



JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

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

1. **SUBJECT:** SCM Annual & 4th Quarter Report for 2017/18

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. Sometimes is working, but in most cases is not working. 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. In their analysis / assessment, it was reported that the vendor management on the EMS is not responding positively as it supposed to. The expectation was that after this fixing the vendor module, the system would be fully functional (from Request to Purchase Order), but it never happened.

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 Contract management was centralized in the Legal unit for the past years. However, since the appointment of the new Municipal Manager, contract management is now spearheaded by the SCM Unit in collaboration with various Project managers in the municipality.

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. **Bid No: 06/2016/17** was awarded to *Royal Haskoning DHV* for the implementation of ISDG and RRAMS for a total contract value of R4,1 million. The contract proposed to include the following key deliverables that are significant for the required objectives of both the ISDG and RRAMS.

- *Design Software and Renewing licenses;*
- *Registration and membership Fees;*
- *Training courses and*
- *Site Allowance for Accommodation Purposes*

2. **Bid No: 07/2016/17** was awarded to **Namekhotha Trading Cc** for the Cleaning Services of Municipal Offices with initial allocation being for 7 areas/sections, with an initial contract amount of R79 442.50 (Excl. VAT) per month and 10% escalation per annum. The contract proposed to include the following:
 - a. Additional Cleaning services of the Corporate & Community Services departments
 - b. Provision of the Sanitary Bin Waste Management for the entire municipality.

3. **Bid No: 11/2015/16** was awarded to **Molaodi Security Services Cc** for the Provision of Security Services with initial contract amount of R 109 394.40 (Incl. VAT) per month and 10% escalation per annum. The contract ended on the 30th June 2018 and has been extended on a month to month basis until the appointment has been made.
The bid has been advertised to procure the same service and will be closing on the 08th August 2018.

4. The **Telkom** was appointed to provide the telecommunications (phones and internet) services and their contract has expired on the 04th May 2018. Subsequent to that, the request is for the extension of a Contract for a period not exceeding 24 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.

f) Progress on the implementation of the procurement plan

Implementation of the Procurement Plan

The bids following bids were advertised in the e-Tender portal and municipal website during the 2017/18 financial year.

BIDS REGISTER/PROGRESS AS AT 30 JUNE 2018

Bid Number	Bid Description	Date advertised	Closing Date	Date awarded	Awarded to	Bid Price Awarded (R)	Responsible Dept
BID NO:16 2016/17	Valuation of Municipal Properties for a period of 24 months	08/06/2017 e-Tender portal	22th June 2017 at 12h00	08-Aug-17	DDP Valuers (Pty) Ltd	R33 350 per annum	BTO
BID NO:18 2016/17	appointment of a firm of actuaries on as and when for a period of 24 months	08/06/2017 e-Tender portal	22th June 2017 at 12h00	03-Aug-17	Arch Actuarial Consulting	R18 240 per annum	BTO
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	Bid cancelled	N/A	N/A	Office of the Municipal Manager
BID NO:02/2017/18	Supply and Delivery of Palisides	19/09/2017 e-Tender portal	06th Oct 2017 at 12h00	27-Oct-17	Bothhakile Trading	R 252 813.93	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	27-Oct-17	Molatelatso Construction and other projects	R 228 594.85	BTO and Basic Services & Infrastructure
BID NO:04/2017/18	Supply and Delivery of Stationery for the Period of 36 Months (as and when required)	19/10/2017 e-Tender portal and Municipal Website	10th Nov 2017 at 12h00	14th March 2018	Aried Trading (PTY) Ltd	Rate based Contract	Corporate Service
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	27-Oct-17	Koikanyang Attorneys and Sifumba (TO) Attorneys	Rate based Contract	All departments

