

# Cape Winelands District Municipality

## IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

For the 1<sup>st</sup> Quarter - 1<sup>st</sup> July 2018 to 30<sup>th</sup> September 2018

### BACKGROUND

This report is in compliance with Reg. 6(3) of the Supply Chain Management Regulations<sup>1</sup> on the implementation of the Supply Chain Management Policy of the Cape Winelands District Municipality. The purpose of the report is to assist and strengthen the Executive Mayor's oversight role in the execution thereof. Furthermore, it must be made public in accordance with section 21A of the Municipal Systems Act.

### POLICY

The Supply Chain Management Policy was initially adopted on 23 January 2006 and revised on the 25 May 2017 to comply with relevant legislation. It is fully compliant with National Treasury's prescripts. It has been advertised numerously and is available on Council's web page.

### ACTIONS/PROCEDURES GIVING EFFECT TO POLICY IMPLEMENTATION

The Constitution of the Republic of South Africa, 1996 addresses this issue in section 217. When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.

To give orderly effect to the above the Supply Chain Management processes are categorised in;

- (a) Demand management
- (b) Acquisition management
- (c) Logistics management
- (d) Disposal management
- (e) Performance management
- (f) Other matters

#### (a) Demand management

Demand management requires timely planning and a management process that will ensure that all goods and services which are required are quantified, budgeted for and delivered in a timely and effective manner at the right locations and at the critical delivery dates. These goods and services must be of appropriate quality and quantity at a fair cost.

Furthermore, the required specifications must ensure that needs are met.

In order to further enhance the demand planning process, an annual procurement plan has been designed for implementation during the coming financial year. The final target

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<sup>1</sup> Supply Chain Management Regulations: National Treasury General Notice 868, Gazette no. 27636 dated 30 May 2005.

dates for each project were determined with Council's approval of the final budget. Senior managers are accountable to ensure that the procurement process commences as per the target dates. Information is available in the financial system.

Specifications are unbiased and advertised in order to promote the five pillars of procurement as set out in the Constitution. It ultimately ensures that the needs are addressed effectively.

**(b) Acquisition management**

The system of acquisition management must ensure the following:

- (i) That goods and services are only procured in accordance with authorised processes;
- (ii) That expenditure on goods and services is incurred in terms of an approved budget as per section 15 of the Municipal Finance Management Act (Act 56 of 2003);
- (iii) That the threshold values for different procurement processes are complied with;
- (iv) That bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation; and
- (v) That any Treasury guidelines on acquisition management are properly taken into account.

The procurement process is centralised. This is essential to ensure that all requests for quotations are actioned by the Supply Chain Management Unit which controls and manage compliance with the different thresholds of procurement. It must also combat the deliberate splitting of orders into smaller parts merely to avoid complying with the thresholds. Requests for competitive bids (in excess of R 30,000) and awards made are advertised on the municipal notice boards, website and in the press if more than R 200,000.

To give effect to the above, a coding system, by range (SCM Regulation 12) of procurement and value, was developed to control, manage and report on acquisitions.

A summary of the different categories of acquisitions made for the period is attached as **Annexure "A1"**.

**Bid committees:** The following table details the number of bid committee meetings held for the quarter under review:

**TENDERS: > R200,000**

Bid Specification Committee	No. of Meetings	No. of Items	No. of Agendas	No. of Minutes
JULY 2018	2	15	2	2
AUGUST 2018	1	2	1	1
SEPTEMBER 2018	1	10	1	1
<b>TOTAL</b>	<b>4</b>	<b>27</b>	<b>4</b>	<b>4</b>

Bid Evaluation Committee	No. of Meetings	No. of Items	No. of Agendas	No. of Minutes
JULY 2018	1	14	1	1
AUGUST 2018	1	3	1	1
SEPTEMBER 2018	0	0	0	0
<b>TOTAL</b>	<b>2</b>	<b>17</b>	<b>2</b>	<b>2</b>

Bid Adjudication Committee	No. of Meetings	No. of Items	No. of Agendas	No. of Minutes
JULY 2018	0	0	0	0
AUGUST 2018	1	13	1	1
SEPTEMBER 2018	1	3	1	1
<b>TOTAL</b>	<b>2</b>	<b>16</b>	<b>2</b>	<b>2</b>

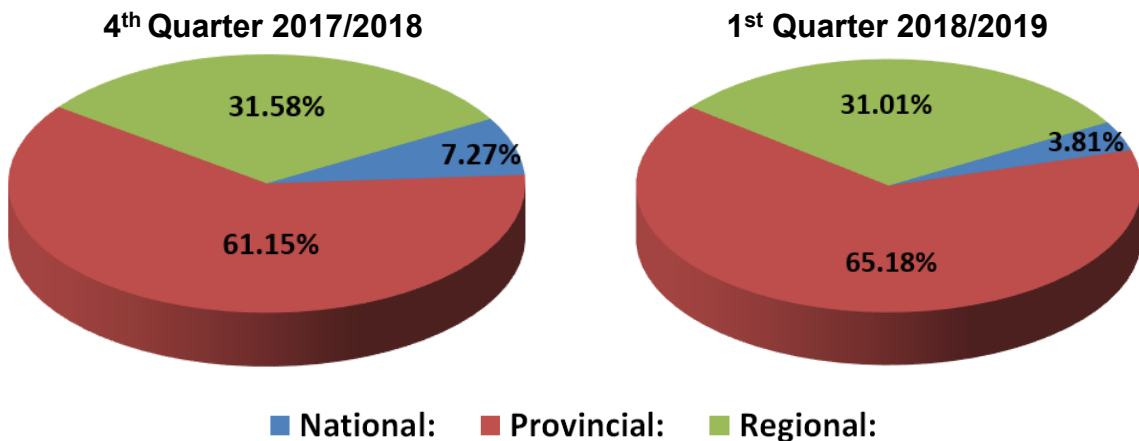
**Formal written price quotations:** (R 30,001 - R 200,000) The following table details the number of formal written price quotations that were awarded in the quarter under review:

**FORMAL WRITTEN PRICE QUOTATIONS: R30,001 - R200,000**

Evaluated & Awarded	
JULY 2018	5
AUGUST 2018	3
SEPTEMBER 2018	10
<b>TOTAL</b>	<b>18</b>

Municipalities must report to National Treasury on all acquisitions in excess of R 100,000 on a monthly basis. Information is captured and approved directly on their CRA System. **Annexure "A2"** is a list of awards made.

**Geographical expenditure:**



**Awards made to companies according to their Broad-Based Black Economic Empowerment (B-BBEE) level of contribution**

As from 1<sup>st</sup> April 2017, the new Preferential Procurement Regulations, 2017 came into effect. The threshold value between the 80/20 and the 90/10 applications increased from R 1m to R 50m. It's also now prescriptive on issues such as cancellation, sub-contracting and market-related pricing.

The B-BBEE status level of contribution means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act. The scoring is done by an accredited institution. Auditors are no longer allowed to issue certificates. The scorecard contains elements such as ownership, management control, employment equity, skills development, procurement, enterprise development and socio economic development. A score is then calculated as prescribed by B-BBEE Act and the Codes of Good Practice, which places the supplier on a certain B-BBEE level. Each level earns a supplier a certain number of B-BBEE points which they can claim when bidding for goods and services above a value of R 30 000 (incl VAT).

