



Procurement Disclosure Close-out Report for COVID-19



**Western Cape
Government**
FOR YOU

Authored by
Provincial Treasury
Provincial Government
Supply Chain Management

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ABBREVIATIONS

bn	billion	NT	National Treasury
B-BBEE	Broad-Based Black Economic Empowerment	PPE	Personal Protective Equipment
CPAC	Central Procurement Advisory Committee	PT	Provincial Treasury
CSD	Central Supplier Database	PTIs	Provincial Treasury Instructions
CTICC	Cape Town International Convention Centre	PCC	Procurement Client Centre
DEDAT	Department of Economic Development and Tourism	Q	Quarantine
DoH	Department of Health	QSE	Qualifying Small Enterprises
DTIC	Department of Trade, Industry and Competition	SBD	Standard Bid Document
EME	Exempt Micro Enterprises	SCM	Supply Chain Management
ePS	Electronic Procurement Solution	SMMEs	Small, Medium and Micro Enterprises
FAQs	Frequently Asked Questions	TCC	Transport Coordination Committee
GABS	Golden Arrow Bus Services	WCBD	Western Cape Bid Document
IA	Internal Audit	WCSEB	Western Cape Supplier Evidence Bank
I	Isolation	WHO	World Health Organisation
ICT	Information Communication Technology		
M	million		
MBTS	Mini-Bus Taxi Services		
NDOH	National Department of Health		
NHLS	National Health Laboratory Services		

EXECUTIVE SUMMARY

<p>Stream 1: Accommodation & Medical Admissions</p> <p>From a procurement perspective the following was established:</p> <ul style="list-style-type: none"> Public Quarantine and Isolation sites as part of containment and suppression strategy Commissioning of additional bed capacity at the CTICC Hospital of Hope, Thusong Centre; Brackengate & Sonstraal Hospital. Transport Priority Initiative, inclusive of transporting patients to quarantine and isolation sites 	<p>Stream 3: Suppliers & Services Medical</p> <p>From a procurement perspective key focus was on:</p> <ul style="list-style-type: none"> Demand forecasting for PPE and Cloth Masks Database set up for PPE and Cloth Mask suppliers; COVID-19 -Testing Provision made for ventilators and High Flow Nasal and Oxygen supply capacity within the Department of Health; and Vaccine- rollout at various sites in the Province 	<p>Expenditure</p> <p>Total COVID-19 Expenditure amounted to R2,91 billion:</p> <ul style="list-style-type: none"> R1.15 billion was for PPE. R1.72 billion was for other COVID-19 expenditure (This is inclusive of R246.5 million paid to National Health Laboratory Services for COVID-19 testing). R42.81 million was for the COVID-19 Vaccination Rollout programme. <p>Surgical Mask for health care workers is the commodity with the highest expenditure of R214,11 million, 7.51 per cent of COVID-19 expenditure followed by Hand sanitizers and disinfectants to the amount of R194.55 million (6.82 per cent); and Non-sterile examination gloves to the amount of R80.06 million (6.19 per cent).</p> <p>The following socio-economic representation is evident from the expenditure</p> <ul style="list-style-type: none"> R1.2 billion (44.85 per cent) of the expenditure went to SMMEs i.e., 445 suppliers exceeding the National goal of 30%. R1,303 billion (44.77 per cent) of the expenditure went to B-BBEE contributors. R1.296 billion (44.49 per cent) of the expenditure went to suppliers in the Western Cape region.
<p>Stream 2: Humanitarian Relief</p> <p>From a supply chain perspective key focus at the inception of the disaster was in respect of logistical support in terms of donations management and systems support for recording donations received and accepted.</p>	<p>Finance and Governance</p> <ul style="list-style-type: none"> COVID-19 Expenditure and Procurement report in prescribed National Treasury format in terms National Treasury Instructions 11 of 2020/21 COVID-19 Coordination function set up in the Provincial Treasury Central Procurement Advisory Committee set up in the Provincial Treasury to guide procurement decisions in the Province Issuance of Circulars to buffer governance risks Publication of Procurement Disclosure Reports, with monthly; quarterly and annual depictions throughout the pandemic 	

INTRODUCTION

On 15 March 2020, the COVID-19 pandemic classified as a national disaster in response to a global health crisis that posed a grave threat to the lives of all South Africans. At provincial level this required quick decisions to guide how the Western Cape Government would respond from a financial and supply chain management perspective.

