

SWELLEN DAM MUNICIPALITY



DIRECTORATE: FINANCIAL SERVICES

SUPPLY CHAIN MANAGEMENT

**1st QUARTER IMPLEMENTATION REPORT FOR THE
2024/2025 FINANCIAL YEAR**

30 September 2024

INDEX

The scope of the implementation review will include the following:

1. Introduction
2. Policy
3. Delegations
4. Demand Management
5. Acquisition Management
6. The Bid Committee System
7. Deviations
8. Awards to Close Family Members of Persons in the Service of the State
9. Awards to persons in the service of the state
10. Reports above R100,000 as submitted to National Treasury
11. Logistics, Disposal and Risk Management
12. Recommendation

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 1st quarter in terms of the 2024/2025 financial year of Swellendam Municipality:

2. POLICY

The new SCM policy was reviewed and adopted by Council on 27 May 2024 and incorporates the latest SCM prescripts, as required by paragraph 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 25 June 2024.

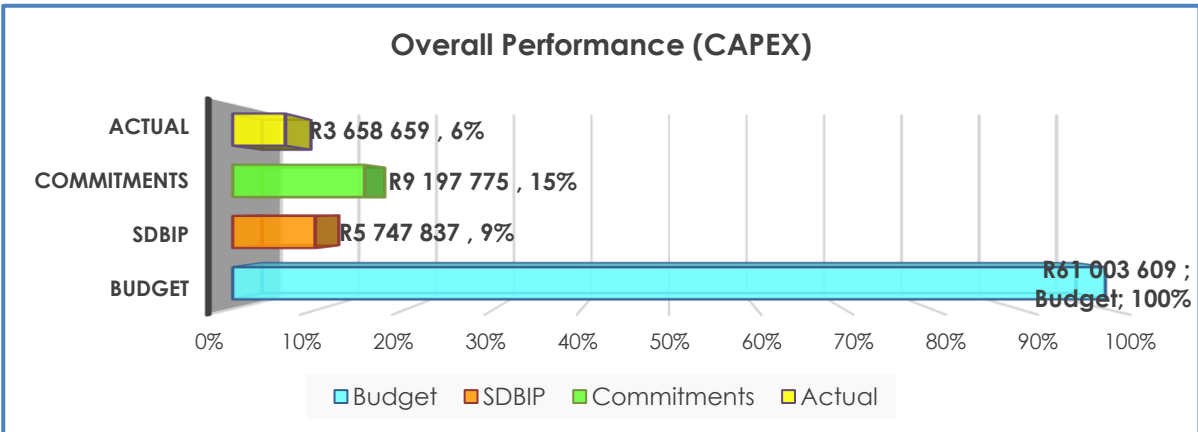
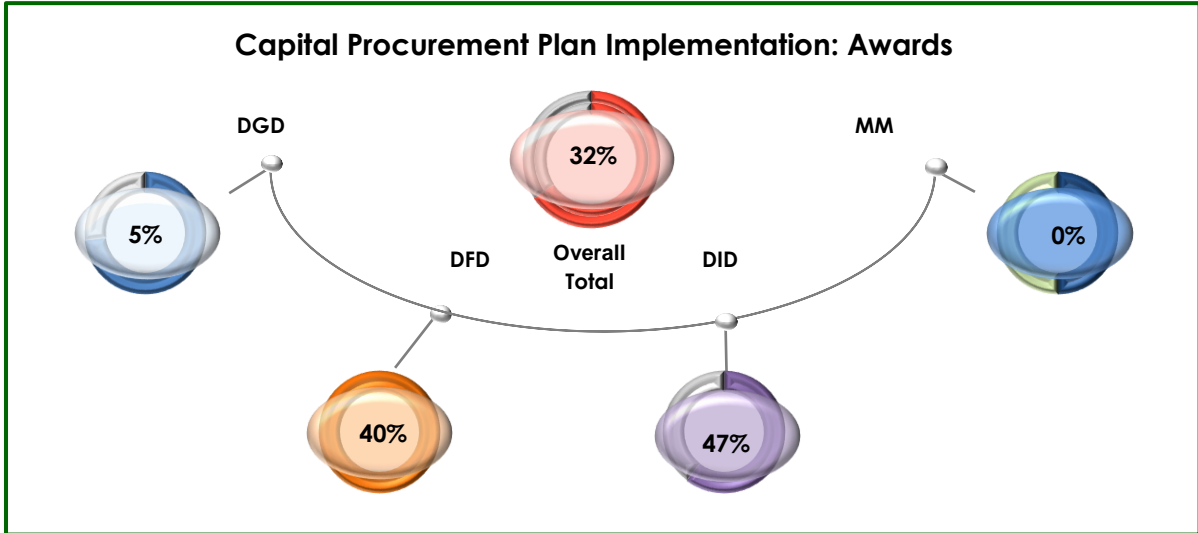
4. DEMAND MANAGEMENT

