

OVERBERG DISTRICT MUNICIPALITY



SUPPLY CHAIN MANAGEMENT QUARTERLY REPORT DECEMBER 2018

PART 1

SUPPLY CHAIN MANAGEMENT REPORT FOR THE QUARTER ENDING DECEMBER 2018

A. PURPOSE OF REPORT

The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor. The purpose of this report is to report to the Mayor in terms of section 6(3) of the Supply Chain Management Policy on the implementation of the Supply Chain Management Policy for the quarter ending December 2018.

B. COMPLIANCE/PROGRESS

The SCM unit was established during May 2008 and a Head of SCM was appointed on 1 October 2008. Bid committees have been established and are functioning well. New members have been appointed. Monthly reports have been submitted in respect of procurement of goods and services in terms of each required regulation of the Supply Chain Management Policy of the Council. **(Reports are available on request.)** Bid committee meetings have been minuted and submitted on a monthly basis. Hereunder, please find the schedule containing the final awards made by the adjudication committee for the quarter.

I. T22-2017/18: OFFICE 365

Awarded To: FIRST TECHNOLOGY WESTERN CAPE (PTY) LTD
Amount: Various Amounts
Reason for Award: Scored the highest preferential points
BBBEE Level: Level 1
Date Awarded: 23 October 2018

II. T24-2017/18: SECURITY SERVICES AT THE OVERBERG DISTRICT MUNICIPALITY'S RESORTS

Awarded To: SECMA SECURITY (PTY) LTD
Amount: Year 1 R1 233 700
Year 2 R1 292 100
Year 3 R1 350 500
Reason for Award: Scored the highest preferential points
BBBEE Level: Level 4
Date Awarded: 23 October 2018

III. Q01-2017/18: NETWORK UPGRADE

Awarded To: IMPENDULO – ICT (PTY) LTD
Amount: R 58 959.75
Reason for Award: Scored the highest preferential points
BBBEE Level: Level 1
Date Awarded: 23 October 2018

IV. Q04-2017/18: SUPPLY AND ERECTING OF VIBRACRETE FENCE AT UILENKRAALSMOND RESORT

Awarded To: CAL CONSTRUCTION
Amount: R 445.00 per metre
Reason for Award: Scored the highest preferential points
BBBEE Level: Level 4
Date Awarded: 27 November 2018

V. Q06-2017/18: SUPPLY AND INSTALLATION OF FLOATING AERATOR - UILENKRAALSMOND RESORT ANAROBIC DAM

Awarded To: FLOWLINE TECHNOLOGY (PTY) LTD
Amount: R 120 752.00
Reason for Award: Scored the highest preferential points
BBBEE Level: Level 0
Date Awarded: 27 November 2018

VI. Q09-2017/18: TYRES FOR ROADS WORKSHOP

Awarded To: STARTUNE
Amount: R 31 544.50
Reason for Award: Scored the highest preferential points
BBBEE Level: Level 1
Date Awarded: 27 November 2018

VII. Q10-2017/18: SUPPLY AND INSTALLATION OF ELECTRICAL BACK UP COMPONENTS AT KARWYDERSKRAAL WEIGHBRIDGE

Awarded To: EMERALD INFRASTRUCTURE SOLUTIONS
Amount: R 106 776.76
Reason for Award: Scored the highest preferential points
BBBEE Level: Level 2
Date Awarded: 27 November 2018

Performance ratings on service providers have been done and no complaints of bad performances by service providers have been received by the SCM unit. No disputes, appeals, objections or complaints have been received from service providers in this quarter.

A deviations register has been implemented and deviations are reported on a monthly basis. Attached is a copy of the schedule containing all the deviations for this quarter.

