

THE ADMINISTRATOR



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**MUNISIPALITEIT - MUNICIPALITY - UMASIPALA-WASE
BEAUFORT-WES/BEAUFORT WEST/BHOBOFOLO**

KANTOOR VAN DIE DIREKTEUR: FINANSIËLE DIENSTE

OFFICE OF THE DIRECTOR: FINANCIAL SERVICES

Rig asseblief alle korrespondensie aan die Munisipale Bestuurder/Kindly address all correspondence to the Municipal Manager/Yonke imbalelwano mayithunyelwe kuMlawuli kaMasipala

Verwysing
Reference
Isalathiso

6/1/1/1

Navrae
Enquiries
Imibuzo

S.A Pothberg

Datum
Date
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2024.10.15



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MEMORANDUM TO THE MUNICIPAL MANAGER

SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT FOR 1ST QUARTER- 01 JULY TILL 31 SEPTEMBER 2024

1. EXECUTIVE SUMMARY

In terms of paragraph 6.3 of Council's Supply Chain Management Policy, 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 of the municipality.

2. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

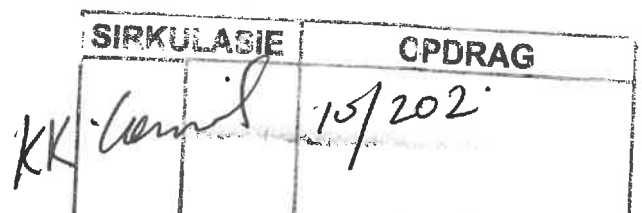
In terms of the Municipal Supply Chain Management Regulations, Paragraph 45, awards given to close family members or persons in the service of the state, above R2 000, should be disclosed in the notes to the Annual Financial Statements. During the 1st quarter of 2024/2025 financial year awards amounting to **R 223 129,95** were made by the municipality to people whose close family members are in the service of the state, see **Annexure A** for details.

3. MONTHLY REPORT ON DEVIATIONS AND MINOR BREACHES

The Supply Chain Management Policy states in Paragraph 10.3.1: "The accounting officer may dispense with the official procurement processes established by this policy and may procure any required goods or services through any convenient process, which may include direct negotiations, but only –

- (d) Any other exceptional case where it is impractical or impossible to follow the official procurement processes, including:
- (d)(v) the appointment of any person to provide professional advice or services, where the value of such appointment is less than R200 000 or any such greater amount as may be legislated from time to time
- (d)(ii) Any contract with an organ of state, a local authority or a public utility corporation or company

There were 4 deviations approved by the Accounting Officer during the 1st quarter. The total amount of these deviations was **R 126 699,62** see **Annexure B** for details.



4. AWARDS OF COMPETITIVE BIDS AND FORMAL QUOTATIONS IN TERMS OF SUB-DELEGATIONS

In terms of Section 5(3), an official or bid adjudication committee to which the power to make final awards has been sub-delegated must within five 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.

The Municipal Manager has sub-delegated the power to award Competitive Bids to the Bid Adjudication Committee and Formal Written Price Quotations to the Heads of Departments. There were **2** awards made in terms of these sub-delegations which amount to **R 12 223 298,31** and the details of these awards are attached as **Annexure C**.

5. CONTRACT MANAGEMENT

In terms of National Treasury Circular 62, contracts may be varied or expanded by not more than 20% for construction-related goods or services and no more than 15% for all other goods and or services. SCM 22/2021: Professional Services: Short Term Insurance Portfolio For Period Of 3 Years expiry date was 30 June 2024 and we extended the contract until 30 October 2024 while procurement process is followed for the appointment of new service provider:

#	Amendment	Actual Value
1.	Total Contract expenditure for 1 st year-2021/2022	R 863 342.44
2.	Total Contract expenditure for 2 nd year-2022/2023	R 3 959 992.38
3.	Total Contract expenditure for 3 rd year-2023/2024	R2 185 466.37
4.	Total Contract expenditure for 3 years	R 7 008 801.19
5.	15% of total contract value	R 1 051 320.18
6.	Estimated expenditure until October 2024 excluding disbursements	R365 363.56

