

# **REPORT ON THE IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY FOR THE QUARTER ENDING SEPTEMBER 2015**

File number / Verwysingsnommer: 8/B

Meeting date / Vergadering datum: 14 October 2015

Report by / Verslag deur: R Bent (Head: SCM)

## **STRATEGIC PURPOSE / STRATEGIESE REDE**

Sound Financial Management

## **PURPOSE OF REPORT / DOEL VAN VERSLAG**

The purpose of this report is to report to the Mayor in terms of section 6(3) of the Hessequa Municipality Supply Chain Management Policy on the implementation of the Supply Chain Management (SCM) Policy for the quarter ending 30 September 2015 in order to give effect to the oversight role of Council.

## **BACKGROUND AND DISCUSSION / AGTERGROND EN BESPREKING**

Section 6 (3) of the SCM policy 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 2015.

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

The contents of the report are noted.

## **COMMENTS: MANAGER CORPORATE SERVICES / KOMMENTAAR: BESTUURDER KORPORATIEWE DIENSTE**

Noted.

## **COMMENTS: MANAGER FINANCE / KOMMENTAAR: BESTUURDER FINANSIES**

The performance by the SCM unit is very good and I want to thank the officials involved for the hard work they have put into making the SCM implementation a success.

## **COMMENTS: MANAGER PLANNING AND ENVIRONMENTAL AFFAIRS / KOMMENTAAR: BESTUURDER BEPLANNING EN OMGEWINGSAKE**

## **COMMENTS: MANAGER TECHNICAL SERVICES / KOMMENTAAR: BESTUURDER TEGNIESE DIENSTE**

## **COMMENTS: MANAGER COMMUNITY SERVICES / KOMMENTAAR: BESTUURDER GEMEENSKAPSDIENSTE**

## **COMMENTS: LEGAL SERVICES / KOMMENTAAR: REGSDIENSTE**

**COMMENTS: OTHER / KOMMENTAAR: ANDER**

**RECOMMENDATION / AANBEVELING**

1. That Council takes note of the implementation of SCM policy for the quarter ending 30 September 2015.

**ATTACHMENTS / STAWENDE DOKUMENTE**

Quarterly report for quarter ending 30 September 2015

**AGENDA REFERENCE: 5.2.4.4**

**RESOLUTION:**

1. That the Committee takes note of the implementation of Supply Chain Management (SCM) policy for the quarter ending 30 September 2015.
2. That the SCM policy be reviewed, in consultation with the Strategic Services unit, with specific reference to the supply of ICT services and systems and that this be done as part of the current budget process.

## 1. Demand Management

A procurement plan was compiled for the 2015/2016 financial year and was tabled at the August 2015 Finance Portfolio committee meeting. Progress on the plan will be tabled at the November 2015 Finance Portfolio meeting and will also be included in the next quarterly report.

## 2. Acquisition Management

### 2.1. Procurement

For the quarter ending 30 September 2015, 756 (654 previous quarter) requisitions was processed by the SCM unit to the value of R 8 681 809.79 (R 9 260 451.50 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 2015.

Table 1

Department	Requisition Quantity	Requisition R value	% of total nr	% of total value
Corporate Services	116	776 931.96	15.34	8.95
Streets, stormwater and parks	170	4 343 875.17	22.49	50.03
Water, Sewerage and Sanitation	93	525 495.23	12.30	6.05
Community Services	44	252 320.33	5.82	2.91
Human Resources	11	93 361.91	1.46	1.08
Traffic	2	2 034.00	0.26	0.02
Office of the Mayor	0	-	0.00	0.00
Financial Services	35	407 539.29	4.63	4.69
Electrical Services	242	1 495 353.36	32.01	17.22
Office of the Municipal Manager	14	469 066.38	1.85	5.40
Information Technology	21	301 525.66	2.78	3.47
Planning and Development	8	14 306.50	1.06	0.16
Internal Audit	0	-	0.00	0.00
<b>Total</b>	<b>756</b>	<b>8 681 809.79</b>	<b>100.00</b>	<b>100.00</b>

### 3.2. Tenders

For the quarter ending 30 September 2015, seven (7) formal tenders was awarded to the value of R 36 519 553.26 (VAT excluded) of which one are a period tender and the value cannot be determined. No informal tenders were awarded. During this period one (1) formal tender were cancelled. Also during this period five (5) contracts and agreements was extended and one (1) regulation 32 appointment. Table 2 indicates the tenders awarded and regulation 32 awards, tenders extended, agreement extended and regulation 36 awards, amounts and where the bidders are situated.