SUPPLY CHAIN MANAGEMENT DEVIATIONS ITO THE SCM REGULATIONS & SCM POLICY FOR THE PERIOD OCTOBER 2018 – DECEMBER 2018

Deviation No	Name of Directorate / Department	Project Title	Name of Supplier	Amount (R)	Incl / Excl	Finding for Deviation	Responsible Official	Reasons for Deviation	Order No
04/09	Risk Management	Conference	IIA (Institute of Internal Auditors)	R 9 000.00	Incl.	Exceptional Case	A Riddles	CIGFARO (Chartered Institute of Government Finance, Audit & Risk Officers). CIGFARO is the official organisation that facilitates / sponsors the event. This conference will serve as a platform for CRO's and related stakeholders to engage on topics and challenges faced in their daily operations & guidelines to meet set municipal objectives.	146 561
05/09	Finance	Long Term Loan	Standard Bank	R 28 392 514.00	Incl.	Exceptional Case	CF Hoffmann	Background Overberg District Municipality (ODM), Overstrand Municipality (OM) and Theewaterskloof Municipality (TWKM) negotiated the establishment of a regional landfill site at Karwyderskraal. It was decided/ agreed that ODM will construct cell 4 at Karwyderskraal to be used as from March 2019. A total amount of R28 392 514 was included in the capital budget of ODM for 2018/18 and 2019/20, for "Development of landfill site" which will be financed by a long term loan. A tender was awarded in June 2018 for the construction of cell 4 at Karwyderskraal and the contractor came on site in July 2018. During July 2018 it was discovered that bridging finance of R28 392 514 was not offered by Standard Bank, as initially approved by the Council on 29	

January 2018. No bridging finance arranged with Standard Bank or any bank institution to finance the capital project.

Motivation

It is hereby argued, that by following the normal procurement procedures, it is impractical in this instance as the Municipality will be exposed to substantial risk (liquidity, compliance, etc.), due to the fact that a formal tender process with NO OBJECTIONS, takes 4 months to conclude. This means that tender will only be awarded in December 2018 at the earliest while section 46 process in terms of the MFMA must be followed before the loan can be taken up – the municipality does not have the necessary finance (own funding) to pay the contractor as per his cash flow projection for the project (liquidity risk) until the loan have been taken up. A long term loan must therefore be taken up urgently to be able to pay the contractor, who has already started with the Cell 4: Karwyderskraal project at the beginning of July 2018.

It is also in the interest of the community of the Overberg District that the project be successfully completed as OM and TWKM do not have other landfill sites that be utilised, which will be pose several risks (compliance,

06/09	Roads	Partis PA 187045	AAD Nissan	R 9 960,48	Incl.	Exceptional Case	J De Goede	<p>health, etc.) for the Overberg District Municipality, Overstrand Municipality as well as Theewaterskloof Municipality. Standard Bank, the only bank that was willing to provide a loan facility to ODM initially, was therefore contacted and a new long term loan was offered on 17 August 2018 for the amount of R28 392 514, payable monthly against an 11.14% interest rate, over a maximum of 8 years. Absa Bank was also contacted and they indicated a 12% interest rate would normally be applicable for a similar long term loan. The interest rate as provided by Standard Bank is therefore regarded as market related.</p> <p>The Truck PA 187045 is a new machine with 436 hours on it and must be serviced. According to the provincial office the agents must be used to maintain the warranty.</p>	146 577
07/09	Roads	Partis PA 180265	AAD Nissan	R 6 945,14	Incl.	Exceptional Case	J De Goede	<p>The Truck PA 180265 is a new machine with 322 hours on it and must be serviced. According to the provincial office the agents must be used to maintain the warranty.</p>	146 579
08/09	Roads	Partis PA 187044	AAD Nissan	R 13 441,31	Incl.	Exceptional Case	J De Goede	<p>The Truck PA 187044 is a new machine with 436 hours on it and must be serviced. According to the provincial office the agents must be used to maintain the warranty.</p>	146 578

