

REPORT TO THE MAYORAL COMMITTEE BY THE DIRECTOR: FINANCE AND CORPORATE SERVICES: 15 JANUARY 2014

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 December 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, the SCM working on time management to submit the required report on time to 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). The SCM unit is strengthening controls in terms of records management and safe keeping of the document for audit purpose.

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

As from the 8 October 2013 the SCM will be keeping the Bid Documents and once all the relevant documents are attached as per the checklist, the documents will be sent to records for safe keeping.

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
Emergency	1	R 42 079.68
Single Provider	4	R 218 263.31
Impractical or impossible to follow the official procurement processes	18	R 1 370 326.58
Total	23	R 1 630 669.57

Submitted for information

AWARDS ABOVE R200 000 (OCTOBER 2013 TO DECEMBER 2013)

Bid No	Bid Description	Bid Awarded To	Bid Amount (VAT incl)	BBBEE Status Level
46/2013	Implementation of GRAP Financial Statement and Improving Audit Outcomes at Local Municipalities within the Cacadu District Municipality	Ernst & Young Advisory Services (Pty) Ltd	R 1 151 880.00	3
47/2013	Supply and delivery of Fleet Vehicles - Chevrolet Sonic 1.6 LS Sedan and 2 Isuzu KB250 D-Teq with a single door canopy and bin liner	P E Chevrolet	R 643 480.06	0
38/2013	Supply and Delivery of material for Rainwater Haversting in Paterson - Phase 3 - Schedule A (2500L water tanks)	Onwa Trading CC	R 411 654.00	3
38/2013	Supply and Delivery of material for Rainwater Haversting in Paterson - Phase 3 - Schedule B (Building material)	Masakhisizwe Trading CC	R 218 176.00	3
65/2014	Cacadu has an existing contract with service provider. The scope of work has been extended to another 171 fire hydrants in 2013/14 financial period as contemplated in the contract.	Phoenix	R 1 100 000.00	3
48/2013	Travel Agency Services	HRG Rennies Travel	As stipulated in the bid document, the contract is for 3	3
			R 3 525 190.06	

AWARDS BETWEEN R30 000 AND R200 000 (OCTOBER - DECEMBER 2013)

REF NUMBER	SERVICE PROVIDER	CONTRACT DESCRIPTION	CONTRACT AMOUNT (INCLUDING VAT)	BBBEE LEVEL OF SERVICE PROVIDER
Q/N 41/2013	Gibb Engineering Science	Basic assessment and compilation of current status report og illegal dumping on landfill sites in Ndlambe Municipality	R 42,450.54	2
Q/N 42/2013	Gibb Engineering Science	Basic assessment and compilation of current status report og illegal dumping on landfill sites in Koukamma Municipality	R 39,057.54	2
Q/N 43/2013	Gibb Engineering Science	Basic assessment and compilation of current status report og illegal dumping on landfill sites in Kouga Municipality	R 28,856.59	2
Bid/N 17/2010	Carlson Wagon Travel Associates	Accommodation and Conference Facilities @ My Pond for 28 employeess.	R 56 386.00	0
Q/N19/2013	Sebenzisana Trading 50 cc	Addions to Kwazamukucinga Clinic in Jansenville	R 98 681.00	3
Q/N58/2014	Evalunet (PTY) LTD	Biblion Software for CWithC Libraries	R 172 025.00	2
Q/N44/2013	A - Unit Trading CC	Repairs to rusted steel frame and aluminium IBR sheeting on	R 66 950.00	3
Bid/N 54/2013	Dimension Data (PTY)LTD	Bid Number 54 of 2013, variation order	R 39 221.31	3
Bid?N 54/2013	Dimension Data (PTY)LTD	Setup, training and annual license for AnaluZer software as	R 36 384.24	3
Q/N 47/2013	Nationwide SecurityHoldings (PTY) LTD	Temporary security services for the month of December 2013 a	R 42 079.68	0
Dev 51/2014	Carlson Wagon Travel Associates	Travel and accommodation.	R 41 171.61	0
Dev 81/2014	SRK Consulting (SOUTH AFRICA) (PTY) (LTD)	Professional fees for registration of pipeline servitudes in Glenconnor, Kleinpoort & Vondeling	R 69 945.85	3
			R 622 844.69	