New regulations passed on 06 May 2015 now provides that EMEs (Exempted Micro Enterprises) and QSEs (Qualifying Small Enterprises) can obtain eligibility by producing their own B-BBEE certificates in the form of an affidavit.

**Break down of procurement to illustrate values spent with B-BBEE compliant suppliers:**

B-BBEE status: Level & Value		Number of Qualifying Suppliers		Value spent		% of Total	
		4 <sup>th</sup> Quarter 2017/2018	1 <sup>st</sup> Quarter 2018/2019	4 <sup>th</sup> Quarter 2017/2018	1 <sup>st</sup> Quarter 2018/2019	4 <sup>th</sup> Quarter 2017/2018	1 <sup>st</sup> Quarter 2018/2019
Level 1	10/20	60	51	16 345 075.56	5 512 303.37	34.22%	28.67%
Level 2	9/18	21	12	4 634 655.59	2 147 582.01	9.70%	11.17%
Level 3	6/14	13	11	4 642 582.30	629 952.23	9.72%	3.28%
Level 4	5/12	34	24	6 353 266.11	1 415 890.56	13.30%	7.37%
Level 5	4/8	4	4	481 422.64	207 793.12	1.01%	1.08%
Level 6	3/6	2	1	79 419.57	79 917.18	0.17%	0.42%
Level 7	2/4	2	2	55 485.72	42 399.43	0.12%	0.22%
Level 8	1/2	10	6	2 956 898.60	108 710.84	6.19%	0.57%
No Status		187	158	12 218 487.25	9 077 604.73	25.57%	47.22%
<b>Totals</b>		<b>333</b>	<b>269</b>	<b>47 767 293.34</b>	<b>19 222 153.47</b>	<b>100.00%</b>	<b>100.00%</b>

**Appeals by aggrieved bidders**

No successful appeals were lodged by aggrieved bidders for the quarter under review.

**Deviations from normal procurement processes**

**(i) Regulation 36(1)(a) Deviations (Sole provider, impractical, impossible, etc.)**

Regulation 36 refers to acquisitions made in exceptional cases when it is impractical or impossible to follow the official procurement processes. Typical circumstances may be for emergency cases, if such goods or services are produced or available from a single provider only, such as agents, special works of art or historical objects where specifications are difficult to compile, or the acquisition of animals for zoos.

For the quarter under review, the total deviations approved by the Accounting Officer and or his delegated authority amounted to R 3,754,868.46 compared to the previous quarter's figure of R 2,609,187.03. This represents an increase of 43.90%. It is noted that deviation values fluctuate during each period and will not necessarily reflect the same patterns. However, long-term contracts for e.g. software licencing, are now included in the totals. The table and chart on page five indicates the volumes and values of instances, per category (emergency, sole supplier/agent and impractical, etc.), for this quarter.

**(ii) Regulation 16(c) and 17(1)(c) Deviations (< 3 Quotations)**

In the acquisition process it is not always possible to obtain three responsive quotations. If it is in respect of written quotations, regulation 16(c) for a value R 2001 to R 10,000 complies, namely; the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer. For formal written price quotations, regulation 17(1)(c) for a value R 10,001 to R 200,000 complies, namely; the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer. In this instance the accounting officer must record the names of the potential providers and their written quotations.

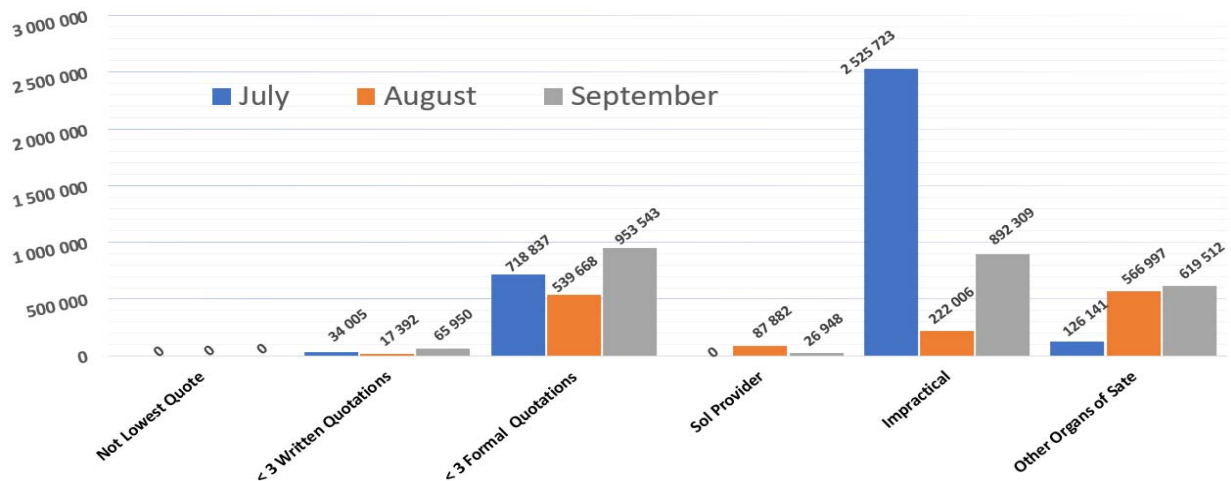
For the quarter under review, regulation 16(c) deviations amounted to R 117,346.78 and regulation 17(1)(c) to R 2,212,048.70 respectively. The table and chart on page five indicates the volumes and values of instances where it was not possible to obtain at least three responsive quotations.

The Auditor-General changed his opinion and no longer perceives that instances of this nature constitutes a regulation 36(1)(a) deviation. It must also be noted that 50.0%, 49 of the 98 instances under review, were advertised on the municipality's notice boards and webpage. It represents 79.82% of the monetary value.

**(iii) Summary of deviations from the normal procurement processes.**

The following deviations from the normal processes occurred in the quarter under review. Full details thereof can be scrutinised in the quarterly report submitted to Council.