Preferred Suppliers Database

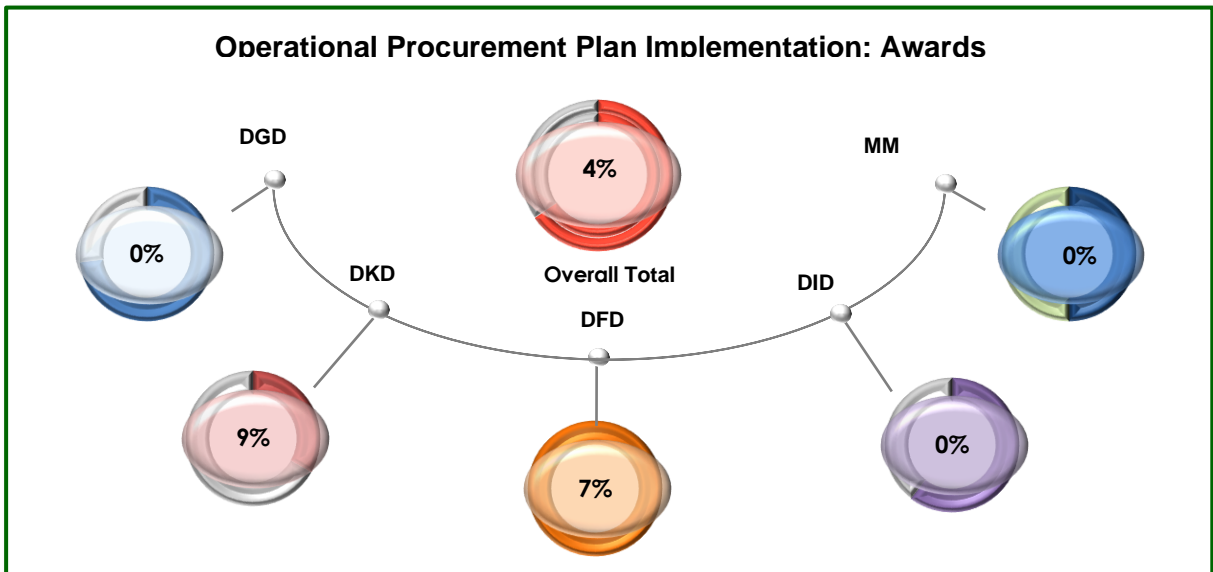
The Municipality is required by legislation to have and maintain a Database of Accredited Prospective Suppliers in order to ensure that all the procurement of goods and services for the Municipality is made through this Database. The Database has been developed from a manual one to a functional electronic

Database of Prospective Suppliers maintained by the SCMU. Currently, there are 1852 suppliers registered on this Database which represent an increase of 112 suppliers from the 1st quarter of last year. Service providers are also encouraged to register on the Central Supplier Database.

