



**SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT:**  
**NOVEMBER AND DECEMBER 2018**

1. In terms of Chapter 1 – paragraph 6(4) of the Councils Supply Chain Management Policy: “The Accounting Officer must within 10 days of the end of each quarter, submit a report on the implementation of this policy to the Executive Mayor.” Paragraph 6(5) further states that: “The aforesaid reports must be made public in accordance with section 21A of the Municipal Systems Act.”

**2. Statistical Information:**

2.1 **DEMAND MANAGEMENT** – The SCM Unit, with the support of the Chief Financial Officer has submitted a list to all Directorates that requires timely planning and management processes to ensure that all goods and services which are required are quantified, budgeted and delivered in a timely manner at critical delivery dates, so that the budget can be dealt with as per the cash flow statements.

This Demand Management Plan will be used as a strategic tool in order to implement the budget. The Demand Management Plan will assist the SCM Unit and user departments with the planning of the execution and timely completion of projects in alignment with the performance targets in the Service Delivery and Budget Implementation Plan.

Only projects outstanding with huge amounts are:

COST CENTRE	COST CENTRE DESCRIPTION	FINANCE SOURCE	mSCOA CONFIG	DESCRIPTION	FULL YEAR BUDGET
4511	Water Distribution	1001	74511040102	Water conservation demand management intervention	4910000
5201	Libraries and Archives	1001	75201160805	Upgrading of Noordhoek Library	600000

## **2.2 BIDS / FORMAL WRITTEN QUOTATIONS AWARDED**

The table below are bids greater than R200 000.00 awarded on the second quarter of the 2018/2019 financial year.

**\*Yearly tenders are volume driven and a tender amount is therefore not specified.**

*Attached as Annexure "A" are bids awarded*

## **2.3 ACQUISITION MANAGEMENT**

The system of acquisition management must ensure the following:-

- That goods and services are procured in accordance with authorized processes only;
- That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Municipal Finance Management Act (Act 56 of 2003)
- That the threshold values for different procurement processes are complied with;
- That any Treasury guidelines on acquisition management are properly taken into account.

*Attached as Annexure "A" are formal written quotations (R30 001 up to R200 000) awarded.*

## **2.4 SECTION 32 APPOINTMENTS**

No Section 32 contracts were done for November and December 2018.

## **2.5 SECTION 33 CONTRACTS**

The bid documentation, evaluation and adjudication criteria and general conditions of a contract must be in accordance with applicable legislation.

No Section 33 contracts were entered into for November and December 2018.

## **3. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE**

In terms of the Municipal Supply Chain Regulation, Paragraph 45, awards given to close family members of persons in the service of the state, above R2 000.00 should be disclosed in the notes to Annual Financial Statements.

All SCM Staff were required to disclose benefits and interest.

Business Name	Date	Amount	Related to	Declaration made?	Influence on Decision?	Description of Goods / Services
Siphenkosi Protection Service		R47 762 R17 900	Husband – Meter reader at Bergrivier Municipality	Yes	No	Security Services at Dwarskersbos Stywelyne & Pelican Beach resorts
Cederberg Conservation Services		R197 175	Wife – Beulah Du Plessis employed at Cape Nature	Yes	No	Porterville Cemetery EIA (Basic) Process

#### 4. PRICE QUARTERLY/MONTHLY REPORT ON DEVIATIONS AND MINOR BREACHES – *ATTACHMENT B*

The Municipal Supply Chain Management Regulations – Gazette 27636 Of 30 May 2005, states in Section 36 “

(1) A supply chain management policy may allow the accounting officer-

- a) To dispense with the official procurement process established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only-
  - i. In an emergency
  - ii. If such goods or services are produced or available from a single provider only;
  - iii. for acquisition of special works of art or historical objects where specifications are difficult to compile;
  - iv. acquisition of animals for zoos ; or
  - v. in any other exceptional case where it is impractical or impossible to follow the official procurement process; and

(b) to ratify minor breaches of the procurement process by an official or committee acting in terms of delegated powers or duties which are purely of technical nature.

(2) The accounting officer must record the reasons for any deviations in terms of sub regulation (1)(a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements”.

## **5. DISPOSAL**

The system of disposal management must ensure the following:-

- Immovable property is sold only at market related prices except when the public interest or the plight of a poor demand otherwise,
- Movable assets are sold either by way of written quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous,
- Immovable property is let at a market related rate except when the public interest or the plight of the poor demand otherwise,
- All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed,
- Where assets are traded in for other assets, the highest possible trade-in price is negotiated.

For quarter one under review, no immovable assets were disposed.

