

ITEM BUDGET AND TREASURY OFFICE *Author: Chief Financial Officer*

SUPPLY CHAIN MANAGEMENT REPORT FOR THE 1ST QUARTER (1 July 2020 – 30 September 2020)

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 a summary of procurements between R30 000.00 and R100 000.00
- Table A5 provides a summary of procurements above R100 000.00

➤ Table A6 provides the status on contract management.

DISCUSSION

Table A1 Summary of procurement activities

	NUMBER	AMOUNT
90/10	None	0
80/20	None	0
Variations	None	0
SCM Regulation 32	None	0
Deviations		R 2 473 513.00
Quotations between R30K – R200k	None	0
Covid-19 National Disaster	9	R 296 448.27
Quotations between R30K – R200k Advertised	3	
Tenders advertised	5	
Tenders awarded	None	
Tenders cancelled	None	
Tenders referred back	None	

Procurement between R2000 and R30 000 (VTSD Spending) from period (01/07/2020 – 30/09/2020)

The total transaction value of procurement made from the local service provider within Dr KK DM's area of jurisdiction amount to R 612 357.25

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

Locality	Monthly Amount
VTSD Spending	R 612 357.25
Other	-
Total	R 612 357.25

Table A3

Following is the Procurement Processes in Response to the Covid-19 State of Nation Disaster from period 01/07/2020 – 30/09/2020 amount to R 296 448.27

NO	SUPPLIER NAME	ITEM PROCURED	ORDER NUMBER	ORDER DATE	VOTE USED	PROCUREMENT PROCESS	AMOUNT
1	Absolute Answer trading (Pty) Ltd	Cleaning Materials For Office Space decontamination 1. Sodium Hypo chlorine Concentrated Bleach 25L X 10 at R1789.00 each 2. Social Distancing floor stickers (round) (100) at R80.00 each 3. hand Sanitizer 25L X 10 at 2 261.00 each	0001002992	20/07/2020	33052323600FLQ47ZZW D	Deviation Reg. 36-(1)(a) i, In an Emergency – procurement due to the outbreak of corona virus and potential risk of infection, municipalities were required to institute precautionary measures of preventing and curbing the spread of the virus.	R 48 500.00
2	Loabile Holdings (Pty) Ltd	Supply and delivery of Guard hut 2 with veranda extension 1.2 m x 2.4m 2 at R35 000.00	0001002993	20/07/2020	33056474020ORC80ZZ WD	Deviation Reg. 36-(1)(a) i, In an Emergency – procurement due to the outbreak of	R 70 000.00

corona virus and potential risk of infection, municipalities were required to institute precautionary measures of preventing and curbing the spread of the virus, by scanning employees and visitors.

3	Lisebo Holding (Pty) Ltd	Cleaning Materials for Office Space decontamination 1. 30 pcs Surgical mask 50boxes of R584.00 each	0001002989	20/07/2020	33052323600FLQ47ZZW D	3 Quotes Process	R 29 200.00
4	TPN Holdings	Office Space decontamination 1. Sanitizer Spray 5L X 15 at 950.00 each	0001002991	20/07/2020	33052323600FLQ47ZZW D	3 Quotes Process	R 14 250.00
5	Maweeta trading Enterprise	Office Space decontamination 1. Sodium Hypo Chlorine Concentrated Bleach 25L X 10 at R2 500.00 each 2. Surgical Mask 100 at R20.00 3. Face Shield 50 at R30.00	0001002988	20/07/2020	33052323600FLQ47ZZW D 33052323600FLQ47ZZW D	3 Quotes Process	R 28 500.00
6	AFROTRENCHED MARKETING	Posters 1. A1 CORONAVIRUS HOTSPOT POSTERS, VINYL ON CORREX (100 @ R 145.00 EACH) 2. POSTERS A1 CORONAVIRUS HOTSPOT POSTERS 200GSM	0001003032	17/08/2020	32052300120FLMRCZZ WD	3 Quotes Process	R 29 800.00