As a national disaster, pursuant to Section 26(1) of the Disaster Management Act, the National Executive is primarily responsible for disaster co-ordination and management. Provincial governments play a supportive role to the National Executive, in consultation with all relevant disaster management centres and in accordance with any contingency plans, emergency procedures and disaster management plans that are applicable at a national, provincial, and municipal level.

In the Western Cape, the disaster relief response was handled through three streams of support, namely:

STREAM 1: dealt with accommodation & medical admissions – i.e., beds & associated services package (food, cleaning, caregivers, security) and more specifically with Quarantine and Isolation services as part of the containment and suppression strategy;

STREAM 2: dealt with community food security – Economic and Social Cluster linkages with private sector as it relates to food parcel distribution; cooked meal relief; donations in kind and grant funding and NGO support; and

STREAM 3: dealt with the management of supply and demand of non-medical Personal Protective Equipment (PPE), medical equipment and services.

Implementation required a team that was structured in terms of their technical skill and competencies, and which could respond with agility to a changed operating environment. From a financial management perspective, this required extensive knowledge and experience of procurement policies and prescripts, particularly in relation to disaster procurement requirements, rules and risks.

Importantly, governance systems for both provincial and local government must be enabled to respond appropriately to evolving procurement needs, strategic sourcing capabilities and regulations, while sustaining strong partnerships with various stakeholders. This includes the ability to deal with the public, municipalities and suppliers, logistics management and associated systems (ICT) experience, business intelligence, data mining and data analytics, and overall systems-orientated thinking and delivery management from a leadership perspective.

Strategic and organisational alignment was also reflected in the different cluster co-ordination work groups established in the province from a disaster response coordination perspective. Procurement was vested in Focus Area 4: Supply Chain Management via the Finance, Administration and Institutional Support Work stream that reported weekly to Provincial Cabinet. The focus of this work stream included health-specific commodity procurement and PPE support; supplier management of governance functions; logistics support for humanitarian relief; and municipal interface, surveillance, and reporting.

WESTERN CAPE GOVERNMENT PROCUREMENT STRATEGY IN RESPONSE TO COVID-19

From a procurement perspective, **Stream 1** was required to deal with Quarantine(Q) and Isolation (I) Services as part of the COVID-19 containment and suppression strategy. Accommodation was divided in terms of “levels of care” facilities as follows:

- Level 1: Hospital
- Level 2: Step down facility (Department of Transport and Public Works tasked to set up)
- Level 3: Private Quarantine
- Level 4: Private self-isolation
- Level 5: Public Isolation Centre (tasked to the Department of Transport and Public Works from a procurement perspective)
- Level 6: Household isolation/quarantine.

Levels of Care 2 and 5, specifically formed the basis of accommodation for provincial needs that required procurement intervention.

The strategy covered the following issues from an accommodation perspective:

- Understanding the numbers from a health model perspective to guide the operationalization of Q and I facilities.
- Having a level of disaggregation so that the number of beds required can be facilitated.
- Using a pragmatic guideline from the Department of Health to identify accommodation needs.
- Procurement of turn-key solutions as the first approach to allow time to activate provincial and municipal facilities
- Based upon numbers projected, be able to scale up the number of beds required from week to week;

- Understanding what the triggers are where Q&I is no longer needed and couple this with an effective suppression strategy; and
- Installation and commissioning of temporary hospital and services at the Cape Town International Convention Centre and at Brackengate.

Coupled with the accommodation requirements were selected transport priority initiatives that were introduced by the Western Cape Department of Transport and Public Works, including:

- The Transport coordinating Committee (TCC) for transport monitoring and management across the province, including engaging with national Department of Transport-on-transport regulations;
- COVID-19 restrictions and sanitization measures on provincial bus services – Golden Arrow Bus Services (GABS) and Go George.
- The Red Dot Minibus Taxi Service (MBTs) to transport patients to quarantine and isolation facilities across the province; and
- The Blue Dot Incentive proposal to support the MBT industry in achieving social distancing and sanitization on MBTs

