

ITEM

REPORT BY THE CHIEF FINANCIAL OFFICER

RE: SUPPLY CHAIN MANAGEMENT QUARTERLY DEVIATION REPORT FOR JUNE 2012

1. PURPOSE OF THE REPORT

The purpose of the report is to inform Council on limited bidding procurements and gross deviations from the Supply Chain Management Policy for the quarter ending 30 June 2012, for notification.

2. LEGISLATIVE / STATUTORY REQUIREMENTS

The Municipal Supply Chain Management Regulations - Gazette 27636 of 30 May 2005, Section 36 and Section 99 of our Supply Chain Management Policy approved 29 June 2010 reads as follows:

Deviation from, and ratification of minor breaches of, procurement processes

36. (1) A supply chain management policy may allow the accounting officer–

(a) to dispense with the official procurement processes established by the policy and to procure any 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; or**
- (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and**

(b) to 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.

(2) The accounting officer must record the reasons for any deviations in terms of subregulation (1)(a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements.

3. BACKGROUND, EXPOSITION, FACTS AND PROPOSALS

Limited bidding consists of 3 types of procurement, namely:

- Multiple source: If there is limited competition, hence only a few prospective bidders are allowed to make a proposal. This should be based on a thorough analysis of the market
- Single source: This should be based on a thorough analysis of the market and use a transparent and equitable pre-selection process, to request only one amongst a few prospective bidders to make a proposal
- Sole source: If there is no competition and only one bidder exists (for example, sole distribution)

This report summarizes the gross deviations from the Supply Chain Management Policy which occurred during the quarter ending 30 June 2012, that was approved by the Accounting Officer.

4. STAFF IMPLICATIONS

None

5. FINANCIAL IMPLICATIONS

Amounts of limited bidding procurement as per attached Limited Bidding procurement report.

Amounts of Emergency / Urgent procurement as per attached Emergency / Urgent Bidding procurement report.

Amounts of Gross deviations as per attached avoidable deviations procurement report.

Deviations might lead to costly procurements or fruitless and wasteful expenditure in some instances.

6. OTHER PARTIES CONSULTED

Divisional Managers, Section 57 managers and Accounting Officer.

7. ANNEXURES

Supply Chain Management Procurement Deviation Report for the quarter ending 30 June 2012 (Annexure A).

8. AUTHORITY

Municipal Finance Management Act, No 56 of 2003.

Municipal Supply Chain Management Regulations - Gazette 27636 of 30 May 2005

9. RECOMMENDATION:

That:

1. The quarterly report for the fourth quarter ending 30 June 2012 by the Municipal Manager regarding the limited bidding procurement, urgent/emergency procurement and avoidable deviations from the Supply Chain Management Policy, be noted (Annexure A).

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DEVIATIONS REPORT

In terms of section 36 of the Municipal Supply Chain Management Regulations, the Accounting Officer must sign – off all the deviations and minor breaches of the procurement processes. A register of such breaches must also be kept. The deviation report includes the limited bidding procurement, emergency procurement, urgent procurement and the avoidable/ gross deviation.

LIMITED BIDDING

NO	Service providers	Date	Cheque/ Order No.	Amount	Description	Vote No.	Type of limited bidding	Dept
1.	University of Pretoria	30/04/2012	000522	R 2, 200.00	Workshop skills plan for Mothata Kenneth, Munzhedzi Jane, Makibelo Portia and Mthombene Salthiel	015139	Single source bidding as that is the institution that is accredited by national treasury & in partnership with SALGA to offer the course to the municipal officials.	CSSS
2.	CSS Tirisano	18/04/2012	000492	R 4,095.58	Repair of Laptop	016215	Single source as the service provider was appointed to inspect and identify the problem with the laptop. He was then appointed to fix it.	CSSS
3.	Limpopo Tourism & Parks	18/04/2012	000493	R 172,978.54	Tourism Indaba stands Design.	090504	Single source -product of artistic nature. Single source as the service provider was appointed by the tourism association to be utilized to provide stands for tourism indaba.	PED