BID NO:06/2017/18	Supply and delivery of groceries and cleaning material for a period of 36 months (as and when required)	19/10/2017 e-Tender portal and Municipal Website	10th Nov 2017 at 12h00	14th March 2018	Valotron 46	Rate based Contract	Corporate Service
BID NO:07/2017/18	Provision of Photocopying machines for a period of 36 months	19/10/2017 e-Tender portal and Municipal Website	10th Nov 2017 at 12h00	14th March 2018	Vysyem Traders	38516.04 per month	Corporate Service
BID NO:08/2017/18	Provision of Banking services for a period of 36 months	16/03/2018 e-Tender portal and Municipal Website	18th May 2018	In the Evaluation Stage	N/A	N/A	BTO
RE-ADVERT BID NO:01/2017/18	Proposals for the supply and delivery of Mayoral vehicle by Trade-in of existing vehicle	16/03/2018 e-Tender portal and Municipal Website	06th April 2018 at 12h00	25th April 2018	McVigar Construction	R 1 272 000.00	Office of the Municipal Manager
BID NO:09/2017/18	Proposals for live removal of game species at Thwane Farm	22/05/2018 e-Tender portal and Municipal Website	08th June 2018 at 12h00	In the Adjudication stage	N/A	N/A	BTO

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	Bid cancelled	N/A	N/A	Office of the Municipal Manager
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BID NO:03/2017/18	Supply and Delivery of fencing materials	19/09/2017 e-Tender portal	06th Oct 2017 at 12h00	27-Oct-17	Molatelatso Construction and other projects	R 228 594.85	BTO and Basic Services & Infrastructure
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BID NO:08/2017/18	Provision of Banking services for a period of 36 months	16/03/2018 e-Tender portal and Municipal Website	18th May 2018	N/A	N/A	N/A	BTO
RE-ADVERT BID NO:01/2017/18	Proposals for the supply and delivery of Mayoral vehicle by Trade-in of existing vehicle	16/03/2018 e-Tender portal and Municipal Website	06th April 2018 at 12h00	Awaiting for MM's approval	N/A	N/A	Office of the Municipal Manager

QUOTATION REGISTER/PROGRESS AS AT 30 JUNE 2018

Item No	Quotation No	Quotation Description	Date advertised	Closing Date	Date Evaluated	Awarded to	Bid Price Awarded (R)	Date awarded	Responsible Dept
1)	01/2017/18	Supply and Delivery of Palisades	12/07/2017	20/07/2017	27/07/2017	Re-advertised as a tender	N/A	N/A	BS&I
2)	02/2017/18	Supply and Delivery of Fencing Material	12/07/2017	20/07/2017	27/07/2017	Re-advertised as a tender	N/A	N/A	BS&I
3)	03/2017/18	Supply and Delivery of Building Material	12/07/2017	20/07/2017	27/07/2017	Tlove Construction (Pty)Ltd	145 110.03	14/09/2017	BS&I
4)	04/2017/18	Appointment of consultants to conduct animal count at thwane game farm in Vanzylsrus	18/07/2017	27/07/2017	-	None of the bidders responded	N/A	N/A	EDD
5)	05/2017/18	Supply and Delivery: Renewal of CiBECS version 8.0.5 License	08/09/2017	18/09/2017	20/09/2017	Data Tegra (Pty) Ltd	98 440.01	Evaluation report received on 04/01/2018	CS
6)	06/2017/18	Supply and Delivery of Protective Clothing Kit	26/09/2017	03/10/2017	09/10/2017	Bolelang Africa Trading	51 430.30	27/10/2017	BS&I
7)	07/2017/18	Provision of Conference Facilities, Break-Away Rooms and Catering Services in Kuruman/Kathu for IDP Lekgotla	16/10/2017	24/10/2017	-	None of the bidders responded			PMU
8)	08/2017/18	Supply, Delivery and Installation of Air Conditioners	10/11/2017	20/11/2017	21/11/2017	Awaiting for MM's approval	42 800.00		DMU