* BBBEE Status as per Bid/Quote Documentation

AWARDS (ORDERS) BETWEEN R2 000 TO R30 000

PER DEPARTMENT

Department	Qty	Amount
Office of the Mayor	82	R 480 248.69
Office of MM	58	R 442 847.81
Infrastructure and Planning	24	R 146 428.36
Economic Development	23	R 140 946.78
Finance and Admin	39	R 321 881.65
	226	R 1 532 353.29

AWARDS (ORDERS) BETWEEN R2 000 TO R30 000

BBBEE LEVEL

BBBEE Level*	No. of Orders made to Suppliers	Amount R
1	7	87 333.83
2	21	155 195.85
3	46	449 017.85
4	37	168 216.21
5	0	0.00
6	0	0.00
7	0	0.00
8	0	0.00
0	115	672 589.55
	226	1 532 353.29

* 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
CARLSON WAGON TRAVEL ASSOCIATES	0	R 531 347.23	97
NQOBA CLEANING & CATERING SERVICES	0	R 5 040.00	1
IVI-MIGCOBO TRADING	0	R 12 655.00	2
QPS TRADING ENTERPRISE CC	0	R 4 750.00	1
J D ADAMS TRADING CC	0	R 4 299.00	1
LUTHO KITCHENETTE	0	R 7 614.02	3
PRO ADZ TRADING CC	0	R 22 794.30	1
YABO'S TOURS CC	0	R 12 000.00	1
TAMCHRI CLEANING AND MAINTENANCE	0	R 9 690.00	1
ADIOS MANAGEMENT	0	R 13 000.00	1
ISAZISI CONSULTANTS	0	R 17 500.00	1
BIZAMNA TRADING ENTERPRIZE CC	0	R 8 000.00	1
PHAKAMANI TRADERS	0	R 11 000.00	1
AWS TRANSPORT AND PLANT HIRE	0	R 2 500.00	1
ABERDEEN COMMUNITY TRADING	0	R 2 400.00	1
MELISIZWE CIVIL ENGINEERING (PTY) LTD	0	R 8 000.00	1
ECNO PRINT REPAIRS & SUPPLIERS CC	1	R 23 940.00	2
PROMPT IT SOLUTIONS	1	R 4 980.88	1
DUMISA DESIGN AND ADVERTISING PTY LTD	1	R 56 388.05	3
VICTORY TICKET 771 CC	1	R 2 024.90	1
WALTONS STATIONERY CO.LTD.	2	R 7 907.61	2
BOOMTOWN STRATEGIC BRAND AGENCY	2	R 96 853.51	15
CIRCULAR OFFICE SUPPLIES & PRINTERS CC	2	R 15 478.92	2
CHM VUWANI COMPUTER SOLUTIONS (EC) PTY LTD	2	R 34 955.81	2
BIDVEST PAPERPLUS (PTY) LTD	3	R 5 408.16	1
CSKD TRADING ENTERPRISES CC	3	R 80 598.00	3
BACELI TRADING CC	3	R 13 565.00	2
NKULI CONSTRUCTION	3	R 48 400.00	6
RHG IT SOLUTIONS CC	3	R 20 793.60	2
IVI-MIHLALI TRADING CC	3	R 8 480.00	2
ONWA TRADING CC	3	R 2 950.00	1
LATHIZ EVENTS & PROMOTIONS	3	R 19 030.00	3
MASINGA MANUFACTURING	3	R 4 000.00	1
SESE & ARVO GENERAL TRADING CC	3	R 4 350.00	1
HEMMING TRADING	3	R 5 000.00	1
DIMENSION DATA (PTY)LTD	3	R 29 944.39	3
NEWINGTON TRADING 54 CC	3	R 12 695.00	2
MAN OF TIME TRADING ENTERPRISE CC	3	R 4 200.00	1
EASTERN CAPE DISABILITY ECONOMIC EMPOWERMENT TRUST	3	R 43 050.00	2
KOETAAN BUSINESS SERVICES	3	R 3 280.00	1
DAILY BRIGHT TRADING ENTERPRISE	3	R 57 400.00	4
ZAKLY INVESTMENTS TWENTY ONE	3	R 4 223.70	1
MATLA KE A RONA TRADING AND PROJECTS (PTY) LTD	3	R 4 000.00	1
KONJWA PTY LTD	3	R 8 400.00	1
SANA LWAM (PTY) LTD	3	R 22 500.00	1
OLD STYLE TRADING PROJECTS	3	R 15 000.00	1
SAM SAM CIVILS AND ALLIED SERVICES	3	R 3 500.00	1
CURONEX PTY LTD T/A THULEZ	3	R 16 500.00	2
YONZ GENERAL TRADING	3	R 6 750.00	1
MONTICENTO CC	3	R 5 000.00	1
FATHER & SON CATERERS CC	4	R 2 428.20	1
BUDGET CAR & VAN RENTAL	4	R 29 840.00	9
JUST MACK OFFICE SUPPLIES T/A TOSHIBA LASERFAX	4	R 7 557.82	3
PROJECT FOR CONFLICT RESOLUTION & DEVELOPMENT	4	R 29 640.00	1
CECIL NURSE BUSINESS FURNITURE	4	R 14 069.95	4
TIMES MEDIA PTY LTD	4	R 27 273.36	5
PAX STATIONERS CC	4	R 15 268.12	5
TRINK CONSUMABLES (PTY) LTD	4	R 26 483.70	7
WILBRAN CC	4	R 6 298.50	1
AD'EMPIRE	4	R 9 356.56	1
		1 532 353.29	

