KNYSNA
Municipality Munisipaliteit uMasipala

inclusive || innovative || inspired

Quarterly Supply Chain Management report

Prepared in terms of the Local Government:
Municipal Finance Management Act (56 of 2003);
Supply Chain Management Regulations.

1 January 2024 – 31 March 2024
Quarter 3 Report

TABLE OF CONTENTS

PAGE

PART 1: 3rd QUARTERLY REPORT……………………………………………………………………..………………3

1. LEGAL CONTEXT……………………………………………………………………………………….…….…3

1.1 Municipal Finance Management Act…………………………………………………..……..…………….**3**

1.2 Supply Chain Management Policy…..………………………………………………………………………..**6**

2. ACCOUNTING OFFICER'S REPORT…………….……………………………………………..…….…….…13

2.1 Introduction…………………………………………..………………………………………………………..…**13**

2.2 Bid committees…………………………………………………………………………………………..…………**13**

2.3 Performance of Bid Committees………………….………………………………………………..……………**14**

2.4 Bids awards……………………………..………………………………………………………………………..…..**18**

2.6 Bids appeals……………….……………………………………………………………..…………………..…..…..**22**

2.8 Formal Price written quotations……………………………………………………………….………………**23**

2.9 Deviations from the Supply Chain Management Policy ………………………………..……………… **23**

2.8 Irregular Expenditure……………………………………………………………………………………………**24**

2.10 Attachments………………………………………………………………………………………………………25

PART 1: QUARTERLY REPORT

1. LEGAL CONTEXT

1.1 Municipal Finance Management Act

Section 111 of the Municipal Finance Management Act (MFMA) determines that:

> "*Each municipality and each municipal entity must have and implement a supply chain management policy which gives effect to the provisions of this Act".*

Section 112 of the Municipal Finance Management Act (MFMA) determines that the supply chain management policy must comply with the prescribed framework:

"(1) The supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the following—

(a) the range of supply chain management processes that municipalities and municipal entities may use, including tenders, quotations, auctions and other types of competitive bidding;

(b) when a municipality or municipal entity may or must use a particular type of process;

(c) procedures and mechanisms for each type of process;

(d) procedures and mechanisms for more flexible processes where the value of a contract is below a prescribed amount;

(e) open and transparent pre-qualification processes for tenders or other bids;

(f) competitive bidding processes in which only pre-qualified persons may participate;

(g) bid documentation, advertising of and invitations for contracts;

(h) procedures and mechanisms for—

(i) the opening, registering and recording of bids in the presence of interested persons;

(ii) the evaluation of bids to ensure best value for money;

(iii) negotiating the final terms of contracts; and

(iv) the approval of bids;

(i) screening processes and security clearances for prospective contractors on tenders or other bids above a prescribed value;

(j) compulsory disclosure of any conflicts of interests prospective contractors may have in specific tenders and the exclusion of such prospective contractors from those tenders or bids;

(k) participation in the supply chain management system of persons who are not officials of the municipality or municipal entity, subject to section 117;

(l) the barring of persons from participating in tendering or other bidding processes, including persons—

(i) who were convicted for fraud or corruption during the past five years;

(ii) who wilfully neglected, reneged on or failed to comply with a government contract during the past five years; or

(iii) whose tax matters are not cleared by South African Revenue Service;

(m) measures for—

(i) combating fraud, corruption, favouritism and unfair and irregular practices in municipal supply chain management; and

(ii) promoting ethics of officials and other role players involved in municipal supply chain management;

(n) the invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made, taken or in any way influenced by—

(i) *councillors in contravention of item 5 or 6 of the Code of Conduct for Councillors set out in Schedule 1 to the Municipal Systems Act; or*

(ii) *municipal officials in contravention of item 4 or 5 of the Code of Conduct for Municipal Staff Members set out in Schedule 2 to that Act;*

(o) *the procurement of goods and services by municipalities or municipal entities through contracts procured by other organs of state;*

(p) *contract management and dispute settling procedures; and*

(q) *the delegation of municipal supply chain management powers and duties, including to officials.*

(2) *The regulatory framework for municipal supply chain management must be fair, equitable, transparent, competitive and cost-effective."*

Section 115 of the Municipal Finance Management Act (MFMA) determines that a system of supply chain management must be implemented:

(1) *The accounting officer of a municipality or municipal entity must—*

(a) *implement the supply chain management policy of the municipality or municipal entity; and*

(b) *take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.*

(2) *No person may impede the accounting officer in fulfilling this responsibility.*

Section 117 of the Municipal Finance Management Act (MFMA) determines that councillors are barred from serving on tender committees:

"*No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer".*

Section 118 of the Municipal Finance Management Act (MFMA) determines that there may not be any interference in the supply chain management system:

"*No person may—*

(a) interfere with the supply chain management system of a municipality or municipal entity; or

(b) amend or tamper with any tenders, quotations, contracts or bids after their submission".

