

REPORT ON SUPPLY CHAIN POLICY IMPLEMENTATION FOR THE YEAR ENDING 31 DECEMBER 2023 C (9/1/B)

Report: Municipal Manager (Chief Financial Officer) 2024-01-02

1. PURPOSE

The purpose of the report is to inform the Mayoral Committee of the Supply Chain Management policy implementation for the year ending 31 December 2023.

2. BACKGROUND

The MFMA Municipal Supply Chain Management Regulations published under GG 27636 determines the following under 6(2):

“(2) in the case of a municipality, within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality;”

3. DISCUSSION

Lekwa Local Municipality has approved the Supply Chain Management policy for the 2023/2024 financial year which came into effect on 1st July 2023.

The annual report under Supply Chain Management policy is in accordance with the SCM regulations and PPR of 2017.

The following is a summary of the Supply Chain Management activities for 01 October 2023 – 31 December 2023:

OCTOBER 2023 – DECEMBER 2023

ORDERS UNDER R 30 000	51
VALUE OF ORDERS UNDER R 30 000	610 692.46
ORDERS BETWEEN R 30 000 AND R 199 999.99	34
VALUE OF ORDERS BETWEEN R 30 000 AND R 199 999.99	3 473 419.37
ORDERS ABOVE R 200 000.00	23
VALUE OF ORDERS ABOVE R 200 000.00	18 934 463.29
ORDER DELETED	2
VALUE OF DELETED ORDERS	197 871.47
TOTAL NUMBER OF ORDERS (ex deleted)	106
VALUE OF ORDERS (ex deleted)	22 820 703.65

OCTOBER 2023

ORDERS UNDER R 30 000	28
VALUE OF ORDERS UNDER R 30 000	274 373.47
ORDERS BETWEEN R 30 000 AND R 199 999.99	12
VALUE OF ORDERS BETWEEN R 30 000 AND R 199 999.99	1 207 803.62
ORDERS ABOVE R 200 000.00	8
VALUE OF ORDERS ABOVE R 200 000.00	5 679 172.88
ORDER DELETED	0
VALUE OF DELETED ORDERS	-
TOTAL NUMBER OF ORDERS (ex deleted)	48
VALUE OF ORDERS (ex deleted)	7 161 349.97

NOVEMBER 2023

ORDERS UNDER R 30 000	18
VALUE OF ORDERS UNDER R 30 000	272 166.75
ORDERS BETWEEN R 30 000 AND R 199 999.99	16
VALUE OF ORDERS BETWEEN R 30 000 AND R 199 999.99	1 703 370.36
ORDERS ABOVE R 200 000.00	9
VALUE OF ORDERS ABOVE R 200 000.00	6 089 934.96
ORDER DELETED	2
VALUE OF DELETED ORDERS	197 871.47
TOTAL NUMBER OF ORDERS (ex deleted)	41
VALUE OF ORDERS (ex deleted)	7 867 600.60

DECEMBER 2023

ORDERS UNDER R 30 000	5
VALUE OF ORDERS UNDER R 30 000	64 152.24
ORDERS BETWEEN R 30 000 AND R 199 999.99	6
VALUE OF ORDERS BETWEEN R 30 000 AND R 199 999.99	562 245.39
ORDERS ABOVE R 200 000.00	6
VALUE OF ORDERS ABOVE R 200 000.00	7 165 355.45
ORDER DELETED	0
VALUE OF DELETED ORDERS	-
TOTAL NUMBER OF ORDERS (ex deleted)	17
VALUE OF ORDERS (ex deleted)	7 791 753.08

Deviations

Paragraph 7.2.21 of the Supply Chain Management policy deals with the deviation from and ratification of minor breaches of procurement processes and determines as follows:

“7.2.21.1 The Municipal Manager may:

(a) dispense with the official procurement processes established by the SCM Policy and procure required goods or services through any convenient process, which may include direct negotiations, but only:

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos and/or nature and game reserves; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

7.2.21.2 The accounting officer must record the reasons for any deviations in terms of sub-paragraphs 7.2.21.1(a) and (b) above and report them to the next meeting of the Council and include it as a note to the annual financial statements.

7.2.21.3 Subparagraph 7.2.21.2 does not apply to the procurement of goods and services contemplated in paragraph 2.2 of Chapter 3.”

Deviations

ORDER NUMBER	DATE	SUPPLIER	AMOUNT	DESCRIPTION	REASON
43132	2023/12/11	TWK Motors (PTY) LTD t/a Toyota Standerton	R696 851.55	1 x Toyota Hilux 2.4GD – 6 Raider X4x4 For EM	Using of RT contract impractical as delivery of vehicle will only be in June 2024, Local Toyota supplier has stock of vehicle

Tender appointments

Project Number	Bidder	Project Description	Contract Duration	Amount Awarded	Contract start	Contract end
DTS 02-2023-2024 (Panel)	MPPM Consulting Engineering	Design, construction supervision and project administration and closeout for the supply and installation of 26 highmast lights in different wards of the municipality (ward 9,12,13, and 14) in Lekwa Local Municipality	36 months	R 1 316 601,08	2023/11/02	2026-11-01
DTS 01-2023-2024 (PANEL)	2MC Consulting Enginners	Design, construction supervision and project administration and closeout for the rehabilitation of 5KM Bauman street adjoining the	36 months	R 3 110 290,00	2023/11/02	2026-11-01

		R50 and R39 provincial Road in Lekwa Local Municipality				
BTO 01-2023-2024	Riley Auctioneers T/A Riley Autions Africa	Appointment of a service provider for the auctioneering of movable assets for a period of 36 months	36 months	3%	2023/12/13	2026/12/12
CS 01-2023-2024	Emalangi Technologies (PTY) LTD	Appointment for upgrade and procurement of the server room infrastructure	12 months	R2 756 455.69	2023/12/13	2024/12/12

BBBEE performance assessment (October 2023 to December 2023)

Local Suppliers						31
Rand value to local suppliers						R509 380.15
Percentage of local suppliers used						80%
Percentage of purchases to local suppliers						7%
Level 1 BBBEE suppliers						73
Rand value to level 1 suppliers						R21 639 041.93
Percentage of level 1 suppliers used						213%
Percentage of purchases to lvl 1 suppliers						285%

OTHER MATTERS

No service provider was reported to National Treasury for restricted listing due misconduct in terms of the Supply Chain Regulations.

LOGISTICS/STORES

The quarterly stock take was conducted on 31/12/2023.

	2st quarter
Stock on hand BEFORE STOCK TAKING	3 127 826.95
Surplus recorded	2 917.76
Shortage	- 1586.28
NET SURPLUS/SHORTAGE	1331.48
Stock after Adjustment	3 129 158,43
% SURPLUS/SHORTAGE FOR QUARTER	-0,04%
STOCK VALUE AFTER ADJUSTMENT FROM PREVIOUS QUARTER	4 113 220,42
INCREASE/(DECREASE) IN STOCK VALUE	-1 488 895,69
% INCREASE/(DECREASE) IN STOCK FOR THE QUARTER	-32%

RECOMMENDATION BY THE EXECUTIVE MAYOR

1. That the report of the Executive Mayor on the implementation of the Supply Chain Management Policy for the financial year 2023/2024, ending 30 June 2024 in terms of the MFMA Supply Chain Regulations **BE NOTED**.
2. That the Procurement report for goods and services **BE NOTED**
3. That the Deviation procurement report for goods and services **BE NOTED**
4. That the stores stock **BE NOTED** as per the stock take
5. That the Report **BE PUBLISHED** on the Lekwa Municipality's website as per SCM regulation 6(2)