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**1 ITEM NUMBER:**

**2 SUBJECT : SUPPLY CHAIN MANAGEMENT REPORT**

**Fourth Quarter.**

**3 PURPOSE :**

The purpose of this report is to inform the Finance Committee on the procurement process and statutory reporting compliance in terms of Supply Chain Management Regulation and Policy of Ngwathe Local Municipality.

**4 COMPLIANCE WITH STRATEGIC OBJECTIVE/BUSINESS PLAN**

Section 6 of Supply Chain Management Regulation require that:

The Council of a municipality must maintain oversight over the implementation of its supply chain management policy and for this purpose; the accounting officer must within 30 days after the end of each quarter (during financial year) should submit a report on the implementation of the supply chain management policy of Ngwathe Local municipality.

**5 FOR DECISION / CONSIDERATION/ DELEGATED AUTHORITY**

Finance and Budget Committee/ Executive Committee/Council

**6 COMPLIANCE WITH STRATEGIC OBJECTIVE**

To ensure that the strategic objectives of the municipality for the financial year 2019/2020 are procured in line with the policy framework.

**7 DELEGATED AUTHORITY**

Accounting Officer

**8 LEGAL IMPLICATIONS/REQUIREMENTS**

Municipal Finance Management Act, No. 56 of 2003

Supply Chain Management Regulations, Notice 868 of 2005

**9 EXECUTIVE SUMMARY/BACKGROUND AND DISCUSSION**

Management has developed internal control processes that seeks to improve and ensure compliance with the implementation of supply chain management policy. These controls are also designed to assist Council in their role of playing oversight, monitoring and evaluation the implementation of SCM and to reduce the likelihood of irregular expenditure occurrence.

The SCM policy promote processes that are fair, equitable, transparent, competitive and cost effective, hence the contents of this report reflect on the processes that unfold when procuring goods and/or services on behalf of the Council in line with the SCM Regulation and or the National Treasury Guidelines.

(Fourth Quarter) zero (0)bids were issued and advertise in line with section 18(a) of the SCM Regulation:

* Awarded 10 ( R33 848 767.00)
* Under Consideration 0
* None Responsive 0

The accounting officer has considered and approved a total number of **22** procurement transection totalling **R4 279 048.30** in line with Section 36 of the SCM Regulation (Deviation) Annexure A, B and C).

**10 FINANCIAL IMPLICATIONS**

As per attached report

**11 STAFF IMPLICATIONS**

All Directorates

**12 COMMENTS FROM ORTHER DIRECTORS**

Directors made inputs during Management Meeting and their incorporated in the attached report

**13. RECOMMENDATION**

1. That quarterly supply chain management report for the period 01 April 30 – 01 June 30 2020 be noted and accepted,
2. The deviation be represented before the Council and be disclosed in the annual financial statement;
3. That the report be presented before Mayoral Committee

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Directorate: Chief Financial Officer

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|  |  |  |  |
| --- | --- | --- | --- |
|  | |  | Comment: |
| Municipal Manager | |  |  |
|  |  |  | Supported |
|  |  |  | Refused |
| Date |  |  | Referred Back |
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LIEBENBERGSTREK

**PARYS**

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OFFICE OF THE CHIEF FINANCIAL OFFICER

**TO:** Municipal Manger

**From:** Chief Financial Officer

**Date:** 30 June 2020

**Subject: SUPPLY CHAIN MANAGEMENT REPORT FOR THE MONTH ENDED 30 June 2020**

**1.1. PURPOSE**

The purpose of this report is to submit to Council the Supply Chain Management implementation report for all bids awarded through the NLM SCM Policy and SCM Regulation prescriptive for the periods 30 June 2020.

**2.2. BACKROUND**

The supply chain management of NLM section 22.1 prescribe that Council of Ngwathe Local Municipality shall maintain an oversight over the implementation of supply chain management policy to ensure that it is within the ambit of the applicable legislation.

