



**QUARTERLY REPORT TO THE MUNICIPAL COUNCIL  
IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY  
UMZIMVUBU LOCAL MUNICIPALITY**

**(As per Section 6(1) (3) of the Municipal SCM Regulations)**

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## 1. Introduction

In terms of clause 6(1) (3) of the Municipal Supply Chain Management Regulations, 2005, which deals with the Oversight role of council of municipality or board of directors of municipal entity:

- (1) *The council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its supply chain management policy.*
- (3) *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 of the municipality or the board of directors of the municipal entity, as the case may be.*

## 2. SCM Policy & Procedures

### 2.1 Adoption of Policy by Council

*Date and Resolution May 2019*

### 2.2 SCM Procedures

*List procedures that are in place (indicate i.e. Procedure manual)*

### 2.3 Delegations

*Are SCM Process Delegations in place?*

### 2.4 Infrastructure Procurement

*Has Council adopted the Standard for Infrastructure Procurement and Delivery Management?*

## 3. Functioning of the SCM Unit (phrase as questions)

### 3.1 SCM Structure:

*Is there an approved Structure in place?*

### 3.2 Declaration of Interest:

*Have all SCM Personnel declared their interests?*

### 3.3 Code of Conduct for SCM Practitioners:

*Have all SCM Personnel signed the Code of Conduct?*

### 3.4 Training of SCM Personnel:

*Have all SCM Personnel been trained?*

## 4. Functioning of Bid Committees

### 4.1 Are Bid Committees constituted in line with Regulations 27, 28 &29?

### 4.2 Are Infrastructure Committees aligned with Infrastructure Delivery Management System (IDMS)?

### 4.3 Are Bid Committee Terms of Reference in place?

### 4.4 Number of Bid Committee Meetings held during the reporting period.

## 5. Reporting Items

### 5.1 Deviations

#### 5.1.1 Section 114 (Approval of tenders not recommended)

| Date of Award | Bid No. | Description of Goods/Services/Works | Award Value | BEC Recommendation | BAC Recommendation | Reason for Deviation | Notifications & Dates |    |    |
|---------------|---------|-------------------------------------|-------------|--------------------|--------------------|----------------------|-----------------------|----|----|
|               |         |                                     |             |                    |                    |                      | AG                    | PT | NT |
|               |         | N/A                                 |             |                    |                    |                      |                       |    |    |
|               |         |                                     |             |                    |                    |                      |                       |    |    |
|               |         |                                     |             |                    |                    |                      |                       |    |    |

#### 5.1.2 Regulation 32 (Procurement of goods and services under contracts secured by other organs of State)

| Date of Award | Contract Description | Award Value | Service Provider | Name of Contract Owner (Department / Municipality) | Consent obtained from Organ of State and Service Provider |    | Reason for Implementing Reg. 32 |
|---------------|----------------------|-------------|------------------|--|---|----|---------------------------------|
|               |                      |             |                  |  | Yes   | No |                                 |
|               |                      |             |                  |  |   |    |                                 |
|               | NONE                 |             |                  |  |   |    |                                 |
|               |                      |             |                  |  |   |    |                                 |

5.1.3 Regulation 36 (Deviation from, and ratification of minor breaches of, procurement processes)

| Description of Goods/Services/Works | Date of Award    | Awarded To                              | Award Value                  | Reason for Deviation   | Date reported to Council |
|-------------------------------------|------------------|---|------------------------------|--|--------------------------|
| Mascor Mount Currie                 | 29 January 2020  | Repairs and maintenance vehicle & Plant | Citizen & Community Services | Repairs and maintenance of John Deere Tractors and its grass slasher cannot be done anywhere else other than Mascor MT Currie as the Municipal does not know what needs to be repaired as such a diagnoses needs to be done prior repairs, hence it will not be possible to source for quotations from different suppliers.  | R49 916.54               |
| Babcock Africa Services             | 13 February 2020 | Repairs and maintenance vehicle & Plant | Citizen & Community Services | Repairs and maintenance of Umzimvubu Landfill site Dozer that cannot be done anywhere else other than Babcock Africa Services as the municipal does not know what needs to be repaired as such a diagnoses needs to be done prior repairs ,hence it will not be possible to source for quotations from different suppliers . | R21 320.67               |
|                                     |                  |   |                              |  | R71 237.21               |

