



CAPE WINELANDS DISTRICT

MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

MEMORANDUM TO : Executive Mayor
MEMORANDUM FROM : Municipal Manager
REFERENCE NUMBER : **5/14/5**
DATE : 07 April 2017

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 2017 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.

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, **Michael Mgajo**, in my capacity as municipal manager of the **Cape Winelands District Municipality**, hereby certify that –

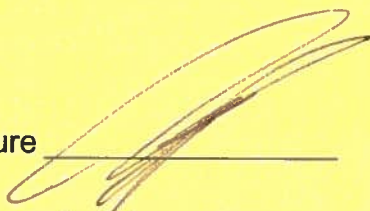
- (a) The report on "The Implementation of the Supply Chain Management Policy" for oversight purposes for the quarter **January to March 2017** has been prepared in accordance with Regulation 6(3) of the Municipal Supply Chain Management Regulations, 2005.

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).

Michael Mgajo
Municipal Manager of the Cape Winelands District Municipality

Signature



Date

7/04/17

Cape Winelands District Municipality

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

For the 3rd Quarter - 1st January 2017 to 31st March 2017

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 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. Reports, e.g. "Demand Plan" and "Procurement Plan Schedule" are available and are compiled with comments and forwarded to the Accounting Officer on a quarterly basis.

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 2017	0	0	0	0
FEBRUARY 2017	1	9	1	1
MARCH 2017	1	10	1	1
TOTAL	2	19	2	2

Bid Evaluation Committee	No. of Meetings	No. of Items	No. of Agendas	No. of Minutes
JANUARY 2017	0	0	0	0
FEBRUARY 2017	1	7	1	1
MARCH 2017	1	5	1	1
TOTAL	2	12	2	2

Bid Adjudication Committee	No. of Meetings	No. of Items	No. of Agendas	No. of Minutes
JANUARY 2017	0	0	0	0
FEBRUARY 2017	2	5	2	2
MARCH 2017	1	8	1	1
TOTAL	3	13	3	3

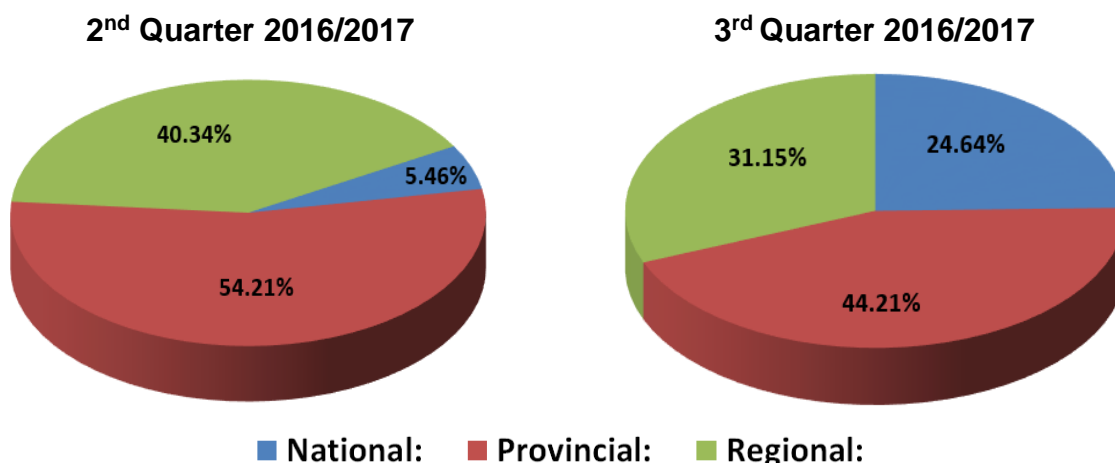
Formal written price quotations: (R 30,001 - R 200,000) The following table details the number of formal written price quotations that were awarded in the quarter under review:

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

Evaluated & Awarded	
JANUARY 2017	13
FEBRUARY 2017	1
MARCH 2017	3
TOTAL	17

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 7 December 2011, the new Preferential Procurement Regulations came into effect. The old preference points system for historically disadvantaged individuals, women, and area based enterprises was replaced by the B-BBEE level of contribution.