In order for the Council to exercise its oversight role over supply chain management effectively, the Accounting Officer shall:

1. within 30 days of the end of financial year or whenever there are serious and material problems in the implementation of the supply chain management policy, submit reports on the implementation of the supply chain management to the Council of the municipality.
2. within 10 days after the end of each quarter submit a report implementation of supply chain management policy to the mayor, who shall also table such report to council.

**2.3. REPORTING**

This report is prepared in line with the Supply Chain Management Policy Framework, Section 22.1 and its Guidelines. The report covers the following reportable areas of performance as outlined below:

2.3.1. Formal written price quotations above R 30,000 up to R 200,000 [Sec. 18(a) of the Municipal Supply Chain Management Regulations]

2.3.2. Competitive bidding process for procurements above a transaction value of R200,000, inclusive of VAT. [Sec. 19(a) of the Municipal Supply Chain Management Regulations]

2.3.3 None compliance

2.3.4 Deviation process

**2.3.1. FORMAL WRITTEN PRICE QUOTATIONS ABOVE R30,000 UP TO**

**R200,000**

Section 18(a) of the Supply Chain Management Regulation (GNR 868 of 30 May 2005) prescribe that all requirements in excess of R30,000 (VAT included) that are to be procured by means of formal written price quotations, must in addition to the requirement of regulation 17, be advertise for at least 7 days on website and notice board of the municipality.

The following awards were made in terms of the above legislative prescripts:

**APRIL 2020**

|  |  |  |  |
| --- | --- | --- | --- |
| **TENDER NO** | **TENDER DESCRIPTION** | **AWARDED BIDDER** | **AMOUNT AWARDED** |
|  | None |  |  |
|  |  | **TOTAL AWARDS** | **R0.00** |

**MAY 2020**

|  |  |  |  |
| --- | --- | --- | --- |
| **TENDER NO** | **TENDER DESCRIPTION** | **AWARDED BIDDER** | **AMOUNT AWARDED** |
| 23(02/2020 | Supply and delivery of Steel speed humps 182 (Edenville) | Castlehill Trading | R163.323.00 |
|  |  | **TOTAL** | **R163 323.00** |

**JUNE 2020**

|  |  |  |  |
| --- | --- | --- | --- |
| **TENDER NO** | **TENDER DESCRIPTION** | **AWARDED BIDDER** | **AMOUNT AWARDED** |
|  | None |  |  |
|  |  | **TOTAL** | **R0.00** |

* Total No. of **1** advertised seven days for the Fourth quarter ended 30 June 2020
* Total Amount of **R163 323.00** of seven days awarded during the fourth quarter ended 30 June 2020

Section 17(1)(c) of the Municipal Supply Chain Management Regulations (GNR 868 of 30 May 2005) stipulates that, if it is not possible to obtain at least three formal written price quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer.

The awards below did not comply with the above regulated requirement and a reason relating to each instance is given for the approval of the Chief Financial Officer:

|  |  |  |  |
| --- | --- | --- | --- |
| **TENDER NO** | **TENDER DESCRIPTION** | **AWARDED BIDDER** | **AMOUNT AWARDED** |
| N/A - NONE |  |  |  |

**3.3.2. PROCUREMENTS ABOVE A TRANSACTION VALUE OF R200, 000 (VAT Included) THAT WERE SUBJECTED TO A COMPETITIVE BIDDING PROCESS:**