Procurement Planning Implementation: Capital



Operational



5. ACQUISITION MANAGEMENT

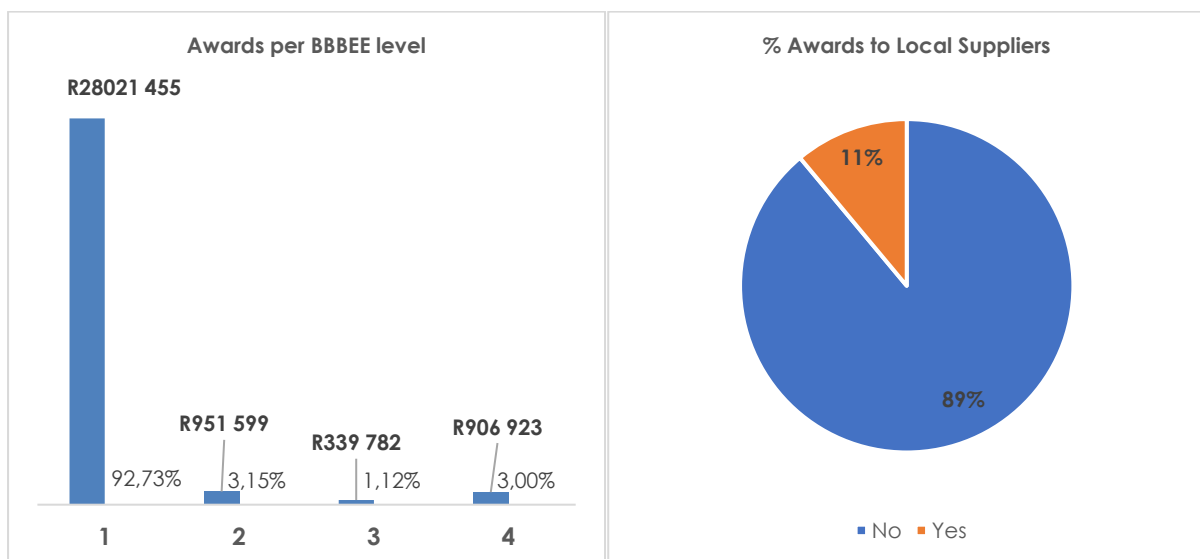
Procurement Statistics

Nr.	Process description	Total	Monthly average	Daily average	Value
1	No of BSC meetings	9	3	0,15	n/a
2	No of BEC meetings	13	4,33	0,22	n/a
3	No of BAC meetings	6	2	0,10	n/a
4	No of orders processed/placed	1039	346.33	17,32	R49 827 629
5	No of formal quotations awarded (R30 000 to R300 000)	1	0,33	0,02	R67 748
6	No of tenders awarded above R300 000	10	3,33	0,17	R25 900 869
7	No of awards above R30 000 (CIDB)	2	0,67	0,03	R16 228 746
8	No of contract price increases approved	4	1,33	0,07	n/a
9	No of contracts extended i.t.o MFMA circular 62	4	1,33	0,07	R1 331 384
10	No of contracts extended i.t.o s.116(3) of MFMA	3	1	0,05	R2 390 000
11	No of Deviations	10	3.33	0,17	R1 597 137
12	No of minor breaches	1	0.33	0,02	R7 510
13	No of stock receipts	296	98.67	4,93	R1 411 709
14	No of stock issued	2881	916	48,02	-R1 887 960
15	No of stock disposal	0	0	0	R0
16	No of stock take	3	1	0,05	R5 341 087
17	No of requests received for disposal	2	0.67	0,03	R5 369

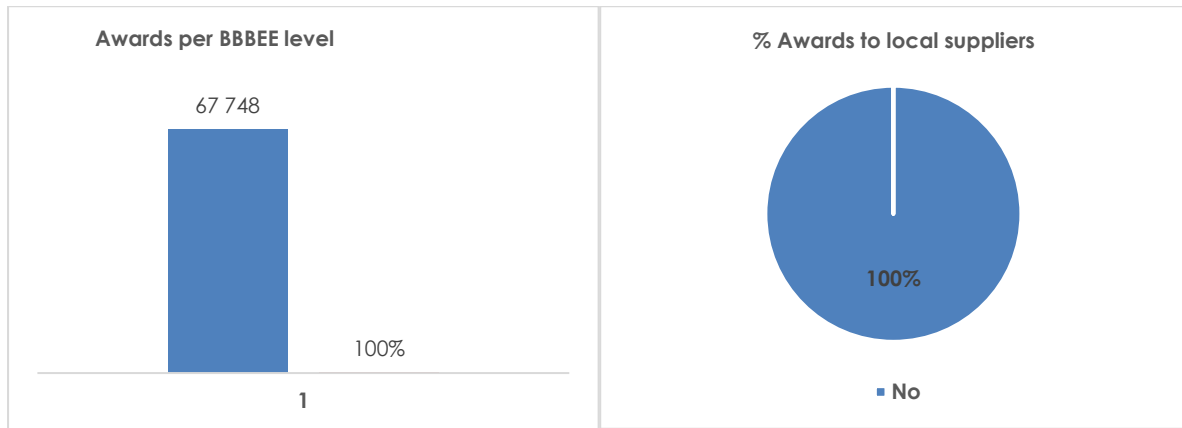
6. BID COMMITTEE SYSTEM

The Accounting Officer has appointed permanent members of the 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

