

# **SWELLEN DAM MUNICIPALITY**



**DIRECTORATE: FINANCIAL SERVICES**

**SUPPLY CHAIN MANAGEMENT**

**4<sup>th</sup> QUARTER IMPLEMENTATION REPORT FOR THE  
2023/2024 FINANCIAL YEAR**

**30 June 2024**

## **INDEX**

**The scope of the implementation review will include the following:**

- 1.** Introduction
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  - 7.** The Bid Committee System
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## **1. INTRODUCTION**

This report is a summary of the implementation of the Supply Chain Management Policy as adopted by Council and highlights the implementation of Supply Chain Management in Swellendam Municipality. It is required by regulation 6(3) of the Supply Chain Management Regulations that the Accounting Officer submits a quarterly report on the implementation of Supply Chain Management to the Mayor to give effect to his oversight role. Following is a summary of the Supply Chain Management Implementation Report for the 4<sup>th</sup> quarter in terms of the 2023/2024 financial year of Swellendam Municipality:

## **2. POLICY**

The SCM Policy and Preferential Procurement Policy were revised and adopted by Council on 30 January 2024 due to the amendments to the SCM regulations, 2005 issued on 14 December 2023. This revision and adoption was done in terms of Regulation 3 of the SCM Regulations.

## **3. DELEGATIONS**

SCM delegations are in place. The purpose of such delegations is to maximise administrative and operational efficiency and also provide adequate checks and balances in the municipality's Supply Chain Management function. The delegations were reviewed and approved by the MM on 30 June 2023.

## **4. ORGANISATIONAL STRUCTURE**

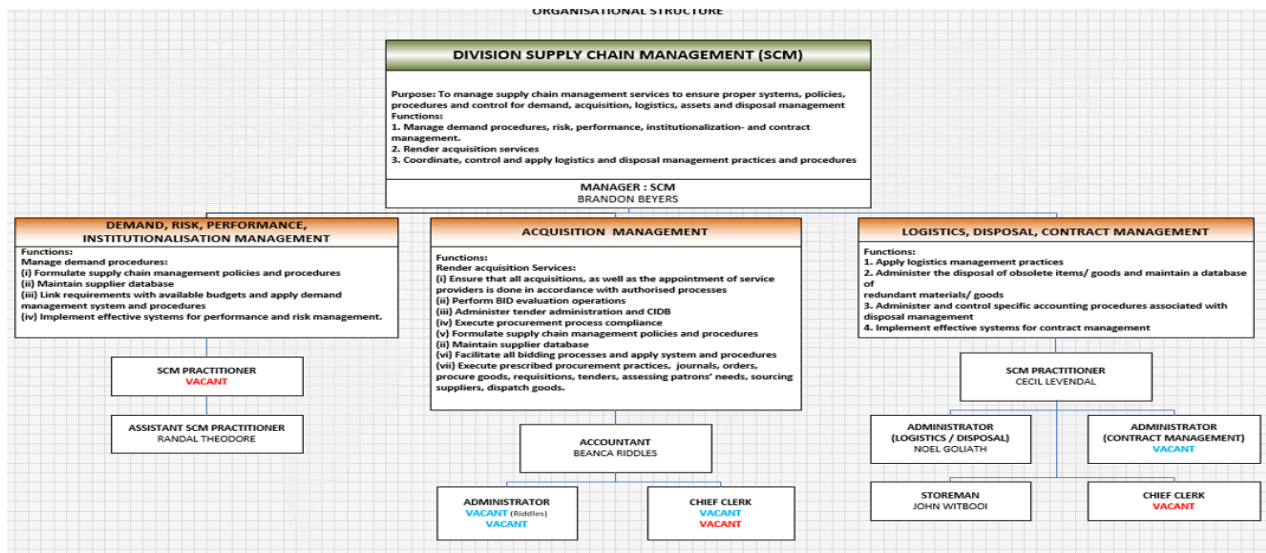
In terms of Paragraph 7 of the Municipal Supply Chain Management Regulations (MSCMR), the municipality must establish a Supply Chain Management Unit (SCMU) to implement its supply chain management policy. The SCMU must operate under the direct supervision of the Chief Financial Officer (CFO) or may be delegated to an official in terms of Section 82 of the MFMA.

A new organisational structure was approved as follows by Council:

Seven posts were vacant during the financial year of which four new appointments were made during June 2023.

The following new appointments were made:

| <b>Name</b>      | <b>Position</b>            | <b>Start date</b> |
|------------------|----------------------------|-------------------|
| Keanan Juries    | Chief Clerk Acquisition    | 01 July 2023      |
| Lee-Zay Michaels | Administrator: Contracts   | 01 July 2023      |
| Jason Scholtz    | Administrator: Acquisition | 01 July 2023      |
| Lusanda Siyeka   | Administrator: Acquisition | 01 August 2023    |

