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COJ: EMT
COJ: MAYORAL SUB COMMITTEE
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COJ: FINANCE COMMITTEE
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**SUPPLY CHAIN MANAGEMENT UNIT
OPERATIONAL STATUS REPORT
FOR THE PERIOD 1 JANUARY 2012 TO 31 MARCH 2012**

1 STRATEGIC THRUST

Well governed and managed City.

2 OBJECTIVE

To provide statistical management information pertaining to the Supply Chain Management (SCM) activities over the period 1 January 2012 to 31 March 2012, and to report on the exercising of certain Delegation of Powers given to the Executive Director: Finance, as applicable to the Supply Chain Management Unit. The information contained in this report relates to procurement activities of the "core Council" only.

3 SUMMARY

The procurement process is governed by the Municipal Finance Management Act, Act 56 of 2003, the Municipal Supply Chain Management Regulations as promulgated there-under and the Supply Chain Management Policy of the City. This report reflects a consolidation of all purchases including the purchase of direct goods and/or services (direct delivery to departments), purchase of stock items, statistics on all bids (issued and in progress of being evaluated), renewal of contracts and stores management activities within the "core" of the City. Detailed information on certain activities for purchasing, contracts statistics, acquisition status and inventory management per store information is contained in Annexures A, B, C, D, E and F of the report respectively.

3.1 Purchasing Statistics

i. Direct Purchases (Annexure A)

The information provided is in respect of direct purchases made within the "core". Direct purchases are requirements for delivery of goods and services directly to the user departments. The total value of all direct purchases for the third quarter was R656 667 102.04 and R2 354 513 276.12 year to date.

ii Stock Purchases (Annexure A)

The information provided is in respect of stock purchases made within the "core" that represents frequently required and replenished items. Stock purchases are requirements for delivery of stock material directly to the various stores for distribution to user departments on an as-and-when required basis. The total value of all stock purchases for the third quarter was R9 173 494.25 and R40 350 199.04 year to date.

3.2 Contracts Statistics

3.2.1 Public Bids Issued and Contract Statistics (Annexure B)

Public bids represent acquisition of goods and/or services through a public competitive bidding process for values greater than the threshold of R 200 000 (VAT Inclusive), as well as for the renewal of contracts of certain goods and services.

A total of 23 (Twenty Three) bids were advertised, 14 (Fourteen) were closed during the period under review and 1 (One) was cancelled. Bid documents collected amounted to 1 284 (One Thousand Two Hundred Eighty Four), of which 532 (Five Hundred and Thirty Two) submissions were received for evaluation. Further details are provided in Annexure B.

3.2.2 Construction Bids (CIDB) (Annexure C)

The Construction Industry Development Board Act of 2000 (Act 38 of 2000) empowers the Board to establish a register of projects with the aim of establishing and maintaining the drive for the industry development objectives. It is mandatory for the City as a public sector client, to publish the construction tenders on the CIDB website. No construction bids were advertised on the CIDB website for the period 01 January 2012 to 31 March 2012.

3.2.3 Contracts due to expire in a period of 9 months (Annexure D)

The list, as per Annexure D, indicates contracts that will be expiring within nine months period. Reminders in the form of letters are sent to user departments four months prior to the expiry date of the contracts. The purpose of the reminders is to encourage the departments to commence the bidding process for renewal of contracts timeously.

Evaluation of the renewal process of existing contracts and delays experienced in initiating the procurement process by the user departments has prompted the SCM directorate to heighten the frequency of communication with user departments on the renewal of contracts, as an additional measure to avoid deviations from procurement processes as follows:

- i. Notices will henceforth be served nine months before the expiry date of the contract in order to allow adequate time for the contract renewal process.
- ii. The notice will be followed up by a reminder after a month.
- iii. The second reminder will be sent directly to the Head of Department acting as the custodian of a relevant contract after two months.
- iv. Thereafter the Supply Chain Management Directorate will determine through the acquisition plan and spend analysis the users of similar goods and services procured under the said contract City wide for the purposes of consolidating the requirements for the establishment of the contract. The major user of such a contract/s will be deemed the custodian of such.

