

**ITEM BUDGET AND TREASURY OFFICE** *Author: Chief Financial Officer*  
**SUPPLY CHAIN MANAGEMENT REPORT FOR THE 1<sup>st</sup> Quarter (1 July 2021 – 30 September 2021)**

**PURPOSE**

To report progress on the implementation of Supply Chain Management, report procurements approved by the Accounting Officer in terms of council's Supply Chain Management policy with regard to deviations and transactions above R100 000.00 as required by Municipal Finance Management Act.

**BACKGROUND**

Section 74(1) and 104 (10(b)) of the Municipal Finance Management Act (MFMA) prescribes the following regarding general reporting obligations: "The Accounting Officer of a municipality [and municipal entity] must submit to the National Treasury, the Provincial Treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required". Regulation 36(2) of the Supply Chain Management Regulation and Circular 34 of the MFMA gives the Accounting Officer the responsibility to record and report all deviations and procurement above R100 000.

The Supply Chain Management Policy was adopted by Council with the aim to increase participation of business from previously disadvantaged groups and locally based businesses in the procurement and disposal of goods and or obtaining of services, as part of Government's plan for economic growth and development. The municipality commits itself to a policy of fair dealing and integrity in the conducting of its business.

**DISCUSSION**

- Table A1 provides summary of procurement activities.
- Table A2 provides details of procurements between R2000 and R30 000 (VTSD Spending).
- Table A3 provides the details of Procurement Processes in Response to the Covid-

19- State of Nation Disaster

- Table A4 provides the details on deviations
- Table A5 provides the details on variations
- Table A6 provides the details on contract register
- Table A7 provides a summary of procurements between R30 000.00 and R100 000.00
- Table A7 provides a summary of procurements above R100 000.00
- Table A7 provides a summary of procurements on awards evaluated on the PPPFA (80/20)

**DISCUSSION**

**Table A1 Summary of procurement activities**

	<b>NUMBER</b>	<b>AMOUNT</b>
90/10	None	
80/20	9	R 5 113 665.52 and (Panel for AFS Consultants) at an average rate of R 5 548.00 per hour.
Variations	1	R 1 075 480.00
SCM Regulation 32	None	0
Deviations	3	R 1 029 396.26
Quotations between R30K – R200k awarded	6	R 793 974.00
Covid-19 National Disaster	6	R 98 648.00
Quotations between R30K – R200k Advertised	10	
Tenders advertised	9	
Tenders awarded	3	R 4 319 691.52 and (Panel for AFS Consultants) at an average rate of R 5 548.00 per hour.
Tenders cancelled	None	
Tenders referred back	None	

**Procurement between R2000 and R30 000 (VTSD Spending) from period (01/07/2021 – 30/09/2021)**

The total transaction value of procurement made from the local service provider within Dr KK DM's area of jurisdiction amount to R 1 071 405.82

Refer to Table A2 below

**Table A2 Procurement between R2000 and R30 000 (VTSD Spending)**

<b>Locality</b>	<b>Monthly Amount</b>
VTSD Spending	R 1 071 405.82
Other	-
<b>Total</b>	<b>R 1 071 405.82</b>

**Table A3**

Following is the Procurement Processes in Response to the Covid-19 State of Nation Disaster from period 01/07/2021 – 30/09/2021 amount to R 98 648.00

<b>NO</b>	<b>SUPPLIER NAME</b>	<b>ITEM PROCURED</b>	<b>ORDER NUMBER</b>	<b>ORDER DATE</b>	<b>VOTE USED</b>	<b>PROCUREMENT PROCESS</b>	<b>AMOUNT</b>
<b>1</b>	Majosphie Trading and Projects	Supply and delivery for be safe center session 1. 70% Alcohol Sanitizers 125ml <b>350 @ R35.00</b>	0001003928	2021/08/26	39052300140FLP24ZZWD	3 Quote Process	<b>R 12 250.00</b>
<b>2</b>	Dilaga Trading Enterprise	Supply and delivery PPE for Oersonskraal dry sanitation toilets project EPWP 1. 3 Layer fabric cloth masks <b>46 @ R27.00</b> 2. Gloves <b>46 @ R72.00</b> 3. Eye protection – Goggles <b>25 @ R100.00</b> 4. Gumboots <b>5 @ R400.00</b>	0001003930	2021/08/19	336052599410FLP47ZZWD	3 Quote Process	<b>R 9 192.00</b>
<b>3</b>	Rina Lesego Trading	Resources for health and hygiene awareness campaign 1. 3 Layer fabric cloth masks <b>250 @ R27.00</b>	0001003952	2021/08/18	39052300140FLP43ZZWD	3 Quote Process	<b>R 15 500.00</b>

