

CAPE WINELANDS DISTRICT

MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

MEMORANDUM TO : Executive Mayor
MEMORANDUM FROM : Municipal Manager
REFERENCE NUMBER : 5/14/5
DATE : 08 April 2020

REPORT ON THE IMPLEMENTATION OF THE MUNICIPALITY'S SUPPLY CHAIN MANAGEMENT POLICY IN TERMS OF REGULATION 6 OF THE MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS, 2005

PURPOSE OF SUBMISSION

That the Executive Mayor take cognisance of the quarterly report on "The Implementation of the Supply Chain Management Policy" in terms of Regulation 6(3) of the Municipal Supply Chain Management Regulations, 2005 for oversight purposes and that it must be made public in accordance with Section 21A of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (Municipal Systems Act).

BACKGROUND

The Regulation determines that the accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of its Policy, to the mayor of the municipality. Furthermore, the report must also be made public in accordance with Section 21A of the Municipal Systems Act.

COMMENT

**** The intention of regulation 6 is to give an executive overview of the activities of the procurement processes performed for the period. Full detail is provided in other reports that are submitted to the Accounting Officer, Mayco and Council. There is no prescript for the format of the report, or what information it must contain, however, it is envisaged that this report must give information on the activities and effects of the operational matters regarding the supply chain management processes. To comply with this understanding a quarterly report for January to March 2020 is attached as **Annexure "A"**.

All the procurement aspects, quotations and tenders, in the report are in terms of the supply chain management regulations and all the internal- and external reporting for the period were completed within the prescribed timeframes.

2.

RECOMMENDATION

That the Executive Mayor take cognisance of -

- (a) The quarterly report on "The Implementation of the Supply Chain Management Policy" in terms of Regulation 6(3) of the Municipal Supply Chain Management Regulations, 2005 for oversight purposes; and
- (b) That it must be made public in accordance with Section 21A of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (Municipal Systems Act).

QUALITY CERTIFICATE

I, **Henry Prins**, in my capacity as municipal manager of the **Cape Winelands District Municipality**, hereby certify that –

- (a) The report on "The Implementation of the Supply Chain Management Policy" for oversight purposes for the quarter **January to March 2020** has been prepared in accordance with Regulation 6(3) of the Municipal Supply Chain Management Regulations, 2005.

AND

- (b) That it will be made public in accordance with Section 21A of the Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000).

Henry Prins
Municipal Manager



Date 08/04/2020

Cape Winelands District Municipality

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

For the 3rd Quarter - 1st January 2020 to 31st March 2020

BACKGROUND

This report is in compliance with Reg.6(3) of the Supply Chain Management Regulations¹ 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 dates for each project were determined with Council's approval of the final budget.

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

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
JANUARY 2020	3	10	3	3
FEBRUARY 2020	5	17	5	5
MARCH 2020	2	6	2	2
TOTAL	10	33	10	10

Bid Evaluation Committee	No. of Meetings	No. of Items	No. of Agendas	No. of Minutes
JANUARY 2020	0	0	0	0
FEBRUARY 2020	0	0	0	0
MARCH 2020	2	9	2	2
TOTAL	2	9	2	2

Bid Adjudication Committee	No. of Meetings	No. of Items	No. of Agendas	No. of Minutes
JANUARY 2020	0	0	0	0
FEBRUARY 2020	0	0	0	0
MARCH 2020	0	0	0	0
TOTAL	0	0	0	0

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:

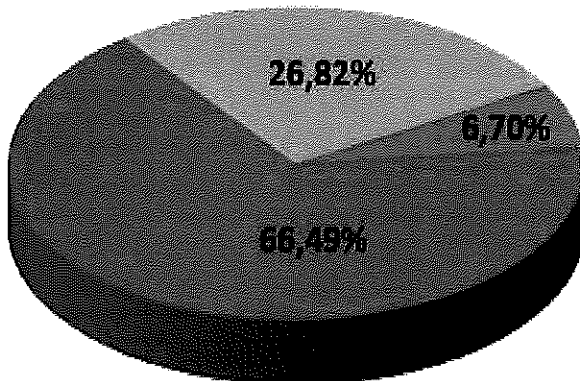
FORMAL WRITTEN PRICE QUOTATIONS: R30,001 - R200,000

