

241. **SUPPLY CHAIN MANAGEMENT: BIDS AWARDED ABOVE R200 000- OCTOBER 2018**

(Directorate: Budget and Treasury)

**1. STRATEGIC THRUST**

The Rustenburg Local Municipality has adopted amongst others “To ensure sustainable municipal financial viability and management including good governance and public participation”.

**2. PURPOSE OF THE REPORT**

The purpose of the report is to provide Council with the progress regarding the implementation of the supply chain management system for the month of October 2018.

**3. EXECUTIVE SUMMARY**

**3.1 BACKGROUND**

Section 6 (2) i and (3) of the (MFMA) Municipal Supply Chain Management Regulations requires that for the purpose of Council to exercise its oversight role and the accounting officer must monitor and assess on continuous basis the implementation of the Supply Chain Management System and submit a report on the implementation at the end of each month to Executive Mayor.

**4. DISCUSSION**

The report is submitted to ensure that the supply chain processes followed by management is in line with Municipality’s policy framework and regulations pertaining to supply chain management. All bids contained in this report were advertised, evaluated and adjudicated in accordance with the Supply Chain Policy and is obtained from the appointment letters signed by the Accounting Officer.

**4.1 BIDS AWARDED**

- A total number three (03) bids were awarded for the month of October 2018 to three suppliers. The total value of the projects cannot be determined as the other bids are awarded as per rates.
- Out of the three (03) companies, two (2) are within Rustenburg Jurisdiction and one (01) is from outside Rustenburg. Composition of ownership of the awarded companies is as follows:

<b>NO.</b>	<b>BIDDER</b>	<b>BID AWARDED</b>	<b>BLACK OWNERSHIP</b>	<b>Rustenburg based</b>	<b>APPOINTMENT LETTER</b>	<b>SLA</b>
1.	Pono Encha Mining and Projects (Pty) Ltd	<b>RLM/DCD/0126/2017/18</b> Appointment of one or more service provider for cleaning services at various municipal building for a period of three (03) years (Deep cleaning) and (Transport)	100%	Yes	Yes	Yes
2.	Mateaspoon Marketing and Projects	<b>RLM/DCD/0126/2017/18</b> Appointment of one or more service provider for cleaning services at various municipal building for a period of three (03) years (Stain removal) and (Transport)	100%	Yes	Yes	Yes
5.	Pono Encha Mining and Projects (Pty) Ltd	<b>RLM/DCD/0121/2017/18</b> Appointment of a service provider to supply and deliver roll on roll off containers as and when required for a period of three (03) years	100%	Yes	Yes	Yes
6.	Lateral Unison Insurance Brokers (Pty) Ltd	<b>RLM/BTO/0123/2017/18</b> Re - Advert: Appointment of registered insurance broker for the period of three (03) years on short term insurance portfolio	100%	No	Yes	Yes

## 5. FINANCIAL IMPLICATIONS

The projects will be funded as follows:

NO.	BID AWARDED	VOTE NUMBER	BUDGET
1.	<b>RLM/DCD/0126/2017/18</b> Appointment of one or more service provider for cleaning services at various municipal building for a period of three (03) years (Deep cleaning)	012106006528	R569 646.70
2.	<b>RLM/DCD/0126/2017/18</b> Appointment of one or more service provider for cleaning services at various municipal building for a period of three (03) years (Transport)	012106006528	R569 646.70
3	<b>RLM/DCD/0126/2017/18</b> Appointment of one or more service provider for cleaning services at various municipal building for a period of three (03) years (Stain removal)	012106006528	R569 646.70
4	<b>RLM/DCD/0126/2017/18</b> Appointment of one or more service provider for cleaning services at various municipal building for a period of three (03) years (Transport)	012106006528	R569 646.70
5	<b>RLM/DCD/0121/2017/18</b> Appointment of a service provider to supply and deliver roll on roll off containers as and when required for a period of three (03) years	014402001321	R9 418 453.19
6	<b>RLM/BTO/0123/2017/18</b> Re - Advert: Appointment of registered insurance broker for the period of three (03) years on short term insurance portfolio	Various votes: (Premiums) O0001/IE00805/F1190/X115/R0332/001/270 O0001/IE00835/F2496/X045/R0332/001/010 O0001/IE00804/F2496/X044/R0332/001/001 O0001/IE00804/F2496/X044/R0333/001/004 O0001/IE00802/F0041/X052/R0333/001/015 O0001/IE00802/F2496/X046/R0332/001/025 O0001/IE00802/F2496/X051/R0332/001/030 O0001/IE00805/F2496/X048/R0333/001/090 O0001/IE00802/F2496/X110/R0333/001/100 O0001/IE00802/F2496/X110/R0333/001/130 O0001/IE00802/F2496/X113/R0333/001/145 O0001/IE00802/F2496/X101/R0333/001/155 O0001/IE00802/F2496/X077/R0333/001/160 O0001/IE00804/F2496/X098/R0332/001/180	R50,000.00 R6,311.26 R25,912.00 R1,698,631.00 R8,567.00 R178,763.00 R14,201.00 R853,352.09 R185,528.00 R1,198,313.84 R405,450.00 R24,988.00 R536,160.00 R14,201.00