1.2 Supply Chain Management Policy

Section 3 of the Knysna Municipality Supply Chain Management Policy indicates a system of delegations:

"(1) The council hereby delegates all powers and duties to the Accounting Officer which are necessary to enable the Accounting Officer –

(a) to discharge the supply chain management responsibilities conferred on the Accounting Officer in terms of –
- *(i) Chapter 8 of the Act; and*
- *(ii) the Supply Chain Management Policy.*

(b) to maximize administrative and operational efficiency in the implementation of this Policy;

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and

(d) to comply with his or her responsibilities in terms of Section 115 and other applicable provisions of the Act.

(2) Section 79 of the Act applies to the sub-delegation of powers and duties delegated to an Accounting Officer in terms of Sub-Section (1).

(3) The Council or Accounting Officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of municipality or to a committee which is not exclusively composed of officials of the municipality.

(4) Section 4(3) may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in Section 26 of this Policy.

Certain subdelegations are also indicate in the Supply Chain Management Policy:

(1) "The Accounting Officer may in terms of Section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the Accounting Officer in terms of this Policy, but any such sub-delegation must be consistent with Sub-Section (2) of this Section and Section 4 of this Policy.

(2) The power to make a final award –

- *(a) above R10 million may not be sub-delegated by the Accounting Officer;*

- *(b) above R2 million, but not exceeding R10 million, may be sub-delegated but only to –*
  - *(i) the Chief Financial Officer;*
  - *(ii) a Head of Department*; *or*
  - *(iii) a Bid Adjudication Committee of which the Chief Financial Officer or a senior manager is a member.*
- *(c) not exceeding R 2 million may be sub-delegated but only to –*
  - *(i) the Chief Financial Officer;*
  - *(ii) a Head of Department;*
  - *(iii) a manager directly accountable to the Chief Financial Officer or a Head of Department, or*
  - *(iv) a Bid Adjudication Committee.*

(3) An official or Bid Adjudication Committee to which the power to make final awards has been sub-delegated in accordance with Sub-Section (2) must within five working days of the end of each month submit to the Accounting Officer a written report containing particulars of each final award made by such official or committee during that 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-Section (3) must be submitted –

- *(a) to the Accounting Officer, in the case of an award by –*
  - *(i) the Chief Financial Officer;*
  - *(ii) a senior manager; or*
  - *(iii) a Bid Adjudication Committee of which the Chief Financial Officer or a senior manager is a member.*
- *(b) to the Chief Financial Officer or the senior manager responsible for the relevant bid, in the case of an award by –*

(i) a manager referred to in subparagraph (2)(c)(iii); or

(ii) a Bid Adjudication Committee of which the Chief Financial Officer or a senior manager is not a member.

(5) Sub-Section (3) of this Section does not apply to procurements out of petty cash.

(6) This Section may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in Section 26 of this Policy.

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant".

Section 5 of the Knysna Municipality Supply Chain Management Policy prescribe the oversight role of Council:

"(1) The council reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the Accounting Officer must –

(a) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the Supply Chain Management Policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and

(b) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.

(3) The Accounting Officer must, within 10 days of the end of each quarter, submit a report on the implementation of the Supply Chain Management Policy to the mayor.

(4) The reports must be made public in accordance with Section 21A of the Municipal Systems Act.

(5) The Accounting Officer will, within 60 days of the end of each financial year, submit to the Provincial Treasury any information concerning supply chain management in such format as the National Treasury and Provincial Treasury may determine.