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4.	Waterberg Business Chamber	16/04/2012	000476	R 50,000.00	Monthly maintenance of Modimolle cameras system.	090504	Single source as they are the service provider in Waterberg that installed the surveillance cameras.	PED
5.	University of South Africa	04/05/2012	000534	R 50 000.00	Training for Environmental Management enforcement and prosecution (MN Phahlane, TJ Koka and TV Raphunga)	SE011	Single source as they are the only accredited service provider that offers such workshop on fire prevention. Three (3) quotes cannot be obtained as they will not be comparable.	SDCS
6.	SABC Group Sales and Marketing	07/05/2012	000544	R 30 666.00	Radio slot for the district public participation event	CO011	Organ of state utilised and SCM Regulations does not apply to procurement through organ of state.	EMO
7.	Limpopo Athletics Association	07/05/2012	000545	R 150 000.00	Executive Mayoral Tournament	SC012	Organ of state utilised and SCM Regulations does not apply to procurement through organ of state.	EMO
8.	Manare Legodi Construction cc	10/05/2012	000567	R 48,000.00	Promotional material for Public Participation Programme.	CO011	The company is recommended for the purpose of maintaining consistency in line with the already developed materials. The company's artwork and design meet the requirements and principles and guidelines in terms of the event management.	EMO

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9.	Mercedes Benz Fountains	18/05/2012	000605	R 31,478.32	Supply and Installation of 5 tyres and 1 rim for the Mayoral vehicle (CJB 336 L)	016230	Limited bidding. Single source due to the targeted market.	CSSS
10.	Gatetronics	18/05/2012	000606	R 1,859.80	Procurement of remote control for gate and 20 batteries	016230	Single source- There was no service providers in the WDM's database that provide gate remotes, Gatetronics is the company that installed our gates and have information about our remotes and are much reasonable.	CSSS
11.	Majoy Marketing and Promotion	18/05/2012	000611	R 38,200.00	Performers for candle light day ceremony.	CO017	Single source bidding due to its uniqueness and the artistic nature of the dance group. Three quotes can not be obtained as they will not be comparable.	EMO
12.	Lekkerbreek Primary School	18/05/2012	000614	R 800.00	Conference venue for Provincial sports Indaba.	SCO09	Organ of state utilised and SCM Regulations does not apply to procurement through organ of state.	EMO
13.	Torque Computer Career Campus (Pty) Ltd	22/05/2012	000625	R 28,152.00	Training for Information Technology for P Nekhalale and K Bezuidenhout.	015139	Single source as they are the only accredited service provider that offers such workshop on fire prevention. Three (3) quotes cannot be obtained as they will not be comparable.	CSSS

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14.	Limpopo Nissan	28/05/2012	000635	R 2,368.08	Service of Council vehicle BRX 890 L -150 000km.	016230	Second highest service provider recommended due to F & C workshop is the lowest but they are in Mokopane and the vehicle to be serviced is in Modimolle. When petrol costs are included when vehicle is taken to Mokopane it become more costly than to use Limpopo Nissan which is the nearest and it is in Modimolle.	CSSS
15.	SABC Radio Sales	04/06/2012	000651	R 36,730.80	Live broadcast by Thobela FM during the Executive Mayor's marathon on the 09 June 2012 between Bela-Bela and Modimolle.	SCO12	Organ of state utilised and SCM Regulations does not apply to procurement through organ of state.	EMO
16.	IMFO	04/06/2012	000652	R 3,060.00	Registration to attend Audit and Risk Indaba at Durban for Chief internal Auditor (M Mphahlele)	015104	Single Source as it is the only institute for municipal finance officials	OMM
17.	Saice	06/06/2012	000655	R 1,050.01	Purchase of books: GCC for construction works 2 nd edition 2010.	015109	Saice is a sole supplier of the GCC for construction works 2 nd edition 2010.	ID

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18.	Bertie Joubert Eiendomme BK	07/06/2012	000660	R 16,400.00	Payment for rental of offices at Thabazimbi.	015125	Single source as the service provider had the required office space to accommodate WDM EHP officials.	SDCS
19.	Department of Road and Transport	07/06/2012	000663	R 936.00	Application for road permit , X 4 traffic officers, X 4 vehicles	SCO12	Organ of state utilised and SCM Regulations does not apply to procurement through organ of state.	EMO
20.	PMG Health Modimolle	07/06/2012	000664	R 5,772.00	Service of 3 ambulances during the Executive Mayor's marathon on the 09 th June 2012 in Modimolle Hoerskool from 5H00am to 14H00 pm.	SCO12	Organ of state utilised and SCM Regulations does not apply to procurement through organ of state.	EMO
21.	Humphries Boedery(EDMS)	12/06/2012	000688	R 1,036.60	Damage meat claim.	015193	Humphries Boedery, which is one of the clients at the abattoir request compensation for one of their pigs that died at the abattoir. The pig died because it was not slaughtered on the day of the arrival, which was the 5 th March 2012 because of the breakdown of the pig's dehairing machine on the 5 th March 2012, this incident occurred during production.	PED

