



QUARTER TWO ASSETS AND SCM REPORT

(2019/20)

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TABLE OF CONTENT

- 1. Purpose**
- 2. KPA**
- 3. Summary of assets to date**
- 4. Work in progress**
- 5. Additions and transfers**
- 6. Repairs and maintenance**
- 7. Progress on procurement plan**
 - 7.1. Items for adjustment**
- 8. Irregular Expenditure**
- 9. Deviations**
- 10. Risk Register**
- 11. FMCMM**
- 12. Challenges**
- 13. Plans to improve**
- 14. Compliance Register**

1. PURPOSE

The purpose of this report is to give a summary of the activities of the unit for the month and transactions and occurred.

The report also gives progress on targets and implementation of actions such as the audit action plan, Performance plan and risk management.

2. KPA

COMPONENT	NO.	KPI	PROGRESS
Asset	1	To prepare GRAP compliant asset register by 31 August 2019	Completed
	2	To provide 4 Quarterly Updates of the Asset Register by 30 June 2020	50%
	3	To provide 4 quarterly undertakings of inventory of stores by 30 June 2020	50%
	4	To Report on list of Assets that need to be disposed by 31 January 2020	80%
	5	To provide 1 report on bar-cording of Assets purchased by 30 June 2020	50%
	6	To conduct reconciliation on stores by 30 June 2020	25%
	7	Monitor performance of subordinates on a monthly basis by 30 June 2020	On-going
SCM	8	To prepare 1x Procurement plan by 30 June 2019	Completed
	9	To provide 100% Compliance with the procurement plan by 30 June 2019	41%
	10	To provide 12 Monthly reports on irregular expenditure	Reports on first six months of the year provided
	11	To ensure CSD verifications by 30 June 2020	On-going
	12	To ensure formulation of SLA's by 30 June 2020	On-going

3. SUMMARY OF ASSETS TO DATE

Asset class	Cost	Accumulated Depreciation & Impairment	Carrying Value
Land & Buildings	R 34 546 572.82	-R 9 617 220.53	R 24 929 352.28
Infrastructure	R 409 251 371.54	-R 199 136 093.23	R 210 115 278.31
Community Assets	R 11 867 606.14	-R 9 514 270.33	R 2 353 335.81
Heritage assets	R 1 151 057.64	R 0.00	R 1 151 057.64
Specialised Vehicles	R 2 364 860.00	-R 566 270.58	R 1 798 589.42
Other assets	R 8 917 434.53	-R 6 270 398.95	R 2 647 035.58
Investment Properties	R 46 966 055.32	R 0.00	R 46 966 055.32
Intangible Assets	R 531 619.45	-R 282 772.54	R 248 846.91
Grand Total	R 515 596 577.43	-R 225 387 026.17	R 290 209 551.26

4. WORK IN PROGRESS

Work in Progress	31 December 2019				Status
	Opening	Additions	Transfers	Closing	
Danielskuil: Solid waste disposal site (966)	R 6 264 933,40	R 3 617 810.87	R 0.00	R 9 882 744.27	Ongoing due to change in construction requirements and lack of budget allocation.
Upgrading Sewer Purification Works	R 50 690 721,83	R 4 797 291.27	R 0.00	R 55 628 013.10	Ongoing due to change in construction requirements.
Refurbishment of Water Infrastructure 4	R 4 108 196,40	R 0.00	R 0.00	R 4 108 196,40	Ongoing due to sub-standard work performed by sub-contractor.
Upgrading Of Ouplaas Substation	R 1 156 895,79	R 0.00	R 0.00	R 1 156 895,79	Project halted due to lack of funding.
Refurbishment of Pump Stations	R 448 893.06	R 2 243 781.19	R 0.00	R 2 692 674.25	Project began on first of July.
Conversion of prepaid meters	R 365 973.00	R 382 558.26	R 0.00	R 748 531.26	
	R 62 220 747,42	R 11 041 441.59	R 0,00	R 73 060 159.28	

5. ADDITIONS AND TRANSFERS

No.	Item	Barcode	Total
	Polo Vivo	01016	R 201 284.50
	Isuzu Tipper Truck	01094	R 1 356 154.85
	TLB	01093	R 1 037 832.45
	Office furniture	01214	R 16 659.09
	8 Seater table and chairs	01212	R 19 798.98
	Container based offices		R 312 754.00
	Grand total		R 2 944 483.87

The purchased items were barcoded and added to the asset register.