3.2.4 Bids Awards by Delegated Authorities with Affirmative Business Enterprise (ABE) Spend (Annexure E)

Both the Executive and Central Adjudication Committees were established in terms of the provisions of Local Government Municipal Finance Management Act. These Committees consists of officials with authority to approve bids in accordance with their terms of reference.

Bids were evaluated in accordance with criteria set out in the Preferential Procurement Policy Framework Act (Act No: 5 of 2000) and the Preferential Procurement Regulations published in terms of Government Gazette No 22549 and also in terms of the criteria set out in the Construction Industry Development Board (Act No 38 of 2000)

Bids were also evaluated in accordance with preference point system and the Broad Based Black Economic Empowerment Act No: 53 of 2003.

3.2.5 Stores and Inventory Management (Annexure F)

- i Total value of stock held as at 31 March 2012: R15 211 356.58
- ii Total issued stock: 275 958 items, valued at R9 400 562.62
- iii Total stock purchases: 179 845 items, valued at R9 330 148.15

The above total stock value of R15 211 356.58 as at 31 March 2012 excludes items whose shelf-life have expired as these would have been written off (through adjustments and write-offs). The value of write off stock is R1 038.90 year to date.

4 POLICY IMPLICATIONS

The bidding processes and the procurement of goods and services were made in accordance with the relevant pieces of legislation and the Supply Chain Management Policy of the City. This report is presented for management information purposes.

5 LEGAL & CONSTITUTIONAL IMPLICATIONS

In terms of Regulation 6(1) read with Regulation 6(2) of the Municipal Supply Chain Management Regulations issued in terms of the Municipal Finance Management Act 56 of 2003, the Council of the Municipality must maintain an oversight role over the implementation of its Supply Chain Management Policy. This report has been compiled in compliance thereto.

6 FINANCIAL IMPLICATIONS

Daily operations, within the Supply Chain Management Unit are funded from 2011/2012 Operating Estimates as applicable.

7 COMMUNICATION IMPLICATIONS

The report will be published on the Council's website in terms of Regulation 6(4) of the Supply Chain Management Regulations issued in terms of the MFMA.

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8 OTHER DEPARTMENTS/BODIES CONSULTED

The Finance and Legal & Compliance Departments were consulted in the drafting of this report.

9 KEY PERFORMANCE INDICATOR

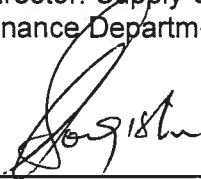
This report is for compliance purposes to enable the Council as public representatives to exercise their oversight role.

IT IS RECOMMENDED

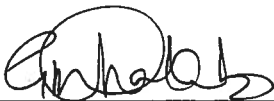
- 1 That the contents of the report and the information contained in Annexure A, B, C, D, E and F thereto be noted.
- 2 That the Director: Supply Chain Management publishes the report on the Council's website in compliance with Regulation 6(4) of the Municipal Supply Chain Management Regulations issued in terms of the Municipal Finance Management Act 56 of 2003, for access thereof by the public.
- 3 That in the case of consolidated contract/s, where there are no existing custodians, Supply Chain Management Directorate be authorised to determine the best suited departments that will serve as custodians of the City's consolidated contracts.



T PEELE
Director: Supply Chain Management Unit
Finance Department



L. SONQISHE
Acting Executive Director: Finance Department



CLR GEOFFREY MAKHUBO
MMC: Finance Department



M RUDA
Legal Adviser
Legal and Compliance

03/05/12

Date

Date

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ANNEXURE A

PURCHASING STATISTICS FOR DIRECT PURCHASES FROM 1 JANUARY 2012 TO 31 MARCH 2012

Direct Purchases

Value of Order	Number of Orders Placed	Total Value
R1 to R2 000	4 384	R2 888 419.25
R2 001 to R10 000	3 022	R14 935 298.18
R10 001 to R30 000	2 413	R45 984 902.02
R30 001 to R100 000	801	R40 650 137.21
R100 001 to R200 000	191	R27 124 514.21
R200 001 to R500 000	158	R50 714 659.70
R500 001 to R5 000 000	168	R241 643 461.54
R5 000 001 to R10 000 000	11	R76 116 041.07
Above R10 000 000	6	R156 609 668.86
TOTALS	11 154	R656 667 102.04