Commodity Description July to September 2018	REG.16(c) < 3 Written Quotations		REG.17(1)(c) < 3 Written Quotations		DEV- REG.36(1) (a)(v) Impractical		DEV- REG.36(1) (a)(ii) Sole Supplier		Other Organs of State		TOTALS	
	#	Value	#	Value	#	Value	#	Value	#	Value	#	Value
AUDITOR GENERAL									4	499 708	4	499 708
BREAKFAST/LUNCH/SUPPER-OTHER	1	5 000									1	5 000
BUILDINGS - MAINTENANCE			4	481 407							4	481 407
CELL PHONE - SERVICE CHARGES					3	6 214					3	6 214
CLEANING SERVICES			8	146 061							8	146 061
COLLECTIVE AGREEMENTS									33	105 193	33	105 193
COMMUNICATION CENTRE					1	2 730					1	2 730
CONSTRUCTION MATERIAL - ROADS									1	18 934	1	18 934
CONSULTANTS - CIVIL/ENGINEERING			1	29 118							1	29 118
CONSULTANTS - PROFESSIONAL SERVICES			4	86 442	24	2 789 850					28	2 876 292
EDUCATIONAL/SOCIAL/RECREATION			1	187 000							1	187 000
EQUIPMENT - ELECTRONIC/RADIO/Etc.	1	7 800									1	7 800
FUEL - DIESEL									10	13 712	10	13 712
GARNISHING ORDERS									22	17 030	22	17 030
HOTEL BOOKINGS - LOCAL			2	29 095							2	29 095
INTERNET CONNECTION			1	182 850							1	182 850
IT RELATED GOODS & SERVICES			1	28 750							1	28 750
LEGAL SERVICES					1	34 157					1	34 157
LICENSING - VEHICLES									17	1 749	17	1 749
MEDIA: NEWS PAPERS/MAGAZINES/Etc.									17	2 956	17	2 956
MEDICAL: TREATMENT	2	17 325	1	15 840							3	33 165
MISCELLANEOUS	3	3 992			1	2 852			1	2 735	5	9 579
OFFICE FURNITURE			1	161 760							1	161 760
PHOTOCOPY MACHINES					1	55 836					1	55 836
PRINTING & PUBLICATIONS	12	8 280									12	8 280
PROTECTIVE CLOTHING					2	6 400					2	6 400
REFRESHMENTS/ENTERTAINMENT			3	55 000							3	55 000
REGISTRATION FEES: SEMINARS/Etc.							6	57 873			6	57 873
RENEWAL: SOFTWARE LICENSE					1	80 799					1	80 799
RENTAL - FIXED PROPERTY									1	3 399	1	3 399
RENTAL - OTHER			1	11 900	1	3 441					2	15 341
RENTAL EXHIBITION SPACE							1	56 957			1	56 957
SECURITY SERVICES			6	184 506							6	184 506
SERVICES - ELECTRICAL									3	53 160	3	53 160
SERVICES - RATES & TAXES									2	4 441	2	4 441
SERVICES - TELEPHONE									3	559 501	3	559 501
SERVICING OF EQUIPMENT BY AGENT					2	68 194					2	68 194
SOFTWARE & SUPPORT					22	290 213					22	290 213
SOFTWARE (SPECIFIC)			1	28 927							1	28 927
TRAINING (SPECIFIC)			2	198 000							2	198 000
TRANSPORT/DELIVERIES & STORAGE			1	29 500							1	29 500
TRANSPORT: PUBLIC	11	74 950	12	208 550							23	283 500
SERVICE LEVEL AGREEMENTS			11	65 112	4	186 502					15	251 614
AGENTS: SPECIALISED EQUIPMENT					1	65 876					1	65 876
SUBSCRIPTIONS - LEGAL					6	46 975					6	46 975
RENTAL - CONFERENCE FACILITY/CATERING			7	82 230							7	82 230
SERVICES - SEWERAGE									2	2 362	2	2 362
SERVICES - REFUSE REMOVAL									2	3 915	2	3 915
SERVICES - WATER									2	23 855	2	23 855
<b>Grand Total</b>	<b>30</b>	<b>117 347</b>	<b>68</b>	<b>2 212 049</b>	<b>70</b>	<b>3 640 039</b>	<b>7</b>	<b>114 830</b>	<b>120</b>	<b>1 312 650</b>	<b>295</b>	<b>7 396 914</b>

**Breakdown of monthly transactions.**

**(c) Logistics management**

The system of logistics management must ensure the following:

- (i) Monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (ii) Setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (iii) Placing of orders for all acquisitions other than those from petty cash;
- (iv) Before payment is approved, certification by the responsible officer that the goods and services has been received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (v) Appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (vi) Monitor and review of the supplier/vendor performance to ensure compliance with specifications and contract conditions for particular goods or services. (See page 8)

**(d) Disposal management**

The system of disposal management must ensure the following:

- (i) Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- (ii) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- (iii) Immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (iv) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed; and
- (v) Where assets are traded in for other assets, the highest possible trade-in price is negotiated.

The municipality is complying with section 14 of the MFMA which deals with the disposal of capital assets.

**(e) Performance management**

The SCM policy requires that an internal monitoring system be established and implemented in order to determine, on the basis of retrospective analysis, whether the SCM processes were followed and whether the objectives of the SCM policy were achieved.

Various assessments by Provincial Treasury's SCM section, of which the last evaluation was in September 2018, and external consultants has indicated that the municipality's processes and procedures are in line with legislative requirements. Specific attention is given to *inter alia*, the following aspects;

- (i) Compliance with chapter 11 of the Municipal Finance Management Act (Act 56 of 2003);
- (ii) Adherence to bid committee structures as stipulated in the Supply Chain Management regulations of 2005 and the Cape Winelands District Municipality's Supply Chain Management Policy;
- (iii) The applicable sections relating to points scoring and the evaluation of bids in terms of the Preferential Procurement Policy Framework Act (Act 5 of 2000 and regulations);
- (iv) Compliance with the code of conduct for Supply Chain Practitioners and Bid Committee Members; and
- (v) To propose improvements to the bid committee system and process.

**(f) Other matters****Advertisements in the press**

Advertising costs of R 98,341.90 were incurred in the procurement process for this quarter in relation to R 111,134.13 in the 4<sup>th</sup> quarter of 2017/2018. It must be noted that some of the regular/annual quotations and tenders for the new financial year may have been advertised in the previous quarter.

**CIDB – Construction Industry Development Board**

Municipalities are required to advertise, register and maintain all contracts of a construction nature in excess of R 200,000 on the CIDB website.

**AWARDS FOR THIS QUARTER:**

<b>CONTRACT NUMBER</b>	<b>AWARDED TO</b>	<b>DESCRIPTION</b>	<b>VALUE</b>
T2018/010	MEYER ELECTRICAL & CONSTRUCTION	ELECTRICAL INSTALLATION, REPAIR AND MAINTENANCE CONTRACT FOR THE PERIOD 01 SEPTEMBER 2018 TO 30 JUNE 2019	1 130 450.00
T2018/011	ZAMIL ENGINEERS AND CONSTRUCTORS	AIR CONDITIONING INSTALLATION, REPAIR, SERVICING AND MAINTENANCE CONTRACT FOR THE PERIOD 01 SEPTEMBER 2018 TO 30 JUNE 2019	581 865.50
T2018/012	MEYER ELECTRICAL & CONSTRUCTION	PLUMBING INSTALLATION, REPAIR AND MAINTENANCE CONTRACT FOR THE PERIOD 01 SEPTEMBER 2018 TO 30 JUNE 2019	497 719.50
<b>TOTAL: R</b>			<b>2 210 035.00</b>

## Tenders and quotations evaluated on performance

Suppliers are evaluated on work performed or goods supplied for functionality, quality and performance. To evaluate the supplier, a document is prepared and issued to the relevant official who initiated the acquisition.

