

Ngwathe MUNICIPALITY



The home of harmony, prosperity and growth

The Chairperson and Member of Finance Committee

Notice is hereby given that there will be a Finance and Budget Committee meeting will be held through (Virtual) as follows:

19 JANUARY 2021
AT 11H00am
(Virtual – Zoom Meeting)



CLLR ML MOFOKING
CHAIPERSON
13 JANUARY 2021

AGENDA

1. Opening and Welcome
 2. Application for leave of absence
 3. Consideration of the attached report
-

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The heart of history, progress and growth

ITEM No:

SUBJECT: SUPPLY CHAIN MANAGEMENT REPORT

1. PURPOSE

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

2. BUSINESS PLAN

Sections 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 of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality"

3. COMPLIANCE WITH STRATEGIC OBJECTIVE

To ensure that the strategic objectives of the municipality for the 2020/21 are procured in line with the policy framework.

4. DELEGATED AUTHORITY

Accounting Officer

5. LEGAL REQUIREMENTS

Municipal Finance Management Act, No. 56 of 2003
Supply Chain Management Regulation, Notice 868 of 2005

6. 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 also 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 reports reflect on the processes that unfolded when procuring goods and/or service on behalf of Council in line with the SCM Regulation and other National Treasury Guidelines.

During the period October 2020 to December 2020 (second quarter), a total of 2 bids were issued and advertise in line with section 18(a) of the SCM Regulation:

| | | |
|-----------------------|---|---------------|
| - Awarded | 2 | (R17 670 080) |
| - Under consideration | 0 | |
| - None responsive | 0 | |

The accounting officer has considered and approved a total number of 13 procurement transaction totalling R1 658 704 in line with Section 36 of the SCM Regulation (Deviation) (Annexure A, B and C).

7. FINANCIAL IMPLICATIONS

As per attached report

8. STAFF IMPLICATIONS

All Directorates

9. COMMENTS FROM OTHER DIRECTORS

Directors made inputs during the Management meeting and they are incorporated in the report

10. RECOMMENDED THAT:

The Finance Committee recommend that:

- The monthly supply chain management report for the period October 2020 to December 2020 be noted and accepted,
- The deviation be presented before Council and be disclosed in the annual financial statement,
- The report be presented before Mayoral Committee,

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OFFICE OF THE CHIEF FINANCIAL OFFICER

TO: Municipal Manger
From: Chief Financial Officer
Date: 30 December 2020
Subject: **SUPPLY CHAIN MANAGEMENT REPORT FOR THE QUARTER ENDED 30 December 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 December 2020.

2.2. BACKGROUND

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:

- a) 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.
- b) 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:

OCTOBER 2020

| TENDER NO | TENDER DESCRIPTION | AWARDED BIDDER | AMOUNT AWARDED |
|------------|--|-------------------------------------|----------------|
| 05/09/2020 | Appointment of a Professional Land Surveyor | Erasmus Landmeters | 90,528.00 |
| 06/10/2020 | Cleaning and Unblocking No. 2 Secondary Digester and Installation of 200mm Gate Valve | Twin Brother Construction | 209,587.50 |
| 07/10/2020 | Cleaning and Unblocking of No. 4 Secondary Digester and Installation of 200mm Gate Valve | Twin Brother Construction | 209,587.50 |
| 01/10/2020 | Supply and installation of two different size of screens; with an extend channel at Mbeki pump station | Twin Brothers Construction 69 (Pty) | 127,931.75 |
| 02/10/2020 | Supply and Installation of PVC pipe lines 200mm and 150mm for recirculation at Parys WWTW | Sejako Building Construction | 98,000.00 |

| | | | |
|------------|---|-------------------------------------|---------------------|
| 03/10/2020 | Cleaning and unblocking of No 3 secondary digester and installation of 20mm gate valve Parys WWTW | Twin Brothers Construction 69 (Pty) | 209 587.50 |
| 04/10/2020 | Supply and delivery of cleaning material at Vreddefort Stores | Siza kancane Trading Enterprise 65 | 81 500.00 |
| 11/09/2020 | Supply and delivery of cold asphalt at Commando | Patsam General Dealer | 150 000.00 |
| 09/09/2020 | Supply and delivery of plumbing material | Vision Dotcom (pty) Ltd | 45 600.00 |
| 06/08/2020 | Supply and delivery of Refuse Plastic bags (Heavy duty 40 Microns) | Vision Dotcom (pty) Ltd | 93 000.00 |
| 01/08/2020 | Supply and delivery of Plumbing Material (Parys) | Patsam general dealer | 65 000.00 |
| | | TOTAL AWARDS | 1,378,322.25 |