6. IRREGULAR EXPENDITURE

In terms of section 1 of the MFMA Circular No 68, Irregular expenditure is defined in section 1 of the MFMA as follows:

"Irregular expenditure", in relation to a municipality or municipal entity, means—

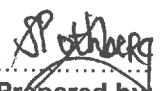
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or

- (e) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

During the quarter under review the municipality incurred irregular expenditure amounting to **R 4 527 820,88** as a result of contracts that were used though they have already expired, see **Annexure D** for details.

7. PUBLICATION OF SCM REPORT

In terms of Section 21(a) of the Systems Act the report must also be advertised in the local media and placed on Council's notice boards and website.


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Prepared by: Mrs. S.A Pothberg
Accountant: Supply Chain Management


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Reviewed: Mr. M Nhlengetwa
Director: Financial Services

BEAUFORT WEST MUNICIPALITY					
Annexure A- Awards to close family members of persons in the service of the state 1st Quarter - 01 July- 31 September 2024					
Business	Date	Reference	Amount	Interest	
Anne's Deli	24/07/2024	15-2024/08-67843	R 6.000,00	Husband, Mr A Stoffels, Is currently employed by the Department of Education	
	8/8/2024	15-2024/08-68514	R 7.350,00		
B Chalmers	10/07/2024	15-2024/07-66152	R 6.000,00	Spouse, M Chalmers are employed at Department of Correctional Services and Son, G Bowers at Emergency Services and daughter in law at the Beaufort West Municipality.	
	20/08/2024	15-2024/08-68087	R 23.440,75		
Q&K Projects	20/08/2024	15-2024/08-68087	R 35.061,50	Spouse, Mrs Y De Wee, currently employed at Transnet	
	23/07/2024	ORD-11119-15-2024/09-69551	R 9.786,96		
TSCH International Holdings	31/07/2024	ORD-11156-15-2024/09-69551	R 22.195,00	Spouse, Mr E Hlongwane, currently employed at City of Cape Town	
	23/08/2024	ORD-11264	R 9.786,96		
	17/09/2024	ORD-11361	R 15.831,02		
	19/09/2024	ORD-11371/INV000488	R 2.638,56		
RWS Cleaning Services	18/07/2024	ORD-11109-15-2024/08-68616	R 12.539,20	Son is employed at the Department of Agri Cultural Affairs and daughter at Department of Social Development	
	18/07/2024	ORD-11111-15-2024/08-68616	R 26.800,00		
	14/08/2024	ORD-11214	R 26.800,00		
	29/08/2024	ORD-11294/INV03-15-2024/09-70000	R 6.900,00		
	10/09/2024	ORD-11233	R 6.000,00		
L & E Projects		ORD-11333	R 6.000,00	Brothers, Mr Bevan and Ashley Mitchell, Is currently employed at the Beaufort West Municipality and brother, Elroy Mitchell employed at the Department of Education	
TOTAL QUANTITY			R 223.129,95		
TOTAL AMOUNT				15	

