

QUARTER THREE PROCUREMENT REPORT TO COUNCIL – 01 JANUARY TO MARCH 2011

**ITEM**

**TO: COUNCIL**

**RECOMMENDATION: FINANCE PORTFOLIO COMMITTEE**

**RE: SUPPLY CHAIN MANAGEMENT**

**REPORT BY THE CHIEF FINANCE OFFICER**

**1. PURPOSE OF THE REPORT**

The purpose of the report is to inform Council tenders on bids awarded above R30 000, Bids empowerment goals, projects validity turn-around time and the contract reports for the financial year 2010/11 from 01 January 2011 ending 31 March 2011, for notification.

**2. LEGISLATIVE / STATUTORY REQUIREMENTS**

The Municipal Finance Management Act of 56 of 2003 updated 2008 section 79 and 106  
And Municipal Supply Chain Management Regulations - Gazette 27636 of 30 May 2005, Section 5 on sub-delegations number (1-6) states that:-

*(3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with sub delegation (2) must within five days of the end of each month submit to the official referred to in subsection (4) a written report containing particulars of each final award made by such official or committee during the month, including-*

- a) The amount of the award*
- b) The name of the person to whom the award was made , and*
- c) The reason why the award was made to that person*

*(4) A written report referred to in sub regulation (3) must be submitted to the chief finance officer or senior manager responsible for the relevant bid, in the case of an award by a manager directly accountable to the CFO or the senior manager.*

Furthermore, the Municipal Finance Management Act of 56 of 2003 updated 2008 section 116 on contracts management states that the municipality can terminate the contract in case of non or under performance and sub-section (d) says that the municipality must regularly report to council on management of contracts and performance of the contractors.

**3. BACKGROUND, EXPOSITION, FACTS AND PROPOSALS**

In terms of Council's policy, the Bid Adjudication Committee shall comprise of at least six members and is chaired by the Chief Finance Officer as from May 2008. Council's Bid Adjudication Committee comprises of the Chief Financial Officer, Divisional Manager Legal Services, Manager Infrastructure Development, Divisional Manager Council Committees, Manager Social Services and Manager Planning and Economic Development. The Committee makes recommendations to the Municipal Manager. Bid Evaluation Committee consist of 6 members chaired by Divisional Manager Planning & Economics' Office and their responsibility is to evaluate all tenders and make recommendation to the Bid Adjudication Committee.

In terms of SCM Regulations such report will comprise of the following:-

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- a) The amount of the award
- b) The name of the person to whom the award was made , and
- c) The reason why the award was made to that person
- d) The department responsible
- e) The date the order/ cheque was made

The reports on awards through tendering process, notice board system and quotation system do not include the deviations from the Supply Chain Management Policy which occurred during the quarter. Only quotations above the value amount of R30 000 as per delegated powers are included in the report of orders issued during quarter 3 of the year 2010/11.

### **4. STAFF IMPLICATIONS**

None

### **5. FINANCIAL IMPLICATIONS**

Amounts of bids procured above R30 000 with empowerment goals as per attached procurement report (Annexure A).

Amounts of bids awarded above R200 000 as per attached Bid Adjudication Committee procurement report (Annexure B).

Report on the validity period of tenders during through-out the procurement process is attached (Annexure C).

Contract Management Report for 2010/ 2011 and 2009/2010 1 IDP projects as at 30 December 2010 is attached (Annexure D).

### **6. OTHER PARTIES CONSULTED**

Section 57 managers  
Accounting Officer  
Chief Financial officers

### **7. ANNEXURES**

Annexure A - Quotations above R30 000 with empowerment goals report,  
Annexure B- Tenders above R200 000 with empowerment goals report,  
Annexure C - Tender validity turn-around report  
Annexure D - Contract Management Report

### **8. AUTHORITY**

Municipal Finance Management Act, No 56 of 2003.  
Municipal Supply Chain Management Regulations - Gazette 27636 of 30 May 2005

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WDM Revised Supply Chain Management Policy as at 29 June 2010

### **9. RECOMMENDATION:**

1. That the quarterly report for the quarter ending 31 March 2011 by the Municipal Manager regarding the procurement above R30 000 and the empowerment goals be noted (Annexure A).
2. That the quarterly report as at the 31 March 2011 by the Municipal Manager regarding the bids above R200 000 which are recommended by the Bid Adjudication Committee and approved by the Municipal Manager, be noted (Annexure B).
3. That the Validity turn-around report (Annexure C) for the financial year 2010/11 from 01 January 2011 ending 31 March 2011 by the Municipal Manager be noted.
4. That the Contract Management Report from the 01 July 2009 to 31 March 2011 on IDP Projects by the Municipal Manager be noted ((Annexure D).