Stream 3's initial focus was on the stabilisation of the Department of Health in terms of its demand forecasting needs and plans. Due to the compulsory use of cloth masks for staff as from 01 May 2020, the Provincial Treasury enabled the demand forecasting requirements for cloth masks from departments and put in place the following:



From a governance and oversight perspective the Provincial Treasury implemented the following precautionary measures to ensure compliance to the Public Finance Management Act from a procurement and financial management perspective in the context of the national state of disaster:

A COVID -19 coordination function within the Provincial Treasury (PT) for the Finance and Supply Chain Management Cluster linkages

Central Procurement Advisory Committee (CPAC) to guide procurement process and decisions taken

Internal audit linkages and representation at CPAC

Logistics systems support for the 3 streams in terms of donations management

Issuance of PT Circulars in respect of procurement governance requirements

The establishment of a COVID -19 coordination function within the Provincial Treasury (PT) for the Finance and SCM Cluster linkage was critical to ensure financial governance, procurement and financial management requirements are met in terms of the Disaster Management Act and its regulations.

The Central Procurement Advisory Committee (CPAC) performed the role to guide emergency and lockdown procurement and financial requirements of essential products and/or services that are referred to by provincial institutions for disaster relief needs of the province. This team consisted of critical procurement and financial specialists within the Provincial Treasury (PT) and CFOs from the Department of Health, Transport and Public Works, Local Government and Social Development as and when required. Internal audit (IA) within the Department of the Premier was also co-opted to advise the CPAC deliberations in order to provide proactive recommendations in respect of any significant risk exposures stemming from the proposed approach / transaction, based on consideration of the relevant prescripts, governance requirements, risk management and internal control framework and considering the need for adequate control versus efficiency.

At the beginning of the pandemic, the Western Cape Government took a decision to make public all COVID-19 procurement related expenditure in the interest of transparency and accountability. The monthly reporting has subsequently been expanded to include quarterly and annual reports to the public, oversight bodies and other interested parties with information on Western Cape Government public procurement activities related to the COVID-19 pandemic from 01 March 2020 to end May 2022 when the status of disaster was lifted.

THE REGULATORY ENVIRONMENT FOR PROCUREMENT DURING THE DISASTER DECLARATION



**COMPLIANCE WITH MINIMUM SPECIFICATION
AS DETERMINED BY WHO, NDOH AND DTIC**



**PRICES EQUAL TO OR LOWER THAN NT
BENCHMARK PRICES WITH A 10 PER CENT
ALLOWABLE VARIANCE**



**REGISTRATION ON CENTRAL SUPPLIER
DATABASE AND ANY OTHER DATABASE AS
APPROVED BY NT**



**SUPPLIERS OF CLOTH MASKS REQUIRED
REGISTRATION WITH THE DEPARTMENT OF SMALL
BUSINESS
(28 APRIL - 20 MAY 2020)**



**COMPLIANCE WITH LOCAL CONTENT AND
PRODUCTION FOR TEXTILE, CLOTHING, LEATHER
AND FOOTWEAR SECTOR, WHERE APPLICABLE**

The Western Cape Government departments relied on their existing procurement policies and the requirements of the Public Finance Management Act, 1999 (Act No. 29 of 1999) ("the PFMA"), the National Treasury Regulations, 2005 ("the NTRs") and Provincial Treasury Instructions, 2019 ("the PTIs").

National and Provincial requirements issued during the period are reflected in Annexure A as attached to this report.

National Treasury Instruction Note 11 issued on 25 August 2020 indicated that the procurement of all goods, services and works will not automatically be regarded as emergency procurement. This Instruction Note took effect from 01 October 2020. The following procurement methods have always been, and will continue to be, followed by accounting officers and authorities in the Western Cape Government:



SUMMARY OF COVID-19 EXPENDITURE

Total COVID-19 expenditure for the period from March 2020 to May 2022 amounts to **R2.91 billion**:

- R1.15 billion was for PPE.
- R1.72 billion was for other COVID-19 expenditure (This is inclusive of R246.5 million paid to National Health Laboratory Services for COVID-19 testing).
- R42.81 million was for the COVID-19 Vaccination Rollout programme.
- R2.025 billion (69.57 per cent) of expenditure was spent in 2020/2021