|  |  |  |  |
| --- | --- | --- | --- |
| **TENDER NO** | **TENDER DESCRIPTION** | **AWARDED BIDDER** | **AMOUNT AWARDED** |
| NLM:50/18/19 | Appointment of a Panel of Consultants For The Provision of Professional Services on Municipal Infrastructure Projects For a Period of 3 Years (Water and Sanitation) | 1, Samtak Consulting Services  2, Tlou Consulting (Pty) LTD  3, Flagg Consulting Engineers (Pty) Ltd  4,Engineering Aces (Pty) Ltd  5, Mzansi Africa Civils  6, Black Thari  7, Mtema Mashao Consulting Engineers (Pty) Ltd  8, Makhaptse Narasimulu and Associates (Pty) Ltd  9,Impumelelo Consulting Engineers (Pty) Ltd  10, Lifa Africa Engineers (Pty) Ltd  11, DLV Project Managers and Engineers (Pty) Ltd  12, CV Chabane and Associates"  13,NEP Consulting Engineers  15, Element Consulting Engineers  16, Africa Engineering and Construction Solutions  17, Siyeza Consulting Engineers  18, Thoko Consulting Engineers (Pty) Ltd  19, BMK Consulting Engineers  20, Kavar Engineering (Pty) Ltd" | As and When Required |
| NLM/TEC/PWTW/2019/20 | Design and supervision the refurbishment of Parys water treatment works | African Engineering & Construction (PTY) LTD | R1 036 150 |
| NLM/TEC/PIPELINE/2019/20 | Design and supervision the construction of Tumahole 3km pipeline between reservoir 4 and pressure tower | Flagg Consulting Engineers (PTY) LTD | R786 600 |
| TEC-CON/WPIPE&M/E01/2019FY | Construction of 3KM Water Pipeline between Reservoir 4 and Pressure Tower including upgrading of mechanical and electrical work at various pump station in Parys / Tumahole, | Lwasi Business Enterprise | R5 189 678 |
| PWTW01-2019-20Y | Refurbishment of the Old Parys Water Treatment Works | CMS Water Engineering cc | R20 732 741 |
| NLM/TEC/CHEMICALS/01/2019 | Supply and delivery of water and sewer chemicals as and when required for a period of three (3) years | Proxy Investment (Pty) Ltd JV Shirona  Tibi Transport and Projects  Dagne Trading and Project CC | As and When Required |
| NLM/01/DOE/2019/2020 | Parys Overhead Line | Step Confidence (PTY) LTD | R3 199 979 |
| NLM/01/DOE/2019/2020 | Koppies Substation Contractor | Step Confidence (PTY) LTD | R1 733 619 |

**3.3.3. NONE COMPLIANCE**

The Municipal Supply Chain Management Policy as well as Regulations (GNR 868 of 30 May 2005) prohibits business transactions with a person whose:

 Tax matters are not in order;

 In the service of state;

The Policy further outlines processes that must be followed when requesting/ procuring goods or services above the following ranges:

 R 0 – R 2,000 > Petty cash purchases

 R 2,000 – R 10,000 > Written or verbal quotations (VAT Included)

 R 10,001 – R 200,000 > At least three quotations must be solicited

 R 30,000 < in addition to at least three quotations, must be advertised for at least seven days on the website and on official notice board of the municipality

 R 200,001 > Competitive bidding process

Despite the above regulated requirements, the following conditions could still not be complied with:

**3.3.3.1. Tax clearance certificates were not obtained from the following suppliers:**

|  |  |  |
| --- | --- | --- |
| **Supplier** | **Services/Goods** | **Cost** |
|  |  |  |
| TOTAL – NONE |  |  |

**3.3.3.2. The declarations of interest were not obtained from the following suppliers:**

|  |  |  |
| --- | --- | --- |
| **Supplier** | **Services/Goods** | **Cost** |
|  |  |  |
| TOTAL - NONE |  |  |

**3.3.3.3 None Compliance / Irregular Expenditure**

|  |  |  |
| --- | --- | --- |
| **Supplier** | **Services/Goods** | **Cost** |
| NONE - NONE |  |  |

**3.3.3.4 Awards made in terms of Supply Chain Management Regulation, Section 32 of the SCM Regulation**

SCM Regulation, sec. 32 and SCM Policy sec. 6 makes provision for the accounting officer to procure goods or services for the municipality under a contract secured by another organ of state, but only if:

1. The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state.
2. That other organ of state and the provider have consented to such procurement in writing.
3. There is no reason to believe that such contract was not validly procured.
4. There are demonstrable discounts or benefits to do so.