(6) To maintain oversight over the implementation of the SCM Policies and Principles. To this end, in addition to the reports referred to in regulation 6(2) and 6(3) of the

SCM TR, and in addition to the deviations reports that are already being reported on, the Accounting Officer must also submit monthly reports to the Mayor for tabling in Council containing details of all tenders awarded during the previous month including but not limited to the following in respect of each tender:

(a) The decisions of the BSC and the reasons therefore;
(b) The recommendations of the BEC and the reasons therefore;
(c) The minutes of the BAC reflecting the bid specifications, the decisions/recommendation of the BAC and, if such decisions/recommendations differ from the recommendations of the BEC, the reasons for so differing and the outcome of any resolution of the difference of opinion between the BEC and BAC;
(d) Details of any subsequent decision of the Accounting Officer on any recommendations and, where applicable, the reasons for the Accounting Officer's decision being different from the recommendations of the BEC and/or the BAC; and
(e) Information about any developments during that month in respect of any dispute, complaint, objection or court action submitted in relation to any tender award. If any of the above information becomes available only in subsequent months in relation to such awards, such information must likewise be reported to the Mayor in the month following that in which the information became known to the Accounting Officers. Any dispute, complaint, objection or court action in relation to any decisions or actions taken by the Municipality in respect of other aspects of the operation of the SCM system should likewise be reported on".

Section 9 of the Supply Chain Management Policy indicates a range of procurement processes:

"(1) Goods and services may only be procured by way of –
(a) petty cash purchases in terms of Council's Petty Cash Policy for procurement transactions with a value up to R2 000 (Incl. VAT);
(b) written or verbal quotations for procurement transactions of a value up to R10 000;
(c) formal written price quotations for procurement transactions of a value over R10 000 up to R300 000; and
(d) a competitive bidding process for–
(i) procurement transactions with a value above of R300 000; and
(ii) the procurement of long-term contracts.
(2) The Accounting Officer may, in writing-
(a) lower, but not increase, the different threshold values specified in Sub-Section (1); or

(b) direct that –

(i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;

(ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or

(iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R300 000.

(3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction".

Section 16 of the Supply Chain Management Policy describes the procurement process for purchases above R30 000:

"(1) The conditions for the procurement of goods or services for a value over R30 000 up to R300 000, through formal written price quotations are as follows:

(a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;

(b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in Section 14(1)(b) and (c) of this Policy;

(c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer, and

(d) the Accounting Officer must record the names of the potential providers and their written quotations.

(2) Quotations must:

(a) be in writing, and signed by a person with the necessary authority to act on behalf of the prospective supplier;

(b) comply with the specifications set out in the quotation notice;

(c) be marked for identification in relation to the particular quotation.

(3) A designated official referred to in Sub-Section (1) (c) must within three days of the end of each month report to the Chief Financial Officer on any approvals given during that month by that official in terms of that Sub-Section".

Section 18 of the Supply Chain Management Policy describes the procurement process for purchases above R30 000:

"(1) Goods or services above a transaction value of R300 000 and long term contracts may only be procured through a competitive bidding process, subject to Paragraph 11(2) of this Policy.

(2) The bid documentation will be prepared by the SCM Manager in consultation with the relevant directorate and displayed on notice boards, placed on the council's website, and advertised in commonly circulated local and/or provincial newspapers with a closing date of at least 14 days after the date that the advertisement first appears.

(3) No requirement for goods or services above an estimated transaction value of R300 000 may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process".

Section 25 of the Supply Chain Management Policy describes the procurement process for purchases above R300 000:

"(1) The Accounting Officer is required to establish a committee system for competitive bids of at least-
- *(i) a Bid Specification Committee;*
- *(ii) a Bid Evaluation Committee; and*
- *(iii) a Bid Adjudication Committee.*

(2) The Accounting Officer appoints the members of each committee, taking into account Section 117 of the Act.

(3) A neutral or independent observer, appointed by the Accounting Officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

(4) The committee system must be consistent with –
- *(a) Section 27, 28 and 29 of this Policy; and*
- *(b) any other applicable legislation.*

(5) The Accounting Officer may apply the committee system to formal written price quotations".

Section 35 of the Supply Chain Management Policy describes the procurement process for deviations from the policy:

(1) "The Accounting Officer may –

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

(i) in an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address.

(ii) where it can be demonstrated that goods or services are produced or available from a single source / sole supplier 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.

(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; and

(c) may condone any irregular expenditure incurred in contravention of, or that is not in accordance with a requirement of this Policy, provided that such condonation and the reasons therefore shall be reported to Council at the next ensuing meeting.