6. REPAIRS AND MAINTENANCE

Department	October	November	December	Total
Parks	R 25 231.96	R 3 851.89	R 26901.97	R 55 985.82
Sewerage	R 163 247.97	R 48 744.90	R 0.00	R 211 992.87
Technical	R 0.00	R 8 981.50	R 1 632.38	R 10 613.88
Electrical	R 128 656.21	R 6524.98	R 2 677.24	R 137 858.43
Water	R 11 172.16	R 25 184.73	R 102 698.85	R 139 055.74
Corporate	R 283.50	R 0.00	R 0.00	R 283.50
Council	R 22 361.96	R 4 002.50	R 14 144.04	R 40 508.52
Finance	R 0.00	R 0.00	R 0.00	R 0.00
Solid Waste	R 18 645.50	R 169.65	R 0.00	R 18 815.15

Total	R			
	369 599.28	R 97 460.15	R 148 054.48	R 615 113.91

The main cost drivers for repairs and maintenance in the month of August were repairs to a sewer truck where an engine was reconditioned followed by the usage of tar mix to patch potholes on the different roads.

7. PROCUREMENT PLAN

7.1. Current progress

Project	Procurement Method	Current Progress
Legal services	30 day advertised Bid	Going through evaluation
Electrification of 69 houses	Appointment from established panel	Specifications referred back by the municipal manager. Technical department and Project Management Unit are currently reworking the specifications.
Renovation of properties and upgrade of access control	Appointment from established panel	Contractor appointed.
Approval of building plans	30 day advertised Bid	Specifications referred back by the municipal manager. Technical department and Project Management Unit are currently reworking the specifications.
CCTV and alarm system	30 day advertised Bid	Specifications finalised, to be approved and advertised in January
Yellow fleet - TLB and Tipper truck	14 day advertised Bid	Purchased.
Water Supply to the New Municipal Stands.	Appointment from established panel	Specifications referred back by the municipal manager. Technical department and Project Management Unit are currently reworking the specifications.
Sewer Connection of the New Municipal Stands.	Appointment from established panel	Specifications referred back by the municipal manager. Technical department and Project Management Unit are currently reworking the specifications.
Construction of Roads in the New Municipal Stands.	Appointment from established panel	Specifications referred back by the municipal manager. Technical department and Project Management Unit are currently reworking the specifications.

Supply and delivery of stationery and printer cartridges	30 day advertised Bid	To be re-advertised in January
Supply and delivery of cleaning material	30 day advertised Bid	To be re-advertised in January
Supply and delivery of road marking paint	30 day advertised Bid	Currently no draft specifications.
Extension of workshop and carport	Appointment from established panel	Contractor appointed.
Review of annual financial statements	14 day advertised Bid	To be advertised in January.
Renting of printing machines	Transversal contract	Appointed

7.2. Items for adjustment.

The below table shows a list of projects that were not in the approved Procurement Plan.

Project	Procurement Method	Current Status
Installation of rooftop solar panels	SCM Regulation 32.	Contractor appointed on 01 August 2019.
Supply and delivery of light motor vehicle.	14 day advertised Bid.	Purchased
Supply and delivery of steel container offices.	14 day advertised bid.	Purchased

8. REGULAR EXPENDITURE

Total amount of irregular expenditure incurred in the quarter is R 3 415 802.43

Date	Payment number	Amount	Description	Person Liable (Official or Political Office Bearer)	Type of Prohibited Expenditure	Reason
11-Oct-19	50035712	R 87 000,00	EIA REZONING & SURVEYING FOR THE EXTENSION(Gudluza	Jabulane Zwane,Ophelia Louw & Monde January		Tender was advertised, however only two supplier bidder submitted quotation. three quotations were not obtained for the tender, reasons were not recorded and approved by the CFO/ delegated official. Reasons were not tabled to council. When the right number of suppliers did not respond to the invitation, the municipality went ahead with the procurement. Non-compliance with SCM reg 17.
11-Oct-19	50035713	R 358 969,51	WASTE MANAGEMENT & MAINTENANCE & SECURITY	Monde January ,Ophelia Louw & Jabulane Zwane		Tender advertised less than required number of days.an advertisement for the tender below was placed 8 days before the date of bid closure instead of 14 days.non compliance with sub-Regulation 22 (2).
18-Oct-19	50035737	R 478 515,00	INFRA/CE/2513/2017: EXTENSION OF EXISTING WASTE WATER TREATMENT PLANT - SEEDI DEVELOPMENT	Morgan Motswana,Ophelia Louw & Jabulane Zwane		Seedi Development sub-contractor did not meet the pre-qualification criteria of CIDB requirement of 3GB/CE as advertised. The procurement process was not fair and equitable. Non-compliance with Preferential Procurement Regulations 2017 4(2). bid was advertised for a period shorter than the required number of days as per SCM reg 22, no deviation recorded