The following services / goods were procured in terms of the above legislative prescripts:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date** | **Service Provider** | **Project Discretion** | **Department** | **Amount** |
| NONE |  |  |  |  |

**3.4 DEVIATION**

The municipal SCM Policy, applied consistently with Section 36(1) of the Municipal Supply Chain Management Regulations which provides for the accounting officer to dispense with the official procurement processes established by the Policy to procure any required goods or service through any convenient process which may include direct negotiations and/or deviating from the Supply Chain Management process.

Theaccounting officer has considered and approved a total number of **22** procurement transection totalling **R4 279 048.3** in line with Section 36 of the SCM Regulation (Deviation) (Annexure A, B and C). For the fourth quarter ended 30 June 2020.

**ANNEXURE A**



The Home of Harmony, prosperity and growth

**NWATHE LOCAL MUNICIPALITY**

**DEVIATION REPORT FOR THE MONTH ENDED 30 APRIL 2020**

**The Supply Chain Management Regulation, Section 36 Government Gazette notice 868 of 2005, refers.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **DATE** | **NAME OF SUPPLIER** | **REASON FOR DEVIATION** | **DESCRIPTION** | **AMOUNT** |
|  |  | None |  |  |
|  |  |  | **TOTAL** | **R0.00** |

 **ANNEXURE B**

The Home of Harmony, prosperity and growth

**NWATHE LOCAL MUNICIPALITY**

**DEVIATION REPORT FOR THE MONTH ENDED 30 MAY 2020**

**The Supply Chain Management Regulation, Section 36 Government Gazette notice 868 of 2005, refers.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **DATE** | **NAME OF SUPPLIER** | **DESCRIPTION** | **REASON FOR DEVIATION** | **AMOUNT** |
| 11/05/2020 | Mafokisi Transport | Rental of Bakkies | Two Bakkies were urgently needed by sewer network section at Heilbron in order to provide service delivery to the affected arears.(2 months) | R78,004.00 |
| 14/05/2020 | Easyway Holdings (Pty)Ltd | Containers with Sanitizers | Containers with Sanitizers *were* urgently needed for Covid 19.(500mlx 650) | R89,700.00 |
| 14/05/2020 | Sokude Projects | Alcohol Wet Wipers | Alcohol wet Wipers were urgently needed for Covid 19 | R172,500.00 |
| 07/05/2020 | Technomobile Engineering | Supply and Install a new T08 GR Pump | Urgent, because the sewer was overflowing directly to the old water without going through the process of treatment | R336,144.43 |
| 19/05/2020 | Castlehill Trading 314 | Face Mask | Face Musk were urgently needed for Covid 19 | R115,000.00 |
| 26/05/2020 | Twin Brother | Pumps | Pump were broken at water treatment works, therefore, an urgent pump were requested in order to restore water. | R97,092.20 |
| 07/05/2020 | Pioneer Security & Academy | Security services for (Mimosa, Tumahole office, Fire Department, Tumahole swimming pool, Sewer network, and Commando) | We have noted and welcomed the announcement made by the state president about lockdown starting from Thursday 26/03/2020 until 16/04/2020. As the municipality we have also made our assessment and realized that, it might somehow pose a security risk to some of our key areas because many employees will not be at work during the lockdown period. | R295,312.81 |
| 07/05/2020 | Xolani Protection services | Security services for (Edenville, Koppies, and Heilbron) | We have noted and welcomed the announcement made by the state president about lockdown starting from Thursday 26/03/2020 until 16/04/2020. As the municipality we have also made our assessment and realized that, it might somehow pose a security risk to some of our key areas because many employees will not be at work during the lockdown period. | R210.000.00 |
| 08/05/2020 | Wilson and Sons trucking | Batteries for tractor and refuse compactor for Heilbron unit | They were the sole company, which was available at the time, therefore, Three quotations was not practically possible to obtain and it was treated as an emergency. | R9,821.00 |
| 12/05/2020 | Xolani Protection services | Security services for Parys power station and Lusaka power stations | Service provider were needed, to assist electrical department to secure the safety of our main and Lusaka Substations for April 2020. The two substations experienced huge breakages in the past and is out two main key substations. | R303,140.00 |
| 12/05/2020 | Pioneer Security & Academy | Security services for Lusaka, Mandela, Ghana and Schonkenville) | As the municipality we have also made our assessment and realized that, it might somehow pose a security risk to some of our key areas because many employees will not be at work during the lockdown period. | R220,800.00 |
| 15/05/2020 | Twin Brothers Construction | Unblocking the pumpstation sump at Tambo | Sewer pump station at Tambo was over flowing due to rusted underground pumps and material. Therefore needed to be replaced urgently | R46,575.00 |
| 19/05/2020 | Twin Brothers Construction | Submissible pump 5,5kw 3 phase | Supply of submersible pump for Koppies as were old pump is out of operation and we can’t pump water from the river | R67,813.20 |
| 19/05/2020 | Cms Water Engineering | Supply suction flaps T6 on GR Pump | On the 24 of Feb 2020, we had an emergency at sewer pump station C. The rubber inside the pump was damaged and the raw sewer was overflowing into the streets of Kwakwatsi | R5.520.00 |

