

**15. SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT – 2014/2015 :
3rd QUARTER: 01 JANUARY TO 31 MARCH 2015**

8/2/2

CEM La Cock

(028) 313 8080

Corporate Head Office

15 April 2015

1. Executive Summary

In terms of Clause 6(3) of Council's Supply Chain Management Policy, the Municipal Manager must, within 10 business days of each quarter, submit a report on the implementation of the Supply Chain Management Policy to the Executive Mayor.

The report contains the following:

- a) awards made through the bid committee system in terms of delegated authority,
- b) deviations from and minor breaches of the Supply Chain Management Policy, respectively approved and ratified by the Accounting Officer in terms of Clause 36 of the Supply Chain Management Policy, dated 25 September 2008 as amended,
- c) incidences of irregular expenditure identified to date during the 2014/2015 financial year, and
- d) the status of Objections and Complaints lodged in terms of Clause 49 of the Supply Chain Management Policy against the implementation of the supply chain management system.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Finance

Department: Supply Chain Management

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance

Provision and maintenance of municipal services

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003)
Overstrand Municipality Supply Chain Management Policy dated 25 May 2008,
as amended.

6. Background/Discussion

Background

The purpose of this report is to ensure that Council maintains oversight over the implementation of the Supply Chain Management Policy, specifically regarding the following:

- a) awards made through the bid committee system for the 3rd Quarter of the 2014/2015 financial year, 01 January to 31 March 2015;
- b) deviations in terms of Clause 36 of the Supply Chain Management Policy;
- c) all incidences of non-compliance with the Supply Chain Management Policy; and
- d) objections and Complaints

Discussion

a) Bid Awards

Bids are awarded in terms of Council's Supply Chain Management Policy and the preferential points system prescribed in the Preferential Procurement Policy.

All awards between R30,000 up to R10 million were approved through the bid committee system.

Procurement transactions have been processed through the bid committee system within the following timeframes:

Procurement Function	2014/2015 3 rd Quarter	2014/2015 to date	2013/2014
Bids Processed	17	77	131
Bids Processed- Average per Quarter	17	26	33
Average days from final evaluation to Bid Adjudication Committee	6	7	8
Average days from initiation to Bid Specification Committee	7	7	7
Estimated Value of Awards (R)	28,916,399.81	242,909,711.21	181,586,965.21

A schedule of these awards for the 3rd Quarter of 2014/2015 is attached as **Annexure A**.

Value of all Awards

The total value of tenders awarded by the Supply Chain Management Unit for the 3rd Quarter of 2014/2015, is:

	Operational Amount (Excluding VAT, where applicable)	Capital Amount (Excluding VAT, where applicable)	VAT @ 14%	Value of Awards (Including VAT, where applicable) for Q3
Bid Awards (17)	11,262,952.62	14,110,141.77	3,543,305.42	28,916,399.81

b) Deviations – Clause 36(1)(a)

Clause 36(1)(a) of Council's Supply Chain Management Policy allows circumstances for deviations from the procurement processes. Furthermore, the policy requires in Clause 36(2), that the reasons for any deviations from the procurement processes must be recorded and be reported to Council.

Deviations approved by the Accounting Officer or by the delegated officials were motivated in terms of the following categories for applications approved for the 2014/2015 year to date is compared to the 2013/2014 financial year as per the following schedule:

SCM Policy	Description	2014/2015 3 rd Quarter	2014/2015 to date	2013/2014
Clause 36(1)(a)(i)	Emergency	3	4	4
Clause 36(1)(a)(ii)	Sole Supplier	3	16	22
Clause 36(1)(a)(iii)	Special works of Art	0	2	0
Clause 36(1)(a)(v)	Impractical Impossible	8	36	67
		14	58	93

A schedule of all Deviations approved by the Municipal Manager or by the delegated officials for the 3rd Quarter of 2014/2015 is attached as **Annexure B**.

Value of all Deviations awarded

The total value of deviations processed via the Supply Chain Management Unit for the 3rd Quarter of 2014/2015, are as follows:

	Operational Amount (Excluding VAT, where applicable)	Capital Amount (Excluding VAT, where applicable)	VAT @ 14%	Value of Awards (Including VAT, where applicable) for Q3
Deviations (14)	410,852.04	125,000.00	74,351.90	610,203.93

c) Incidence of Non-compliance and Irregular Expenditure**Irregular Expenditure**

In terms of Section 32(4) of the Local Government Municipal Finance Management Act (56 of 2003) the Executive Mayor, inter alia, must be

made aware of all possible irregular expenditure incurred by the municipality.

