

ANNEXURE E



QUARTERLY REPORT TO THE MUNICIPAL COUNCIL IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY [UMGUNGUNDLOVU DISTRICT MUNICIPALITY]

(As per Section 6(1)(3) of the Municipal SCM Regulations)

SCM Quarter 2 Report 2022-2023

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1. Introduction

In terms of clause 6(1)(3) of the Municipal Supply Chain Management Regulations, 2005, which deals with the Oversight role of council of municipality or board of directors of municipal entity:

- (1) *The council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its supply chain management policy.*
- (3) *The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality.*

2. SCM Policy & Procedures

2.1 Adoption of Policy by Council

Date and Resolution – 27 May 2022

2.2 SCM Procedures

List procedures that are in place – A Procedure Manual is in place

2.3 Delegations

Are SCM Process Delegations in place? – Yes

2.4 Infrastructure Procurement

Has Council adopted the Standard for Infrastructure Procurement and Delivery Management? – Yes (28 June 2019)

3. Functioning of the SCM Unit (phrase as questions)

3.1 SCM Structure:

Is there an approved Structure in place? - Yes

3.2 Declaration of Interest:

Have all SCM Personnel declared their interests? - Yes

3.3 Code of Conduct for SCM Practitioners:

Have all SCM Personnel signed the Code of Conduct? - Yes

3.4 Training of SCM Personnel:

Have all SCM Personnel been trained? – Yes

4. Functioning of Bid Committees

4.1 Are Bid Committees constituted in line with Regulations 27, 28 & 29? - Yes

4.2 Are Infrastructure Committees aligned with Infrastructure Delivery Management System (IDMS)? – Yes

4.3 Are Bid Committee Terms of Reference in place? - Yes

4.4 Number of Bid Committee Meetings held during the reporting period - 5

5. Reporting Items

5.1 Deviations

5.1.1 Section 114 (Approval of tenders not recommended)

Date of Award	Bid No.	Description of Goods/Services/Works	Award Value	BEC Recommendation	BAC Recommendation	Reason for Deviation	Notifications		
							AG	PT	NT
N/A									

5.1.2 Regulation 32 (Procurement of goods and services under contracts secured by other organs of State)

Date of Award	Contract Description	Award Value	Service Provider	Name of Contract Owner (Department / Municipality)	Consent obtained from Organ of State and Service Provider		Reason for Deviation	PT Decision	
					Yes	No		Approved	Not Approved
N/A									

5.1.3 Regulation 36 (Deviation from, and ratification of minor breaches of, procurement processes)

Description of Goods/Services/Works	Date of Award	Awarded To	Award Value	Reason for Deviation	Date reported to Council
N/A					

5.2 Unauthorised, Irregular, Fruitless & Wasteful Expenditure

- i) Template as per MFMA Circular 68 to be utilized - Yes*
- ii) Submission of register to PT - Yes*
- iii) Report as per KZN Municipal Circular 04 of 2017/18 - Yes*

5.3 Central Suppliers Database (CSD)

- i) Access / challenges – N/A*

5.4 Procurement Plan Implementation

- i) Format of Procurement Plan as per Circular 62 (Annexure B) - Yes*
- ii) Report on implementation as per KZN Municipal Circular 04 of 2017/18- Yes*

5.5 Bids Awarded >R100K

BIDDER	BID DESCRIPTION	AWARD VALUE	AWARD DATE	CONTRACT SIGNED	CONTRACT DURATION
UNESU TRADING ENTERPRISE	SUPPLY AND DELIVERY OF SPECIAL GALVANISED STEEL	R 196,000.00	5-Oct-22	5-Oct-22	ONCE-OFF
TSHIRELETSO MULTI-SKILLS AND TRAINING	TRAINING OF 21 HEALTH & SAFETY COMMITTEE MEMBERS	R 115,595.66	5-Oct-22	5-Oct-22	ONCE-OFF
QUIDITY	12 MONTHS DOCUMENT MANAGEMENT SYSTEM ANNUAL LICENSE RENEWAL (QUIDDITY ADMINISTRATOR OR EQUIVALENT)	R 123,278.00	10-Oct-22	10-Oct-22	12 MONTHS
BELMONT GROUP HOLDINGS	CMPD TRAINING COURSE	R 182,229.00	20-Oct-22	20-Oct-22	ONCE-OFF
SIYATHUTHU DEVELOPMENTS	PROFESSIONAL SERVICES REGARDING THE FINALIZATION OF UMDM DDM ONE PLAN DOCUMENT	R 192,406.25	26-Oct-22	26-Oct-22	ONCE-OFF
CLEAN SPOT SOLUTIONS	SUPPLY OF PROTECTIVE CLOTHING	R 1,837,775.59	31-Oct-22	31-Oct-22	ONCE-OFF
ESRI SOUTH AFRICA	12 MONTHS GIS ANNUAL MAINTENANCE ESRI LICENSE RENEWAL	R 246,533.32	20-Oct-22	20-Oct-22	12 MONTHS
CCG SYSTEMS	SUPPLY OF ERP INTERGRATED BULK SMS SYSTEM	R 282,440.00	27-Oct-22	27-Oct-22	ONCE-OFF

