



JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

REPORT TO IMPLEMENTATION OF THE MUNICIPALITY'S SUPPLY CHAIN MANAGEMENT POLICY FOR OVERSIGHT PURPOSES.

1. **SUBJECT:** SCM 1st Quarter Report for 2018/19

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.

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

Management continue to ensure that all the all the procurement of goods and services comply to the revised Regulations, PPPFA, MFMA Circulars (CSD and E-Tender portal) and Practice notes.

The following policies have been updated and adopted by the Council as required by the legislation:

- Standard for Infrastructure Procurement and Delivery Management (SIPDM) Policy Framework for 2018/19 FY
- Supply Chain Management Policy for 2018/19 FY

b) Internal Auditor's Findings on the implementation of the SCM policy

Management has implemented the audit action in ensuring that for each service provider appointed on the quotations below R30 000 comply fully with the following:

- Complete the MBD forms
- CSD Registered
- Quotations vs pro forma invoice on accommodations *

The management considered reporting the transactions relating to the pro forma invoices used instead of quotations as ***Deviations (Refer to Annexure A)***.

c) Implementation of mSCOA SCM module

The mSCOA SCM module is not yet functional as expected. It works well from the requestor to the approval stage i.e. requisition level only.

Sebata Consultants were on site in several occasions to resolve on the mSCOA SCM issues. But it is not yet resolved.

Therefore management resolved that municipality continue to transact on the legacy/the old system i.e. FMS for the procurement of goods and services.

d) SCM Unit Functionality

The SCM Unit continues to be fully functional e.g. through providing administrative and committee secretariat to the Bid Committees. 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) Contract Management

The performance of contractors is evaluated on monthly basis as required by section 116 of the MFMA. Generally, the performance of contractors for various services is satisfactory. The contract register has been developed and it is updated continuously.

Amendment of Contracts - Section 116(3):

1. The Contract No. 04/2011 was awarded by the Municipal Manager to Standard Bank of South Africa Limited for the *Provision of Banking Services* for a period of five (5) years, i.e. from the 1 August 2012 to 31 July 2017.
 - 1) The above-mentioned contract has expired on the 31 July 2017.
 - 2) The new tender for the *Provision of Banking Services*, with Bid no: 08/2017/18 was advertised on the 16/03/2018 and closed on the 18th May 2018.

- 3) Subsequently, the process of the Evaluation and Adjudication was concluded this month.
- 4) During the awards stage, it was discovered that the processes of procuring the banking services followed did not fully comply with the regulation according to the advice obtained from Provincial Treasury Supply Chain Unit.
- 5) Management is intending to re-advertise this tender.
- 6) Subsequent to that, the request is for the extension of a Contract for a month to month period not exceeding six (6) months.

The section 116(3)(a) of the MFMA prescribes that the reasons for the proposed amendments to a contract procured through the supply chain management policy of the municipality must be tabled in the council of the municipality.

PROGRESS ON THE IMPLEMENTATION OF THE PROCUREMENT PLAN

The bids following bids were advertised in the e-Tender portal and municipal website during the 2018/19 financial year.

TENDER REGISTER/PROGRESS AS AT 30 SEPTEMBER 2018

Bid Number	Bid Description	Date advertised	Closing Date	Date awarded	Awarded to	Bid Price Awarded (R)	Responsible Dept
BID NO:01/2018/19	Provision of security services for a period of 36 months	10-Jun-18	08-Aug-18	Still at the BEC stage	N/A	N/A	Corporate Services
BID NO:02/2018/19	Proposal for provision of professional services for RRAMS & ISDG	03-Aug-18	24-Aug-18	Still at the BEC stage	N/A	N/A	Basic Services & Infrastructure
BID NO:03/2018/19	Supply & Delivery of fencing material	20-Aug-18	31-Aug-18	Still at the BEC stage	N/A	N/A	Basic Services & Infrastructure

QUOTATION REGISTER/PROGRESS AS AT 30 SEPTEMBER 2018

Quote Number	Bid Description	Advert Date	Closing Date	Awarded to	Bid Price Awarded (R)	Date awarded	Responsible Dept	Date Evaluated
Quote no: 01/2018/19	Supply & Delivery of food parcel	03/08/2018	10/08/2018	Masego Maintenance & Projects	R 98 600.00	17/08/2018	Disaster Management unit	15/08/2018
Quote no: 02/2018/19	Supply & delivery of building material	23-Aug-18	2018/08/31	N/A With MM for approval	N/A	N/A	Basic Services & Infrastructure	N/A
Quote no: 03/2018/19	Supply & delivery of promotional materials	23-Aug-18	2018/08/31	N/A With MM for approval	N/A	N/A	Basic Services & Infrastructure	N/A

4.3 Deviations below R200 000

Section 36 (2) of the Supply Chain Management Regulations provides that, in providing equitable and effective service delivery to the community, critical goods and services required may be procured on *exceptional* circumstances, *emergency* of a situation, or which the normal procurement process could not be followed due to *sole provider, impractical, and impossibility*.

During the quarter under review, there were such procurement done, which are now reported to Council as per attached Annexure A.