Evaluated & Awarded	
JANUARY 2020	6
FEBRUARY 2020	6
MARCH 2020	4
TOTAL	16

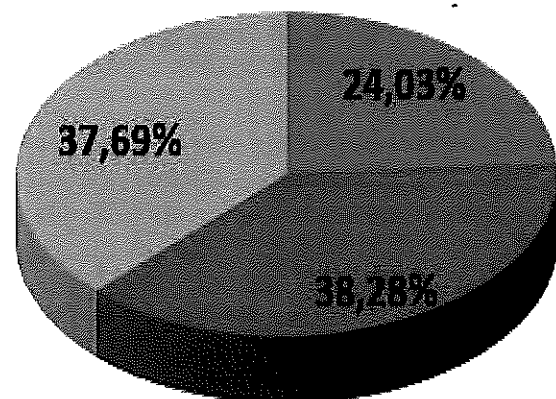
Municipalities must report to National Treasury on all acquisitions in excess of R 100,000 on a monthly basis. Information is captured and approved directly on their CRA System. **Annexure "A2"** is a list of awards made.

Geographical expenditure:

2nd Quarter 2019/2020



3rd Quarter 2019/2020



■ National: ■ Provincial: ■ Regional:

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

As from 1st 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	
		2 nd Quarter 2019/2020	3 rd Quarter 2019/2020	2 nd Quarter 2019/2020	3 rd Quarter 2019/2020	2 nd Quarter 2019/2020	3 rd Quarter 2019/2020
Level 1	10/20	61	48	7 513 402,38	12 845 943,93	22,98%	27,93%
Level 2	9/18	20	17	5 782 279,67	8 529 916,44	17,68%	18,54%
Level 3	6/14	6	6	254 725,39	3 220 209,39	0,78%	7,00%
Level 4	5/12	32	28	2 650 465,12	8 017 301,72	8,11%	17,43%
Level 5	4/8	1	0	821,70	-	0,00%	0,00%
Level 6	3/6	2	1	84 392,39	98 685,68	0,26%	0,21%
Level 7	2/4	2	3	61 084,88	3 761 123,79	0,19%	8,18%
Level 8	1/2	3	3	19 251,57	98 875,44	0,06%	0,21%
No Status		131	102	16 331 466,63	9 428 884,69	49,94%	20,50%
Totals		258	208	32 697 889,73	46 000 941,08	100,00%	100,00%

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 4 679 279.03 compared to the previous quarter's figure of R 841, 486.72. This represents an increase of 456.07%. 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 acquisitioning 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 67,590.43 and regulation 17(1)(c) to R 1, 463, 605.22 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 92.63%, 88

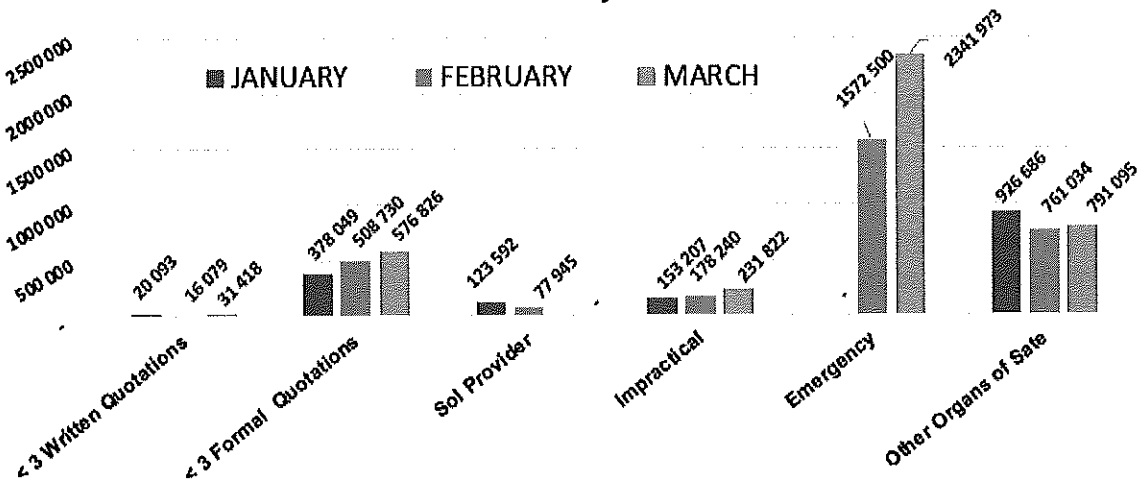
of the 95 instances under review, were advertised on the municipality's notice boards and webpage. It represents 90.57% of the monetary value.