(2) The Accounting Officer must record the reasons for any deviations in terms of Sub-Sections (1)(a) and (b) of this policy and report them to the next meeting of Council and include as a note to the annual financial statements.

(3) Sub-Section (2) does not apply to the procurement of goods and services contemplated in Section 11(2) of this policy".

2 3rd QUARTER SUPPLY CHAIN MANAGEMENT REPORT

2.1 Introduction

2.1.1 The Local Government: Municipal Finance Management Act requires that the Municipality must have and implement a Supply Chain Management Policy, which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

2.1.2 The SCM Unit hereby wish to submit the third quarterly report to Audit Committee of Council, this report represents the implementation of Supply Chain Management from 01 January 2024 till 31 March 2024, and it reflects the implementation of the supply chain management policies of the Municipality.

2.1.3 On the 30th May 2005, the Municipal Supply Chain Management Regulations were promulgated. The Greater Knysna Municipality Supply Chain Management Policy and amendments in accordance with Treasury Regultions was approved by Council during 20th February 2024 at a legally constituted Council meeting and the newly approved promulgations of the Preferential Procurment Regulations of 2022.

2.1.4 The purpose of this report is to provide an overview and report on the implementation of SCM policies in terms of Council's approved Supply Chain Management Policies and Procedures of the Municipality.

2.2 Bid Committee's Administration.

2.2.1 The competitive bidding process and bid committee structures as prescribed inccordance with the SCM Policy are in place. The mandate, composition, roles and responsibilities of bid committee's as well a meeting procedures and ethical code of conduct of the committee's are clearly outlined and defined by the newly adopted bid committees charter (terms of references) and ethical code of conduct to ensure proper good governance and compliance with best SCM business practice. The Bid Committee's members are required to abide by the Committtee Charter, sign the members ethical code of conduct and declare interest in relation to the potential conflict of interest. The committee's are composed of the following members:

#	Bid Committee's	Bid Committee's Compositions and Functions
	Bid Specification Committee – BSC	BSC will compose of a Senior Manager, Manager or Senior official of the user department, an official of a division requiring the goods or services [user], and a member of the SCM Unit. Its mandate is to comment on

#	Bid Committee’s	Bid Committee’s Compositions and Functions
		specifications for bids submitted by the user department in the Municipality, in an unbiased manner to allow effective competition and fair dealing for bidders to offer their goods and services. Members of the Bid Specification Committee shall in exercising and executing their powers and functions in terms hereof, comply with all Council approved policies, by-laws, guidelines, directives ad relevant legislation pertaining to procurement of goods/services, appointment of consultants and the disposal of property.
	Bid Evaluation Committee – BEC	BEC will compose of a Chairperson, Managers and responsible official of the department concerned and SCM Official. Its mandate is to submit a report and recommendations regarding the award to the Bid Adjudication Committee for consideration and/or approval.
	Bid Adjudication Committee – BAC	At least 4 Senior Managers of Department (Directors), and a Senior SCM Practitioner and SCM Manager with the CFO as Chairperson. Its sole mandate is to adjudicate or reject the recommendations from the BEC. To make awards or recommend to the MM to appoint for goods and services above R 10 million.

2.3 **Performance of the Bid Committee Members**

2.3.1 Following the appointment of this bid committee’s by the Accounting Officer in accordance with the Municipal Supply Chain Management Policy, to ensure functional and effective administration of bids. The SCM unit has a standing weekly schedule for these committee’s meetings. All Wednesday are dedicated for Bid Adjudication Committee, all the Tuesday are dedicated for Bid Evaluation Committtee and all Thursday are dedicated for Bid Specification Committee.

2.3.2 This was undertaken to ensure that SCM unit improves its timelines and good turnaround time to finalise all the bids on time and improve the service delivery of the Municipality.

2.3.3 The performances of the Bid Committee’s members meetings attendance in the third quarter has improved a lot, workhops and training should be ongoing and regularly.

The evidence is the number of projects advertised and evaluated within required tender validity period.

2.3.4 SCM Unit as the custodian of the bids administration since the introduction of members rotational appointment there is improvement in attendance of bid meetings and finalization of projects within the stipulated validity period.

2.3.5 The SCM Unit in consultation with the Chief Financial Officer will embark in the process to conduct educational workshops, training/ development/ empowerement and SCM policy awareness to all appointed committee members, to enhance capacity building, skills and knowledge.

