



JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

REPORT TO THE EXECUTIVE MAYOR

1. **SUBJECT:** SCM 1st Quarter Report for 2017/18 (01 July 2017 until 30 Sept 2017).

2. **PURPOSE**

This report briefly analyses the ongoing implementation of the municipality's Supply Chain Management Policy for oversight purposes.

3. **STRATEGIC INTENT**

This report is intended to highlight critical areas when implementing the Supply Chain Management policy.

Furthermore, the report gives the political office bearers an opportunity to grasp issues pertinent to the implementation of the Supply Chain Management Policy.

4. **CONTENTS**

4.1 **Legal and Policy Implications**

In accordance with Section 6(3) of the Council's Supply Chain Management Policy, the Municipal Manager must submit a Quarterly Report on the implementation of its Supply Chain Management Policy.

Furthermore, the Supply Chain Management activities are governed by various legislation which *inter alia* included revised PPPFA, MFMA, BBBEE and CIDB Act. Compliance to the Acts is paramount in order to ensure that the municipality has a procurement system that is fair, transparent, effective and economical.

The amendment of the SCM policy for 2017/18 was approved by the Council on the 21st June 2017.

4.2 **Salient Details of Supply Chain Management Activities**

The municipality remains on course with the implementation of its SCM Policy, and has steadily improved overall service delivery.

A summary of SCM Activities is given below:

a) **Supply Management Reforms**

The management is trying all the efforts to ensure that all the recent changes on the Regulations, PPPFA, MFMA Circulars and Practice note are fully implemented without any delay.

Circular 81 – Web Based Central Supplier Database (CSD)

The above circular are fully implemented, only registered suppliers on the National Central Suppliers Database (NCSD) of National Treasury do businesses with the municipality.

Furthermore, the management encourage and extend the request to our local service providers to register in National Supplier Database.

Circular 83 - E-Tender Portal

The circular gives directive to all the municipalities and departments to advertise all the bids in the E-Tender Portal to comply with Sec 217 (part 1 of Chapter 11) of the Constitution, to give all the service providers in South Africa an opportunity to participate in the bids advertised.

Revised PPPFA of 2017 – Amendments of the Preferential Points system

The Regulation on PPPFA was revised this year and due for implementation from the 1st April 2017.

The communication and workshop relating to the implementation of this new PPPFA was held in Kimberly on the 27th March 2017.

The revised PPPFA gives effect to the following changes:

- Threshold of 80/20 – applicable to procurement of goods or services from R30 000 to R50 million
- Threshold of 90/10 – applicable to procurement of goods or services from R50 million and above.

b) Auditor General's Findings on the implementation of the SCM policy (Note 33 of the Final Audit Report for 2015/16).

During the 2015/16 Audit, management had a challenge of the compliance as it relates to validation of Original Tax Clearance Certificate and the (dishonest) service providers employed by the state doing business with the municipality (MBD4).

The strict consideration of the only registered service providers in the National Supplier Database is a compliance issue and it will be enforced to mitigate the above mentioned issues.

c) Implementation of mSCOA SCM module

On the 1st July 2017, we were expected to do all our procurement of goods and services process using the mSCOA SCM module and that could not happen.

The reason why we could not transact on the mSCOA system is because:

- The system were giving errors and the budget were not aligned with the IDP according to Sebata Officials.
- The Sebata developers were still busy on the system
- The system end users were not created in the system.

For the sake of progress and to address the service delivery, management resolved that we should use the old system to do the procurement of goods and services.

Several requests for intervention and discussions on the breach of a Contact as per signed MOU were done.

The Sebata Officials promised the municipality to sort out the problems on the system, but that could not happen until today. The municipality is non-compliance on the implementation of the mSCOA system.

The final meeting or workshop was held on Bloemfontein whereat all the CFOs and Municipal managers were called by Sebata to resolve on this matter as it affects all the municipalities using the Sebata system.

d) SCM Support

In July the Acting Municipal Manager has appointed the three bid committee members to ensure that all the procurement of goods and services comply with all the legislations and our SCM policy.

The SCM unit maintain its extensive administrative and committee secretariat to the Bid Adjudication Committee and Bid Specification Committee. This function ensures compliance in respect of formal committee practice and record.

Management furthermore acknowledge with thanks the important inputs made by the provincial treasury and JTGDM management in all SCM activities, all enabling us to strive more resolutely towards excellent corporate governance.

e) Progress on the implementation of the procurement plan

Development of the Procurement Plan

There is still a challenge with the development of the procurement plan almost every year for the timely submission of the projects (as per SDBIP) by the Directors and respective managers. The procurement plan for this financial year was approved by the Acting Municipal Manager on the 30th June 2017.

The following bids were advertised in the e-Tender portal and municipal website during the 1st Quarter and will be finalised in the 2nd Quarter 2017 as indicated in below.

Outstanding bids for 1st Quarter

BIDS REGISTER FOR 1ST QUARTER OF 2017/18 FY							
Bid Number	Bid Description	Date advertised	Closing Date	Date awarded	Awarded to	Bid Price Awarded (R)	Responsible Dept
BID NO:01/2017/18	Proposals for the supply and delivery of Mayoral vehicle by Trade-in of existing vehicle	15/09/2017 DFA & e-Tender portal	29th Sept 2017 at 12h00	Advert stage	N/A	N/A	Office of the Municipal Manager
BID NO:02/2017/18	Supply and Delivery of Palisades	19/09/2017 e-Tender portal	06th Oct 2017 at 12h00	Advert stage	N/A	N/A	Basic Services & Infrastructure
BID NO:03/2017/18	Supply and Delivery of fencing materials	19/09/2017 e-Tender portal	06th Oct 2017 at 12h00	Advert stage	N/A	N/A	BTO and Basic Services & Infrastructure
BID NO:05/2017/18	Appointment of a Panel of Attorneys for the John Taolo Gaetsewe District Municipality (JTGDM) for a period of two (2) years on as an when required basis	15/09/2017 DFA & e-Tender portal	29th Sept 2017 at 12h00	Advert stage	N/A	N/A	All departments

Outstanding Quotations for the 1st Quarter

The following quotations were advertised in the Notice board and municipal website for 7 days during the 1st Quarter and will be finalised in the 2nd Quarter 2017 as indicated in below.

Quotation Description	Date advertised	Closing Date	Awarded to	Bid Price Awarded (R)	Date awarded
Supply and Delivery of Palisades	12/07/2017	20/07/2017	To be re-advertised as a tender	-	-
Supply and Delivery of Fencing Material	12/07/2017	20/07/2017	To be re-advertised as a tender	-	-
Supply and Delivery of Building Material	12/07/2017	20/07/2017	Tlove Construction (Pty)Ltd	145 110.03	14/09/2017
Appointment of consultants to conduct animal count at thwane game farm in Vanzylsrus	18/07/2017	27/07/2017	None of the bidders responded	-	-
Supply and Delivery: Renewal of CiBECS version 8.0.5 License	08/09/2017	18/09/2017	Evaluation stage	-	-

4.3 Deviations below R200 000

The deviation register is maintained as per Regulation 36 of the MFMA and management is reporting the deviations on a monthly basis to the Acting Municipal Manager and quarterly to the Council with a view to minimize the deviations.

The management anticipate to minimize the number of deviations in this financial year. The total deviation for this Quarter is **R427 639.51**

4.4 Section 116 and Irregular Reports

There is no extension of a contract reported and irregular expenditure incurred during the 1st Quarter of 2017/18 FY.

5. RECOMMENDATION

- a) That the contents of the Report be NOTED.