

ANNEXURE F



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

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

SCM Quarter 3 Report 2021-2022

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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 – 24 February 2021

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, as per the SCM Policy

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

BID NO.	BID DESCRIPTION	AWARD VALUE	AWARD DATE	CONTRACT SIGNED	CONTRACT DURATION
UMDM02201	100 X EMERGENCY RELIEF BOXES FOR DISASTER OPERATIONS	R 131,000.00	12-Jan-22	12-Jan-22	Once-Off
UMDM02208	CCTV CAMERAS FOR 176 AND 242 BUILDINGS	R 193,360.66	13-Jan-22	13-Jan-22	Once-Off
UMDM02209	150 X ROOF SAILS FOR DISASTER MANAGEMENT	R 112,500.00	13-Jan-22	13-Jan-22	Once-Off
UMDM02210	15 X LAPTOPS FOR NEW COUNCILLORS	R 154,999.88	14-Jan-22	14-Jan-22	Once-Off
UMDM02211	7 MONTHS WEBSITE MAINTENANCE AND HOSTING	R 157,665.00	14-Jan-22	14-Jan-22	7 Months
UMDM02218	TENTS	R 195,000.00	26-Jan-22	26-Jan-22	Once-Off
UMDM02271	150X RHEOFLOC AND 150X SODIUM HYPOCHLORITE	R 126,451.13	11-Mar-22	11-Mar-22	Once-Off
UMDM02293	PLUMBING MATERIAL	R 164,687.50	29-Mar-22	29-Mar-22	Once-Off

5.6 Municipal Bid Appeals

- i) Bids appealed – One (Tender 16/2021 – Provision of Photocopier Services)
- ii) Appeal status: MBAT ruled in favour of uMDM. Appeal was dismissed.

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
	4	

Contracts due to expire within 6 months

<u>CONTRACT NO.</u>	<u>BIDDER AND DESCRIPTION</u>	<u>EXPIRY DATE</u>
7/3/349	MI7 NATIONAL GROUP Provision of Security Services	2022/07/30
7/3/209	TALBOT LABORATORIES Supply Water Quality Monitoring Services	2022/05/31
7/3/112	CCG SYSTEMS Pastel Evolution Consultancy Support Services	2022/04/24
7/3/170	SERENITY FINANCIAL SERVICES Short Term Insurance	2022/06/30

5.7.2 Variations

i) Variations within 15% or 20%

CONTRACT NO.	CONTRACT DESCRIPTION	ORIGINAL CONTRACT VALUE	REASONS FOR VARIATION	AMOUNT
7/3/160	Lease Of Unit 25 Howick Shopping Centre	R 827 109.73	UMDM is still in the tender process	R 124 066.00
7/3/320	Mpolweni Water Supply Scheme	R 213 815 852.35	The extension to contract value of R 4 706 812.56 (from Contingencies) was granted due to the difficulties in procuring uPVC pipe due to nationwide shortage of PVC raw material. As a result, the suppliers have had to increase the pipe costs by values which exceed the escalation.	N/A
7/3/328	KwaMathwanya Water Reticulation Scheme	R 9 912 835.40	The extension to contract value of R506 202.62 (from Contingencies) was granted due to the contractors request a price adjustment for the supply and delivery of the 200kl elevated Tank and all appurtenances (item D2.3 in the BoQ)	N/A
7/3/327	Mbhava And Mpethu-Swayimane Water Supply Scheme Extension Phase 2	R 50 900 000.00	The variation order is for increased CPG supervision, provided by the contractor, to increase the CPG sub-contractor production efforts. The extension amount of R 244 468.66 (from contingencies) was granted.	N/A
7/3/328	KwaMathwanya Water Reticulation Scheme	R 9 912 835.40	Claim no.1- delays due to local labour and community unrest Claim no.2 – delays due to rain days Claim no.3- delays due to national civil unrest The extension of time for 115 days was granted at costs of R171 685.09 (from contingencies)	N/A
7/3/328	KwaMathwanya Water Reticulation Scheme	R 9 912 835.40	This claim is raised for additional work to supply and installation of Submersible pump and Yard connections of which was omitted or not included in the initial scope of work. The extension amount of R 401 778 .93 was granted. (This amount is coming from contingencies)	N/A
7/3/329	The Installation of Pre-Cast Concrete VIP Toilet Units	R 27 673 795.80	Due to the special project that was being carried out at uMshwathi LM by the SANDF to assist with improving access roads bridges in support of uMshwathi LM as there were challenges in eKhamazi. The district municipality was then requested to assist with the provision of sanitation service while the SANDF is on site. The services will be for 4 months, providing 2 portable VIP Flushable Toilets X 2, 7 X unlosable toilets and maintenance once in two days.	R 841 684.00
7/3/329	The Installation of Pre-Cast Concrete VIP Toilet Units	R 27 673 795.80	Due to a high backlog in our communities with the District the Municipality have deemed it necessary to increase the number of VIP units allowed for in this contract by 20% of which will lead to 324 VIP units being constructed in	R 5 534 759.16