9)	09/2017/18	Supply and Delivery of KerioConnect or "equivalent"	10/11/2017	20/11/2017	21/11/2017	TS Business Solutions	48 000.00	30/11/2017	CS
10	10/2017/18	Supply and Delivery of Protective Clothing Kit	14/02/2018	23/02/2018	28/02/2018	Thebeyatau Trading Enterprise	33 155.00	25/06/2018	CDS
11	11/2017/18	Supply and Delivery of Blankets	14/02/2018	23/02/2018	28/02/2018	Kazlebz Construction	41 500.00	25/06/2018	CDS
12	12/2017/18	Supply, Delivery and Installation of Wireless Radio Link	03/05/2018	11/05/2018	27/07/2017	UBR CIT	113 296.56	20/06/2018	CORP SERV
13	13/2017/18	Supply, Delivery and Installation of Teammate Server	23/03/2018	05/04/2018	04/06/2018	TS Business Solutions	48 845.90	25/04/2018	CORP SERV
14	14/2017/18	Supply and Delivery of Midband Radios	14/05/2018	22/05/2018	22/05/2018	Isago Business Enterprise	64 749.60	20/06/2018	CDS
15	15/2017/18	Supply, Delivery and Installation of Uninterruptible Power Supply(UPS)	10/04/2018	18/04/2018	-	The required goods was procured through a normal SCM process(3 days), confirmed by DMU Manager	N/A	N/A	DMU
16	16/2017/18	Supply and Delivery of Back-up system	03/05/2018	11/05/2018	25/05/2018	Corporate Business and Training	158000	20/06/2018	CORP SERV
17	17/2017/18	Supply and Delivery of Tents	08/05/2018	16/05/2018	23/05/2018	Isago Business Enterprise	106 250.00	20/06/2018	CDS
18	18/2017/18	Supply and Delivery of Floating Pump	23/05/2018	31/05/2018	04/06/2018	LSG Business Trading	48 000.00	20/06/2018	CDS

**TOTAL
AMOUNT: R 999 577.40**

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 management has minimized the number of deviations in this financial year. The total deviation for the fourth quarter is **R590, 517.32 (Refer to Annexure A)**

4.4 2017/18 Audit Readiness

The process of audit readiness is ongoing, and payment vouchers are being reviewed with a view of detecting possible irregular expenditures. However, should any irregular expenditure be identified upon completion of audit readiness process, it will accordingly be reported to Council.

5. 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 2018 be noted by Council
- 3) That the deviations mentioned in (2) above **be disclosed** as a note in the Annual Financial Statements.
- 4) That Council condone the decision of the Municipal Manager in respect of **amendment to Contract 06/2016/17 – Royal Haskoning**.
- 5) That Council condone the decision of the Municipal Manager in respect of **amendment to Contract 07/2016/17 – Namekhotha Trading Cc**.
- 6) That Council condone the decision of the Municipal Manager in respect of **amendment to Contract 11/2015/16 – Molaodi Security Services**.
- 7) That Council condone the decision of the Municipal Manager in respect of **amendment to Telkom (Pty) Ltd contract**.

ANNEXURE A

DEVIATION REGISTER FOR QUARTER 4 OF 2017/18 FY

ITEM	DATE	PURCHASE ORDER	APPOINTED SERVICE PROVIDER	SERVICE NEEDED	AMOUNT PAID	REASON FOR DEVIATION	DEPARTMENT
1	22/09/2017	75277	University of Fort Hare	Study Assistance for Cllrs Ohenstwe & Molwagae	R 56 000.00	Exceptional case: The only Service provider that offers this specific course needed.	Corporate Services
2	11/08/2017	49293	University of Johannesburg	Bursary Textbooks : NN Mzata	R 3 703.50	Exceptional case: Impractical to ask for 3 quotes , because the person is already registered with University of Johannesburg	Office of the Mm
3	30/08/2017	49307	Spangenberg Laboratory Services	Food and Water Samples for September, October, and November	R 32 148.00	Exceptional Case: There is only one Laboratory in Kuruman. Therefore, it is impractical to follow 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 reflection.	Internal Audit

4	18/12/2017	ord20171218	Leadership Academy	Learnership programme for Mr Makhorole	R 5 355.15	Sole Service Provider: The LEADERSHIP ACADEMY is an umbrella under the Institute of Internal Auditors and is the only institution through which the Internal Audit Technician (IAT) programme can be enrolled for. Internal Auditors who enrolls for this programme must have a registered membership number with the Institute of Internal Auditors. Therefore the leadership academy is the sole service provider.	Internal Audit
5	12/01/2018	ORD52923	Leadership Academy	Learnership programme for Mr Makhorole	R 41 074.20	Sole Service Provider: The LEADERSHIP ACADEMY is an umbrella under the Institute of Internal Auditors and is the only institution through which the Internal Audit Technician (IAT) programme can be enrolled for. Internal Auditors who enrolls for this programme must have a registered membership number with the Institute of Internal Auditors. Therefore the leadership academy is the sole service provider.	Internal Audit
6	28/02/2018	49431	Northwest University - Potchefstroom	Bursary IRO KV Tawana towards Bachelor of Social Science in Psychology. Student Number : 2738210	R 68 184.06	Exceptional Case: Student already registered with the Institution. Impractical to follow SCM Procedures.	Corporate Services