**5.2 Unauthorized, Irregular, Fruitless & Wasteful Expenditure**

- i) *Template as per MFMA Circular 68 to be utilized*
- ii) *Submission of register to PT*
- iii) *Report on reducing UIF&W and dealing with prior years*

**5.3 Central Suppliers Database (CSD)**

- i) *Access / challenges*  
*The municipality is utilizing CSD when implementing Supply chain Management processes*
- ii) *Uploading payroll information*

**5.4 Procurement Plan Implementation (Annexure)**

- i) *Format of Procurement Plan*
- ii) *Report on implementation of procurement plans*

**5.5 Bids Awarded >R100K (quotations register and bid registers) (Annexures)**

Schedule for Quotation Register will be attached with this report

| Bid No. | Bid Description | Award Value | Award Date | Date Contract Signed | Contract Start Date | Contract Duration |
|---------|-----------------|-------------|------------|----------------------|---------------------|-------------------|
|         |                 |             |            |                      |                     |                   |

**5.6 Municipal Bid Appeals (if applicable)**

- i) *Bid objections and appeals*  
*Municipality has received 03 Appeals.*
- ii) *Appeal status*  
*One has been resolved and the two are still in progress*

**5.7 Contract Management (Annexure)**

**5.7.1 Contracts Register Statistics**

| No. of Current Contracts | No. of contracts awarded to SMMEs within the municipal area (local suppliers) | No. of Contracts about to expire in <6 months | No. of Expired Contracts but still in use |
|--------------------------|---|---|---|
| 11                       | 05  | 0   | 0   |

**5.7.2 Variations**

- i) Variations within 15% or 20% (this can part of contract register)**

**No variations orders**

| Contract No. | Contract Description | Contract Value | Reasons for Variation | Amount |
|--------------|----------------------|----------------|-----------------------|--------|
|              |                      |                |                       |        |

### 5.7.3 Supplier Performance Management

| Contract no. & Description | Name of Contractor | Date of Supplier performance assessment | Supplier Performance Assessment Report Compiled |    | Supplier performance assessment / performance rating |
|----------------------------|--------------------|---|---|----|--|
|                            |                    |   | Yes   | No |  |
| Travel Agencies            | Swift Travel       | 25 march 2020                           | Yes   |    | 5  |
| Internal Audit Co-sourced  | Bonakude           | 01 March 2020                           | Yes   |    | 5  |

### 5.8 Logistics / Inventory Management (where applicable)

- i) Policy
- ii) Cycle counts
- iii) Challenges
- iv) Other activities

### 5.9 Unsolicited Bids (if any) N/A

### 5.10 Bids advertised (Annexure) See Status of advertised and awarded tenders

- i) Website
- ii) E-tender portal
- iii) CIDB
- iv) Other
- v) Cancelled bids

## 6. Preferential Procurement Policy Framework Act (PPPFA), Reg. 2017 (Annexure)

### 6.1 Contracts with Pre-Qualification (Regulation 4)

| Name of the contractor  | Contract Description          | Pre-Qualification Criteria                              | Award Value | Date of Award    |
|-------------------------|-------------------------------|---|-------------|------------------|
| Delta Built Environment | Communal Waste Management     | Experience on similar projects = 100                    | R199,697.50 | 30 January 2020  |
| Mozi Auctioneers        | Estate Agent to dispose Sites | Company Experience=20<br>Expertise=20<br>Methodology=60 | 4.5%        | 23 December 2019 |