Illustration 1 : Summary of Total COVID-19 Expenditure

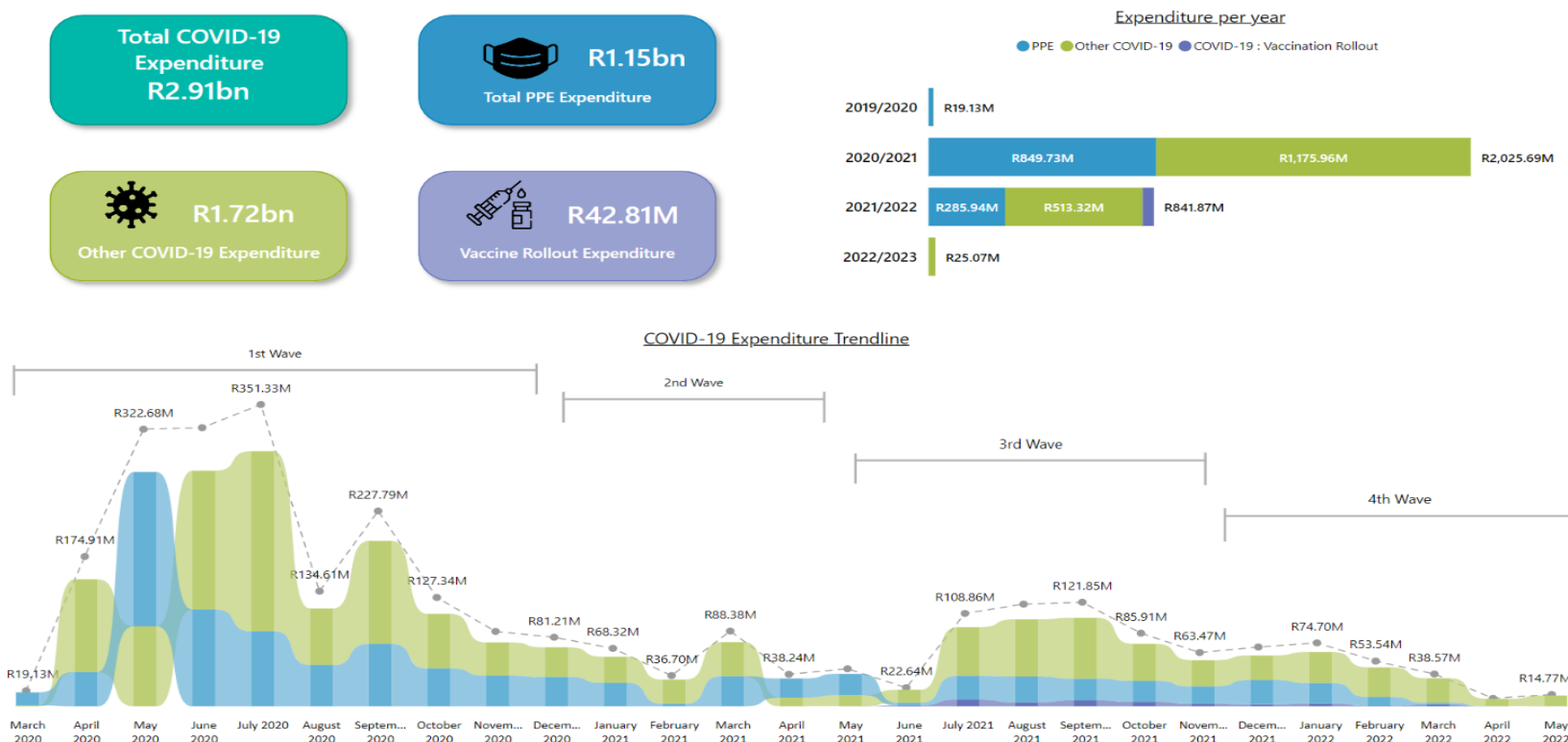


Table 1(a): Summary of expenditure per department for the period 1 March 2022 to 31 May 2022:

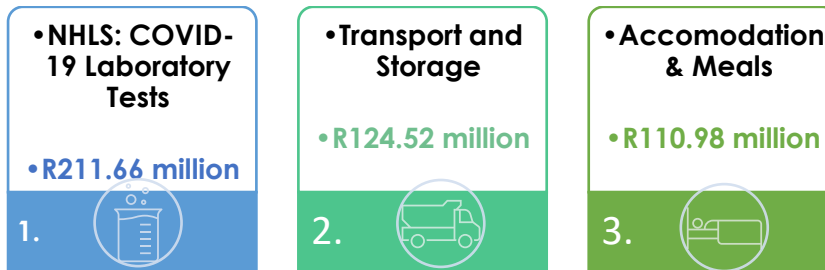
Organ of State	COVID-19 : Vaccination Rollout	Other COVID-19	PPE	Total
Department of Health	R29,051,317.43	R1,010,833,584.54	R698,211,991.97	R1,738,096,893.93
Department of Transport and Public Works	R13,758,667.42	R497,439,630.24	R78,020,374.72	R589,218,672.38
Western Cape Education Department		R94,390,819.67	R357,276,957.25	R451,667,776.91
Department of The Premier		R59,114,854.42	R902,039.00	R60,016,893.42
Department of Social Development		R35,951,046.39	R3,616,525.05	R39,567,571.44
Department of Economic Development and Tourism		R8,432,275.07	R3,639,304.85	R12,071,579.92
Department of Local Government		R5,105,861.70	R767,180.12	R5,873,041.82
Department of Agriculture		R1,130,821.81	R3,077,472.42	R4,208,294.23
Department of Community Safety		R981,889.31	R1,871,223.53	R2,853,112.84
Department of Cultural Affairs and Sport		R188,162.67	R1,990,339.25	R2,178,501.92
Provincial Treasury		R613,660.44	R129,352.17	R743,012.61
Department of Environmental Affairs and Development Planning		R1,845.22	R250,683.90	R252,529.12
Department of Human Settlements			R146,010.50	R146,010.50
Total	R42,809,984.85	R1,714,184,451.47	R1,149,899,454.72	R2,906,893,891.04

Table 1(b): Summary of expenditure per public entity reporting expenditure for the period 01 March 2022 to 31 May 2022

Organ of State	Other COVID-19	PPE	Total
Cape Nature	R692,873.39	R3,463,478.53	R4,156,351.92
Western Cape Tourism, Trade & Investment	R394,933.66	R15,107.74	R410,041.40
CASIDRA SOC LTD	R59,060.20	R70,342.03	R129,402.23
Western Cape Liquor Authority	R32,975.75	R75,663.89	R108,639.64
Western Cape Gambling and Racing Board		R57,308.96	R57,308.96
Total	R1,179,843.00	R3,681,901.15	R4,861,744.15

COMMODITY ANALYSIS

Illustration 2 : Top 3 Non-PPE Commodities



Medical Laboratory Services (NHLS) was the commodity with the highest expenditure of R211.66 million, or 7.27 per cent of COVID-19 expenditure. This was followed by:

- Transport and Storage, on which R124,52 million was spent (4.28 per cent); and
- Accommodations & Meals, on which R110.98 million was spent (3.81 per cent)

