

Cape Winelands District Municipality

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

For the 4th Quarter - 1st October 2020 to 31st December 2020

BACKGROUND

This report is in compliance with Reg. 6(3) of the Supply Chain Management Regulations¹ on the implementation of the Supply Chain Management Policy of the Cape Winelands District Municipality. The purpose of the report is to assist and strengthen the Executive Mayor's oversight role in the execution thereof. Furthermore, it must be made public in accordance with section 21A of the Municipal Systems Act.

POLICY

The Supply Chain Management Policy was initially adopted on 23 January 2006 and revised on the 28 May 2020 and complies with relevant legislation. It is fully compliant with National Treasury's prescripts. It has been advertised numerously and is available on Council's website.

ACTIONS/PROCEDURES GIVING EFFECT TO POLICY IMPLEMENTATION

The Constitution of the Republic of South Africa, 1996 addresses this issue in section 217. When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.

To give orderly effect to the above the Supply Chain Management processes are categorised in;

- (a) Demand management
- (b) Acquisition management
- (c) Logistics management
- (d) Disposal management
- (e) Performance management
- (f) Other matters

(a) Demand management

Demand management requires timely planning and a management process that will ensure that all goods and services which are required are quantified, budgeted for and delivered in a timely and effective manner at the right locations and at the critical delivery dates. These goods and services must be of appropriate quality and quantity at a fair cost.

Furthermore, the required specifications must ensure that needs are met.

¹ Supply Chain Management Regulations: National Treasury General Notice 868, Gazette no. 27636 dated 30 May 2005.

In order to further enhance the demand planning process, an annual procurement plan has been designed for implementation during the coming financial year. The final target dates for each project were determined with Council's approval of the final budget. Senior managers are accountable to ensure that the procurement process commences as per the target dates. Information is available in the financial system.

Specifications are unbiased and advertised in order to promote the five pillars of procurement as set out in the Constitution. It ultimately ensures that the needs are addressed effectively.

(b) Acquisition management

The system of acquisition management must ensure the following:

- (i) That goods and services are only procured in accordance with authorised processes;
- (ii) That expenditure on goods and services is incurred in terms of an approved budget as per section 15 of the Municipal Finance Management Act (Act 56 of 2003);
- (iii) That the threshold values for different procurement processes are complied with;
- (iv) That bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation; and
- (v) That any Treasury guidelines on acquisition management are properly taken into account.

The procurement process is centralised. This is essential to ensure that all requests for quotations are actioned by the Supply Chain Management Unit which controls and manage compliance with the different thresholds of procurement. It must also combat the deliberate splitting of orders into smaller parts merely to avoid complying with the thresholds. Requests for competitive bids (in excess of R 30,000) and awards made are advertised on the municipal notice boards, website and in the press if more than R 200,000.

To give effect to the above, a coding system, by range (SCM Regulation 12) of procurement and value, was developed to control, manage and report on acquisitions.

A summary of the different categories of acquisitions made for the period is attached as **Annexure "A1"**.

Bid committees: The following table details the number of bid committee meetings held for the quarter under review:

TENDERS: > R200,000

Bid Specification Committee	No. of Meetings	No. of Items	No. of Agendas	No. of Minutes
OCT 2020	4	13	4	4
NOV 2020	4	10	4	4
DEC 2020	0	0	0	0
TOTAL	8	23	8	8

Bid Evaluation Committee	No. of Meetings	No. of Items	No. of Agendas	No. of Minutes
OCT 2020	3	12	3	3
NOV 2020	2	8	2	2
DEC 2020	2	12	2	2
TOTAL	7	32	7	7

Bid Adjudication Committee	No. of Meetings	No. of Items	No. of Agendas	No. of Minutes
OCT 2020	3	4	3	3
NOV 2020	1	7	1	1
DEC 2020	1	2	1	1
TOTAL	5	13	5	5

Formal written price quotations (R 30,001 - R 200,000): The following table details the number of formal written price quotations that were awarded in the quarter under review:

FORMAL WRITTEN PRICE QUOTATIONS: R30,001 - R200,000

Evaluated & Awarded	
OCT 2020	18
NOV 2020	4
DEC 2020	0
TOTAL	22

Municipalities must report to National Treasury on all acquisitions in excess of R 100,000 on a monthly basis. Information is captured and approved directly on their CRA System. **Annexure "A2"** is a list of awards made.

COVID-19 PANDEMIC

As of 15 March 2020, the COVID-19 Disaster has been classified as a National Disaster in terms of Section 23 and 27 of the Disaster Management Act, 2002 (Act No. 57 of 2002). The Disaster Management Act, 2002 provides that municipalities must comply with the MFMA and the applicable emergency provisions in the regulations issued under this Act.

On 23 March 2020, the President announced a 21-day lockdown period with effect from 26 March 2020 due to the rapid increase in the number of confirmed cases in respect of the COVID-19 pandemic and which was further extended, on different lockdown levels. To support the declaration by President Cyril Ramaphosa on 15 March 2020 regarding the COVID-19 virus, National Treasury has issued Municipal Finance Management Act (MFMA) Circular 100 for municipalities and municipal entities, to speed up the procurement of goods/commodities required to reduce and control the spread of the virus.

MFMA Circular 100 aimed to facilitate emergency procurement in order to deal with the COVID 19 Pandemic and curb the possible abuse of Supply Chain Management (SCM) systems during the period of managing this national disaster. The Circular also list prices of goods/commodities in efforts to curb opportunistic use of this disaster to drive profit margins.

MFMA Circular 100 was subsequently updated and replaced by Circular 102 applicable to Emergency Procurement is the Second Amendment of Circular 102, dated 3 July 2020. National Treasury has also issued MFMA Circular 103 that deals with the preventative measures in response to the COVID 19 Pandemic that resulted in the National State of Disaster.