|                                     |   |   |               |               |
|-------------------------------------|---|---|---------------|---------------|
| Intlangula 86 Trading Enterprise    | Construction Of Mahobe Bridge   | Company Experience = 40<br>Key Personnel= 20<br>Sound Methodology= 40 | R7,592,941.13 | 20-Feb-20     |
| Congrid T/A YB Mashalaba            | Landsite External Audit and Operational Plan for Mount Frere and Mount Ayliff | Experience on similar projects = 100                                  | R350,000.00   | 13 March 2020 |
| City Stats Planning                 | Organic Waste Composing Strategy  | Experience on similar projects = 100                                  | R500 000.00   | 13 March 2020 |
| Bragging Rights JV Nyati PT Trading | Fencing of Ext 07 Support Center  | Experience on similar projects = 100                                  | R349,160.00   | 13 March 2020 |
| Isivuno Esihle Construction         | Interlocking Block Paving of Lubhacweni Internal Street Phase 1               | Company Experience=40<br>Staff Experience =20<br>Methodology = 40     | R7,686,416.12 | 13 March 2020 |
| Enigma 15                           | Provision of Debt Collection Services   | Methodology = 40<br>Experience and Expertise = 60                     | Rates = 25%   | 13 March 2020 |
| Gamadze Trading                     | ICT School Development Computers  | Relevant Experience = 60, Capacity to deliver = 40                    | R292,040.00   | 13 March 2020 |

## 6.2 Contracts with Objective Criteria (Section 2(1) (f) PPPF Act)

| Contract Description | Objective Criteria | Award Value | Date of Award |
|----------------------|--------------------|-------------|---------------|
|                      | N/A                |             |               |

## 6.3 Contracts above R30 million (Contract Participation Goals) (Regulation 4)

| Name of the contractor | Contract Description | Sub-Contracting Criteria | Award Value | Amount Sub-Contracted | Date of Award |
|------------------------|----------------------|--------------------------|-------------|-----------------------|---------------|
|                        | NONE                 |                          |             |                       |               |

## 7. Local Content Procurement (Annexure) None

| Contract Description | Designated Sector | % Designated | Award Value | Date of Award | Reporting to DTI |
|----------------------|-------------------|--------------|-------------|---------------|------------------|
|                      |                   |              |             |               |                  |

## 8. Risk Management (Annexure)

*Report on the progress of mitigating the risks identified within SCM.*

| Risk description as per the risk register | Action to address the risk | Timeframe | Action owner | Progress to date | Comment |
|---|----------------------------|-----------|--------------|------------------|---------|
|   |                            |           |              |                  |         |
|   |                            |           |              |                  |         |

### 8.1 Fraud Prevention Plan

Is there a Fraud Prevention Plan in place?

The municipality have developed internal controls in place for Fraud Prevention for Supply Chain management process flow:

- After the Demand Officer has requested and Received Quotations, the quotations are sent to the End-User HOD for approvals and they are later approved by the SCM Manager
- Public Closing and Opening done for each competitive bid
- Bid Evaluation Report above the threshold are signed by different Managers, SCM Manager, HOD, and Chief Financial Officer

### 8.2 Internal Audit Findings

| Finding Raised  | Action Plan to address the finding   | Due Date    | Progress with Action Plan Implementation      |
|---|--|-------------|---|
| Procurement Plan not implemented as per proposed dates. | Developed a realistic Procurement plan with Clear time lines and alignment to be done as well. | 29 May 2020 | A draft Procurement plan a=has been developed |
|   |  |             |   |

### 8.3 Provincial Treasury Assessment Findings

| Finding Raised | Action Plan to address the finding | Due Date | Progress with Action Plan Implementation |
|----------------|------------------------------------|----------|--|
| NONE           |                                    |          |  |
|                |                                    |          |  |

### 8.4 Auditor General Findings

| Finding Raised  | Action Plan to address the finding   | Due Date        | Progress with Action Plan Implementation |
|---|--|-----------------|--|
| During the audit of Procurement, it was noted that the tax clearance certificates and MBD4 forms for declaration of interests were not submitted by the suppliers. The following table provides details | All deviations will have declaration forms and went to the whole entire population from the beginning of the year till to date | 31 January 2020 | On going                                 |

## 9. Conclusion