**TOTAL R2 047 422.64**

**ANNEXURE C**



The Home of Harmony, prosperity and growth

**NWATHE LOCAL MUNICIPALITY**

**DEVIATION REPORT FOR THE MONTH ENDED 30 JUNE 2020**

**The Supply Chain Management Regulation, Section 36 Government Gazette notice 868 of 2005, refers.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **DATE** | **NAME OF SUPPLIER** | **REASON FOR DEVIATION** | **DESCRIPTION** | **AMOUNT** |
| 09/06/2020 | Teboho Moahloli(Pty)Ltd | It was Urgent, because the reservoir were needed to be cleaned because of purified water | Cleaning of Phiritona Reservoir 3 | R153.142.72 |
| 05/06/2020 | X-Moor Transport (Pty) ltd | The is a shortage of water in some areas at Koppies and Edenville | Jojo Tanker 5000 lt | R87.285.00 |
| 18/06/2020 | Khantloholo | urgent request a Hiring TLB for digging graves and removing dumping in (Heilbron) | Hire Tlb | R23.287.50 |
| 08/06/2020 | Ri's Werkswinkel (EDS) BPK | The vehicle DST 607 FS needed a complete engine overall and it prestly at Ri's workshop for repair and it has been already striped | Repair DST 607 FS | R61.356.26 |
| 09/06/2020 | Aha Sechaba Construction | As part of covid-19 reopening of schools the urgent replacement of 110 metres currently blocked. One by a 160m one come as a result of this spillage inside school premises at Phehellang school. And the fault is from the municipality side | Installation of bulk sewer at Tumahole next to Phehellang sec school | R319.953.00 |
| 09/06/2020 | Twin brother construction | An area in Thola was flooded with sewer spillage which affect a nearby dam that is privately owned. The reason for the sewer spillage was small size of manholes that were installed and small pipes that cannot handle the volume of the sewer in that area | Repair and install sewer network (Thola Section) | R1437.531.05 |
| 11/06/2020 | Wilson & sons Trucking | Wilson and sons trucking they are the sole company which was available to be approached. Supply chain processes of sourcing three quotations was not pratically possible and it was also an emergency. | Toyota Hilux fire department repair | R38.456.00 |
| 30/06/2020 | Sure Travkor | Mayoral car is totally not on good conditions that means currently to use it is a risk on the side of the driver and the Executive Mayor | Car Rental | R110.614.13 |

**TOTAL R2 231 625.66**

**-End of Report-**