## **6. BID COMMITTEE SYSTEM**

A Bid Committee system for competitive bids are fully operational. It comprises of the Bid Specifications, Bid Evaluation and Bid Adjudication Committees. The Committees meet regularly. The Accounting Officer appoints members of each committee taking into account Section 117 of the MFMA. All tenders that have been approved by the Bid Adjudication Committee are reported monthly.

*Attached please find the Bid Adjudication Minutes for the months of November and December 2018 as Annexure C*

## **7. VENDOR PERFORMANCE**

Regular monitoring and review of the supply vendor performance must be done to ensure compliance with specifications and contract conditions for particular goods and services, is conducted. Reports are received quarterly from the Directors on the performance of Vendors. However, the contract management and project management system (IMIS) will be in full operation as from 1 December 2018.

## **8. SERVICE LEVEL AGREEMENTS**

According to Section 21A of the Municipal Systems Act the Accounting Officer of a Municipality must place all service level agreements on the Municipal website. This was done

## **9. ASSET AND INSURANCE REPORTING**

The verification of the annual assets has started in Velddrif for the 2018/2019 financial year.

The asset verification has been completed for the following venues as per the program:

Redelinghuis – Library, Finance Office, Community Hall, Sport grounds, Waterworks/yard.

Eendekuil – Library, Finance Office, Community Hall, Sport grounds, Waterworks/yard.

Aurora - Library, Finance Office, Community Hall, Sport grounds and transfer station, Waterworks/yard.

Goedverwacht – Library

Wittewater – Library

Berghof (PV) – Library

Dwarskersbos – 50% and Stywelyne 40% (Due to the holiday season we could not complete – will be done in January 2019)

As per the program Piketberg, Porterville and Velddrif will be done during January and February 2019.

All insurance claims are reported to the Insurance Company as per the listing below and are still outstanding:-

Amount Claimed - Gross	Type Risk	Claim number	Description	Date registered
R39 054.00	Motor Fleet	LUAM/CPT/P000009758/66	Won Damage – Council vehicle CBY2557 reversed into CBY9867.	10.09.2018
R1 249 276.00	Buildings Combined	LAUM/CPT/P000009758/67	Fire at stadium.	09.09.2018
R447 305.00	Buildings Combined	LAUM/CPT/P000009758/68	The store room caught fire, it was reported that the possible cause is a geyser which had a faulty electrical circuit cable which caused sparks setting the equipment on fire.	20.09.2018

**10. APPEALS/OBJECTIONS BY AGGRIEVED**

Paragraph 49 of the Municipal Supply Chain Management Regulations allows the aggrieved bidders the opportunity to lodge objections (with proper motivation) against the decision(s) taken by the Bid Adjudication Committee, within 14 days from the date of notification thereof.

Alternatively, should they wish to lodge an appeal in terms of Section 62 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) against the award of the tender, such appeal is to be lodged within 21 days from date of this notification?

For the quarter under review, two objections were lodged, whose particulars are as follows:

BERGRIVIER MUNICIPALITY SUPPLY CHAIN MANAGEMENT OBJECTIONS 2017/2018 + 2018/2019						
Qty	Date Objection received	Bid number	Company complained	Date sent to Independent Person	Response date from Independent Person	Opinion
4	28/06/2018	8/3/3-2018	UTS	28.06.2018	04,09,2018	DISMISSED
5	28/06/2018	8/3/10/2018	TIP TRANS	09/07/2018	04,09,2018	DISMISSED
6	15/08/2018	8/3/20/2018	SINERGY CIRCLE			
7	22.10.2018	8/3/17/2018	TRF		14.11.2018	UPHELD

#### 11. LEGISLATIVE COMPLIANCE

Local government: Municipal Finance Management Act (Act 56 of 2003)  
 Supply Chain Management Regulations  
 Supply Chain Management Policy: Bergrivier Municipality  
 Preferential Procurement Regulation, 2017; and  
 All other relevant legislation, National Treasury Guidelines and circulars.

#### 12. SDBIP AND OTHER REPORTABLE MATTERS

Reports are submitted to the Bergrivier Council by the CFO on a monthly basis. The Supply Chain Management personnel are still continuing attending the mandatory Minimum Competency training as prescribed by National Treasury. The filling of vacant positions is a “Work in progress”, which is aimed to be finalized by the end of January 2019. The Unit has currently three vacant positions, due to staff that accepted other positions in Bergrivier Municipality.

### **13. RECOMMENDATION**

The Executive Mayor consider the report on the implementation of the Supply Chain Management Policy, and that Should the contents of the report be acceptable, they be made public in accordance with Section 21A of the Municipal Systems Act.

#### **ATTACHMENTS**

- A. BIDS / FORMAL WRITTEN QUOTATIONS AWARDED***
- B. DEVIATIONS AND MINOR BREACHES***
- C. BID COMMITTEE SYSTEM MINUTES***
- D. VERIMENTS REPORT***