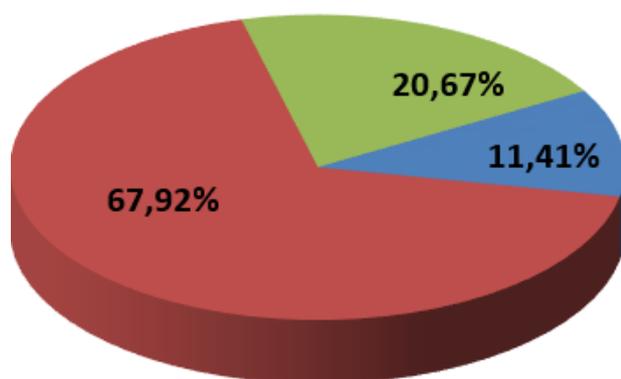
From 1 June, the national restrictions were lowered to level 3. The restrictions were lowered to alert level 2 on 17 August 2020. From 21 September 2020 restrictions were lowered to alert level 1. In December 2020, the country experienced a second wave of COVID-19 infections. The lockdown was tightened from an adjusted level 1 to an adjusted level 3 starting on 29 December 2020.

Circular 105 : Withdrawal of MFMA Circular 102 Procurement in response to national state of Disaster regarding COVID-19 pandemic was issued in August 2020. From effective date of Circular 105, procurement of all goods, services and works, must be conducted in accordance with existing procurement with existing procurement procedures in terms of Municipal Finance Management Act, 2003, its regulations and circulars made thereunder, the Preferential Procurement Policy Framework, 2000 and its regulations made thereunder as well as the institutional supply chain management policies.

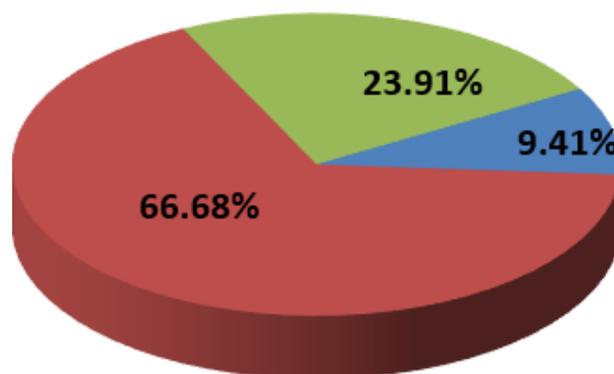
The CWDM Municipality reports on procurement transactions related to the on a regular basis by deadlines provided.

GEOGRAPHICAL EXPENDITURE:

1st Quarter 2020-2021



2nd Quarter 2021/2021



■ National: ■ Provincial: ■ Regional:

Awards made to companies according to their Broad-Based Black Economic Empowerment (B-BBEE) level of contribution

As from 1st April 2017, the new Preferential Procurement Regulations, 2017 came into effect. The threshold value between the 80/20 and the 90/10 applications increased from R 1m to R 50m. It is also now prescriptive on issues such as cancellation, sub-contracting and market-related pricing.

The B-BBEE status level of contribution means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act. The scoring is done by an accredited institution. Auditors are no longer allowed to issue certificates. The scorecard contains elements such as ownership, management control, employment equity, skills development, procurement, enterprise development and socio economic development. A score is then calculated as prescribed by B-BBEE Act and the Codes of Good Practice, which places the supplier on a certain B-BBEE level. Each level earns a supplier a certain number of B-BBEE points which they can claim when bidding for goods and services above a value of R 30 000 (incl VAT).

New regulations passed on 06 May 2015 now provides that EMEs (Exempted Micro Enterprises) and QSEs (Qualifying Small Enterprises) can obtain eligibility by producing their own B-BBEE certificates in the form of an affidavit.

Break down of procurement to illustrate values spent with B-BBEE compliant suppliers:

B-BBEE status: Level & Value		Number of Qualifying Suppliers		Value spent		% of Total	
		1 st Quarter 2020/2021	2 nd Quarter 2020/2021	1 st Quarter 2020/2021	2 nd Quarter 2020/2021	1 st Quarter 2020/2021	2 nd Quarter 2020/2021
Level 1	10/20	36	47	2 720 593	6 025 386	32,69%	29.82%
Level 2	9/18	16	18	2 888 639	6 783 741	34,71%	33.57%
Level 3	6/14	5	5	165 432	561 195	1,99%	2.78%
Level 4	5/12	12	13	429 531	1 103 705	5,16%	5.46%
Level 5	4/8	-	-	-	-	0,00%	0.00%
Level 6	3/6	-	-	-	-	0,00%	0.00%
Level 7	2/4	-	-	-	-	0,00%	0.00%
Level 8	1/2	-	-	-	-	0,00%	0.00%
No Status		23	21	2 117 871	5 733 721	25,45%	28,37%
Totals		92	104	8 322 066	20 207 748	100.00%	100.00%

Appeals by aggrieved bidders

No successful appeals were lodged by aggrieved bidders for the quarter under review.

Regulation 16(c) and 17(1)(c) Deviations (< 3 Quotations)

In the acquisitioning process it is not always possible to obtain three responsive quotations. If it is in respect of written quotations, regulation 16(c) for a value R 2001 to R 10,000 complies, namely; the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer. For formal written price quotations, regulation 17(1)(c) for a value R 10,001 to R 200,000 complies, namely; the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer. In this instance the accounting officer must record the names of the potential providers and their written quotations.

For the quarter under review, regulation 16(c) deviations amounted to R 45 690 and regulation 17(1)(c) to R1 281 828 respectively. The table and chart on page five indicates the volumes and values of instances where it was not possible to obtain at least three responsive quotations.

It must also be noted that 88.37%, 38 of the 43 instances under review, were advertised on the municipality's notice boards and webpage. It represents 96.31% of the monetary value.

Deviations from normal procurement processes

(i) **Regulation 36(1)(a) Deviations**

Regulation 36 refers to acquisitions made in exceptional cases when it is impractical or impossible to follow the official procurement processes. Typical circumstances may be for emergency cases, if such goods or services are produced or available from a single provider only, such as agents, special works of art or historical objects where specifications are difficult to compile, or the acquisition of animals for zoos.

For the quarter under review, the total deviations approved by the Accounting Officer and or his delegated authority amounted to R 896 042.19 compared to the previous quarter's figure of R 1 931 469.92. This represents a decrease of 53.61%. Deviation values fluctuate during each period and will not necessarily reflect the same patterns. However, long-term contracts for e.g. software licencing, are now included in the totals. The table and chart on page five indicates the volumes and values of instances, per category (emergency, sole supplier/agent and impractical, etc.), for this quarter.