BEAUFORT WEST MUNICIPALITY						
Annexure B - Deviations awarded for the 1st Quarter - 01 July- 31 September 2024						
Applicable Paragraph in SCM Policy	Supplier	Amount	Date	Reference	Directorate	Reason for Deviation
(d)(vi) ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work of the required in order to call for bids	Coastal Armature Winders & Suppliers CC	R 20 279,22	10/7/2024	ORD-11096-15-2024/08-68521	L. Nqotola	The compressor is currently the only one in use in the municipality and the Electrical Department need it to replace broken poles. As a result of the storms in the past few months, there is urgent work that need to be done and the compressor and jackhammer combination is needed to do this CZ 4860 (compressor) is the only compressor still working condition in the municipality. After it was serviced locally, it kept breaking down and it was decided to send it to the agent for inspection, repairs and certification. Approval was requested from the Cash flow Committee on the 26 of April 2024 and it was approved that we can go ahead with a Deviation as it will be strip quote.
		R 7 290,40	10/7/2024	ORD-11093-15-2024/08-68521		The compressor and jackhammer is currently the only one in use in the municipality and the Electrical Department need it to replace broken poles. As a result of the storms in the past few months, there is urgent work that need to be done and the compressor and jackhammer combination is needed to do this. The Pneumatic jackhammer used with the compressor CZ 4860 also need to be repaired. It was sent with the compressor for a strip quote. Approval was requested from the cash flow committee on the 26 April 2024 and it was approved that we can go ahead with a deviation as it will be a strip quote.
	Swartberg Motors	R 35 880,00	02/09/2024	ORD-11297-15-2024/09-69970		Tata tipper truck CZ 7593 has been standing for 15 months due to defective gearbox. It was removed and sent to George for a strip quote, but after 4 months it was returned as unrepairable due to lack of parts available. It has since been sent to Cape Town and limited parts were found to do the repairs. It can be deemed that this is the only repair option to fix this gearbox of the truck. it is struggling to meet their service delivery demand because of this. Repairing the truck will go a long way to assist the construction department.
	Garden Route Compressed Air (PTY) LTD	R 63 250,00	02/09/2024	ORD-11315		CZ 4860 (compressor) is the only compressor still working condition in the municipality. It was noticed that the separator tank was damaged during the safety and pressure test. As it can't be repaired due to safety protocol, it has to be replaced by specialists and pressure tested again. Due to high pressure equipment being used, safety has to be prioritised.

TOTAL QUANTITY DEVIATION
TOTAL AMOUNT OF DEVIATIONS

R 126 699,62
4

BEAUFORT WEST MUNICIPALITY						
Annexure D-Formal quotations and tenders awarded for the 1st Quarter - 01 July- 31 September 2024						
Bid #	Item	Awarded to	Bid Amount	BBBEE Level	Award date	Award by
SCM 32/2024	Tyre Mart (Pty) Ltd and 2. WLC Tyre & Fleet Solutions (Pty) Ltd	Supply And Delivery Of Tyres, Tubes, Wheel Alignment, Tyre Repair Services And Batteries For a Three (3) Year Period	Rate based tender	4	17/07/2024	Bid Adjudication Committee
RT57-2021	Key Spirit Trading	Transversal Contract RT57-2021: Supply And Delivery Of Sedan, Light, And Heavy Commercial Vehicles, Busses, Motors Cycles, Agricultural Tractors, Construction Plant And Equipment To The State For a Period Of 36 Months. Mig From Id: 519423: Beaufort West: Specialised Waste Management Fleet: Landfill Compactor	R12.223.298,31	3	24/05/2024	
TOTAL			R 12.223.298,31			

