

Additional information is attached as ANNEXURE "D1" (page 138).

Submitted for information.

4.1.3 Supply Chain Management Report – Quarter ended December 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

SCM continued being part of a Supply Chain Management Roadshow headed by Councillor Pieters. The SCM roadshow continued in four Local Municipalities that were outstanding from the previous quarter. 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.

CDM with GIZ and Provincial Treasury launched a Practical Guideline for the Implementation of a SCM Policy on 13 December 2012 at Cacadu District Municipality.

The SCM unit is continually endeavouring to improve internal controls to ensure compliance.

Compliance

Monthly reports are submitted to Provincial Treasury and National Treasury in respect of procurement of goods and services above R100 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 including comments from SCM to assist authorisers
- Evaluation and adjudication of quotes between R30 000 and R200 000 by committee structures.

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:

- 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
- The vacant position of Senior Buyer has not been filled

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.
- The possibility of centralising all SCM functions will be investigated.

Another SCM workshop will be held in the 3rd quarter of the financial year to update employees of SCM practices and procedures.

Supply Chain Management Information for the quarter

- Awards above R200 000 (refer to ANNEXURE "E1" (page 139)).
- Awards between R30 000 and R200 000 (refer to ANNEXURE "F1" (page 140)).
- Awards between R2 000 and R30 000 (refer to ANNEXURE "G1" (page 141)).
- BBBEE Ratings of Standard Service Providers (refer to ANNEXURE "H1" (pages 142)).
- Deviations Approved (refer to ANNEXURE "I1" (pages 143-144)).
- Programme for the launch of Practical Guideline for the Implementation of a SCM Policy (refer to ANNEXURE "J1" (page 145)).

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

Deviation	Qty	Value
Emergency	2	R97 832.00
Single Provider	2	R184 200.00
Impractical or impossible to follow the official procurement processes	21	R718 482.60
Total	25	R1 000 514.60

Submitted for information.

4.2 RECOMMENDATIONS TO COUNCIL

4.2.1 Mid-year Budget and Performance Assessment Report (December 2012)

Introduction

Section 72 of the Municipal Finance Management Act requires the Accounting Officer to, no later than 25 January of each year –

- (a) assess the performance of the municipality during the first half of the financial year, taking into account -
 - (i) the monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
- (b) submit a report on such an assessment to –
 - (i) the mayor of the municipality;
 - (ii) the National Treasury; and
 - (iii) the relevant provincial treasury.

The Accounting officer must, as part of the review –

- (i) make recommendations as to whether an adjustments budget is necessary; and
- (ii) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Section 72 of the Municipal Finance Management Act requires the Accounting Officer to, no later than 25 January of each year –

AWARDS ABOVE R200 000 (OCTOBER 2012 - DECEMBER 2012)

	SERVICE PROVIDER	BID/ DEVIATION NUMBER	CONTRACT DESCRIPTION	CONTRACT AMOUNT (INCLUDING VAT)	DATE OF BAC	BBBEE LEVEL OF SERVICE PROVIDER
1	Oversea Developers	Bid 43/2012	Erection of Ski-Cabin Shelter Point in Kleinpoort	R 573 023.14	06/11/2012	3*
2	Ntsimbi Construction Group & Services	Bid 63/2012	Construction of a New Library in Riebeeck East	R 1 234 254.52	06/11/2012	3*
3	Rural Metro Emergency Management Services (Pty) Ltd	Bid 59/2012	Provision of Accredited Fire Fighting Training of Fire Fighters	R 861 091.50	16/11/2012	2*
				R 2 668 369.16		

* BBBEE Status as per Bid Documentation

INFORMATION FROM BAC AGENDAS
INCLUDE DEVIATIONS FOR AMOUNTS ABOVE R200 000

AWARDS BETWEEN R 30,001 to R 200,000 (OCTOBER 2012 - DECEMBER 2012)