		2. 70% Alcohol Sanitizers 125ml <b>250 @ R35.00</b>					
<b>4</b>	November Holdings (Pty) Ltd	Resources for awareness campaign  1. 70% Alcohol Sanitizers 125ml <b>50 @ R35.00</b>  2. Hand soap 500ml <b>50 @ R68.00</b>  3. 3 Layer fabric cloth masks <b>350 @ R27.00</b>	0001003987	2021/08/27	39052300140FLP43ZZWD	3 Quote Process	<b>R 14 600.00</b>
<b>5</b>	K M L L Family Pty Ltd	Disinfectant 25L and 70% Alcohol Sanitizers 25L for Corporate Services 1. 25L Disinfectant Cleaner <b>2 @ R 1988.00</b>  2. <b>25L</b> 70% Alcohol Hand Sanitizer <b>10 @ R 1988.00</b>	0001004040	2021/09/07	33052323600FLQ47ZZWD	3 Quote Process	<b>R 23 856.00</b>
<b>6</b>	Shepard Workers Trading Pty Ltd	Materials for Corporate Services 1. 1L Trigger Spray Bottles <b>30 @ R65.00</b>  2. Logo Stickers <b>30 @ R30.00</b>  3. Surgical Masks <b>3000 @ R 6.80</b>	0001004042	2021/09/07	33052323600FLQ47ZZWD	3 Quote Process	<b>R 23 250.00</b>
<b>Grand Total</b>							<b>R 98 648.00</b>

## DEVIATIONS

**Table A4** Below provides list of transactions procured through Regulation 36 of the SCM Regulation (Deviations) from period 01/07/2021 – 30/09/2021 amount to R 1 029 396.26.

NO	COMPANY	DESCRIPTION	Locality %	SCM Reg. 36	AMOUNT
1	Kreston North West	Deviation for Approval of Service Provider for Updating GRAP and MSCOA Assets Register and Audit Support During Audit Review for a period of four (4) Months from the date of appointment	-	<p>it is impractical to follow the normal SCM process. The Budget and Treasury Office recommends to procure through regulation 36 (v) of the Supply Chain Management regulations due to the following challenges.</p> <p>Due to:</p> <ul style="list-style-type: none"> <li>(4) The COVID-19 lockdown level adjustments announced by the President of the country;</li> <li>(ii) The timeliness set for the implementation of the annual financial statements preparation plan;</li> <li>(iii) Recent Covid-19 infection cases reported within the municipality</li> </ul>	<b>R 880 190.00</b>
2	Kreston North West	Deviation for Approval of Service Provider for Updating GRAP and MSCOA Assets Register and Audit Support During Audit Review for Dr Kenneth Kaunda District	-	<p>it is impractical to follow the normal SCM process. The Budget and Treasury Office recommends to procure through regulation 36 (v) of the Supply Chain Management regulations due to the following challenges.</p> <p>Due to:</p>	<b>R 112 000.00</b>

		Municipality Economic Agency for a period of four (4) Months from the date of appointment		<p>(4) The COVID-19 lockdown level adjustments announced by the President of the country;</p> <p>(ii) The timeliness set for the implementation of the annual financial statements preparation plan;</p> <p>(iii) Recent Covid-19 infection cases reported within the municipality</p>	
3	Ducharme Consulting (Pty) Ltd	Deviation- Dynamic verify license which includes: Web Management Portal & Server Hosting Verification Application (Unlimited Users) License Valid for 1 year	-	Procurement done through Regulation. 36 1 (a) (ii) Ducharme Consulting is the sole provider of the Moveble Verification. Ducharme Consulting contract with the Dr Kenneth Kaunda District has since lapsed, the License fee for the service rendered is License valid for 1 year	<b>R 33 206.26</b>
<b>Grand Total</b>					<b>R 1 029 396.26</b>

## VARIATIONS

**Table A5** Below provides list of transactions procured through Variation from period 01/07/2021 – 30/09/2021 amount to R 1 075 480.00.

