

# ANNEXURE F



## 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 4 Report 2021-2022

## Contents

<b>1. Introduction</b>	3
<b>2. SCM Policy &amp; Procedures</b>	3
2.1 Adoption of Policy by Council	3
2.2 SCM Procedures	3
2.3 Delegations	3
2.4 Infrastructure Procurement	3
<b>3. Functioning of the SCM Unit (phrase as questions)</b>	3
3.1 SCM Structure:	3
3.2 Declaration of Interest:	3
3.3 Code of Conduct for SCM Practitioners:	3
3.4 Training of SCM Personnel:	3
<b>4. Functioning of Bid Committees</b>	3
<b>5. Reporting Items</b>	4
<b>5.1 Deviations</b>	4
5.1.1 Section 114 (Approval of tenders not recommended)	4
5.1.2 Regulation 32 (Procurement of goods and services under contracts secured by other organs of State)	4
5.1.3 Regulation 36 (Deviation from, and ratification of minor breaches of, procurement processes)	4
5.2 Unauthorised, Irregular, Fruitless & Wasteful Expenditure	5
5.3 Central Suppliers Database (CSD)	5
5.4 Procurement Plan Implementation	5
5.5 Bids Awarded >R100K	5
5.6 Municipal Bid Appeals	6
5.7 Contract Management	6
5.7.1 Contracts Register Statistics	6
5.7.2 Variations	8
5.7.3 Supplier Performance Management	11
5.8 Logistics / Inventory Management	13
5.9 Unsolicited Bids	13
5.10 E-Tender Portal	13
<b>6. Preferential Procurement Policy Framework Act (PPPFA), Regs2017</b>	13
6.1 Contracts with Pre-Qualification (Regulation 4)	13
6.2 Contracts with Objective Criteria (Section 2(1)(f) PPPF Act)	13
6.3 Contracts above R30 million (Contract Participation Goals) (Regulation 4)	13
<b>7. Local Content Procurement</b>	13
<b>8. Risk Management</b>	13
8.1 Fraud Prevention Plan	13
8.2 Internal Audit Findings	14
8.3 Provincial Treasury Assessment Findings	14
8.4 Auditor General Findings	14
<b>9. Conclusion</b>	14

## **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 - 7**

## 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 SIGNATURE	CONTRACT DURATION
P K VALVES	PLUMBING MATERIAL	R 259,086.95	12-Apr-22	12-Apr-22	ONCE-OFF
P K VALVES	PLUMBING MATERIAL	R 246,212.63	14-Apr-22	14-Apr-22	ONCE-OFF
AFROTEAM CONSULTANTS	ARCHITECTS TO DESIGN ONE STOP SHOP	R 139,380.00	22-Apr-22	22-Apr-22	ONCE-OFF
RADIO GAGASI 99 5	RADIO SLOTS FOR MAYOR	R 138,000.00	3-May-22	3-May-22	3 MONTHS
PK VALVES	PLUMBING MATERIALS	R 187,521.55	16-May-22	16-May-22	ONCE-OFF
PK VALVES	PLUMBING MATERIALS	R 150,135.62	12-May-22	12-May-22	ONCE-OFF
DIYA VALVES INTERNATIONAL	17 X 10 000 HORIZONTAL JOJO TANKS	R 188,168.75	19-May-22	19-May-22	ONCE-OFF
FIRST TECHNOLOGY	EMAIL SECURITY SOFTWARE RENEWAL	R 211,600.00	20-May-22	20-May-22	12 MONTHS
DIYA VALVES INTERNATIONAL	50 x 5 000LT HORIZONTAL JOJO WATER TANKS	R 220,627.50	13-May-22	13-May-22	ONCE-OFF
ADAPT IT	CASEWARE LICENSE RENEWAL	R 215,991.85	19-May-22	19-May-22	12 MONTHS

BID NO.	BID DESCRIPTION	AWARD VALUE	AWARD DATE	CONTRACT SIGNED	CONTRACT DURATION
UNESU TRADING ENTERPRISE	PPE CLOTHING FOR EPWP	R 164,336.00	1-Jun-22	1-Jun-22	ONCE-OFF
ESETHU HOPEWELL	RENOVATIONS AT CAMPERDOWN TOWER FOR TECHNICAL OPERATIONS	R 165,500.00	1-Jun-22	1-Jun-22	ONCE-OFF
P K VALVES	PLUMBING MATERIAL	R 151,979.63	6-Jun-22	6-Jun-22	ONCE-OFF
MSUNDUZI ONE REGIONAL TAXI COUNCIL	PUBLIC TRANSPORTATION FOR IZIMBIZO	R 187,220.00	6-Jun-22	6-Jun-22	ONCE-OFF
CCG SYSTEM	ACCOUNTING SUPPORT AFS	R 140,600.00	23-Jun-22	23-Jun-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
371	Seven and One Panels	1

