

REPORT TO THE MAYORAL COMMITTEE BY THE DIRECTOR: FINANCE AND CORPORATE SERVICES: MEETING 17 JULY 2013

1. BUDGET AND TREASURY BRANCH

1.1 MATTERS TO BE CONSIDERED IN TERMS OF DELEGATED AUTHORITY AND FOR INFORMATION

1.1.1 Supply Chain Management Report – Quarter ended June 2013

Introduction

In terms of paragraph 6 of the Supply Chain Management Policy, the Council must maintain oversight over the implementation of this policy to ensure that the accounting officer implements all supply chain management activities in accordance therewith.

In order to comply, the accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of this policy to the mayor.

These reports must be made public in accordance with Section 21a of the Municipal Systems Act.

Progress and Compliance

Progress

CDM with GIZ and Provincial Treasury launched a Practical Guideline for the Implementation of a SCM Policy on 13 December 2012 at Cacadu District Municipality

The SCM unit is continually endeavouring to improve internal controls to ensure compliance.

Compliance

Monthly reports are submitted to Provincial Treasury and National Treasury in respect of procurement of goods and services above R100 000.

Challenges and Constraints

The Accountant: SCM left the employ of the Municipality on 31 January 2013, and the position is still vacant. This has put enormous strain on the Supply Chain Management Unit, as the unit has been managed by a Finance Intern and the Supply Chain Management Officer.

Internal Controls within SCM have been strengthened and improved significantly by introducing the following to ensure compliance to the SCM Policy:

- Checklist before payment is made
- Checklist to the Bid Adjudication Committee
- Deviations System including comments from SCM to assist authorisers
- Evaluation and adjudication of quotes between R30 000 and R200 000 by committee structures.

The controls implemented will assist in compliance with SCM regulations. However, these controls will not address non-compliance of awards made prior to the implementation of these controls. It is envisaged that non-compliance will be eliminated upon fulfilment of these awards.

Although the above controls have been implemented, the following issues are still occurring:

- Requisitions not submitted timeously for processing of orders e.g. travelling accommodation and catering.
- Suppliers not responding timeously, or not at all, to requests for quotations.
- Suppliers not properly registered on the database.

Solutions and Way Forward

Solutions and controls for the challenges and constraints above are:

- Emails were forwarded to relevant supervisors informing them of requisitions not submitted timeously.
- A memorandum was forwarded to all users, informing them that SCM Unit has 5 working days in which to process an order.
- Suppliers not properly registered on the database were requested in writing and verbally to comply.
- The possibility of centralising all SCM functions will be investigated once the vacant position has been filled.

Supply Chain Management Information for the quarter

- Awards above R200 000 (refer to **Annexure “ ”, page)**
- Awards between R30 000 and R200 000 (refer to **Annexure “ ”, page)**

- Awards between R2 000 and R30 000 per department and BBBEE Level (refer to Annexure “ ”, page))
- BBBEE Levels of all Standard Service Providers (refer to Annexure “ ”, page))
- Deviations Approved (refer to Annexure “ ”, page))

A summary of the deviations approved during the quarter are as follows:

Deviation	Qty	Value
Emergency	1	R2 750.00
Single Provider	5	R153 520.18
Impractical or impossible to follow the official procurement processes	15	R1 967 937.45
Total	21	R2 124 207.63

Submitted for information

AWARDS ABOVE R200 000 (APRIL 2013 - JUNE 2013)

