

REPORT ON THE IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY FOR THE QUARTER ENDING 31 MARCH 2016

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Report by / Verslag deur: R Bent (Manager: SCM, Assets and Insurance)

STRATEGIC PURPOSE / STRATEGIESE REDE

Efficient, cost effective and best quality service delivery through good financial management.

PURPOSE OF REPORT / DOEL VAN VERSLAG

To report to the Mayor in terms of Section 6(3) of the Supply Chain Management Regulations on the implementation of the Supply Chain Management (SCM) Policy for the quarter ending 31 March 2017, in order to give effect to the oversight role of Council.

BACKGROUND AND DISCUSSION / AGTERGROND EN BESPREKING

Section 6 (3) of the SCM regulations requires that the Accounting Officer must, within 10 days of the end of each quarter, submit a report on the implementation of the SCM policy to the Mayor.

Please find attached the report regarding the implementation of the SCM policy for the quarter ending 31 March 2017.

COMMENTS: MUNICIPAL MANAGER / KOMMENTAAR: MUNISIPALE BESTUURDER

COMMENTS: DIRECTOR CORPORATE SERVICES / KOMMENTAAR: DIREKTEUR KORPORATIEWE DIENSTE

Noted

COMMENTS: DIRECTOR FINANCE / KOMMENTAAR: DIREKTEUR FINANSIES

Noted

COMMENTS: DIRECTOR PLANNING AND ENVIRONMENTAL AFFAIRS / KOMMENTAAR: DIREKTEUR BEPLANNING EN OMGEWINGSAKE

COMMENTS: DIRECTOR TECHNICAL SERVICES / KOMMENTAAR: DIREKTEUR TEGNIESE DIENSTE

COMMENTS: DIRECTOR COMMUNITY SERVICES / KOMMENTAAR: DIREKTEUR GEMEENSAPSDIENSTE

COMMENTS: MANAGER LEGAL SERVICES / KOMMENTAAR: BESTUURDER REGSDIENSTE

COMMENTS: OTHER / KOMMENTAAR: ANDER

RECOMMENDATION / AANBEVELING

That the Committee takes note of the implementation of SCM Policy for the quarter ending 31 March 2017.

ATTACHMENTS / STAWENDE DOKUMENTE

Quarterly report for quarter ending 31 March 2017.

AGENDA REFERENCE: 6.2.5.7

RESOLUTION:

That the Committee takes note of the implementation of SCM Policy for the quarter ending 31 March 2017.

1. Demand Management

Progress on the implementation of the 2016/2017 demand management plan are tabled on a monthly basis at the Executive Mayoral Committee meeting.

2. Acquisition Management

2.1. Procurement

For the quarter ending 31 March 2017, 776 (1046 previous quarter) requisitions was processed by the SCM unit to the value of R 10 099 911.06 (R 11 283 866.36 previous quarter). Table 1 illustrates the number and value of requisitions per department as well as the percentage of total volume and value for the quarter ending 31 March 2017.

Table 1

Department	Requisition Quantity	Requisition R value	% of total nr	% of total value
Corporate Services	84	810 524.54	10.82	8.03
Streets, stormwater and parks	124	1 485 961.42	15.98	14.71
Water, Sewerage and Sanitation	40	327 352.24	5.15	3.24
Community Services	40	106 211.46	5.15	1.05
Human Resources	15	56 625.38	1.93	0.56
Traffic	5	24 394.18	0.64	0.24
Office of the Mayor	0	-	0.00	0.00
Financial Services	52	1 225 241.41	6.70	12.13
Electrical Services	353	5 580 000.04	45.49	55.25
Office of the Municipal Manager	29	101 233.39	3.74	1.00
Information Technology	9	331 742.86	1.16	3.28
Planning and Development	25	50 624.14	3.22	0.50
Internal Audit	0	-	0.00	0.00
Total	776	10 099 911.06	100.00	100.00

3.2. Tenders

For the quarter ending 31 March 2017, five (5) formal tenders was awarded to the value of R 3 621 994.14 (VAT excluded). During this period three (3) formal tenders and one (1) informal tender was cancelled. Also during this period ten (10) closed quotations was awarded; two (2) contracts or agreements were extended and one (1) regulation 32 appointment was made. Table 2 indicates the tenders awarded and regulation 32 awards, tenders extended, agreement extended and regulation 36 awards made by the BAC, and where the bidders are situated.