						& approved by accounting officer, Non-compliance with SCM reg. 22(1)(b)(i).
25-Oct-19	50035737	R	168 620,00	WASTE MANAGEMENT & MAINTENANCE & SECURITY	Monde January ,Ophelia Louw & Jabulane Zwane	Tender advertised less than required number of days.an advertisement for the tender below was placed 8 days before the date of bid closure instead of 14 days.non compliance with sub-Regulation 22 (2).
22-Nov-19	50036016	R	27 784,00	BACTERIOLOGICAL WATER ANAYLSIS- SPANGEBERG LABOTORY SERVICES	Morgan Motswana,Ophelia Louw & Jabulane Zwane	Irregular Expenditure RFQ was advertised, however only one supplier bidder submitted quotation. Municipality did not ensure that the municipality's website get fixed so that all the RFQ could be advertised on the website in accordance with reg 18(a). These deviations were not reported to Council. Three quotations were not obtained for the following quotations, reasons were not recorded and approved by the CFO/ delegated official. Reasons were not tabled to council. Municipality only invited quotations through advertising on the notice board as the website is not operating effectively. When the right number of suppliers did not respond to the invitation, the municipality went ahead with the procurement decision without searching on the prospective list /CSD and inviting relevant suppliers from the list. Non-compliance with SCM reg 17.

22-Nov-19	50036267	R	168 620,00	WASTE MANAGEMENT & MAINTENANCE & SECURITY	Monde January ,Ophelia Louw & Jabulane Zwane		Tender advertised less than required number of days.an advertisement for the tender below was placed 8 days before the date of bid closure instead of 14 days.non compliance with sub-Regulation 22 (2).
22-Nov-19	50036269	R	333 755,47	INFRA/CE/2513/2017: EXTENSION OF EXISTING WASTE WATER TREATMENT PLANT - SEEDI DEVELOPMENT	Morgan Motswana,Ophelia Louw & Jabulane Zwane		Seedi Development sub-contractor did not meet the pre-qualification criteria of CIDB requirement of 3GB/CE as advertised. The procurement process was not fair and equitable. Non-compliance with Preferential Procurement Regulations 2017 4(2). bid was advertised for a period shorter than the required number of days as per SCM reg 22, no deviation recorded & approved by accounting officer, Non-compliance with SCM reg. 22(1)(b)(i).
17-Dec-19	50036363	R	1 792 538,45	EXTENSION OF EXISTING WASTE WATER TREATMENT PLANT- SEEDI DEVELOPMENT	SCM,MANAGEMENT	IRREGULAR EXPENDITURE	Seedi Development sub-contractor did not meet the pre-qualification criteria of CIDB requirement of 3GB/CE as advertised. The procurement process was not fair and equitable. Non-compliance with Preferential Procurement Regulations 2017 4(2). Bid was advertised for a period shorter than the required number of days as per SCM reg 22, no deviation recorded & approved by accounting officer, non-compliance with SCM reg. 22(1)(b)(i).
			R 3 415 802,43				

9. DEVIATIONS

Total amount of deviations for the quarter was R 745 682.98

Month	Number of transactions	Total amount
October	23	R 431 874,74
November	8	R 253 975,04
December	3	R 59 833,20
		R745 682,98

The main source of deviations are repairs of vehicles which have to be stripped and quoted and therefore it becomes impractical to source three quotations.

10. RISK REGISTER

RISK	CAUSE	CURRENT CONTROL	RESPONSIBLE PERSON	ACTION DATE	ACTION TO IMPROVE
No stock control	Lack of stores facilities	Budget for Store Facilities	Accountant Assets	2019/20	The controls are being Maintain/ Adhere to
Ineffective asset management system in place	Inadequate skills.	Review the asset management policy. Approval of standard operating procedures Appointment of Asset officer Assets Register to be integrated in to the system(SAMRAS)	Accountant: Assets & Logistics	30 June 2019 31 March 2019 1 Feb 2019 31 July 2019	Asset management policy reviewed in December 2018. Sent to MM for review/inputs
Unapproved removal or disposal of assets	Non adherence to asset management movement controls.	Monthly assets verifications Assets officer appointment Establishment of Loss, Assets disposal and Fraud and Corruption Committee Assets Awareness	Accountant: Assets & Logistics	28 Feb 2019 31 Jan 2019 31 July 2019	Assets verifications done, Memo written to MM to dispose Assets Assets Officer to start in 01 Feb 2019. Loss, Assets disposal , and Fraud and Corruption Committee established, first meeting held on 17 Jan 2019