NO	COMPANY	DESCRIPTION	Locality %	variation	AMOUNT
1	Pono Security Service and Projects	Variations: additional (armed response team) security appointed to safeguard the Municipality against threats of aggressive group of people to close of Municipality, from 14 September 2021 to 30 November 2021	100%	Procurement done through Variations - There were security threats on Tuesday of the 14 September 2021 around 9:45am were a group of people tried to force entry to the offices on the administration side aggressively demanding to talk to the Accounting officer and Senior Manager LED & Planning. threatened to come back the next day to close the Municipal Building, when the security personnel managed to control the situation and escorted them outside the Municipal yard. Also as Local Government election are nearby there is likely possibilities of reoccurrence of these kinds of riots/disruption against Municipality. In line with Section 4 Special Condition of agreement, (4.4 in the event of problem/crisis/high profile	<b>R 1 075 480.00</b>



				cases/special cases/ special event occurring on side, the Services Provider when notified must deploy the reaction unit to assist at additional costs) the armed response team were then deployed to safeguard the employees and Municipal property from 14 September 2021 to 30 November 2021	
<b>Grand Total</b>					<b>R 1 075 480.00</b>

**CONTRACTED SERVICES FOR DR. KENNETH KAUNDA DISTRICT MUNICIPALITY  
2021/2022**

**CONTRACT REGISTER – 2021/2022**

The municipality has entered into contracts which imposed financial obligations on the municipality beyond a financial year i.e., 12 months, most of these contracts are long termed contract, meaning that the duration period exceeds 12 months. Below a list of all contracted services for the Dr. Kenneth Kaunda District Municipality. Refer to **Table A6 below**

<b>NO.</b>	<b>Contractor Name</b>	<b>Commence Date</b>	<b>Expiry Date</b>	<b>Services</b>	<b>Monthly Payment</b>	<b>Status</b>	<b>Responsible dept/official</b>	<b>Comments</b>
1	Matlosana City Council	01-02-2002	Until notice	Building Rental	R 61 408.34	Current	Corporate Services	Current
2	Business Connexion	01-07-2021	30-06-2022	Software – Venus (SOLAR SYSTEM)	R 35 546.04	Current	Finance	Current
3	Old Mutual Property / Columbia Falls Properties 80 (PTY) Ltd	01-07-2021	30-07-2022	Building Rental	R 175 375.52	Current	Corporate Services	Current
4	Samsung	13-05-2018	Month to Month	Telephone System	Charged as per minute usage (R48 142.32)	Only payment for VOIP Lines	Corporate Services	Month to Month
5	Blaq.M Holdings (PTY) LTD	01-10-2018	30-09-2021	Insurance	R 548 900.00 once-off payment 1 <sup>st</sup> year	Current	Finance	Current
6	JB Marks	01-01-2018	Until Notice	Tlokwe EHS, Rental of Office Space (EHS)	Monthly Amount: R 1 200.00	Current	Community Services	Current
7	Maxim Planning Solutions (PTY) LTD	01-11-2018	31-12-2021	Review & Alignment of Dr KKDM Spatial Development Framework 2018	R550 000.00 (Dr KKDM) R552000.00 (JB Mark) R249550.00 (Matlosana)	Contract extended	LED & Planning	Contract Variation/Extension (MFMA Sec. 116 (3) (a) & (b))

					Full Contract Amount			
8	Nalko Engineering	23-09-2019	30-06-2022	Road Asset Management System (RAMS)	R 5 669.50 Per Rate	Current	LED & Planning	Current
9	Pono Security Service	01-10-2019	30-09-2022	Security Service	R 447 152.20 (monthly)	Current	Corporate Services	Current MFMA section 114
10	Indlela Data (Pty) Ltd	28-10-2019	27-10-2022	Photo Copiers	R 3 701 078.43 Full contract amount	Current	Corporate Services	Current
11	Dash Host (Pty) Ltd	06-03-2020	05-03-2023	Computer Hardware and software as and when required	R 108 749.70 Average Unit Cost	Current	Finance	Current
12	Cholaw Consulting (Pty) Ltd	18-03-2021	Until completion	Invitation from Suitably Qualified Professionals to Develop a Proposal for a District Housing Sector Plan and the Accreditation Business Plan for the Dr Kenneth Kaunda District Municipality	R 782 608.00 Full contract amount	Current	LED & Planning	Current

