



JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

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

1. **SUBJECT:** Supply Chain Management Annual & 4th 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 alias* 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 policy have been updated and adopted by the Council as required by the legislation:

- Supply Chain Management Policy for 2018/19 FY

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

Management acknowledged the findings raised by our Internal Auditors and take them very serious as this has assisted the SCM unit a lot in preparing for the External Audit.

c) Implementation of mSCOA SCM module

The CCG System (replacement of Sebata system) is so far doing well. The Requisition(s) and purchase order (s) are systematically generated.

From July 2019, the end users (municipal staff) will be processing their Request in the SAGE system and approval thereof done by the respective HODs. The utilization of this system will simplify a lot of things (Tracking of the delays / improve performance of individuals and generate Legislative Reports).

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.

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 JUNE 2019

Bid Number	Bid Description	Date advertised	Closing Date	Date awarded	Awarded to	Bid Price Awarded (R)	Responsible Dept
BID NO:07/2018/19	The appointment of consultants for assistance with the preparation of the AFS and provision of assistance with the clearing of findings raised by the internal and external auditors for a period of 36 months on an as and when required rate basis.	23/05/2019	13/06/2019	In a Process	N/A	N/A	BTO
BID NO:08/2018/19	Provision of security services for a period of 36 months	23/05/2019	13/06/2019	In a Process	N/A	N/A	Corporate Services
BID NO:09/2018/19	Verification And Valuation Of Municipal Owned Biological Assets (Game Species) At Thwane Game Farm, Van Zylsrus For A Period Of 36 Months	28/06/2019	17/07/2019	In a Process	N/A	N/A	BTO & EDD
TOTAL						<u>R 3 775 880.00</u>	

QUOTATION REGISTER/PROGRESS AS AT 30 JUNE 2019

Quote Number	Bid Description	Advert Date	Closing Date	Awarded to	Bid Price Awarded (R)	Date awarded	Responsible Dept	Date Evaluated
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Quote no: 14/2018/19	Supply and Delivery of Food Parcels	03-Apr-19	09-Apr-19	It was recommended to be re-advertised.	N/A	N/A	Corporate Services	N/A
Quote no: 10R/2018/19	Re- Advertisement Supply, Delivery and Installation of UPS	13-Mar-19	20-Mar-19	Ogone M. Resourse	R 64 143.70	20-May-19	Corporate Services	24-Apr-19
Quote no: 14R/2018/19	Supply and Delivery of Food Parcels	18-Apr-19	25-Apr-19	Pulethu (Pty)Ltd	R 197 968.00	N/A	Corporate Services	26-Apr-19
Quote no: 13/2018/19	Supply and Delivery of Laptops	03-May-19	10-May-19	N/A	N/A	N/A	BTO	N/A

R 262 111.70

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 3rd Quarter has started with high deviation amount, which mainly resulted from the Study registration fees. However, management has a plan to minimize the number of deviations in this financial year. The total deviation for the 3rd quarter is **R 359,878.45 (Refer to Annexure A)**

4. RECOMMENDATION

- 1) That the contents of the **SCM Report** be noted.
- 2) That **deviations** outlined herein as authorised by the Municipal Manager for the quarter ended 30th June 2019 be noted by Council.

**ANNEXURE A
DEVIATION REPORT FOR 4TH QUARTER 2018/19 FY**

ITEM	DATE	PURCHASE ORDER	APPOINTED SERVICE PROVIDER	SERVICE NEEDED	PURCHASE ORDER AMOUNT	REASON FOR DEVIATION	ACTUAL AMOUNT PAID	DEPARTMENT
1	31/05/2019	P0260	Sedibeng Water	Prepaid meter installation	R 6 821.65	Sole provider: Sedibeng water is the sole provider of water in Ga-Segonyana jurisdiction	R 6 821.65	BS&I
2	13/05/2019	PO258	Meriting Lodge	Conference venue For IDP Lekgotla	R 67 000.00	Exceptional case: The reserved venue was cancelled late, and it was impractical to follow the SCM process to procure the services.	R 67 000.00	EDD
3	21/06/2019	PO0309	Geosmart software solutions	License renewal	R 155 250.00	Exceptional case: Impractical to follow the normal SCM procedure as this is the only service provider that can render a service on emergency.	R 155 250.00	BS&I
4	20/03/2019	PO0297	SATPLAN ALPHA	Advanced GIS training	R 71 300.00	Exceptional Case: Impractical to follow the normal SCM procedure as this is the only service provider that can render a service on emergency.	R 71 300.00	BS&I
5	20/03/2019	PO0311	Funda Nation Training Academy	Advanced Excel training	R 56 250.00	Exceptional Case: Impractical to follow the normal SCM procedure, however, 3 quotations were obtained to test fairness.	R 56 250.00	BS&I
6	06/06/2019	PO0317	DFA Independent Newspaper	Public notice	R 3 257	Exceptional Case: Impractical to follow the normal SCM procedure, as this is the only service provider who has space to advertise.	R 3 256.80	MM's Office
Total Amount							R 359 878.45	