

# **REPORT ON THE IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY FOR THE QUARTER ENDING 30 SEPTEMBER 2016**

File number / Verwysingsnommer: 8/B

Meeting date / Vergadering datum: 26 October 2016

Report by / Verslag deur: Manager: Supply Chain Management

## **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 30 September 2016, 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 30 September 2016.

## **COMMENTS: MUNICIPAL MANAGER / KOMMENTAAR: MUNISIPALE BESTUURDER**

## **COMMENTS: DIRECTOR CORPORATE SERVICES / KOMMENTAAR: DIREKTEUR KORPORATIEWE DIENSTE**

## **COMMENTS: DIRECTOR FINANCE / KOMMENTAAR: DIREKTEUR FINANSIES**

## **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 GEMEENSKAPSDIENSTE**

**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 30 September 2016.

**ATTACHMENTS / STAWENDE DOKUMENTE**

Quarterly report for quarter ending 30 September 2016.

**AGENDA REFERENCE:** 6.2.2

**RESOLUTION:**

That the Executive Mayoral Committee takes note of the implementation of SCM Policy for the quarter ending 30 September 2016.

## 1. Demand Management

A procurement plan based on the 2016/2017 capital budget was compiled and a report on the implementation of the plan is tabled at the monthly Executive Mayoral Committee meeting.

## 2. Acquisition Management

### 2.1. Procurement

For the quarter ending 30 September 2016, 853 (974 previous quarter) requisitions was processed by the SCM unit to the value of R 6 998 049.89 (R 13 090 251.46 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 30 September 2016.

Table 1

Department	Requisition Quantity	Requisition R value	% of total nr	% of total value
Corporate Services	102	1 318 355.42	11.96	18.84
Streets, stormwater and parks	243	2 619 412.22	28.49	37.43
Water, Sewerage and Sanitation	86	553 729.28	10.08	7.91
Community Services	46	148 704.41	5.39	2.12
Human Resources	17	82 988.47	1.99	1.19
Traffic	41	285 541.41	4.81	4.08
Office of the Mayor	0	-	0.00	0.00
Financial Services	34	498 640.87	3.99	7.13
Electrical Services	241	1 249 934.63	28.25	17.86
Office of the Municipal Manager	23	50 746.54	2.70	0.73
Information Technology	7	62 967.00	0.82	0.90
Planning and Development	13	127 029.64	1.52	1.82
Internal Audit	0	-	0.00	0.00
<b>Total</b>	<b>853</b>	<b>6 998 049.89</b>	<b>100.00</b>	<b>100.00</b>

### 3.2. Tenders

For the quarter ending 30 September 2016, thirteen (13) formal tenders was awarded to the value of R 23 290 080.31 (VAT excluded) of which eight (8) of the formal tenders value can only be determined at the end of the contract period. During this period three (3) formal tenders were cancelled. Also during this period three (3) contract and agreement was extended and one (1) regulation 32 appointments were 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-CORP 06/1516 LEASE OF MUNICIPAL AIRFIELD <b>HESSEQUA PROTECTION SERVICES</b>	R 191 249.16		X		
2	HES-EL 13/1516 THE PROVISIONING OF VEHICLE TRACKING SERVICES FOR HESSEQUA MUNICIPALITY <b>DIGICORE FLEET MANAGEMENT SA (PTY) LTD</b>	VARIOUS				X
3	HES-FIN 01/1516 THE SELLING OF PREPAID ELECTRICITY AT A SUITABLE VENEU IN THE TOWNS OF RIVERSDALE, ALBERTINIA, STILL BAY, HEIDELBERG AND GOURITSMOND.	WARD 2 - 1 %	RUBY SUPERE TTE ALBERTINIA	X		
		WARD 2 - 2 %	VALUMART ALBERTINIA (PTY) LTD T/A SHELL GARAGE			
		WARD 3- 1 %	STILBAAI DIENSSTASIE (PTY) LTD			
		WARD 3 - 0 %	EXCLUWIN TRADERS (PTY) LTD T/A STILBAAI SPAR			
		WARD 3- 1 %	MELKHOUTFONT EIN SUPERMARKET			

		WARD 5-2 %	GLISS PRODUC TS CC T/A SPAR HEIDELB ERG				
		WARD 5-2 %	JETGO SUPERM ARKET				
		WARD 5-2 %	SHARON FEBRUA RIE				
		WARD 6-1.5 %	RUBY SUPERE TTE RIVERSD AL				
		WARD 6-1 %	RIVSEN HANDEL AARS T/A OK GROCER				
		WARD 7-1 %	SHANIKE INVESTM ENTS NO 152 T/A NIBBLIN G SQUIRR EL				
		WARD 7-0 %	EXCLUW IN (PTY) LTD T/A RIVERSD AL SUPERS PAR				
4	HES-ICT 01/1617 SUPPLY AND DELIVERY OF LAPTOPS, DESKTOP PC'S AND ACCESSORIES <b>ALTIMAX CHARTED ACCOUNTANTS AND REGISTERED AUDITORS INC</b>						X
						R 178 708.40	
5	HES-WRS 12/1516 THE SUPPLY AND DELIVERY OF PESTICIDES	VARIOU S	CONCHE M SALINGA BEE BK				X
		VARIOU S	SIYAPHA MBILI ELECTRI CAL AND INDUSTR IAL				X