09/09	Roads	Parts PA 187036	AAD Nissan	R 2 628.50	Incl.	Exceptional Case	J De Goede	146 580	The Truck PA 187036 is relatively new truck with 1201 hours on the clock. The air dryer was faulty, AAD Nissan (the agent) must fix the truck because other companies cannot do the job due to the truck still being under warranty.
10/09	Resorts	Security Services	Secma International Security	R 104 780.00	Incl.	Emergency	J Botha	146 581	There is a 14 working day waiting period which will result in no security at the Resorts, loss of income due to unauthorised access, theft and/or vandalism of buildings and equipment. Risk is mitigated by appointment of approved tender Security Company to provide immediate security. Local Security Companies in place to render services.
01/10	Support Services	Security Services	LRV Security	R 83 260.00	Excl.	Exceptional Case	A Thompson	146 942	Due to burglary / theft at the Caledon premises, extra security is needed. This is an exceptional case because LRV security already delivers the services at the premises. The above could result in a lack of service delivery, delay of project completion. This will also amount to additional costs for loss of property, plant and equipment. The impact are on various departments at the Caledon premises which includes Municipal Health, Roads, Emergency Services, SCM stores and Workshop (October R36200 and November R36200)

02/10	Finance	Legal Advice	Brasika Consulting (Pty) Ltd	R11 028.50	Incl.	Exceptional Case	CF Hoffmann	Urgent specialised legal advice is needed to deal with the problematic situation at Karvyderskraal (Cell 4) project where finance is urgently needed to ensure that the correct procedures for SCM and legally be followed so that the project can be executed in the interest of the community in the Overberg District area. Advocate Venter from Brasika Consulting (Pty) Ltd is well known in local government for specializing in Supply Chain Management issues.	147 231
01/11	Emergency Services	Municipal Plans	Serena Berry	R 23 000.00	Incl.	Emergency	R Geldenhuys	This is an emergency deviation due to the urgency of establishing a fire station in Grabouw that can accommodate a 24h shift system. Every day's delay has the potential for lives lost and property damage due to fire and response times.	147 380
02/11	Roads	Parts PA 187041	AAD Nissan	R 8 141.85	Incl.	Exceptional Case	J De Goede	The Truck PA 187041 is a new machine with 502 hours on it and must be serviced. According to the provincial office the agents must be used to maintain the warranty.	147 431
03/11	Roads	Parts PA 187044	AAD Nissan	R 8 141.85	Incl.	Exceptional Case	J De Goede	The Truck PA 180265 is a new machine with 478 hours on it and must be serviced. According to the provincial office the agents must be used to maintain the warranty.	147 430
04/11	Roads	Parts PA 187045	AAD Nissan	R 9 326.43	Incl.	Exceptional Case	J De Goede	The Truck PA 187045 is a new machine with 538 hours on it and must be serviced. According to the provincial office the agents must be used to maintain the warranty.	147 431

01/12	Resorts	Boilers & Burners	Pro Heat & Energy Electrical CC	R 70 265.00	Incl.	Emergency	E Johnson	<p>On 19/11/2018 the hot water boiler system (boiler, burner and requisite fittings) at the communal ablution facility has finally broken down to the point where it is no longer viable and/or optional to conduct any repairs given the age of the system. The most viable option is replacement of the entire system. Hot water is required for the upcoming festive season to clients/customers using the facility. With the boiler out of commission the ablution facility cannot provide the services our clients deserve and/or pay for. The risk of complaints and reputational damage and/or negative media exposure will be mitigated by the immediate replacement of the said boiler system. The system can be replaced in the normal tender process BUT due to time constraints and the duration of the tender process this department is obliged to lodge this deviation application to provide the required hot water services on time for the festive season.</p>	147 830
-------	---------	-------------------	---------------------------------------	-------------	-------	-----------	-----------	--	---------

02/12	Support Services	Security Services	LRV Security	R 91 080.00	Excl.	Exceptional Case	A Thompson	148 036	<p>Due to burglary / theft at the Caledon premises, extra security is needed. This is an exceptional case because LRV security already delivers the services at the premises. The above could result in a lack of service delivery, delay of project completion. This will also amount to additional costs for loss of property, plant and equipment. The impact are on various departments at the Caledon premises which includes Municipal Health, Roads, Emergency Services, SCM stores and Workshop (December R41 500 and January R37 700). The advertisement for the Security Services was advertised for tenders with the closing date on 22 October 2018. At the adjudication meeting held on 26 November 2018, the committee resolved that the discrepancies regarding the tender be finalised.</p>
-------	------------------	-------------------	--------------	-------------	-------	------------------	------------	---------	---

C. CHALLENGES AND CONSTRAINTS

The database of accredited service providers have been updated and captured on the SAMRAS system and the SCM unit is busy on a daily basis to register new service providers on the ODM database; assist suppliers to register on the CSD and obtain new tax clearance certificates and municipal accounts.