Average value per order placed R58 872.79

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PURCHASING STATISTICS FOR STOCK PURCHASES FROM 1 JANUARY 2012 TO 31 MARCH 2012

Stock Purchases

Value of Order	Number of Orders Placed	Total Value
R1 to R2 000	15	R19 393.98
R2 001 to R10 000	87	R539 598.03
R10 001 to R30 000	176	R3 596 151.90
R30 001 to R100 000	24	R1 444 484.16
R100 001 to R200 000	14	R1 952 923.13
R200 001 to R500 000	6	R1 620 943.05
R500 001 to R5 000 000	0	R0
R5 000 001 to R10 000 000	0	R0
Above R10 000 000	0	R0
TOTALS	322	R9 173 494.25

Average value per stock order placed: R28 489.11

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ANNEXURE B

BID / PROPOSAL STATUS REPORT

BID STATUS REPORT FROM 1 JANUARY 2012 TO 31 MARCH 2012

Bid / Contract Statistics

Invitation for bids advertised	23
Number of bids / proposals closed	14
Number of bids/ proposal documents collected	1284
Bids / Proposals submissions received back	532
Bids / Proposals cancelled	1
Bids / Proposals cancelled: Re-invited	1
Bids / Proposals cancelled: Not to be Re-invited	0
Bids / Proposals approved below R5 million	3
Bids / Proposals approved above R5 million	3
Breach of contract	0
Final Notices to Defaulting Contractors	0
Cancellation of contracts	0
Change of name of contractor or change of contractor	1
Cessionary agreements and assignments	2

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Advert Date	Tender No	Description	Closing Date	Completion date of schedule by SCMU	Date of Bid Evaluation Committee	Date Report served at Bid Adjudication Committee	Date approved by Bid Adjudication Committee
20-01-2012	A450	Expression of Interest for the Panel of Service Contractors for Implementation of Bulk & Internal Infrastructure on an as and when required basis	22-02-2012	19-04-2012	02-05-2012	Not yet presented	Not yet awarded
20-01-2012	A451	Expression of Interest: Panel of Professional Service Providers for the City of Johannesburg Department of Housing	23-02-2012	05-04-2012	18-04-2012	Not yet presented	Not yet awarded
27-01-2012	351/11	Installation of Climate Control System in the Archive Rooms at Centre of Excellence	13-02-2012	15-02-2012	23-02-2012	Cancelled	Cancelled
03-02-2012	A452	Request for Proposals to be Appointed to a Panel of Consultants for the Provision of Professional Services to the Rea Vaya Bus Rapid Transport (BRT) System	20-02-2012	06-03-2012	26-04-2012	Not yet presented	Not yet awarded
03-02-2012	A453	Arts Alive International Festival 2012 - 2014	05-03-2012	12-03-2012	13-04-2012	Not yet presented	Not yet awarded

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Advert Date	Tender No	Description	Closing Date	Completion date of schedule by SCMU	Date of Bid Evaluation Committee	Date Report served at Bid Adjudication Committee	Date approved by Bid Adjudication Committee
17-02-2012	352/12	Construction of Public Transport Facilities in Johannesburg Rank 5 in Roodepoort Phase 1	09-03-2012	12-03-2012	14-03-2012	04-04-2012	04-04-2012
02-03-2012	353/12	Supply and erection of Diamond Mesh Fencing to Existing Low Cost Housing Units in Region D	27-03-2012	Busy with scheduling of bids	Not yet evaluated	Not yet presented	Not yet awarded
02-03-2012	354/12	Supply and erection of Diamond Mesh Fencing to existing Low Cost Housing Units in Region G	27-03-2012	12-04-2012	26-04-2012	Not yet presented	Not yet awarded
02-03-2012	355/12	Sol Plaatjies Construction of Road and Storm water Phase 3	03-04-2012	19-04-2012	Not yet evaluated	Not yet presented	Not yet awarded

