



The Chairperson and Members of
Finance Committee

Notice is hereby given that there will be an Urgent Special Finance and Budget
Committee meeting will be held as follows:

14 October 2021
AT 11:00

Zoom conducted to discuss the items on the agenda.

CLLR ML MOFOKENG
CHAIRPERSON
11 October 2021

A G E N D A

1. Opening and welcome.
2. Application for leave of absence
3. Consideration of the attached reports.

SECTION 2: SUPPLY CHAIN MANAGEMENT REPORT

2.1. 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 September 2021.

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:

JULU 2021

| TENDER NO | TENDER DESCRIPTION | AWARDED BIDDER | AMOUNT AWARDED |
|-------------|--|-------------------------------------|-------------------|
| 15(05/2021) | Request for a professional land surveyor to identify, replace and repegg the beacons on extension 7 (327) sites at vredefort | Erasmus | 67,689.00 |
| 06(04/2021) | Supply and Install 2 x Stainless Sreen for 15cm Space at River Station | Twin Brothers Construction | 129,210.50 |
| 07(05/2021) | Supply and Delivery of Hand Held Gadget | Pumata Trading(Pty)Ltd | 214,400.00 |
| 01(06/2021) | Training on report writing and devlopment of the standard operating procedures | Summat training institute (Pty) Ltd | 46,000.00 |
| | | TOTAL AWARDS | 457,299.50 |

AUGUST 2021

| TENDER NO | TENDER DESCRIPTION | AWARDED BIDDER | AMOUNT AWARDED |
|-------------|---|---------------------------------|----------------|
| 04(04/2021) | Dry wall partitioning and creating ab extra office in the space for HRM | Sejako building construction | 48,700.00 |
| 08(07/2021) | Supply and delivery of equipment | Purpe Maroon projects (Pty) Ltd | 45,057.00 |
| 17(05/2021) | Supply and install 2x flow meter at Parys Waste water treatment plant | Twin Brothers Construction | 198,720.00 |
| 19(05/2021) | Sealing of reservoir at Edenville | Twin Brothers Construction | 116,945.85 |

| | | | |
|-------------|---|-----------------------------------|---------------------|
| 07(07/2021) | Supply and delivery of Stationery | Kleva Black Enterprises (Pty) Ltd | 123,750.00 |
| 08(08/2021) | Appointment of service provider for online law library for 5 users | LexisNexis South Africa (Pty) Ltd | 181,387.78 |
| 07(08/2021) | Appointment of service provider for refurbishment of Koppies garage | Sejako building construction | 193,903.00 |
| 09(08/2021) | Supply and delivery of Jojo tanks | Patsam general dealer | 177,000.00 |
| 09(07/2021) | Supply and Delivery of Stationary | Mchango Consulting & Projects | 123,450.00 |
| 10(07/2021) | Supply and Delivery of Sanction Tank Engine | Castlehill Trading 314 cc | 165,882.90 |
| 12(07/2021) | Supply and Delivery of Heavy Duty Refuse Plastic Bags | Purpe Maroon projects (Pty) Ltd | 86,250.00 |
| 11(07/2021) | Supply of Chemical Reagent for Operational Samples | Purpe Maroon projects (Pty) Ltd | 142,163.00 |
| | | TOTAL AWARDS | 1,603,209.53 |

SEPTEMBER 2021

| TENDER NO | TENDER DESCRIPTION | AWARDED BIDDER | AMOUNT AWARDED |
|-------------|--|----------------------------------|----------------|
| 11(03/2021) | Supply and delivery of illegal dumping notice boards | Castlehill Trading 314 cc | 114,612.50 |
| 04(09/2021) | Repair massey tractor MF440 MRY 532 FS | Phalaphala tours & Enterprise cc | 68,000.00 |
| 05(09/2021) | Supply and delivery of plumbing material | Phalaphala tours & Enterprise cc | 193,000.00 |
| 04(06/2021) | request for cleaning of 2k storm water channel (Kwakwatsi/Koppies) | Mhapebokho Trading | 145,000.00 |
| 09(09/2021) | Supply and delivery of Laptops | High Life Holdings(Pty)Ltd | 155,699.89 |