SERVICE PROVIDER	BID/ DEVIATION NUMBER	CONTRACT DESCRIPTION	CONTRACT AMOUNT (INCLUDING VAT)	DATE OF BAC	BBBEE LEVEL OF SERVICE PROVIDER
1 Arcus Gibb	Deviation 226	Preliminary design, detailed design and implementation of the Rising Main and Jansenville Water Treatment Works	R 447 656.92	25/04/2013	0
2 Sithokomele Business	254	Additional funding for the Roads and Stormwater project in Somerset East	R 491 520.00	20/06/2013	4
3 Ernst and Young Advisory Services and A2A Kopano Inc	Bid 84/2013	Implementation of GRAP Financial Statements and Other Budget and Accounting reforms at local municipalities within CDM's District	R 2 281 466.72	18/02/2013	2
4 OMA Chartered Accountants	Bid 14/2013	Collection of VAT Input Taxation from National Treasury	* R 247 470.00	13/05/2013	1
5 Indwe Risk Services (Pty) Ltd	Bid 10/2013	Renewal of Short Term Insurance Cover	R 332 548.00	27/05/2013	4
6 Algoa Toyota	Bid 11/2013	Supply and delivery of 1 double cab vehicle	R 335 723.84	27/05/2013	5
7 Group 1 Nissan	Bid 12/2013	Supply and delivery of 1 SUV and 1 sedan vehicle	R 479 800.00	27/05/2013	3
8 Afri-coast	Bid 7/2013	Appointment of a professional service provider to assess and review the water services authority status in CDM	R 673 648.80	27/05/2013	4
			R 5 289 834.28		

* Amount not finalised

AWARDS BETWEEN R30 000 AND R200 000 (APRIL 2013 - JUNE 2013)

	SERVICE PROVIDER	REF NUMBER	CONTRACT DESCRIPTION	CONTRACT AMOUNT (INCLUDING VAT)	BBBEE LEVEL OF SERVICE PROVIDER
1	Ngobe and Jojo	Quote 55/2012	Supply and delivery of containers in	R 108 800.00	3
2	Sdava Projects	Quote 15/2013	Supply and delivery and fitting of New Air Conditioners	R 195 772.50	3
3	Intengu Communications	Quote 18/2013	Design, layout and printing of the 2011/2012 annual report	R 114 627.00	1
4	Dumisa Design And Advertising (Pty) Ltd	65472	Advertisement to serve as non-executive directors on the Board	R 57 308.94	1
				R 476 508.44	

AWARDS (ORDERS) BETWEEN R 2,000 to R 30,000

PER DEPARTMENT

Department	Qty	Amount
Office of the Mayor	70	R 426 261.27
Office of MM	54	R 458 563.61
Infrastructure and Planning	51	R 309 816.79
Economic Development	46	R 475 005.77
Finance and Admin	55	R 518 213.03
	276	R 2 187 860.47

AWARDS (ORDERS) BETWEEN R 2,000 to R 30,000

BBBEE LEVEL

BBBEE Level*	Qty	Amount
1	31	R 236 585.54
2	23	R 297 193.73
3	57	R 405 211.23
4	24	R 189 549.95
5	0	R 0.00
6	6	R 31 544.32
7	0	R 0.00
8	1	R 3 477.00
0	134	R 1 024 298.70
	276	R 2 187 860.47

* BBBEE Level as per supplier database. Level reflected is as at time of report

**BBBEE LEVELS OF ALL STANDARD SERVICES PROVIDERS
DURING THE PERIOD (APRIL 2013 - JUNE 2013)**

BBBEE Level*	No. of Orders made to	Amount R	%
1	28	232 509.96	4.43
2	12	53 262.98	1.01
3	34	766 262.04	14.60
4	15	221 053.31	4.21
5	1	341238.84	6.50
6	5	121 792.42	2.32
7	0	0.00	0.00
8	1	3477.00	0.07
0	382	3 509 313.66	66.86
		5 248 910.21	