(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 January to March 2020	REG.16(a) < 3 Written Quotations		REG.17(1)(a) < 3 Written Quotations		DEV. REG.36(1) (a)(iv) Impractical		Other Organs of State		DEV. REG.38(1) (a)(ii) Sole Supplier		DEV. REG.36(1) (a)(ii) Emergency		TOTALS	
	#	Value	#	Value	#	Value	#	Value	#	Value	#	Value	#	Value
AGENTS: SPECIALISED EQUIPMENT					3	20 115							3	20 115
AUDITOR GENERAL							1	117 003					1	117 003
BREAKFAST/LUNCH/SUPPER-OTHER	3	10 080	9	201 325									12	211 405
COMMUNICATION CENTRE					3	3 036							3	3 036
CONSULTANTS - PROFESSIONAL SERVICES					8	215 657							8	215 657
EDUCATIONAL/SOCIAL/RECREATION	1	8 733	1	29 500									2	38 233
GARISHING ORDERS							21	15 630					21	15 630
HOTEL BOOKINGS - LOCAL			1	29 925									1	29 925
IT RELATED GOODS & SERVICES			1	117 417									1	117 417
LICENSING - VEHICLES							149	53 252					149	53 252
MEDIA: NEWS PAPERS/MAGAZINES/ETC.							14	430					14	430
PHOTOCOPY MACHINES					3	129 150							3	129 150
PRINTING & PUBLICATIONS	2	9 299											2	9 299
SERVICE LEVEL AGREEMENTS					4	103 899							4	103 899
SERVICES - ELECTRICAL							18	872 465					18	872 465
SERVICES - RATES & TAXES							12	286 785					12	286 785
SERVICES - REFUSE REMOVAL							14	37 017					14	37 017
SERVICES - SEWERAGE							12	34 849					12	34 849
SERVICES - TELEPHONE							3	982 111					3	982 111
SERVICES - WATER							15	75 199					15	75 199
SOFTWARE (SPECIFIC)									1	7 705			1	7 705
TRAINING (SPECIFIC)			5	191 253									5	191 253
TRANSPORT: PUBLIC	3	18 700											3	18 700
SPECIALISED EQUIPMENT			1	9 522									1	9 522
REGISTRATION FEES: SEMINARS/ETC.							1	600					1	600
MISCELLANEOUS	8	11 435	2	26 672					4	53 000			14	91 107
EQUIPMENT - OTHER			1	12 765									1	12 765
REPAIRS: OTHER (ELECTRONIC/MECH/ELC.)					4	12 001							4	12 001
STOCK ITEMS - STORES			39	403 516									39	403 516
RENTAL: PORTABLE CHEMICAL TOILETS			4	14 605									4	14 605
FOOD SAMPLES			3	1 076									3	1 076
SERVICES - FIRE EXTINGUISHERS			12	44 275									12	44 275
OFFICE EQUIPMENT			2	8 441									2	8 441
OFFICE FURNITURE	2	7 544											2	7 544
TRANSLATION SERVICES	1	3 800											1	3 800
EQUIPMENT - ELECTRICAL APPLIANCES			4	21 655									4	21 655
COMPUTER - SERVERS/MAIN FRAME			5	46 233									5	46 233
PRINTERS - NEW			2	112 367									2	112 367
RENTAL EXHIBITION SPACE									2	140 832			2	140 832
LEGAL SERVICES					1	26 971							1	26 971
EMERGENCY: FIRE FIGHTING SERVICES											13	3 914 473	13	3 914 473
POSTAL & PACKAGING SERVICES							6	3 403					6	3 403
ALIEN PLANT ERADICATION (CWD/M)			3	193 058									3	193 058
IT CONNECTIVITY / 3G, 4G,					3	52 401							3	52 401
Grand Total	20	67 590	95	1 463 605	29	563 269	266	2 478 815	7	201 537	13	3 914 473	430	8 689 290

