

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

File number / Verwysingsnommer: 8/B

Meeting date / Vergadering datum: 15 February 2017

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 31 December 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 31 December 2016.

COMMENTS: MUNICIPAL MANAGER / KOMMENTAAR: MUNISIPALE BESTUURDER

Acting Municipal Manager:

Noted.

COMMENTS: DIRECTOR CORPORATE SERVICES / KOMMENTAAR: DIREKTEUR KORPORATIEWE DIENSTE

COMMENTS: DIRECTOR FINANCE / KOMMENTAAR: DIREKTEUR FINANSIES

Noted

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

COMMENTS: DIRECTOR TECHNICAL SERVICES / KOMMENTAAR: DIREKTEUR TEGNIESE DIENSTE

**COMMENTS: DIRECTOR COMMUNITY SERVICES / KOMMENTAAR: DIREKTEUR
GEMEENSKAPSDIENSTE**

COMMENTS: MANAGER LEGAL SERVICES / KOMMENTAAR: BESTUURDER REGSDIENSTE
Noted

COMMENTS: OTHER / KOMMENTAAR: ANDER

RECOMMENDATION / AANBEVELING

That the Committee takes note of the implementation of SCM Policy for the quarter ending 31 December 2016.

AGENDA ITEM APPROVED BY / AGENDA ITEM GOEDGEKEUR DEUR:

Director Financial Services DIRECTOR FINANCE / DIREKTEUR FINANSIES

ATTACHMENTS / STAWENDE DOKUMENTE

Quarterly report for quarter ending 31 December 2016.

AGENDA REFERENCE: 6.2.5.7

RESOLUTION:

That the Committee takes note of the implementation of SCM Policy for the quarter ending 31 December 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 31 December 2016, 1046 (853 previous quarter) requisitions was processed by the SCM unit to the value of R 11 283 866.36 (R 6 998 049.89 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 December 2016.

Table 1

Department	Requisition Quantity	Requisition R value	% of total nr	% of total value
Corporate Services	142	2 687 303.24	13.58	23.82
Streets, stormwater and parks	207	2 551 983.12	19.79	22.62
Water, Sewerage and Sanitation	75	846 187.39	7.17	7.50
Community Services	41	527 528.22	3.92	4.68
Human Resources	21	311 598.66	2.01	2.76
Traffic	38	338 756.73	3.63	3.00
Office of the Mayor	0	-	0.00	0.00
Financial Services	34	577 478.45	3.25	5.12
Electrical Services	413	2 782 140.37	39.48	24.66
Office of the Municipal Manager	29	482 361.64	2.77	4.27
Information Technology	14	57 572.30	1.34	0.51
Planning and Development	31	117 992.24	2.96	1.05
Internal Audit	1	2 964.00	0.10	0.03
Total	1046	11 283 866.36	100.00	100.00

3.2. Tenders

For the quarter ending 31 December 2016, five (5) formal tenders was awarded to the value of R 11 136 271.77 (VAT excluded). During this period three (3) formal tenders were cancelled. Also during this period twenty seven (27) closed quotations was awarded; four (4) contracts/agreements were 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 06/1617 PROVISIONING OF CLEANING SERVICES AT BLUE FLAG BEACHES, RESORTS AND SWIMMING POOLS IN THE HESSEQUA MUNICIPAL AREA	T M PAULSEN	R 1 146 351.65		X		
		JENNENE FLIPIES	R 221 337.84		X		
		HORNES PROJECTS	R 104 915.20				X
		SILVERSTAR CONSTRUCTION	R 98 546.02		X		
		GL GROUP	R 157 864.69				X
2	HES-CORP 07/1617 PROVISIONING OF SECURITY SERVICES AT BLUE FLAG BEACHES, RESORTS AND SWIMMING POOLS IN THE HESSEQUA MUNICIPAL AREA SILVERSTAR CONSTRUCTION	R 228 042.18		X			
3	HES-COM 05/1617 SUPPLY AND DELIVERY OF 150, 2500 LITER VERTICAL TANKS FOR THE COLLECTION OF RAINWATER HAYWARD BUILDING SUPPLIES	R 248 935.79			X		
4	HES-CORP 02/1617 RENOVATIONS TO MUNICIPAL RESORTS - ELLENSRUST, JONGENSFONTEIN, PREEKSTOEL MASIKHULULANE CONTRACTING	R 383 547.37			X		