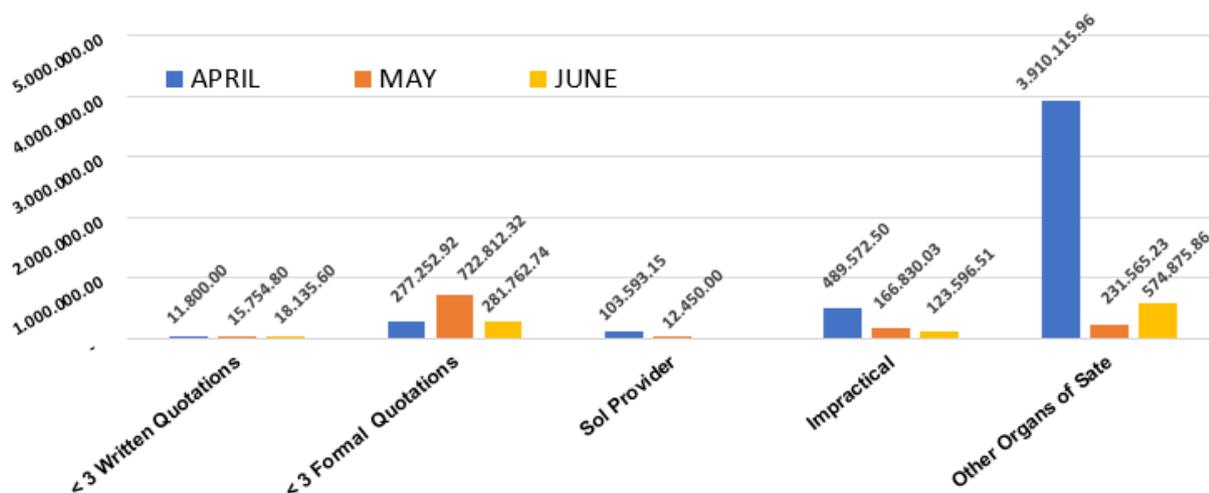
(iii) Summary of deviations from the normal procurement processes.

The following deviations from the normal processes occurred in the quarter under review. Full details thereof can be scrutinised in the quarterly report submitted to Council.

Commodity Description October to December 2020	REG.16(c) < 3 Written Quotations		REG.17(1)(c) < 3 Written Quotations		DEV- REG.36(1) (a)(v) Impractical		DEV- REG.36(1) (a)(ii) Sole Supplier		Other Organs of State		TOTALS	
	#	Value	#	Value	#	Value	#	Value	#	Value	#	Value
AUDITOR GENERAL									5	774.364	5	774.364
BREAKFAST/LUNCH/SUPPER-OTHER	3	22.200									25	141.527
BUILDINGS - MAINTENANCE			1	196.190							42	1.000.077
CLEANING SERVICES			1	5.710							83	176.284
COLLECTIVE AGREEMENTS									2	19.810	32	341.004
CONSTRUCTION MATERIAL - ROADS											135	12.851.627
CONSULTANTS - PROFESSIONAL SERVICES			2	23.450	2	351.203					25	3.218.923
EQUIPMENT - ELECTRONIC/RADIO/Etc.											3	172.957
GARNISHING ORDERS									16	12.630	153	1.260.933
HOTEL BOOKINGS - LOCAL											6	13.771
INTERNET CONNECTION			3	179.375							3	179.375
LICENSING - VEHICLES									85	29.891	85	29.891
MEDIA: NEWS PAPERS/MAGAZINES/Etc.									11	408	11	408
MISCELLANEOUS	1	8.200	1	55.292	1	78.604					91	431.631
PHOTOCOPY MACHINES					2	72.255					2	72.255
PRINTING & PUBLICATIONS			3	132.130							7	146.566
PROTECTIVE CLOTHING											56	951.781
REFRESHMENTS/ENTERTAINMENT											11	11.043
REGISTRATION FEES: SEMINARS/Etc.					1	5.000	1	12.450			2	17.450
RENTAL - OTHER			1	16.642							8	39.227
SECURITY SERVICES											57	306.986
SERVICES - ELECTRICAL									8	698.343	8	698.343
SERVICES - RATES & TAXES									5	2.503.526	5	2.503.526
SERVICES - TELEPHONE									2	658.402	2	658.402
SOFTWARE & SUPPORT					7	95.190					7	95.190
TRAINING (SPECIFIC)			16	339.805	2	16.884					18	356.689
TRANSPORT: PUBLIC											15	110.754
AGENTS: SPECIALISED EQUIPMENT			3	15.990							3	15.990
SERVICES - WATER									1	19.183	1	19.183
VEHICLE - PARTS											414	515.821
VEHICLE - TIRES & PUNCTURES											196	172.784
REPAIRS: OTHER (ELECTRONIC/MECH/Etc.)					1	4.469					76	619.308
STOCK ITEMS - STORES											274	1.279.458
SUBSISTENCE - LOCAL											7	17.281
TOLL FEES											69	40.209
CONSUMABLES & CLEANING MATERIALS											1	524
EQUIPMENT - HAND TOOLS/GARDEN											26	22.175
REPAIRS/SERVICE: MECHANICAL/ELECTRIC											32	84.261
OILS & LUBRICANTS	1	6.155									14	18.263
COMPUTER - ACCESSORIES	5	9.136									12	33.175
CELL PHONE - AIRTIME											3	1.477
RENTAL: PORTABLE CHEMICAL TOILETS											1	1.656
STATIONERY - OTHER											6	201.986
EQUIPMENT - OTHER			3	103.621							61	180.733
VEHICLE - REPAIRS-MECH./SERVICE											6	58.857
FUEL - PETROL											1	100
TRANSLATION SERVICES											9	41.405
INVESTMENT: FIRST NATIONAL BANK											2	22.000.000
INVESTMENT: ABSA											2	22.000.000
INVESTMENT: STANDARD BANK											5	63.000.000
INVESTMENT: INVESTIC											2	27.000.000
SALARY & WAGES NOT VIA SYSTEM											34	434.287
COMPANY CONTRIBUTIONS											54	16.372.590
STAFF DEDUCTION PAYMENTS											3	643.351
UNRELATED TO PROCUREMENT											2	3.229.000
INK CARTRIDGES: PRINTERS											1	16.361
VEHICLE - REPAIRS-BODY											2	22.378
STATIONERY - FILING MATERIALS											1	1.169
TONER - PRINTERS											4	7.921
TAXES & LEVIES											9	9.662.939
GRANTS & DONATIONS											160	3.504.453
RENTAL - SPECIALISED EQUIPMENT					3	77.924					6	99.093
INSURANCE/SECURITY											9	28.425
ADVERTISING - LOCAL NEWS PAPERS											29	701.387