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 7)

(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 2019, 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 115 422.46 were incurred in the procurement process for this quarter in relation to R 196 379.85 in the 2nd quarter of 2019/2020.

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. No awards were made for this quarter.

Tenders and quotations evaluated on performance

Reports are completed on a monthly basis by the Contract Owners on the performance of the vendors. Management is in the process of compiling a standard operating procedure to formalize the process.

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.

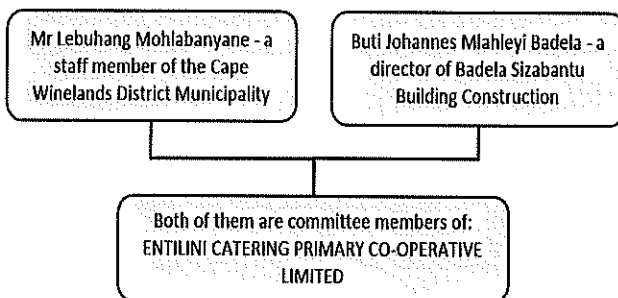
No instances of this nature were detected for the period under review.

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.



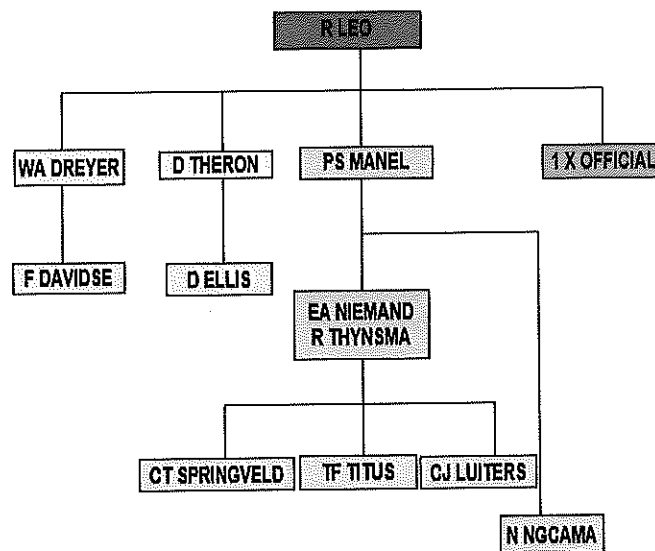
By association: (External)

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
Manager: Supply Chain Management	RA Leo
Senior Buyer	PS Manel
Senior Supply Chain Management Officer	R Thuynsma
Principal Clerk: Procurement	CJ Luiters
Procurement Clerk	N Ngcama
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
Contract Management Officer	Vacant



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 (Company & Directors/Owners)
- Declaration of Interest (Directors/Owners)

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 and declarations.

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 1,579 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:

	GROUP:	(i) SMMEs	(ii) BEEs	(iii) WOMEN	(iv) YOUTH	(v) DISABLED
2 nd Quart 2019/2020	# of Suppliers	241	133	95	0	18
	Rand Value	30 623 864.71	15 934 786.03	7 690 861.03	0.00%	2 366 006.68
	% of Total Rand Value	93.66%	48.73%	23.52%	0.00%	7.24%
3 rd Quart 2019/2020	# of Suppliers	196	108	88	18	1
	Rand Value	43 256 963.42	20 307 637.81	10 727 373.19	2 377 932.08	846.14
	% of Total Rand Value	94.03%	44.15%	23.32%	5.17%	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
2 nd Quart 2019/2020	3 rd Quart 2019/2020		2 nd Quart 2019/2020	3 rd Quart 2019/2020	
975	974	<R2000-NO PROCUREMENT:	628 139,77	438 260,32	Acquisitions less than R 2,000 - no procurement process is followed for small purchases.
288	267	3 rd PARTY PAYMENT:	18 766 849,25	19 071 622,19	Transactions where procurement plays no role - contribution payments / S&Ts / etc.
55	20	COUNCIL POLICY/SUBSIDY:	2 481 756,00	341 779,00	Study Bursaries / Sponsorships / Donations / etc.
5	7	DEV-REG.36(1)(a)(i)Sol	92 653,22	201 536,85	Transactions where no procurement process were followed (Sole Providers/Agents - Congresses & Seminars)
43	29	DEV-REG.36(1)(a)(v)Impr	748 833,20	563 268,83	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)
-	13	DEV-REG.36(1)(a)(i)Emrg	-	3 914 473,35	Transactions where no procurement process were followed (Emergency - Emergency procurement in Covid-19 pandemic)
173	112	FWPQ - <R30.000 >3 WQ	1 319 635,25	688 423,15	Acquisitions made in terms of a full quotation process up to R 30,000 - minimum three quotes obtained.
73	88	FWPQ - >R30.000 <3 WQ	1 292 762,78	1 325 632,03	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)
38	24	FWPQ - >R30.000 >3 WQ	513 854,45	547 347,00	Acquisitions made in terms of a full quotation process R 30,000 to R 200,000 - minimum three quotes obtained.
29	20	REG.16(c) < 3 WQ	145 475,89	67 590,43	Acquisitions where it was not possible to obtain at least three quotations up to R 10,000
17	7	REG.17(1)(c) < 3 FWPQ	233 245,00	137 973,19	Acquisitions where it was not possible to obtain at least three quotations between R 10,000 – R 30,000
171	266	Sec.110(2)(a) Organs of State	6 255 053,89	2 478 814,82	Goods and /or Services acquired from Other Organs of State/Municipalities. (No procurement process)
39	41	STATUTORY PAYMENTS:	9 676 163,95	9 879 557,91	Prescriptive payments made in terms of legislation - licensing / taxes / contribution payments / etc.
2986	3687	TENDER PROCESS:	33 903 927,88	46 981 740,82	Acquisitions made in terms of a full tender process on amounts above R 200,000
4892	5555	TOTAL:	75 958 350,53	86 638 019,89	

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 1 161 218,60 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	Q2019/007	DÉCOR AND CATERING FOR THE GRADE 12 TOP ACHIEVERS EVENT, WORCESTER	09/01/2020	CAMEL ROCK EVENTS (PTY)LTD	1	80	20	R 127 000,00	-
2	Q2019/085	24 HOUR TRAFFIC CONTROL AT DR 1131 HAASKRAAL ROAD, WELLINGTON FOR CONSTRUCTION OF 1KM CEMENTED SUBBASE AND BASE	16/01/2020	KLEINHANS CONSTRUCTION (PTY)LTD	1	80	20	R 200 000,00	-
3	Q2019/070	K53 DRIVERS LICENCE TRAINING INTERVENTION	09/01/2020	HE AND SHE DRIVER TRAINING	4	80	12	R 200 000,00	-
4	Q2019/094	PROFESSIONAL SERVICES – ACTUARIAL VALUATIONS	14/02/2020	ZAGEN ACTUARIES (PTY) LTD	4	80	12	R 40 250,00	-
5	Q2019/084	SUPPLY AND DELIVERY OF OILS AND LUBRICANTS FOR THE PERIOD ENDING 31 MARCH 2020	11/02/2020	PISTON POWER CHEMICALS (PTY)LTD	1	80	20	R 200 000,00	-
6	Q2019/103	RENEWAL OF LICENSES FOR SAGE VIP PREMIER PAYROLL AND HUMAN RESOURCES	27/02/2020	HR PERFORMANCE TECHNOLOGIES CC	1	12	20	R 117 417,30	-
7	Q2019/082	FACILITATION, PROVISIONING, DELIVERING AND SUPPORTING OF AN EMPLOYMENT EQUITY (EE) PROGRAMME	18/02/2020	GOLDBERG DE VILLIERS & MYBURGH T/A GLOBAL BUSINESS SOLUTIONS	2	80	18	R 103 639,00	-
8	Q2019/096	CARPET INSTALLATION CWDWM OFFICES	27/02/2020	ECG BUILDERS (PTY) LTD	1	80	20	R 20 185,00	-
9	Q2019/103	RENEWAL OF LICENSES FOR SAGE VIP PREMIER PAYROLL AND HUMAN RESOURCES	27/02/2020	HR PERFORMANCE TECHNOLOGIES CC	1	80	20	R 117 17,30	-
10	Q2019/099	RENEWAL OF ADOBE CREATIVE CLOUD ALL APPS LICENSES FOR 12 MONTHS	18/03/2020	BRAINWAVE PROJECTRS 797 CC	1	80	20	R 75 560,00	-

