

REPORT TO THE MAYORAL COMMITTEE BY THE DIRECTOR: FINANCE AND CORPORATE SERVICES: MEETING 7 NOVEMBER 2012

1. BUDGET AND TREASURY BRANCH

1.1 MATTERS TO BE CONSIDERED IN TERMS OF DELEGATED AUTHORITY AND FOR INFORMATION

1.1.1 Supply Chain Management Report – Quarter ended September 2012

Introduction

In terms of paragraph 6 of the Supply Chain Management Policy, the Council must maintain oversight over the implementation of this policy to ensure that the accounting officer implements all supply chain management activities in accordance therewith.

In order to comply, the accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of this policy to the mayor.

These reports must be made public in accordance with Section 21a of the Municipal Systems Act.

Progress and Compliance

Progress

A Supply Chain Management (SCM) workshop was held on the 17th of September 2012 to inform employees of Cacadu District Municipality (CDM) of the SCM processes and procedures to be followed when performing acquisitions for the municipality.

The workshop was a success, with more than half of the employees of CDM in attendance. There was a lot of interaction and information sharing. The programme for the workshop is attached as **Annexure “ ”, page**

SCM was also part of a Supply Chain Management Roadshow headed by Councillor Pieters. The main objective of the Roadshow was to inform suppliers or service providers within the Cacadu district on the importance of registering on CDM suppliers' database in order to do business with CDM. Suppliers were also equipped with information on how to do business with the municipality.

Compliance

Monthly reports are submitted to Provincial Treasury and National Treasury in respect of procurement of goods and services above R 100 000 manually because the electronic reporting system that was introduced is not functioning properly (this matter has been brought to their attention).

Challenges and Constraints

Internal Controls within SCM have been strengthened and improved significantly by introducing the following to ensure compliance to the SCM Policy:

- Checklist before payment is made
- Checklist to the Bid Adjudication Committee
- Deviations System
- Evaluation and awarding of quotes between R 30 000 and R 200 000.

The controls implemented will assist in compliance with SCM regulations. However, these controls will not address non-compliance of awards made prior to the implementation of these controls. It is envisaged that non-compliance will be eliminated upon fulfilment of these awards.

Although the above controls have been implemented, the following issues are still occurring:

- Suppliers being appointed by departments without an official order,
- Requisitions not submitted timeously for processing of orders e.g. travelling accommodation and catering,
- Employees misusing the verbal quotations method of procurement
- Suppliers not responding timeously, or not at all, to requests for quotations
- Suppliers not properly registered on the database

Solutions and Way Forward

Solutions and controls for the challenges and constraints above are:

- Obtained reasons from requesters as to why service providers were appointed without an official order. These suppliers were also informed that no services may be rendered for CDM without an official order from CDM.
- The SCM unit has 5 working days to complete an order after receipt of the requisition, which must be taken into account by requesters.
- Verbal quotations are randomly verified by SCM unit to confirm validity.

- SCM unit participated in the SCM Roadshow, to inform potential suppliers of requirements, including prompt response to quote requests.
- Suppliers not properly registered on the database were requested in writing and verbally to comply.

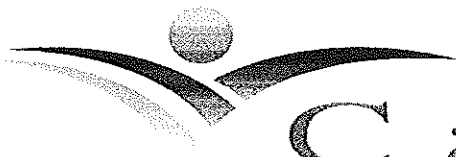
Supply Chain Management Information for the quarter

- Awards above R200 000 (refer to Annexure “ ”, page)
- Awards between R30 000 and R 200 000 (refer to Annexure “ ”, page)
- Awards between R2 000 and R30 000 (refer to Annexure “ ”, page)
- BBBEE Ratings of Standard Service Providers (refer to Annexure “ ”, page)
- Deviations Approved (refer to Annexure “ ”, page)

A summary of the deviations approved during the quarter are as follows:

Deviation	Qty	Value
Emergency	7	158 997.88
Single Provider	7	194 965.70
Impractical or impossible to follow the official procurement processes	6	1 383 098.94
Total	20	1 737 062.52

Submitted for information



C a c a d u
DISTRICT MUNICIPALITY
 Province of the Eastern Cape
 progress through development

Workshop: Supply Chain Management Policy and Procedures Workshop

Date : 17 September 2012

Venue : Council Chambers

Programme

09:00	Opening	Executive Mayor
09:15	Presentation Overview of the SCM Policy	Mr G Daya (NT) & Adv V.D Berg
10:15	Procedures and SCM Regulations relating to the Procurement of Goods and Services - R1 – R2000 - R2001 – R30 000 - R30 001 – R200 000 Official Tender Process	CDM Supply Chain Management: Mr Zimvozethu Madyibi Director: Finance & Corporate Services
11:00	Dealing with Deviations from SCM Regulations and Policies	Acting Manager: Finance
11:30	Comfort Break	
11:45	Role and Responsibilities BSC, BEC and BAC - Importance of detailed tender specifications. - Importance of the Bid Evaluation Process - Importance of Bid Adjudication Process	Acting Manager Finance
12:30	How to avoid and deal with Unauthorised Irregular, Fruitless and Wasteful Expenditure	Director: Finance and Corporate Services
13:00	Lunch	
13:30	Further Discussions on how to deal with Practical SCM Problems and Improving Working Relationships to improve Service Delivery	Municipal Manager
14:30	End	