		GLOSS3 (125 @R120 EACH) 3. SET UP AND LAYOUT (1 @ R 300.00)					
7	BIKO TRADING (PTY)LTD	Surgical Mask For Ehp And Fire Fighters (150 @ 194.70)	0001003044	25/08/2020	33052323600FLQ47ZZW D	3 Quotes Process	R 29 205.00
8	TSELAMMOGO TRADING (PTY) LTD	Hygiene Materials for Covid-19 And Hygiene Awareness Campaign <ol style="list-style-type: none"> 1. Fridge Magnets 1500 @ R14.00 2. Covid-19 Posters A3 150 @ R28.00 3. Covid-19 Pamphelts A4 500 @R2.60 4. Hygiene Posters A3 50 @ 44.00 5. Hygiene Pamphelts A4 100 @ R2.50.00 	0001003080	2020/09/08	39052300140FLP43ZZW D	3 Quotes Process	R 28 950.00
9	SHIELD SAFETY PRODUCTS	Hygiene Materials for Covid-19 And Hygiene Awareness Campaign <ol style="list-style-type: none"> 1. Hand Soap 20 @ 110.00 2. Dust Musk 60 @R21.75 3. Cloth Mask 200 @R 21.74 4. Hand Sanitizer 20 @ R240.00 5. Hand Sanitizer 250ml X 30 @R14.00 6. 46 Rolls Toilet Paper 10 @ R261.74 	0001003102	2020/09/18	39052300140FLP43ZZW D	3 Quotes Process	R 18 043.27
Grand Total							R 296 448.27

DEVIATIONS

Table A4 Below provides list of transactions procured through Regulation 36 of the SCM Regulation (Deviations) from period 01/07/2020 – 30/09/2020

Due to the outbreak of COVID-19 pandemic and the restriction that we introduced in to contain the spread of the virus; it was impractical to follow the normal SCM process. The Budget and Treasury Office has recommended to procure through regulation 36 (v) of the Supply Chain Management regulations due to the COVID-19 environment whereby it was impractical to follow the normal SCM processes as outlined in SMC regulations and Dr KKDM SCM policy. It must also be noted that Supply Chain Management Regulation 16 & 17 were considered by inviting various service providers in order to ensure fairness and competitiveness in the process.

The vacancy rate and skill gaps identified within Budget Department also attributed to outsourcing or procurement of external service providers. following senior accountant's positions are vacant:

- Senior Accountant Assets and Fleet
- Senior Accountant Annual Financial Statements
- Senior Accountant Compliance and performance
- Senior Accountant Budget and reporting

Considering number of audit findings and the turnaround time to address the 2018/19 audit findings and the process to start preparing the 2019/20 Annual Financial Statements and also to update the 2019/20 Asset Register the Budget and Treasury recommended the procurement of the service provider through Supply Chain Management Regulation 36. It was not known at the time of the procurement that National treasury will extend the submission of Annual Financial Statements to 30th October 2020.

The following deviations are reported from period 01/07/2020 – 30/09/2020

NO	COMPANY	DESCRIPTION	Locality %	SCM Reg. 36	AMOUNT
1	Absolute Answer trading (Pty) Ltd	Cleaning Materials for Office Space decontamination 1. Sodium Hypo Chlorine Concentrated Bleach 25L X 10 at R1789.00 each 2. Social Distancing floor stickers (round) (100) at R80.00 each 3. hand Sanitizer 25L X 10 at 2 261.00 each	100	Deviation Reg. 36-(1)(a) i, In an Emergency – procurement due to the outbreak of corona virus and potential risk of infection, municipalities were required to institute precautionary measures of preventing and curbing the spread of the virus and (v) In any other exceptional case where it is impractical or impossible to follow the official procurement processes. Advertisement for invitation of (7 days) was not made.	R 48 500.00
2	Loabile Holdings (Pty) Ltd	Supply and delivery of Guard hut 2 with veranda extension 1.2 m x 2.4m 2 at R35 000.00	100	Deviation Reg. 36-(1)(a) i, In an Emergency – procurement due to the outbreak of corona virus and potential risk of infection, municipalities were required to institute precautionary measures of preventing and curbing the spread of the virus, by scanning employees and visitors and (v) In any other exceptional case where it is impractical or impossible to follow the official procurement processes. Advertisement for invitation of (7 days) was not made.	R 70 000.00
3	THE ASSESSMENT TOOLBOX CC	DEVIATION COMPETENCY ASSESSMENT FOR SENIOR MANAGEMENT POSITION: COMMUNITY SERVICES	-	Deviation Reg. 36-(1)(a) i, In an Emergency – procurement due to the outbreak of corona virus and potential risk of infection, municipalities were required to institute precautionary measures of preventing and curbing the spread of the	R 34 500.00