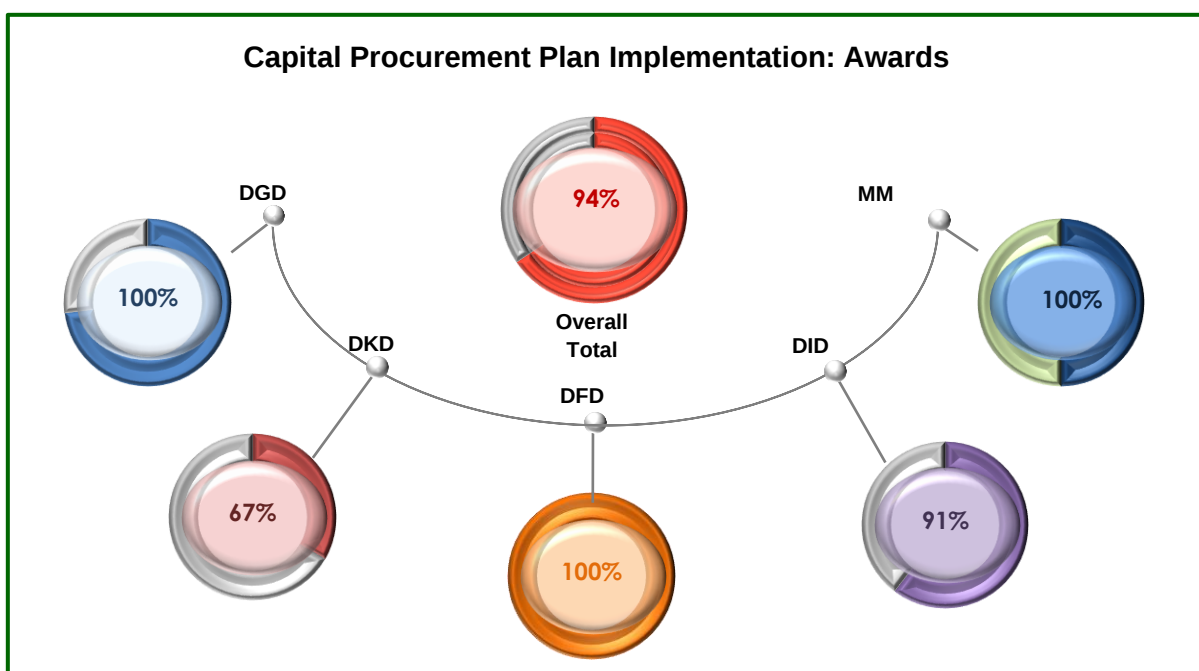


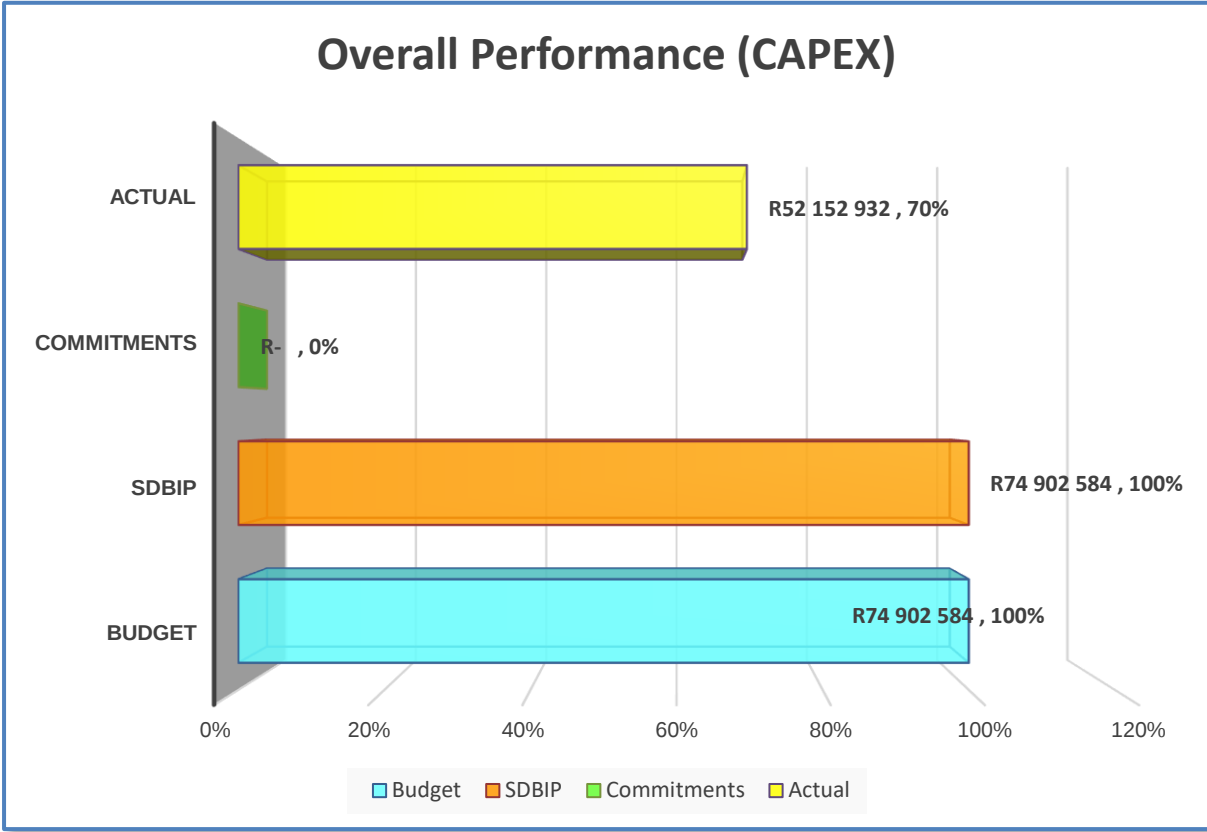
## 5. DEMAND MANAGEMENT

### Preferred Suppliers Database

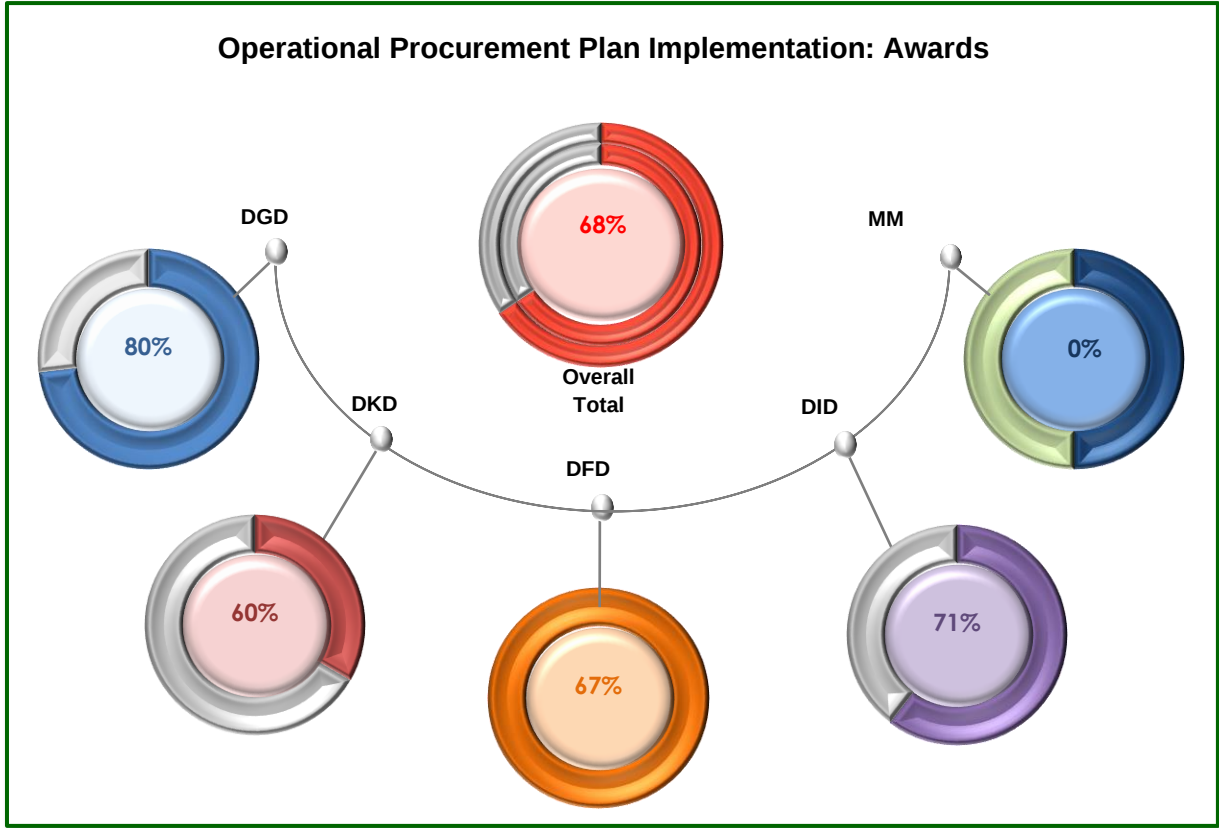
The Municipality is required by legislation to have and maintain a Database of Accredited Prospective Suppliers in order to ensure that all the procurement of goods and services for the Municipality is made through this Database. The Database has been developed from a manual one to a functional electronic Database of Prospective Suppliers maintained by the SCMU. Currently, there are 1822 suppliers registered on this Database which represent an increase of 31 suppliers from previous quarter. Service providers are also encouraged to register on the Central Supplier Database.

### Procurement Planning Implementation: Capital





**Operational**



## 6. ACQUISITION MANAGEMENT

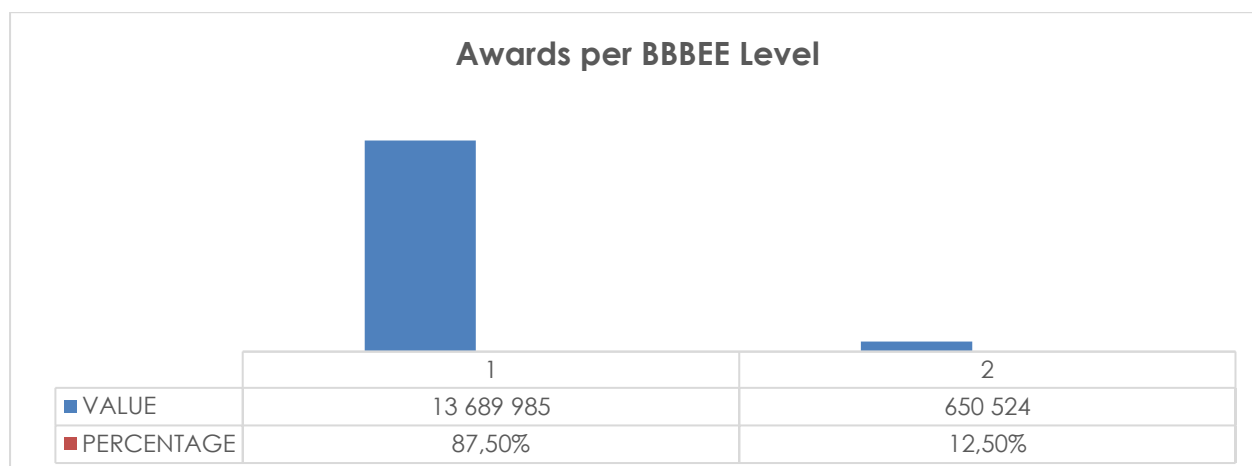
### Procurement Statistics

| Nr. | Process description                                   | Total | Monthly average | Daily average | Value       |
|-----|-------------------------------------------------------|-------|-----------------|---------------|-------------|
| 1   | No of BSC meetings                                    | 14    | 5               | 0,23          | n/a         |
| 2   | No of BEC meetings                                    | 20    | 7               | 0,33          | n/a         |
| 3   | No of BAC meetings                                    | 13    | 4               | 0,22          | n/a         |
| 4   | No of orders processed/placed                         | 949   | 316             | 15,82         | R26 938 484 |
| 5   | No of formal quotations awarded (R30 000 to R300 000) | 9     | 3               | 0,15          | R1 027 712  |