| | | | |
|-------------|---|-----------------------------------|---------------------|
| 10(08/2021) | Two x Replacement of Water Motor Pump 5.5kw.(Edenville) | Patsam General Dealer | R70,000.00 |
| 01(07/2021) | Supply and delivery of 250 food parcel | Castlehill Trading 314 | 121,612.50 |
| 03(08/2021) | Supply and delivery of plumbing material | Mchango consulting | 189,100.00 |
| 13(05/2021) | Sealing of reservoirs | Bryn Construction | 175,900.00 |
| 01(08/2021) | Supply and delivery of plumbing material | Patsam General Dealer | 187,000.00 |
| 04(08/2021) | Supply and delivery of sewer pump | Rch Trading Cc | 55,542.47 |
| 02(08/2021) | Supply and delivery of plumbing material | Fabritech Engineering & Suppliers | 198,316.81 |
| 10(08/2021) | Supply and delivery of wipes 120 buckets | Violets & Roses (pty) Ltd | 75,600.00 |
| 06(07/2021) | Supply and delivery of plumbing material | Patsam General Dealer | 142,000.00 |
| | | TOTAL AWARDS | 1,638,771.67 |

| |
|--|
| - Total No. of 30 advertised seven days for the first quarter ended 30 September 2021 |
| - Total Amount of R3 699 280.70 of seven days awarded during the first quarter ended 30 September 2021 |

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:TEC/06/2021/02 | Refurbishment / Upgrading of the Existing Waste Water Treatment Works in Vredefort / Mokwallo | Elebone Multi-Purpose | 11,449,226.75 |

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:

- The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state.
- That other organ of state and the provider have consented to such procurement in writing.
- There is no reason to believe that such contract was not validly procured.
- 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 19 procurement transaction totaling R4,240,245.92 in line with Section 36 of the SCM Regulation (Deviation) (Annexure A, B and C). For the first quarter ended 30 September 2021.

ANNEXURE A



The home of harmony, prosperity and growth.

DEVIATION REPORT FOR THE MONTH ENDED 31 JULY 2021

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

| DATE | NAME OF SUPPLIER | REASON FOR DEVIATION | DESCRIPTION | AMOUNT |
|--------------|----------------------------|---|---|---------------------|
| 16/07/2021 | Poineer Security & Academy | The Municipality Security does not have the capacity to deal with all theft | Security personnel | 269,514.00 |
| 16/07/2021 | Poineer Security & Academy | The Municipality Security does not have the capacity to deal with theft | Security personnel | 269,514.00 |
| 16/07/2021 | Bryn Construction | The raw sewer was overflowing to the river because the ponds was collapsed | Refurbish the secondary pond at parys | 305,785.00 |
| 16/07/2021 | Poineer Security & Academy | Formal request for the municipality to extend the external security service in order to deal with high theft at municipal buildings | Security (eskom, mimosa, sewer and pump station) | 269,514.00 |
| 16/07/2021 | Bryn Construction | The collapse of the pond directly resulted on the untreated sewerage to gravitate directly into the river, a pollution of fence when picked up by DWS or department of fisheries that could have been a direct misconduct or criminal offense laid against the municipal. | The collapse of the pond directly resulted on the untreated sewerage. | 141,621.92 |
| 16/07/2021 | Twin brothers Construction | Golf state the submersible pump was broken a pump station. Raw sewage was running straight into the river. People were complaining of bad smell. | Supply and install pump (7.5kw motor) at main gate pump station | 239,372.50 |
| TOTAL | | | | 1,495,321.42 |

ANNEXURE B



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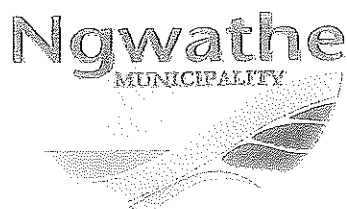
DEVIATION REPORT FOR THE MONTH ENDED 31 AUGUST 2021