A checklist has been implemented before placing of orders as a control mechanism in order to comply with the SCM policy and regulations. The SCM policy and range of SCM processes with delegations has been forwarded to all relevant officials dealing with procurement of goods and services for the current financial year. All officials who have delegated powers received all relevant documents and signed a declaration form.

Reports of all awards made above R100 000 have been submitted to Provincial Treasury on a monthly basis in terms of the supply chain management circular no 19 of 2008.

The supply chain management unit consists of the following officials working at the roads depot:

- Ms. D Kapot-Witbooi Senior Administrator/Head SCM (Acting)
- Ms C Reid Senior Clerk
- Ms B Brighton Clerk Procurement
- Mr. C Abrahams Store Keeper Bredasdorp
- Mr J Harmse Clerk Database Management
- Mr Vuyolwethu Nkanunu Store Keeper Caledon

Mr Vuyolwethu Nkanunu is permanently employed in the SCM unit as from 01 October 2018 and Mr H Dramat's contract has ended since. Mr D Africa is currently employed on a contract basis and one finance intern; Mr Zoli Baca is employed in the SCM unit as well.

Ms D Kapot-Witbooi complies with the competency requirements as prescribed by legislation. Miss C Reid has completed fifteen (15) unit standards of the MMC training. Staff members need to be trained internally on supply chain management.

D. WAY FORWARD

The following needs attention in the following quarter:-

- Provide training to EPWP workers (ongoing).
- Performance ratings of service providers for this quarter.

E. FINANCIAL IMPLICATIONS

Secure budget for vacancy.

F. STAFF IMPLICATIONS

Filling of vacancy

PART 2

SUPPLY CHAIN MANAGEMENT REPORT ON INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT FOR THE QUARTER ENDING DECEMBER 2018

A. PURPOSE OF REPORT

The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the infrastructure procurement and delivery management policy to the mayor. The purpose of this report is to report to the Mayor in terms of section 6.1.3(d) of the Infrastructure Procurement and Delivery Management policy on the implementation of the infrastructure procurement and delivery management Policy for the quarter ending December 2018.

B. COMPLIANCE/PROGRESS

Monthly reports have been submitted in respect of procurement of goods and services in terms of each required regulation of the Supply Chain Management Policy of the Council. (**Reports are available on request.**) The Infrastructure Procurement and Delivery Management policy was approved by Council on 15 May 2017 with effect from 01 July 2017.

No disputes, appeals, objections or complaints have been received from service providers in this quarter.

No incidents of serious and material problems in the implementation of the Infrastructure Procurement and Delivery Management Policy occurred during this quarter.

No incidents of any deviations to the provisions of the Infrastructure Procurement and Delivery Management Policy occurred during this quarter.

RECOMMENDATION

That the report be submitted to the Mayor in terms of section 6(3) of the Supply Chain Management Policy on the implementation of the Supply Chain Management Policy and in terms of section 6.1.3(d) of the Infrastructure Procurement and Delivery Management policy on the implementation of the infrastructure procurement and delivery management Policy for the quarter ending December 2018 be approved.

**MANAGER (ACTING): SUPPLY CHAIN MANAGEMENT
MRS D KAPOT-WITBOOI**

DATE


.....

14.01.2019
.....

RECOMMENDED BY CHIEF FINANCIAL OFFICER (ACTING)

MR CF HOFFMANN

DATE

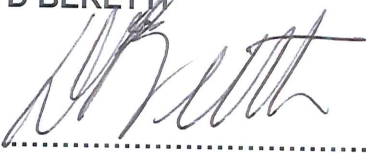

.....

14/1/2019
.....

APPROVED BY MUNICIPAL MANAGER

MR D BERETTI

DATE


.....

15.1.2019
.....

SUBMITTED TO EXECUTIVE MAYOR

ALDERMAN ANDRIES FRANKEN

DATE


.....

16/01/2019
.....