Table 2

Formal tenders						
Nr	Tender	Amount (Excl. VAT)	Amount Extended(Excl. VAT)	Local	Eden	Other
1	HES-EL 01/1617 SUPPLY AND DELIVERY OF TWO (2) DUBBLE CAB TIPPER TRUCKS - SEAVIEW MOTORS CC T-A CP NEL MOTORS MBAY	R 1 024 986.91			X	
2	HES-EL 02/1617 SUPPLY AND DELIVERY OF SEVEN (7) LDV'S - SEAVIEW MOTORS CC T-A CP NEL MOTORS MBAY	R 1 725 953.39			X	
3	HES-TECH 04/1617 PAVING OF DUNN STREET IN WITSAND URHWEBO E-TRANSAND	R 609 523.68			X	
4	HES-WRS 10/1516 SUPPLY AND DELIVERY OF WATER TREATMENT CHEMICALS METSI CHEM IKAPA (PTY) LTD	VARIOUS			X	
5	HES-ICT 02/1617 PURCHASE OF IT EQUIPMENT DOOLING IT SOLUTIONS	R 261 530.16				X
	Total	R 3 621 994.14				

Informal tenders						
1	NONE					
	Total	R 0				
Closed Quotation Appointments						
Nr	Tender	Amount (Excl. VAT)	Amount Extended(Excl. VAT)	Local	Eden	Other
1	CLOSED QUOTATION 53454 SUPPLY AND DELIVERY OF CHEMICALS METSI CHEM IKAPA	R 33 125.00			X	
2	CLOSED QUOTATION 53682 SUPPLY AND DELIVERY OF CHEMICALS RHEOCHEM	R 142 500.00				X
3	CLOSED QUOTATION 53677 UPGRADE UPS SERVER ROOM AND DR SITE TRACKOS PROJECTS	R 31 395.60			X	
4	CLOSED QUOTATION 53857 CONSTRUCTION OF TWO WHEELCHAIR ENTRANCES IN MÔRESTOND AND ALOERIDGE R A BOUERS	R 37 000.00		X		
5	53668 CUPBOARDS AND SINKS - ELLENSRUST AND PREEKSTOEL CHALET VANNIEDAL CONSTRUCTION	R 65 200.00		X		
6	CLOSED QUOTATION PROCESS 53977 REPAIRS TO VEHICLE CCC 8990 STILBAAI PANELBEATERS	R 47 078.72		X		
7	CLOSED QUOTATION PROCESS 53819 SUPPLY AND DELIVERY A CONCRETE MIXER TUNRER MORRIS	R 29 824.56				X
9	CLOSED QUOTATION PROCESS 53997 SUPPLY AND DELIVERY OF CHEMICALS FOR OLIVE GROVE WATER TREATMENT WORKS IN STILL BAY METSI CHEM IKAPA	R 42 040.00			X	
10	CLOSED QUOTATION PROCESS 53983 THE SUPPLY AND DELIVERY OF WATER METERS ELSTER KENT METERING (PTY) LTD	R 155 199.00				X
	Total	R 583 362.28				

Tenders/ Agreements Extended						
Nr	Tender	Original Amount (Excl. VAT)	Amount Extended(Excl. VAT)	Local	Eden	Other
1	Consideration of Contract Extension HES-SSPO 06/1516 PAVING OF ROADS IN RIVERSDALE FOR HESSEQUA MUNICIPALITY. BENVER CIVILS & PLANT HIRE CC	R 1 186 300.00	R 466 500.00		X	
2	CONTRACT EXTENSION: SUPPLY AND DELIVERY OF PROTECTIVE CLOTHING: PIENAAR BROS (PTY) LTD	N/A	R 20.35 per shirt		X	
	Total	R 1 186 300.00	R 466 500.00			
Regulation 32 Appointments						
1	TENDER SCM/75/2016/FIN THE PROVISIONING OF ACCOUNTING SERVICES - SYNCHRONISATION OF VARIOUS ASSET REGISTER DATA SOURCES (COLLAB 1002195) MUBESKO AFRICA CC	R 300 000.00			X	
	Total	R 300 000.00				
Regulation 36 Appointments						
1	DEVIATION: ACQUISITION OF A BUDGET TOOL (COLLAB 1006351) BUSINESS CONNEXION (PTY) LTD	R 278 070.18				X
2	DEVIATION: APPOINTMENT OF A DIRECTOR TECHNICAL SERVICES – ODS CONSULTANTS (COLLAB 1006272) ROY STEELE ASSOCIATES	R 34 473.68				X
3	DEVIATION: PURCHASE OF METER READING DEVICES FOR CAT METER READING SYSTEM (COLLAB 1008389) CONSOLIDATED AFRICAN TECHNOLOGIES (PTY) LTD	R 46 500.00				X
4	DEVIATION: REPAIRS TO COMPACTOR CCC 14672 RD 0296 (COLLAB 1009870) TRANS MANUFACTURING (PTY) LTD	R 85 492.89				X
5	DEVIATION: REPAIRS TO TWO PUMPS AT MELKHOUTFONTEIN WATER PUMP STATION HIDRO-	R 29 700.00				X