| 6   | No of tenders awarded above R300 000                  | 13    | 4               | 0,22          | R45 988 839 |
| 7   | No of awards above R30 000 (CIDB)                     | 5     | 2               | 0,08          | R15 298 508 |
| 8   | No of contract price increases approved               | 1     | 0               | 0,02          | n/a         |
| 9   | No of contracts extended i.t.o MFMA circular 62       | 10    | 3               | 0,17          | R1 753 333  |
| 10  | No of contracts extended i.t.o s.116(3) of MFMA       | 1     | 0               | 0,02          | R32 954     |
| 11  | No of Deviations                                      | 12    | 4               | 0,20          | R966 362    |
| 12  | No of minor breaches                                  | 0     | 0               | 0,00          | R0          |
| 13  | No of stock receipts                                  | 377   | 126             | 6,28          | R1 990 955  |
| 14  | No of stock issued                                    | 2130  | 710             | 35,50         | -R1 334 267 |
| 15  | No of stock disposal                                  | 0     | 0               | 0,00          | R0          |
| 16  | No of stock take                                      | 3     | 1               | 0,05          | R5 955 088  |
| 17  | No of requests received for disposal                  | 7     | 2               | 0,12          | R217 075    |

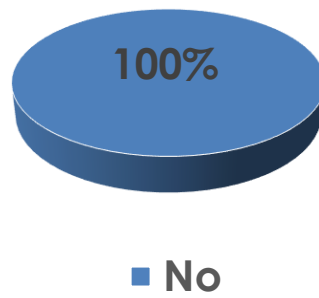
## 7. BID COMMITTEE SYSTEM

The Accounting Officer has appointed permanent members on the respective committees as well as secundis. Letters of Appointment, the Code of Conduct and Declaration of Interest have already been signed by the members and secundis of the committees.