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 either an accredited institution or a registered auditor. 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 2016/2017	3 rd Quarter 2016/2017	2 nd Quarter 2016/2017	3 rd Quarter 2016/2017	2 nd Quarter 2016/2017	3 rd Quarter 2016/2017
Level 1	10/20	69	69	12 259 268.39	8 558 559.13	29.17%	16.79%
Level 2	9/18	16	26	6 939 461.67	4 486 600.73	16.51%	8.80%
Level 3	8/16	15	15	4 405 341.20	9 010 682.81	10.48%	17.68%
Level 4	5/12	37	31	3 670 531.07	13 233 899.21	8.73%	25.97%
Level 5	4/8	3	1	28 623.24	7 052.81	0.07%	0.01%
Level 6	3/6	1	1	5 146.18	158 664.42	0.01%	0.31%
Level 7	2/4	2	3	94 323.44	66 069.98	0.22%	0.13%
Level 8	1/2	9	9	3 411 537.76	6 132 214.15	8.12%	12.03%
No Status		204	184	11 206 805.78	9 310 753.51	26.67%	18.27%
Totals		356	339	42 021 038.73	50 964 496.75	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 7 065 734.25 compared to the previous quarter's figure of R 4 604 484.16. This represents an increase of 53.45%. It is noted that deviation values fluctuate during each period and will not necessarily reflect the same patterns. However, long-term contracts are now included in this quarter's totals. The table and chart on page five indicates the volumes and values of instances, per category (emergency, sole supplier/agent and impractical), 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 268 962.07 and regulation 17(1)(c) to R 2 505 329.05 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.

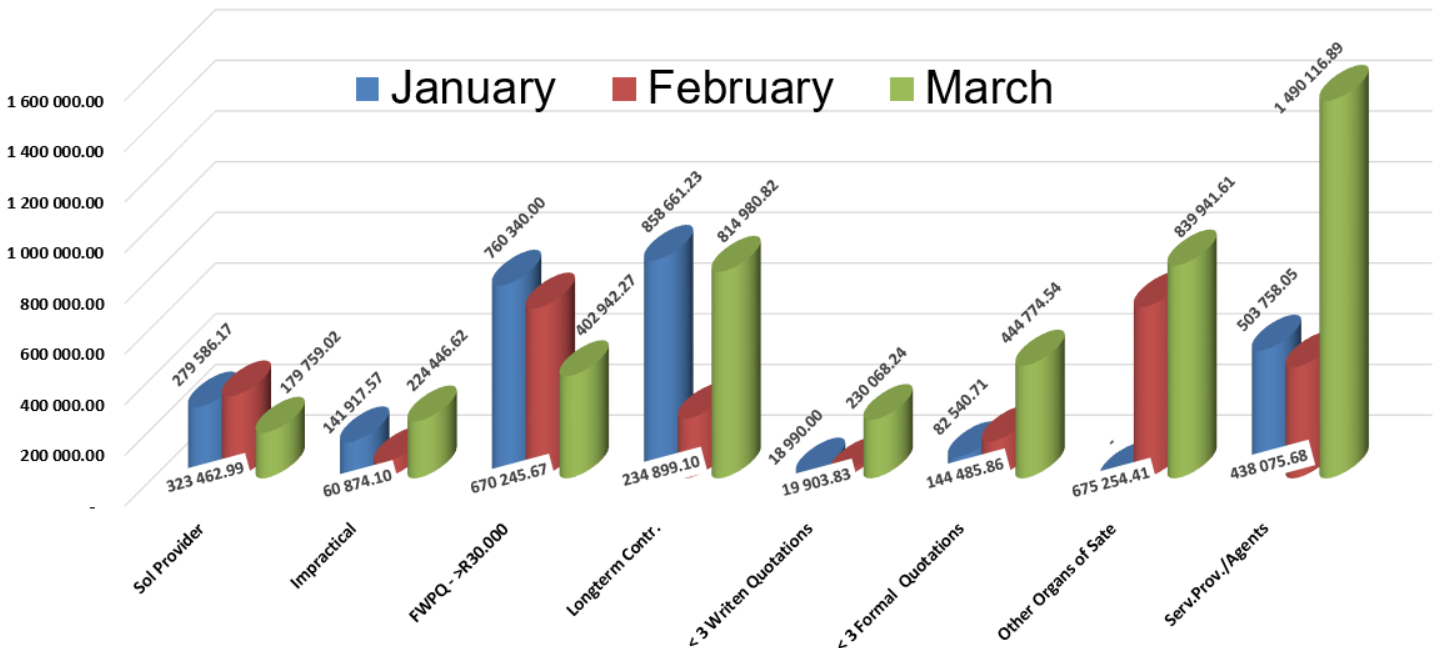
It must be noted that 33.3%, 47 of the 141 instances under review, were advertised on the municipality’s notice boards and webpage. It represents 66.08% of the monetary value.