* BBBEE Level as per supplier database. Level reflected is as at time of report

DEVIATIONS REGISTER - APRIL - JUNE 2013

Date	Ref	Supplier Name	Description of goods/services	Amount	Department	Reason for deviations	Type of deviation
04/04/2013	206	Stuttaford Van lines	Transportation of furniture from Port Shepstone to Port Elizabeth	R 24 146.18	IS&P	such goods or services are produced from a single provider only	2
01/04/2013	218	Pro Adz	Renewal of subscription to yellow pages blue section	R 22 794.30	F&CS	such goods or services are produced from a single provider only	2
03/04/2013	220	Witch and Wizard	Tourism indaba 2013 (11-14 May '13)	R 96 717.60	ED	such goods or services are produced from a single provider only	2
11/04/2013	221	Red Cross SA	First Aid Training for 2 Satellite officials attending level (111) D Mbolekwa and TS Sithole	R 3 300.00	F&CS	it is impractical or impossible to follow the official procurement processes	5
11/04/2013	223	Primeserve Solutions	2 officials attending assessor and moderator course (T Mafongosi and T Moteli)	R 14 962.50	F&CS	it is impractical or impossible to follow the official procurement processes	5
11/04/2013	225	Lynn Page	2 employees attending 2nd phase of Record Techniques English / Short hand training (C Paul and T Tandani)	R 5 700.00	F&CS	such goods or services are produced from a single provider only	2
25/04/2013	226	Arcus Gibb	Preliminary design, detailed design and implementation of the Rising Main and Jansenville Water Treatment Works	R 447 656.92	IS&P	it is impractical or impossible to follow the official procurement processes	5
19/04/2013	227	An Jindi	Chinese Interpreter	R 2 750.00	MM	emergency	1
05/05/2013	233	KPMG	Develop an IT Strategy	R 169 689.00	F&CS	it is impractical or impossible to follow the official procurement processes	5
15/05/2013	235	Nosa Port Elizabeth	Official attending a course - Introduction to SAMT RAC	R 3 630.00	F&CS	it is impractical or impossible to follow the official procurement processes	5

Date	Ref	Supplier Name	Description of goods/services	Amount	Department	Reason for deviations	Type of deviation
15/05/2013	236	Consult Three Archited	Continuation of designing and management of projects	R 645 000.00	IS&P	it is impractical or impossible to follow the official procurement processes	5
10/05/2013	64/2013	Rio Ridge 1205	Demonstration of the CwithC system to parents in Camdeboo at Union High School	R 3 950.00	F&CS	it is impractical or impossible to follow the official procurement processes	5
03/06/2013	242	Project for Conflict	Continuation of Course for Councillors at PCRD	R 29 754.00	F&CS	it is impractical or impossible to follow the official procurement processes	5
06/06/2013	249	Protea Chemicals	Funding Niebethersda Woman Co-Op	R 4 162.10	ED	if such goods or services are produced or available from a single provider only	2
06/06/2013	250	Claywise Ceramics	Lino Training for a Craft Development of Niebethersda Woman Co-op	R 14 500.00	ED	it is impractical or impossible to follow the official procurement processes	5
06/06/2013	251	Ms Chairmagne Heyes	Ceramic Design for Niebethersda for woman Co-op	R 35 200.00	ED	it is impractical or impossible to follow the official procurement processes	5
06/06/2013	252	The Declke Edge	Funding Niebethersda Woman Co-op	R 17 609.40	ED	it is impractical or impossible to follow the official procurement processes	5
20/06/2013	254	Sithokomele Business	Additional funding for the Roads and Stormwater project in Somerset East	R 491 520.00	IS&P	it is impractical or impossible to follow the official procurement processes	5
19/06/2013	255	M.W. Watson	Fees for services of independent adjudicator	R 80 000.00	IS&P	it is impractical or impossible to follow the official procurement processes	5

Date	Ref	Supplier Name	Description of goods/services	Amount	Department	Reason for deviations	Type of deviation
19/06/2013	256	Stapol (Pty) Ltd	Funding Niebethersda Woman Co-Op	R 7 586.03	ED	it is impractical or impossible to follow the official procurement processes	5
19/06/2013	257	Glazecor CC	Funding Niebethersda Woman Co-Op	R 3 579.60	ED	it is impractical or impossible to follow the official procurement processes	5
				R 2 124 207.63			