

REPORT TO THE MAYORAL COMMITTEE BY THE DIRECTOR: FINANCE AND CORPORATE SERVICES: 16 OCTOBER 2013

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 2013

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.

Relevant Legislation

Section 6(3) of the Supply Chain Management Regulations
Section 21A of the Municipal Systems Act

Progress and Compliance

Progress

The Supply Chain Management Unit is functioning very well and working as a team to enforce compliance at all times.

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

Compliance and Reporting

A financial system is in place

The database for suppliers is operated on APPX, and the system is continuously updated.

Monthly Reports

- Monthly reports are submitted to Provincial Treasury and National Treasury (NT) in respect of procurement of goods and services above R100 000. Reports on all awards made above R 100 000 were submitted to Provincial Treasury, but not within the prescribed timeframe as required by the Provincial Treasury.
- All awards made above R 30 000 have been placed on the Municipal Website.

Appointment of SCM Accountant

The Accountant: SCM was appointed on the 5 August 2013. He is in the process of familiarizing himself with internal processes and with the financial system (APPX).

Improvements and Compliance to Internal Controls:

The below mentioned committees are established and are functioning fully according to Council's Supply Chain Management Policy. The committees are as listed below:

- Bid Specification Committee (BSC)
- Bid Evaluation Committee (BEC)
- Bid Adjudication Committee (BAC)

The aforesaid committees have the responsibility to make it a point that all the procurement processes are followed, and also to ensure that the council receives value for money. During the first quarter of 2013/14, these committees have managed to meet and execute their duties. As the result of that the BAC managed to award the bids reflected on the attached annexures.

The SCM Unit is endeavoring to adhere to an internal memorandum of 5 working days in which to process an order. The required days to process an order allows the SCM Unit to do proper verification and thereby avoiding irregular, fruitless and wasteful expenditures.

As from 1 July 2013, all service providers were dormant on the system unless new registration forms had been received. All registration forms are checked by SCM Unit which include the following, prior to capture:

- Ensure that tax clearance certificates are valid
- Check whether the service provider/supplier is registered on the Register for Tender Defaulters and Database of Restricted Suppliers on NT's website.
- Ensure that the Billing Clearance certificates are valid and in order
- Ensure all declarations are signed

Challenges and Constraints

The following challenges and constraints exist:

- The SCM Unit is understaffed, therefore there is a need for additional staff to enforce compliance timeously assist in service delivery.
- Although a memorandum was forwarded to all staff members informing them that the SCM Unit has 5 working days in which to process an order, this is not being adhered to.
- Poor planning by requestors results in additional pressure being put on SCM Unit.
- Unavailability of appointed members of the Bid Specification Committees and Bid Evaluation Committees, result in delays in the procurement process.
- Requestors are not liaising with SCM Unit before quotes are sourced, resulting in dormant suppliers being requested to quote.

The following existing controls are in place and have proved beneficial:

- 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.

Solutions and Way Forward

Solutions and controls for the challenges and constraints above are:

- There is a need to employ more staff member/s within the SCM Unit in order to ensure compliance.
- A memorandum was forwarded to all users, informing them that SCM Unit has 5 working days in which to process an order. Therefore all the departments are requested to honour that.
- All users of APPX will be trained by SCM together with IT on how to check the status of the service provider or supplier before sourcing quotes.

Supply Chain Management Information for the quarter

- Awards above R200 000 (refer to Annexure “ ”, page)
- Awards between R30 000 and R200 000 (refer to Annexure “ ”, page)
- Awards between R2 000 and R30 000 per department and BBBEE Level (refer to Annexure “ ”, page)
- Awards above R30 000 per department and BBBEE Level (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
Single Provider	4	263 197.50
Impractical or impossible to follow the official procurement processes	13	2 844 534.06
Total	17	3 107 731.56

Submitted for information

AWARDS ABOVE R200 000 (JULY 2013 TO SEPTEMBER 2013)

Bid No	Bid Description	Bid Awarded To	Bid Amount (VAT incl)	BBBEE Status Level
21/2013	APPX Financial System Support	Impumelelo Computers (Pty) Ltd	R 2 566 141.85	0
01/2013	Camdeboo: Extension to the Waste Water Treatment Works in Nieu-Besthesda	John Skinner Construction	R 10 834 151.39	2
23/2013	Construction of sidewalks in Kareedouw, Koukamma	Civil Constructions Skills Training	R 664 620.00	3
47/2013	Appointment of professional service providers for 2012/13 financial period	Vela VKE Consulting Engineers	R 455 206.00	0
09/2013	Construction of a new fire station in Somerset East, Blue Crane Route Municipality	Spring Forest Trading 128 cc	R 3 333 528.26	3
32/2013	Project mamnagement and implementation of a Road Asset Management System for the Local Municipalities in Cacadu District Municipality for a three year period	Engineering Advice and Services	R 6 212 000.00	0
Deviation 46/2014	Upgrading of the Waste Water Treatment Works (WWTW) in Nieu-Bethesda	Aurecon South Africa (Pty) Ltd	R 2 232 794.71	3
			R 26 298 442.21	