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02-03-2012	A455	Appointment of a Suitably Qualified Services Provider to Submit Proposals to conduct Feasibility Study Integration of Supplier Database of the City and its Entities	20-03-2012	26-03-2012	Not yet evaluated	Not yet presented	Not yet awarded
02-03-2012	356/12	Traffic Calming: Construction and Implementation of a Complete Street in Orange Farm, Between AHA Thuto Secondary School and Laus Deo Primary School Ext 6 and 7	26-03-2012	29-03-2012	02-04-2012	04-04-2012	04-04-2012
02-03-2012	357/12	Traffic Calming: Construction and Implementation of a Complete Street in Kaalfontein, Archie & Fish Road	27-03-2012	29-03-2012	03-04-2012	04-04-2012	04-04-2012
09-03-2012	358/12	Provision of Laundering and Dry Cleaning Services for the City of Johannesburg	23-03-2012	04-04-2012	11-04-2012	Not yet presented	Not yet awarded

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09-03-2012	A456	Expression of Interest: For the Qualification and Appointment of a Panel of Service Providers for the Relocation of Families within the City of Johannesburg	13-04-2012	19-04-2012	Not yet evaluated	Not yet presented	Not yet awarded
09-03-2012	A457	Request for Proposals for a Municipal Solid waste characterisation Study for the City of Johannesburg Waste Treatment Technology project	30-03-2012	05-04-2012	17-04-2012	Not yet presented	Not yet awarded
16-03-2012	A458	Request for Proposals for the Selection of Professional Conference organiser Services to Assist the City of JHB in Organisation of the Wada,4 th world Conference on Doping in Sport 2013 event	16-04-2012	Busy with scheduling of bids	02-04-2012	Not yet presented	Not yet awarded

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23-03-2012	A459	The Appointment of Panel of Service Providers for the Provision of Marketing & Advertising Services above the Line & Below the line Advertising for Local National & International Target Audiences	26-04-2012	Not yet closed	Not yet evaluated	Not yet presented	Not yet awarded
16-03-2012	359/12	Supply and Delivery of Protective Clothing for FMMU for the City of Johannesburg	30-03-2012	10-04-2012	Not yet evaluated	Not yet presented	Not yet awarded
16-03-2012	A460	Request for Proposals for Asset Backed Finance for the City of JHB Metropolitan Municipality and its Municipal Owned Entities	16-04-2012	Busy with scheduling of bids	Not yet evaluated	Not yet presented	Not yet awarded
23-03-2012	A461	Request for Proposals for the Fare Management Services for the Rea Vaya Bus Rapid Transit	22-04-2012	Not yet closed	Not yet evaluated	Not yet presented	Not yet awarded

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Advert Date	Tender No	Description	Closing Date	Completion date of schedule by SCMU	Date of Bid Evaluation Committee	Date Report served at Bid Adjudication Committee	Date approved by Bid Adjudication Committee
23-03-2012	A462	Request for Proposals for the Appointment of a Panel of Service Providers for Research Services for a City wide Proposal within the City of Johannesburg	24-04-2012	Not yet closed	Not yet evaluated	Not yet presented	Not yet awarded
23-03-2012	A463	Request for Proposal for the appointment of a Panel of Service Provider for the Management of the City of Johannesburg Corporate Identity Guidelines Policy and Training	25-04-2012	Not yet closed	Not yet evaluated	Not yet presented	Not yet awarded
30-03-2012	A464	Request for Proposal for the PWP Leago Learner Placement Programme	18-04-2012	Busy with scheduling of bids	Not yet evaluated	Not yet presented	Not yet awarded

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ANNEXURE C

CIDB STATUS REPORT AS AT 31 MARCH 2012

Contracts completed (0)

CIDB Reference no.	Contract no.	Description

Contracts awarded, not yet completed (0)

CIDB Reference no.	Contract no.	Description

Contracts cancelled / terminated (0)

CIDB Reference no.	Contract no.	Description

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Bids cancelled prior to award (0)

CIDB Reference no.	Contract no.	Description

Bids advertised not yet awarded (3)

CIDB Reference no.	Contract no.	Description
617734	353/12	Supply and Erection of Diamond Mesh Fencing to Existing Low Cost Housing Units in Region D
617740	354/12	Supply and Erection of Diamond Mesh Fencing to Existing Low Cost Housing Units in Region G
617743	355/12	Sol Plaatjie Construction of Road and Storm Water Phase 3