The Deviation for the 1st Quarter has started with high deviation amount, which mainly resulted from the Study registration fees, critical counts of wild animals at Thwane (Specialists), etc. However, management has a plan to minimize the number of deviations in this financial year. The total deviation for the 1st quarter is **R960 721.77 (Refer to Annexure A)**

4.4 2017/18 Audit Progress

The process of audit for 2017/18 transaction has already issued and been responded on the following RFIs and COMAFs:

RFI NO	INFORMATION REQUESTED
1	SCM Policies
1	Declaration of Interests for Councillors and Officials
1	Contract Register and Tender register for 2017/18
3	SLA for Sebata
4	All suppliers that received payments in current financial period
4	Close family members (spouse, children and parents), partners and associates of POB, accounting officer/ members of accounting authority, senior managers (incl CFO) and SCM officials
4	Orders, goods receive notes, invoices (expenditure), payments, suppliers and any other data that can be used for analyses and sampling.
6	Supporting documentation (paper trail) for the payment batches. From the sourcing of quotations to the final stage where payment was made.
7	Minimum competencies of the following officials * Head of scm * Middle management
8	Supporting documentation (paper trail) for the payment batches. From the sourcing of quotations to the final stage where payment was made.
9	Five Documents relating to Deviations
17	16 x Contracts/service level agreements and the MBD 4 forms
18	MBD 4 forms of 18 service providers

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contents of the **SCM Report** be noted.

- 2) That **deviations** outlined herein as authorised by the Municipal Manager for the quarter ended 30th September 2018 be noted by Council

- 3) That Council approve the decision of the Municipal Manager in respect of ***amendment to Standard Bank (Pty) Ltd contract.***

ANNEXURE A

DEVIATION REGISTER FOR QUARTER 1 OF 2018/19 FY

Item	Date	Purchase order	Appointed service provider	Service needed	Purchase order amount	Reason for deviation	Actual amount paid	Department
1	05/07/2018	53026	Media 24	Notice for the IDP, budget for the 2018/19 fy and SDBIP	R 2 000.00	Exceptional case: the only service provider having space available this week	R 2 000.00	Cooperate services
2	02/07/2018	75398	Shumba inc	ICT audit	R 390 000.00	Exceptional case: impractical to follow the scm processes to	R 390 000.00	Mm
3	11/07/2018	49533	JBFE	Conduct animal count	R 288 154	Exceptional case: the contracted service provider, Zithunele trading & contracting has declined to render the game count this month	R 288 154	LED
4	11/07/2018	49528	Top car	Repair of 12 JTGDM NC accident access	R 5 000.00	Exceptional case: impractical to ask 3 quotation for excess on insurance	R 5 000.00	Corporate services
5	27/07/2018	49540	Unisa	Study assistance for T.G Tongwane	R 5 922.00	Exceptional case: impractical to ask for 3 quotes , because the person is already registered with UNISA	R 5 922.00	Corporate services
6	27/07/2018	49539	Namz tyres	16.00 - 0750R16 tyre BRX383 NC	R 12 190	Exceptional case: impractical to obtain three quotations for these tyre.	R 12 190	Corporate services
7	06/08/2018		Vanzylsrus hotel	Bed & breakfast	R 3 600.00	Exceptional case: only accommodation available in vanzylsrus	R 3 600.00	Community services

8	07/08/2018		Vanzylsrus hotel	Accommodation for R Morapedi & Motlhaoleng	R 300.00	Exceptional case: only accommodation available in vanzylsrus	R 300.00	Community services
9	15/08/2018	90326	ESOH consulting	MPAC workhop for councillors	R 8 999.00	Exceptional case: impractical to follow the scm process as the said workshop will be the only one to be held on that date.	R 8 999.00	Council
10	22/08/2018	Ord530553	ESOH consulting	Workshop & event for Mrs Kgotodithate & Mr Mathibe	R 17 998.00	Exceptional case: impractical to follow scm procedure as the said workshop will be held on these days	R 17 998.00	Community services
11	28/08/2018	90339	Spangenberg laboratory services	Water and milk samples	R 11 293.00	Exceptional case: only provider in JTGDM area.therefore, it is impractical to follow the normal scm processes. Furthermore,if another service provider is appointed from neighbouring towns such as vryburg or kimberley given the travelling time,the bacteriological analysis results would not be a true reflecion.	R 10 631.75	Community services

12	28/08/2018	90340	Spangenberg laboratory services	Water and milk samples	R 11 293.00	Exceptional case: only provider in JTGDM area.therefore, it is impractical to follow the normal scm processes. Furthermore, if another service provider is appointed from neighbouring towns such as Vryburg or Kimberley given the travelling time,the bacteriological analysis results would not be a true reflecion.	Awaiting for the invoice	Community services
13	28/08/2018	90341	Spangenberg laboratory services	Water and milk samples	R 11 293.00	Exceptional case: only provider in jtgdm area.therefore, it is impractical to follow the normal scm processes.furthermore,if another service provider is appointed from neighbouring towns such as vryburg or kimberley given the travelling time,the bacteriological analysis results would not be a true reflecion.	Awaiting for the invoice	Community services
14	28/08/2018	90342	Media 24	Advert for council meeting on 31 August 2018	R 1 333.49	Exceptional case: the only service provider having space available this week	R 1 333.49	Council
15	18/09/2018	Ord53077	Villanne	Accommodation for JTGDM 30 staff	R 103 845.00	Exceptional case: it is impractical for scm to process advertising the RQF for a period of seven days	R 103 845.00	

16	19/09/2018	Ord53078	Aleta melokwe	Transport for JTGDM staff for 30 staff	R 60 000.00	Exceptional case: it is impractical for scm to process advertising the RQF for a period of seven days	R 60 000.00	
17	22/09/2018	Ord53055	Samsra	SAMSRA 2018 national games	R 6 000.00	Exceptional case: samsra is the only organisation who organizes games for municipal entities	R 6 000.00	
18	27/09/2018	90363	Media 24	Advert for vacant posts	R 12 171.60	Exceptional case: The regulation for appointment of senior managers prescribes that vacant posts must be advertised in newspapers that circulates nationally	Awaiting for the invoice	Corporate services
19	28/09/2018	90365	Unisa	Study assistant for m. Molale	R 9 330.00	Exceptional case: impractical to follow scm procedures because student is already enrolled at unisa	R 9 330.00	Corporate services

R960 721.77