



## **SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT FOR OCTOBER 2022**

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 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.

The new Procurement new plan was distributed to all departments, and they needed to submit their specifications, evaluation, and adjudications dates by the 31<sup>st</sup> of May 2023. Only the Community Services Department has submitted the plan back to the finance department.

Herewith is the new Procurement Plan for the 2022-2023 financial year with projects that still needs to be done and projects marked in red that still needs attention.

MUNICIPAL MANAGER OFFICE					
Own Description	ConfigCode	Bud 22/23	Cost Centre	RESPONSIBLE PERSON	Date of Specification
Furniture and equipment	71012490101	310 000,00	Economic Development Planning	Alletta	Nov-22

TECHNICAL SERVICES				
Own Description	ConfigCode	Bud 22/23	RESPONSIBLE PERSON	Date of Specification
Furniture , Equipment - Building Control	74032490101	5 000,00	Rohann	3 quotes
Furniture - Vacant building inspector (VD)	74032490102	12 500,00	Rohann	3 quotes
Repair existing combi-courts EE, PV, VD	74035290201	4 500 000,00	Rohann	14/11/2022
New municipal offices	74035350201	840 000,00	Rohann	14/11/2022
Air conditioners - offices	74091350101	60 000,00	Jaco/Wikus	n/a
Drop Off - DKB	74171060102	500 000,00	Jaco	Oct
Furniture , Equipment - Refuse Removal	74171500101	10 000,00	Jaco	n/a
Tools	74171500102	10 000,00	Jaco	n/a
Refuse Bins and stands	74174500103	100 000,00	Wikus	Jul – Foutief begroot onder kapitaal
Refuse carts	74174500104	20 000,00	Wikus	n/a
Furniture , Equipment - Sewerage	74291500101	12 000,00	Jaco	n/a
Tools	74291500102	20 000,00	Jaco	n/a

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Implement Stormwater Masterplan (PB)	74301020107	350 000,00	Jaco/Jakkie	Oct
Furniture , Equipment - Stormwater Management	74301500101	6 000,00	Jaco	n/a
Furniture , Equipment - Water	74511500101	12 000,00	Jaco	3 quotes
Tools	74511500102	25 000,00	Jaco	3 quotes
Purchase new borehole pumps	74512040101	50 000,00	Jakkie	Sep
Street name curb stones	74551010103	50 000,00	Rassie	Sep
Transport Trailers Multi-Purpose	74551510104	70 000,00	Wikus	Oct

COMMUNITY SERVICES					
Own Description	Config Code	Bud 22/23	Cost Centre	RESPONSIBLE PERSON	Date of Specification
Upgrading of Community Halls	75221070103	200 000,00	Community Halls and Facilities	Gerna Croeser	Nov-22 – Request sent to Rohann to assist
Gravel access roads - cemetery	75231170101	50 000,00	Cemeteries	David Carolissen	Nov-22 – Request sent to Rohann to assist
Public Toilets (PV)	75431290105	100 000,00	Community Parks	David Carolissen	Nov-22
Upgrade of New Buildings (Goldsmid Sportveld)	75432290104	400 000,00	Sports Grounds and Stadiums	David Carolissen	Aug 22- Vir Rohan gegee om aan te stel
Irrigation Equipment	75432290118	25 000,00	Sports Grounds and Stadiums	Retha Sewe	Oct-22

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Replace lights at sport fields	75432290119	500 000,00	Sports Grounds and Stadiums	David Carolissen	Oct-22
Furniture , Equipment - Sport Facilities and Swimming	75432490102	20 000,00	Sports Grounds and Stadiums	Retha Sewe	Oct-22
Furniture , Equipment - Holiday Resorts	75435280102	200 000,00	Holiday Resorts	Bianca Smidt & Gerrit Esau	<b>Will buy when needed – email Mr D Carolissen.</b>
Upgrading of resorts	75435290109	150 000,00	Holiday Resorts	David Carolissen	Aug-22 – Rohan gegee

## 2.2 BIDS / FORMAL WRITTEN QUOTATIONS AWARDED

2.2.1 All Bids and formal **written quotations awarded** are published on the Bergrivier website.

## 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.
  
- STATISTICS FOR EXPENDITURE IN BERGRIVIER MUNICIPALITY FOR JULY AND AUGUST 2022.

Number of Transactions	1929	Amount paid	R1 450 407.54
In Bergrivier Area	761	Amount paid in Bergrivier	R 46 831.51
Percentage	.39%	Percentage	.032%

The statistics exclude salaries, bulk purchases, traffic transaction and we must take into consideration that we use SMME's to built the Youth Centre but they are being paid by the Consultant, after the Municipality pays the Consultant.

#### **2.4 SECTION 32 APPOINTMENTS**

There were no section 32 appointments.

## **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. There were no section 33 applications for the month of September 2022.

## **2.6 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.

**No awards were made thus far for the financial year.**

All SCM Staff were required to disclose their relationships or interest of close family members in service of the State/ or if family members have entered into a contract for services with Bergrivier Municipality and signed the declarations.

## **3. MONTHLY REPORT ON DEVIATIONS AND MINOR BREACHES**

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.

There was one deviation that was reported for the month of September 2022, but was cancelled. For the month of October 2022 there was no deviation.

(3) Herewith is the procurement for above R 100 000 for October 2022.