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ANNEXURE D

BID / PROPOSAL STATUS REPORT

DETAIL LIST OF CONTRACTS DUE TO EXPIRE WITHIN NINE MONTHS FROM 1 APRIL 2012 TO 31 DECEMBER 2012

Contract no.	Description	Department	Expiry Date
235/09	Design, manufacture / sourcing, supply and delivery of JMPD Motorcycle List Uniforms.	JMPD	08-09-2012
238/09	Supply and delivery of Digital Photocopiers for the City of Johannesburg	Corporate Services	07-08-2012
249/09	Manufacture, supply and delivery of Nurses and Health Promoters Uniform for the Health Department for the City of Johannesburg	Health	13-08-2012
252/09	Panel for the supply and delivery of Printer Cartridges for the City of Johannesburg	Supply Chain Management Unit	02-12-2012
256/09	The Provision of Short Term Self Insurance Fund Contingencies Policy Administration Services for the City of Johannesburg	Risk Management	21-09-2012
264/09	Supply and delivery of Firearms for JMPD	JMPD	08-12-2012
321/11	Appointment of Nedbank Group LTD and Pamoja Asset Management Company (Pty) Ltd Consortium as Transaction Advisor and Arranger to procure funding for the Rea Vaya Bus Rapid Transit (BRT) Project	Transportation	29-07-2012
326/11	Appointment of a Contractor for the Construction of Roads for the Construction of Roads and Storm water Management Systems in Lakeside Extensions 1 and 3	Housing	16-09-2012
327/11	Appointment of Contractor for the Construction of Bulk Roads and Related Storm water Drainage in Bram Fischerville Extensions 13 (Phase 2)	Housing	16-09-2012
329/11	The Provision for the Collection Processing, Archiving, Storage, Transportation and Micro Filming of Documentation for JMPD (Lipro)	JMPD	30-11-2012
A222	Air Quality Monitoring	Environmental	17-08-2012
A326	The Provision of the Quarterly Newsletter for the City of Johannesburg	Communication	08-08-2012

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Contract no.	Description	Department	Expiry Date
A337	Specialised Skills Training Proposal for the Community Development Department of the City of Johannesburg	Community Development	17-08-2012
A348	Proposal for the Appointment of Panel of Specialised Financial Services for the City of Johannesburg	Asset and Liability Unit	02-11-2012
A368	Transaction Advisors to Assist the City of Johannesburg in procurement phase of the Alternative Waste Treatment	Infrastructure and Services Department	11-09-2012
A373	Project Management Unit for the Rea Vaya Project	Transportation	30-11-2012
A387	Appointment of Service Provider for Information, Communications Technology (ICT Services)	Office of the City Manager	29-11-2012
A391	Upper Jukskei Litter Trap Operation and Maintenance	Environmental Department	11-10-2012

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ANNEXURE E

BIDS AWARDED BY DELEGATED AUTHORITIES TO THE PREVIOUS DISADVANTAGE COMPANIES

	1st quarter of the financial year 2011/2012	2nd quarter of the financial year 2011/2012	3rd quarter of the financial year 2011/2012
Total estimated contract value of all bids/tenders awarded by the Central Adjudication Committee (CAC) up to the value of R 5 million:	R1 593 487.00	R2 197 690.96	R19 364 124.96
Procurement value awarded by the Central Adjudication Committee (CAC) to Affirmative Business Enterprises:	R162 575.40 10.2%	R28 839.71 1.3%	R9 745 935.22 50.3%
Total estimated contract value of all bids/tenders awarded by the Executive Adjudication Committees (EAC) above the value of R5 million:	R37 259 252.43	R115 603 545.40	R56 135 961.36
Procurement value awarded by the Executive Adjudication Committees (EAC) to the previously disadvantaged companies	R25 152 429.00 (67.5%)	R103 103 545.40 89.2%	R56 135 961.36 100%
Total value of all bids/tenders awarded by the EAC and CAC:	R38 852 739.43	R117 801 236.36	R75 500 086.32
Total value of projected business awarded to the previously disadvantaged companies.	R25 315 004.40	R103 132 385.11	R65 881 896.58
Combined bids/tenders awarded to the previously disadvantaged companies	65.1%	87.5%	87.3%