(iii) Summary of deviations.

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

Commodity Description January to March	REG.16(c) < 3 Written Quotations		REG.17(1)(c) < 3 Written Quotations		DEV- REG.36(1) (a)(ii) Serves Prov./Agents		DEV- REG.36(1) (a)(v) Impractical		DEV- REG.36(1) (a)(ii) Longterm Contracts		Sec.110(2)(a) Other Organs of State		DEV- REG.36(1) (a)(ii) Sole Supplier		TOTALS	
	#	Value	#	Value	#	Value	#	Value	#	Value	#	Value	#	Value	#	Value
ALIEN PLANT ERADICATION (WFW)			5	99 899.46											5	99 899.46
BREAKFAST/LUNCH/SUPPER-OTHER	4	19 047.50	3	63 600.00											7	82 647.50
CELL PHONE - SERVICE CHARGES									14	23 228.10					14	23 228.10
CLEANING SERVICES			4	9 120.00								4	4 435.48		8	13 555.48
COMMUNICATION CENTRE									5	29 256.31					5	29 256.31
CONSULTANTS - PROFESSIONAL SERVICES			6	327 977.00					1	34 200.00			1	62 080.20	8	424 257.20
FUEL - DIESEL					1391	1 554 975.26									1391	1 554 975.26
FUEL - PETROL					1042	463 978.81									1042	463 978.81
HOTEL BOOKINGS - LOCAL			8	214 377.00											8	214 377.00
IT RELATED GOODS & SERVICES											9	1 928 192.57			9	1 928 192.57
LEGAL SERVICES			2	3 096.75											2	3 096.75
MISCELLANEOUS	2	15 098.33	8	791 315.00									1	31 365.00	11	837 778.33
PHOTOCOPY MACHINES									8	199 380.32			3	110 844.16	11	310 224.48
PROTECTIVE CLOTHING	4	4 395.50	2	10 401.54											6	14 797.04
RENEWAL: SOFTWARE LICENSE			1	23 242.40											1	23 242.40
RENTAL - FIXED PROPERTY									6	20 641.03					6	20 641.03
RENTAL - OTHER	3	15 425.00						6	19 042.56					9	34 467.56	
SERVICES - SECURITY									4	6 019.21					4	6 019.21
SERVICES - TELEPHONE									3	1 000 710.31					3	1 000 710.31
SERVICING OF EQUIPMENT BY AGENT							92	211 253.72							92	211 253.72
SLAs WITH ORGANS OF STATE									3	13 957.02					3	13 957.02
SOFTWARE & SUPPORT									17	581 148.84			3	173 898.30	20	755 047.14
TRAINING (SPECIFIC)			18	345 710.23									7	138 598.04	25	484 308.27
TRANSPORT: PUBLIC	38	202 400.00	4	85 300.00			2	108 000.00							44	395 700.00
CONSULTANTS - OTHER													2	18 956.00	2	18 956.00
TOURISM PROJECTS / EXPOS													1	119 700.00	1	119 700.00
PRINTING & PUBLICATIONS			2	46 238.40									1	22 794.30	3	69 032.70
SINGLE PROV. SABC & OTHER COMM.													3	38 413.01	3	38 413.01
REPAIRS: ROAD RELATED DAMAGES							4	31 672.62							4	31 672.62
CLEAN & GREEN PROJECTS			6	200 000.00											6	200 000.00
STATIONERY - OTHER			2	42 822.00											2	42 822.00
OFFICE EQUIPMENT			14	45 399.36											14	45 399.36
SUBSCRIPTIONS - LEGAL							2	57 269.39							2	57 269.39
EMERGENCY: VEHICLE RECOVERY												18	26 803.68		18	26 803.68
BUILDINGS - MAINTENANCE			2	196 829.91											2	196 829.91
SOFTWARE (SPECIFIC)	1	3 845.74											3	34 920.01	4	38 765.75
MEDICAL: TREATMENT	2	8 750.00													2	8 750.00
Grand Total	54	268 962.07	87	2 505 329.05	2433	2 018 954.07	106	427 238.29	61	1 908 541.14	9	1 928 192.57	47	782 808.18	2797	9 840 025.37

