections, queries and complaints

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 4th Quarter of 2014/2015.

RESPONSIBLE OFFICIAL :

R LA COCK

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 FOR THE 4TH QUARTER - APRIL TO JUNE 2015											
#	Tender #	Description	Date Award/Cancelled	Awarded to	Bidder Status (Win/Lost)	Completion Period	Unit Price	Amount Operational	Amount Capital	VAT @ 14%	Total Amount (including VAT)
1	SC18842014	Supply & Delivery of Fleet vehicles on Hire Purchase	2015/05/15	Cancelled - firm in liquidation	N/A						
2	SC18820015	Provision of Auctioneering Services	2015/04/10	Claremar Auctioneers (Pty) Ltd T/A Claremar Auction Group	Non-compliant Contributor	2017.06.30					
3	SC15652015	Pricing and filling of bins in the Greater Harare area period ending June 2016	2015/05/08	Distinctive Choice 205 CC (In-Awatts)	3	2016.06.30	Variable R	250 000.00		N/A	R 250 000.00
4	SC15642015	The Provision of Training to Local Government According IMCF 3 for Municipal Officials	2015/05/15	BL 2009 CC	Non-compliant Contributor	2016.06.30	21 154.00 R	312 310.00		R 44 423.40	R 361 733.40
5	SC15632015	The Provision of Business Report and Tender Writing Training (ISAOA 12-13) for Municipal Officials	2015/05/15	Impregal Crown Trading 740 (Pty) Ltd (W) (Include for Career Development)	Non-compliant Contributor	2016.06.30	R 600.00 per learner	27 160.00		N/A	R 27 160.00
6	SC15622015	Supply and fit new tanks/per structure for Fire Truck	2015/05/15	Cancelled - Non-compliance with procedural requirements as stated in Par 2(5) of the SCM Policy	N/A						
7	SC15602015	Stormwater installation in 2nd phase	2015/05/17	ATN Group (Pty) Ltd	Non-compliant Contributor	2015.09.30			R 2 013 605.43	R 403 771.76	R 2 220 427.19
8	SC15602015	Lease of part of the remainder of term for 551, Orindeni, known as the Millwood Restaurant for operation as a restaurant.	2015/05/08	CJ and JC Partnerships	Non-compliant Contributor	9 Years & 11 months	85 000.00				
9	SC15602015	Transport of contaminated Municipal solid waste including of garden waste.	2015/05/05	Environment Waste Management Ltd	4	2016.06.30	Variable R	27 398 000.00		R 3 826 826.00	R 31 234 826.00
10	SC15612015	Management of the Corobac Captain Park for a contract period ending 30 June 2016	2015/05/05	Herman Stevens	Non-compliant Contributor	2016.06.30	R 800.00 R	373 391.00		N/A	R 373 391.00
11	SC15612015	Supply, deliver and replace publications comprise of Beverly Street ViewShip	2015/05/26	Cancelled - No bids received	N/A						
12	SC15602015	Application of Street Markings on the Outskirts of Mutema and Harare, for a contract period 1 July 2015 to 30 June 2016	2015/05/23	ATN Group (Pty) Ltd	1	2016.06.30	Variable R	1 200 000.00		R 168 000.00	R 1 368 000.00
13	SC15672015	Repair of the Town Hall's Roof: ERF 4160 (Maramba)	2015/05/27	Cancelled - insufficient funding	N/A						
14	SC15682015	Sale of Erf 5025 (Portion of Erf 2627) Harare, for Business Purposes	2015/05/12	Orindeni 37 (Pty) Ltd	N/A	N/A			R 713 000.00	R 100 500.00	R 813 500.00
15	SC15692015	Sale of 22 Erfs (Portion of Erf 2675) Harare, for Residential Purposes	2015/05/12	Suppliers to all (Pty) Ltd	N/A	N/A			R 9 610 000.00	R 225 400.00	R 1 035 400.00



Annexure B
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DEVIATIONS FROM THE POLICY, APPROVED IN TERMS OF CLAUSE 36(1)(a) FOR THE 4TH QUARTER - APRIL TO JUNE 2015