NOVEMBER 2020

| TENDER NO | TENDER DESCRIPTION | AWARDED BIDDER | AMOUNT AWARDED |
|-------------|---|--------------------------------|----------------|
| 10(09/2020) | Supply and delivery of cleaning material | Sizakancane Trading Enterprise | 110 000.00 |
| 12(10/2020) | Supply and delivery of paint | Castlehill Trading 314 | 188 697.75 |
| 13(10/2020) | Supply, delivery & installation of Gorman Rupp pump | De Lange Risk Management | 159 000.00 |
| 13(10/2020) | Supply and Delivery of Stationary | De Lange Risk Management | 27 000.00 |
| 28(10/2020) | Supply and Delivery Of Pumps | Castlehill Trading | 147 300.00 |
| 02(08/2020) | Supply and delivery of Plumbing Material (Parys) | Castlehill Trading | 188 470.05 |
| 05(08/2020) | Supply and delivery of Mist Fogging Machine (5) | Tankanyika pty Ltd | 127 129.00 |
| 15(10/2020) | Supply, Delivery of 500 Tar Bags 25kg | Natedi Inkanyezi Trading | 40 000.00 |

| | | | |
|--------------|--|--|---------------------|
| 16(10/2020) | Supply, Delivery of 1000 Tar Bags 25kg | Naledi Inkenyeez Trading | 8.000.00 |
| 09(11/2020) | Supply and Installation of Two Screen At Zone 6 Distribution Point | De Lange Risk Management | 88.000.00 |
| (12/10/2020) | Labour and Installation of wire mesh fencing in Edenville Municipal office | MJM Point solutions investment (Pty) Ltd | 141.180.00 |
| (16/11/2020) | Supply and install 200 mm PVC pipe at Parys wastewater plant | Sefako Building Construction and real estate | 125.000.00 |
| (15/11/2020) | Supply and delivery of two submersible pumps | CMS Water Engineering | 350.034.74 |
| | | TOTAL | 1,849,811.54 |

DECEMBER 2020

| TENDER NO | TENDER DESCRIPTION | AWARDED BIDDER | AMOUNT AWARDED |
|-------------|---|-------------------------------------|-------------------|
| 18(11/2020) | Supply and Delivery Of Canon Camera | Vision Dotcom Pty Ltd | 94,399.00 |
| 10(11/2020) | Supply, Delivery and Install 25 X 250mm | De Lange Risk Management | 69,000.00 |
| 17(11/2020) | Supply, delivery and install of wall banner | Vision Dotcom Pty Ltd | 44,800.00 |
| 11(11/2020) | Supply, delivery and install of T4 element for sewer | MMT Consulting Engineers | 88,446.50 |
| 03(11/2020) | Supply and delivery of cold asphalt premix | De Lange Risk Management | 68,600.00 |
| 12(11/2020) | Request of a Service Provider for the Cleaning 1km Storm Water(Kwakhwatsi/Koppies | Castlehill Trading 314 | 184,080.50 |
| 13(11/2020) | Supply and Delivery of Pre-Cast Concrete Palleade(Heilbron) | MMT Consulting Engineering(Pty)(ltd | 97,284.25 |
| | | TOTAL | 646,610.25 |

| |
|--|
| - Total No. of 31 advertised seven days for the Second quarter ended 31 December 2020 |
| - Total Amount of R3 674 744.04 of seven days awarded during the Second quarter ended 31 December 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 |
|---------------------|---|----------------------------|----------------|
| TEC: 51/20/21 | APPOINTMENT OF CONSULTING ENGINEERS FOR THE PROVISION OF PROFESSIONAL ENGINEERING SERVICE TO DESIGN, CONSTRUCTION AND SUPERVISION OF KOPPIES SUB-STATION. | Muteo Consulting Engineers | R3 739 745.00 |
| NLM/MM/MFFC/01/2020 | PROCUREMENT OF MOTOR FLEET THROUGH FINANCE LEASE CONTRACT | Mipone Fleet | R13 930 335.96 |

38
Vehicle

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:

- a) The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state.
- b) That other organ of state and the provider have consented to such procurement in writing.
- c) There is no reason to believe that such contract was not validly procured.
- d) 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.

The accounting officer has considered and approved a total number of 13 procurement transaction totalling R1 658 704 in line with Section 36 of the SCM Regulation (Deviation) (Annexure A, B and C). For the Second quarter ended 31 December 2020.