A register of all incidences of irregular expenditure identified and currently undergoing investigation is attached as **Annexure C**.

d) Objections and Complaints – Clauses 49 & 50

In terms of Clause 49 of the SCM Policy, persons aggrieved by decisions or actions taken in the implementation of the supply chain management system, may lodge a written objection against the decision or action within 10 business days of the decision or action.

These objections must be dealt with and resolved in terms of Clause 50(1) of the SCM Policy. In terms of this, the Accounting Officer has appointed an 'appeals authority' which must strive to resolve all objections within 46 business days of receipt and report to the Accounting Officer on a monthly basis on the objections received, attended to and resolved in terms of Clause 50(3) of the Policy.

It should hereby be noted that no formal objections were received during the 3rd Quarter of 2014/2015 financial year.

7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

- Annexure A: Schedule of Awards made through the Bid Committee system
- Annexure B: Schedule of Deviations from the procurement processes
- Annexure C: Schedule of Irregular Expenditure

RECOMMENDATION TO THE COUNCIL:

that **cognisance be taken** of the activities undertaken and outcomes achieved in the implementation of the Overstrand Municipality Supply Chain Management Policy for the 3rd Quarter of 2014/2015.

RESPONSIBLE OFFICIAL :

R LA COCK

TARGET DATE FOR IMPLEMENTATION :

TO BE NOTED



SUPPLY CHAIN MANAGEMENT REPORT IN TERMS OF CLAUSE 5(3) OF THE SCM POLICY

TENDERS & FORMAL WRITTEN QUOTATIONS AWARDED TO THE BIDDER SCORING THE HIGHEST POINTS AS WELL AS TENDERS CANCELLED IN TERMS OF COUNCIL'S PREFERENTIAL PROCUREMENT POLICY FOR THE 3RD QUARTER - JANUARY TO MARCH 2015

#	Tender #	Description	Date Awarded / Cancelled	Awarded to	B-BBEE Status Level	Completion Period	Unit Price	Amount Operational	Amount Capital	VAT @ 14%	Total Amount (Including VAT)
1	SC1528/2014	First Aid training	2015/01/30	Elizma Goltz CC I/a Safetech	4	2015.06.30	-	R 43 450.00	-	R 6 083.00	R 49 533.00
2	SC1531/2014	Compile and maintain the General-and supplementary valuation rolls for the period 1 July 2015 - 30 June 2017	2015/01/23	Boland Valuers CC	4	2017.06.30	-	R 6 941 884.58	-	R 971 863.84	R 7 913 748.42
3	SC1535/2014	Supply & Deliver Vehicles	2015/01/23	CMH Car Hire (Pty) Ltd I/a CMH Fleet Solutions JB's Trucks (Pty) Ltd	Non-compliant Contributor 2	2015.04.10	-	-	R 1 679 000.00	R 235 060.00	R 1 914 060.00