AWARDS BETWEEN R30 000 AND R200 000 (JULY 2013 - SEPTEMBER 2013)

REF NUMBER	SERVICE PROVIDER	CONTRACT DESCRIPTION	CONTRACT AMOUNT (INCLUDING VAT)	BBBEE LEVEL OF SERVICE PROVIDER
O/N 62803	CARLSON WAGON TRAVEL ASSOCIATES	Accommodation for 8 Cirs to attend Cacadu training	R 48 517.16	0
O/N 65796	CARLSON WAGON TRAVEL ASSOCIATES	Accommodation for 7 Cirs to attend training at NMMU	R 45 026.80	0
O/N 312342	CARLSON WAGON TRAVEL ASSOCIATES	Accommodation (China)	R 31 936.74	0
O/N 312359	CARLSON WAGON TRAVEL ASSOCIATES	Accommodation to attend DMISA conference	R 34 130.75	0
Q 29/2013	SEBENZISANA TRADING 50 CC	Construction of precast ventilated improved pit structures in Glenconnor and Vondeling	R 143 816.00	1*
Q 30/2013	CHM VUWANI COMPUTER SOLUTION	Supply and installation of conference system	R 116 863.68	2*
Q 36/2013	DUMISA DESIGNS AND ADVERTISING	Supply and delivery of branded calenders for 2014	R 58 936.32	1*
Q 19/2013	SEBENZISANA TRADING 50 CC	Additions to Kwazamukucinga Clinic in Jansenville	R 98 681.00	3*
Bid 42/2013	VOLMOED QUARRIES	Supply and delivery of material for upgrading of roads and stormwater in Rietbron:Price increase of material	R 102 921.24	0*
Bid 42/2012	ZALE DEVELOPERS	Supply and delivery of material for upgrading of roads and stormwater in Rietbron:Price increase of material	R 35 351.86	3*
Dev 5/2014	CQS TECHNOLOGY HOLDINGS PTY LTD	Caseware license (2013/14)	R 52 593.90	0
Dev 8/2014	IHS INFORMATION & INSIGHT (PTY) LTD	Subscription renewal: Regional Explorer Service	R 66 348.00	0
Dev 12/2014	AFRICORP INTERNATIONAL PROPERTIES (PTY) LTD	Parking garage	R 165 000.00	0
Dev 6/2014	HOBSON A R	Extension of Mentorship Contract between Mr. Hobson and CDM for another 10 Months. from July 2013 to April 2014	R 199 990.00	0
Dev 7/2014	YES MEDIA CC	Placement of investment profile in annual publication called Local Government Handbook - published by Yes Media. A sole agent for the publication and therefore a sole supplier.	R 34 200.00	0
Dev 19/2014	ASPIRE SOLUTIONS (PTY) LTD	Aspire developed the PMS system for CDM. It would be impractical and costly to use another service provider and there is a service level agreement with Aspire Solutions.	R 74 250.00	4
Dev 23/2014	ALTECH AUTOPAGE CELLULAR (PTY)LTD	Payment for supply of premicells (cellphone routers).	R 37 000.00	0
Dev 40/2014	MELTWATER SOUTH AFRICA (PTY) LTD	Meltwater is a unique service provider offering a centralised media intelligence solution.	R 110 055.60	6
			R 1 455 619.05	

* BBBEE Status as per Bid/Quote Documentation

AWARDS (ORDERS) BETWEEN R2 000 TO R30 000

PER DEPARTMENT

Department	Qty	Amount
Office of the Mayor	92	R 533 415.24
Office of MM	48	R 291 564.05
Infrastructure and Planning	36	R 219 319.39
Economic Development	36	R 303 009.93
Finance and Admin	71	R 692 193.35
	283	R 2 039 501.96

AWARDS (ORDERS) BETWEEN R2 000 TO R30 000

BBBEE LEVEL

BBBEE Level*	No. of Orders made to Suppliers	Amount R
1	18	154 788.26
2	24	281 885.51
3	45	370 475.09
4	35	195 369.04
5	1	4600.00
6	6	25 803.52
7	0	0.00
8	0	0.00
0	154	1 006 580.54
	283	2 039 501.96