	05/04/2018	52843	Wolters & Kluwer	Teammate Licence Maintenance	R 83 754.84	Exceptional Case: This is for the annual renewal of the teammate licence.The teammate audit software can only be procured through Wolters & Kluwer	Internal Audit
7	04/04/2018	49457	Alpha Auto Electrical	Auxiliary Battery for JTGDM NC ML	R 3 179.68	Exceptional Case: Alpha Auto is the only Service Provider that can supply the NSI Auxiliary Battery. Other Service Providers such as HIQ, Supa Quick, Gamo tyres and Namz Tyres does not supply this specific Battery.	Corporate Services
8	05/04/2018	75342	Wolters & Kluwer	Teammate Licence Maintenance	R 88 460.54	Exceptional Case: This is for the annual renewal of the teammate licence.The teammate audit software can only be procured through Wolters & Kluwer	Internal Audit
9	12/04/2018	52953	Angus Butchery	Meat for site visit Thwane Farm	R 3 600.00	Exceptional Case: Other Butcheries do not take purchasse orders and they are not registered on CSD	Planning & Development
10	13/04/2018	49465	M Care Optima	Payment for Phsycological Assessment and Administration for J Machogo	R 14 856.18	Exceptional Case: Relevant Clinic as per Phsycologist's Referral.	Corporate Services
11	16/04/2018	49471	Leach Toyota	Brake Pad Kit, Disc, FR Repair Wiring and Labour: 16 JTGDM NC	R 5 817.09	Exceptional Case: Impractical to ask for three quotations, because they cannot cost without strip.	Corporate Services

12	25/04/2018	15016265	SAIPA	SAIPA annual CPD Subscription for EF Chadihna	R 5 000.00	Exceptional Case: Its impractical to obtain three quotations for the payment of Professional Bodies (SIAPA, IMFO, ect).	Budget & Treasury
13	04/05/2018	49490	Spangenberg Laboratory Services	16 x Water Samples and 4 x Milk Samples taken at Farms and Retail Outlets	R 11 239.00	Exceptional Case: There is only one Laboratory in Kuruman. Therefore, it is impractical to follow 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 reflection.	Community Services
14	04/05/2018	49488	ACDC MECHATRONICS ENGINEERING	Repair & service vehicle BRX 383 NC	R 23 414.26	Impractical Case: to ask for 3 quotes,because they can't quote before stripping & look for the problem	Corporate Services
15	11/05/2018	49494	Media 24	Advert for vacant posts	R 10 650.15	Exceptional Case: The Regulation for Appointment of Senior Managers prescribes that vacant posts must be advertised in newspapers that circulates nationally	Corporate Services
16	17/05/2018	49499	North-West University	Study Assistance for Cllrs Mosikatsi,Masilabele & Mogatle	R 94 687.67	Exceptional Case: Impractical to follow SCM procedures because students are already registered at WWU Potchefstroom	Corporate Services
17	17/05/2018	49392	North-West University	Study Assistance for Cllrs Mosikatsi,Masilabele & Mogatle	R 28 500.00	Exceptional Case: Impractical to follow SCM procedures because students are already registered at WWU	Corporate Services

						Potchefstroom	
18	22/05/2018	49505	Spangenberg Laboratory Services	16 x Water Samples and 4 x Milk Samples taken at Farms and Retail Outlets	R 11 293.00	Exceptional Case: There is only one Laboratory in Kuruman. Therefore, it is impractical to follow 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 reflection.	Community Services
19	17/05/2018	49392	North-West University	Study Assistance for Cllrs Mosikatsi, Masilabele & Mogatle	R 28 500.00	Exceptional Case: Impractical to follow SCM procedures because students are already registered at WWU Potchefstroom	Corporate Services
20	20/10/2017	52916	Government Printing & Works	Notice for Commonage By Laws	R 16 000.00	Exceptional Case: Impractical to follow SCM procedures because students are already registered at WWU Potchefstroom	Corporate Services

TOTAL AMOUNT

R 590 917.32