#	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	SCD2787	2015/04/02	Clause 36(1)(a)(ii)(x)	Extinguishing of fires in the Klobatomb area on the 08 February 2015	Chief Fire Officer, Smith L	FFA Aviation (Pty) Ltd	R 27 492,36		R 3 048,93	R 31 341,29
2	SCD2788	2015/04/02	Clause 36(1)(a)(v)	The annual maintenance, lubrication and SAPD license fees for the forklift machines for Gansbaai on Hengskloofmattom	Manager: Council Services Support	Earlywax 252 (PTY) LTD	R 2 715,27		R 300,13	R 3 065,40
3	SCD2789	2015/04/10	Clause 36(1)(a)(v)	Repair of hydraulic cylinder (CEM 20438)	Acting Manager: Fleet	Hydrant (PTY) LTD	R 9 725,00		R 1 361,50	R 11 086,50
4	SCD2800	2015/04/21	Clause 36(1)(a)(v)	Procurement of additional equipment required for the installation of an ICT Server cabinet in the Hermance Server room.	Senior Manager: Systems Development, Johnson C	Carli's Cabling CC	R 13 315,00		R 1 864,10	R 15 179,10
5	SCD2801	2015/04/23	Clause 36(1)(a)(v)	Attendance of three municipal officials to the Regional Water Leakage Summit 2015 on the 23-24 June 2015.	Director: Infrastructure and Planning, Muller S	Hines Frywain Consultants CC	R 10 500,00		R -	R 10 500,00
6	SCD2802	2015/04/20	Clause 36(1)(a)(v)	Service and/or repair of the Fire Services breathing apparatus to ensure compliance with the CHSQA Act of 1992, via a strip and quote process.	Chief Fire Officer, Smith L	Droger South Africa (PTY) LTD	R 8 420,00		R 1 178,80	R 9 598,80
7	SCD2803	2015/05/07	Clause 36(1)(a)(v)	Procurement of parts to repair Unus tractors (SEM21623, CEM21927 and CEM 9402)	Acting Manager: Fleet - Frans F	Unus South Africa (Pty) Ltd	R 14 440,00		R 2 022,66	R 16 477,66
8	SCD2804	2015/05/08	Clause 36(1)(a)(v)	Procurement of a DGMS recording machine for the Auditorial Court, with a three years maintenance agreement period ending 30 June 2018	Legal Advisor: Nkole C	Dimension Data (Pty) Ltd	R 105 540,84		R 14 779,78	R 120 349,62
9	SCD2805	2015/05/20	Clause 36(1)(a)(v)	Supply Chain Management Policy - The Provision of Professional Services for the establishment of market related remuneration for top management.	Director: Management Services, Arison D	Work Dynamics (Pty) Ltd	R 20 650,00		R 2 891,00	R 23 541,00
10	SCD2807	2015/05/08	Clause 36(1)(a)(v)	The placement of emergency fire fighting services for the period covering 28/02/2015 to 20/09/2015 at the magnitude of station to attend the municipality's own response.	Chief Fire Officer, Smith L	FFA Aviation (Pty) Ltd	R 1 031 148,01		R 144 300,72	R 1 175 508,73
11	SCD2808	2015/05/29	Clause 36(1)(a)(v)	Credits for a private printing machine for Hermance Administration	Manager: Council Support Services, Van Dender H	Earlywax 252 (Pty) Ltd	R 29 824,56		R 4 175,44	R 34 000,00
12	SCD2809	2015/05/28	Clause 36(1)(a)(v)	Seminar on Municipal Finance - Good Governance attended by eight municipal officials	Deputy Director: Finance, Le Roux C	IFFO (Institute Municipal Finance Officers)	R 11 831,59		R 1 658,42	R 13 489,00
13	SCD2811	2015/05/20	Clause 36(1)(a)(v)	Procurement of two multifunctional office machines, which have been used by the municipality for the past three years through a monthly lease agreement, from an authorised distributor of Xerox machine	Senior Business Analyst: Vm Apentini J	Cape Office Machines (Pty) Ltd	R 13 868,04		R 1 941,11	R 15 809,15