ANNEXURE A



The Home of Harmony, prosperity and growth

NWATHE LOCAL MUNICIPALITY

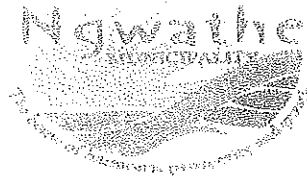
DEVIATION REPORT FOR THE MONTH ENDED 31 OCTOBER 2020

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

| DATE | NAME OF SUPPLIER | REASON FOR DEVIATION | DESCRIPTION | AMOUNT |
|----------|----------------------------|--|--|------------|
| 27-10-20 | Bryn Construction | At Parys Wastewater Treatment Works the standby maturation pond has collapsed and the raw sewer is overflowing to the river. It was treated as an emergency because the pond needed to be refurbished | Refurbish Maturation pond at Parys Wastewater Plant | 144,500.00 |
| 13-10-20 | Ditsoph Holdings (Pty) Ltd | There was no disinfect system for final effluent. The final influent discharge to the river without chlorine. The chlorine dosing system must be installed urgent. Part of the directive by DWS cause we not disinfecting the effluent | Supply, delivery and install motor operated HTH scientific chip dosing system with a shade | 132,456.00 |

| | | | | |
|----------|-------------------------------------|--|---|------------|
| 26-10-20 | Twin Brothers Construction 69 | Hiring of Accommodation for new site at Mbeki section for the people were moved from old site 1919 section to Mbeki area | Hiring of non- flushable chemical toilets | 82,800.00 |
| 07-10-20 | CMS Water Engineering | Pumps at sewer plant were broken, spillage was running in to the River and new one were requested in order to remedy the situation | 7.5 kw sewer submersible pump | 127,681.00 |
| | | | TOTAL | 487,487.00 |

ANNEXURE B



The Home of Harmony, prosperity and growth

NGWATHE LOCAL MUNICIPALITY

DEVIATION REPORT FOR THE MONTH ENDED 30 NOVEMBER 2020

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

| DATE | NAME OF SUPPLIER | REASON FOR DEVIATION | DESCRIPTION | AMOUNT |
|----------|------------------------|--|--|-------------------|
| 24-11-20 | Castlehill Trading 314 | Deviating from seven days' notice because the fire extinguisher where urgently needed | Fire -- extinguisher | 57,500.00 |
| 23-11-20 | Laboratory Gas Africa | The SCM interacted with Technical Department in order to re-advertised for the third time, and through discussion with the technical department, the importance and urgency of the argon gas were highlighted as critical because it is used to test water before dispatching to the community for consumption. the matter is then treated as emergency in order to ensure that untested water is not distributed to the community for consumption | Supply and installation of argon gas at water plant laboratory | 126,836.00 |
| | | | TOTAL | 163,836.00 |

ANNEXURE C



The Home of Harmony, prosperity and growth

NGWATHE LOCAL MUNICIPALITY

DEVIATION REPORT FOR THE MONTH ENDED 31 DECEMBER 2020

The Supply Chain Management Regulation, Section 56 Government Gazette notice 868 of 2005, refers.

| DATE | NAME OF SUPPLIER | REASON FOR DEVIATION | DESCRIPTION | AMOUNT |
|----------|----------------------------|---|----------------------------------|------------|
| 07-12-20 | Chui Project | our quality of water from the reservoirs in Vredefort has deteriorated and the colour of water is brown. 7 days advert was placed, but, the pricing was still above R300,000 14(11/2020) | Cleaning of Reservoirs Vredefort | 185,750.00 |
| 10-12-20 | Pioneer Security | Kindly note that this pioneer Security & Academy has been providing service to the municipality for the past months. Since they operated we have not experience any vandalisms, theft and we have a good working relationship | Security | 115,506.00 |
| 10-12-20 | Pioneer Security & Academy | This security company since they operated the municipality has not experienced any vandalism | Security | 113,755.00 |
| 09-12-20 | Xolani Protection Services | Security services was needed urgent to guard Councillors because there was a strike that was happening in | Security services | 222,507.50 |

| | | Turnahofe from 29/03/2020-29/07/2020 | | |
|----------|----------------------------|--|---------------------|-------------------|
| 10-12-20 | Pioneer Security & Academy | This supplier has been providing service to the municipality for the past months. And since they operated we have not experience any vandalisms, theft and we have a good working relationship | Security services | 173,259.00 |
| 10-12-20 | Aha Sechaba construction | Once off-Phehlang sewerage project excavation was required for the drainage of underground water in the entire area | Hiring of Excavator | 59,400.00 |
| 21-12-20 | Camjet | Jet Blasting Combo was urgently needed to unblock main sewer line in the township next to the railway line in Kwakwatsi-Koppies | Jet Blasting | 117,254.00 |
| | | | TOTAL | 987,431.50 |

-End of Report-