### Bids awarded

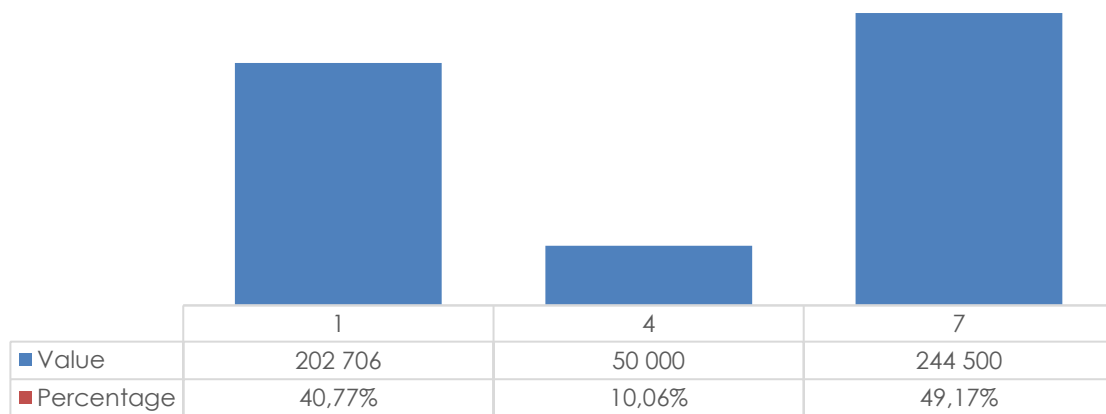


### Awards to Local Suppliers

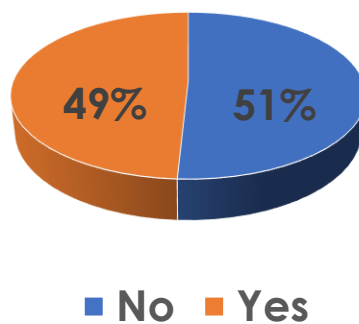


### Formal Quotes >R30k awarded

#### Awards per BBEE Level

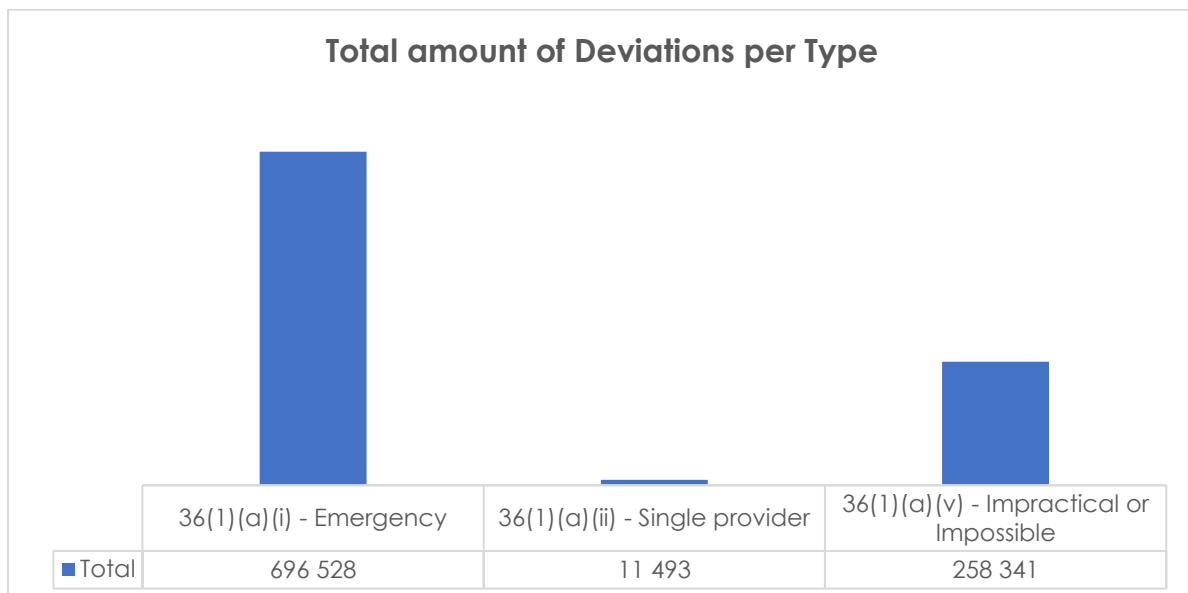
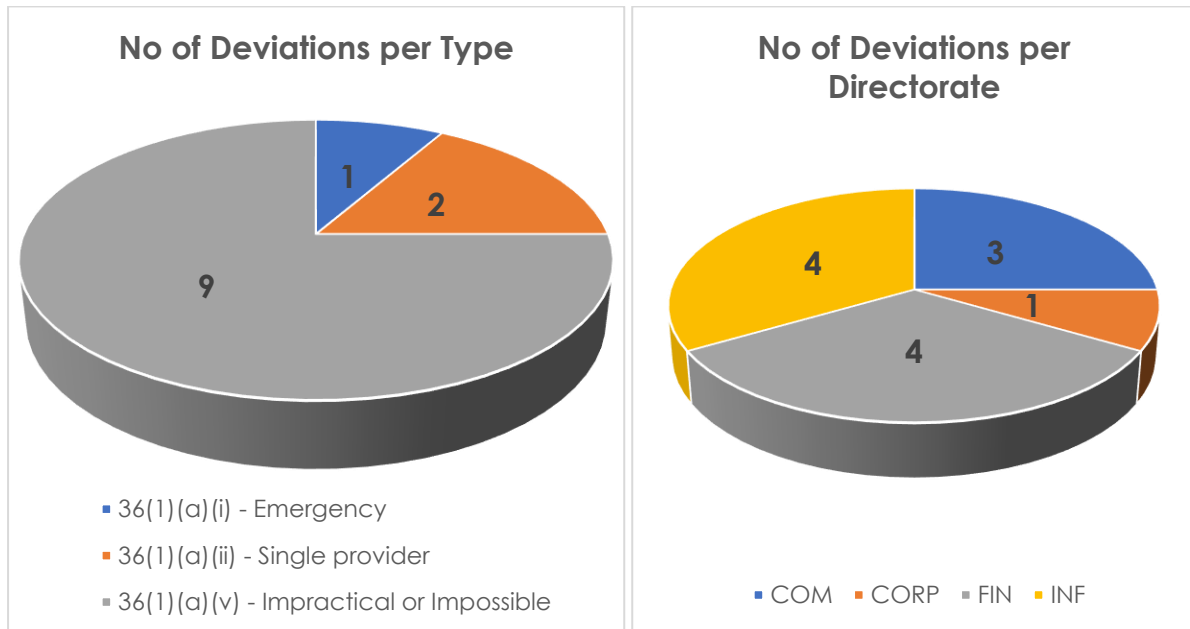