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 from 9th to 11th July 2014, 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 18,834.76 were incurred in the procurement process for this quarter in relation to R 89,759.33 in the 2nd quarter. It must be noted that annual tenders for 2016/2017 was advertised in the 4th quarter of the previous financial year.

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:

CONTRACT NUMBER	AWARDED TO	DESCRIPTION	VALUE
T2016/068	VRIES AIRCONDITIONING & REFRIGERATION	SUPPLY AND INSTALLATION OF AIR CONDITIONERS	287 623.00
TOTAL: R			287 623.00

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, in respect of the previous six months, to the relevant official who initiated the acquisition.

TENDERS AND QUOTATIONS EVALUATED FOR THE 1st QUARTER 2016/2017 AND 3rd QUARTER 2016/2017:

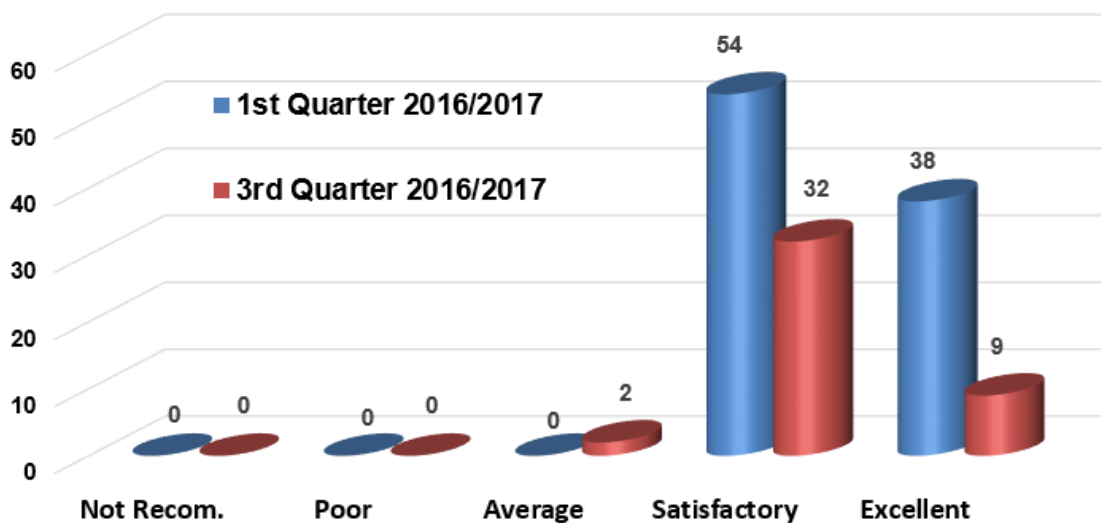
Financial Period:	Tenders		Quotations	
	1st Quarter 2016/2017	3 rd Quarter 2016/2017	1st Quarter 2016/2017	3 rd Quarter 2016/2017
COMMUNITY DEVELOPMENTAL SERVICES	5	1	4	9
CORPORATE SERVICES	9	1	8	3
FINANCE	4	1	1	1
LOCAL ECONOMIC DEVELOPMENT	0	0	5	0
ENGINEERING	47	21	7	5
GOVERNANCE	0	0	0	0
MUNICIPAL MANAGER OFFICE	0	0	0	1
RURAL & SOCIAL DEVELOPMENT	0	0	2	0
Grand Total	65	24	27	19