EMERGENCY: VEHICLE RECOVERY											2	37.793
HOTEL BOOKINGS - INTERNATIONAL											3	18.323
COMPUTER - SERVERS/MAIN FRAME			5	147.153							9	424.929
FOOD SAMPLES											18	263.276
FIRE FIGHTING SERVICES											36	3.894.606
EQUIPMENT - ELECTRICAL APPLIANCES			1	19.350							10	52.327
RENTAL - CONSTRUCTION MACHINERY											18	2.995.664
FOOD PARCELS/HAMPERS											2	88.984
TRAVEL & SUBSISTENCE - LOCAL											2	2.085
OFFICE FURNITURE			1	47.120							8	91.770
OFFICE EQUIPMENT											1	1.300
PRINTERS - NEW											1	4.459
AIR TICKETS - INTERNATIONAL											3	21.472
LED: SEED FUNDING											18	3.834.381
BATTERIES & ACCESSORIES											1	1.500
SOFTWARE (SPECIFIC)											1	33.195
IT RELATED GOODS & SERVICES								1	103.593		1	103.593
IT CONNECTIVITY / 3G. etc.					3	78.470					3	78.470
CONTRACTORS - ENGINEERING											3	236.068
BUILDINGS - OTHER											2	1.370
SERVICES - SECURITY											1	983
CONTRACTORS - CIVIL/BUILDINGS/Etc.											53	50.632
RENTAL - VEHICLE - INTERNATIONAL											1	4.156
INK CARTRIDGES - PRINTERS											1	1.631
POSTAGE											1	5.360
NOTICE BOARDS/SIGNS/Etc											1	25.019
CHEMICALS FOAM											1	28.121
FARMER SUPPORT: WATER/SEWERAGE/ELECT.											3	55.830
CLEAN & GREEN PROJECTS											11	1.124.274
COMPUTER - DESKTOP - NEW											1	208.769
AERIAL FIRE FIGHTING											4	5.088.750
Grand Total	10	45.690	41	1.281.828	22	779.999	2	116.043	135	4.716.557	2654	217.388.078

Breakdown of monthly transactions.



(c) Logistics management

The system of logistics management must ensure the following:

- (i) Monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (ii) Setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (iii) Placing of orders for all acquisitions other than those from petty cash;
- (iv) Before payment is approved, certification by the responsible officer that the goods and services has been received or rendered on time and is in

accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;

- (v) Appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (vi) Monitor and review of the supplier/vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

(d) Disposal management

The system of disposal management must ensure the following:

- (i) Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- (ii) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- (iii) Immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (iv) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed; and
- (v) Where assets are traded in for other assets, the highest possible trade-in price is negotiated.

The municipality is complying with section 14 of the MFMA which deals with the disposal of capital assets.

(e) Performance management

The SCM policy requires that an internal monitoring system be established and implemented in order to determine, on the basis of retrospective analysis, whether the SCM processes were followed and whether the objectives of the SCM policy were achieved.

Various assessments by Provincial Treasury's SCM section, of which the last evaluation was in September 2019, and external consultants has indicated that the municipality's processes and procedures are in line with legislative requirements. Specific attention is given to *inter alia*, the following aspects;

- (i) Compliance with chapter 11 of the Municipal Finance Management Act (Act 56 of 2003);
- (ii) Adherence to bid committee structures as stipulated in the Supply Chain Management regulations of 2005 and the Cape Winelands District Municipality's Supply Chain Management Policy;

- (iii) The applicable sections relating to points scoring and the evaluation of bids in terms of the Preferential Procurement Policy Framework Act (Act 5 of 2000 and regulations);
- (iv) Compliance with the code of conduct for Supply Chain Practitioners and Bid Committee Members; and
- (v) To propose improvements to the bid committee system and process.

(f) Other matters

Advertisements in the press

Advertising costs of R 123 337 were incurred in the procurement process for this quarter in relation to R 200 901 in the 1st quarter of 2020/2021.

CIDB – Construction Industry Development Board

Municipalities are required to advertise, register and maintain all contracts of a construction nature in excess of R 200,000 on the CIDB website. No CIDB related awards were made in this quarter.

Tenders and quotations evaluated on performance

Reports are completed on a monthly basis by the Contract Owners on the performance of the vendors. Management is in the process of compiling a standard operating procedure to formalize the process.

Disclosures

1. Transactions concluded with - “*People in the Service of the State*”

The Supply Chain Management Regulation 44 prohibits awards to persons in the service of the state and may not make any award to a person;

- (a) who is in the service of the state;
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) who is an advisor or consultant contracted with the municipality or municipal entity.

Awards made to such entities must be investigated, and recommended to Council, by the Municipal Public Accounts Committee (MPAC) for further action as it may find applicable.

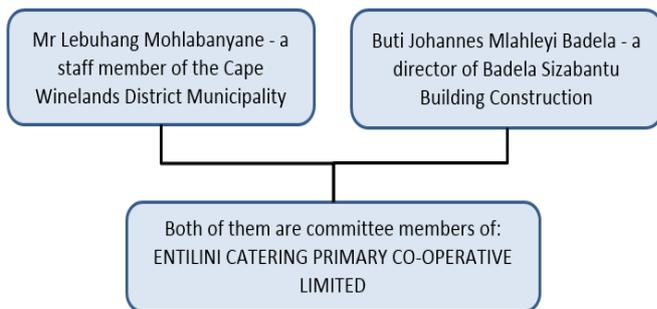
No instances of this nature were detected for the period under review.

2. Transactions concluded with - “*Close family members of persons in the service of the state*”

Supply Chain Management Regulation 45 does not prohibit awards to persons who have close family members working in the service of the state, but municipalities must disclose all amounts dispensed in excess of R 2,000. See **Annexure “A3”**.

3. Benefits received in terms of the Local Government: Municipal Systems Act 32 of 2000 – Schedule 1 sec 5(2) & Schedule 2 sec 5(1)

In addition to regulation 45, a councillor or staff member of a municipality who, or whose partner or business associate acquired or stands to acquire any direct benefit from a contract concluded with the municipality must declare it. In layman’s terms, it can be referred to as an indirect or third-party relationship/association. See the illustration below and **Annexure “A4”** for identified instances.