BIDDER	BID DESCRIPTION	AWARD VALUE	AWARD DATE	CONTRACT SIGNED	CONTRACT DURATION
YAMKELA ENTRPRISE	12 MONTHS VEAM BACKUP SOFTWARE LICENSE	R 192,377.00	4-Nov-22	4-Nov-22	12 MONTHS
CCG SYSTEMS	ERP IT INFRASTRUCTURE	R 1,052,252.85	20-Oct-22	20-Oct-22	12 MONTHS
R PARTHAB INVESTMENTS T/A BARGAIN UNIFORMS	PURCHASE 280 TRACKSUITS FOR SALGA KZN DSAC GAMES 2022	R 109,480.00	22-Nov-22	22-Nov-22	ONCE-OFF
MEMOTEK TRADING	SUPPLY AND DELIVERY OF CHEMICALS FOR IMPENDLE WATER WORKS	R 155,484.60	28-Nov-22	28-Nov-22	ONCE-OFF
JONATHON DONNEL T/A LADUMA SPORTS	SUPPLY AND DELIVERY OF PLAYING KITS FOR SALGA GAMES 2022	R 110,860.00	6-Dec-22	6-Dec-22	ONCE-OFF
MEMOTEK TRADING	SUPPLY AND DELIVERY OF WATER CHEMICALS FOR IMPENDLE	R 117,159.24	19-Dec-22	19-Dec-22	ONCE-OFF

5.6 Municipal Bid Appeals

- i) Bids appealed – N/A
- ii) Appeal status: N/A

5.7 Contract Management

5.7.1 Contracts Register Statistics

No. of Current Contracts	No. of Contracts about to expire in <6 months	No. of Expired Contracts but still in use
445	8	0

Contracts due to expire within 6 months

<u>CONTRACT NO.</u>	<u>BIDDER AND DESCRIPTION</u>	<u>EXPIRY DATE</u>
7/3/306	Richmond Local Municipality Leasing Of Property: Richmond Fire Station	2023/02/28
7/3/106	Ithala Development Finance Corporation Limited Lease Of Unit 25 Howick Shopping Centre	2023/02/28
7/3/350	The Angel Falls Family Trust Leasing Of Premises: Mooi River Fire Station	2022/03/31
7/3/336	Africscan Construction (Pty) Ltd Nkanyezini Secondary Bulk Water Supply Scheme	2023/05/30
7/3/235	Scelo Business Consulting Leasing of 4 New Emergency Response Vehicles	2023/06/16
7/3/352	Hahn Collections Provision of Debt Collection	2023/06/30
7/3/353	Revenue Consulting Provision of Debt Collection	2023/06/30
7/3/381	Kunene Makopo Risk Solutions Short Term Insurance	2023/06/30

5.7.2 Variations

i) Variations within 15% or 20%

CONTRACT NO.	CONTRACT DESCRIPTION	ORIGINAL CONTRACT VALUE	REASONS FOR VARIATION	AMOUNT
7/3/366	Yuretek Photocopy Machine Services	R 2 846 569.27	Additional printer equipment for Howick CCC and & PA for LED: HOD. Printer server to monitor usage of machines.	R 185 236.56

ii) Variations above 15% or 20% (Comply with MFMA S116(3))

Contract No.	Description	Contract Value	Reasons for Variation	Amount	Date Tabled at Council	Date of Notice to Community
7/3/209	Talbot laboratories Supply Water Quality Monitoring Services	Rates based	Extension to allow for tender process to conclude. Extended until 30/11/2022	Rates based	31 August 2022	09 September 2022
7/3/82	First National Bank Provision of Banking Services	Rates based	Extension to allow for tender process to conclude. Extended until 30/08/2022	Rates based	28 July 2022	09 September 2022
7/3/310	Proudfoot Investments Rental for Stores Warehouse	R 730 917.00	Extension to allow for tender process to conclude. Extended until 30/08/2023	Rates based	28 June 2022	12 July 2022