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ANNEXURE F

DETAILED STORES AND INVENTORY STATISTICS FROM 1 JANUARY 2012 TO 31 MARCH 2012

1. Nett stock value per store

Store Name	As at 31 March 2012
Smit Street Store	R8 994 223.64
Main Reef Store	R2 480 630.73
Zondi Store	R2 771 453.70
Randburg Store	R965 048.51
Total all stores	R15 211 356.58

2. Number of items issued per store and value thereof for the period January 2012 to March 2012

Store Name	Number of Items Issued	Value (R)
Smit Street Store	159 008	R6 947 550.54
Main Reef Store	71 776	R1 172 307.34
Zondi Store	3 207	R403 059.89
Randburg Store	41 967	R877 644.85
Total all stores	275 958	R9 400 562.62

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3. Number of stock items purchased per store and value thereof for the period January 2012 to March 2012

Store Name	Number of items purchased	Value (R)
Smit Street Store	116 869	R7 194 437.53
Main Reef Store	38 384	R902 183.27
Zondi Store	2 841	R473 435.30
Randburg Store	21 751	R760 092.05
Total of all stock purchases	179 845	R9 330 148.15

4. Stock Account Figures for the period January 2012 to March 2012

	Smit Street Store	Main Reef Store	Zondi Store	Randburg Store	Total All Stores
Opening Balance	R9 668 003.61	R2 334 452.57	R2 089 254.61	R1 059 062.67	R15 150 773.46
Stock Purchases	R7 194 437.53	R902 183.27	R473 435.30	R760 092.05	R9 330 148.15
Debit Adjustment ¹	R326 985.41	R586 147.85	R711 349.40	R25 557.87	R1 650 040.53
Price Variation (-/+) ²	R50.28	R633.94	-R4 892.03	R3 719.55	-R488.26
Issues	R6 947 550.54	R1 172 307.34	R403 059.89	R877 644.85	R9 400 562.62
Credit Adjustment ³	R1 247 702.65	R170 479.56	R94 633.69	R5 738.78	R1 518 554.68
Closing Balance	R8 994 223.64	R2 480 630.73	R2 771 453.70	R965 048.51	R15 211 356.58

¹ Debit Adjustments occur due to the take-on of surplus stock values, contract price adjustments, issued goods returned to stores, crossovers and the movement of stock between different stores as a result of demand from business for certain commodities at the respective stores.

² Price variation occurs on the valuation of stock holding at all the SCMU stores utilising the moving average price methodology, rounding-off unit prices and transportation of stock between the different valuation areas. Price variation can either be positively (+) or negatively (-) reflected

³ Credit Adjustments occur due to the write-off of stock subsequent to cycle counting for stock shortages, crossovers, contract price adjustments, stock returned to suppliers and movement of stock between different stores as a result of demand from business for certain commodities at the respective stores.

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5. Stock Adjustments and Write Offs of Obsolete Stock

Stock adjustments expressed as a percentage of total stock holding value.

Store Name	January 2012 to March 2012
Smit Street Store	0%
Main Reef Store	0%
Zondi Store	0%
Randburg Store	0%
Total average per month for all stores.	0%

Note: (-) indicates **SHORTAGES** (+) indicates **SURPLUSES**

The above represents the nett percentage of differences arising from stock surpluses and shortages for the 3rd quarter of the financial year 2011/2012 as per store. The surpluses and shortages arise due to errors in stock handling, breakages and obsolete or redundant stock⁴.

Breakages and obsolete stock which were found during quarterly stock counts were recorded in the breakage registers held at each store and the values of which get written off from the stock account. Stock surpluses are also recorded accordingly and the value of the stockholding inflated with the value and quantities thereof. A formal year end stock count procedure with independent counters and observers is conducted once a year with all store operations closed during the process. For the rest of the year, periodical informal stock counts are performed on an ad hoc basis while stores operations are running.

There were no approved adjustments in respect of stock surpluses and/or shortages for the 3rd quarter of the financial year 2011/2012.

⁴ Breakages and obsolete stock is recorded in the breakage register held at each store and gets audited continuously, values of which get written off from the stock account. Errors in stock handling do not fall within the definition of Fruitless and Wasteful Expenditure as defined by the MIFMA.