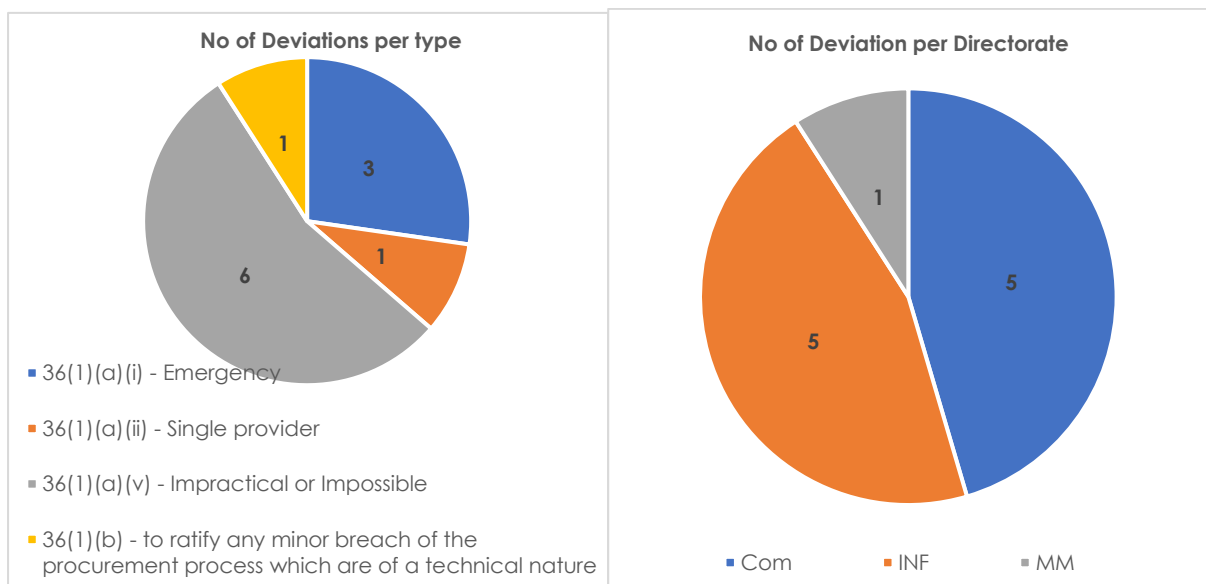
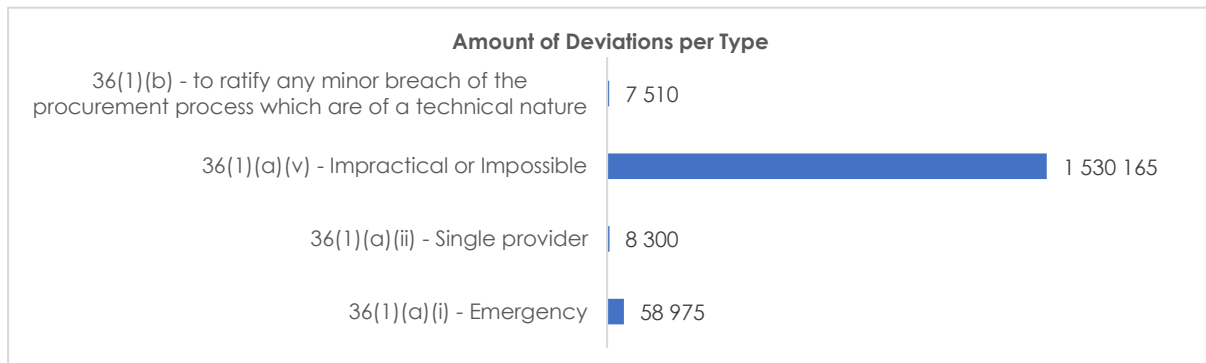


Formal Quotes >R30k awarded



7. DEVIATIONS FROM PROCUREMENT PROCESSES

Please find statistics as well as a schedule of the deviations approved by the Accounting Officer during the 1st quarter of the 2024/25 financial year:



8. 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	Jul	Aug	Sep	Total
1.	AH Windvogel	MPL R. Windvogel	Mother	Provincial Legislature	-	-	-	-
2.	Bazil Koopman	B. Koopman	Son	Dept of Education	-	-	R9 650	R9 650
3.	Gert Coetzee	L. Coetzee	Wife	Swellendam Municipality	-	-	-	-
4.	Hein's Auto Electrical	J. de Jager	Brother	Swellendam Municipality	R33 911	R30 344	R38 218	R102 473
5.	Jonathan Oktober	M Oktober	Wife	Swellendam Municipality	-	-	-	-
6.	Kemanzi (Pty) Ltd	J. du Toit	Wife	Dept of Education	R173 520	R86 760	R86 760	R347 040
7.	Khoisan Cave Holdings (Pty) Ltd	G. Jansen	Son	Swellendam Municipality	-	-	-	-
8.	Masakane Trading (Pty) Ltd	Q. Martin	Husband	SAPS	-	R6 680	-	R6 680
9.	Molatuseli (Pty) Ltd	A Sidloyi	Son	Swellendam Municipality	-	-	-	-
10.	Desmond Prins	J. Francis	Daughter	Dept of Health	-	-	-	-
11.	Hermanus Jacobus Swart	F. Swart	Brother	Swellendam Municipality	-	-	-	-
12.	Jacobus Cornelius Kouter	J. Kouter	Brother	Swellendam Municipality	-	-	-	-
13.	RD Beukes	D. Beukes	Mother	Swellendam Municipality	R10 095	R27 387	R11 135	R48 617
14.	Swellendam Bestuurskool (Pty) Ltd	R. Blauw	Son	Dept. of Education	-	-	-	-
15.	LSL Enterprises	G. Lebazi	Sister	Swellendam Municipality	-	-	-	-
16.	Agritech CC T/A Autozone	L. Baransky	Wife	Swellendam Municipality	-	-	-	-
17.	Phillip Crafford T/A Crafford Blinds	J. Crafford	Wife	Swellendam Municipality	-	-	-	-
18.	Red Ant Security	N. Lesiela	Wife	Mogale City Mun	-	-	-	-
19.	Jarsiem Carelse	W. Carelse	Son	Swellendam Municipality	R4 420	R3 600	R4 560	R12 580
20.	Durcharme Consulting	L.Mbakeni	Wife	Dept of Rural Development and Land Reform	R205 850	R1 200 948	R706 999	R2 113 797
							Total	R2 640 837

9. 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

10. 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 1st quarter of the 2024/25 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
SMT04/24/25	Merafe Holdings(Pty)Ltd	Supply and Delivery of a Digger Loader	R1 343 500,00	R1 343 500,00	0,00	0,00	1	Tender
SMT43/23/24	ARB Electrical Wholesalers	Supply, Delivery & Offload of Copper Clad Steel (CCS) Conductor Cable for a 3-Year Period	R1 161 929,27	R1 161 929,27	0,00	0,00	1	Tender
SMT47/23/24	Benver Civils and Plant Hire	Upgrading of Railton Gravel Roads and Stormwater Phase 3_Portion 1	R7 654 946,25	R7 654 946,25	0,00	0,00	1	Tender
SMT51/23/24	Riversdale Electric and General Dealers CC	Provision of Fault Finding & Repairs Services of High Voltage Cable	R906 922,75	R906 922,75	0,00	0,00	4	Tender
SMT54/23/24	Sibakulu Trading (Pty)Ltdf	Provision of Cash-In-Transit Service For a 3 Year Period	R997 933,56	R997 933,56	0,00	0,00	1	Tender
SMT02/24/25	Kemanzi (Pty)Ltd	Supply and Delivery of Liquid Aluminium for Water Purification for a 3 Year Period	R1 501 900,00	R1 501 900,00	0,00	0,00	1	Tender
SMT10/24/25	First Storage centre	Supply, Delivery and Installation of a Structural Mezzanine Floor	R301 075,00	R301 075,00	0,00	0,00	2	Transversal Tender
SMT41/23/24	Bantom Performance Centre	Repairs and Maintenance of Vehicles & Specialised Vehicles	R2 865 333,89	R2 865 333,89	0,00	0,00	1	Tender
SMT09/24/25	Infintix Connect (Pty)Ltd	Supply and Delivery of Computers	R253 546,68	R253 546,68	0,00	0,00	1	Transversal Tender
SMT13/24/25	Toyota South Africa Motors (Pty)Ltd	Supply and Delivery of a Light Delivery Vehicle	R339 781,65	R339 781,65	0,00	0,00	3	Transversal Tender
SMT01/24/25	Umzali Civisl	Upgrading Swellendam Bulk Water - Gravity Main Water Treatment Plant to Railton Pump Station	R8 574 000,00	R8 574 000,00	0,00	0,00	1	Tender