	TECH SYSTEMS					
6	DEVIATION IN TERMS OF HESSEQUA MUNICIPAL SCM POS REPAIRS TO ALBY WATER PURIFYING PLANT IMPROCHEM (PTY) LTD	R 63 970.89				X
7	DEVIATION IN TERMS OF HESSEQUA MUNICIPAL SCM POS REPAIRS TO ROLLER AL0134 BELL EQUIPMENT SALES SA (PTY) LTD	R 60 255.68				X
8	DEVIATION IN TERMS OF HESSEQUA MUNICIPAL SCM POS REPAIRS TO SEWERGAE PUMP VIKING PONY AFRICA PUMPS (PTY) LTD	R 31 147.62				X
9	DEVIATION IN TERMS OF HESSEQUA MUNICIPAL SCM POS REPAIRS TO BULLDOZER ST0285 VAN SCHALKWYK MOTORWERKE (PTY) LTD	R 30 684.21		X		
10	DEVIATION IN TERMS OF HESSEQUA MUNICIPAL SCM POS REPAIRS TO VEHICLE CCC 11618 GEORGE MECHANICAL AND GLASS	R 67 995.00			X	
11	DEVIATION IN TERMS OF HESSEQUA MUNICIPAL SCM POS REPAIRS TO REFUSE COMPACTOR CCC 4321 RD 0150 COLLAB 1024757. GEORGE MECHANICAL AND GLASS	R 30 686.45			X	
12	DEVIATION IN TERMS OF HESSEQUA MUNICIPAL SCM POS REPAIR ROBOT PUMP COLLAB 1024180 HSM AMANZI PUMP AND SEWERAGE ENGINEERS CC	R29 530.00				X
13	DEVIATION IN TERMS OF HESSEQUA MUNICIPAL SCM POS REPAIRS ON COMPACTOR CCC 14672 RD 0296 COLLAB 1009870. TRANS MANUFACTURING (PTY) LTD	R 112 672.16				X
14	DEVIATION IN TERMS OF HESSEQUA MUNICIPAL SCM POS REPAIR BULLDOZER ST0285	R 999.50		X		

	COLLAB 1012230. VAN SCHALKWYK MOTORWERKE (PTY) LTD					
15	DEVIATION IN TERMS OF HESSEQUA MUNICIPAL SCM POS EXTRA VENDORS FOR PREPAID ELECTRICITY IN VARIOUS WARDS COLLAB 1024676.	ALBERTINIA THERONSVILLE WARD 2- THERONSVILLE SUPERETTE	1% commission		X	
		RIVERSDALE PANORAMA WARD 8 – FAIZAL ALI	1% commission			
16	DEVIATION IN TERMS OF HESSEQUA MUNICIPAL SCM POS: : REPAIR VEHICLE CCC 11618 HB 0312 COLLAB 1016770 . GEORGE MECHANICAL AND GLASS		R 4 383.54		X	
17	DEVIATION APPROVED BY ACCOUNTING OFFICER IN TERMS OF HESSEQUA MUNICIPAL SCM POS RECYCLING OF WASTE FROM ALBERTINIA, HEIDELBERG, RIVERSDALE AND STILL BAY BY AN CONTRACTOR FROM 1 MARCH 2017 TILL 30 JUNE 2017 COLLAB 1013419. HENQUE WASTE		R 257 434.78		X	
Total			R 1 163 996.58			
Service Level Agreements						
NONE						
Total						

* Tender value can only be determined at the end of the period

It should also be noted that during the period under review one (1) objection (Tender: HES ICT 02/1617) was lodged against Hessequa Municipality, which was rejected. Nine (9) tenders validity period was extended (HES-GEN 06/1617-2 times; HES-TECH 04/1617; HES-EL 01/1617; HES-EL 05/1617; HES-EL 02/1617; HES-EL 03/1617; HES-EL 04/1617; HES-CORP INF 06/1617; HES-ICT 02/1617) and all other tenders were awarded within their validity period. All tenders indicated in table 2 was awarded by following the official procurement system, in other words by means of the Bid Committee System.