			SUPPLIE S				
		VARIOU S	OCTOBE R PLANT HIRE AND SUPPLIE S			X	
6	HES-WRS 13/1516 PROVISION OF SERVICES: SAMPLING OF ALL SANITATION AND WATER SUPPLY SYSTEMS IN THE HESSEQUA MUNICIPAL AREA	VARIOU S	AL ABBOT AND ASSOCIA TES				X
		VARIOU S	EAST RAND WATER CARE COMPAN Y				
7	HES-WRS 14/1516 THE SUPPLY AND DELIVERY OF REFUSE BAGS <b>AWV PROJECT MANAGEMENT (PTY) LTD</b>		<b>VARIOUS</b>				X
8	HES-SSPO 09/1516 CLEANING OF STORMWATER PIPES IN HESSEQUA MUNICIPAL AREA <b>JIRAH CONSTRUCTION CC</b>		<b>VARIOUS</b>			X	
9	HES-SSPO 10/1516 THE SUPPLY AND DELIVERY OF PREFABRICATED COLD PREMIX <b>SANDOBEL 165 (PTY) LTD T/A IPATCH</b>		<b>VARIOUS</b>			X	
10	HES-SSPO 11/1516 THE SUPPLY AND DELIVERY OF BITUMEN PRODUCTS <b>COLAS SOUTH AFRICA</b>		<b>VARIOUS</b>				X
11	HES-SSPO 17/1516 CONSTRUCTION AND CIVIL WORK TO EXTEND ALBERTINIA CEMETERY <b>PHAMBILI CIVILS</b>		R 649 608.96			X	
12	HES-TECH 01/1617 UPGRADING OF STORM WATER INFRASTRUCTURE IN HESSEQUA MUNICIPAL AREA <b>ATN GROUP</b>		R 1 851 389.40				X

13	HES-SSPO 18/1516 THE REPAIR OF EXTENSIVE FLOOD DAMAGE TO VARIOUS ROADS AND STORMWATER INFRASTRUCTURE IN ALBERTINIA <b>ENTSHA HENRA CC</b>				X	
	<b>Total</b>	R 20 422 124.39				
<b>Informal tenders</b>						
1	NONE					
	<b>Total</b>	R 0				
<b>Tenders/ Agreements Extended</b>						
Nr	Tender	Amount (Excl. VAT)	Amount Extended(Exc I. VAT)	Local	Eden	Other
1	HES-WRS 01/1516: Upgrading of water mains in Riversdale <b>W F Construction</b>	R2 085 600.00	R 14 542.21			X
2	HES-SSPO 14/1516: Upgrading of storm water reticulation in Melkhoutfontein <b>ACV Civils</b>	R2 839 200.00	42 030.88			X
3	HES-GEN 04/1213 ASESMENT AND TRAINING OP MUNICIPAL OFFICIAL WRT TO ABET <b>SIYAPHAMBILI TRAINING SOLUTIONS</b>	R 117 376.00	That the completion date of the program be extended from 31 August 2016 until 31 October 2016 since logistical challenges prevented the program from starting on time. That it is noted that this extension comes with no additional cost to the municipality.			X

	<b>Total</b>	<b>R 5 042 176.00</b>	<b>R 56 573.09</b>			
<b>Regulation 32 Appointments</b>						
<b>1</b>	Consideration of regulation 32 appointments Courier service: Skynet South Africa (Pty) Ltd period 18 July 2016 until 30 June 2017 <b>SKYNET SOUTH AFRICA (PTY) LTD</b>	<b>VARIOUS</b>				X
<b>Total</b>		<b>VARIOUS</b>				
<b>Regulation 36 Appointments</b>						
<b>1</b>	Telkom telephone contract in terms of section 3.2.10 of the SCM since this is an exceptional case <b>Telkom SA</b>	R 110 592.11				X
<b>2</b>	Software licenses for report writer in terms of section 3.2.9 of the SCM since this is an exceptional case <b>Microsoft Ireland Operations</b>	R 29 724.17				X
<b>3</b>	Repairs to sewerage pump in terms of section 3.2.9 of the SCM since this is an exceptional case <b>Le Roux Engineering</b>	R 41 484.55		X		
<b>4</b>	Collection of recyclable waste in terms of section 3.2.9 of the SCM since this is an exceptional case <b>Henque Waste</b>	R 193 076.05		X		
<b>5</b>	Repairs to CCC 5296 That in terms of section 3.2.9 of the SCM Policy, this deviation be approved since the work was done in accordance with the rotation register <b>M BRIERS LANDBOUDIENSTE CC</b>	R 28 546.97		X		
<b>6</b>	Repairs to CCC 14587 That in terms of section 3.2.9 of the SCM Policy, this deviation be approved since the work was done in accordance with the rotation register. <b>M BRIERS LANDBOUDIENSTE CC</b>	R 32 705.81		X		
<b>7</b>	Repairs to chlorinator at Stilbaai sewerage works That in terms of section 3.2.9 of the SCM Policy, this deviation be	R 27 580.00				X