(4) There were the following virements for October 2022

#### **4. 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.
- Currently the annual loose assets are being verified for the current financial year.

#### **5. BID COMMITTEE SYSTEM**

A Bid Committee system for competitive bids is 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.

**The following tender was awarded for the month of October 2022.**

#### **6. 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 from the User Departments for any procurement above R30 000.00 on the performance of Vendors. However, the contract management and project management we started on the Phoenix Vesta System is still giving us problems. We deem the effective operations of the financial system critical to be efficient in daily tasks and have had a meeting with the ownership of Phoenix Vesta to discuss the way forward, they have enhanced the financial system to accommodate the problems but will cost the Municipality an additional amount of R450 000.00 with a licence fee of R15 000.00 per month. When the system was procured not all the modules were procured to perform the required functionalities for SCM, Creditors and Revenue.

Furthermore, we have implemented the evaluation system and the scoring are as follows: -

- 3 points for Quality-of-Service delivery as agreed, deviations as managed as mutually agreed meaning: - Compliance to most undertakings, duties and obligations and requirements as set out in the Main Agreement and Annexures,
- 2 points for Quality-of-Service delivery in compliance with Agreement but requires more management and focus from the service provider.
- 1 point for Quality-of-Service delivery unacceptable, consider termination of Agreement



## 7. 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. Each department is responsible to ensure that all signed Service Level Agreements are on the IMIS7 system. Each Department must also have a hard copy of each contract applicable to their department.

### BERGRIVIER MUNICIPALITY SERVICE LEVEL AGREEMENTS - FINANCE DEPARTMENT FOR 2022-2023

Name	Description	Effective Date	Termination Date	Status	Contract Type	Process
Cab Holdings	Service provider for the design, printing, email, and distribution of Bergrivier Municipality's monthly service accounts	2020-07-01	2023-06-30	Active	Maintenance Agreement/Onderhoudskontrak	M Crous to follow a process
Mubesko	Provision of technical support for asset management for a period of three (3) years	2020-07-01	2023-06-30	Active	Maintenance Agreement/Onderhoudskontrak	N Bothma has prepared the specifications
Contour Technology	Supply, installation, and management of an STS compliant prepayment electricity vending system for the period of 01 July 2020 to 30 June 2023	2020-07-01	2023-06-30	Active	Maintenance Agreement/Onderhoudskontrak	M Crous to follow a process
NEDBANK	Banking Services	2019-03-01	2023-06-30	Active	Service Level Agreement/Dienskontrak	Process already started

Siyanda Business Solutions	Accounting Services	2022-07-01	2025-06-30	Active	Service Level Agreement/Dienskontrak	n/a
Phoenix Vesta	Financial System	2022-07-01	2032-06-30	Active	Service Level Agreement/Dienskontrak	n/a
AON	Short term insurance tender for a period of 3 years	2022-07-01	2025-06-30	Active	Service Level Agreement/Dienskontrak	n/a
HCB Valuers and Services (Pty) Ltd	Property Valuations Services	2017-07-01	2023-06-30	Active	Service Level Agreement/Dienskontrak	Process already done
Ducharme	Revenue Enhancement	2021-10-01	2024-06-30	Active	Service Level Agreement/Dienskontrak	n/a

The aforementioned table represent the service level agreements updated in respect of the finance department.

## 8. ASSET AND INSURANCE REPORTING

### INSURANCE MANAGEMENT

There were no insurance claims to report.

## **9. 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 month of October 2022, one objection was lodged.

## **10. 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.

The Bergrivier Municipality has no Public Private Partners (PPP's).

## **11. SDBIP AND OTHER REPORTABLE MATTERS**

- Reports are submitted to the CFO monthly.
- The SCM unit is under strain due to other compliance matters implemented without additional resources for example, the monitoring and capturing of the performance of suppliers and the maintenance of the procurement plan.
- Specifications are not submitted on time – see procurement plan as reported above.
- The non-filling of vacant positions is putting a huge strain on the unit to function properly and to comply with legislation, the position of the Assistant Accountant Assets closed on 24 August 2022 and the shortlisting takes place on 4 November 2022 and this does not assist the Unit with the filling of vacant positions, and puts further exacerbating to the situation, and this will put more strain on the few staff members.
- There was only fruitless expenditure that was dealt with by the Article 32 committee of Council.

**Register of Unauthorized, Irregular, Fruitless and Wasteful Expenditure**

**Bergivier Municipality 2017/2018 - 2018/2019 - 2019/2020 - 2020/2021- 2021/2022 - 2022/2023**

No	Date of discovery	Date Reported to Accounting Officer	Transaction details		Person Liable (Official or Political Office Bearer)	Approved or recovered	Status			General comment
			Amount	Description of Incident			DP	FW	Condoned Section 32 Comm	
	28/09/2022	Was reported by Director to MM	16 604,00	Invoice was signed off by User Dept and paid to Artistia 161CC	Director Community Services	16 604,00	x	x	x	Was paid by the Director
			819,17	Interest		819,17	x	x	x	Was paid by the Director
10			1 822 693,64			-1 787 847,30				

## **12. RECOMMENDATIONS**

1. That the Executive Mayor take note of the October 2022 Supply Chain Management Implementation report and that it be made public in accordance with Section 21A of the Municipal Systems Act.

ANNEXURE "A" – Minutes of Bid Adjudication Meeting

SCM report for the month of October 2022