Engineering consultants were appointed for the quarter ending 31 March 2017 is tabled below:

PROJECT	CONSULTANT	AMOUNT (VAT Excl.)
Consideration of Contract Extension HES-SSPO 06/1516 PAVING OF	HESSEQUA CONSULTING ENGINEERS	R 64 250.00

ROADS IN RIVERSDALE FOR HESSEQUA MUNICIPALITY.		
HES-TECH 04/1617 PAVING OF DUNN STREET IN WITSAND	LYNERS AND ASSOCIATES	R 221 181.00
Total Consulting fees		R 285 431.00

3.3. Deviations

For the quarter ending 31 March 2017 a total of 233 (223 the previous quarter) requests for deviation were processed to the value of R 1 993 946.12 (previous quarter; R 2 075 076.89). This amount to a 4.29% increase in volume and -4.07% decrease in value. Table 4 illustrates the number and value of deviations per threshold.

Table 4

ITEM	NUMBER OF DEVIATIONS	VALUE OF DEVIATION
< R 2000	133	R 110 697.14
Sole Suppliers	0	R 0.00
Emergency	65	R 43 602.24
Exceptional Circumstances	68	R 67 094.90
R 2000 - R 30 000	87	R 582 083.84
Sole Suppliers	0	R 0.00
Emergency	31	R 155 643.89
Exceptional Circumstances	56	R 426 439.95
R 30 000 - R 200 000	11	R 630 189.49
Sole Suppliers	0	R 0.00
Emergency	3	R 140 449.01
Exceptional Circumstances	8	R 489 740.48
>R 200 000	2	R 670 975.65
Sole Suppliers	0	R 0.00
Exceptional Circumstances	2	R 670 975.65
TOTAL DEVIATIONS	233	R 1 993 946.12

3.4. Supplier Database

The supplier database of Hessequa Municipality decreased with 63 suppliers for the quarter ending 31 March 2017; from 2261 to 2324 suppliers. Since last reported, the following categories still have less than 3 suppliers registered: Since last reported, the following categories still have less than 3 suppliers registered:

Locksmith services:	2 suppliers
Vending Services:	2 suppliers
Towing Services:	2 suppliers
Picture Framing:	3 suppliers

It should also be noted that this is not a reflection of suppliers currently registered on the Central Supplier Database (CSD), it is a reflection of those suppliers copied unto the Hessequa Municipal Supplier Database from the CSD. Integration between the Hessequa Municipal Supplier Database and the CSD should be finalized by 30 June 2017.

3. Logistics Management

Controls for handling stock kept formally are in place and is affectively instituted. As previously reported, goods kept informally are still a cause for concern and an investigation into the optimization of our logistics/inventory has commenced in September 2015. Mr. Trevor Maddison (Manager: Expenditure) will report on this once it is finalized.

4. Disposal Management

For the period under review no assets were disposed of.

5. Risk, Performance and Contract Management

Risk management is an ongoing concern for this unit and thus is continuously monitored. We are continuously developing business processes and operating procedures with the aim of continuous improvement in our SCM processes.

The average turnaround time for requisitions for the period under review was 2.07 hours per requisition (776 requisitions in 1612 hours) (3.45 hours for previous quarter) per requisition. For the quarter ending 31 March 2017, 776 (1046 for previous quarter) requisitions was processed and orders was captured for these requisitions.

With regards to Contract management, a report on the performance of contractors is submitted to the Executive Mayoral Committee on a monthly basis. Overall the performance of the contractors is fairly good with a couple where improvements are required. Those contractors are actively monitored to ensure the mitigation of possible risk to the organization.

RECOMMENDATIONS AND CONCLUSION

From my perspective it should be noted that the SCM implementation is going well.