14	SCD2812	2015/05/29	Clause 361(1)(a)(v)	Repair of the photocathode which is used for monitoring the power quality on the utility net work.	Senior Superintendent: Elsie Technical Services Lourens DC	OT LAB (Pty) Ltd	R 6 854 00	R 966 00	R 7 813 00
15	SCD2813	2015/06/04	Clause 361(1)(a)(v)	Reconfiguration of all electrical metering due to the new tariff structure introduced by Eskom as from 1 July 2015 and the auditing of all meters.	Senior Manager: Electrical Services, Du Plessis JH	IJ Technologies – Cape CC	R 23 532 00	R 3 294 48	R 26 826 48
16	SCD2814	2015/06/09	Clause 361(1)(a)(i)	The grading of Klaimmond Beach for Blue Flag status, by the sole authorised organisation.	Senior Manager: Klaimmond, Lukay D	WESSA	R 20 000 00	R 2 800 00	R 22 800 00
17	SCD2815	2015/06/09	Clause 361(1)(a)(v)	Repair of the robot in Veebtp, to insure the safety of the road users and pedestrians.	Chief: Traffic Services, Fraser R	Traffic Management Technologies	R 58 474 00	R 8 188 43	R 66 662 43
18	SCD2816	2015/06/03	Clause 361(1)(a)(v)	Repair of CEM 10228, that was damaged during the the season and the servicing of the pump	Chief: Fire Officer, Smith L	Fire Riskers (Pty) Ltd	R 141 920 51	R 19 068 87	R 161 789 38
19	SCD2817	2015/06/08	Clause 361(1)(a)(v)	SCOA technology upgrade and routine maintenance	Senior Manager: Systems Development, Johnson C	Playday Software Systems	R 20 100 85	R 2 832 24	R 22 933 09
20	SCD2818	2015/06/08	Clause 361(1)(a)(i)	The evaluation and grading of Groot and Hawston Beach in terms of the Blue Flag status programmes, by the sole organisation authorised by the International Foundation for Environmental Education (IFE) to implement FEE programmes in South Africa.	Acting Area Manager: Hermanus, Burger P	WESSA	R 40 000 00	R 5 600 00	R 45 600 00
21	SCD2819	2015/06/09	Clause 361(1)(a)(i)	Replacement of 16 minor ultra ultraviolet membranes at the water treatment plant in Pearly Beach by the sole distributor of minor membranes Quality Filtration Systems CC.	Manager: Operational, De Villiers J	Quality Filtration System CC	R 299 318 24	R 55 904 65	R 455 222 79
22	SCD2820	2015/06/22	Clause 361(1)(a)(v)	Provision of a workshop on Preferential Procurement; by a Specialist Supply Chain Management and Local Economic Development.	Director: LEO, Meekins S	Braxia Consulting (Pty) Ltd	R 4 844 74	R 678 26	R 5 523 00
23	SCD2821	2015/06/25	Clause 361(1)(a)(v)	The annual review of the municipality's long term financial plan for a contract period ending 30 June 2018, by the original developer of the financial plan.	Deputy Director: Francis, la Roux C	INCA Portfolio Managers (Pty) Ltd	R 181 016 00	R 26 742 24	R 217 758 24
24	SCD2822	2015/06/30	Clause 361(1)(a)(i)(ii)(iii)(iv)	Working on fire ground issues in Klaimmond (17/03/2015) and Standford (22/02/2016)	Chief: Fire Officer, Smith L	FFA Questone (PTY) LTD	R 8 468 74	R 1 184 22	R 9 652 96
25	SCD2823	2016/06/30	Clause 361(1)(a)(i)(ii)(iii)(iv)	Locating of a fault on the MV electrical cable, by Calais CC	Senior Manager: Electric Technical Services, Du Plessis JH	Calais CC Via Protection Testing	R 5 001 50	R 540 21	R 5 541 71
26	SCD2824	2015/06/30	Clause 361(1)(a)(i)(ii)(iii)(iv)	Hiring of a helicopter for fighting fires in Klaimmond on 08/02/2015.	Chief: Fire Officer, Smith L	FFA Aviation (PTY) LTD	R 27 492 36	R 3 848 93	R 31 341 29
							R 2 247 577 10	R	R 3 560 787 87

 SUPPLY CHAIN MANAGEMENT APPEALS / COMPLAINTS / DISPUTES / QUERIES REGISTER - 2014/2015											
#	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 1506/2015	2015/03/27	2015/05/28	2015/06/05	Transport of containerised Municipal solid waste & chipping of garden waste.	Enviroserv Waste Management Ltd	Wasteima Holdings (Pty) Ltd	Claimed that the municipal waste was not transported in the awarded tender	2015/06/28		Pending