



# **JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY**

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## **REPORT TO THE EXECUTIVE MAYOR**

1. **SUBJECT:** SCM Annual & 4<sup>th</sup> Quarter Report for 2016/17

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 alias* included 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 2016/17 was approved by the Council on the 30<sup>th</sup> March 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 **should be** 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 Web Based Central 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 1<sup>st</sup> April 2017.

The communication and workshop relating to the implementation of this new PPPFA was held in Kimberly on the 27<sup>th</sup> 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.

The information sharing and Consultations **with the relevant stakeholders (staff and SMMEs)** on above was done in consultation with Provincial Treasury SCM unit on the 19<sup>th</sup> June 2017 and the SCM policy as updated accordingly for alignment with this regulations. However, all the bids and quotations to be advertised from the 1<sup>st</sup> April 2017 should comply with the new preferential points system.

The invite for the Information Sharing (workshop) were done through the Notice board, Local newspaper and Kurara FM. Therefore we expected to have more attendance from the SMMEs, but there were only few SMMEs that have attended the workshop. For those who attended the workshop have an exciting moment of understanding and raising their concerns relating to the reforms on the Supply Chain Management.

**(Please also report on the PT session held on 19<sup>th</sup> June)**

#### **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) Preparation for mSCOA readiness**

**During the** financial year the SCM unit in consultation with Sebata has embarked on updating the vendor take on Sheet in preparation for mSCOA.

The purpose of this exercise was to extract the information from the CSD of each service provider we intend to use and populate it into the vendor take on sheet provided by Sebata. Sebata will then take that information and put it in their system (EMS).

The SCM unit is also assisting the service providers which are struggling to register themselves in the National Central Suppliers Database (NCSD) and to update this vendor take on sheet for mSCOA.

The management has sent all the SCM officials to Gariep on the 22<sup>nd</sup> – 23<sup>rd</sup> May 2017 to attend the mSCOA Supply Chain management Training for the implementation of SCM module.

#### d) SCM Support

The management has a unit which 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.

We 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

- **Bids, Quotations and Contracts Administration**

The management has noticed the improvement in the Contract administration during the 2015/16 Audit and encourages further the project managers and directors to monitor the performance of the service providers and to keep the records thereof.

The following bids were advertised during the 2016/17 financial year and were finalised as indicated in below.

#### **Bids Register from 1<sup>st</sup> Quarter until 4<sup>th</sup> Quarter of 2016/17**

<b>Bid Number</b>	<b>Bid Description</b>	<b>Date advertised</b>	<b>Closing Date</b>	<b>Date awarded</b>	<b>Awarded to</b>	<b>Bid Price Awarded ( R)</b>	<b>Responsible Dept</b>
BID NO:01/2016/17	Request for submission of Proposals to Provide Insurance service of Property and Liabilities for the John Taolo Gaetsewe District	31/08/2016 Kathu Gazette	09th Sept 2016 at 12h00	19th Oct 2016	Lateral Unison	R 204 648.81	Budget & Treasury Office

	Municipality for a period of 36 months						
BID NO:02/2016/17	Supply and Delivery of Building Materials	31/08/2016 Kathu Gazette	09th Sept 2016 at 12h00	31st Oct 2016	IB Roof Trusses	R 389 059.20	Basic Services & Infrastructure
BID NO:03/2016/17	Appointment of a Conveyancer for transferring of Properties	31/08/2016 Kathu Gazette	09th Sept 2016 at 12h00	Cancelled, no bids received	N/A	N/A	Budget & Treasury Office
BID NO:04/2016/17	Request for Bids: Alterations And Additions To Roof Structure And Installation Of Palisade Fencing  Minimum Requirements: CIDB Grade: 4 GB & NHBRC Certificate, with similar experience	23/09/2016 Kathu Gazette	20th Oct 2016 at 12h00	Not awarded, to be re-advertised in the E-Tender portal for 2017/18FY	N/A	N/A	Basic Services & Infrastructure and Corporate Services
BID NO:05/2016/17	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	23/09/2016 Kathu Gazette	20th Oct 2016 at 12h00	Not awarded, to be re-advertised in the E-Tender portal for 2017/18FY	N/A	N/A	Office of the Municipal Manager - Legal and Compliance
BID NO:06/2016/17	Invitation Of Proposal For Provision Of Professional Services For RRAMS And ISDG	23/09/2016 Kathu Gazette	20th Oct 2016 at 12h00	14-Dec-16	Royal Haskonging	R 4 101 948.00	Basic Services & Infrastructure
BID NO:07/2016/17	Request for Provision of Cleaning Services	23/09/2016 Kathu Gazette	20th Oct 2016 at 12h00	14-Dec-16	Namekhottha Trading Cc	R79422.50 per month	Corporate Services