AWARDS (ORDERS) ABOVE R 30,000

PER DEPARTMENT

Department	Qty	Amount
Office of the Mayor	4	R 709 087.91
Office of MM	1	R 172 025.00
Infrastructure and Planning	1	R 98 681.00
Finance and Admin	3	R 145 413.92
	9	R 1 125 207.83

AWARDS (ORDERS) ABOVE R 30,000

BBBEE LEVEL

BBBEE Level*	No. of Orders made to Suppliers	Amount R
1	0	-
2	0	-
3	1	66 950.00
4	2	613 480.60
5	0	0.00
6	0	-
7	0	0.00
8	0	0.00
0	4	444 777.23
	7	1 125 207.83

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

AWARDS (ORDERS) ABOVE R 30 000

BBBEE LEVELS OF ALL STANDARD SERVICES PROVIDERS (DETAIL)

CREDITOR	BBBEE	TOTAL INCL	NO OF ORDERS
A - UNIT TRADING CC	3	R 66 950.00	1
WILLIAMS HUNT GENERAL MOTORS	4	R 613 480.60	2
SEBENZISANA TRADING 50 CC	0	R 98 681.00	1
CARLSON WAGON TRAVEL ASSOCIATES	0	R 56 386.00	1
NATIONWIDE SECURITY HOLDINGS (PTY) LTD	0	R 42 079.68	1
DIMENSION DATA (PTY)LTD	0	R 75 605.55	2
EVALUNET (PTY) LTD	0	R 172 025.00	1
		R 1 125 207.83	

DEVIATIONS REGISTER - OCTOBER 2013 TO DECEMBER 2013

Date	Deviation No	Supplier Name	Description of goods/services	Amount	Dept	Reason for deviations	Other information
03/10/2013	51/2014	ACCESS TRAVEL TRUST	Travel and accommodation.	41 171.61	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
09/10/2013	52/2014	ACCESS TRAVEL TRUST	Travel and accommodation	27 798.55	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
28/10/2013	54/2014	MABANE&SOKUTU INC ATTORNEYS	Investigation into SCM transactions	12 325.00	Finance and Corporate Services	In any other exceptional case where it is impractical or impossible to follow the official procurement process	3 Quotes not Obtained
23/10/2013	56/2014	DUMISA DESIGN AND ADVERTISING PTY LTD	Place vacancy adds on local news papers	25 950.41	Finance and Corporate Services	In any other exceptional case where it is impractical or impossible to follow the official procurement process	3 Quotes not Obtained
28/10/2013	58/2014	EVALUNET (PTY) LTD	Biblion Software for CWithC Libraries	172 025.00	Finance and Corporate Services	If such goods or services are produced or available from a single provider only	Supplier Not Properly Registered on Database
01/11/2013	53/2014	ALTECH AUTOPAGE CELLULAR (PTY)LTD	Payment of supply of premicells (cellphone routers). Supplier is not willing to complete database forms	12 766.42	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
27/11/2013	61/2014	ALTECH AUTOPAGE CELLULAR (PTY)LTD	Payment for supply of premicells (cellphone routers). Supplier is not willing to complete database form	20 088.07	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