Bi-Annual performance evaluations:

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

The contract manger 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	1st Quarter 2016/2017		3rd Quarter 2016/2017		Movement (Evaluation must be objective per category in relation to the total)	
		# of Evaluations	% of Category	# of Evaluations	% of Category		
1	Not Recom.	0	0.00%	0	0.00%	0.00%	
2	Poor	0	0.00%	0	0.00%	0.00%	
3	Average	0	0.00%	2	4.65%	-4.65%	Deterioration
4	Satisfactory	54	58.70%	32	74.42%	-15.72%	Improvement
5	Excellent	38	41.30%	9	20.93%	20.37%	Deterioration
Total:		92		43			

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

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 must not be 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.

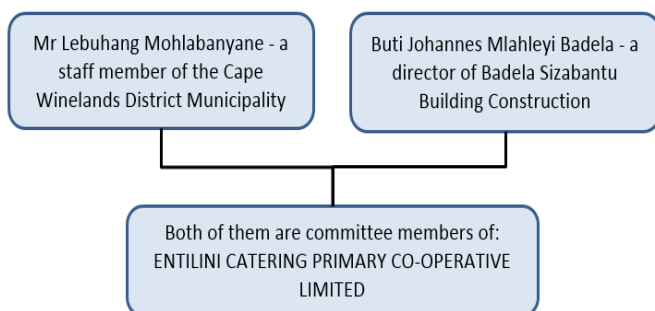
No instances of this nature were detected for the period under review.

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.



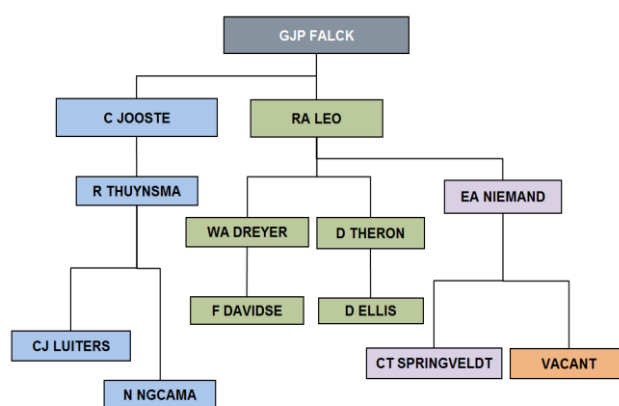
By association: (External)

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: SCM	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	Vacant: 27/06/2014



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. E.g. National and Provincial spheres do not apply the same legislation on which the CSD was designed. 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:

- BBBEE 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”. However, not all parastatals are covered. Only PERSAL and BASS, the government’s payroll systems, are scrutinised.

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 865 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 2016/2017	# of Suppliers	326	177	138	34	3
	Rand Value	40 324 000.48	19 536 560.85	11 386 160.05	1 298 224.20	39 069.04
	% of Total Rand Value	95.96%	46.49%	27.10%	3.09%	0.09%
3 rd Quart 2016/2017	# of Suppliers	306	183	135	43	2
	Rand Value	49 083 435.33	17 969 282.12	17 699 716.86	1 741 437.57	36 477.05
	% of Total Rand Value	96.31%	35.26%	34.73%	3.42%	0.072%