5	HES-SSPO 19/1516 THE REPAIR OF EXTENSIVE FLOOD DAMAGE TO VARIOUS ROADS AND STORMWATER INFRASTRUCTURE IN HEIDELBERG MEYER BETON	R 8 546 731.03		X		
	Total	R 11 136 271.77				
Informal tenders						
1	NONE					
	Total	R 0				
Closed Quotation Appointments						
Nr	Tender	Amount (Excl. VAT)	Amount Extended(Excl. VAT)	Local	Eden	Other
1	959495 CONSTRUCTION OF PALASADE FENCE (BOTH SIDES) AT THE THUSONG SERVICE CENTRE IN RIVERSDALE SHARON ROSE TRADING	R 56 056.08				X
2	963227 17 X STEEL FOLDING TABLES GREY 1800W X 700D (De Duine Saal) 10 X STEEL FOLDING TABLES GREY 188W X 700D(Slangrivier Sportgronde) 18 X STEEL FOLDING TABLES GREY 188W X 700D(Melkhoutfontein Sportgronde) BIDVEST WALTONS	R 24 607.90			X	
3	975904 Crockery and cutlery for Camps OCTOBER SKY PLANT HIRE AND SUPPLIERS PTY LTD	R 27 541.69			X	
4	977446 TILING OF CHALET FLOORS - ELLENRUST ND SCRAP METAL AND TRADING CC	R 30 000.00		X		
5	982958 - Supplying of beds and mattresses for Preekstoel and Ellensrust DIE HANDELSHUIS	R 30 929.82		X		
6	969746 SUPPLY AND DELIVERY OF THREE(3) WALK BEHIND LAWNMOWERS THE CUT AND MOW SPECIALIST EDMS BPK	R 70 789.47			X	

7	973914 HT Switching x13 amptenare: Opleiding te Riversdal. EFFECTIVE HUMAN INTERVENTION	R 70 620.00				X
9	962075 Parameters vir elke dorp in Hessequa A L ABBOTT & ASSOCIATES PTY LTD	R 27 740.00			X	
10	965576 PLUMBING MATERIAL DPI PLASTICS PTY LTD	R 54 155.00			X	
11	971563 Heining vir Oos Reservoir, Stilbaai Oos C WILLEMSE	R 98 596.00		X		
12	978355 SKOONMAAK EN DIENS VAN 5X BOORGAT POMPE 2X FONTEIN POMPE N CRONJE	R 46 400.00		X		
13	975317 CLOSED QUOTATION: RESEALING OF TENNIS AND NETBALL COURTS AT HEIDELBERG, JONGENSFONTEIN EN GOURITSMOND COASTAL COURTS	R 125 700.00				X
14	977365 CLOSED QUOTATION: NEW ROOFS ABLUTIONS - PREEKSTOEL UMKOMO MULTI SERVICES (PTY)LTD	R 194 350.00		X		
15	978478 CLOSED QUOTATION FOR EVENT PLANNER FOR HESSEQUA "EXPLORERS GARDEN ROUTE" TOURISM CONFERENCE: 10 - 11 NOVEMBER 2016. YOUR TRAVEL GUIDE	R 117 990.00			X	
16	971985 CLOSED QUOTATION FENCING OF DUMPING SITE – ALBERTINIA C WILLEMSE	R 165 000.00		X		
17	CLOSED QUOTATION 52138 SUPPLY AND DELIVERY OF APPLIANCES PARK AVENUE STATIONERS	R 151 375.00				X
18	CLOSED QUOTATION 52416 SUPPLY AND DELIVERY OF OFFICE EQUIPMENT MMA OFFICE FURNITURE	R 110 032.8			X	
19	CLOSED QUOTATION 53014 THE PROVISION AND CONSTRUCTION OF A VIBRACRETE WALL AT GOURITSMOND AND WITSAND WEST CARAVAN PARK AND AT THE BITOUVILLE LIBRARY,	R 125 320.00				X

	GOURITSMOND CAL CONSTRUCTION					
20	CLOSED QUOTATION PROCESS RQ 52611 SUPPLY AND DELIVERY OF CHEMICALS METSI CHEM IKAPA	R 33 125.00			X	
21	CLOSED QUOTATION PROCESS RQ 52838 SUPPLY AND ERECTION OF DIAMOND MESH WIRE AT THE WATER TREATMENT WORKS RIVERSDALE C WILLEMSE	R 104 855.00		X		
22	CLOSED QUOTATION PROCESS RQ 52840 SUPPLY AND ERECTION OF DIAMOND MESH WIRE FENCE AT WHITE STREET RIVERSDALE C WILLEMSE	R 124 945.00		X		
23	CLOSED QUOTATION PROCESS RQ 53044 SUPPLY AND DELIVERY OF CHEMICALS FOR OLIVE GROVE WATER TREATMENT WORKS IN STILL BAY METSI CHEM IKAPA	R 59 730.4			X	
24	CLOSED QUOTATION PROCESS RQ 53115 UPGRADING OF ABLUTIONS AT MIDDLE CAMP WITSAND SEASONS FIND 982 CC	R 50 000.00		X		
25	CLOSED QUOTATION PROCESS RQ 53117 UPGRADING OF CHALETS AT MIDDLE CAMP WITSAND SEASONS FIND 982 CC	R 19 000.00		X		
26	CLOSED QUOTATION PROCESS RQ 53125 CREDIT BEARING SHE REP TRAINIG NOSA	R 88 197.31			X	
27	CLOSED QUOTATION PROCESS 53405 SUPPLY AND DELIVERY OF CHEMICALS METSI CHEM IKAPA	R 144 300.00			X	
	Total	R 2 151 356.47				