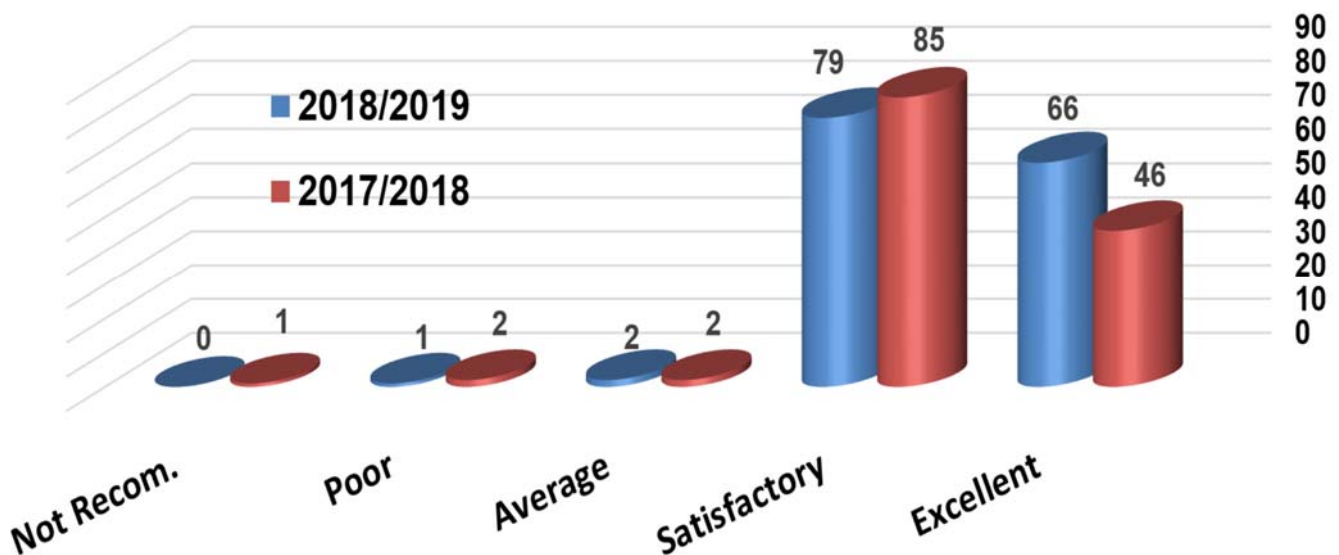
Tenders and Quotations are evaluated annually in the 1<sup>st</sup> Quarter for the previous year.

Financial Period:	Tenders		Quotations	
	September 2017/2018	September 2018/2019	September 2017/2018	September 2018/2019
COMMUNITY DEVELOPMENTAL SERVICES	11	23	20	17
CORPORATE SERVICES	16	15	10	5
FINANCE	2	8	2	5
LOCAL ECONOMIC DEVELOPMENT	2	3	3	0
ENGINEERING	26	29	30	30
GOVERNANCE	0	0	0	0
MUNICIPAL MANAGER OFFICE	1	0	1	3
RURAL & SOCIAL DEVELOPMENT	2	0	10	10
<b>Grand Total</b>	<b>60</b>	<b>78</b>	<b>76</b>	<b>70</b>

The evaluation is objective and based on five performance areas as indicated in the evaluation matrix on page nine.

The contract manager is responsible for the evaluation, but in the event that the supplier is rated lower than 18 points out of a possible of 25 (72%), he/she must be consulted and when agreed on the final rating, sign the evaluation document as proof of consultation. At this point any corrective measures are attended to.

## Number and performance of suppliers evaluated:





### Performance per category – improvement/deterioration on previous quarter:

Perf. Level	Category	September 2017/2018		September 2018/2019		Movement (Evaluation must be objective per category in relation to the total)	
		# of Evaluations	% of Category	# of Evaluations	% of Category		
1	Not Recom.	1	0.74%	0	0.00%	0.74%	Improvement
2	Poor	2	1.47%	1	0.68%	0.79%	Improvement
3	Average	2	1.47%	2	1.35%	0.12%	Improvement
4	Satisfactory	85	62.50%	79	53.38%	9.12%	Deterioration
5	Excellent	46	33.82%	66	44.59%	10.77%	Improvement
<b>Total:</b>		<b>136</b>		<b>148</b>			

Emanating from the prescribed procurement process, the municipality does not work with the same suppliers every year. Although there may be repetition of some, new suppliers are constantly entering into the process. Therefore, performance comparisons are measured on percentage per performance category rather than on the individual supplier. The two top levels should follow a natural cause and attention must be focused on the lower three.

#### EVALUATION MATRIX:

SUPPLIER PERFORMANCE ASSESSMENT					
Performance area	Ranking				
<b>Project management and control</b>	<ul style="list-style-type: none"> <li>➢ Non existent or inadequate project management</li> <li>➢ No evidence of formal controls in place</li> </ul>	<ul style="list-style-type: none"> <li>➢ Project manager identified</li> <li>➢ Simple project plan in place, no evidence of update/use</li> <li>➢ Reliance on individuals rather than process</li> <li>➢ Haphazard controls</li> </ul>	<ul style="list-style-type: none"> <li>➢ Project manager and team identified</li> <li>➢ Project plan in place but limited evidence of update/use</li> <li>➢ Project team managed through meetings – no use of tools</li> <li>➢ Inconsistent change control</li> </ul>	<ul style="list-style-type: none"> <li>➢ Project manager has formal ownership of project and team</li> <li>➢ Single point of accountability for decisions</li> <li>➢ Formal project management processes followed</li> <li>➢ Rigorous change control</li> </ul>	<ul style="list-style-type: none"> <li>➢ Full and accountable project management process</li> <li>➢ Detailed and controlled processes</li> <li>➢ Full visibility of progress, issues and changes</li> </ul>
<b>Score</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Communications</b>	<ul style="list-style-type: none"> <li>➢ Difficult to contact or obtain a response</li> <li>➢ Evidence of poor internal communications</li> <li>➢ Response regularly inadequate</li> </ul>	<ul style="list-style-type: none"> <li>➢ Regular communications but often incomplete</li> <li>➢ Response to queries inconsistent</li> <li>➢ Reactive</li> </ul>	<ul style="list-style-type: none"> <li>➢ Fairly rapid response to queries</li> <li>➢ Generally complete responses, but clarification often required</li> </ul>	<ul style="list-style-type: none"> <li>➢ Effective communications and relationships</li> <li>➢ Generally proactive and complete responses</li> <li>➢ Little clarification required</li> </ul>	<ul style="list-style-type: none"> <li>➢ Excellent, open relationship</li> <li>➢ Complete response to queries</li> <li>➢ Pro-active and anticipates issues</li> </ul>
<b>Score</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Flexibility</b>	<ul style="list-style-type: none"> <li>➢ Inflexible and reliant on contract</li> </ul>	<ul style="list-style-type: none"> <li>➢ Some willingness to be flexible, but only short-term</li> </ul>	<ul style="list-style-type: none"> <li>➢ Willing to be flexible around project demands over medium term</li> </ul>	<ul style="list-style-type: none"> <li>➢ High degree of flexibility around project and contract matters</li> </ul>	<ul style="list-style-type: none"> <li>➢ Completely open and flexible – joint partnering arrangement focused on project</li> </ul>
<b>Score</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Capability</b>	<ul style="list-style-type: none"> <li>➢ Inadequate capability</li> <li>➢ Consistently missing critical deadlines or milestones</li> <li>➢ Multiple design or production errors</li> </ul>	<ul style="list-style-type: none"> <li>➢ Poor capability</li> <li>➢ Some missing of critical deadlines or milestones</li> <li>➢ Design or production errors not satisfactory</li> </ul>	<ul style="list-style-type: none"> <li>➢ Satisfactory capability</li> <li>➢ Almost no missing of critical milestones or deadlines</li> <li>➢ Design or production errors not critical</li> </ul>	<ul style="list-style-type: none"> <li>➢ Good capability</li> <li>➢ No missing of critical milestones or deadlines</li> <li>➢ Virtually no design or production errors</li> </ul>	<ul style="list-style-type: none"> <li>➢ Excellent capability</li> <li>➢ No missing of any project milestones or deadlines</li> <li>➢ No design or production errors</li> </ul>
<b>Score</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Delivery</b>	<ul style="list-style-type: none"> <li>➢ Frequently capacity constrained resulting in significant schedule problems</li> <li>➢ Expediting regularly required</li> </ul>	<ul style="list-style-type: none"> <li>➢ Some capacity constraints with some impact on schedule</li> <li>➢ Some expediting required</li> </ul>	<ul style="list-style-type: none"> <li>➢ Generally unconstrained and able to meet schedule</li> <li>➢ Limited expediting required</li> </ul>	<ul style="list-style-type: none"> <li>➢ Regular deliveries on schedule</li> <li>➢ Limited capacity to reschedule to meet project changes</li> <li>➢ Little or no expediting required</li> </ul>	<ul style="list-style-type: none"> <li>➢ Established track record of deliveries</li> <li>➢ Capacity to reschedule to meet project changes</li> <li>➢ No expediting required</li> </ul>
<b>Score</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