BEAUFORT WEST MUNICIPALITY									
Annexure E - Expenditure of Irregular Contracts for 1st Quarter - 01 July- 31 September 2024									
SCM number	Bid description	Bidder	Amount	Payment reference	Payment date	Start date	Completion date	Contract Manager	Comment
SCM 15/2016	Full maintenance fleet: Vehicles	Eqstra fleet	R 16.720,14	15-2024/08-67370	02/08/2024			Director: Infrastructure Services	Contract extended beyond contract period
			R 74.598,25	15-2024/08-68519	29/08/2024				
		Nedfleet	R 5.877,54	15-2024/09-69961	30/09/2024				
			R 165.084,11	15-2024/08-67376	02/08/2024				
			R 166.021,08	15-2024/09-68875	02/09/2024				
Different cellphones contracts		MTN	R 166.021,08	15-2024/09-68875	04/09/2024				No SCM Process followed
			R 162.419,87	15-2024/10-70075	01/10/2024	01/06/2021	01/05/2019		
			R 653,86	15-2024/07-66220	11/07/2024				
			R 11.619,13	15-2024/07-66220	11/07/2024				
			R 653,86	15-2024/08-68508	29/08/2024				
Different cellphones contracts	Cell phone Contracts for Councillors and personnel		R 11.619,24	15-2024/08-68508	29/08/2024				
			R 11.619,25	15-2024/08-68508	29/08/2024				
			R 1.486,10	15-2024/07-65924	05/07/2024				
			R 1.730,14	15-2024/07-66152	10/07/2024				
			R 13.687,72	15-2024/07-66542	19/07/2024				
Different cellphones contracts	Telkom SA		R 96.727,37	15-2024/07-66542	19/07/2024				Contract expired
			R 3.354,35	15-2024/07-67183	31/07/2024				
			R 1.486,88	15-2024/08-67486	05/08/2024				
			R 1.819,27	15-2024/08-67753	12/08/2024				
			R 96.778,31	15-2024/08-67993	19/08/2024				
Telecommunication Services			R 12.094,18	15-2024/08-67993	19/08/2024				
			R 3.329,14	15-2024/08-68508	29/08/2024				
			R 1.488,35	15-2024/09-68862	04/09/2024				
			R 1.700,65	15-2024/09-69052	09/09/2024				
			R 9.418,30	15-2024/09-69540	19/09/2024				
SCM 33/2022	Provision of Security Services for a 3 year period	M S MATLA Security Services	R 95.499,69	15-2024/09-69540	19/09/2024				
			R 3.597,55	15-2024/09-69970	30/09/2024				
			R 1.488,36	15-2024/09-69990	30/09/2024				
			R 549.196,56	15-2024/07-67217	31/07/2024				
			R 184.161,84	15-2024/08-67492	05/08/2024				
SCM 13/2023	SCM 26/2023 -Request for Proposals: Service Providers for Implementing Skills Development Programme for Training: Chemical Operation Level 2, 3 And 4 For Three Year Period	BAB Developers (Pty) Ltd	R 184.161,84	15-2024/08-68510	29/08/2024				
			R 549.196,56	15-2024/08-68510	29/08/2024				
			R 184.161,84	15-2024/09-69961	30/09/2024				
			R 549.196,56	15-2024/10-70073	01/10/2024				
SCM 62/2023	Supply, Maintenance, Repairs and Calibration of Digital Speed Cameras and the Administration of a Back Office for a Period of Three Years	Total Computer Services	R 90.000,00	15-2024/08-68206	23/08/2024				Identified as irregular previously by AG. Advertisement not shorter than prescribed period advertised
			R 192.875,01	15-2024/07-66813	26/07/2024				
			R 212.434,90	15-2024/08-68294	26/08/2024				
			R 268.837,57	15-2024/09-69779	26/09/2024				
			R 59.427,33	Bank charges-01 July 2024-31 September					
SCM 66/2023	Provision of Comprehensive Banking Services	Merch D-Bank card machine charges-01 July 2023-31 June 2024	R 27.416,62	15-2024/07-65821	01/07/2024				
			R 34.320,52	15-2024/08-67315	01/08/2024				
			R 35.469,90	15-2024/09-68875	04/09/2024				
			R 32.964,33	15-2024/10-70075	01/10/2024				
			R 540,87	15-2024/08-67933	16/08/2024				

SCM 13/2021 None	Supply and delivery of personal protective clothing for 3 year period The Municipality posted municipal accounts using the Post Office, the delay of consumers receiving	Aludar Postnet	R	10 466,45	15-2024/07-66152	10/07/2024			
			R	116 420,28	15-2024/07-66152	10/07/2024			
			R	2 059,14	15-2024/08-68616	30/08/2024			
			R	7 133,99	15-2024/09-68975	06/09/2024			
			R	49 392,50	15-2024/07-65948	05/07/2024	M Nlengethwa		
			R	49 392,50	15-2024/07-67183	31/07/2024			
			R		4 527 820,88				