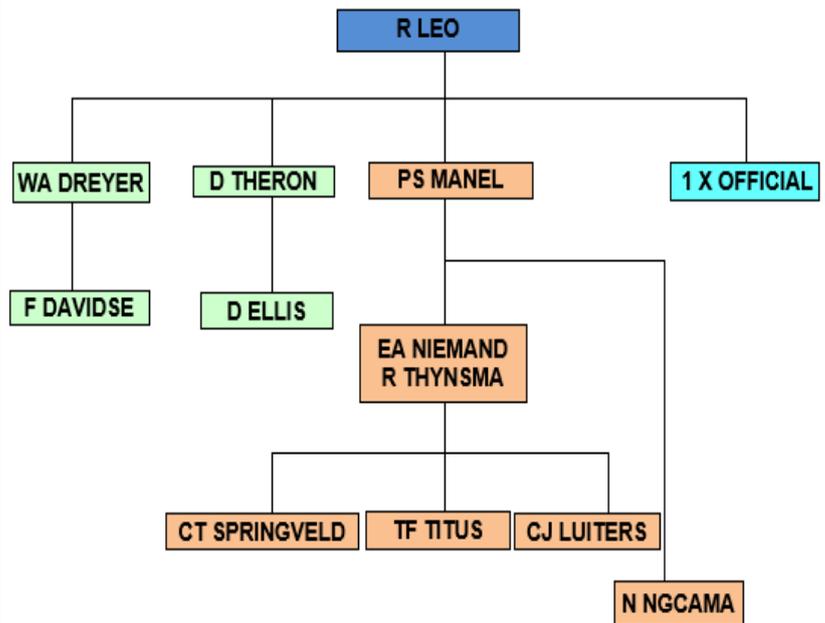
By association: (External)

An association is established when two or more individuals are connected through the same common purpose, e.g. committee members. If one of the members is a councillor or official and another member is a supplier of the municipality, an association is established, and must be declared by that councillor or official.

Staff component

The following officials are currently directly involved with the Supply Chain Management processes.

POST NAME	EMPLOYEE
Manager: Supply Chain Management	RA Leo
Senior Buyer	PS Manel
Senior Supply Chain Management Officer	R Thynsma
Principal Clerk: Procurement	CJ Luiters
Procurement Clerk	N Ngcama
Senior Storekeeper/Buyer	D Theron
Storekeeper/Buyer	D Ellis
Senior Storekeeper/Buyer	WA Dreyer
Storekeeper/Buyer	F Davidse
Senior Administrator: Quotations & Tenders	EA Niemand
Chief Clerk: Supplier/Database Administration	CT Springveldt
Chief Clerk: Supplier/Database Administration	TL Titus
Contract Management Officer	Vacant



Supplier database

National Treasury’s Web-Based Central Supplier Database (CSD) was implemented through Circular No. 81 dated 18 March 2016 which came into effect on 1st July 2016. Council adopted this circular as per C.14.6 of 28 April 2016. Provincial Treasury is rolling out the program and facilitates communication with National Treasury.

As this report is written there are still unresolved issues on which National Treasury must issue instructions as to compliancy. The CSD is designed on National and Provincial legislation which is not the same as that of Local Government. For municipalities to comply with its legislation, some issues must still be addressed. National Treasury indicated in the circular that the following aspects are work-in-progress and further information will be provided once systems have been upgraded after consultation with relevant stakeholders:

- BBEE Status
- CIDB
- Municipal Account status (Company & Directors/Owners)
- Declaration of Interest (Directors/Owners)

For the interim it is therefore the responsibility of the municipality to continue with verification of any listing criteria which are not currently validated in the CSD system, for instance, proof of municipal accounts and declarations.

Currently, the system providers (SAMRAS) in conjunction with National Treasury are busy to develop a “seamless” integration process where data can be updated directly from the CSD into the municipality’s system. Details have not been rolled out.

A very important point to take notice of is that National Treasury made registration on the CSD mandatory with the following clause in its circular:

“With effect from 1 July 2016, Municipalities and Municipal Entities must use the CSD supplier number starting with (MAAA) which is auto generated by the Central Database System after successful registration and validation of the prospective provider as mandatory requirement as part of listing criteria for accrediting prospective providers in line with Section 14(1)(b) of the Municipal Supply Chain Management Regulations”.

It implies that the municipality must still maintain a Supplier Database and accredit its suppliers. No SOP (Standardised Operating Procedure) has been issued to give more clarity on the issue and it can therefore be argued that the municipality only needs to obtain the CSD registration number to comply, and then its business as usual.

Notwithstanding all the discrepancies, the municipality adopted the circular and must manage all requirements of the current legislation. The Supply Chain Management Policy has been amended in terms of Council Resolution C.14.6 of 28 April 2016. No other Financial Policies are affected by the implementation of the circular.

Suppliers are now aware of the CSD and its procedures and enquiries form, and assistance to suppliers, has reduced dramatically. To date 2,034 CSD registration numbers have been recorded on the municipality’s supplier database.

National Treasury also rolled out eTENDER which is a central portal where all spheres of government must advertise its tenders. This also brings its own challenges.

Statistics

Although the preference for SMMEs, HDIs, Woman, Youth and Disability has fallen away with the implementation of the new scorecards (B-BBEE), the information will still be captured for statistical purposes and reported on as far as possible.

Awards made to these groups:

	GROUP:	(i) SMMEs	(ii) BEEs	(iii) WOMEN	(iv) YOUTH	(v) DISABLED
1 st Quart 2020-2021	# of Suppliers	148	80	62	13	0
	Rand Value	13 086 765	4 929 343	1 506 508	237 151	0
	% of Total Rand Value	96.00%	36.16%	11.05%	1.74%	0.00%
2nd Quart 2020/2021	# of Suppliers	106	104	105	27	0
	Rand Value	33 106 405	18 827 796	8 493 186	3 531 740	0
	% of Total Rand Value	83.81%	47.58%	21.46%	8.93%	0.00%

* When looking at amounts and percentages it must be remembered that SMMEs may also be BEEs/woman/etc.