* 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

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 2016/2017	3 rd Quart 2016/2017		2 nd Quart 2016/2017	3 rd Quart 2016/2017	
1376	1258	<R2000-NO PROCUREMENT:	667 326.79	752 783.60	Acquisitions less than R 2,000 - no procurement process is followed for small purchases
368	422	3rd PARTY PAYMENT:	18 631 405.43	16 677 266.20	Transactions where procurement plays no role - contribution payments / S&Ts / etc.
41	38	COUNCIL POLICY/SUBSIDY:	1 362 778.13	1 434 368.88	Study Bursaries / Sponsorships / Donations / etc.
1	0	DEV-PPPFA SEC.2(1)(f)	6 855.82	0.00	The supplier selected for the contract/tenderer did not score the highest points
8	9	DEV-MFMA SEC. 110(2)(a)	5 280.00	1 928 192.57	Goods and /or Services acquired from Other Organs of State/Municipalities. (Not normal municipal service accounts;)
19	45	DEV-REG.36(1)(a)(ii) Sole Suppliers	612 340.90	782 808.18	Transactions where no procurement process were followed (Sole Providers/Agents)
2070	2433	DEV-REG.36(1)(a)(ii) Service Provider/Agents	1 534 287.80	2 018 954.07	Fuel replenishment: Various suppliers at strategic locations in whole of the municipal area.
76	61	DEV-REG.36(1)(a)(ii) Long-term Contr.	1 484 973.96	1 908 541.14	Long term Contracts/ service providers - Telkom / Vodacom / Copy machines / etc.
13	106	DEV-REG.36(1)(a)(v) Impractical	53 022.21	427 238.29	Transactions where no procurement process were followed (Impractical to obtain quotations - e.g. Strip & repair))
23	7	DWAF: PRE-PROCURED	355 681.07	116 648.29	DWAF (Closed tender process) Contracts where the CWDM did not do the procurement.
45	62	PETTY CASH:	2 471.40	2 655.00	Mainly small out of pocket refunds
350	438	QUOTATION PROCESS:	2 282 063.72	3 079 854.58	Acquisitions made in terms of a full quotation process up to R 200,000 - minimum three quotes
27	54	REG.16(c) < 3 WQ	136 286.55	268 962.07	Acquisitions where it was not possible to obtain at least three quotations up to R 10,000
45	40	REG.17(1)(c) < 3 FWPQ	654 749.64	671 801.11	Acquisitions where it was not possible to obtain at least three quotations between R 10,000 – R 30,000
77	47	REG.17(1)(c) FWPQ - >R30.000	1 755 615.28	1 833 527.94	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)
15	0	REG.31 SITA	907 723.47	0.00	Where SITA assists with acquisitions of IT related goods or services.
144	142	SERVICE ACCOUNTS:	2 731 962.16	1 139 058.66	Contracts with service providers - Municipal services
0	11	SERVICE PROVIDERS	0.00	14 851.23	Payments made in terms of contracts/agreements with long-term service providers.
39	36	STATUTORY PAYMENTS:	9 631 762.40	7 673 745.14	Prescriptive payments made in terms of legislation - licensing / taxes / membership fees / etc.
15	12	SUBSCRIPTIONS:	115 273.09	3 192.00	Service provider is selected for the specific service and cannot be procured - sole providers
1052	1440	TENDER PROCESS:	46 432 649.60	60 242 827.46	Acquisitions made in terms of a full tender process on amounts above R 200,000
5804	6661	TOTAL:	89 364 509.42	100 977 276.41	