AWARDS ABOVE R200 000 (JULY 2012 - SEPTEMBER 2012)

SERVICE PROVIDER	BID/ QUOTE NUMBER	CONTRACT DESCRIPTION	CONTRACT AMOUNT (INCLUDING VAT)	DATE OF APPOINTMENT	BBBEE LEVEL OF SERVICE PROVIDER
1 Inani Dynamic Solution	Tender 46/2012	Supply of Plumbing, Material & Tools (Section B)	R 270 077.15	09/07/2012	0
2 Fort Hare Solutions	BAC 09/07/2012	Coordination, Mobilisation of registered Cooperatives into a District Cooperative forum	R 430 920.00	09/07/2012	0
3 O.M.A Chartered Accountants Inc	Tender 52/2012	Value Added Tax (VAT) Audit and Apportionment Calculation	5.7% of Vat Recoveries	23/07/2012	1
4 Umhlaba Consulting	Tender 53/2012	Drafting of Cacadu Spatial Development Framework 2013/17	R 660 174.00	23/07/2012	1
5 Biz Afrika 118 (Pty) Ltd	Tender 42/2012	Supply the Combi Kerbs and Edging (Section A)	R 610 287.60	23/07/2012	3
6 Biz Afrika 118 (Pty) Ltd	Tender 42/2012	Supply the Building Material (Section B)	R 759 240.00	23/07/2012	3
7 Zale Developments	Tender 42/2012	Supply of Cement (Section C)	R 707 037.12	23/07/2012	3
8 Eurocoat Trading Enterprise	Tender 42/2012	Supply and Delivery of Plumbing Material & Tools (Section B)	R 294 098.16	06/08/2012	3
9 SRK Consulting Engineers	BAC 20/08/2012	Water Source Exploration	R 995 500.00	20/08/2012	0
10 MS & H Maintenance & Cleaning	Bid 58/2012	Construction of New Library in Aeroville (Somerset East)	R 1 222 124.57	25/09/2012	0
11 Port Elizabeth Multi Franchise	Bid 62/2012	Outright purchase of two 2.0 litre automatic petrol SUV	R 628 839.12	11/09/2012	8
12 Richard Nzuza	Deviation 113	Electrification of DMA Settlements	R 1 000 055.00	13/09/2012	0
			R 7 578 352.72		

AWARDS BETWEEN R 30.000 to R 200.000

Service Provider	Reference Number	Order Description	Order Amount	Order Date	BBBEE Rating	Requesting Department
1 Flowing Dessert Trading	Tender 46/2012	Supply of Water Tanks (Section A)	R 130 148.10	09/07/2012	3	Engineering
2 VITAFoAM SA (PTY) LTD	311401	Purchases of Mattresse 1880 X 760 X 75 serve weather wami	65 000.00	16/07/2012	4	Disaster Recovery
3 CQS TECHNOLOGY HOLDINGS PTY LTD	311407	Caseware annual licence fees for Financial statements	57 980.40	16/07/2012	0	Finance and Administration
4 Africop International Properties	Deviation 102	Parking for the Municipality (Grace Street)	R 144 912.00	25/07/2012	0	Engineering
5 RAMSAY MEDIA (PTY) LTD	311501	Exhibition Space, Getaway Show 31 August - 2 September 2012	62 483.40	08/08/2012	0	Economic Development
6 CERFONTEIN BUILDERS	311547	Repairs to the dampness due to water seepage after heavy rain	68 600.00	20/08/2012	0	Engineering
7 Boomtown Strategic Brand Agency	Quote 65/2012	Printing of Getaway Show 2012 Marketing Material	R 164 613.38	24/08/2012	2	Economic Development
8 CARLSON WAGON TRAVEL ASSOCIATES	311598	Conference for 6&7 September 2012 as well as accommodation	34 198.80	31/08/2012	0	Disaster Recovery
9 CARLSON WAGON TRAVEL ASSOCIATES	311657	ACCOMODATING DELEGATES FROM BAVIAANS, BCMR, IKWEZI, KKM, KOUGA	41 396.00	12/09/2012	0	Management
10 STEYNBERG S P	311675	Mentorship in Red Meat Production for MIMOSADALE FARM in Gra	45 600.00	14/09/2012	0	Economic Development
11 ELLIOTT A R	311672	Mentorship for LAMONEY FAMILY TRUST in Ndlambe for the remai	49 795.20	14/09/2012	0	Economic Development
12 DOS SANTOS G	311673	Mentorship for POULTRY Project for BAFAZI PHAMBILI for the r	39 501.00	14/09/2012	0	Economic Development
13 Mr Gerrit Dos Santos	Deviation 117	Mentorship for the Bafazi Phambili Co-Op	R 158 004.00	14/09/2012	0	Economic Development
14 SYSTEMS SERVICES	311700	Supply and delivery of connect with cacadu branded flash dis	43 320.00	20/09/2012	4	Human Resources
15 IHS INFORMATION & INSIGHT (PTY) LTD	311736	Renewal subscription for 12 months with Global Insight (Regi	63 156.00	27/09/2012	0	Economic Development
			R 1 168 708.28			