Tenders/ Agreements Extended

Nr	Tender	Amount (Excl. VAT)	Amount Extended(Excl. VAT)	Local	Eden	Other
1	Consideration of contract extensions HES-SSPO 14/1516 UPGRADING OF STORMWATER RETICULATION SYSTEM IN MELKHOUTFONTEIN ACV Civils	R2 839 200.00	R 338 781.83			X

2	Consideration of contract extensions HES-WRS 08/1516 UPGRADING OF SEWER INFRASTRUCTURE IN MELKHOUTFONTEIN Phambili Civils	R 3 343 434.60	R 668 686.92		X	
3	Consideration of contract extensions HES-WRS 06/1516 UPGRADING OF JONGENFONTEIN WASTE WATER TREATMENT WORKS A2 Loodgieters	R2,180,750.00	R 6 531.96		X	
4	Consideration of Contract Extension HES-EL 02/1516: HESSEQUA MUNICIPALITY: ELECTRICAL CAPITAL PROJECTS 2015/16 AND 2016/17 FOR ALBERTINIA, GOURITSMOND AND STILL BAY. MDL Electrical	R 5 665 000.00	R 305,000.00		X	
	Total	R 14 028 384.60	R 1 319 000.71			

Regulation 32 Appointments

1	PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE: MUBESKO AFRICA (PTY) LTD / MOORE STEPHENS NO INC CONSORTUIM UNDER CONTRACT NUMBER SCM/75/2016/FIN; PROVISIONING OF ACCOUNTING SERVICES FOR A CONTRACT PERIOD ENDING 30 JUNE 2019. Mubesko Africa (Pty) Ltd/Moore Stephens MO Inc Consortium					X
		VARIOUS				
Total		VARIOUS				

Regulation 36 Appointments

1	DEVIATION: PREPAID ELECTRICTY VENDER POINTS FOR KWANOKUTHUL A, ALOERIDGE AND MORESTOND/P ANORAMA	Kwanokuthula at LakheSpaza Shop	1%		X	
		Aloeridge at AloeridgeCash Store	1%			
		Morestond/Pano rama at Panorama Cash Store	1%			
2	DEVIATION:AGREEMENT BETWEEN GROUP EDITORS (PTY) LTD AND HESSEQUA MUNICIPALITY FOR THE PROVISIONING OF GENERAL ADVERTISING, LEGAL AND		VARIOUS		X	

	VACANCIES FOR A TERM COMMENCING 01/11/2016 TO 30/06/2016. Group Editors Co. (Pty) Ltd t/a Suid-Kaap Forum					
3	DEVIATION IN TERMS OF SEC 3.2.9 Riversdale waste water treatment works-Daily bacteria dosage Second Opinion Consulting	R 30 000.00				X
4	DEVIATION IN TERMS OF SEC 3.2.9 New kitchen cupboards and sinks for Preekstoel and Ellensrust resorts. W C GLAS EN KASTE	R 67 952.63		X		
5	DEVIATION IN TERMS OF SEC 3.2.9 Annual safety test for CCC 6500 ALPHA HYDRAULIC LIFTING SERVICES (PTY) LTD	R 31 359.00				X
6	DEVIATION IN TERMS OF SEC 3.2.9 Repairs to refuse compactor CCC 4321 TRANSTECH	R 55 464.53				X
7	DEVIATION IN TERMS OF SEC 3.2.9 Review of the long term financial plan INCA PORTFOLIO MANAGERS	R 53 500.00				X
8	DEVIATION: REPAIR HIGH PREASURE JET CLEANER CES 3547 AL0070 GEORGE MECHANICAL AND GLASS	R 61 639.17			X	
9	DEVIATION: UNIVERSITY STELLENBOSCH (COLLAB 991273) UNIVERSITY OF STELLENBOSCH	R 80 000.00				X
10	DEVIATION: REPAIR TWO PUMPS AT OLIVE GROVE WATERWORKS HIDRO-TECH SYSTEMS	R 170 960.00				X
11	DEVIATION: REPAIR TLB CCC 4119 ST 0165 (COLLAB 991311) M BRIERS LANDBOUDIENSTE BK	R 52 631.58		X		
	DEVIATION: REPAIR TRACTOR CCC 5439 ST 0160 (COLLAB 991314) M BRIERS LANDBOUDIENSTE BK	R 30 368.42		X		
	(COLLAB 964387) GEYSER LOAD CONTROL MAINTENANCE CONTRACT - That it is noted that the Municipal Manager has approved this deviation for the period 1 August 2016 until 30 June 2017 POWERTECH SYSTEM	R 247 987.05				X