13	Go Big Media (Pty) Ltd	15-06-2021	14-06-2024	Tender for the Design and Placing of Municipal Messages within the Dr Kenneth Kaunda District Local Municipalities on Street Pole Ads and Billboards for a period of three (3) years	R 4 271 211.85 Full contract amount	Current	Communications	Current
14	<ol style="list-style-type: none"> <li>1. TNT Consulting (Pty) Ltd</li> <li>2. Maine Management &amp; Chartered Accountants</li> <li>3. Minatlou Consultants &amp; Accounting Services</li> </ol>	12-07-2021	11-07-2024	Tender for Appointment of Panel of Consultants of Financial Service Provider for Accounting Work over a period of Three (3) Years.	R 5 548.00 (Average Rate per hour)	Current	Finance	Current
15	Bubede Multi-Services T/A Lightboxnet	12-07-2021	11-07-2024	Tenders Are Invited for The Design, Supply, Delivery,	R2 418 000,00 Full contract amount	Current	Corporate Services	Current

				Installation, Training, Management and On- Going Support of an Electronic Document Management and Workflow Solution for Dr Kenneth Kaunda District Municipality for the period of three (3) years				
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**Table A7** provides a summary of procurements on awards evaluated on the PPPFA (80/20) from period 01/07/2021 to 30/09/2021 amount to R 5 113 665.52 and Panel of Consultants of Financial Service Provider for Accounting Work with an average rate of R 5 548.00 per hour.

### Quotes and Tenders

No.	Description 01/07/2021 – 30/09/2021	Company	Local %	BBBE level status contributor	Women Equity %	Amount	Any Deviation		If Deviation-Reason Provide
							Y	N	
1	<b>TENDER KKDM 18/20</b> Tenders are invited for the Design, Supply, Delivery, Installation, Training, Management and on-going Support of an Electronic Document Management and Workflow Solution for Dr Kenneth Kaunda District Municipality for the Period of Three (3) Years	Bubede Multi-Services T/A LightboxNet	-	Level 1	80%	<b>R 2 418 000.00</b>	N		
2	<b>TENDER KKDM 12/20</b> Tender for Appointment of Panel of Consultants of Financial Service Provider for Accounting Work over a period of Three (3) Years.	TNT Consulting (Pty) Ltd	-	Level 1	100%	<b>R 5 548.00</b> (Average Rate)	N		
		Minatlou Consultants & Accounting Services	-	Level 1	-	<b>R 5 548.00</b> (Average Rate)	N		
		Maine Management & Chartered Accountants	-	Level 1	-	<b>R 5 548.00</b> (Average Rate)	N		
3	<b>TENDER KKDM 04/20-</b> Supply and Delivery of 100	Hope Sends Trading and	100%	Level 1	-	<b>R 1 901 691.52</b>	N		

	Sets of Improved Rural Dry Sanitation Type Substructures only at Boskuil Village, MHLM	Projects						
4	<b>QUOTATION KKDM 2022/01-</b> Supply and Delivery of 100 sets of building materials (bricks, cement, concrete mix, building and sand & concrete lintels) for bottom structures at Boskuil village	Sibahle-Siphelele Trading (Pty) Ltd	100%	Level 1	-	<b>R 77 523.00</b>	N	
5	<b>QUOTATION KKDM 2022/02-</b> Acquisition of a Service Provider for the removal of existing Skit unit & Supply, Delivery and Installation of a new firefighting equipment- 600L Ultra High-Pressure Skit unit (Dr KKDM Fire and Rescue Centre)	Bojaro Trading and Project (Pty) Ltd	100%	Level 1	-	<b>R 142 000.00</b>	N	



6	<b>QUOTATION KKDM 2022/03-</b> Supply and Delivery of Fire and Rescue officials Personal Protective Equipment's (Dr KKDM)	Mophetha Trading Enterprise	100%	Level 1	-	<b>R 162 346.00</b>	N	
7	<b>QUOTATION KKDM 2022/04-</b> Supply and Delivery of Equipment for Pest Control (Dr KKDM)	Enigmatic Trading and Projects	100%	Level 1	-	<b>R 68 584.00</b>	N	
8	<b>QUOTATION KKDM 2022/05-</b> Supply and Delivery of Chemicals for Pest Control (DR KKDM)	K P Mods Enterprises (Pty) Ltd	100%	Level 1	-	<b>R 198 521.00</b>		

9	<b>QUOTATION KKDM</b> <b>2022/10-</b> Catering for 250 People for District Development Model Meeting on 2021/10/01	Fena Services (Pty) Ltd	100%	Level 1	-	<b>R 145 000.00</b>		
<b>Grand Total</b>						<b>R 5 113 665.52</b>		