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 3,493,977.81 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	Q2016/097	TRUCK SHADE PORTS CWDM FIRE STATION WORCESTER	23/01/2017	MASANDA TRADING CC	1	80	20	162 752.36	-
2	Q2016/091	RECRUITMENT AND SUPERVISION OF WARD BASED RISK ASSESSMENT RESEARCHERS	31/01/2017	AW MANAGEMENT CONSULTING	1	80	20	200 000.00	-
3	Q2016/047	PALISADE FENCE AND SLIDING GATE CWDM ROADS DEPOT ROBERTSON	31/01/2017	GATEWAY METALWORKS	1	80	20	103 492.62	-
4	T2016/087	LEASING OF 2 DIGITAL FRANKING MACHINES FOR THE PERIOD 1 APRIL 2017 TO 30 NOVEMBER 2019	24/02/2017	MAILING & MECHANISATION CAPE CC	0	80	0	101 000.00	-
5	T2016/092	PROVISION OF BANKING SERVICES FOR THE PERIOD 1 JULY 2017 TO 30 JUNE 2022	24/02/2017	NEDBANK LIMITED	2	90	9	208 575.65	-
6	T2016/099	PROVISION OF A DEBT COLLECTION SERVICE FOR A THREE (3) YEAR PERIOD	24/02/2014	MARKALIO REVENUE SOLUTIONS	2	80	18	101 000.00	-
7	T2016/094	INSTALLATION, SERVICE AND MAINTENANCE OF A GAS SUPPRESSION SYSTEM AT CWDM WORCESTER FOR A 3-YEAR PERIOD	24/02/2017	VULCAN INTEGRATED SOLUTIONS (PTY) LTD	0	80	0	147 658.84	-
8	T2016/068	SUPPLY AND INSTALLATION OF AIR CONDITIONERS	28/03/2017	VRIES AIRCONDITIONING & REFRIGERATION	1	65.54	20	287 623.00	9 918.09
9	T2016/095	VMWARE AND VEEAM SOFTWARE UPGRADES AND MAINTENANCE RENEWALS FOR A PERIOD OF TWELVE (12) MONTHS	28/03/2017	FIRST TECHNOLOGY WESTERN CAPE (PTY) LTD	0	80	0	220 575.34	-

	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
10	T2016/102A	REPLENISHMENT OF FUEL (PETROL, DIESEL, OILS AND OTHER LUBRICANTS) FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2020	28/03/2017	Bergzicht Motors - Stellenbosch	0	80	0	101 000.00	-
11	T2016/102B	REPLENISHMENT OF FUEL (PETROL, DIESEL, OILS AND OTHER LUBRICANTS) FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2020	28/03/2017	Kaap Agri Bedryf Beperk - Stellenbosch / Worcester / Paarl / Ceres / Robertson / Montagu / Wellington	3	80	16	101 000.00	-
12	T2016/102C	REPLENISHMENT OF FUEL (PETROL, DIESEL, OILS AND OTHER LUBRICANTS) FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2020	28/03/2017	Stellenbosch Square Service Station (Pty) Ltd - Stellenbosch	0	80	0	101 000.00	-
13	T2016/102D	REPLENISHMENT OF FUEL (PETROL, DIESEL, OILS AND OTHER LUBRICANTS) FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2020	28/03/2017	The Business Zone 1891 CC - Jonker & Jonker Fresh Stop - Paarl	0	80	0	101 000.00	-
14	T2016/102E	REPLENISHMENT OF FUEL (PETROL, DIESEL, OILS AND OTHER LUBRICANTS) FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2020	28/03/2017	CDR Motors T/a Ceres Toyota - Ceres	6	80	6	101 000.00	-
15	T2016/102F	REPLENISHMENT OF FUEL (PETROL, DIESEL, OILS AND OTHER LUBRICANTS) FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2020	28/03/2017	Robertson Shell Trust - Robertson	0	80	0	101 000.00	-
16	T2016/102G	REPLENISHMENT OF FUEL (PETROL, DIESEL, OILS AND OTHER LUBRICANTS) FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2020	28/03/2017	Buys van Zyl Motors BK H/a Montagu Toyota - Montagu	7	80	4	101 000.00	-
17	T2016/104	SUPPLY AND DELIVERY OF TREES AND SHRUBS TO STELLENBOSCH, DRAKENSTEIN, WITZENBERG, BREEDE VALLEY AND LANGEBOEG FOR A PERIOD OF 12 MONTHS	28/03/2017	TULBAGH KWEKERY 2 BK	0	80	0	224 300.00	-
18	T2016/109	CALL FOR PROPOSALS – TRANSPORT MONTH EVENT	28/03/2017	TIGER EYE TRADING	1	80	20	480 000.00	-
19	Q2016/125	FACILITATION OF DISASTER MANAGEMENT TRAINING	29 /03/2017	DISASTER MANAGEMENT SOLUTIONS	4	80	12	200 000.00	-

17.