Service Provider	Reference Number	Description	Amount	Date	BBBEE Rating	Requesting Department
1 LULUTHO SKILLS TRANSFER	QUOTATION 70/2012	PATERSON-SUPPLY & SUPERVISION OF LABOUR FOR INSTALLATION OF	130 000.00	02/10/2012	0	PLANNING AND INFRASTRUCTURE SERVICES
2 LULUTHO SKILLS TRANSFER	QUOTATION 71/2012	PATERSON-SUPPLY & SUPERVISION OF LABOUR FOR INSTALLATION OF	130 000.00	02/10/2012	0	PLANNING AND INFRASTRUCTURE SERVICES
3 MARS TECHNOLOGIES (PTY) LTD	QUOTATION 72/2012	SUMSANG GALAXY TABLETS AS PER QUOTE 72/2012	123 741.07	10/10/2012	1	FINANCE AND CORPORATE SERVICES
4 EVALUNET (PTY) LTD	DEVIATION 142	EVALUNET BIBLION LICENCE RENEWAL FOR 35 LIBRIES FOR CWITHC P	150 000.00	02/11/2012	0	FINANCE AND CORPORATE SERVICES
5 V AND A AIRCONDITIONING	QUOTATION 56/2012	SUPPLY AND INSTALLATION OF 2 AIR CONDITIONERS (36000BTU) AT	53 808.00	15/11/2012	0	PLANNING AND INFRASTRUCTURE SERVICES
6 SPECIALIZED INDUSTRIAL SERVICES CC	DEVIATION 148	100X5MM ZINC PLATED GUTTER BOLTS WITH NYLOCK NUT 75X6MM ZINC	61 294.78	15/11/2012	0	PLANNING AND INFRASTRUCTURE SERVICES
7 C J VAN DEN BERG	DEVIATION 149	ROLES AND RESPONSIBILITIES FOR CACADU DISTRICT MUNICIPALITY	49 000.00	29/11/2012	0	MUNICIPAL MANAGER
8 C J VAN DEN BERG	DEVIATION 149	ROLES AND RESPONSIBILITIES FOR KOUGA MUNICIPALITY	45 000.00	29/11/2012	0	MUNICIPAL MANAGER
9 C J VAN DEN BERG	DEVIATION 149	ROLES AND RESPONSIBILITIES FOR BAVIAANS MUNICIPALITY	43 200.00	30/11/2012	0	MUNICIPAL MANAGER
10 YES MEDIA CC	DEVIATION 125	1X DOUBLE PAGE FULL COLOUR MUNICIPALITY PROFILE WITHIN THE L	34 200.00	09/10/2012	4	DEVELOPMENT FACILITATION
11 DOS SANTOS G	DEVIATION 117	MENTORSHIP IN POULTRY PRODUCTION AND MANAGEMENT FOR BAFAZI P	118 503.00	19/10/2012	0	ECONOMIC DEVELOPMENT
12 ELLIOTT C B	DEVIATION 129	MENTORSHIP IN RED MEAT PRODUCTION FOR INDYEBO FARMING TRUST	85 956.00	08/11/2012	0	ECONOMIC DEVELOPMENT
13 E OLIVIER	DEVIATION 38	MENTORSHIP FOR PRODUCTION AND MANAGEMENT FOR ARBEDEEN PIGGER	121 600.00	10/12/2012	0	ECONOMIC DEVELOPMENT
14 P L MOOLMAN	DEVIATION 42	MENTORSHIP FOR VUKUZENZELE TRUST IN PEARSTON FOR THE REMAIND	125 400.00	02/10/2012	0	ECONOMIC DEVELOPMENT
15 INTENJU COMMUNICATIONS CC	QUOTATION 69/2012	SUPPLY AND DELIVERY OF BRANDED CALENDARS & DIARIES FOR 2013	52 554.00	01/10/2012	0	FINANCE AND CORPORATE SERVICES
16 DUMISA DESIGN AND ADVERTISING PTY LTD	QUOTATION 85/2012	SUPPLY AND DELIVERY OF 110 STAINLESS STEEL PORTABLE BRAAL SE	57 243.28	20/11/2012	0	OFFICE OF THE MAYOR
17 FALCOWEB	QUOTATION 64/2012	QUOTATION NO 64/2012- CONSTRUCTION OF PRECAST VENTILATED IMP	158 201.22	02/10/2012	3	PLANNING AND INFRASTRUCTURE SERVICES
18 VITAFOAM SA (PTY) LTD	DEVIATION 139	PURCHASING OF MATTRESSES FOR NDLAMBE MUNICIPALITY FLOOD RELIEF	65 000.00	19/10/2012	4	PLANNING AND INFRASTRUCTURE SERVICES
			R 1 604 701.35			

