



QUARTERLY REPORT TO THE MUNICIPAL COUNCIL
IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY
UTHUKELA DISTRICT MUNICIPALITY
2021/2022 1ST QUARTER

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

Contents

| | |
|--|----|
| 1. Introduction | 4 |
| 2. SCM Policy & Procedures | 4 |
| 2.1 Adoption of Policy by Council | 4 |
| 2.2 SCM Procedures | 4 |
| 2.3 Delegations | 4 |
| 2.4 Infrastructure Procurement | 4 |
| 3. Functioning of the SCM Unit (phrase as questions) | 4 |
| 3.1 SCM Structure: | 4 |
| 3.2 Declaration of Interest: | 4 |
| 3.3 Code of Conduct for SCM Practitioners: | 4 |
| 3.4 Training of SCM Personnel: | 4 |
| 4. Functioning of Bid Committees | 4 |
| 5. Reporting Items | 6 |
| 5.1 Deviations | 6 |
| 5.1.1 Section 114 (Approval of tenders not recommended) | 6 |
| 5.1.2 Regulation 32 (Procurement of goods and services under contracts secured by other organs of State) | 6 |
| 5.1.3 Regulation 36 (Deviation from, and ratification of minor breaches of, procurement processes) | 6 |
| 5.2 Unauthorised, Irregular, Fruitless & Wasteful Expenditure | 7 |
| 5.3 Central Suppliers Database (CSD) | 7 |
| 5.4 Procurement Plan Implementation | 7 |
| 5.5 Bids Awarded >R100K | 7 |
| 5.6 Municipal Bid Appeals | 8 |
| 5.7 Contract Management | 8 |
| 5.7.1 Contracts Register Statistics | 8 |
| 5.7.2 Variations | 8 |
| 5.7.3 Supplier Performance Management | 9 |
| 5.8 Logistics / Inventory Management | 9 |
| 5.9 Unsolicited Bids | 9 |
| 5.10 E-Tender Portal | 10 |
| 6. Preferential Procurement Policy Framework Act (PPPFA), Regs2017 | 10 |
| 6.1 Contracts with Pre-Qualification (Regulation 4) | 10 |
| 6.2 Contracts with Objective Criteria (Section 2(1)(f) PPPF Act) | 10 |
| 6.3 Contracts above R30 million (Contract Participation Goals) (Regulation 4) | 10 |
| 7. Local Content Procurement | 10 |
| 8. Risk Management | 10 |
| 8.1 Fraud Prevention Plan | 11 |

| | |
|---|-----------|
| 8.2 Internal Audit Findings | 11 |
| 8.3 Provincial Treasury Assessment Findings..... | 11 |
| 8.4 Auditor General Findings..... | 11 |
| 9. Conclusion..... | 11 |

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

29 March 2021

2.2 SCM Procedures

List procedures that are in place (indicate ie. Procedure manual)

Supply chain management 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?

yes

3.2 Declaration of Interest:

Have all SCM Personnel declared their interests?

yes

3.3 Code of Conduct for SCM Practitioners:

Have all SCM Personnel signed the Code of Conduct?

yes

3.4 Training of SCM Personnel:

Have all SCM Personnel been trained?

yes

4. Functioning of Bid Committees

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

Yes

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

No

4.3 Are Bid Committee Terms of Reference in place?

Yes

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 | | |
|---------------|---------|-------------------------------------|-------------|--------------------|--------------------|----------------------|---------------|----|----|
| | | | | | | | 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 Deviation | PT Decision | |
|---------------|----------------------|-------------|------------------|--|---|----|----------------------|-------------|--------------|
| | | | | | Yes | No | | Approved | Not Approved |
| N/A | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

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 |
|-------------------------------------|---------------|-----------------|--------------|-------------------------------------|--------------------------|
| Water loses Calculations | 02/08/2021 | JOAT Consulting | R 270 877.90 | Impractical to follow SCM processes | |
| Hiring of 5 Vans | 03/06/2021 | Europcar | R 97 420.00 | Impractical to follow SCM processes | |
| | | | | | |