NB: Where the specific category does not apply to the relevant evaluation or supplier, a rating of four (4) must be applied.

**Evaluation Matrix:** 01-05 = NOT RECOMMENDED; 06-10 = POOR; 11-15 = AVERAGE; 16-20 = SATISFACTORY; 21-25 = EXCELLENT

### **Improvement and/or deterioration of supplier performance.**

Officials are not encouraged to give higher points just to achieve an artificial high-performance level and thereby avoid confrontation with the underperforming supplier. To achieve better results officials are encouraged to engage with poor performing suppliers, also during the execution of the contract, to capacitate better performance. Proper contract management will reduce unnecessary performance problems.

If it is found that a specific supplier does not meet the municipality's standard of service expectations, corrective measures must be taken, preferably while the project is in process, to guarantee a positive outcome.

Suppliers who do not meet the level of performance are given the opportunity to improve on their capacity, systems and procedures and, after a period of exclusion from the procurement process, can demonstrate that they indeed improved and are capable to deliver on the expected performance levels.

### **Disclosures**

#### **1. Transactions concluded with - "*People in the Service of the State*"**

The Supply Chain Management Regulation 44 prohibits awards to persons in the service of the state and may not make any award to a person;

- (a) who is in the service of the state;
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) who is an advisor or consultant contracted with the municipality or municipal entity.

Awards made to such entities must be investigated, and recommended to Council, by the Municipal Public Accounts Committee (MPAC) for further action as it may find applicable.

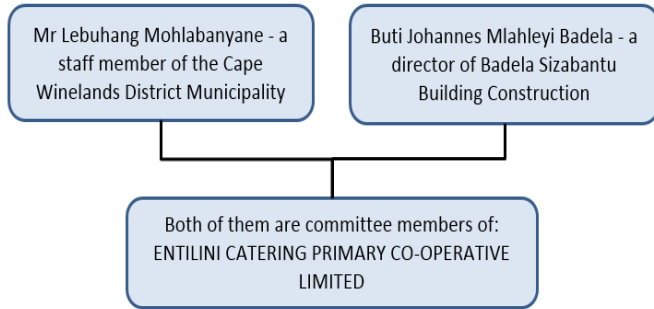
No instances of this nature were detected for the period under review.

#### **2. Transactions concluded with - "*Close family members of persons in the service of the state*"**

Supply Chain Management Regulation 45 does not prohibit awards to persons who have close family members working in the service of the state, but municipalities must disclose all amounts dispensed in excess of R 2,000. See **Annexure "A3"**.

#### **3. Benefits received in terms of the Local Government: Municipal Systems Act 32 of 2000 – Schedule 1 sec 5(2) & Schedule 2 sec 5(1)**

In addition to regulation 45, a councillor or staff member of a municipality who, or whose partner or business associate acquired or stands to acquire any direct benefit from a contract concluded with the municipality must declare it. In layman's terms, it can be referred to as an indirect or third-party relationship/association. See the illustration below and **Annexure "A4"** for identified instances.



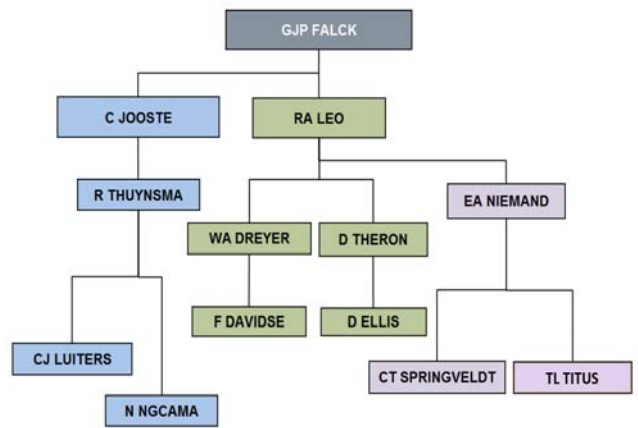
By association: (External )

An association is established when two or more individuals are connected through the same common purpose, e.g. committee members. If one of the members is a councillor or official and another member is a supplier of the municipality, an association is established, and must be declared by that councillor or official.

### Staff component

The following officials are currently directly involved with the Supply Chain Management processes.

POST NAME	EMPLOYEE
Deputy Director: Supply Chain Management	GJP Falck
Senior Buyer	C Jooste
Senior Supply Chain Management Officer	R Thuynsma
Principal Clerk: Procurement	CJ Luiters
Procurement Clerk	N Ngcama
Manager: Supply Chain Management	RA Leo
Senior Storekeeper/Buyer	D Theron
Storekeeper/Buyer	D Ellis
Senior Storekeeper/Buyer	WA Dreyer
Storekeeper/Buyer	F Davidse
Senior Administrator: Quotations & Tenders	EA Niemand
Chief Clerk: Supplier/Database Administration	CT Springveldt
Chief Clerk: Supplier/Database Administration	TL Titus



### Supplier database

National Treasury’s Web-Based Central Supplier Database (CSD) was implemented through Circular No. 81 dated 18 March 2016 which came into effect on 1st July 2016. Council adopted this circular as per C.14.6 of 28 April 2016. Provincial Treasury is rolling out the program and facilitates communication with National Treasury.