CONTRACT NO.	CONTRACT DESCRIPTION	ORIGINAL CONTRACT VALUE	REASONS FOR VARIATION	AMOUNT
			addition to the 1620 units as on contract. This will increase the number of VIP units to be constructed within this contract to 1944.	
7/3/329	The Installation of Pre-Cast Concrete VIP Toilet Units	R 27 673 795.80	Changing of material from steel to concrete. These changes will not have an impact on the original Cost and Period	N/A
7/3/319	UMshwathi Phase 4- Greater Efaye Reticulation Scheme	R 233 005 985.00	Changing of material from uPVC pipes to PVC-O and HDPE pipes. No extension of time and additional cost requested.	N/A
7/3/320	Mpolweni Water Supply Scheme	R 213 815 852.35	The contractor has proposed alternative material namely PVC-O (PN25) which will meet the technical requirements and will result in an overall saving on the project. No extension of time has been requested. There is a proposed saving Of R 2 668 711.65.	N/A

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	To allow for the new SCM processes to conclude.	Rates based	25 February 2022	10 March 2022
7/3/329	Proudfoot Investment CC Leasing of Warehouse Space	R 730 917.00	To allow for the new SCM processes to conclude.	R 19 000 000.00	25 February 2022	10 March 2022
7/3/82	First National Bank Provision of Banking Services	Rates based	To allow for the new SCM processes to conclude.	Rates based	25 February 2022	10 March 2022
7/3/170	Ithala Development Finance Leasing of Office Space: Howick CCC	R 827 109.73	To allow for the new SCM processes to conclude.	Rates based	25 February 2022	10 March 2022
7/3/162	Nashua Photocopy Services	Rates based	To allow for the new SCM processes to conclude.	Rates based	25 February 2022	10 March 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	
7/3/322	Review The District Spatial Development Framework	Isibuko Development Planners	13/12/2021	Yes		Good
7/3/209	Supply Water Quality Monitoring Services	Talbot Laboratories	09/12/2021	Yes		Good
7/3/167	Photocopy Services	Nashua Maritzburg (Sky Office Solution)	06/12/2021	Yes		Satisfactory
7/3/337	Water Quality Analysis	Talbot Laboratories	08/12/2021	Yes		Good

5.8 Logistics / Inventory Management

- i) Policy - Yes
- ii) Cycle counts – Yes (weekly)
- iii) Challenges – Store Warehouse was broken into twice in the month of February 2022. The incidents have been reported to the SAPS.
- 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 – Nil

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
N/A					

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
N/A			

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
Awards made to persons in the service of the state	KZN Provincial Treasury to engage with the Auditor-General on use of facilities to identify matters of in service of the state	N/A	Not Achieved

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.