* BBBEE Level as per supplier database. Level reflected is as at time of report

AWARDS (ORDERS) BETWEEN R2 000 TO R30 000

BBBEE LEVELS OF ALL STANDARD SERVICES PROVIDERS (DETAIL)

CREDITOR	BBBEE LEVEL *	TOTAL INCL VAT	NO OF ORDERS
ECNO PRINT REPAIRS & SUPPLIERS CC	1	47 652.00	4
DUMISA DESIGN AND ADVERTISING PTY LTD	1	74 996.18	9
VICTORY TICKET 771 CC	1	6 673.70	2
IBAYI PC SALES AND REPAIRS CC	1	25 466.38	3
MS TRUST	2	7 045.20	1
WALTONS STATIONERY CO.LTD.	2	2 105.29	1
PRIMESERV CORPORATE SOLUTIONS (PTY) LTD	2	35 411.25	2
BOOMTOWN STRATEGIC BRAND AGENCY	2	206 300.97	18
CIRCULAR OFFICE SUPPLIES & PRINTERS CC	2	4 232.80	1
BALSHAW & FOGARTY ARCHITECTS CC	2	26 790.00	1
BIDVEST PAPERPLUS (PTY) LTD	3	25 978.60	3
KLAASEN TRANSPORT	3	4 900.00	1
SIYATEMBA TRADERS CC	3	4 800.00	1
CSKD TRADING ENTERPRISES CC	3	55 107.60	2
BACELI TRADING CC	3	16 425.00	2
NKULI CONSTRUCTION	3	24 500.00	4
LATHIZ EVENTS & PROMOTIONS	3	3 400.00	1
EVAMOR CC	3	15 200.00	4
SESE & ARVO GENERAL TRADING CC	3	22 500.00	1
FOOD BY FAITH CATERING	3	2 000.00	1
MINK-LINE CONSULTING CC	3	13 025.64	1
HEMMING TRADING	3	6 900.00	1
NEWINGTON TRADING 54 CC	3	29 380.00	4
IXELEXWA CATERING AND B & B	3	14 250.00	2
BRAVOPLEX 526 T/A NEW RELEVATIONS CONSULTING	3	7 050.00	2
KUSE D TRADING ENTERPRISE	3	2 400.00	1
ILITHELIHLE PTY LTD	3	2 275.00	1
MDLOYI TRADERS	3	5 350.00	1
KOETAAN BUSINESS SERVICES	3	12 000.00	1
ASPIGON 443	3	5 562.00	1
DAILY BRIGHT TRADING ENTERPRISE	3	20 746.25	3
MPEMVANA CATERING CLEANING GARDEN & OTHER SERVIC	3	8 300.00	2
KLEIN KAROO INVESTMENT HOLDINGS	3	16 500.00	1
KONJWA PTY LTD	3	16 375.00	2
OLD STYLE TRADING PROJECTS	3	35 550.00	2
BUDGET CAR & VAN RENTAL	4	33 631.00	12
DIGI COPIERS CC	4	9 462.00	1
JUST MACK OFFICE SUPPLIES T/A TOSHIBA LASERFAX	4	56 737.64	8
TIMES MEDIA PTY LTD	4	16 371.28	2
DEE'S PROMOTIONS CC	4	9 999.91	1
F2 WAARDEERDERS CC	4	22 800.00	1
PAX STATIONERS CC	4	6 710.25	1
TRINK CONSUMABLES (PTY) LTD	4	17 694.66	6
GROENEWALD J E	4	16 040.00	2
FOX IT SERVICE MANAGEMENT SOUTH AFRICA (PTY) LTD	4	5 922.30	1
NELSON MANDELA METROPOLITAN UNIVERSITY	5	4 600.00	1
BOJANGLES RESTAURANT CC	6	2 365.50	1
OMNI TECHNOLOGIES (PTY) LTD	6	23 438.02	5
MARTIN BAILEY VERNOER	0	15 700.00	3
CARLSON WAGON TRAVEL ASSOCIATES	0	633 916.73	107
CONTAINER WORLD (PTY) LTD	0	11 080.80	1
L & M HIRING SERVICES	0	5 200.00	1