Table 2

Formal tenders						
Nr	Tender	Amount (Excl. VAT)	Amount Extended(Excl. VAT)	Local	Eden	Other
1	HES-GEN 05/1415 SUPPLY AND DELIVERY OF PROTECTIVE CLOTHING AND EQUIPMENT INTEGRAL SAFETY EQUIPMENT	VARIOUS			X	
2	HES-GEN 01/1516 PROVISIONNING OF FIRE FIGHTING SERVICES KISHUGU IFMS (PTY) LTD	R 1 554 898.25				X
3	HES-WRS 07/1415 UPGRADING OF BULK SEWERAGE RIVERSDALE RK SAUER CONSTRUCTION	R 11 504 764.51			X	
4	HES-WRS 06/1415 CONSTRUCTION OF SLUDGE DRYING BEDS FOR THE ALBERTINIA WASTE WATER TREATMENT WORKS BENVER CIVILS AND PLANT HIRE	R 2 220 000.00			X	
5	HES-EL 01/1516 ELECTRICAL CAPITAL PROJECTS 2015/16 AND 2016/17 FOR RIVERSDALE, HEIDELBERG AND WITSAND MDL ELECTRICAL	R 9 035 000.00			X	
6	HES-EL 02/1516 ELECRCIAL CAPITAL PROJECTS 2015/16 AND 2016/17 FOR ALBERTINIA, GOURITS AND STILL BAY MDL ELECTRICAL	R 5 665 000.00			X	
7	HES-EL 03/1516 STILBAAI WEST - SUPPLY, INSTALLATION AND COMMISSIONING OF 11 KV NETWORK STRENGTHENING VE RETICULATION (PTY) LTD	R 6 539 890.50			X	
	<b>Total</b>	<b>R 36 519 553.26</b>				
Informal tenders						
1	NONE					
	<b>Total</b>	<b>R 0.00</b>				

**Tenders/ Agreements Extended**

<b>Nr</b>	<b>Tender</b>	<b>Amount (Excl. VAT)</b>	<b>Amount Extended(Excl. VAT)</b>	<b>Local</b>	<b>Eden</b>	<b>Other</b>
1	BAC 28-08-2015 IMPLEMENTATION OF THE SMS FUNCTIONALITY IN THE COLLABORATOR SYSTEM(Collab nr 890749) BUSINESS ENGINEERING (0.84%)	R 1 792 659.11	R 15 000.00 (VAT Excl)			X
2	HES-SSPO 08/1415 UPGRADING OF ALOERIDGE STORMWATER IN RIVERSDALE MOVE IT CIVILS (PTY) LTD (5.54%)	R 1 222 980.00 (VAT Excl)	R 67 811.40 (VAT Excl)		X	
3	HES-EL 08/1415 IMPLEMENTATION OF ENERGY SAVING MESURES AND INITIATIVES FOR HESSEQUA MUNICIPALITY: AIR-CONDITIONING INSTALLATION ANIL M JESSA CC T/A DHANESH ELECTRICAL (9.00%)	R 792 677.00 (VAT Excl)	R 71 374.83 (VAT Excl)			X
4	HES-EL 01/1415: SUPPLY, INSTALLATION AND COMMISSIONING STILL BAY WEST 66/11KV SUBSTATION Extension of time VE RETICULATION (PTY) Ltd	R15 757 523. 76 (VAT excl.)	N/A		X	
5	Tender HES-EL 01/1415: SUPPLY, INSTALLATION AND COMMISSIONING STILL BAY WEST 66/11KV SUBSTATION Extension of time DE VILLIERS AND MOORE CONSULTING ENGINEERS (PTY) LTD	R1 600 000.00 (VAT excl.)	N/A		X	
	<b>Total</b>	<b>R 21 165 839.87</b>	<b>R 154 186.23</b>			

**Regulation 32 Appointments**

1	BAC 03-08-2015 PREPARATION OF ANNUAL FINANCIAL STATEMENTS AND VARIOUS ISSUES OF FINANCIAL MANAGEMENT (Collab 886814) DUCHARME CONSULTING	R 79 200.00				X
<b>Total</b>		<b>R 79 200.00</b>				