				virus, and (v) In any other exceptional case where it is impractical or impossible to follow the official procurement processes and(v) In any other exceptional case where it is impractical or impossible to follow the official procurement processes. Advertisement for invitation of (7 days) was not made.	
4	Kreston North West	Quotation for assistance of updating GRAP and MSCOA Asset Register and Audit Support during audit review for period of six (6) months from the date of appointment.	-	Deviation Reg. 36-(1)(a) i, In an Emergency – procurement due to the outbreak of corona virus and potential risk of infection, municipalities were required to institute precautionary measures of preventing and curbing the spread of the virus, and (v) In any other exceptional case where it is impractical or impossible to follow the official procurement processes. Advertisement for invitation to tender (14 Days) was not made.	R870 150.00
5	Maine Management	Quotation for assistance of financial accounting support, Compilation of GRAP and MSCOA Compliant Interim Financial Statements, Compilation of GRAP and MSCOA Compliant Annual Financial Statements and audit support during review for a period of six (6) months from date of appointment.	-	Deviation Reg. 36-(1)(a) i, In an Emergency – procurement due to the outbreak of corona virus and potential risk of infection, municipalities were required to institute precautionary measures of preventing and curbing the spread of the virus, and (v) In any other exceptional case where it is impractical or impossible to follow the official procurement processes and(v) In any other exceptional case where it is	R1 450 363.00

				impractical or impossible to follow the official procurement processes. (v) In any other exceptional case where it is impractical or impossible to follow the official procurement processes.	
				Grand Total	R 2 473 513.00

**CONTRACTED SERVICES FOR DR. KENNETH KAUNDA DISTRICT MUNICIPALITY
2020/2021**

CONTRACT REGISTER – 2020/2021

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 A5 below**

NO.	Contractor Name	Commence Date	Expiry Date	Services	Monthly Payment	Status	Responsible dept/official	Comments
1	Matlosana City Council	01-02-2002	Until notice	Building Rental	R57932.40	Current	Corporate Serv	Current
2	Business Connexion	01-07-2018	30-06-2021	Software – Venus (Solar System)	R32913.00	Current	Finance	Current
3	Old Mutual Property / Columbia Falls Properties 80 (PTY) Ltd	01-07-2017	30-06-2020	Building Rental	R175375.52	Current	Corporate Serv	Current
4	Samsung	13-05-2018	Month to Month	Telephone System	Charged as per minute usage (R48142.32)	Only payment for VOIP Lines	Corporate Serv	Month to Month
5	Blaq.M Holdings (PTY) LTD	01-10-2018	30-09-2021	Insurance	R548 900.00 once-off payment 1 st year)	Current	Finance	Current
6	Multi Choice	18-11-2019	04-11-2020	DSTV	R14 036.121year subscription	Subscription to be renewed	EM'S Office MM Office SPEAKER'S Office	Subscription to be renewed
7	JB Marks	01-01-2018	Until Notice	Tlokwe EHS, Rental Of Office Space (EHS)	Monthly Amount: R1000	Current	Health	Current
8	Maxim Planning Solutions (PTY) LTD	01-11-2018	30-06-2020	Review & Alignment of Dr KKDM Spatial Development	R550 000.00 (Dr KKDM) R552000.00 (JB Mark)	Contract Ended	INFRA	Contract Variation/Extension (MFMA Sec. 116 (3) (a)

				Framework 2018	R249550.00 (Matlosana) Full Contract Amount			& (b)
9	Kgomo Africa Investment Holdings (PTY) Ltd	15-05-2018	14-05-2021	Development of a Dolomite Risk Management Strategy Framework for Dr KKDM for 3 Years	R6994 128.00 Full contract amount	Current	Disaster	Current
10	Nalko Engineering	23-09-2019	22-09-2022	Road Asset Management System (RAMS)	R5 669.50 Per Rate	Current	Infra	Current
11	Kwaame communications	13-09-2019	12-09-2020	Dr KKDM External Newsletter for a period of 12 months	R 193 200.00	Current	Communications	Current
12	Pono Security Service	01-10-2019	30-09-2022	Security Service	R251651.70 (monthly)	Current	Corporate	Current MFMA section 114
13	Indlela Data (Pty) Ltd	28-10-2019	27-10-2022	Photo Copiers	R3 701 078.43 Full contract amount	Current	Corporate	Current
14	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
15	Kreston North	01/07/2020	31/12/20	MSCOA Asset	R870 150.00	Current	Finance	Current

	West		20	Register				
16	Maine Management	01/07/2020	31/12/2020	Compilation of MSCOA Compliant Annual Financial Statements and audits support	R1 450 363.00	Current	Finance	Current