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	2 nd Quarter 2019/2020	3 rd Quarter 2019/2020
AE HUMAN TRADING (PTY) LTD	CHILD	L BURGER-EHP CWDM/HUSBAND BVM	25 600,00	37 800,00
AJEE CONSULTANCY CC	SPOUSE	HUSBAND IS IN SA POLICE FORCE	10 000,00	-
AMERICA BUSDIENS	CHILD	VH AMERICA - CWDM WORKSHOP	6 000,00	9 900,00
AURECON SOUTH AFRICA (PTY) LTD	SPOUSE	VARIOUS RELATIONS TO OWNERS	140 477,26	140 477,27
COOK FUNERALS (PTY) LTD	CHILD	C J COOK - CITY OF CAPE TOWN	9 000,00	5 250,00
GIBB (PTY) LTD	OTHER FAMILY	VARIOUS FAMILY MEMBERS	370 300,00	32 200,00
J WALTERS T/A J C TRAVEL	SPOUSE	TEACHER: WCED	4 700,00	5 800,00
JAH GUIDE DAVIDS AGRICULTURE (PTY) LTD	SPOUSE	SAPS - WIFE OF DIRECTOR	270 458,74	240 586,68
LADYBUGS INNOVATIVE MARKETING (PTY) LTD	SPOUSE	POOLE HUSBAND WORK DEPT CORREC	55 800,30	50 700,05
M & N BAKWERKE CC	BROTHER/SISTER	E NIEMAND - SCM STELLENBOSCH	13 177,25	30 695,21
MASIQHAME TRADING 77 CC	CHILD	DEPT. OF AGRICULT. & FORISTRY	25 112,30	83 957,20
NARENG TRADING (PTY) LTD	SPOUSE	OWNER WIFE: DEPT CORRECT. SERV	-	16 065,00
NCC ENVIRONMENTAL SERVICES (PTY) LTD	SPOUSE	WIFE WORK AT CITY OF CAPE TOWN	263 881,88	404 857,50
PIETERSEN AND BURNS INVESTMENTS (PTY) LTD T/A	BROTHER/SISTER	DEPT OF HEALTH	2 702,50	-
PISTON POWER CHEMICALS (PTY) LTD	SPOUSE	WORK FOR DEPT. OF EDUCATION	52 638,45	184 803,87
ROBERTSON SHELL TRUST	SPOUSE	WCED- MR DB AUGUSTYN	12 853,23	29 827,04
SMEC SOUTH AFRICA (PTY) LTD	SPOUSE	YVONNE PHOSA - MEC: ECON.DEV.	543 542,90	541 585,73
THE BUSINESS ZONE 932 CC T/A JLM24 SERVICE	SPOUSE	PERIODIC EXAMINATIONS: WCED	8 500,00	2 250,00
			R 1 814 744.81	1 816 755.55

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:

Beneficiary's Name	Relationship	Associate	2 nd Quarter 2019/2020	3 rd Quarter 2019/2020
No instances of this nature could be identified			0.00	0.00
R			0.00	0.00

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.