### Awards to Local Suppliers



## 8. DEVIATIONS FROM PROCUREMENT PROCESSES

Please find statistics as well as a schedule of the deviations approved by the Accounting Officer during the 4<sup>th</sup> quarter of the 2023/24 financial year:



| Date      | Supplier      | Details                                                                                                                                                                                | Amount     | Dir | Reason                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Type                                    |
|-----------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| 09-Apr-24 | Wireless Web  | Plate mild steel 4mm (2.4x1.2m) , Bar threaded M12, Galvanised threaded rod, Labour cost for Repairs                                                                                   | R2 091,76  | FIN | On the night of 21 March 2024, thieves broke into the building which houses the ICT infrastructure that provides internet to Swellendam Municipality. The thieves stole various items belonging to the of <b>Wireless Web</b> , the current service provider for the ICT Services. This negatively affected the network and Mr. Werner Lategan had to do emergency repairs to secure the gate of the building by replacing the steel-security gate with a newly built gate. The building needed to be secured and these security upgrades needed to occur the same day as it was open as the front gate has been vandalised and could not be locked. Mr. Werner Lategan, the owner of Wireless Web, had to buy the material due to insufficient time for the municipality to follow the normal bidding and SCM procedures as it was already Friday. | 36(1)(a)(v) - Impractical or Impossible |
| 09-Apr-24 | Frans Du Toit | The roof of the building needs to be reinforced with steel (16mm round bar in the middle and 40x5mm angle iron on sides with two grids welded together) to ensure make it theft-proof. | R8 280,00  | FIN | On the night of 27 March 2024, thieves broke into the building which houses the ICT infrastructure that provides internet to Swellendam Municipality. The thieves stole various items belonging to the of Wireless Web, the current service provider for the ICT Services. This negatively affected the network and Mr. Frans Du Toit had to do emergency repairs to secure the gate of the building by reinforcing the roof of the building and these security upgrades needed to occur the same day as it was envisaged that the burglars will return to steal the remaining items as they might have run out of time due to the alarm that went off.                                                                                                                                                                                             | 36(1)(a)(v) - Impractical or Impossible |
| 16-Apr-24 | L.C Eksteen   | Supply And Delivery Of Water Moddergat And Aasbank Infanta Form 01 May 2024 To 31 October 2024                                                                                         | R12 826,14 | INF | Tender process has been initiated, but no acceptable tenders were received, thus tender had to be re-advertised. Due to time constraints, Section 116 amendment could not be followed when the conclusion of said was reached. Furthermore, due to the fact that drinking water is a necessity, the continuation of the service is a requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 36(1)(a)(v) - Impractical or Impossible |

|           |                        |                                                                                             |            |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                         |
|-----------|------------------------|---------------------------------------------------------------------------------------------|------------|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| 16-Apr-24 | Johan Kemp             | Supply and delivery of water in Nuwedorp Malagas from 1 May 2024 to 31 October 2024         | R90 000,00 | INF | <p>The agreement was previously amended for a 4-month period from 01 July 2023 to 31 October 2023 in terms of MFMA Circular 62, to finalise the tender process. However, the tender process was cancelled on 20 November 2023 as no acceptable bids were received. A new request was received from the user department to amend the agreement for a further 5-month period from 1 December 2024. The reason for amendment are the following:</p> <p>* To allow time for a new tender process as the previous tender process was cancelled due to practicality in terms of service delivery and risk consideration specifically related to preferred bidder.</p> <p>* The supply of water is an essential service and must continue without interruptions.</p> <p>A new tender process was finalised on 14 March, however not acceptable bids were received. The recommendation from the BAC was to cancel the tender due to objective criteria and a shortfall of funding, furthermore, a deviation process is to be followed to execute the service of the contract.</p> | 36(1)(a)(v) - Impractical or Impossible |
| 23-Apr-24 | Juta Company (Pty) Ltd | Supply & Delivery of road traffic Legislation Books                                         | R5 746,35  | COM | Juta & Company (Pty) Ltd publishes and produces legal reference and regulatory material. The company warrants that it is the owner and authorised distributor of the intellectual property. Juta & Company (Pty) Ltd holds the copyright and is the sole publisher of the Road Traffic Legislation Main Volumes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 36(1)(a)(ii) - Single provider          |
| 29-Apr-24 | Devac                  | Health and Safety Consultant Service: Upgrading of Sewer Reticulation in Railton Swellendam | R9 028,78  | INF | The Municipality appointed Devac (Pty) Ltd as the Professional Health and Safety Service Provider for the implementation of the Upgrading Sewer Reticulation in Railton in Swellendam. The project is ongoing; hence a new process is impractical. The Consultant is mentoring a current/ active H&S file and the service cannot be interrogated. This is a continuation of previous work hence impractical to follow a new procurement process.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 36(1)(a)(v) - Impractical or Impossible |