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

| DATE | NAME OF SUPPLIER | REASON FOR DEVIATION | DESCRIPTION | AMOUNT |
|------------|----------------------------|---|-------------------------------------|------------|
| 27/08/2021 | Pioneer Security & Academy | The Municipality does not have the capacity to deal with all theft burglaries | Security personnel | 269,514.00 |
| 27/08/2021 | Pioneer Security & Academy | The Municipality does not have the capacity to deal with all theft burglaries | Security personnel | 269,514.00 |
| 05/08/2021 | Twin brothers Construction | Request for an accounting officer to allow an emergency work to happen in vredefort, because of sewer line and main hall that has collapse. As results of that sewer is running directly into the river steam and polluting the area. | Replace 400 meter, sewer line | 923,542.00 |
| 05/08/2021 | Twin brothers Construction | Golf state the submersible pump was broken a pump station the raw sewer was running to the river. The provide was instructed to replace submersible by centrifugal pump to avoid the spillages. | Supply and install cornell pump set | 403,664.37 |

| | | | | |
|------------|----------------------------|--|----------------------|---------------------|
| 05/08/2021 | Pioneer Security & Academy | formal request for the municipality to extend the external security services in order to deal with higher theft at municipal building, the municipality security does not have the capacity to deal with all theft and burglaries taking place at municipal buildings due to required numbers. | Security at Heilbron | 64,584.00 |
| 05/08/2021 | Tshisamamo Projects | Formal request for the municipality to appoint an external security services at their following points sewer plant, water plant and multipurpose center in koppies in order to deal with higher theft of property at municipal buildings | Security at Koppies | 115,320.00 |
| 20/08/2021 | Pioneer Security & Academy | The Municipality does not have the capacity to deal with all theft burglaries | Security at Heilbron | 64,584.00 |
| TOTAL | | | | <u>2,110,722.37</u> |

ANNEXURE C



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DEVIATION REPORT FOR THE MONTH ENDED 30 SEPTEMBER 2021

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

| DATE | NAME OF SUPPLIER | REASON FOR DEVIATION | DESCRIPTION | AMOUNT |
|------------|----------------------------|---|---|-----------|
| 14/09/2021 | CMS Water Engineering | Drill and tap on a T10 Gorman Rupp pump at river pump station the bolts was stripped | Parys river pump station T10 casing drill and tap | 14,720.00 |
| 15/09/2021 | Pioneer Security & Academy | The municipality's security does not have the capacity to deal with all theft and burglaries taking place at municipal buildings due to required numbers therefore. Also we are still having a contractual glitch with the newly appointed security company | Security Services | 28,566.00 |
| 20/09/2021 | Pioneer Security & Academy | The municipality's security does not have the capacity to deal with all theft and burglaries taking place at municipal buildings due to required numbers therefore. Also we are still having a contractual glitch with the newly appointed security company | Security Services | 77,004.00 |

| | | | | |
|------------|-----------------------------------|--|--|-------------------|
| 02/09/2021 | Twin brothers Construction | Greenfields section is situated in ward 5, phiritona, there has been a sewage spillage on the yards of house located on the outskirts of the area for some time. This is caused by the failure of the pump station that was built in 2018 as part of the scope of work funded by the department of water and sanitation. | Honey sucker combo truck | 103,275.75 |
| 20/09/2021 | Mdzili's Trading Enterprise | Service provider which came to replace roof plate of a reservoir in edenville because it was dilapidated and broken, company took approximately 8 days to finish work. | Fixing of Booster pump (Edenville) | 39,517.01 |
| 13/09/2021 | Twin brothers Construction | At Golf Estate the submersible pump was not working and the raw sewer was running to the river. Service provider was urgently needed to replace the submersible pump to avoid any spillage at Pump Station B | Supply and Install of Cornell self priming centrifugal pump at Golf Estate Section B | 371,119.37 |
| | | | TOTAL | 634,202.13 |

-End of Report-