2.3.6 Topical Items to be considered during the workshop and training namely: SCM Policies and Procedures

- Policy and Regulations, interpretation and application during implementations
- Standard Operating Procedures and Guidelines for emergency procurement and deviations.
- SCM Procedure Manuals – Code of conduct for officials, terms of reference for bid committee members and declaration of interest.

2.3.7 Below see training schedule and program.

2.3.8 Training Schedules for Bid Committees and End User's

End User's and Bid Committee's	**Training Date**	**Training Venue**
Bid Adjudication Committee	26 June 2024	Committee Room/ Council Chambers
Bid Evaluation Committee	18 June 2024	Committee Room/ Council Chambers
Bid Specification Committee	11 June 2024	Committee Room/ Council Chambers
End Users Departments/ User Clerks	12 June 2014	Committee Room/ Council Chambers
SCM Municipal Supplier day	28 June 2024	TBC

Table 1: Bids Under Consideration for 3rd Quarter 2023/2024

No	Bid Number	Bid Descriptions	Status of the Project	Comments
1.	11 of 2023/24	Appointment of Service Provider/s for conducting Forensic Investigations for a period of Twelve Months	The project is cancelled and the end user to review and clearly define the scope of work.	The user department need to consider the urgency of the project,
3.	25 of 2023/24	Provision of Security Services for a period of three years	The project has been referred back to BEC by the BAC for re-evaluation and consultation with the Accounting Officer	The interpretation of General and special conditions of the bid by BEC and BAC. BEC to co-opt the security expert to technically advise.E.g the interpretation of Security Control Room inspection Report.
4.	26 of 2023/24	Provision of Loan Finance	Undertaking MFMA Section 46 process, Notice already issued for Public Participation	Awaiting due processs to be completed
5.	27 of 2023/24	Knysna CBD Emergency Sewer Rehabilitation	At the Bid Evaluation Stage	The evaluation Report completed, awaiting the bill of quantities rates balancing
6.	28 of 2023/24	Appointment of service providers to conduct an external Quality Review on the Internal Audit Function.	BSC Stage (On hold at the request of the procuring department)	It will be withdran as the bid, since the project value will be below R300 000.
7.	29 of 2023/24	Expression of Interest for Various Municipal Projects	At the Bid Evaluation Stage	
8.	30 of 2023/24	Biological Monitoring and Medical Surveillance Services for the employees of Knysna Municipality for a period of three years	At the Bid Evaluation Stage	
9	31 of 2023/24	Appointment of a Travel Agency for a period of three years	At the Bid Evaluation Stage	
10	33 of 2023/24	Analytical Services for various Water and Sewer sources for the Greater Knysna Municipal Area for a period of three (3) years	At the Bid Evaluation Stage	

11	34 of 2023/24	Supply and Delivery of Chemicals, Bacteria and Ancillary Services relating to Water and Sewer in the Greater Knysna Municipal Area for a period of 3 years	At the Bid Evaluation Stage	
12	35 of 2023/24	Appointment of a suitable qualified and experienced panel of service providers as Auctioneers to conduct the auctions of municipal owned fixed assets, moveable property and impounded vehicles on behalf of the Knysna Municipality for a period of three years	At the Bid Evaluation Stage	
13	36 of 2023/24	Panel of service providers: Communication & Marketing professional services for 3-year period	Advertising Stage and closing the end of April	
14	38 of 2023/24	Expression Of Interest for the Implementation and Management of outdoor Advertising and Signage in terms of the Greater Knysna Public Signage Master Plan	BSC Stage	
15	39 of 2023/24	Rehabilitation of Hornlee Internal Roads - Contract 3	Advertising Stage	
16	40 of 2023/24	Supply, Installation and Service of Multifunction Devices for a Period of Three (3) Years	BSC Stage	BSC have considered and approved the bid document for advert.
17	41 of 2023/24	Request for Proposals for the development of a Non fixed Trading Facility/Craft Market on a portion of erf 255, corner of George Rex Drive and Vigillence Drive, Knysna.	BSC Stage	The item to be referred back to Council to seek permission to commercialise erf 255 of the Municipal Land
18	42 of 2023/24	Appointment of a panel of dully accredited training providers for the implementation of various short learning programmes,learnership and apprenticeships for a period of three years	BSC Stage	BSC have considered and advised that the Municipality must participate in the list of transversal contract for accredited training project managers approved by SETA
19	43 of 2023/24	Renewal of the Provision of Mimecast Services for a period of one (01) year	BSC Stage and Advertisement Stage	BSC have considered and approved the bid document for advert.