|           |                                     |                                                                                                                  |             |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                         |
|-----------|-------------------------------------|------------------------------------------------------------------------------------------------------------------|-------------|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| 06-May-24 | IXIA Environmental Services         | PSHB Information Seminar level 1 training of staff (x7)                                                          | R10 472,38  | COM  | The urgent need has occurred for emergency training t be conducted as per instruction by the MM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 36(1)(a)(v) - Impractical or Impossible |
| 06-May-24 | Juta & Company (Pty) Ltd            | Supply & Delivery of Road Traffic Legislation MV books                                                           | R5 746,35   | COM  | Juta & Company (Pty) Ltd publishes and produces legal reference and regulatory material. The company warrants that it is the owner and authorised distributor of the intellectual property. Juta & Company (Pty) Ltd holds the copywrite and is the sole publisher of the Road Traffic Legislation mail volumes                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 36(1)(a)(iii) - Single provider         |
| 09-May-24 | Sibankulu Trading (Pty) Ltd         | Provision of Security Services for the period ending 30 June 2024 or untile the new tender process is finalised. | R696 528,36 | FIN  | Due to current situation whereby the curent/previous service provider (Bredasdorp Armed Response) cannot fuilll its obligationa in terms of the agreement SMT50/21/22, the municipality has no other choice as to deviate from the normal procurement processess, as this is an essential service for the Municipality. Quotations were sourced from Sibankulu Trading (Pty) Ltd, Scunet Security, Fedility Security and Gforce Swellendam. Only 2 offers were recieved, namely from Sibankulu Trading Pty) Ltd and Secunet Security. Currently the municipality buildings, infrastructure and equipment in the Swellendam Town are unguarded and are at risk of theft and vandalism. Access control are also not being implemented which poses a risk to municipal staff | 36(1)(a)(i) - Emergency                 |
| 14-May-24 | Firewire System Solutions (Pty) Ltd | The facilitation of maintenance and service of Swellendam Municipality Fire extinguishing Equipment              | R7 531,82   | CORP | A service provider was already appointed fr the facilitation of the maintenance and service of fire xtinguishing equipment. Impractical as the bidder is contracycted to do the servid and all these extra works were unforseen                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 36(1)(a)(v) - Impractical or Impossible |

|           |                             |                                                                                          |                    |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                         |
|-----------|-----------------------------|------------------------------------------------------------------------------------------|--------------------|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| 22-May-24 | Mubesko Africa (Pty) Ltd    | Assistance with VAT Issue- Library Grant                                                 | R114 065,63        | FIN | Thje work done by Mubesko for other municipalities will be identical to the environment, applicably annd circumstances as per the detailed audit findings for these municipalities, inclusive of Swellendam. Furthermore, the investigation and application of legislation related to this matter, as well as interaction with South African Receiver of Revenue, in person or otherwise, effeciency in terms of appointment. Before-mentioned will be beneficial for Swellendam Municipality where combining expertise and effort on a transversal matter, will be more cost effective regarding investigation and work done, and insuring that the municipality aligns with other municipalities regarding an outcome on this transversal matter. It is thus recommended that Mubesko Afriuca (Pty) Ltd be appointed based on the aboved mentioned motivation of an exceptional case were impractical to procure the servcides from other service provider. | 36(1)(a)(v) - Impractical or Impossible |
| 25-Jun-24 | Tsedgwick Holding (Pty) Ltd | Supply and delivery of Water Kabeljoubank infantia from 01 November 2023 to 30 June 2024 | R4 044,56          | INF | The agreement was previously amended for a 4-month period from 01 July 2023 to 31 October 2023 in terms of MFMA Circular 62, to finalise the tender process. However, the tender process was cancelled on 20 November 2023 as no acceptable bids were received. No new request was received from the user department to amend the agreement. A deviation process was followed to deliver the services from 01 November 2023 - 30 June 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 36(1)(a)(v) - Impractical or Impossible |
|           |                             |                                                                                          | <b>R966 362,13</b> |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                         |

## 9. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

In terms of paragraph 45 of the Supply Chain Management Policy of Council, awards to close family members of persons in the service of the state must disclose particulars of awards of more than R 2000 in the Annual Financial Statements. The following bids were awarded to a person who is a family member of a person in the service of the state:

| Nr           | Supplier                             | Family member    | Relationship | Institution                               | Apr      | May      | Jun     | Total             |
|--------------|--------------------------------------|------------------|--------------|-------------------------------------------|----------|----------|---------|-------------------|
| 1.           | AH Windvogel                         | MPL R. Windvogel | Mother       | Provincial Legislature                    | -        | -        | -       | -                 |
| 2.           | Bazil Koopman                        | B. Koopman       | Son          | Dept of Education                         | -        | -        | -       | -                 |
| 3.           | Gert Coetzee                         | L. Coetzee       | Wife         | Swellendam Municipality                   | -        | -        | -       | -                 |
| 4.           | Hein's Auto Electrical               | J. de Jager      | Brother      | Swellendam Municipality                   | -        | -        | -       | -                 |
| 5.           | Jonathan Oktober                     | M Oktober        | Wife         | Swellendam Municipality                   | -        | -        | -       | -                 |
| 6.           | Kemanzi (Pty) Ltd                    | J. du Toit       | Wife         | Dept of Education                         | -        | R113 165 | -       | R113 165          |
| 7.           | Matthys Gilomee                      | P. Gilomee       | Wife         | City of Cape Town                         | -        | -        | -       | -                 |
| 8.           | Khoisan Cave Holdings (Pty) Ltd      | G. Jansen        | Son          | Swellendam Municipality                   | -        | -        | -       | -                 |
| 9.           | Masakane Trading (Pty) Ltd           | Q. Martin        | Husband      | SAPS                                      | -        | -        | -       | -                 |
| 10.          | Molatuseli (Pty) Ltd                 | A Sidloyi        | Son          | Swellendam Municipality                   | -        | -        | -       | -                 |
| 11.          | Desmond Prins                        | J. Francis       | Daughter     | Dept of Health                            | R1 950   | R900     | -       | R2 850            |
| 12.          | Hermanus Jacobus Swart               | F. Swart         | Brother      | Swellendam Municipality                   | -        | -        | -       | -                 |
| 13.          | Jacobus Cornelius Kouter             | J. Kouter        | Brother      | Swellendam Municipality                   | -        | -        | -       | -                 |
| 14.          | RD Beukes                            | D. Beukes        | Mother       | Swellendam Municipality                   | -        | -        | -       | -                 |
| 15.          | Swellendam Bestuurskool (Pty) Ltd    | R. Blauw         | Son          | Dept. of Education                        | R6 500   | -        | -       | R6 500            |
| 16.          | LSL Enterprises                      | G. Lebazi        | Sister       | Swellendam Municipality                   | -        | -        | -       | -                 |
| 17.          | Agritech CC T/A Autozone             | L. Baransky      | Wife         | Swellendam Municipality                   | R673     | R6 361   | R823    | R7 857            |
| 18.          | Phillip Crafford T/A Crafford Blinds | J. Crafford      | Wife         | Swellendam Municipality                   | -        | -        | -       | -                 |
| 19.          | Red Ant Security                     | N. Lesiela       | Wife         | Mogale City Mun                           | -        | -        | -       | -                 |
| 20.          | Jarsiem Carelse                      | W. Carelse       | Son          | Swellendam Municipality                   | -        | R1 998   | -       | R1 998            |
| 21.          | Durcharme Consulting                 | L.Mbekeni        | Wife         | Dept of Rural Development and Land Reform | R807 694 | -        | R96 600 | R904 294          |
| <b>Total</b> |                                      |                  |              |                                           |          |          |         | <b>R1 050 453</b> |

## 10. AWARDS TO PERSONS IN THE SERVICE OF THE STATE

In terms of the Council's Supply Chain Management Policy, paragraph 44, the municipality is prohibited from doing business with any person in the service of the state.

None

## 11. REPORTING OF AWARDS ABOVE R100, 000

In terms of MFMA circular 34, all awards above R100 000.00 must be reported to the Provincial and National Treasury on a monthly basis. The following awards were reported for the 4<sup>th</sup> quarter of the 2023/24 financial year:

| Contract details   |                                     |                                                                                       |                         |                             | Total value of contracts |                | Premium Value Paid | B-BBEE Status Level of Contributor        | Method of procurement |
|--------------------|-------------------------------------|---------------------------------------------------------------------------------------|-------------------------|-----------------------------|--------------------------|----------------|--------------------|-------------------------------------------|-----------------------|
| Contract reference | Service provider/ Supplier          | Contract Description                                                                  | Total value of contract | Lowest Acceptable Bid Value | Premium Value Paid       | Premium % Paid | Level              | Quotation/ Competitive Bidding/ Deviation |                       |
| SMT38/23/24        | CHE Electrical Engineering (Pty)Ltd | Supply, Installation and comissioning of a three-phase silent diesel generator        | R275 644,00             | R275 644,00                 | 0,00                     | 0,00           | 1                  | Tender                                    |                       |
| SMT11/23/24        | JPCE (Pty)Ltd                       | Provision of Professional Consulting Solid Waste Services                             | R2 161 253,54           | R2 161 253,54               | 0,00                     | 0,00           | 1                  | Tender                                    |                       |
| SMQ43-23-24        | Waste Mart (Pty)Ltd                 | Provision for the disposal of Streetlights for a 3 Year Period                        | R129 049,93             | R129 049,93                 | 0,00                     | 0,00           | 1                  | Quotation                                 |                       |
| SMT17/23/24        | Biocure (Pty)Ltd                    | Supply and Delivery of Chemicals for Sludge Thickening at WWTW for a 3 year period    | R842 770,00             | R842 770,00                 | 0,00                     | 0,00           | 1                  | Tender                                    |                       |
| SMT36/23/24        | Raaleborg Enviromental              | Management of the Bontebok Waste Disposal Facility for a three-year period            | R20 288 830,66          | R20 288 830,66              | 0,00                     | 0,00           | 1                  | Tender                                    |                       |
| SMT37/23/24        | Afriline Civils Pty Ltd             | Rehabilitation Of Roads & Various Stormwater Infrastructure In Swellendam & Barrydale | R9 210 925,00           | R9 210 925,00               | 0,00                     | 0,00           | 1                  | Tender                                    |                       |

|             |                              |                                                                                                                  |               |               |      |      |   |           |
|-------------|------------------------------|------------------------------------------------------------------------------------------------------------------|---------------|---------------|------|------|---|-----------|
| SMT40/23/24 | Adenco Construction(Pty)Ltd  | Supply, Installation and Commissioning of Two Highmast Solar Panel Lights                                        | R1 030 160,16 | R1 030 160,16 | 0,00 | 0,00 | 1 | Tender    |
| SCMD051     | Mubesko Africa (Pty) Ltd     | Assistance with VAT Issue- Library Grant                                                                         | R114 065,63   | R114 065,63   | 0,00 | 0,00 | 0 | Deviation |
| SCMD050     | Sibakulu Trading (Pty) Ltd   | Provision of Security Services for the period ending 30 June 2024 or untile the new tender process is finalised. | R696 528,36   | R696 528,36   | 0,00 | 0,00 | 1 | Deviation |
| SMT44/23/24 | Umzali Civils(Pty)Ltd        | Upgrading of Silo Wastewater Pump station                                                                        | R3 013 852,54 | R3 013 852,54 | 0,00 | 0,00 | 1 | Tender    |
| SMT45/23/24 | Benver Civils and Plant Hire | Upgrade of Rietkuil Water Supply and Related Infrastructure                                                      | R1 767 926,05 | R1 767 926,05 | 0,00 | 0,00 | 1 | Tender    |

## 12. LOGISTICS, DISPOSAL AND RISK MANAGEMENT

The SCM unit must provide an effective system to ensure the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, vendor performance, maintenance and contract administration as well as provide for an effective method of disposal and letting of assets which are inclusive of redundant and obsolete stock. Such systems must also have in place mechanisms to identify, consider and avoid potential risks in the SCM system.