BID NO:08/2016/17	Invitation Of Proposal For Development Of Integrated Environmental Management Plan	23/09/2016 Kathu Gazette	20th Oct 2016 at 12h00	Not awarded, to be re-advertised in the E-Tender portal for 2017/18FY	N/A	N/A	Community Services
BID NO:09/2016/17	Supply and Delivery of Stationery for a period of 36 months	14/10/2016 Kathu gazette	10th Nov 2016 at 12h00	Not awarded, to be re-advertised in the E-Tender portal for 2017/18FY	N/A	N/A	Corporate Services
BID NO:10/2016/17	Supply and Delivery of groceries and cleaning materials for a period of 36 months	14/10/2016 Kathu gazette	10th Nov 2016 at 12h00	Not awarded, to be re-advertised in the E-Tender portal for 2017/18FY	N/A	N/A	Corporate Services
BID NO:11/2016/17	Supply,Delivery and Installation of Computer Network Upgrade	14/10/2016 Kathu gazette	10th Nov 2016 at 12h00	14-Dec-16	Trizona IT Systems	R 257 590.00	Corporate Services
BID NO:12/2016/17	Supply,Delivery and Installation of the Server Virtualization Software Back - up Solutions	11/11/2016 DFA	09th Dec 2016 at 12h00	14-Dec-16	Sebata Municipal Solutions	R 511 142.63	Corporate Services
BID NO:13/2016/17	Construction of a Strong room	11/11/2016 DFA	09th Dec 2016 at 12h00	Not awarded, to be re-advertised in the E-Tender portal for 2017/18FY	N/A	N/A	Basic Services & Infrastructure
BID NO:14/2016/17	Supply and Delivery of Tents	17/02/2017 DFA	10th March 2017 at 12h00	Not awarded, to be re-advertised in the E-Tender portal for 2017/18FY	Community Services	N/A	Community Services

BID NO:16/2016/17	Appointment of Consultant for Valuation of Municipal Properties for 24 months	08/06/2017 eTender Portal, Notice board & Municipal website	22th June 2017 at 12h00	Evaluation stage	N/A	N/A	Budget & Treasury Office
BID NO:17/2016/17	Provision of Banking services for a period of 5 years	01/03/2017 DFA	25th April 2017 at 12h00	Evaluation stage	N/A	N/A	Budget & Treasury Office
BID NO:18/2016/17	Appointment of a firm of Actuaries on as and when required basis until December 2018	14/06/2017 eTender Portal, Notice board & Municipal website	30th June 2017 at 12h00	Evaluation stage	N/A	N/A	Corporate Services

#### **Quotations Register from 1<sup>st</sup> Quarter until 4<sup>th</sup> Quarter of 2016/17**

The following quotations were advertised for 7 days in the Notice Board and the municipal website during the financial year 2016/17 and were finalised as indicated in below.