	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
20	Q2016/126	SUPPLY AND DELIVERY OF ADULT DIAPERS AND SANITARY TOWELS	22/03/2017	POLARAMA WHOLESALERS	2	80	18	150 000.00	-
21	Q2016/130	SUPPLY AND DELIVERY OF SCIENTIFIC CALCULATORS AND MATHEMATICAL SETS	29/03/2017	BIDVEST OFFICE (PTY) LTD	2	80	18	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	3 rd Quarter 2016/2017	Year to Date 2016/2017
AE HUMAN T/A ASTRA CATERING	CHILD	LENACHE BURGER-HEALTH PRACT	50 084.00	247 704.00
AJEE CONSULTANCY CC	SPOUSE	HUSBAND IS IN SA POLICE FORCE	25 050.00	92 645.00
AMERICA BUSDIENS	CHILD	VH AMERICA - CWDM WORKSHOP	9 900.00	84 530.00
AURECON SOUTH AFRICA (PTY) LTD	SPOUSE	VARIOUS RELATIONS TO OWNERS	73 102.90	77 491.90
BERLIN CONSTRUCTION & LOGISTICS (PTY) LTD	CHILD	WORK FOR DEPARTMENT OF HEALTH	-	6 282.20
BK ENTERPRISES	SPOUSE	MRS KRUGER - DEPT. AGRICULTURE	-	1 400.00
C E MINNAAR T/A EXQUISITE HIGH TEA	SON/DAUGHTER-IN-LAW	CLINT ROLAND - BUDGET OFFICE	30 000.00	144 676.50
FAURE AND FAURE INCORPORATED	SPOUSE	LW FORTUIN- JUSTICE DEPARTMENT	8 189.00	8 189.00
GRYDE ENTERPRISES (PTY) LTD	CHILD	G BRANDON - DEPT. CORRECTIONAL	4 500.00	4 500.00
J WALTERS T/A J C TRAVEL	SPOUSE	TEACHER: WCED	57 950.00	127 950.00
JAH GUIDE DAVIDS AGRICULTURE (PTY) LTD	SPOUSE	SAPS - WIFE OF DIRECTOR	42 175.89	254 128.29
LUMBER & LAWN (PTY) LTD	SPOUSE	WIFE: TEACHER LOCHNERHOF PRIM	2 475.75	5 483.36
M & N BAKWERKE CC	BROTHER/SISTER	E NIEMAND - SCM STELLENBOSCH	7 684.00	7 684.00
MASIQHAME TRADING 77 CC	CHILD	DEPT. OF AGRICULT. & FORESTRY	7 128.95	55 957.45
MORESON GRONDVERSKUIWERS BK	CHILD	WORK FOR DEPT. OF HEALTH	5 685 388.28	9 070 362.34
NCC ENVIRONMENTAL SERVICES (PTY) LTD	SPOUSE	WIFE WORK AT CITY OF CAPE TOWN	400 379.40	531 461.16
PISTON POWER CHEMICALS CC	SPOUSE	WORK FOR DEPT. OF EDUCATION	126 608.40	325 561.20
ROBERTSON SHELL TRUST	SPOUSE	WCED- MR DB AUGUSTYN	185 250.41	185 250.41
S PIETERSEN T/A SP HEALTH AND SANITATION	PARENT	A ALLOM - CLLR. DRAKENSTEIN	30 460.00	30 460.00
SMEC SOUTH AFRICA (PTY) LTD	SPOUSE	YVONNE PHOSA - MEC: ECON.DEV.	429 841.56	1 857 148.92
THE BUSINESS ZONE 932 CC T/A JLM24 SERVICE	SPOUSE	TEACHER: WCED	6 998.00	42 993.00
VALLEI AUTO HERSTELWERKE (PTY) LTD	CHILD	C MOSTERT - PROV. TRAFFIC	12 650.25	30 561.70
VALLEY FUNERALS (WORCESTER)	SPOUSE	WIFE - DEPT.OF EDUCATION	-	4 500.00

R 7 195 816.79 13 196 920.43

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	3rd Quarter 2016/2017	Year to Date 2016/2017
MEYER ELECTRICAL AND CONSTRUCTION	BUSINESS ASSOCIATE	CLR. P MARRAN - BREEDE VALLEY	88 257.79	1 427 018.62
			R 88 257.79	1 427 018.62