4	SC1540/2014	Development of Overlay Zones for the Overstrand Municipal Area.	2015/01/16	Urban Dynamics Western Cape (Pty) Ltd	Non-compliant Contributor	2016.05.31	-	R 1 350 375.00	-	R 189 052.50	R 1 539 427.50
5	SC1541/2014	Supply and installation of mechanical & electrical equipment for sewage pump stations in Hermanus	2015/01/30	Cancelled - No compliant bids received	N/A	N/A	-	-	-	-	-
6	SC1422A/2013	Amendment: Upgrading of residential roads in Zwelithe Phase 1	2015/01/30	Cape Asphalt CC	N/A	2015.06.30	-	-	R 1 199 923.19	R 167 989.25	R 1 367 912.44
7	SC1520/2014	Remove existing & install new roof top aircondition unit at the Auditorium, Overstrand Municipality Hermanus.	2015/02/06	Airfreeze (Pty) Ltd	4	2015.06.30	-	R 331 789.04	-	R 46 450.47	R 378 239.51
8	SC1537/2014	Supply and installation of sound system for Mofat hall	2015/02/20	Cancelled - No compliant bids received	N/A	N/A	-	-	-	-	-
9	SC1538/2014	Supply and installation of industrial gas and electric stove for Mofat Hall.	2015/02/20	Cancelled - No compliant bids received	N/A	N/A	-	-	-	-	-
10	SC1544/2014	Building alterations & additions to the Kleinmond Library	2015/02/06	Blizzard Trading CC	Non-compliant Contributor	2015.12.01	-	-	R 3 952 501.39	R 553 350.19	R 4 505 851.58
11	SC1545/2014	EIA: Stanford water courses	2015/02/13	EnviroAfrica Overberg CC	4	2015.06.30	-	R 34 520.00	-	R 4 832.80	R 39 352.80
12	SC1513/2014	Sale of Erf 1596 (Portion of Erf 1413) Zwelithe, for Residential Purposes	2015/03/26	Fezaka Lumika Mcothama	N/A	N/A	-	-	R 65 000.00	R 9 100.00	R 74 100.00
13	SC1547/2014	Supply and installation of library book detection system at Zwelithe Library	2015/03/31	CSX Customer Services (Pty) Ltd	3	2015.05.31	-	-	-	R 13 480.42	R 109 769.10
14	SC1551/2015	Supply and installation of new Carport at Hermanus Tax Rank.	2015/03/25	LK - Maintenance (Pty) Ltd	3	2015.06.30	-	R 63 770.00	-	-	R 63 770.00
15	SC1562/2015	Additions and Alterations to Preeksstoel Offices, Hermanus	2015/03/26	Deshelf 26 CC I/a Lighthouse Construction	5	2016.10.31	-	-	R 1 752 005.71	R 245 280.80	R 1 997 286.51
16	SC1421A/2013	Amendment: Provision of small works and maintenance "as and when"	2015/03/18	Alan Bailey Civil Engineering and Construction CC	N/A	2015.12.31	-	R 2 497 164.00	R 2 625 000.00	R 717 102.96	R 5 839 266.96
17	SC1416A/2013	Amendment: Replacement of water pipes: Upgrading of Kidbrooke Sewer Pipeline - Phase 1	2015/03/26	WBHO Constuction (Pty) Ltd	N/A	2015.05.31	-	-	R 942 522.80	R 131 953.19	R 1 074 475.99
								R 11 262 952.62	R 14 110 141.77	R 3 543 305.42	R 28 916 399.81