Item No	Quotation No	Quotation Description	Date advertised	Closing Date	Date Evaluated	Awarded to	Order No	Bid Price Awarded ( R)	Date awarded	Responsible Dept
1	01/2016/17	Supply and Delivery of Building Material	04/07/2016	12/07/2016	15/07/2016	Tlove Construction	48907	100 408.87	22/07/2016	BS&I
2	02/2016/17	Supply and Delivery of Fencing Material	18/07/2016	26/07/2016	17/08/2016	Leshomo construction and projects	75180	142 500.00	26/07/2016	BS&I

3	03/2016/17	Supply and Delivery of Palisades	18/07/2016	26/07/2016	01/09/2015	Lesedi Ko Pele	48963	174 564.50	19/08/2016	CS
4	04/2016/17	Supply and Delivery of Stones, Crusher Dust and Cement	18/07/2016	26/07/2016	21/09/2015	Itusyba Trading and Project (PTY)Ltd	75182	84 900.00	19/08/2016	DMU
5	05/2016/17	Valuation of properties owned by the John Taolo Gaetsewe District Municipality	27/07/2016	04/08/2016	16/08/2016	Panprop CC T/A Valudata	48936	98 724.00	17/08/2016	BTO
6	06/2016/17A	Supply and Delivery: Renewal of ESET Endpoint antivirus version 5.0 License	23/08/2016	31/08/2016	09/09/2016	National Internet Tech	48999	21 546.00	13/09/2016	IT Unit
7	06/2016/17B	Supply and Delivery: Renewal of CiBECS version 7.1 License	23/08/2016	31/08/2016	02/09/2016	Leishan IT Consultancy cc	49000	77 748.00	13/09/2016	IT Unit
8	07/2016/17	Supply and Delivery of Blankets	23/08/2016	31/08/2016	01/09/2016	Mojamatso Trading	49029	28 690.00	13/09/2016	DMU
9	08/2016/17	Supply and Delivery of Fencing Material	4/10/2016	12/10/2016	20/10/2016	Mobogotsinolosi Reconstruction cc	75206	67 062.94	28/10/2016	BS&I
10	09/2016/17	Supply and Delivery of Palisades	4/10/2016	12/10/2016	N/A	To be re-advertised	N/A	N/A	N/A	BS&I
11	10/2016/17	Supply and Delivery of	4/10/2016	12/10/2016	12/10/2016	Tlove Construction	75207	114 977.77	28/10/2018	BS&I



		Building Material				(Pty)Ltd				
12	11/2016/17	Provision of Conference Facilities, Break-Away Rooms and Catering Services in Kuruman/Kathu for IDP Lekgotla	02/02/2017	07/02/2017	02/02/2017	Not awarded, the bid received was not responsive	N/A	N/A	08/02/2017	PMS Unit
13	12/2016/17	Supply and Delivery of Building Material to Batlharos	16/02/2017	24/02/2017	02/03/2017	Pending due to financial constraints	N/A	N/A	24/04/2017	BS&I
14	13/2016/17	Supply and Delivery of Building Material to Olifanshoek	16/02/2017	24/02/2017	02/03/2017	Pending due to financial constraints	N/A	N/A	24/04/2017	BS&I
15	14/2016/17	Supply and Delivery of Computers	23/02/2017	03/03/2017	13/03/2017	Phapang Management and Project	49194	37 000	24/04/2017	CS
16	15/2016/17	Supply and Delivery of Uniforms(Johsson or equivalent)	03/05/2017	11/05/2017	15/05/2017	KRB General Trading	49256	59 403.48	13/06/2017	DMU

#### 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 have minimized the number of deviations in the 2016/17 financial year. The total deviation for the financial year amount to **R1,300,356.43**

#### 4.4 Section 116 and Irregular Reports

The management has gone through all the files from July 2016 until October 2016 to detect the irregular expenditures relating to non-compliance to CSD because the strict application of CSD took place in the November after the CSD Training and the registration of SCM officials to work on the CSD system. The report was sent to the Council for consideration and approval.

Amongst the non-compliance relates to the advertising of bids in the National website (e-Tender) of which the Training was also needed prior to the placement of our bids in their website.

**NOTE:** *From now on, our advert will be placed on the e-Tender for compliance and thus will have an impact in the development of our local SMMEs because the Small projects and other procurement of Goods intended for the local SMMEs will no longer be guaranteed. These opportunities will be available country wide.*

As it relates to the extension of any contract, there were no submission for the extension of any contract, therefore the report on the Section 116 is null for the 2016/17 Financial year.

## 5. **RECOMMENDATION**

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