CREDITOR	BBBEE LEVEL *	TOTAL INCL VAT	NO OF ORDERS
NELSON MANDELA METROPOLITAN UNIVERSITY	0	24 500.00	1
BUFFALO CITY MUNICIPALITY	0	2 678.00	1
BUSH GUEST HOUSE	0	12 550.00	3
NQOBA CLEANING & CATERING SERVICES	0	4 725.01	2
RHG IT SOLUTIONS CC	0	29 754.00	1
NAKHANE CATERERS	0	19 600.00	2
QPS TRADING ENTERPRISE CC	0	20 000.00	1
J D ADAMS TRADING CC	0	2 591.00	1
LUTHO KITCHENETTE	0	5 650.00	1
P J A JORDAAN	0	3 500.00	1
YABO'S TOURS CC	0	43 300.00	6
SIYANCEDA TRADING ENTERPRISE	0	9 000.00	1
TSHAWE LAMA TSHAWE TRADING CC	0	4 500.00	1
JBV CATERING	0	33 650.00	4
NBK TRADING (PTY) LTD	0	3 600.00	1
ADIOS MANAGEMENT	0	54 955.00	5
BIZAMNA TRADING ENTERPRIZE CC	0	19 600.00	2
PHAKAMANI TRADERS	0	14 880.00	3
EYAKWATAHLA	0	3 000.00	1
MARVIWAY CC	0	15 750.00	1
AWS TRANSPORT AND PLANT HIRE	0	2 300.00	1
K2H CONSULTING	0	4 100.00	1
BRAVO PRO 525 CC	0	6 500.00	1
		2 039 501.96	

AWARDS (ORDERS) ABOVE R 30,000

PER DEPARTMENT

Department	Qty	Amount
Office of the Mayor	4	R 350 496.70
Office of MM	0	R 0.00
Infrastructure and Planning	2	R 177 946.75
Economic Development	14	R 1 278 332.86
Finance and Admin	7	R 2 142 826.99
	27	R 3 949 603.30

AWARDS (ORDERS) ABOVE R 30,000

BBBEE LEVEL

BBBEE Level*	No. of Orders made to Suppliers	Amount R
1	1	58 936.63
2	5	396 631.54
3	4	939 465.18
4	2	1 109 276.00
5	0	0.00
6	1	110 055.60
7	0	0.00
8	0	0.00
0	14	1 335 238.35
	27	3 949 603.30

* BBBEE Level as per supplier database. Level reflected is as at time of report

AWARDS (ORDERS) ABOVE R30 000

BBBEE LEVELS OF ALL STANDARD SERVICES PROVIDERS (DETAIL)

CREDITOR	BBBEE LEVEL *	TOTAL INCL VAT	NO OF ORDERS
DUMISA DESIGN AND ADVERTISING PTY LTD	1	58936.63	1
BOOMTOWN STRATEGIC BRAND AGENCY	2	279767.86	1
CHM VUWANI COMPUTER SOLUTIONS (EC) PTY LTD	2	116863.68	1
SEBENZISANA TRADING 50 CC	3	143816	1
IHS INFORMATION & INSIGHT (PTY) LTD	3	66348	1
DIMENSION DATA (PTY)LTD	3	690801.18	1
MBABANE AND SOKUTU ATTORNEYS	3	38500	1
LUDLA PUBLISHING	4	1075076	2
YES MEDIA CC	4	34200	3
MELTWATER SOUTH AFRICA (PTY) LTD	6	110055.6	1
CARLSON WAGON TRAVEL ASSOCIATES	0	384627.45	1
AFRICAN BIORESOURCES (PTY) LTD	0	87500	1
E OLIVIER	0	159600	1
P L MOOLMAN	0	125400	1
ELLIOTT C B	0	43206	1
HOBSON A R	0	310823	2
CQS TECHNOLOGY HOLDINGS PTY LTD	0	52593.9	3
COETZEE L E	0	116655	3
ELLIOTT A R	0	54833	4
		3 949 603.30	13