As this report is written there are still unresolved issues on which National Treasury must issue instructions as to compliancy. The CSD is designed on National and Provincial legislation which is not the same as that of Local Government. For municipalities to comply with its legislation, some issues must still be addressed. National Treasury indicated in the circular that the following aspects are work-in-progress and further information will be provided once systems have been upgraded after consultation with relevant stakeholders:

- BBEE Status
- CIDB
- Municipal Account status

For the interim it is therefore the responsibility of the municipality to continue with verification of any listing criteria which are not currently validated in the CSD system, for instance, proof of municipal accounts.

One aspect that National Treasury did not address in its circular is the “declaration of interest” by owners/partners/members/directors/shareholders which municipalities must obtain. The CSD do record all individuals that are listed on the Companies and Intellectual Property Commission’s (CIPC – Registrar of Companies) database and verify their status in respect of “Restricted Suppliers” and “People in the service of the state”. National treasury collects details of all officials in government departments and municipalities and verifies it against individuals on the CSD. However, not all parastatals may be covered to date.

Currently, the system providers (SAMRAS) in conjunction with National Treasury are busy to develop a “seamless” integration process where data can be updated directly from the CSD into the municipality’s system. Details have not been rolled out. Considering the fact that National Treasury does not take any responsibility for data that they obtain from other parastatals, SARS, CIPC, etc., the municipality should not allow any data to be populated into its Supplier database.

National Treasury rolled out this CSD as a “ONE-AND-ONLY” database for the whole of the country. It confuses suppliers because municipalities still require documents to do its own accreditation.

A very important point to take notice of is that National Treasury made registration on the CSD mandatory with the following clause in its circular:

*“With effect from 1 July 2016, Municipalities and Municipal Entities must use the CSD supplier number starting with (MAAA) which is auto generated by the Central Database System after successful registration and validation of the prospective provider as mandatory requirement as part of listing criteria for accrediting prospective providers in line with Section 14(1)(b) of the Municipal Supply Chain Management Regulations”.*

It implies that the municipality must still maintain a Supplier Database and accredit its suppliers. No SOP (Standardised Operating Procedure) has been issued to give more clarity on the issue and it can therefore be argued that the municipality only needs to obtain the CSD registration number to comply, and then its business as usual.

Notwithstanding all the discrepancies, the municipality adopted the circular and must manage all requirements of the current legislation. The Supply Chain Management Policy has been amended in terms of Council Resolution C.14.6 of 28 April 2016. No other Financial Policies are affected by the implementation of the circular.

To ensure that the municipality complies the following actions have been taken and/or are on-going:

- Training has been provided to all relevant officials;
- Suppliers was informed by e-mail and paper post of the requirements in January 2016 and repeated in April 2016;
- Notice has been circulated in three languages in the 2015/2016 third quarter of the Grapevine;
- All out going SCM correspondence includes a notice to this effect;

- Suppliers are requested to submit the mandatory CSD registration number when submitting bids;
- CSD registration numbers are recorded on the municipality's supplier database as prescribed; and
- Other avenues of promotion are continually investigated. (e.g. sms notifications)

To date 1,466 CSD registration numbers have been recorded and the Supply Chain Management Unit is confident that it is able to manage and comply with the requirements.

National Treasury also rolled out eTENDER which is a central portal where all spheres of government must advertise its tenders. This also brings its own challenges.

## Statistics

Although the preference for SMMEs, HDIs, Woman, Youth and Disability has fallen away with the implementation of the new scorecards (B-BBEE), the information will still be captured for statistical purposes and reported on as far as possible.

Awards made to these groups:

	<b>GROUP:</b>	<b>(i) SMMEs</b>	<b>(ii) BEEs</b>	<b>(iii) WOMEN</b>	<b>(iv) YOUTH</b>	<b>(v) DISABLED</b>
4 <sup>th</sup> Quart 2017/2018	# of Suppliers	302	170	132	30	2
	Rand Value	41 123 522.33	24 218 168.74	16 106 048.09	6 001 050.86	2 012.43
	% of Total Rand Value	86.09%	50.70%	33.72%	12.56%	0.0042%
1st Quart 2018/2019	# of Suppliers	245	132	107	30	0
	Rand Value	15 995 445.80	10 519 491.42	5 775 858.36	2 282 140.94	0.00
	% of Total Rand Value	83.21%	54.73%	30.05%	11.87%	0.00%

\* When looking at amounts and percentages it must be remembered that SMMEs may also be BEEs/woman/etc.

- (i) Small, Medium and Micro Enterprises
- (ii) Black Economic Empowerment
- (iii) Woman Empowerment
- (iv) Youth Empowerment
- (v) Disabled Individuals

## ANNEXURE “A1”

### EXPENDITURE PER PROCUREMENT CATEGORY

A report on total expenditure per department is submitted to the Accounting Officer within five days of the end of each month on that month's activities. Total acquisitions, per procurement category for the last quarter, are illustrated: (Full detail is available on request)

Number of Transactions		Type of Procurement	Amount		Description
4 <sup>th</sup> Quart 2017/2018	1 <sup>st</sup> Quart 2018/2019		4 <sup>th</sup> Quart 2017/2018	1 <sup>st</sup> Quart 2018/2019	
1045	1131	<R2000-NO PROCUREMENT:	626 110.00	592 730.26	Acquisitions less than R 2,000 - no procurement process is followed for small purchases.
397	314	3rd PARTY PAYMENT:	18 260 172.20	17 533 948.27	Transactions where procurement plays no role - contribution payments / S&Ts / etc.
63	169	COUNCIL POLICY/SUBSIDY:	2 329 381.90	3 029 476.00	Study Bursaries / Sponsorships / Donations / etc.
35	7	DEV-REG.36(1)(a)(ii)Sol	1 301 039.46	114 829.63	Transactions where no procurement process were followed (Sole Providers/Agents - Congresses & Seminars)
28	70	DEV-REG.36(1)(a)(v)Impr	1 308 147.57	3 640 038.92	Transactions where no procurement process were followed (Impractical to obtain quotations - e.g. Long-term contracts for systems such as financial-, document-, salary- and HR Systems)
191	301	FWPQ - <R30.000 >3 WQ	1 344 338.69	2 303 838.70	Acquisitions made in terms of a full quotation process up to R 30,000 - minimum three quotes obtained.
33	49	FWPQ - >R30.000 <3 WQ	1 787 699.86	1 859 486.83	Acquisitions where it was not possible to obtain at least three quotations between R 30,000 – R 200,000 (Process was open on Web Page and Notice Boards)
31	21	FWPQ - >R30.000 >3 WQ	1 295 058.57	435 525.60	Acquisitions made in terms of a full quotation process R 30,000 to R 200,000 - minimum three quotes obtained.
27	30	REG.16(c) < 3 WQ	168 206.88	117 346.78	Acquisitions where it was not possible to obtain at least three quotations up to R 10,000
10	19	REG.17(1)(c) < 3 FWPQ	201 023.10	352 561.87	Acquisitions where it was not possible to obtain at least three quotations between R 10,000 – R 30,000
172	121	Sec.110(2)(a) Organs of State	2 748 011.28	1 313 099.73	Goods and /or Services acquired from Other Organs of State/Municipalities. (No procurement process)
34	34	STATUTORY PAYMENTS:	10 378 819.95	8 330 501.16	Prescriptive payments made in terms of legislation - licensing / taxes / contribution payments / etc.
3375	3922	TENDER PROCESS:	32 835 073.87	62 292 506.32	Acquisitions made in terms of a full tender process on amounts above R 200,000
60	36	PETTY CASH:	3 694.75	1 522.50	Mainly small out of pocket refunds. (No procurement process)
<b>5501</b>	<b>6224</b>	<b>TOTAL:</b>	<b>74 586 778.08</b>	<b>101 917 412.57</b>	

**NATIONAL TREASURY****ANNEXURE "A2"**

Municipalities must report to National Treasury on all acquisitions in excess of R 100,000 on a monthly basis. Information is populated directly into their system.