AWARDS (ORDERS) BETWEEN R 2,000 to R 30,000

Department	Qty	Amount
Office of the Mayor	109	560 972.42
Office of MM	54	272 787.14
Infrastructure and Planning	31	195 347.94
Economic Development	16	109 982.69
Finance and Admin	54	392 967.46
	264	1 532 057.65

**BBBEE RATINGS OF STANDARD SERVICES PROVIDERS
PAID DURING THE PERIOD (JULY 2012 - SEPTEMBER 2012)**

BBBEE Rating	No. of Suppliers Paid	Amount R	%
0	90	8 084 156.01	65.54
1	5	51 320.69	0.42
2	3	263 355.69	2.14
3	22	2 521 526.34	20.44
4	12	571 790.07	4.64
5	1	4 780.00	0.04
6	4	326 310.92	2.65
7	0	0	0.00
8	1	510 839.12	4.14
		12 334 078.84	

DEVIATIONS REGISTER (JULY 2012- SEPTEMBER 2012)

Date	Ref	Supplier Name	Description of goods/services	Amount	Department	Reason for deviations
01/07/2012	74	Aspire Solutions	Annual Maintenance of a system developed by Aspire Solutions	R 35 568.00	MM	in any other exceptional case where it is impractical or impossible to follow the official procurement processes
05/07/2012	92	Onwa Trading	Transportation of water tanks and provision of water	R 29 600.00	IS&P	in any other exceptional case where it is impractical or impossible to follow the official procurement processes
13/07/2012	93	VitaFoam	Matresses for Disaster (Floods in Cacadu)	R 65 000.00	IS&P	emergency
16/07/2012	94	Dry Force	Drying at 7th Floor after heavy rains	R 2 736.00	IS&P	emergency
23/07/2012	98	VitaFoam	Delivery of Matresses	R 3 420.00	IS&P	emergency
20/07/2012	99	Pennypinchers Hardware	Purchase of water tanks for supply of water	R 14 959.94	IS&P	in any other exceptional case where it is impractical or impossible to follow the official procurement processes
25/07/2012	102	Africop International Properties	Parking for the Municipality (Grace Street)	R 144 912.00	F&CS	in any other exceptional case where it is impractical or impossible to follow the official procurement processes
08/08/2012	97	Jeffreysbay Superspar	Flood Affected areas - Food for displaced communities	R 8 991.88	IS&P	emergency
01/08/2012	104	Ramsay Media	Exhibition Space (Gauteng Getaway Show 2012 consumer show)	R 62 483.40	ED	such goods or services are produced or available from a single provider only
15/08/2012	105	QPS Trading Enterprise cc	Reconnecting of dismantled sewerage pipes	R 6 750.00	IS&P	emergency
16/08/2012	106	Cerfontein Builders	Repairs @ 7th floor due to heavy rain and flooding	R 68 600.00	IS&P	emergency
20/08/2012	107	QPS Trading Enterprise cc	Removal of Human Waste off the walls	R 3 500.00	IS&P	emergency
22/08/2012	110	Ulwazi Directories	Directory listing in South African Government Directory	R 10 254.30	F&CS	such goods or services are produced or available from a single provider only
27/08/2012	112	Pro Adz	Listing of CDM in the Yellow Pages	R 13 674.00	F&CS	such goods or services are produced or available from a single provider only
06/09/2012	116	Blue Sky (Excelisior)	Supply of ADSL in New Bertheza	R 39 600.00	F&CS	such goods or services are produced or available from a single provider only
14/09/2012	117	Mr Gerrit Dos Santos	Mentorship for the Bafazi Phambili Co-Op	R 158 004.00	ED	it is impractical or impossible to follow the official procurement processes
12/09/2012	121	Avusa Media	Advertising of Heritage sites supplement	R 11 970.00	ED	such goods or services are produced or available from a single provider only
12/09/2012	122	Cape Media	Placing of Karoo Advert in Explore SA	R 27 303.00	ED	such goods or services are produced or available from a single provider only
13/09/2012	113	Richard Nzuza	Electrification of DMA Settlements	R 1 000 055.00	IS&P	it is impractical or impossible to follow the official procurement processes
19/09/2012	115	Animal Outreaches	Outreach programme for animals	R 29 681.00	IS&P	such goods or services are produced or available from a single provider only
				R 1 737 062.52		