	approved since this was an emergency situation <b>HSM AMANZI PUMP AND SEWERAGE ENGINEERS CC</b>					
8	Repair to sewerage pump in Stilbaai. That in terms of section 3.2.9 of the SCM Policy, this deviation be approved since the work was done in accordance with the rotation register. <b>HSM AMANZI PUMP AND SEWERAGE ENGINEERS CC</b>	R 59 855.00				X
9	Hiring of a suction unit to transfer sludge from Gouritsmond WWTW to Albertinia WWTW <b>JETVAC SOUTH AFRICA PTY LTD</b>	R 131 578.00				X
10	Annual safety inspection of CCC 14508 That this deviation be approved in terms of section 3.2.9 of the SCM Policy because this is an exceptional case. <b>HYDRAULIC LIFTING SERVICES (PTY) LTD</b>	R 28 208.00				X
11	BAC 23-09-2016 Repair of D4 Dozer section 3.2.9 of the SCM Policy <b>W H VAN SCHALKWYK VERVOER CC</b>	R 67 025.61		X		
<b>Total</b>		<b>R 750 376.27</b>				
	<b>Service Level Agreements</b>					
	NONE					
<b>Total</b>						

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

It should also be noted that during the period under review seven (7) objections (Tenders: HES-ICT 01/1617; HES-SSPO 09/1516 (2) ; HES-SSPO 18/1516; HES-TECH 01/1617; HES SSPO 18/1516 (2)) was lodged against Hessequa Municipality, and was rejected. Eleven (11) tenders validity period was extended (HES-SSPO 17/1516; HES-SSPO 18/1516; HES-SSPO 19/1516; HES-TECH 01/1617; HES-SSPO 09/1516; HES-SSPO 10/1516; HES-SSPO 11/1516; HES-WRS 10/1516; HES-WRS 12/1516; HES-WRS 13/1516; HES-WRS 14/1516) 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 30 September 2016 is tabled below:

PROJECT	CONSULTANT	AMOUNT (VAT Excl.)
HES-SSPO 17/1516 CONSTRUCTION AND CIVIL WORK TO EXTEND ALBERTINIA CEMETERY	ELEMENT CONSULTING ENGINEERS	R 179 251.12
HES-TECH 01/1617 UPGRADING OF STORM WATER INFRASTRUCTURE IN HESSEQUA MUNICIPAL AREA	HESSEQUA CONSULTING ENGINEERS	R 258 363.65
HES-SSPO 18/1516 THE REPAIR OF EXTENSIVE FLOOD DAMAGE TO VARIOUS ROADS AND STORMWATER INFRASTRUCTURE IN ALBERTINIA	WEC CONSULTING ENGINEERS AND PROJECT MANAGEMENT	R 1 063 897.15
<b>Total Consulting fees</b>		<b>R 1 501 511.92</b>

### 3.3. Deviations

For the quarter ending 30 September 2016 a total of 192 (235 the previous quarter) requests for deviation were processed to the value of R 3 431 215.47 (previous quarter; R 5 485 853.93). This amount to a 22.40% decrease in volume and 59.88% decrease in value. Table 4 illustrates the number and value of deviations per threshold.

Table 4

ITEM	NUMBER OF DEVIATIONS	VALUE OF DEVIATION
<b>&lt; R 2000</b>	<b>126</b>	<b>R 96 041.49</b>
Sole Suppliers	0	R 0.00
Emergency	52	R 35 337.37
Exceptional Circumstances	74	R 60 704.12
<b>R 2000 - R 30 000</b>	<b>53</b>	<b>R 507 728.62</b>
Sole Suppliers	2	R 17 100.00
Emergency	8	R 104 976.48
Exceptional Circumstances	43	R 385 652.14
<b>R 30 000 - R 200 000</b>	<b>11</b>	<b>R 700 333.95</b>
Sole Suppliers	0	R 0.00
Emergency	2	R 181 440.12
Exceptional Circumstances	9	R 518 893.83
<b>&gt;R 200 000</b>	<b>2</b>	<b>R 2 127 111.41</b>
Sole Suppliers	1	R 1 907 004.71
Exceptional Circumstances	1	R 220 106.70
<b>TOTAL DEVIATIONS</b>	<b>192</b>	<b>R 3 431 215.47</b>

### 3.4. Supplier Database

The supplier database of Hessequa Municipality expanded with 78 suppliers for the quarter ending 30 September 2016; from 2319 to 2397 suppliers. Twelve (12) of the new registrations are local, eight (8) are within the Eden district and forty seven (47) resides within the Western Cape and eleven (11) in other provinces. 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

### 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.

### 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.

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.