	INTEGRATORS					
	APPOINTMENT OF A VENDOR TO SELL PREPAID ELECTRICITY IN MELKHOUTFONTEIN DEVAITION IN TERMS OF SECTION 3.2.9 OF HESSEQUA MUNICIPAL SCM POLICY TBT BHEKI TRADING (PTY) LTD	1%				X
	REPAIR ELECTRICAL MOTOR AT ADELPRACHT PUMP STATION JARVIS ELECTRO WINDING CC	R 33 291.23				X
	SUPPLY AND DELIVERY OF LAB EQUIPMENT DEVAITION IN TERMS OF SECTION 3.2.9 OF HESSEQUA MUNICIPAL SCM POLICY SAINS AGENCIES CC	R 76 500.00				X
Total		R 991 653.61				
	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 four (4) objections (Tenders: HES-SSPO 19/1516; HES-GEN 06/1617 (3)) and five (5) appeals (Tenders: HES-SSPO 19/1516; HES-GEN 06/1617 (2); HES-EL 02/1617 (2)) was lodged against Hessequa Municipality, of which two appeals was upheld. The validity period of three (3) tenders (HES-SSPO 19/1516; HES-WRS 10/1516; HES-GEN 06/1617) were extended, whilst 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 official Bid Committee System.

Engineering consultants as appointed during the quarter ending 31 December 2016 is tabled below:

PROJECT	CONSULTANT	AMOUNT (VAT Excl.)
Consideration of contract extensions HES-SSPO 14/1516 UPGRADING OF STORMWATER RETICULATION SYSTEM IN MELKHOUTFONTEIN	HESSEQUA CONSULTING ENGINEERS	R 91 217.07
Consideration of Contract Extension HES-EL 02/1516: HESSEQUA MUNICIPALITY: ELECTRICAL CAPITAL PROJECTS 2015/16	CLINKSCALES MAUGHN-BROWN	R 22 955.00

AND 2016/17 FOR ALBERTINIA, GOURITSMOND AND STILL BAY.		
HES-SSPO 19/1516 THE REPAIR OF EXTENSIVE FLOOD DAMAGE TO VARIOUS ROADS AND STORMWATER INFRASTRUCTURE IN HEIDELBERG	WEC CONSULTING ENGINEERS AND PROJECT MANAGEMENT	R 635 340.71
Total Consulting fees		R 749 512.78

3.3. Deviations

For the quarter ending 31 December 2016 a total of 223 (192 the previous quarter) requests for deviation were processed to the value of R 2 075 076.89 (previous quarter; R 3 431 215.47). This amount to a 13.90% increase in volume and -65.35% 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	122	R 97 184.54
Sole Suppliers	2	R 2 460.88
Emergency	45	R 27 868.29
Exceptional Circumstances	75	R 66 855.37
R 2000 - R 30 000	86	R 681 599.94
Sole Suppliers	0	R 0.00
Emergency	12	R 57 937.42
Exceptional Circumstances	74	R 623 662.52
R 30 000 - R 200 000	14	R 1 049 195.25
Sole Suppliers	1	R 34 200.00
Emergency	0	R 0.00
Exceptional Circumstances	13	R 1 014 995.25
>R 200 000	1	R 247 097.16
Sole Suppliers	0	R 0.00
Exceptional Circumstances	1	R 247 097.16
TOTAL DEVIATIONS	223	R 2 075 076.89

3.4. Supplier Database

The supplier database of Hessequa Municipality decreased with 58 suppliers for the quarter ending 31 December 2016; from 2319 to 2261 suppliers. The decrease is a result of data cleansing, where the same supplier was previously registered more than once, but under different names, or the supplier has been blacklisted. Since last reported, the following categories still have 3 or less 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. Mr. Trevor Maddison (Manager: Expenditure) will report on this once it is finalized.

4. Disposal Management

An auction was held on 24 November 2016 which was conducted by BKB Eiendomme (Pty) Ltd. 134 items were auctioned off and R956 390.80 (VAT Excl.) was raised. Please refer to Appendix A for a detailed statement.

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. The capacitation of the SCM Contracts, Risk and Performance management section is also proving its worth as poor performing suppliers are identified more regularly and those instances are addressed urgently. The value of this is that we are now better able to manage our suppliers as well as improve the relationships between suppliers and the municipality.

The introduction of the closed quotation process for the procurement of goods, services and works in the range of R30 000 – R200 000 have also paid major dividends with the turnaround time in this range having been greatly reduced from 6-8 weeks to 3 weeks.