### Contracts due to expire within 6 months

CONTRACT NO.	BIDDER AND DESCRIPTION	EXPIRY DATE
7/3/349	<b>Mi7 National Group</b> Provision of Security Services	2022/07/30
7/3/82	<b>First National Bank</b> Provision Of Banking Services for uMgungundlovu Municipality	2022/08/30
7/3/209	<b>Talbot Laboratories</b> Supply Water Quality Monitoring Services	2022/08/31
Panel	Panel of ICT	2022/07/26
7/3/322	<b>ISIBUKO DEVELOPMENT PLANNERS</b> Review the district spatial development framework	2022/08/31

<u>CONTRACT NO.</u>	<u>BIDDER AND DESCRIPTION</u>	<u>EXPIRY DATE</u>
7/3/321	<b>SIYATHUTHU DEVELOPMENT T/A INZUZO YESIZWE</b> Siyathuthu development t/a inzuzo yesizwe	2022/08/31
7/3/227	<b>Umgeni Water</b> Develop And Implement a Flood Early Warning System	2022/07/30

## 5.7.2 Variations

### i) Variations within 15% or 20%

CONTRACT NO.	CONTRACT DESCRIPTION	ORIGINAL CONTRACT VALUE	REASONS FOR VARIATION	AMOUNT
7/3/331	<b>Aqua Transport and Plant Hire (Pty) Ltd</b> Provision Of Water Tankering	Rates based	The municipality requires the deployment of additional water tankers a maximum of 10 tankers (16000l) to service needs around the district for a period of three months ending 31 July 2022.	Rates based
7/3/355	<b>Fleet Horizon Solutions (Pty) Ltd</b> Supply Vehicles on a Full Maintenance Lease	R 33 995 762.64	Variation Order for the vehicles of the public office bearers.	R 1 399 184.28
7/3/320	<b>Hidrotech Infra (Pty) Ltd</b> 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
7/3/313	<b>PK Valves</b> Supply and Delivery of Plumbing Material	Rates based	This claim is raised for additional material supply of 50 Jojo tanks of which are not on the initial contract. The required number is 50 X Jojo tanks at a cost of R 212 500.00 excl. VAT, this variation is within contingencies.	N/A
7/3/320	<b>Hidrotech Infra (Pty) Ltd</b> Mpolweni Water Supply Scheme	R 213 815 852.35	Claim for extension of time with related costs as a result of riots in KZN between 12-19 July 2021- VO no. 5. The extension of eight days is granted, the application for the approval of costs is approved to the valuation of R 167 880.00 (Excl. VAT) after considering the reasoning and comments as made by the consulting engineers. this variation is within contingencies.	N/A
7/3/329	<b>Soundrite Construction</b> 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 addition to the 1620 units as on contract. This will increase the number of VIP units to be constructed within this contract to 1944.	R 5 534 759.16
7/3/329	<b>Soundrite Construction</b> 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	<b>WK CONSTRUCTION SOUTH AFRICA (PTY) LTD</b> 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