* BBBEE Status as per Quote Documentation

INFORMATION FROM FORMAL QUOTE PROCESS INCLUDE DEVIATIONS FOR AMOUNTS R30,001 - R200,000

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

Department	Qty	Amount
Office of the Mayor	72	333 497.23
Office of MM	44	348 406.03
Infrastructure and Planning	32	298 883.40
Economic Development	8	47 366.01
Finance and Admin	59	354 103.66
	215	1 382 256.33

**BBBEE RATINGS OF STANDARD SERVICES PROVIDERS
DURING THE PERIOD (OCTOBER 2012 - DECEMBER 2012)**

BBBEE Rating*	No. of Orders made to Suppliers	Amount R	%
0	298	2 636 460.97	77.23
1	9	147 138.74	4.31
2	8	41 645.34	1.22
3	51	431 084.84	12.63
4	4	127 492.18	3.73
5	0	0.00	0.00
6	2	29 805.08	0.87
7	0	0.00	0.00
8	0	0.00	0.00
		3 413 627.15	

* BBBEE Rating as per supplier database

DEVIATIONS REGISTER (OCTOBER 2012 - DECEMBER 2012)

Date	Ref	Supplier Name	Description of goods/services	Amount	Department	Reason for deviations
04/10/2012	125	Yes Media	Publishing of Double Page Full Colour Municipality Profile in the Local Government handbook 2013	R 34 200.00	ED	such goods or services are produced or available from a single provider only
15/10/2012	129	Mr CB Elliot	Mentorship at Longvale Farm	R 128 934.00	ED	in any other exceptional case where it is impractical or impossible to follow the official procurement processes
17/10/2012	132	ImesaConference	Annual Conference fee for Municipal Engineers for Mr Makedama	R 5 000.00	IS&P	in any other exceptional case where it is impractical or impossible to follow the official procurement processes
19/10/2012	136	African Textiles	Disaster Recovery Blankets (Floods in Cacadu)	R 32 832.00	IS&P	in any other exceptional case where it is impractical or impossible to follow the official procurement processes
19/10/2012	139	Vitafoam	500 Mattresses for disaster Recovery (Floods in Cacadu)	R 65 000.00	IS&P	emergency
24/10/2012	141	Sunset Body Works	Excess for repairs done on Disaster's Double Cab	R 2 500.00	F&CS	in any other exceptional case where it is impractical or impossible to follow the official procurement processes
25/10/2012	137	Boltina Deang Architecture	Building plans for the construction of Jansenville Library.	R 26 492.18	IS&P	in any other exceptional case where it is impractical or impossible to follow the official procurement processes
31/10/2012	142	Evalunet (Pty) Ltd	Annual subscription for Biblical Program used for connect with Cacadu	R 150 000.00	F&CS	official procurement processes
08/11/2012	143	Luiutho Skills	Paterson Rainwater Harvesting	R 69 500.00	IS&P	such goods or services are produced or available from a single provider only
09/11/2012	147	SAIEH 2012	Conference Fee for Mr Makedama, MS Plata & MS Somi attending 3rd All Africa Congress on Environmental Health at ICC Durban	R 10 500.00	IS&P	it is impractical or impossible to follow the official procurement processes
14/11/2012	148	Specialized Industrial Services Agency	Aluminium support brackets for rain water harvesting	R 61 294.78	IS&P	it is impractical or impossible to follow the official procurement processes
21/11/2012	145	Primeserv HR Solutions	Facilitating Training	R 7 113.60	F&CS	it is impractical or impossible to follow the official procurement processes
21/11/2012	149	CJ Van der Berg	Review of Rules, orders and roles and responsibilities	R 191 000.00	MM	it is impractical or impossible to follow the official procurement processes
23/11/2012	152	Annete Oelofse Mohair	Gifts for chinese delegations	R 7 600.00	IS&P	it is impractical or impossible to follow the official procurement processes
18/12/2012	144	Maisha Development Engineers	Fill Gap in the 2008 ITP Review	R 75 000.00	IS&P	official procurement processes
03/12/2012	154	Lukhona Catering	Provision of a Temp Tea Lady	R 2 098.04	F&CS	it is impractical or impossible to follow the official procurement processes
04/12/2012	155	Aqhama HR Services	Course for D Klaasen and Z Sibeko for "Events Management" on 05 - 06 December 2012	R 28 000.00	F&CS	official procurement processes
05/12/2012	156	SD Janse Van Vuuren	Transportation of people from Baviaans to Graaf-Reinet	R 62 000.00	MM	it is impractical or impossible to follow the official procurement processes
05/12/2012	157	Tommy Claasen	Transportation of people from Blue Crane Route Municipality to Graaf Reinet	R 4 500.00	MM	it is impractical or impossible to follow the official procurement processes