The following quotations and tenders were reported for the period. A total cumulative amount of **R 24 368 227.99** was awarded. However, it must be noted that some "availability tenders" are shared between suppliers. The total of the tender is listed for each because it is not known upfront what amount will actually be procured from individual suppliers.

	Contract Number	Type of goods/service acquired	Contract Date	Supplier	B-BBEE contribution	PRICE Points (90/80)	B-BBEE Points (20/10)	Contract Value ZAR	Premium Paid
1	Q2017/117	REVIEW AND UPDATE OF THE ICT STRATEGIC PLAN	27/07/2018	Secure ICT (Pty) Ltd	1	80	20	172 500.00	-
2	Q2017/120	AUDIT INVESTIGATIVE SERVICE PROVIDERS	19/07/2018	BDO Cape Advisory (Pty) Ltd	1	80	0	101 000.00	-
3	Q2018/043	MONTH-TO-MONTH WIRELESS WIDE AREA NETWORK SUPPORT AND MAINTENANCE	13/07/2018	Avalon Technology Group	4	80	0	200 000.00	-
4	Q2018/045	SECURITY AND PATROL SERVICES ON A MONTH-TO-MONTH BASIS AT WORKING FOR WATER, LA MOTTE	16/07/2018	Tyte Security Services CC	1	80	20	200 000.00	-
5	T2018/054A	TRAINING PROGRAMMES FOR THE PERIOD 01 AUGUST 2018 TO 30 JUNE 2019	02/08/2018	G and D Guesthouse CC	1	80	20	600 000.00	-
6	T2018/054B	TRAINING PROGRAMMES FOR THE PERIOD 01 AUGUST 2018 TO 30 JUNE 2019	02/08/2018	He and She Driving Training Centre	4	80	12	200 000.00	-
7	T2018/041	SUPPLY, DELIVERY AND INSTALLATION OF VIP TOILET SYSTEMS IN THE RURAL AREA OF CWDM	02/08/2018	Akwerke CC t/a DA Construction	0	80	0	474 100.00	-
8	T2018/056A	COMMUNITY RADIO SERVICES FOR THE PERIOD 01 AUGUST 2018 TO 30 JUNE 2019	02/08/2018	Radio KC	0	80	0	150 000.00	-
9	T2018/056B	COMMUNITY RADIO SERVICES FOR THE PERIOD 01 AUGUST 2018 TO 30 JUNE 2019	02/08/2018	Worcester FM (Pty) Ltd	0	80	0	150 000.00	-
10	T2018/062	DELIVER AND INSTALLATION OF PRE-FABRICATED BUS SHELTERS IN THE RURAL AREA OF CAPE WINELANDS DISTRICT MUNICIPALITY	02/08/2018	Lookor Beleggings CC	4	80	12	638 020.00	-

	Contract Number	Type of goods/service acquired	Contract Date	Supplier	B-BBEE contribution	PRICE Points (90/80)	B-BBEE Points (20/10)	Contract Value ZAR	Premium Paid
11	T2018/035A	SUPPLY AND DELIVERY OF ONE MAJOR 4X4 DOUBLE CAB FIRE FIGHTING VEHICLE	02/08/2018	Marce Projects	2	80	18	4 118 254.13	-
12	T2018/035B	SUPPLY AND DELIVERY OF ONE MAJOR 4X4 SINGLE CAB FIRE FIGHTING VEHICLE AND ONE LIGHT 4 X 4 FIRE FIGHTING VEHICLE	02/08/2018	RAMCOM Trucks & Load Bodies (Pty) Ltd	2	80	18	3 998 111.70	-
13	T2018/035C	SUPPLY AND DELIVERY OF ONE (1) 4X4 DOUBLE CAB BAKKIE	02/08/2018	Barloworld Toyota Stellenbosch	3	80	14	478 629.48	-
14	T2018/036	SUPPLY, ASSEMBLE AND MOUNT OF SKID UNITS AND ACCESSORIES TO LIGHT FIRE FIGHTING VEHICLES	02/08/2018	RAMCOM Trucks & Load Bodies (Pty) Ltd	2	80	18	959 537.25	-
15	T2018/061A	SUPPLY AND DELIVERY OF FIRE EXTINGUISHING MATERIAL AND EQUIPMENT FOR THE PERIOD 01 AUGUST 2018 TO 30 JUNE 2019	02/08/2018	Firewire System Solutions (Pty) Ltd	1	80	20	101 000.00	-
16	T2018/061B	SUPPLY AND DELIVERY OF FIRE EXTINGUISHING MATERIAL AND EQUIPMENT FOR THE PERIOD 01 AUGUST 2018 TO 30 JUNE 2019	02/08/2018	Alles Feuer CC	1	80	20	892 950.00	-
17	T2018/027	SUPPLY AND DELIVERY OF COFFEE, TEA, COFFEE CREAMER, SUGAR, SWEETENER AND LONG-LIFE MILK FOR THE PERIOD 01 AUGUST 2018 TO 30 JUNE 2021	02/08/2018	Western Cape Stationers	1	80	20	2 270 659.60	-
18	T2018/030	SUPPLY AND DELIVERY OF A4 AND A3 80 GSM PAPER FOR THE PERIOD 01 AUGUST 2018 TO 30 JUNE 2021	02/08/2018	Western Cape Stationers	1	80	20	1 758 659.80	-
19	T2018/031	SUPPLY AND DELIVERY OF TOILET PAPER, BARREL TOWELS, AND FOLDED, TISSUE PAPERS FOR THE PERIOD 01 AUGUST 2018 TO 30 JUNE 2021	02/08/2018	Bidvest Office (Pty) Ltd T/a Bidvest Waltons	2	80	18	516 541.38	-
20	T2018/059	SUPPLY AND DELIVERY OF PRINTER CARTRIDGES FOR THE PERIOD 01 AUGUST 2018 TO 30 JUNE 2021	02/08/2018	Shosho Industrial Supplies CC	1	80	20	2 315 652.00	-
21	T2018/060	SUPPLY AND DELIVERY OF CLEANING PRODUCTS FOR THE PERIOD 01 AUGUST 2018 TO 30 JUNE 2021	02/08/2018	Caprichem Saccs (Pty) Ltd	2	80	18	635 370.90	-
22	Q2018/037	SUPPLY AND DELIVERY OF BOTTLED WATER FOR THE PERIOD 01 AUGUST 2018 TO 30 JUNE 2019	01/08/2018	Qondani Manxele Holdings	1	80	20	200 000.00	-
23	Q2018/035	VENUE AND CATERING SERVICES FOR THE TOURISM MONTH LAUNCH, MAYORAL TOURISM	22/08/2018	Camel Rock (Pty) Ltd	0	80	0	165 800.00	-