- (i) Small, Medium and Micro Enterprises
- (ii) Black Economic Empowerment
- (iii) Woman Empowerment
- (iv) Youth Empowerment
- (v) Disabled Individuals

ANNEXURE “A1”

EXPENDITURE PER PROCUREMENT CATEGORY

A report on total expenditure per department is submitted to the Accounting Officer within five days of the end of each month on that month's activities. Total acquisitions, per procurement category for the last quarter, are illustrated: (Full detail is available on request)

Number of Transactions		Type of Procurement	Amount		Description
1 st Quart 2020/2021	2 nd Quart 2020/2021		1 st Quart 2020/2021	2 nd Quart 2020/2021	
638	645	<R2000-NO PROCUREMENT:	417 427,19	376 046,46	Acquisitions less than R 2,000 - no procurement process is followed for small purchases.
289	230	3rd PARTY PAYMENT:	18 870 220,58	21 927 530,26	Transactions where procurement plays no role - contribution payments / S&Ts / etc.
12	163	COUNCIL POLICY- SUBSIDY:	740 000,00	3 560 283,00	Study Bursaries / Sponsorships / Donations / etc.
0	2	DEV-REG.36(1)(a)(ii)Sol	0,00	116 043,15	Transactions where no procurement process were followed (Sole Providers/Agents - Congresses & Seminars)
30	22	DEV-REG.36(1)(a)(v)Impr	1 629 900,57	779 999,04	Transactions where no procurement process were followed (Impractical to obtain quotations - e.g. Long-term contracts for systems such as financial-, document-, salary- and HR Systems)
152	98	FWPQ - <R30.000 >3 WQ	994 460,71	935 129,07	Transactions where no procurement process were followed (Emergency – Emergency procurement iro Covid-19 pandemic)
31	37	FWPQ - >R30.000 <3 WQ	778 701,08	1 234 520,42	Acquisitions made in terms of a full quotation process up to R 30,000 - minimum three quotes obtained.
11	41	FWPQ - >R30.000 >3 WQ	240 504,15	1 524 870,23	Acquisitions where it was not possible to obtain at least three quotations between R 30,000 – R 200,000 (Process was open on Web Page and Notice Boards)
8	11	REG.16(c) < 3 WQ	32 928,12	45 690,40	Acquisitions made in terms of a full quotation process R 30,000 to R 200,000 - minimum three quotes obtained.
11	10	REG.17(1)(c) < 3 FWPQ	10 120,00	47 307,56	Acquisitions where it was not possible to obtain at least three quotations up to R 10,000
175	135	Sec.110(2)(a) Organs of State	866 223,61	4 716 557,05	Acquisitions where it was not possible to obtain at least three quotations between R 10,000 – R 30,000
38	39	STATUTORY PAYMENTS:	9 668 820,79	9 984 133,98	Goods and /or Services acquired from Other Organs of State/Municipalities. (No procurement process)
1280	1202	TENDER PROCESS:	37 565 985,98	38 138 980,04	Prescriptive payments made in terms of legislation - licensing / taxes / contribution payments / etc.
11	15	PETTY CASH:	632,52	987,13	Acquisitions made in terms of a full tender process on amounts above R 200,000
2686	2643	TOTAL:	71 815 925.30	83 388 077.79	

NATIONAL TREASURY**ANNEXURE “A2”**

Municipalities must report to National Treasury on all acquisitions in excess of R 100,000 on a monthly basis. Information is populated directly into their system.

The following quotations and tenders were reported for the period. It must be noted that some “availability tenders” are shared between suppliers. The total of the tender is listed for each because it is not known upfront what amount will actually be procured from individual suppliers.

	Contract Number	Type of goods/service acquired	Contract Date	Supplier	B-BBEE contribution	PRICE Points (90/80)	B-BBEE Points (20/10)	Contract Value ZAR	Premium Paid
1	Q2020/002	SUPPLY AND DELIVERY OF HIGH LIFT JACKS AND COMPONENTS	08/10/2020	POTTS DEVCO (PTY) LTD	1	80	20	R5.725.55	-
2	Q2020/003	SUPPLY AND DELIVERY OF 1 X 20 TON HYDRAULIC TROLLEY JACK AND 2 X 5 TON HYDRAULIC TROLLEY JACK	19/10/2020	CAPE PETROLEUM CC T/A THE OIL CENTRE	2	80	18	R57.818.72	-
3	Q2020/010	UPGRADING OF THE ABLUTION FACILITIES, CWDM ROADS DEPOT/MECHANICAL WORKSHOP, CERES	14/10/2020	AB HOLDING (PTY) LTD	1	80	20	R139.808.00	-
4	Q2020/011	SUPPLY AND DELIVERY OF NEW BREATHING APPARATUS EQUIPMENT	14/10/2020	UHAMBO PROCUREMENT & DISTRIBUTION	1	75.55	20	R25.551.67	R1 347,62
5	Q2020/013	SUPPLY, DELIVERY AND DEMONSTRATION OF MULTI-GAS DETECTION DEVICES	20/10/2020	UHAMBO PROCUREMENT & DISTRIBUTION	1	80	20	R23.409.31	-
6	Q2020/020	UPGRADING OF THE LADIES TOILETS AT THE CWDM OFFICES IN CERES	08/10/2020	POTTS DEVCO (PTY) LTD	1	80	20	R80.258.50	-
7	Q2020/024	UPGRADE LADIES' TOILETS CWDM OFFICES STELLENBOSCH	19/10/2020	AB HOLDING (PTY) LTD	1	80	20	R168.802.00	-
8	Q2020/027	SERVICING, CLEANING, AND TRANSPORTATION OF PORTABLE AND MOBILE TOILETS FOR THE PERIOD ENDING JUNE 2021	01/10/2020	SANITECH A DIV OF WACO AFRICA (PTY) LTD	2	80	18	R200.000.00	-
9	Q2020/030	SERVICING OF BREATHING APPARATUS EQUIPMENT FOR THE PERIOD ENDING 30 JUNE 2021	14/10/2020	UHAMBO PROCUREMENT & DISTRIBUTION	1	80	20	R49.249.86	-
10	Q2020/033	SUPPLY AND DELIVERY OF WARM MEALS FOR THE PERIOD 01 DECEMBER 2020 TILL 30 APRIL 2021	08/10/2020	CAMEL ROCK EVENTS	1	80	20	R200.000.00	-