20	44 of 2023/24	Panel of Legal advisors for 36 months	BSC Stage	Awaiting End User
21	45 of 2023/24	Repair and servicing of the HV,MV and LV Electrical Switchgear for a period of 3 years.	BSC Stage and Advertisement stage	BSC have considered and approved the bid document for advert.
22	46 of 2023/24	Perform electrical and associated work for period of 36 months.	BSC Stage and Advertisement stage	BSC have considered and approved the bid document for advert.
23	47 of 2023/24	Supply, delivery, installation and maintenance of emergency backup generators for period of 3 years	BSC Stage and Advertisement stage	BSC have considered and approved the bid document for advert.
24	48 of 2023/24	Supply and administration of utility distribution systems operator platfom for revenue collection and services for period 36 months.	BSC Stage and Advertisement stage	BSC have considered and approved the bid document for advert.
25	49 OF 2023/24	RFP for implementation and management	BSC Stage	Awaiting End User

2.4 Table 2: Bids Awarded in the 3rd Quarter 2023/2024 – Details in Annexure A

No	**Month**	**Total Number of Awards**	**Total Rand Value/ amount of Requisitions**
1.	January	3	Rate based
2.	February	4	Rate Based
3.	March	1	R25 million
4.	Overal Total	8	R25 Million

2.4 Table 2: Bids due to expire in the 3rd Quarter 2023/2024

	Tender number	Description of tender	Contract end date	Responsible Directorate	Status of new tender	Timelines
T	27 of 2020/21	Supply, installation of vehicle tracking systems(Netstar)	30 June 2024	Directorate: Technical Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	32 of 2020/21	Supply, installation and maintenance of Static Red light and speed violation cameras and back room processing services(Syntell)	30 June 2024	Directorate: Community Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	56 of 2020/21	Supply and delivery of Ring main units (AMF International), Lucy Electric as alternative	30 June 2024	Directorate: Technical Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	57 of 2020/21	Supply and delivery of Mini substations and distribution transformers (Jocastro)	30 June 2024	Directorate: Technical Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	61 of 202/21	Resurfacing and Ancillary Work for a period of 3 years(Entsha Henra)	30 June 2024	Directorate: Technical Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	64 of 2020/21	Panel of professional service providers to render Occupational Health & Safety services(various)	30 June 2024	Directorate: Corporate Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	65 of 2020/21	Provision of legal services(panel of service providers)	30 June 2024	Directorate: Corporate Services	Procuring department to start	3 Months after this notice. End of March 2024 Bid

					the bid process with immediate effect	process must be completed
T	07 of 2021/22	Collection of recyclable waste from Households/ Businesses within the Knysna Municipal area(DM Recycling)	30 June 2024	Directorate: Community Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	09 of 2021/22	EOI to provide the municipality with a Comprehensive Employee Assistance Programme (Panel of service providers)	30 June 2024	Directorate: Corporate Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	18 of 2021/22	To perform electrical and associated works for a period of three years Panel of service providers)	30 June 2024	Directorate: Technical Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	19 of 2021/22	Supply and delivery of various electrical meters for a period of three years(various suppliers)	30 June 2024	Directorate: Technical Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	23 of 2021/22	Maintenance of the existing Knysna municipal Telemetry installation(Spectrum Communications)	30 June 2024	Directorate: Technical Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	28 of 2021/22	Supply and delivery of tissue paper products and refuse bags(Memotek Trading)	30 June 2024	Directorate: Financial Services – Stores	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	55 of 2018/19	Emergency repair and maintenance of Civil services for a period of 3 years(Techni Civils)	Contract lapsed April 2023	Directorate: Technical Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed

T	24 OF 2020/21	Supply and delivery of mobile Communication Devices and services(Vodacom)	SLA end date: Nov 2024	Directorate: Corporate Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	47 OF 2020/21	Renewal of software licenses for a period of 3 years	30 June 2024	Directorate: Corporate Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed
T	9 OF 2020/21	Design, printing and distribution of monthly Municipal Service accounts and news letters for 3 years (Mailtronic Direct Marketing)	Contract ending Nov 2023	Directorate: Financial Services	Procuring department to start the bid process with immediate effect	3 Months after this notice. End of March 2024 Bid process must be completed