	O0001/IE00803/F2496/X024/R0332/001/215	R122,828.47
	O0001/IE00800/F2496/X004/R0333/001/220	R16,189.94
	O0001/IE00802/F2496/X006/R0333/001/225	R537,387.06
	O0001/IE00802/F2496/X123/R0333/001/235	R92,120.51
	O0001/IE00802/F2496/X125/R0332/001/245	R376,631.51
	O0001/IE00805/F2496/X124/R0332/001/250	R237,985.01
	O0001/IE00805/F2496/X032/R0333/001/300	R14,201.00
	O0001/IE00802/F2496/X055/R0332/001/305	R113,998.11
	O0001/IE00804/F0928/X032/R0333/001/310	R1,852,129.00
	O0001/IE00801/F2496/X146/R0333/001/325	R207,270.31
	O0001/IE00805/F2496/X116/R0333/001/335	R494,918.39
	O0001/IE00803/F0932/X146/R0333/001/340	R9,492.16
	O0001/IE00805/F0931/X139/R0333/001/345	R113,777.88
	O0001/IE00802/F2496/X132/R0332/001/360	R12,615.77
	O0001/IE00802/F0045/X109/R0333/001/115	R66,082.00

## 6. LEGAL IMPLICATIONS

This report is informed by the following legal instruments:

Section 217 (1) of the Constitution of Republic of South Africa 1996 inter alia provides that “When an Organ of State in the National, Provincial or Local sphere of government contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.

In giving effect to the above Constitutional provision, Regulation 2 (3) of the Local Government: Municipal Finance Regulations inter alia provides that “No municipality or municipal entity may act otherwise than in accordance with its supply chain management policy when procuring goods or services, disposing of goods no longer needed.

The main objective of the provisions is to ensure that the resources of the municipality or municipal entity should be used effectively, efficiently and economically and compliance in order to improve accountability and transparency as well as to combat fraud.

The Supply Chain Management Policy as approved by the Council in terms of the requirements of section 111 of the MFMA requires that goods or services above a transaction value of R200 000 (VAT included) and long term contracts should be procured ONLY through the competitive bidding process and no requirement for goods or services above an estimated transaction value of R200 000 (VAT included ) 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.

Regulation 6 (2)and (6) (3) of the Supply Chain Management Regulations provides that the Municipal Council and the Board of Directors of a Municipal entity must maintain oversight over the implementation of its supply chain management policy and in this regard the Accounting Officer in the case of the municipality must submit a report within 10 days of the end of each quarter on the implementation of the supply chain management policy to the Mayor and whenever there are serious and material problems

in the implementation of the supply chain management policy , the Accounting Officer shall immediately submit a report to the municipal council .

Further it is a statutory requirement that these reports should be made public in accordance with section 21A of the Municipal System Act (i.e. displaying documents at municipality head and satellite offices, libraries, municipal website, local newspapers). This also applies to the report of the municipal entity.

--- See Attached (**Annexure A - H**)

**RLM/BTO/0123/2017/18**

ANNEXURE A – SPECIFICATION  
ANNEXURE B – BUDGET  
ANNEXURE C - BEC RECOMMENDATIONS  
ANNEXURE D - BAC RECOMMENDATIONS  
ANNEXURE E – APPOINTMENT LETTER  
ANNEXURE F - SERVICE LEVEL AGREEMENT

**RLM/DCD/0121/2017/18**

ANNEXURE A – SPECIFICATION  
ANNEXURE B – BUDGET  
ANNEXURE C - BEC RECOMMENDATIONS  
ANNEXURE D - BAC RECOMMENDATIONS  
ANNEXURE E – APPOINTMENT LETTER  
ANNEXURE F - SERVICE LEVEL AGREEMENT

**RLM/DCD/0126/2017/18**

ANNEXURE A – BUDGET  
ANNEXURE B - BEC RECOMMENDATIONS  
ANNEXURE C - BAC RECOMMENDATIONS  
ANNEXURE D – APPOINTMENT LETTER PONO ENCHA  
ANNEXURE E - APPOINTMENT LETTER MATEASPOON  
ANNEXURE F - SERVICE LEVEL AGREEMENT PONO ENCHA  
ANNEXURE G - SERVICE LEVEL AGREEMENT  
ANNEXURE H – RECOMMENDATIONS MATEASPOON MARKETING AND PROJECTS

**This item served before the Mayoral Committee on the 08 November 2019 and the following recommendations were made:**

**RECOMMENDED:**

**ACTION**

- |  |     |
|--|-----|
| 1. That the report of the awards above R200 000 be noted;            | CC  |
| 2. That the report be submitted to Provincial and National Treasury; | BTO |
| 3. That the report be published on the municipal website.            | BTO |

-----