11. 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.

11.1 Inventory Control

The value of the stock at the end of the 1st quarter was recorded at R5 538 159. Regular ad hoc inspections and scheduled stock-takes are conducted.

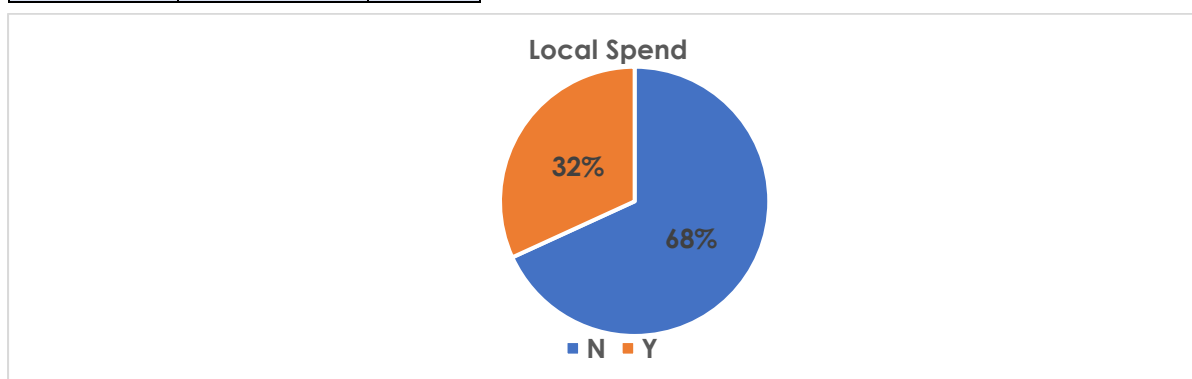
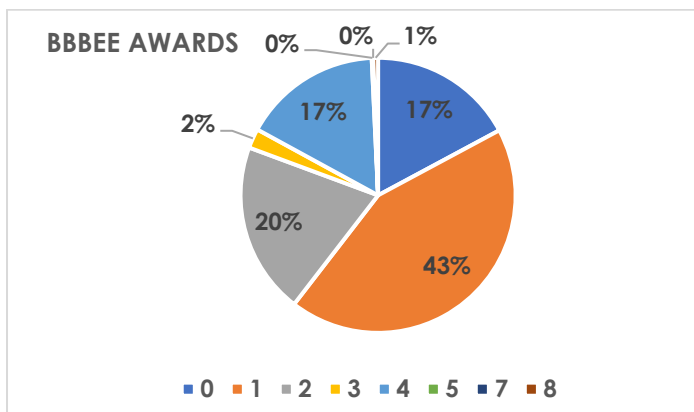
11.2 Placing of orders

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 (excluding statutory service providers) placed for the 1st quarter

AWARDS PER BBBEE LEVEL

BBBEE LEVEL	Amount	%
0	8 144 240	17,17%
1	20 537 297	43,29%
2	9 576 809	20,19%
3	1 091 184	2,30%
4	7 739 343	16,31%
5	73 939	0,16%
7	13 842	0,03%
8	263 663	0,56%
Grand Total	47 440 319	100,00%



11.3 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.

11.4 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 129 contracts, three (3) unsatisfactory performance reports were registered during this quarter.

Disposal of assets

None.

12 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.

REPORT SUBMITTED BY:

B. BEYERS
MANAGER SCM
09 OCTOBER 2023

APPROVED BY:

A VORSTER
MUNICIPAL MANAGER

RECOMMENDED BY:

E. WASSERMAN
CHIEF FINANCIAL OFFICER

HF DU RAND
EXECUTIVE MAYOR