	Contract Number	Type of goods/service acquired	Contract Date	Supplier	B-BBEE contribution	PRICE Points (90/80)	B-BBEE Points (20/10)	Contract Value ZAR	Premium Paid
11	Q2020/034	SUPPLY AND DELIVERY OF RATION PACKS FOR THE PERIOD 01 OCTOBER 2020 TILL 30 APRIL 2021	14/10/2020	POTTS DEVCO (PTY) LTD	1	80	20	R200.000.00	-
12	Q2020/041	SUPPLY AND INSTALLATION OF GLASS SCREENS AT THE CWDM COUNCIL CHAMBERS IN WORCESTER	14/10/2020	MEYER ELECTRICAL AND COSTRUCTION	1	80	20	R196.190.00	-
13	Q2020/043	SUPPLY AND DELIVERY OF CROCKERY, CUTLERY AND KITCHEN RELATED ITEMS FOR A CONTRACT PERIOD ENDING 30 JUNE 2021	02/10/2020	TRADEBUDS 11 CC T/A CORE CATERING	1	80	20	R3.618.28	-
14	Q2020/044	SUPPLY AND DELIVERY OF STATIONERY PACKS	07/10/2020	CAMEL ROCK EVENTS	1	80	20	R366.00	-
15	Q2020/048A	SUPPLY AND DELIVERY OF APPLIANCES	15/10/2020	PARKERSON THOMAS TECHNOLOGIES CC T/A OFFICETECH	1	80	20	R15.736.10	-
16	Q2020/048B	SUPPLY AND DELIVERY OF APPLIANCES	15/10/2020	POTTS DEVCO (PTY) LTD	1	80	20	R19.350.00	-
17	Q2020/048C	SUPPLY AND DELIVERY OF APPLIANCES	15/10/2020	SICELO AND SONS TRADING	1	80	20	R17.300.00	-
18	Q2020/049A	SUPPLY AND DELIVERY OFFICE FURNITURE AND CHAIRS	14/10/2020	BIDVEST WALTONS	2	80	18	R47.120.46	-
19	Q2020/049B	SUPPLY AND DELIVERY OFFICE FURNITURE AND CHAIRS	14/10/2020	PARKERSON THOMAS TECHNOLOGIES CC T/A OFFICETECH	1	80	20	R28.750.00	-
20	Q2020/049C	SUPPLY AND DELIVERY OFFICE FURNITURE AND CHAIRS	14/10/2020	POTTS DEVCO (PTY) LTD	1	80	20	R15.900.00	-
21	Q2020/061	SUPPLY AND DELIVERY OF SANITARY TOWELS	19/10/2020	MEMOTEK TRADING CC	1	80	20	R200.000.00	-
22	T2020/059A	LABOUR INTENSIVE CLEANING AND GRASS CUTTING OF PROVINCIAL ROADS FOR CERES, STELLENBOSCH, DRAKENSTEIN AND WORCESTER / ROBERTSON (1 CUT)	08/10/2020	LLU CIVIL ENGINEERING PROJECTS (PTY) LTD	1	80	20	R270.268.00	-
23	T2020/059B	LABOUR INTENSIVE CLEANING AND GRASS CUTTING OF PROVINCIAL ROADS FOR CERES, STELLENBOSCH, DRAKENSTEIN AND WORCESTER / ROBERTSON (1 CUT)	08/10/2020	TU CASA SERVICES	1	80	20	R151.781.90	-

	Contract Number	Type of goods/service acquired	Contract Date	Supplier	B-BBEE contribution	PRICE Points (90/80)	B-BBEE Points (20/10)	Contract Value ZAR	Premium Paid
24	T2020/059C	LABOUR INTENSIVE CLEANING AND GRASS CUTTING OF PROVINCIAL ROADS FOR CERES, STELLENBOSCH, DRAKENSTEIN AND WORCESTER / ROBERTSON (1 CUT)	08/10/2020	VOGUE EXCHANGE (PTY) LTD	1	80	20	R466.308.67	-
25	T2020/047	AERIAL FIRE FIGHTING SUPPORT SERVICES IN THE CAPE WINELANDS DISTRICT FOR THE PERIOD 01 NOVEMBER 2020 TO 30 APRIL 2021, FOR THE PERIOD 01 NOVEMBER 2021 TO APRIL 2022 AND FOR THE PERIOD 01 NOVEMBER 2022 TO APRIL 2023	15/10/2020	HENLY AIR (PTY) LTD	7	80	4	R28.025.000.00	-
26	T2020/014	PROVISION OF ALARM MONITORING, ARMED RESPONSE, REPAIRS AND UPGRADE OF ALARM SECURITY SYSTEMS AT THE CAPE WINELANDS DISTRICT MUNICIPALITY FOR THE PERIOD ENDING 30 JUNE 2023	16/10/2020	CAPITAL SECURITY BOLAND (PTY) LTD	0	80	0	R11.250.000.00	-
27	T2020/064	SUPPLY AND DELIVERY OF OILS AND LUBRICANTS FOR A 12-MONTH PERIOD	16/10/2020	WEST COAST OIL DISTRIBUTORS (PTY) LTD	2	80	18	R2.200.000.00	-
28	Q2020/056	SUPPLY AND DELIVERY OF ADULT DIAPERS	18/11/2020	BFECT (PTY) LTD	1	80	20	R200.000.00	-
29	Q2020/062	SAGE VIP HR AND PAYROLL SERVICES	18/11/2020	HR PERFORMANCE TECHNOLOGIES	1	80	20	R200.000.00	-
30	Q2020/063	PROVISION OF PROFESSIONAL SERVICES: CONSULTING SERVICES RELATING TO VAT, PAYROLL, AND OTHER RELEVANT TAX LEGISLATION AND TAX ADMINISTRATION MATTERS, INCLUSIVE OF SUPPLY CHAIN MANAGEMENT (SCM) LEGISLATION AFFECTING TAXES, APPLICABLE TO MUNICIPALITIES – ON AN AS AND WHEN REQUIRED BASIS FOR A PERIOD OF 12 MONTHS	18/11/2020	JOHAN VAN WYK	1	80	20	R200.000.00	-
31	Q2020/065	PRINTING, SUPPLY AND INSERTION AND DELIVERY OF AN 8 PAGE TABLOID STYLE NEWSLETTER	30/11/2020	MEDIA 24 (PTY) LTD T/A PAARL POST	3	80	14	R114.166.90	-
32	T2020/011	SUPPLY, DELIVERY, INSTALLATION AND COMMISSIONING OF 5 x DIGITAL COLOUR COPIER/MULTIFUNCTIONAL DEVICES	23/11/2020	VELAPHADA TRADING AND PROJECTS	1	80	20	R1.265.000.00	-
33	T2020/065	FOOD AND WATER MICROBIOLOGICAL SAMPLE ANALYSES FOR THE PERIOD ENDING 30 JUNE 2023	23/11/2020	SWIFT SILIKER (PTY) LTD T/A MERIEUX NUTRISCIENCES	8	80	2	R4.798.000.00	-