CONTRACT NO.	CONTRACT DESCRIPTION	ORIGINAL CONTRACT VALUE	REASONS FOR VARIATION	AMOUNT
7/3/320	<b>Hidrotech Infra (Pty) Ltd</b> 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
7/3/327	<b>WK CONSTRUCTION SOUTH AFRICA (PTY) LTD</b> Mbhava And Mpethu-Swayimane Water Supply Scheme Extension Phase 2	R 50 900 000.00	Variation order no.03 -extension of time and additional costs incurred due to violent disruptions of site access routes during July 2021. The extension of 7.61 days is granted. The application for the approval of costs is approved to the valuation of R 560 076.16 (Excl. VAT), this variation is within contingencies.	N/A
7/3/327	<b>WK CONSTRUCTION SOUTH AFRICA (PTY) LTD</b> Mbhava And Mpethu-Swayimane Water Supply Scheme Extension Phase 2	R 50 900 000.00	Variation order no. 05 -extension of time and additional costs associated with pipeline diversion (etc004) and for delays attributed to the election day (ETC 007). The extension of 1 day is granted. The application for the approval of costs is approved to the valuation of R 98 723.19 (Excl. VAT), this variation is within contingencies.	N/A
7/3/327	<b>WK CONSTRUCTION SOUTH AFRICA (PTY) LTD</b> Mbhava And Mpethu-Swayimane Water Supply Scheme Extension Phase 2	R 50 900 000.00	Variation order no. 06 -dissatisfaction claim under recovery on CPA for supply of PVC pipes. There is no application for extension of time. The application for the approval of costs is approved to the valuation of R 735 071.70 (Excl. VAT), this variation is within contingencies.	N/A
7/3/327	<b>WK CONSTRUCTION SOUTH AFRICA (PTY) LTD</b> Mbhava And Mpethu-Swayimane Water Supply Scheme Extension Phase 2	R 50 900 000.00	Variation order no.7-extension of time and additional costs associated with the delays incurred due to the prolonged period of appointment and performance of CPG subcontractors (ETC 001). the application for the approval of costs is approved to the valuation of R 2 892 823.96 (excl. vat) after considering the reasoning and comments as made by the consulting engineers. contingencies = R 1 796 947.32 and addition to contract value is R 1 095 876.64	R 1 095 876.64
7/3/327	<b>WK CONSTRUCTION SOUTH AFRICA (PTY) LTD</b> Mbhava And Mpethu-Swayimane Water Supply Scheme Extension Phase 2	R 50 900 000.00	Variation order no.08- amicable settlement for the extension of time and additional costs incurred due to covid-19 level 4 imposition and temporary site closure (etc 003). the application for the extension of 4.5 days is granted. the application for the approval of costs is approved to the valuation of R 426 670.62 (excl. vat)	R 426 670.62

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	<b>Talbot laboratories</b> Supply Water Quality Monitoring Services	Rates based	Extension to allow for tender process to conclude. Extended until 31/08/2022	Rates based	20 May 2022	15 June 2022
7/3/329	<b>Soundrite Construction</b> The Installation of Pre-Cast Concrete VIP Toilet Units	R 27 673 795.80	Install of 1,112 additional VIP toilet units to address sanitation backlog	R 19 000 000.00	29 September 2021	22 October 2021
7/3/82	<b>First National Bank</b> Provision of Banking Services	Rates based	Extension to allow for tender process to conclude. Extended until 30/08/2022	Rates based	25 February 2022	22 March 2022
7/3/106	<b>Ithala Development Finance Corporation</b> Rental of the Howick CCC	R 827 109.73	Extension to allow for tender process to conclude	Rates based	25 February 2022	22 March 2022
7/3/310	<b>Proudfoot Investments</b> Rental for Stores Warehouse	R 730 917.00	Extension to allow for tender process to conclude. Extended until 31/08/2023	Rates based	28 June 2022	05 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	
7/3/209	Supply Water Quality Monitoring Services	Talbot Laboratories	29/06/2022	Yes		Good
7/3/310	Leasing of Warehouse Space	Proudfoot Investment CC	14/06/2022	Yes		Satisfactory
7/3/313	Supply And Delivery of Plumbing Material	Pk Valves	24/06/2022	Yes		Good
7/3/351	Electrical and Mechanical Maintenance	Jade Star CC Trading as Electric and Pump Services	06/06/2022	Yes		Good
7/3/235	Leasing Of 4 New Emergency Response Vehicles	Scelo Business Consulting	30/06/2022	Yes		Good
7/3/331	Provision Of Water Tankering	Aquatransport And Plant Hire (Pty) Ltd	08/06/2022	Yes		Satisfactory
7/3/321	Develop A Single Land Use Scheme and Review the Sdf for Mpofana Municipality	Siyathuthu Development T/A Inzuzo Yesizwe	01/07/2022	Yes		Satisfactory
7/3/322	Review The District Spatial Development Framework	Isibuko Development Planners	01/07/2022	Yes		Good

CONTRACT NO	DESCRIPTION	Name of Contractor	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		<i>Supplier performance assessment / performance rating</i>
				Yes	No	
7/3/350	Leasing Of Premises: Mooi River Fire Station	The Angel Falls Family Trust	02/06/2022	Yes		Satisfactory

## 5.8 Logistics / Inventory Management

- i) Policy - **Yes**
- ii) Cycle counts – **Yes (weekly)**
- iii) Challenges – Requires additional racking/shelving facilities
- 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 – **Three**

## 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
PPE Clothing for EPWP Staff	Textiles	100%	R 164 336	01-Jun-22	02-Jun-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
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.