5.7.3 Supplier Performance Management

CONTRACT NO	DESCRIPTION	Name of Contractor	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating
				Yes	No	
7/3/442	Supply Water Quality Monitoring Services	Talbot Laboratories	11/01/2023	Yes		Good
7/3/237	Supply Vehicles on A Full Maintenance Lease	Fleet Horizon Solutions (Pty) Ltd	11/01/2023	Yes		Good
7/3/308	Provision of 33 Multifunctional Photocopies For UMDM	Yureket Business Machines	28/11/2022	Yes		Good
7/3/337	Water Quality Analysis	Talbot Laboratories	10/01/2023	Yes		Good
7/3/350	Leasing of Premises: Mooi River Fire Station	The Angel Falls Family Trust	11/01/2023	Yes		Good
7/3/310	Leasing of Warehouse Space	Proudfoot Investment CC	11/01/2023	Yes		Good

5.8 Logistics / Inventory Management

- i) Policy - Yes
- ii) Cycle counts – Yes (weekly)
- iii) Challenges – Additional Storage space required.
- iv) Other activities – N/A

5.9 Unsolicited Bids

Description of Goods/services	Amount	Date Submitted to Council	Supported		Date submitted to Provincial Treasury	Supported	
			Yes	No		Yes	No
N/A							

5.10 E-Tender Portal

- i) Access - Yes
- ii) Bids published during the quarter – TWO

6. Preferential Procurement Policy Framework Act (PPPFA), Regs2017

6.1 Contracts with Pre-Qualification (Regulation 4)

Contract Description	Pre-Qualification Criteria	Award Value	Date of Award
N/A			

6.2 Contracts with Objective Criteria (Section 2(1)(f) PPPF Act)

Contract Description	Objective Criteria	Award Value	Date of Award
N/A			

6.3 Contracts above R30 million (Contract Participation Goals) (Regulation 4)

Contract Description	Sub-Contracting Criteria	Award Value	Amount Sub-Contracted	Date of Award
N/A				

7. Local Content Procurement

Contract Description	Designated Sector	% Designated	Award Value	Date of Award	Reporting to DTI
SUPPLY OF PROTECTIVE CLOTHING	Textiles	100%	R 1,837,775.59	31-Oct-22	14-Nov-22
PURCHASE 280 TRACKSUITS FOR SALGA KZN DSAC GAMES 2022	Textiles	100%	R 109,480.00	22-Nov-22	24-Nov-22
SUPPLY AND DELIVERY OF TRACKSUITS FOR COUNCILLORS	Textiles	100%	R 51,980.00	25-Nov-22	28-Nov-22
TRACKSUITS FOR COUNCILLORS ATTENDING SALGA GAMES	Textiles	100%	R 57,500.00	5-Dec-22	12-Dec-22
SUPPLY AND DELIVERY OF PLAYING KITS FOR SALGA GAMES 2022	Textiles	100%	R 110,860.00	6-Dec-22	13-Dec-22

8. Risk Management

8.1 Fraud Prevention Plan

Is there a Fraud Prevention Plan in place? – Yes

8.2 Internal Audit Findings

Finding Raised	Action Plan to address the finding	Due Date	Progress with Action Plan Implementation
Rotation Policy not approved by Council	> Appointment from Panel Policy to be re-submitted to Council	Pending	Policy has been approved by EXCO and is to be submitted to Full Council.

8.3 Provincial Treasury Assessment Findings

Finding Raised	Action Plan to address the finding	Due Date	Progress with Action Plan Implementation
Vacant Posts	Advertise critical posts in SCM		Incomplete. HR has re-advertised for the position of contracts administrator.

8.4 Auditor General Findings

Finding Raised	Action Plan to address the finding	Due Date	Progress with Action Plan Implementation
Reasons for contract extensions not justifiable	Demand Analysis to be appended to VO requests	01-Jan-23	On-going
Deviation from procurement process – not in line with SCM regulation 36	To establish a panel for events coordinators	30-Jun-23	On-going
Contract performance measures not in place to ensure effective contract management	To advertise position of Contracts Administrator	30-June-23	Position to be re-evaluated by Dept. and HR.
Policy on the appointment of panels not approved	Selection from panels to be set as a standard operating practice (SOP)	28-Feb-23	To be re-submitted.
Inappropriate use of panels	Selection from panels to be set as a standard operating practice (SOP)	28-Feb-23	To be re-submitted.
Late submission of the approved procurement plan	Draft procurement plan to be submitted should no council resolution be received by due date. Reasons to be provided for any delays.	30-Jun-23	On-going

Finding Raised	Action Plan to address the finding	Due Date	Progress with Action Plan Implementation
Incomplete or inaccurate contract register	To advertise position of Contracts Administrator	30-Jun-23	Position to be re-evaluated by Dept. and HR.

9. Conclusion

That the report meets the requirements of the Supply Chain Management Regulations, Section 6(1) and KZN Municipal Amended Circular No. 04A of 2018/2019 by submitting the report to Council on the implementation of the supply chain management policy.