**Regulation 36 Appointments**

1	BAC 10-07-2015 BUSINESS CONNEXION: VIRTUAL ENVIRONMENT, REDHAT OPERATIONG SYSTEM AND MIGRATION FROM OLD TO NEW SERVER (Collab 882359) SECTION 88 (1) (a) (v) BUSINESS CONNEXION (PTY) LTD	R394,735.95				X
2	BAC 17-07-2015 SUPPLY AND DELIVERY OF PROTECTIVE CLOTHING AND EQUIPMENT PIENAAR BROS.	VARIOUS			X	
3	BAC 17-07-2015 RENEWAL OF AGREEMENT WITH IGNITE ADVISORY SERVICES FOR THE USE OF PMS, ERM, COMPLIANCE ASSIST AND AUDIT	VARIOUS				X

	ASSIST IGNITE ADVISORY SERVICES					
4	BAC 27-07-2015 SCOA CONTENT ALIGNMENT: CONSULTATION AND TRAVELING (Collab 886730) PAYDAY SOFTWARE SYSTEMS (PTY)LTD	R 26 600.00				X
5	BAC 27-07-2015 GEYSER CONTROL FEES FOR 12 MONTHS (Collab 874527) POWERTECH IST	230 853.36				X
6	BAC 14-08-2015 RENEWAL OF KASPERSKY ANTI-VIRUS SOFTWARE LICENCE DATATEGRA	R 35 750.00				X
7	BAC 28-08-2015 HERSTELWERK CCC 14672 JUL 151658 HERSTEL VAN VULLIS KOMPAKTEERDER (Collab nr 891501) TRANSTECH	R 62 078.31				X
8	BAC 18-09-2015 REPAIRS TO CCC 11518 (Collab 895565) HAH MOTORS CC t/a PRO MOTORS	R34,622.18		X		
<b>Total</b>		<b>R 784 639.77</b>				

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

It should also be noted that during the period under review one objection was lodged against Hessequa Municipality, which were positively resolved. The two complaints which were lodged in the previous quarter, as was reported, were rejected. One tender was extended (HES-SSPO 01/1516) 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.

Consultants were appointed as follows:

Table 3

<b>Consulting Engineers</b>			
<b>Nr</b>	<b>Consultant</b>	<b>Description</b>	<b>Amount (Excl. VAT)</b>
1.	ELEMENT CONSULTING ENGINEERS	APPOINTMENT OF CONSULTANTS FOR THE DESIGN OF THE NEW CEMETERY ALBERTINIA	*

*\* Consulting Fees can only be determined once designs have been finalized and contractor has been appointed.*

### 3.3. Deviations

For the quarter ending 30 September 2015 a total of 158 (154 the previous quarter) requests for deviation were processed to the value of R 1 667 859.58 (previous quarter; R 1 559 246.56). This amount to a 2.60% increase in volume and 6.97% increase in value. Table 4 illustrates the number and value of deviations per threshold.

Table 4

<b>ITEM</b>	<b>NUMBER OF DEVIATIONS</b>	<b>VALUE OF DEVIATION</b>
<b>&lt; R 2000</b>	<b>91</b>	<b>R 63 207.41</b>
Sole Suppliers	0	R 0.00
Emergency	27	R 12 284.30
Exceptional Circumstances	64	R 50 923.11
<b>R 2000 - R 30 000</b>	<b>58</b>	<b>R 520 395.18</b>
Sole Suppliers	3	R 34 103.83
Emergency	13	R 112 900.00
Exceptional Circumstances	42	R 373 391.35
<b>R 30 000 - R 200 000</b>	<b>8</b>	<b>R 634 258.01</b>
Sole Suppliers	0	R 0.00
Emergency	0	R 0.00
Exceptional Circumstances	8	R 634 258.01
<b>&gt;R 200 000</b>	<b>1</b>	<b>R 449 998.98</b>
Exceptional Circumstances	1	R 449 998.98
<b>TOTAL DEVIATIONS</b>	<b>158</b>	<b>R 1 667 859.58</b>



### 3.4. Supplier Database

The supplier database of Hessequa Municipality expanded with 19 suppliers for the quarter ending 30 September 2015; from 2241 to 2260 suppliers. One (1) of the new registrations are local, one (1) are within the Eden district and twelve (12) resides within the Western Cape and five (5) 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

The investigation into the optimization of our logistics/inventory management has commenced and the report should reach us during October 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 currently in the process of developing business processes and operating procedures with the aim in mind of developing a risk management plan to develop risk mitigation systems from that perspective it is envisaged that this will be completed February 2016.

The average turnaround time for requisitions for the period under review was 16.54 hours (338 requisitions in 5592 hours) (5.66 hours for previous quarter) per requisition. For the quarter ending 30 September 2015, 756 (654 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 are submitted to the Executive Mayoral Committee on a monthly basis. Overall the performance of the contractors are 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. Only one SCM official that was employed on 01 June 2015 still requires training.