

Council: 2023-10-31

A163 REPORT ON SUPPLY CHAIN POLICY IMPLEMENTATION FOR THE YEAR ENDING 30
SEPTEMBER 2023 C (9/1/B)

Report: Executive Mayor: 2023-10-02

1. PURPOSE

The purpose of the report is to inform Council of the Supply Chain Management policy implementation for the year ending 30 September 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 2022/2023 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 July 2023 – 30 September 2023:

JULY 2023 – SEPTEMBER 2023

ORDERS UNDER R 30 000	124
VALUE OF ORDERS UNDER R 30 000	1 031 338.20
ORDERS BETWEEN R 30 000 AND R 199 999.99	63
VALUE OF ORDERS BETWEEN R 30 000 AND R 199 999.99	6 517 500.19
ORDERS ABOVE R 200 000.00	22
VALUE OF ORDERS ABOVE R 200 000.00	23 770 070.08
ORDER DELETED	9
VALUE OF DELETED ORDERS	653 406.60
TOTAL NUMBER OF ORDERS (ex deleted)	200
VALUE OF ORDERS (ex deleted)	30 665 502.17

JULY 2023

ORDERS UNDER R 30 000	37
VALUE OF ORDERS UNDER R 30 000	350 344.70
ORDERS BETWEEN R 30 000 AND R 199 999.99	22
VALUE OF ORDERS BETWEEN R 30 000 AND R 199 999.99	2623326.38
ORDERS ABOVE R 200 000.00	9
VALUE OF ORDERS ABOVE R 200 000.00	13 824 816.97
ORDER DELETED	1
VALUE OF DELETED ORDERS	- 366
TOTAL NUMBER OF ORDERS (ex deleted)	67
VALUE OF ORDERS (ex deleted)	16 798 122.35

AUGUST 2023

ORDERS UNDER R 30 000	54
VALUE OF ORDERS UNDER R 30 000	417 896.29
ORDERS BETWEEN R 30 000 AND R 199 999.99	25
VALUE OF ORDERS BETWEEN R 30 000 AND R 199 999.99	2 623278.34
ORDERS ABOVE R 200 000.00	10
VALUE OF ORDERS ABOVE R 200 000.00	7 814 541.23
ORDER DELETED	2
VALUE OF DELETED ORDERS	14654.80
TOTAL NUMBER OF ORDERS (ex deleted)	87
VALUE OF ORDERS (ex deleted)	10 841 061.06

SEPTEMBER 2023

ORDERS UNDER R 30 000	33
VALUE OF ORDERS UNDER R 30 000	263 097.21
ORDERS BETWEEN R 30 000 AND R 199 999.99	16
VALUE OF ORDERS BETWEEN R 30 000 AND R 199 999.99	1 270 895.47
ORDERS ABOVE R 200 000.00	3
VALUE OF ORDERS ABOVE R 200 000.00	2 130 711.88
ORDER DELETED	6
VALUE OF DELETED ORDERS	-638 385.80
TOTAL NUMBER OF ORDERS (ex deleted)	46
VALUE OF ORDERS (ex deleted)	3 026 318.76

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
N/A	N/A	N/A	N/A	N/A	N/A

Tender appointments

Project Number	Bidder	Project Description	Contract Duration	Amount Awarded	Contract start	Contract end
BTO 11/2022/2023	MAXPROF (PTY) LTD	VAT RECOVERY SERVICE FOR LEKWA LOCAL MUNICIPALITY	36 months	4.03%	01/10/2023	30/09/2026
DTS 1/2023/2024	SHANDIZ WEST (PTY) LTD	INSTALLATION OF NEW VIP TOILETS AT WARDS 12 AND 13	12 months	R1 329 940.50	01/10/2023	30/06/2025
DTS 02/2023/2024	MUDOITA INVESTMENT	DRILLING OF BOREHOLES AT RURAL WARDS (9,12 &13)	12 Months	R998 085.00	01/10/2023	30/06/2025

BBBEE performance assessment (July 2023 to September 2023)

Local Suppliers							84
Rand value to local suppliers							R1 771927.70
Percentage of local suppliers used							127.79%
Percentage of purchases to local suppliers							19.66%
Level 1 BBBEE suppliers							116
Rand value to level 1 suppliers							R25 448 161.87
Percentage of level 1 suppliers used							169.13%
Percentage of purchases to lvl 1 suppliers							252.87%

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 30/09/2023.

	1st quarter
Stock on hand BEFORE STOCK TAKING	4 618 342.62
Surplus recorded	-
Shortage	- 288,50
NET SURPLUS/SHORTAGE	- 288,50
Stock after Adjustment	4 618 054,12
% SURPLUS/SHORTAGE FOR QUARTER	-0,01%
STOCK VALUE AFTER ADJUSTMENT FROM PREVIOUS QUARTER	4 113 220,42
INCREASE/(DECREASE) IN STOCK VALUE	504 833,70

% INCREASE/(DECREASE) IN STOCK FOR THE QUARTER

12%

RECOMMENDATION BY THE EXECUTIVE MAYOR

- (1) That the report of the Executive Mayor on the implementation of the Supply Chain Management Policy for the first quarter ending 30 September 2023 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).