SUPPLY CHAIN MANAGEMENT REPORT IN TERMS OF CLAUSE 5(3) OF THE SCM POLICY

DEVIATIONS FROM THE POLICY, APPROVED IN TERMS OF CLAUSE 36(1)(a) FOR THE 3RD QUARTER - JANUARY TO MARCH 2015

#	Deviation #	Date Approved	Deviation in terms of Clause	Description	Responsible Official	Awarded to	Amount Operational	Amount Capital	VAT @ 14%	Value of the Deviation
1	S CO2782	2015/01/06	Clause 36(1)(a)(x)(ii)	Emergency repairs to the radio link between Hawston and Hermanus high sites. The functioning of the radios is critical for the emergency rescue and traffic services.	Senior Business Analyst: Van Asperen J	Estreux Systems CC t/a Benlikor Communications	R 6 427.00		R 899.78	R 7 326.78
2	S CO2783	2015/01/08	Clause 36(1)(a)(v)	Exhibiting at the Bead Holiday Show from the 27 February 2015 - 01 March 2015	Manager: LED, Xolile K	Interactive Trading 498 (PTY) LTD	R 16 290.00		R 2 280.60	R 18 570.60
3	S CO2784	2015/01/15	Clause 36(1)(a)(v)	Exhibiting at the Cape Getaway show from the 13 - 15 March 2015	Manager: LED, Xolile K	Ramsay Media (PTY) LTD	R 13 725.00		R 1 921.50	R 15 646.50
4	S CO2785	2015/02/06	Clause 36(1)(a)(x)(ii)	Extinguishing of fires in the Hawston, Orrus and Sandbaai areas on the 15 January 2015	Chief: Fire Services, Smith L	FFA Aviation (PTY) LTD	R 63 271.67		R 8 858.03	R 72 129.70
5	S CO2786	2015/02/18	Clause 36(1)(a)(ii)	Supply and install of Metstar Vigi backup batteries for the Metstar units installed in the municipal vehicles. The locations of these units are only known by Atech Metstar.	Acting Manager: Fleet, Frans F	Atech Metstar (PTY) LTD	R 56 170.41		R 7 864.26	R 64 034.67
6	S CO2787	2015/02/10	Clause 36(1)(a)(ii)	Recalibration of speed measuring equipment. Truvelo Manufactures (Pty) Ltd is the sole supplier of the equipment that includes service, repair, maintenance and installation.	Chief: Traffic Services, Fraser R	Truvelo Manufactures (PTY) LTD	R 11 868.98		R 1 681.66	R 13 550.64
7	S CO2788	2015/02/20	Clause 36(1)(a)(v)	Provision of software for the capturing traffic fines for the period 1 - 31 December 2014.	Chief: Traffic Services, Fraser R	Total Client Services Limited	R 5 085.00		R 711.90	R 5 796.90
8	S CO2789	2015/02/26	Clause 36(1)(a)(x)(i)	The appointment of lifeguard services on Hawston Beach on the 8, 14-15 February 2015	Senior Manager: Hermanus Administration, D. Keamy	Overstrand Community Lifeguards CC	R 4 770.00		R	R 4 770.00
9	S CO2790	2015/03/06	Clause 36(1)(a)(v)	Repair of the electrical fencing around the municipal depot in Gansbaai	Manager: Operational, De Villiers J	Mr Spike Overberg CC	R 19 001.54		R 2 680.22	R 21 681.76
10	S CO2791	2015/03/08	Clause 36(1)(a)(i)	Repairing of the digger loaders gearbox and servicing of the vehicle CEM 8154	Acting Manager: Fleet, Frans F	Kemach Cape (PTY) LTD	R 14 943.49		R 2 082.00	R 17 025.49
11	S CO2792	2015/03/11	Clause 36(1)(a)(v)	Procuring of a distribution board and the re-configuration of the air conditioning electrical system.	Senior Manager: Systems Development, Johnson C	Cable's Cabling CC	R 24 002.40		R 3 380.34	R 27 382.74
12	S CO2793	2015/03/25	Clause 36(1)(a)(v)	Installation of a CO2 stripping pre-treatment step at the Baardskeersbos WWTW	Deputy Director: Engineering Planning, Blignaut H	Kusasa Chemicals (Pty) Ltd		R 125 000.00	R 17 500.00	R 142 500.00
13	S CO2794	2015/03/27	Clause 36(1)(a)(x)	Extension of the Overstrand City Water Telemetry Monitoring System at Hermanus, Stambord and Gansbaai	Deputy Director: Engineering Planning, Blignaut H	Flotron Instrumental Services (Pty) Ltd	R 171 781.40		R 24 046.60	R 195 828.00
14	S CO2795	2015/03/27	Clause 36(1)(a)(v)	The quarterly servicing of the refuse compactor (CEM 37562)	Acting Manager: Fleet, Frans F	Hydrenco (PTY) LTD	R 3 536.17		R 484.93	R 4 021.10
							R 410 682.04	R 125 000.00	R 74 351.90	R 610 203.93

Supply Chain Management Policy
Irregular Expenditure Incurred in terms of Paragraph 36(2)