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22.	Modimolle Local Municipality	13/06/2012	000701	R 384.00	Renewal of licenses (BSG 336 L)	016230	Organ of state utilised and SCM Regulations does not apply to procurement through organ of state.	CSSS
23.	Modimolle Local Municipality	15/06/2012	000718	R 8,232.00	Renewal of licences CCS 781L, CHS 287L and CHS 396L.	016230	Organ of state utilised and SCM Regulations does not apply to procurement through organ of state.	OMM
24.	Imbizo Trading and Development Consultants cc	18/06/2012	000720	R 76,950.00	Training camp for sport administrators.	090506 SCO09	Single source- the appointment of Imbizo Trading and Development Consultants cc is informed by the level of satisfaction displayed by beneficiaries of three districts within the province and to maintain uniformity in terms of quality of knowledge disseminated.	EMO
25.	G and Y Training Institute	21/06/2012	000745	R 7,500.00	Registration for Spatial planning, land use management and sustainable development Indaba 2012 from 04 to 06 July 2012 in Boksburg for Pathu Siebe .	070202	Single source as they are the only accredited service provider that offers such workshop on asset management. Three (3) quotes cannot be obtained as they will not be comparable	PED

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26.	Dynasty Printers (Pty) Ltd	26/06/2012	000754	R 159,991.02	Printing of 150 IDP documents 150 annual reports.	015197	Limited bidding instead of notice board advertisement so that both the 2012/13 IDP and 2010/11 Annual report are available on time to communities, local municipalities and provincial government.	OMM
27.	Institute of People Management	27/06/2012	000756	R9, 747.00	Registration for S Mthombene to attend IMPSA (The Institute of Municipal Personnel Practitioners of South Africa) conference.	070202	Single source as they are the accredited service provider that offers such course to the municipal officials.	CSSS
28.	University of Pretoria	27/06/2012	000757	R 7,200.00	Registration for G Matlou and W Moagi for Municipal Finance Management Programme: Supply Chain Management and Public Private Partnership course.	070202	Single source bidding as that is the institution that is accredited by national treasury & in partnership with SALGA to offer the course to the municipal	CSSS
29.	Limpopo Nissan Nylstroom	13/06/2012	000699	R 7,845.72	Repair of Nissan Tida BRX 890L (Replacement of clutch plate)	016230	Single Source- Limpopo Nissan is recommended because it is local, three quotes are not possible since the car was towed to Modimolle.	CSSS

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30.	Reflections Institute for Development cc	03/04/2012	000458	R 125,400.00	Health and Hygiene training for 25 people.	015139	Multiple source bidding was utilised instead of notice board advertisement due to the type service required the selection of only accredited service providers.	CSSS
31.	Dike Dike Catering and Projects	03/05/2012	000564	R 3 800.00	Catering for Municipal Health meeting on the 04 May 2012.	015163	Multiple source bidding – One of the three service providers at Thabazimbi could not forward the quotation due to unavailability of electricity.	SDCS
32.	Julikon Trading and Projects cc	10/05/2012	000562	R 33 ,250.00	Catering for breakfast and lunch for Public Participation event on the 12 May 2012.	CO011	Multiple source bidding was utilized instead of notice board advertised to encourage local suppliers where the event is held to participate in progressive bidding.	EMO
33.	Legodi Productions cc	10/05/2012	000569	R 11, 000.00	Supply Screen for State of the District address.	015201	Single source due to the technical nature of the service needed, a reputable company was needed to render this service in order to avoid disappointment during the event.	EMO
34.	Masasebona Gezane Construction and Projects	11/05/2012	000608	R 64,000.00	Supply of tents, chairs, tables and stage for District Public Participation event on the 12 May 2012.	CO011	Multiple source bidding was utilized instead of notice board advertised to encourage local suppliers where the event is held to participate in progressive bidding.	EMO