Date	Ref	Supplier Name	Description of goods/services	Amount	Department	Reason for deviations
05/12/2012	158	Koetaan Bus Service	Transportation of people from ikwezi to Graaf Reinet	R 5 200.00	MM	it is impractical or impossible to follow the official procurement processes
05/12/2012	159	The Angler & Antelope	Accommodation for seven people	R 7 525.00	MM	it is impractical or impossible to follow the official procurement processes
05/12/2012	160	Front Foot Strategic	Executive Mayor and Speaker De Vos attending Corporate Government Seminar	R 7 695.00	MM	it is impractical or impossible to follow the official procurement processes
05/12/2012	161	Add Skills	Typing Speed test for a typist	R 2 280.00	F&CS	it is impractical or impossible to follow the official procurement processes
12/12/2012	164	Spandau Trio Grocer T/A Spar	Executive Mayor sponsoring 12 staff members at Graaf Reinet	R 12 000.00	MM	it is impractical or impossible to follow the official procurement processes
15/12/2012	163	Deloitte Consulting	Meeting attendance with MM and CFO	R 2 250.00	F&CS	it is impractical or impossible to follow the official procurement processes
				R 1 000 514.60		



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

LAUNCH OF SCM GUIDELINE

PURPOSE OF THE EVENT:

- Overview on the outcome of the project undertaken jointly by Cacadu District Municipality, Eastern Cape Provincial Treasury and GIZ
- Handover of "Practical implementation guideline for SCM policy"
- Networking
- Supporting the implementation

PROGRAMME:

Programme Directors: Mr Danie de Lange (CDM) and Mr Girish Daya (GIZ)

TIME	ITEM	PARTICIPANTS
10h00 – 10h15	Arrival & welcome	All
10h15 – 10h40	Opening	Executive Mayor Cllr Kekana
10h40 – 10h55	Overview of the project	Girish Daya
11h00 – 11h20	Key note input	National Treasury SCM Unit – Chief Director Henry Malinga
11h20 – 12h00	Presentation of guidelines	Mr Danie de Lange
12h00 – 13h00	Messages of support	Eastern Cape Provincial Treasury
		GIZ
		Advocate CJ van den Berg
		CDM