Register

SCMIE #	Date of Discovery	Date Reported to the Accounting Officer	Date of Memo	Received	Date approved for payment	*Report to Council	Nat Treas	Description	Type of Prohibited Expenditure	Awarded to	Responsible Directorate	Amount Capital	Amount Operational	VAT @ 14%	Total	Update as @ 2015/03/31
Incidents reported and currently under investigation																
2014/002	2013/10/14	2014/03/10	2013/10/14	2013/10/14	2014/03/10	2014/04/10	2014/06/30	The continued provision of services by contractors, appointed in terms of Tenders SC 1101/2011 & SC 1140/2011 for Cleaning Services, without following the Official Procurement Process.	SCM Clause 18	Various Contractors	Community Services	R -	R 72 567,81	R -	R 72 567,81	The investigation report has been submitted to the Director: Community Services for consideration.
2014/003	2013/12/08	2014/07/10	2014/08/03 (Update: 2014/05/30)	2014/06/03	2014/07/10	2014/07/23	2014/06/30	Non-compliance with Clause 16 of the Overstrand Municipality Supply Chain Management Policy. The provision of mobile telecommunication services, by Spectrum Communications, for use in the operation of Overstrand Municipality's telemetry systems via the developer and implementer of the said system, for a period ending 30 June 2013, without following the official procurement process.	SCM Clause 16	Spectrum Communications, a division of Connorsaur Electronics (Pty) Ltd	Community Services	R -	R 4 541,00	R 635,74	R 5 176,74	The investigation report has been submitted to the Director: Community Services for consideration.
2014/005	2014/05/23		Awaiting Department Report	Awaiting Department Report	N/A	2014/07/23	2014/06/30	Non-compliance with the Overstrand Municipality Supply Chain Management Policy. The provision and licensing of a GIS software solution from Environmental Systems Research Institute South Africa (Pty) Ltd, without following the official procurement process.	SCM Clause 19	Environmental Systems Research Institute South Africa (Pty) Ltd	Infrastructure and Planning	R -	R 296 012,82	R 41 441,80	R 337 454,62	The investigation report has been submitted to the Director: Infrastructure and Planning for consideration.
Incidents Identified to-date in 2014/2015																
2015/001	2014/08/26	2014/12/30	2014/06/20	2014/07/09	2014/07/02	In Process	2014/12/30	The execution of a controlled fire in Kleinmond for training purposes, by a suitably qualified service provider, without following the official procurement process, or, the timely application and approval of a deviation in terms of Paragraph 36 of the SCM Policy	SCM Clause 17	FFA Assets (Pty) Ltd	Infrastructure and Planning	R -	R 3 867,41	R 541,44	R 4 408,85	The investigation report has been submitted to the Director: Infrastructure and Planning for consideration.
2015/002	2014/10/02	2014/12/30	N/A	2014/10/02	N/A	In Process	2014/12/30	The provision of security services for various sites and properties controlled by Overstrand Municipality, without following the official procurement process, or, the timely application and approval of a deviation in terms of Paragraph 36 of the SCM Policy	SCM Clause 19	Various Contractors	Community Services & Protection and Security Services	R -	R 784 000,00	R 109 760,00	R 893 760,00	Currently still under investigation. No report received.
2015/003	2014/10/02	2014/12/30	N/A	2014/10/02	N/A	In Process	2014/12/30	The provision of a mobile link between the municipality's card payment machines and the bank, as required in terms of the agreement with ABSA, without following the official procurement process, or, the timely application and approval of a deviation in terms of Paragraph 36 of the SCM Policy	SCM Clause 19	Xink (Pty) Ltd	Finance	R -	R 47 880,00	R 6 703,20	R 54 583,20	The investigation report has been submitted to the Director: Finance for consideration.
2015/004	2014/10/02	2014/12/30	N/A	2014/10/02	N/A	In Process	2014/12/30	The provision of Multi Choice television services to staff members, without following the official procurement process, or, the timely application and approval of a deviation in terms of Paragraph 36 of the SCM Policy	SCM Clause 19	MultiChoice (Pty) Ltd	Community Services	R -	R 43 750,00	R 6 125,00	R 49 875,00	The responsible official is in the process of drafting the report for submission to the Director: Community Services
2015/005	2014/09/15	2014/12/30	N/A	2014/09/15	2014/12/30	In Process	2014/12/30	The servicing of two Suzuki motorcycles, without following the official procurement process	SCM Clause 17	Grabouw Suzuki	Community Services	R -	R 3 367,27	R 471,42	R 3 838,69	The responsible official is in the process of drafting the report for submission to the Director: Community Services

16. QUARTERLY BANK ACCOUNT WITHDRAWALS NOT IN TERMS OF AN APPROVED BUDGET

5/18/R

B A King

17 April 2015

(028) 313 8154

Corporate Head Office

1. Executive Summary

Report prepared as part of the financial reporting obligations arising from section 11(4) of the Local Government: Municipal Finance Management Act, 2003 (MFMA).

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate Finance
Financial Services

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act, No. 56 of 2003

6. Background/Discussion

On a quarterly basis a consolidated report of all withdrawals made in terms of section 11(1) (b)-(j) of the MFMA must be compiled and submitted to Council, the relevant Provincial Treasury and the Auditor General.

7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Consolidated report for quarter ended March 2015

RECOMMENDATION TO THE COUNCIL:

that the consolidated quarterly report, as per Annexure A, in respect of Bank Account Withdrawals not in terms of an Approved Budget for the quarter ended March 2015, **be noted**.

RESPONSIBLE OFFICIAL :

BA KING

TARGET DATE FOR IMPLEMENTATION :

TO BE NOTED