5.2 Unauthorised, Irregular, Fruitless & Wasteful Expenditure

i) *Template as per MFMA Circular 68 to be utilized*

Yes

ii) *Submission of register to PT*

Yes

iii) *Report as per KZN Municipal Circular 04 of 2017/18*

Yes

5.3 Central Suppliers Database (CSD)

i) *Access / challenges*

SCM officials have access to CSD

5.4 Procurement Plan Implementation

i) *Format of Procurement Plan as per Circular 62 (Annexure B)*

Yes

ii) *Report on implementation as per KZN Municipal Circular 04 of 2017/18*

Yes

5.5 Bids Awarded >R100K

| Bid No. | Bid Description | Award Value | Award Date | Date Contract Signed | Contract Start Date | Contract Duration |
|-----------|--------------------------------|--------------|------------|----------------------|---------------------|-------------------|
| 1926/2021 | Hiring of mobile toilet | R 143 600.00 | 26/09/21 | | | 30 days |
| 002/2021 | Repairs to reservoir | R 154 879.70 | 09/09/21 | | | Once off |
| 001/2021 | Revamping of Loskop reservoir | R 149 500.00 | 09/09/21 | | | Once off |
| 003/2021 | Welding of Steel Pipe | R 181 000.00 | 10/09/21 | | | Once off |
| 007/2021 | Supply and delivery of Laptops | R 107 100.00 | 31/08/21 | | | Once off |
| 1934/2021 | Revamping of leaking reservoir | R 188 160.00 | 31/08/21 | | | Once off |

| | | | | | | |
|-----------|-----------------------------------|--------------|----------|--|--|----------|
| 1936/2021 | Supply and delivery of 20 laptops | R 179 500.00 | 23/08/21 | | | Once off |
| 1930/21 | Revamping reservoir | R 170 000.00 | 23/0/21 | | | |
| 1932/2021 | Revamping of leaking reservoir | R 172 000.00 | 23/08/21 | | | |
| 1928/2021 | Supply 10 laptops | R 180 000.00 | 28/09/21 | | | |
| 006/21 | Hiring of mobile toilets | R 144 960.00 | 09/09/21 | | | |

5.6 Municipal Bid Appeals

i) *Bids appealed*

ii) *Appeal status*

5.7 Contract Management

5.7.1 Contracts Register Statistics

| No. of Current Contracts | No. of Contracts about to expire in <6 months | No. of Expired Contracts but still in use |
|--------------------------|---|---|
| 169 | 12 | 0 |
| | | |
| | | |
| | | |

5.7.2 Variations

i) Variations within 15% or 20%

| Contract No. | Contract Description | Contract Value | Reasons for Variation | Amount |
|--------------|----------------------|----------------|-----------------------|--------|
| N/A | | | | |

ii) Variations above 15% or 20% (Comply with MFMA S116(3))

| Contract No. & Description | Contract Value | Reasons for Variation | Amount | Date Tabled at Council | Date of Notice to Community |
|----------------------------|----------------|-----------------------|--------|------------------------|-----------------------------|
| N/A | | | | | |

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 | |
| Attached. | | | | | |
| | | | | | |

5.8 Logistics / Inventory Management

i) *Policy*

Is in place

ii) *Cycle counts*

1st quarter 2021/2022 stock counts done

iii) *Challenges*

No funds to make stores more secure

iv) *Other activities*

5.9 Unsolicited Bids

| Description of Goods/services | Amount | Date Submitted to Council | Supported | | Date submitted to Provincial Treasury | Supported | |
|-------------------------------|--------|---------------------------|-----------|----|---------------------------------------|-----------|----|
| | | | Yes | No | | Yes | No |
| N/A | | | | | | | |

5.10 E-Tender Portal

i) Access

Yes

ii) Bids published during the quarter

6. Preferential Procurement Policy Framework Act (PPPFA), Regs2017

6.1 Contracts with Pre-Qualification (Regulation 4)

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

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)

| Contract Description | Sub-Contracting Criteria | Award Value | Amount Sub-Contracted | Date of Award |
|----------------------|--------------------------|-------------|-----------------------|---------------|
| N/A | | | | |

7. Local Content Procurement

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

8. Risk Management

8.1 Fraud Prevention Plan

Is there a Fraud Prevention Plan in place?

Yes

8.2 Internal Audit Findings

| Finding Raised | Action Plan to address the finding | Due Date | Progress with Action Plan Implementation |
|----------------|------------------------------------|----------|--|
| | | | |
| | | | |

8.3 Provincial Treasury Assessment Findings

| Finding Raised | Action Plan to address the finding | Due Date | Progress with Action Plan Implementation |
|----------------|------------------------------------|----------|--|
| | | | |
| | | | |

8.4 Auditor General Findings

| Finding Raised | Action Plan to address the finding | Due Date | Progress with Action Plan Implementation |
|----------------|------------------------------------|----------|--|
| | | | |
| | | | |

9. Conclusion

The Supply Chain Management Unit is continuously improving its processes and procedures in order to ensure that Council receives value for money in terms of demand and acquisition management. This process is done with the aim of giving reasonable assurance to the Council and communities of the Greater uThukela Area.