11.FMCMM

Modules		Maturity level	Status on completion of modules			
			No. of questions	Module Completed (Yes/ No)	Total No. of questions not answered	Total No. of questions answered 'Partial' without comments
<u>INSTITUTIONAL</u>						
1	Budget and Treasury Office	2.97	32	Yes	0	0
2	Capacity Building	2.76	33	Yes	0	0
3	Human Resources	2.66	96	Yes	0	0
<u>TECHNICAL</u>						
4	Annual Financial Statements	2.85	68	Yes	0	0
5	Annual Reports	3.00	57	Yes	0	0
6	Asset Management	2.99	95	Yes	0	0
7	Bank, Cash and Investments	3.00	54	Yes	0	0
8	Borrowing	3.00	49	Yes	0	0
9	Budget Management	2.93	72	Yes	0	0
10	Compensation of Employees	2.80	45	Yes	0	0
11	Entities		43	Yes	0	0
12	Expenditure Management	2.82	64	Yes	0	0
13	Grants and Transfers	2.98	56	Yes	0	0
14	Information Technology	2.85	111	Yes	0	0

15	Internal Audit	2.97	81	Yes	0	0
16	Liability Management	2.81	32	Yes	0	0
17	Public Private Partnerships		27	Yes	0	0
18	Reporting	3.00	65	Yes	0	0
19	Revenue Management	2.81	141	Yes	0	0
20	Risk Management	3.00	71	Yes	0	0
21	Supply Chain Management	2.95	130	Yes	0	0
Total		2.90	1422	0	0	0

Modules		Maturity level	Status on completion of modules			
			No. of questions	Module Completed (Yes/ No)	Total No. of questions not answered	Total No. of questions answered 'Partial' without comments
6	Asset Management	2.99	95	Yes	0	0
21	Supply Chain Management	2.95	130	Yes	0	0
Total		2.97	225	0	0	0

12. CHALLENGES

12.1. SCM

- Incomplete request that are not fully authorized and without specifications.
- Lack of proper document management in registry to safe guard SCM documents.

- End-users not assisting the demand management process by submitting their needs and specifications.
- End-users who submit requests with quotations not sourced by SCM.
- Requests for traveling that are not accompanied by a complete itinerary and required travel arrangements.
- HOD's not always available to approve requests and invoices.
- End-user departments not having proper documents such as guideline policies and maintenance plans to facilitate the process of demand planning.

13. PLANS TO IMPROVE

Below is a list of actions taken to improve the unit.

No.	Component	Description	Note
1	SCM	Checklist	A checklist has been developed with the assistance of internal audit to ensure that no irregular expenditure is incurred.
2	SCM	Demand management and market research.	A demand management plan has been developed and the demand officer will be working closely with requesting departments to develop specifications.
3	Assets	Consultant employed	A consultant has been engaged to assist the asset unit to improve controls throughout the year.
4	Inventory	Expansion of store rooms.	The store rooms will be renovated and more shelves put up to assist with better management of stock.

The table below shows the targeted turn-around times for SCM in order to improve efficiency in the unit.

Value of request	Type of items	Days to issue order or appointment letter	Supplier delivery time	Total turn-around time
Less than R 2 000	Catering, groceries, stationery, valves, accommodation	2 day	2 days	4 days
R 2 000 to R 10 000	Cleaning material	2 day	3 days	5 days
R 10 000 to R 30 000	Store items	3 days	5 days	8 days
R 30 000 to R 200 000	Laptops, lawnmowers, sewerage pumps, PPE	8 days	7 days	15 days
Above R 200 000	Tender processes	6 weeks	7 days	7 Weeks

14. Compliance

DUE DATE	PROCESS	ACTION	REFERENCE	RESPONSIBLE SECTION	COMPLIANCE WITH LAWS AND REGULATIONS	COMPLIED DATE
10 Jul	SCM	Submitted Quarterly report on SCM implementation to the Executive Mayor and made public	SCM Regulation 6 (3) (4)	SCM	Yes	
10 Jul	SCM	Place Quarterly report on the implementation of the SCM policy on the municipal website.	SCM Regulation 6 (3) (4)	Finance	Yes	