Date	Deviation No	Supplier Name	Description of goods/services	Amount	Dept	Reason for deviations	Other information
22/11/2013	62/2014	TIMES MEDIA PTY LTD	Place of advert in Newspaper	8 331.16	Infrastructure and Planning	In any other exceptional case where it is impractical or impossible to follow the official procurement process	3 Quotes not Obtained
22/11/2013	63/2014	TIMES MEDIA EASTERN CAPE	Place of advert in Newspaper	7 236.72	Infrastructure and Planning	In any other exceptional case where it is impractical or impossible to follow the official procurement process	3 Quotes not Obtained
27/11/2013	64/2014	SPORTSMANS WAREHOUSE	Purchasing of Christmas gifts for CDM staff (100 natural pop up tents)	28 500.00	Office of the Mayor	In any other exceptional case where it is impractical or impossible to follow the official procurement process	Supplier Not Registered on Database
12/12/2013	59/2014	PRO ADZ TRADING CC	The deviation is for a listing in the government section of the yellow pages of 2014 and ProAdz is the sole supplier of this service.	22 794.30	Finance and Corporate Services	If such goods or services are produced or available from a single provider only	3 Quotes not Obtained
10/12/2013	65/2014	PHOENIX	Cacadu has an existing contract with service provider. The scope of work has been extended to another 171 fire hydrants in 2013/14 financial period as contemplated in the contract.	1 100 000.00	Infrastructure and Planning	In any other exceptional case where it is impractical or impossible to follow the official procurement process	Bid process not followed
03/12/2013	66/2014	SIMON C R	The service providers for this specific service of providing sound and equipment at the Mayor's Christmas Function, this service provider is the lowest quote received.	3 000.00	Office of the Municipal Manager	In any other exceptional case where it is impractical or impossible to follow the official procurement process	Supplier Not Properly Registered on Database

Date	Deviation No	Supplier Name	Description of goods/services	Amount	Dept	Reason for deviations	Other information
04/12/2013	68/2014	ACCESS TRAVEL TRUST	Concorde Travel Contract have expired. The requisition was awaiting authorisation from the MM which was only available on 02/12/2013.	1 900.90	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 Quotes not Obtained
03/12/2013	69/2014	GREENACRES MERCHANTS GIFT CARD	Gift Vouchers for best performing officials in each department	7 000.00	Office of the Mayor	If such goods or services are produced or available from a single provider only	Supplier Not Properly Registered on Database. 3 Quotes not Obtained
05/12/2013	71/2014	ACCESS TRAVEL TRUST	Accommodation bookings	2 590.00	Office of the Mayor	In any other exceptional case where it is impractical or impossible to follow the official procurement process	3 Quotes not Obtained. Travel bid expired.
10/12/2013	72/2014	ACCESS TRAVEL TRUST	Quotations were requested from the previous service provider before the contract expired on 30 November 2013. Currently CDM does not have a valid contract with any travel agency.	2 590.00	Economic Development	In any other exceptional case where it is impractical or impossible to follow the official procurement process	3 Quotes not Obtained. Travel bid expired.
05/12/2013	73/2014	ACCESS TRAVEL TRUST	Accommodation booking	1 369.00	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. Travel bid expired.

Date	Deviation No	Supplier Name	Description of goods/services	Amount	Dept	Reason for deviations	Other information
06/12/2013	74/2014	NATIONWIDE SECURITY PTY LTD	The existing security company's guards were removed from the site yesterday, 04/12/2013. We have quotations to place temporary security services through an agency for day shifts.	42 079.68	Finance and Corporate Services	Emergency	Supplier Not Registered on Database. Formal quotation process not followed
06/12/2013	76/2014	ACCESS TRAVEL TRUST	Travel bid expired	2 590.00	Office of the Mayor	In any other exceptional case where it is impractical or impossible to follow the official procurement process	3 Quotes not Obtained. Travel bid expired.
09/12/2013	78/2014	ACCESS TRAVEL TRUST	Accommodation booking	2 172.89	Office of the Mayor	In any other exceptional case where it is impractical or impossible to follow the official procurement process	3 Quotes not Obtained. Travel bid expired.
12/12/2013	79/2014	ALTECH AUTOPAGE CELLULAR (PTY)LTD	Payment for supply of premicells (cellphone routers). Suplier is not willing to complete database form	16 444.01	Finance and Corporate Services	2 If such goods or services are produced or available from a single provider only	Supplier Not Properly Registered on Database
13/12/2013	81/2014	SRK CONSULTING (SOUTH AFRICA) (PTY) (LTD)	Professional fees for registration of pipeline servitudes in Glenconnor, Kleinpoort & Vondeling	69 945.85	Infrastructure and Planning	In any other exceptional case where it is impractical or impossible to follow the official procurement process	Outstanding fees on abovementioned Project.
				1 630 669.57			