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35.	Rakhutsa Bjale Trade and Projects cc	11/05/2012	000613	R 33,000.00	Provide transport from Lephalale and Thabazimbi to Masakhane for Public Participation event on the 12 May 2012.	CO011	Multiple source bidding was utilized instead of notice board advertised to encourage local suppliers where the event is held to participate in progressive bidding.	EMO
36.	Sinambhata Business Enterprise	11/05/2012	000620	R 38,685.00	Provide transport from Bela-Bela to Masakhane for Public Participation event on the 2 May 2012.	SCO09	Multiple source bidding was utilized instead of notice board advertised to encourage local suppliers where the event is held to participate in progressive bidding.	EMO
37.	Telekishi Ramasobana and Tourism	18/05/2012	000598	R 1,800.00	Catering for delegates attending a meeting with Telekishi.	UEO38	Single source- the cooperative be given the opportunity to cater for the meeting as it was held at their site. They are not registered in WDM's supplier database and their SARS matters are not in order yet.	PED
38.	KWLC Trading 42	18/05/2012	000610	R 10,200.00	Sound system for Provincial sports Indaba.	CO017	Single source due to the recommended service provider has already been appointed by provincial Department of Sport. The EMO has budgeted for this event and to avoid duplication it partnered with the Dept of sport hence it had to pay the recommended service provider.	EMO

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39.	Mokgoro Trading cc	18/05/2012	000612	R 15,000.00	Catering for breakfast and lunch for Provincial sports Indaba.	SCO09	Single source due to the recommended service provider has already been appointed by provincial Department of Sport. The EMO has budgeted for this event and to avoid duplication it partnered with the Dept of sport hence it had to pay the recommended service provider.	EMO
40.	Mamasis Catering and Supply cc	18/05/2012	000613	R 15,000.00	Catering for breakfast and lunch for Provincial sports Indaba for 150 people.	SCO09	Single source due to the recommended service provider has already been appointed by provincial Department of Sport. The EMO has budgeted for this event and to avoid duplication it partnered with the Dept of sport hence it had to pay the recommended service provider.	EMO
41.	Mokopane Lodge	30/05/2012	000643	R 5,250.00	Conference package for EHP meeting to be held at Mokopane on 31 May 2012	015163	Multiple source bidding-two quotations sourced instead of three quotations due to the other accommodation facilities has telephonically indicated to the head of health services of Mogalakwena that their facilities are fully booked.	SDCS
	GRANT TOTAL			R1, 310, 018.47				

LIMITED BIDDING PROCUREMENT

NUMBER OF LIMITED BIDDING PROCUREMENT IN Q4 : 41

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AMOUNT OF LIMITED BIDDING PROCUREMENT IN Q4: **R1,310,018.47**

URGENT/EMERGENCY

NO	Service providers	Order date	Order No.	Order Amount	Order Description	Vote No.	Reason for Deviation	Dept
1.	Oluthando Projects Contractors	17/04/2012	000490	R 27 880.00	Repair of roof leaks	016201	Emergency situation because more than four offices at Social Services Department the roof had been leaking water due to heavy rain falls , damaging the carpet, computers, furniture and other office contents.	CSSS
2.	Mpho's Air Conditioning and services	03/05/2012	000527	R43 500.00	Supply of 2 X outdoor units Atlantic cooler	090504	Emergency situation because there was one air-conditioner that was cooling all the servers, which can go down at any time and cause severe damage to the hardware and loss of information. The backup air conditioner needed to be repaired as soon as possible	OMM
3.	Limpopo Auto	13/06/2012	000702	R 1,092.05	Towing services for vehicle (BRX 890L)	016230	Emergency situation – WDM official was stuck in Vaalwater due to vehicle mechanical problem and the vehicle needed to be towed urgently.	CSSS
	GRANT TOTAL			R72, 472.05				

NUMBER OF URGENT BIDDING PROCUREMENT IN Q4 : **3**
 AMOUNT OF URGENT BIDDING PROCUREMENT IN Q4 : **R72,472.05**

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AVOIDABLE / GROSS DEVIATIONS

NO	Service providers	Amount	Description	Vote No.	Type of deviation	Disciplinary Action	Progress to date	Dept
1.	Badiredi Travel cc	R 955.89	Accommodation for P Molebaloa attending Manager's Forum in Mopani on 02 May 2012.	000526	Official order was issued after the service was done due to the responsible official being on sick leave.	None	N/A	OMM
2.	Rouxbez Beleggings	R 814.40	Supply of daily and weekly newspapers for the office of Executive Mayor.	015109	The office of the Executive Mayor has entered into a verbal agreement with the Rouxbez Restaurant to provide daily and weekly newspapers.	None	N/A	EMO
	GRAND TOTAL	R1, 770.29						

NUMBER OF AVOIDABLE DEVIATIONS IN Q4 : 2
AMOUNT OF AVOIDABLE DEVIATIONS IN Q4 : R 1770.29