	Contract Number	Type of goods/service acquired	Contract Date	Supplier	B-BBEE contribution	PRICE Points (90/80)	B-BBEE Points (20/10)	Contract Value ZAR	Premium Paid
		AWARD GALA EVENT AND MAYORAL TOURISM AWARDS MEDIA LAUNCH							
24	T2018/010	ELECTRICAL INSTALLATION, REPAIR AND MAINTENANCE CONTRACT FOR THE PERIOD 01 SEPTEMBER 2018 TO 30 JUNE 2019	05/09/2018	Meyer Electrical & Construction	1	80	20	1 130 450.00	-
25	T2018/011	AIR CONDITIONING INSTALLATION, REPAIR, SERVICING AND MAINTENANCE CONTRACT FOR THE PERIOD 01 SEPTEMBER 2018 TO 30 JUNE 2019	05/09/2018	Zamil Engineers and Constructors	2	80	18	581 865.50	-
26	T2018/012	PLUMBING INSTALLATION, REPAIR AND MAINTENANCE CONTRACT FOR THE PERIOD 01 SEPTEMBER 2018 TO 30 JUNE 2019	05/09/2018	Meyer Electrical & Construction	1	80	20	497 719.50	-
27	Q2018/009	MANUFACTURE AND INSTALL STEEL PALISADE FENCE AND AUTOMATED SLIDING GATE CWDM ROADS DEPOT CERES	06/09/2018	Jonty Engineering and Trading SA CC	1	80	20	130 640.00	-
28	Q2018/021	UPGRADE LADY'S TOILET CWDM STELLENBOSCH	06/09/2018	Meyer Electrical & Construction	1	80	20	104 554.55	-
29	Q2018/044	SUPPLY AND INSTALL AUTOMATED STEEL ROLLER SHUTTER DOORS CWDM ROADS DEPOTS	06/09/2018	Meyer Electrical & Construction	1	80	20	137 505.00	-
30	Q2018/047	UPGRADE OF MEN'S TOILET CWDM STELLENBOSCH	06/09/2018	Meyer Electrical & Construction	1	80	20	108 707.20	-
31	Q2018/052	SUBSTANCE ABUSE REHABILITATION INTERVENTION	03/09/2018	Toevlug Centre	0	80	0	180 000.00	-
32	Q2018/054	APPOINTMENT OF A SPECIALIST SERVICE PROVIDER TO IMPLEMENT AND MANAGE A HOLISTIC EMPLOYEE WELLNESS PROGRAM TO THE CAPE WINELANDS DISTRICT MUNICIPALITY FOR A 12 MONTH PERIOD	05/09/2018	NBC Holdings (Pty) Ltd	0	80	0	200 000.00	-

## ANNEXURE "A3"

**Transactions concluded with - "Close family members of persons in the service of the state"**

Disclosures: In terms of Regulation 45 awards to close family members of persons in the service of the state must be included in the notes to the annual financial statements of a municipality or municipal entity if more than R2 000, to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months.

Supplier's Name	Relationship	Capacity	4 <sup>th</sup> Quarter 2017/2018	1 <sup>st</sup> Quarter 2018/2019
AE HUMAN T/A ASTRA CATERING	CHILD	LENACHE BURGER-HEALTH PRACT	58 430.00	5 445.00
AJEE CONSULTANCY CC	SPOUSE	HUSBAND IS IN SA POLICE FORCE	19 425.00	21 060.00
AMERICA BUSDIENS	CHILD	VH AMERICA - CWDM WORKSHOP	4 000.00	0.00
C BAR LANDSCAPING CC	COUSIN	E NIEMAND CWDM COUSIN OF J A H	398 016.64	0.00
FAURE AND FAURE INCORPORATED	SPOUSE	LW FORTUIN- JUSTICE DEPARTMENT	1 140.00	1 140.00
J WALTERS T/A J C TRAVEL	SPOUSE	TEACHER: WCED	3 200.00	0.00
JAH GUIDE DAVIDS AGRICULTURE (PTY) LTD	SPOUSE	SAPS - WIFE OF DIRECTOR	242 221.30	250 797.80
LUMBER & LAWN (PTY) LTD	SPOUSE	WIFE: TEACHER LOCHNERHOF PRIM	2 680.63	1 321.74
M & N BAKWERKE CC	BROTHER/SISTER	E NIEMAND - SCM STELLENBOSCH	59 388.22	5 381.63
MASIQHAME TRADING 77 CC	CHILD	DEPT. OF AGRICULT. & FORISTRY	20 282.40	13 738.95
MORESON GRONDVERSKUIWERS BK	CHILD	WORK FOR DEPT. OF HEALTH	1 396 518.76	515 717.50
NCC ENVIRONMENTAL SERVICES (PTY) LTD	SPOUSE	WIFE WORK AT CITY OF CAPE TOWN	309 506.30	0.00
PISTON POWER CHEMICALS CC	SPOUSE	WORK FOR DEPT. OF EDUCATION	101 558.60	76 751.00
PRICE CATERING AND CLEANING (PTY) LTD	CHILD	C PRICE - CAPE WINELANDS DM	37 710.00	35 740.00
ROBERTSON SHELL TRUST	SPOUSE	WCED- MR DB AUGUSTYN	22 066.90	20 340.30
S PIETERSEN T/A SP HEALTH AND SANITATION	PARENT	A ALLOM - CLLR. DRAKENSTEIN	19 089.90	11 308.00
SMEC SOUTH AFRICA (PTY) LTD	SPOUSE	YVONNE PHOSA - MEC: ECON.DEV.	1 113 667.05	420 115.70
THE BUSINESS ZONE 932 CC T/A JLM24 SERVICE	SPOUSE	PERIODIC EXAMINATIONS: WCED	2 000.00	2 950.00

**R 3 810 901.70 1 381 807.62**

**DISCLOSURE OF BENEFITS IN TERMS OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 32 of 2000**

In terms of **Schedule 1. 5(2)** A councillor who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose full particulars of the benefit of which the councillor is aware at the first meeting of the municipal council at which it is possible for the councillor to make the disclosure; and

In terms of **Schedule 2. 5(1)** A staff member of a municipality who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose in writing full particulars of the benefit to the council.

**IN ADDITION TO REGULATION 45 ABOVE - THE FOLLOWING PAYMENTS WERE IDENTIFIED:**

<b>Beneficiary's Name</b>	<b>Relationship</b>	<b>Associate</b>	<b>4<sup>th</sup> Quarter 2017/2018</b>	<b>1<sup>st</sup> Quarter 2018/2019</b>
No instances of this nature could be identified			0.00	0.00
			<b>R 0.00</b>	<b>0.00</b>

Necessary internal controls are implemented to consider the possibility, and to assess the likelihood, that a relationship between the key management and councillors of the Municipality and related parties of suppliers with whom the Municipality does business with would be able to influence a contract concluded by the Municipality in their mutual dealings, as envisaged in Schedules 1 par.5(2) and 2 par. 5(1) of the Municipal Systems Act.