	Contract Number	Type of goods/service acquired	Contract Date	Supplier	B-BBEE contribution	PRICE Points (90/80)	B-BBEE Points (20/10)	Contract Value ZAR	Premium Paid
34	T2020/068	SUPPLY AND DELIVERY OF FIRE EXTINGUISHING MATERIAL AND EQUIPMENT FOR THE PERIOD ENDING 30 JUNE 2021	23/11/2020	ALLES FEUER CC	1	80	20	R550.153.88	-
35	T2020/072	LABOUR INTENSIVE CLEARING OF INVASIVE ALIEN PLANTS WITHIN DRAKENSTEIN MUNICIPALITY	23/11/2020	JAH GUIDE DAVIDS AGRICULTURE (PTY) LTD	1	80	20	R726.764.19	-
36	T2020/073	LABOUR INTENSIVE CLEARING OF INVASIVE ALIEN PLANTS WITHIN LANGEBERG MUNICIPALITY	23/11/2020	GOLDEN VALLEY REWARDS CONSTRUCTION (PTY) LTD	1	80	20	R496.819.73	-
37	T2020/074	LABOUR INTENSIVE CLEARING OF INVASIVE ALIEN PLANTS WITHIN WITZENBERG MUNICIPALITY	23/11/2020	JAH GUIDE DAVIDS AGRICULTURE (PTY) LTD	1	80	20	R488.133.82	-
38	Q2020/056	SUPPLY AND DELIVERY OF ADULT DIAPERS	18/11/2020	BFECT (PTY) LTD	1	80	20	R200.000.00	-
39	T2020/006	INTERPRETER SERVICES FOR AFRIKAANS, ENGLISH AND ISIXHOSA FOR THE PERIOD ENDING 30 JUNE 2023	08/12/2020	CONNECTUS ICT (PTY) LTD	1	80	20	R1.000.000.00	-
40	T2020/016A	ALL-INCLUSIVE MAINTENANCE AGREEMENT FOR VARIOUS COLOR COPIERS / MULTIFUNCTIONAL DEVICES FOR THE PERIOD ENDING 30 JUNE 2023	08/12/2020	DR AUTOMATION SOLUTIONS	2	80	18	R375.000.00	-
41	T2020/016B	ALL-INCLUSIVE MAINTENANCE AGREEMENT FOR VARIOUS COLOR COPIERS / MULTIFUNCTIONAL DEVICES FOR THE PERIOD ENDING 30 JUNE 2023	08/12/2020	KONICA MINOLTA SA A DIVISION OF BIDVEST OFFICE (PTY) LTD	3	80	14	R375.000.00	-
42	T2020/016C	ALL-INCLUSIVE MAINTENANCE AGREEMENT FOR VARIOUS COLOR COPIERS / MULTIFUNCTIONAL DEVICES FOR THE PERIOD ENDING 30 JUNE 2023	08/12/2020	MANTELLA IT SUPPORT SERVICES	2	80	18	R375.000.00	-
43	T2020/016D	ALL-INCLUSIVE MAINTENANCE AGREEMENT FOR VARIOUS COLOR COPIERS / MULTIFUNCTIONAL DEVICES FOR THE PERIOD ENDING 30 JUNE 2023	08/12/2020	TYTEC INDELELA BUSINESS SOLUTIONS (PTY) LTD	2	80	18	R375.000.00	-

ANNEXURE "A3"

Transactions concluded with - "Close family members of persons in the service of the state"

Disclosures: In terms of Regulation 45 awards to close family members of persons in the service of the state must be included in the notes to the annual financial statements of a municipality or municipal entity if more than R2 000, to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months.

Supplier's Name	Relationship	Capacity	1 st Quarter 2020/2021	2nd Quarter 2020/2021
AURECON SOUTH AFRICA (PTY) LTD	SPOUSE	VARIOUS RELATIONS TO OWNERS	280 954,52	-
BERGSTAN SA CONSULTING & DEVELOPMENT ENGINEER	SPOUSE	DEPT. SOCIAL DEVELOPMENT	-	19 000,07
M & N BAKWERKE CC	BROTHER-SISTER	E NIEMAND - SCM STELLENBOSCH	20 654,25	-
MASIQHAME TRADING 77 CC	CHILD	DEPT. OF AGRICULT. & FORISTRY	19 604,45	16 448,30
NCC ENVIRONMENTAL SERVICES (PTY) LTD	SPOUSE	WIFE WORK AT CITY OF CAPE TOWN	-	56 718,00
PISTON POWER CHEMICALS (PTY) LTD	SPOUSE	WORK FOR DEPT. OF EDUCATION	23 104,31	1 518,00
TSCH INTERNATIONAL HOLDINGS (PTY) LTD	SPOUSE	CITY OF CAPE TOWN		15 800,10
			R	
			344 317,53	109 484,47

DISCLOSURE OF BENEFITS IN TERMS OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 32 of 2000

In terms of **Schedule 1. 5(2)** A councillor who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose full particulars of the benefit of which the councillor is aware at the first meeting of the municipal council at which it is possible for the councillor to make the disclosure; and

In terms of **Schedule 2. 5(1)** A staff member of a municipality who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose in writing full particulars of the benefit to the council.

IN ADDITION TO REGULATION 45 ABOVE - THE FOLLOWING PAYMENTS WERE IDENTIFIED:

Beneficiary's Name	Relationship	Associate	1st Quarter 2020/2021	2nd Quarter 2020/2021
No instances of this nature could be identified			0.00	0.00
			R 0.00	0.00

Necessary internal controls are implemented to consider the possibility, and to assess the likelihood, that a relationship between the key management and councillors of the Municipality and related parties of suppliers with whom the Municipality does business with would be able to influence a contract concluded by the Municipality in their mutual dealings, as envisaged in Schedules 1 par.5(2) and 2 par. 5(1) of the Municipal Systems Act.