2.5 Table 2: Bids Cancelled in the 3rd Quarter of 2023/2024

No	Tender number	Tender Description	Reason for cancellation
1.	T 44 of 2022/23	Supply and Delivery of Stationary & Office Suppliers for A Period of 36 months.	Proper needs analysis and review of the special bid conditions to allow effective competition and fair dealing.
2	T 21 of 2023/24	Appointment of Service Providers For Repairs, Service & Maintenance Of Municipal Vehicles For a period of 3 Years.	Proper needs analysis and review of the special bid conditions to allow effective competition and fair dealing.
3	T 19 of 2023/24	Repairs, service and maintenance of machinery and equipment for a period of 36 months.	Proper needs analysis and review of the special bid conditions to allow effective competition and fair dealing.
4	T 50 of 2021/22	Expression of interest for various municipal projects for a period of 36 months.	Proper needs analysis and review of the special bid conditions to allow effective competition and fair dealing.
5	T 78 of 2022/23	Expersion of Interest – Establishment of a panel of professional service providers for	Validity period expired and request to participate on National Treasury contract for PMU has been submitted.

		various municipal infrastructure projects for a period of three years	
6	T 14 of 2023/24	Appointment of a Panel of Dully Accredited Training Providers for the Implementation of various Short Term Learning Programmes, Learnerships and Apprenticeships for a period of 36 months.	Validity period expired and referred back to Bid Specification Committee for consideration.

2.6 Bids Appeals and Objections

N.B All the appeals and objections from the second quarter have been addressed by the appeal board and where all dismissed.

2.7 Procurement Plans for 2024/2025.

No	Name of the Department	Date for compilations of the Procurement Plan	Date for Sumission of the Procurement Plan
1	Technical Services	21 May 2024	10 June 2024
2	Cooperate Services	23 May 2024	10 June 2024
3	Planning and Development	16 May 2024	10 June 2024
4	Community Services	14 May 2024	10 June 2024
5	Finance Department	28 May 2024	10 June 2024
6	Office of the Municipal Manager	30 May 2024	10 June 2024
8	Integrated Human Settlement	30 May 2024	10 June 2024

2.8 Formal written quotations

2.8.1 A summary of the formal written quotation awards made by the delegated officials for the period is indicated in Table 3 below. More detailed information on the awards made to service providers, their BBBEE status, their origin of destination and the amounts involved are depicted in detailed **Annexure B and Annexure C attached** to this report.

Table 3: Formal Written Quotations

No	Month	Total Number of Requisitions processed	Total Rand Value/ amount of Requisitions
1.	January	7 Requisitions	R 702 078.78
2.	February	26 Requisitions	R 1 100 046.78
3.	March	14 Requisitions	R 651 788.07
4.	Overal Total	Total 47 Requisitions for 3rd Quarter	R 4 525 726.54
	Total number of C orders	18 Requisitions for C orders	R 1 525 065.23
5	Total Number of RFQ 's	65 Purchase orders	R 6 050 791.77
7	Total Number of cancelled orders	27 Cancelled orders	R1 382 506.27

2.9 Deviations from the SCM Policy

2.9.1 Section 35 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes under certain circumstances. The total deviations for the period under review is depicted in Table 4 below . More detailed information on the deviations made to service providers, their compelling and justifiable reasons assoctiated with and the amounts involved are depicted in detailed **Annexure D attached** to this report.

Table 4: Deviations approved

Month	Total Number of Deviations processed	Total Rand Value/ Amount for Deviations
January	16 Deviations	R 10 950 511.42
February	21 Deviations	R 6 543 651.20
March	14 Deviations	R 4 961 739.19

Overal Total	Total 51 Deviations for 3rd Quarter	R 22 455 901.81

2.10 IRREGULAR EXPENDINTURE

Work is ongoing in order to reduce the Irregular Expenditure Balance. The report on Irregular Expenditure Balance as found on our unuadited Annual Financial Statement for 2023/24.