### 12.1 Inventory Control

The value of the stock at the end of the 4<sup>th</sup> quarter was recorded at R6 008 901. Regular ad hoc inspections and scheduled stock-takes are conducted.

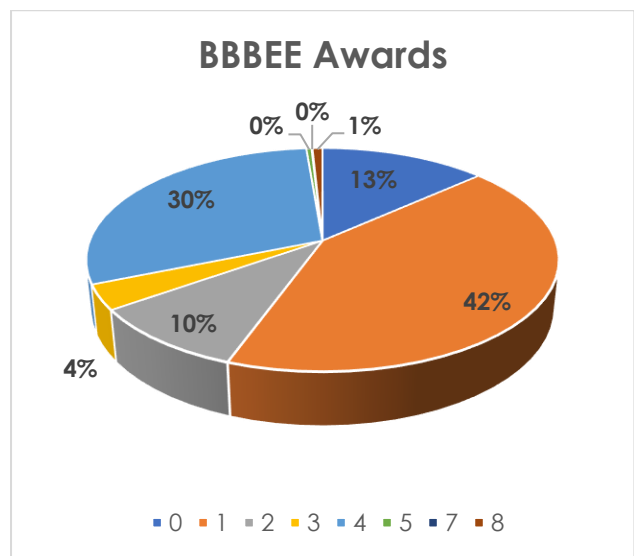
### 12.2 Placing of orders

The sourcing of quotations for purchases below R30 000 is currently handled by the relevant departments but is processed centrally at the SCM unit which ensures some type of control. It should be noted that purchasing is a specialised function whilst technical staff is currently doing purchasing whereas they should concentrate on their core function, namely service delivery. It is recommended that procurement be centralised.

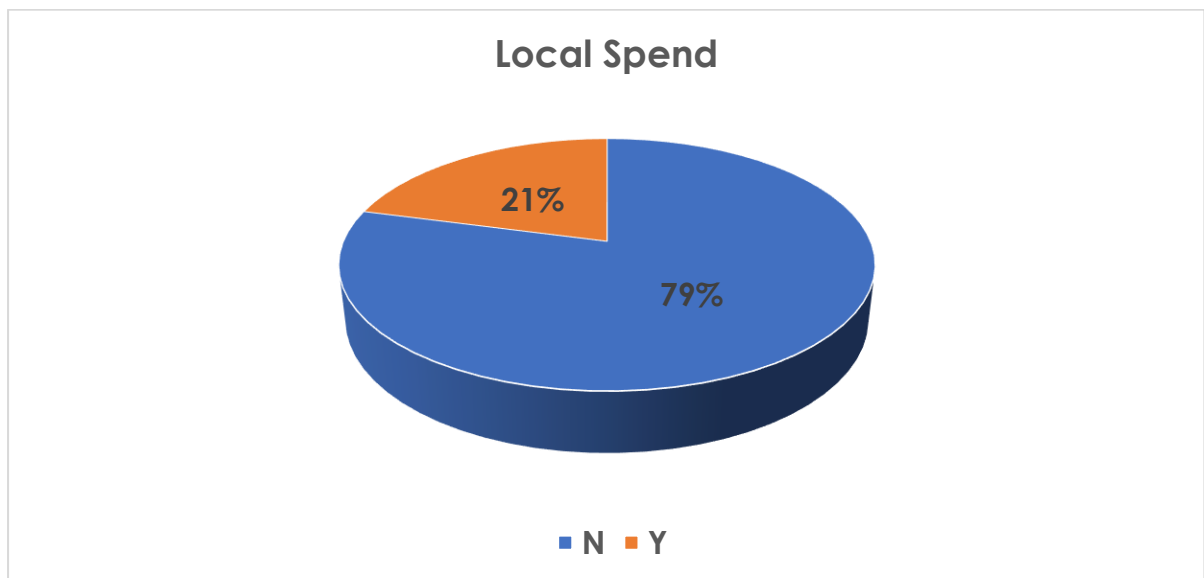
Below statistics of all orders processed via the SCM office (excluding statutory service providers) placed for the 4<sup>th</sup> quarter

## AWARDS PER BBBEE LEVEL

| BBBEE LEVEL        | VALUE             | % OF VALUE  |
|--------------------|-------------------|-------------|
|                    | 3 129 898         | 13%         |
| 1                  | 9 850 140         | 42%         |
| 2                  | 2 256 964         | 10%         |
| 3                  | 841 936           | 4%          |
| 4                  | 6 985 008         | 30%         |
| 5                  | 98 136            | 0%          |
| 7                  | 17 048            | 0%          |
| 8                  | 188 834           | 1%          |
| <b>Grand Total</b> | <b>23 367 964</b> | <b>100%</b> |



## LOCAL SPEND



### **12.3 Receiving and distribution of goods**

The receipt and issuing of goods are recorded timeously at the stores department. The way goods are currently distributed should however be reconsidered taking into account the cost involved. It is recommended that where practical a central point be used for the receiving and distribution of specified goods.

### **12.4 Vendor performance, maintenance and contract administration**

Vendor performance is continuously monitored and problems are promptly addressed by this office as they become known. Vendor records are updated regularly however the management and administration of contracts are not on the standard. This needs to receive the necessary attention and resources for improvement.

Out of the 224 contracts, nine (9) unsatisfactory performance reports were registered during this quarter in other words user departments were satisfied with 96% of our suppliers.

### **Disposal of assets**

None

### **13. RECOMMENDATION:**

1. That cognisance is taken of the report.
2. That the report is made public in accordance with section 21A of the Municipal Systems Act.