DEVIATIONS REGISTER - JULY 2013 TO SEPTEMBER 2013

Date	Ref	Supplier Name	Description of goods/services	Amount	Dept	Reason for deviations	Other information
02/07/2013	1/2014	SUID-KAAP WAARDEERders	Valuator of replacement cost of buildings for insurance	22 800.00	F&CS	Impractical or impossible to follow the official procurement process	3 quotes not obtained
17/07/2013	4/2014	K2H CONSULTING	Psychometric testing for Sr Admin Officer	4 100.00	F&CS	Impractical or impossible to follow the official procurement process	Supplier Not Registered
30/07/2013	5/2014	CQS TECHNOLOGY HOLDINGS PTY LTD	Caseware license (2013/14)	52 593.90	F&CS	Produced or available from a single provider only	Supplier Not Registered
25/07/2013	8/2014	IHS INFORMATION & INSIGHT (PTY) LTD	Subscription renewal: Regional Explorer Service	66 348.00	ED	Produced or available from a single provider only	Supplier Not Registered
31/07/2013	12/2014	AFRICORP INTERNATIONAL PROPERTIES (PTY) LTD	Parking garage	165 000.00	F&CS	Impractical or impossible to follow the official procurement process	Supplier Not Registered
28/08/2013	6/2014	HOBSON A R	Extension of Mentorship Contract between Mr. Hobson and CDM for another 10 Months. from July 2013 to April 2014	199 990.00	Economic Development	In any other exceptional case where it is impractical or impossible to follow the official procurement process	3 Quotes not Obtained
01/08/2013	7/2014	YES MEDIA CC	Placement of investment profile in annual publication called Local Government Handbook - published by Yes Media. A sole agent for the publication and therefore a sole supplier.	34 200.00	Economic Development	if such goods or services are produced or available from a single provider only	Supplier Not Properly Registered on Database, 3 Quotes not Obtained

Date	Ref	Supplier Name	Description of goods/services	Amount	Dept	Reason for deviations	Other information
06/08/2013	18/2014	NELSON MANDELA METROPOLITAN UNIVERSITY	Short Course on Practical Labour Law for Cllr Balura and Goliath. Programme will be on block sessions.	24 500.00	Office of the Municipal Manager	In any other exceptional case where it is impractical or impossible to follow the official procurement process	Supplier Not Registered on Database
27/08/2013	19/2014	ASPIRE SOLUTIONS (PTY) LTD	Aspire developed the PMS system for CDM. It would be impractical and costly to use another service provider and there is a service level agreement with Aspire Solutions.	74 250.00	Office of the Municipal Manager	In any other exceptional case where it is impractical or impossible to follow the official procurement process	3 Quotes not Obtained
15/08/2013	23/2014	ALTECH AUTOPAGE CELLULAR (PTY)LTD	Payment for supply of premicells (cellphone routers).	37 000.00	Finance and Corporate Services	In any other exceptional case where it is impractical or impossible to follow the official procurement process	Supplier Not Properly Registered on Database
15/08/2013	24/2014	FOX IT SERVICE MANAGEMENT SOUTH AFRICA (PTY) LTD	ITSM training of IT staff member	5 922.30	Finance and Corporate Services	In any other exceptional case where it is impractical or impossible to follow the official procurement process	Supplier Not Registered on Database
26/08/2013	39/2014	HERITAGE-WEAVERS SOUTH AFRICA	Purchase of gifts from Heritage Weavers for Chinese hosts - trip to Jincheng City, China 28 July - 1 August 2013	3 625.20	Office of the Municipal Manager	In any other exceptional case where it is impractical or impossible to follow the official procurement process	Supplier Not Registered on Database, 3 Quotes not Obtained
28/08/2013	40/2014	MELTWATER SOUTH AFRICA (PTY) LTD	Meltwater is a unique service provider offering a centralised media intelligence solution.	110 055.60	Finance and Corporate Services	If such goods or services are produced or available from a single provider only	Supplier Not Registered on Database, 3 Quotes not Obtained

Date	Ref	Supplier Name	Description of goods/services	Amount	Dept	Reason for deviations	Other information
28/08/2013	41/2014	STRATEGIES FOR CHANGE (MD SCHMIDT)	CDM Strategy Planning Intervention	25 000.00	Finance and Corporate Services	In any other exceptional case where it is impractical or impossible to follow the official procurement process	Supplier Not Registered on Database, 3 Quotes not Obtained
17/09/2013	46/2014	AURECON SOUTH AFRICA (PTY) LTD	Aurecon SA (Pty) Ltd was appointed for the preliminary design, detailed design and an implementation of the Upgrading of the Waste Water Treatment Works (WWTW) in Nieu-Bethesda	2 232 794.71	Infrastructure and Planning	In any other exceptional case where it is impractical or impossible to follow the official procurement process	Bid Process not followed.
12/09/2013	47/2014	ALTECH AUTOPAGE CELLULAR (PTY)LTD	Payment for supply of premisses (cellphone routers).	19 797.85	Finance and Corporate Services	In any other exceptional case where it is impractical or impossible to follow the official procurement process	Supplier Not Properly Registered on Database
13/09/2013	48/2014	RHG IT SOLUTIONS CC	Computer training for 3 General Workers	29 754.00	Finance and Corporate Services	In any other exceptional case where it is impractical or impossible to follow the official procurement process	Supplier Not Properly Registered on Database
				3 107 731.56			