Irregular Expenditure - Current Year before Audit Quarter 3 (01 January 2024 - 31 March 2024)			
Tender number	**Tender Description**	**Supplier**	**Expenditure Incl VAT**
T 36/2019/2020	Appointment of Consulting Engineers	Various MIG Projects	R7 469 243,97
D 10506	Leasing of Consilium Building	Deon & Carina Boshoff	R 78 648,38
D 10507	Leasing of Old Main Building	Albatros Property Trust	R 801 770,94
D 10508	Leasing of Customer Care Centre Building	Noble Spectatus Fund 4	R 443 980,20
D 10560	Leasing of Old Main Building	Albatros Property Trust	R 765 326,80
D 10561	Leasing of Consilium Building	Deon & Carina Boshoff	R 78 648,38
D 10515	Surface of gravel roads	ZKS AND NAM GENERAL TRADING	R 1 779 527,41
D 10502	Grapp Accounting support	Moore Consulting	R11 040,00
D 10503	Grapp Accounting support	Moore Consulting	R4 669,00
D 10528	Audit Support 2023	Mubesko Africa CC	R12 017,50
D 10529	Unbundling and Competencies	Mubesko Africa CC	R13 110,00
D 10537	Unbundling 2023	Mubesko Africa CC	-
D 10501	Gaurding Dec 2023	Security Consortium SA	R2 037 118,83
D 10533	Optex RXC Saver	Security Consortium SA	-
D 10539	Alarm Monitoring and response Jan 2024	Security Consortium SA	R127 937,50
D 10540	Guarding Municipal sites January 2024	Security Consortium SA	R2 274 419,39
D 10555	Alarm Monitoring and response	Security Consortium SA	R127 937,50
D 10556	Guarding Feb 2024	Security Consortium SA	R2 076 100,38
D 10558	Beam replacement material	Security Consortium SA	-
D 10541	Laboratory analytical Services	AL Abbott & Associates	R65 183,50
D 10549	Supply and Delivery of soda ash	Metsi Water Solutions	R392 725,00
D 10547	L0010/23 - DA // KM re appointment of the MM	Nandi Bulabula Inc	R87 745,00
D 10527	inv L009/2022 - Lopes & DA & Others	Nandi Bulabula Inc	R54 289,50
D 10564	Construction of emergency houses	Nzuzu Yalo Trading Pty Ltd	R182 000,00
D 10565	Construction of emergency houses	Kamashaba Building and Electric Projects	R175 000,00

D 10568	Construction of wendy houses	Tolo 'n Miles	R77 000,00
T12/2021/2022	Supply and delivery of non-flush chemical toilets	Bidvest Facilities Management	R871 751,95
	Irregular Expenditure - Current Year before Audit		**R20 007 191,13**
T 01 OF 2022/23	Supply, delivery and offloading of electrical cables, conductors	Various supplies	R108 455,93
T 70 OF 2017/18	Oversee, Co-ordinate and supervise maintenance activities WWTW	Northfield Engineering	R1 036 610,76
T 26 OF 2022/23	Upgrade of Sedgefield Bulk Sewer services	IMVU Construction	R1 573 396,65
T 21 OF 2022/23	Oversee, Coordinate and supervise maintenance activities	Keneli Investments T/A Megaflow	R1 229 552,42
	Irregular on contracts Identified through Audit 2022-2023		**R3 948 015,76**

The Audit Committee of Council should:

- Note the 3rd Quarter report for implementation of the Supply Chain in the Municipality.
- Assist and capacitate MPAC in dealing with all avoidable irregular expenditure
- Note all the irregular expenditure and inform MPAC to investigate the Irregular Expenditure for the third quarter 2023/24 Financial year.
- Make appropriate recommendations to Council in relation to implementations of Supply Chain Managaement policy in the Municipality .

The aforementioned process will assist greatly in reducing the Irregular Expenditure Balance and improve the implementation of Supply Chain Management systems and process in the Municipality. Council due process should unfold to escalate this matters to MPAC for investigation, corrective action and consequences Management. MPAC should submit quarterly report to Audit Committee ans Council.

Attachments

Annexure A: Bid Administration Register for Quarter 3. Bids Awarded and Bids Under Considerations.
Annexure B: Request For Quotations Awards (RFQ) Register for Quarter 3
Annexure C: C Order purchase awards (RFQ) Register for Quarter 3
Annexure D: Deviations Register for Quarter 3 (January, February and March)

2.9 Recommendations

- That the Governance and Finance Committee of Council to note third quater report for implementation of Supply Chain Management policy in the Munipality from 01 January 2024 to 31 March 2024 period.

TR MAMPANA
SUPPLY CHAIN MANAGER
DATE: 17 April 2024