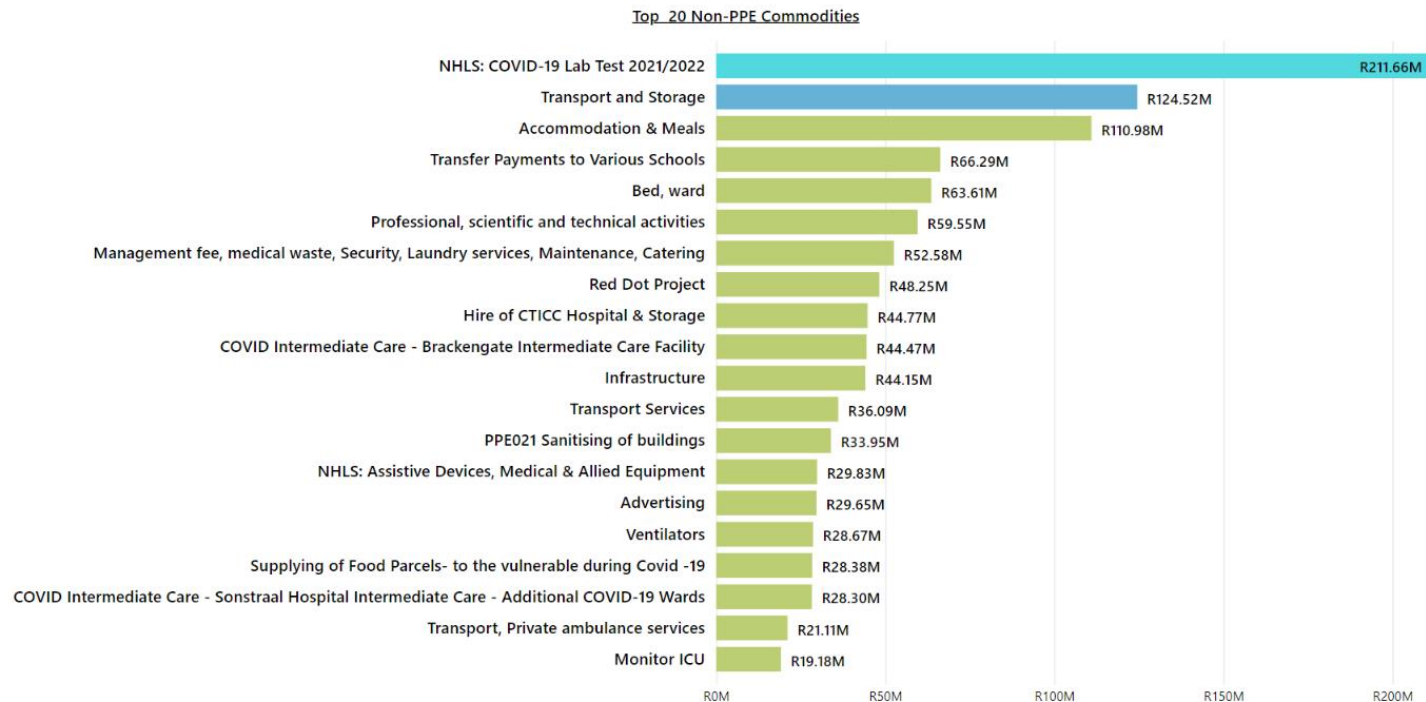
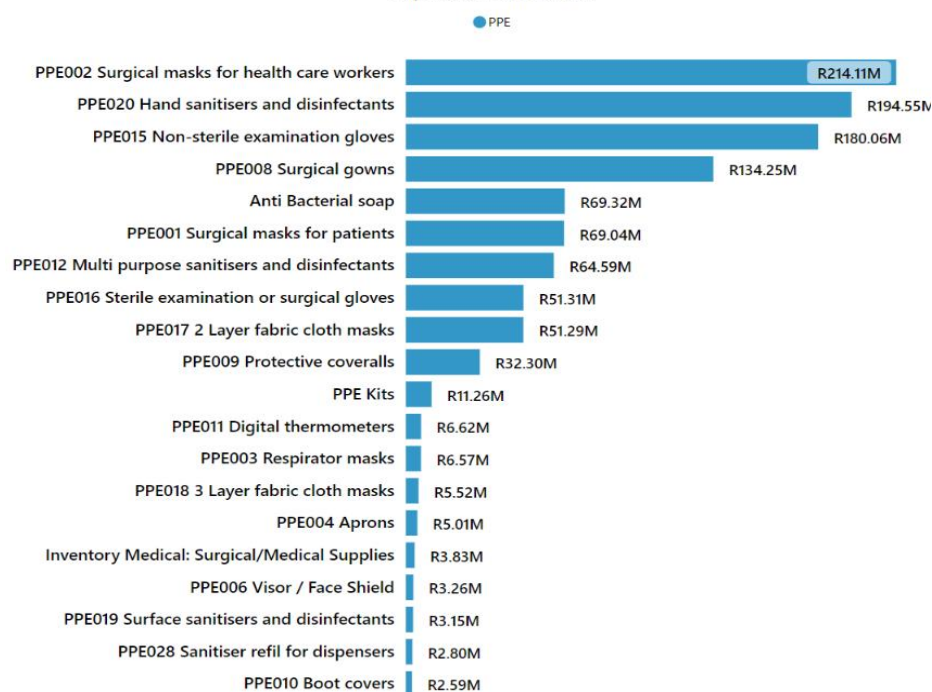


Illustration 3 : Top 3 PPE Commodities



Top 20 PPE Commodities



Surgical Mask for health care workers is the commodity with the highest expenditure of R214.11 million, 7.51 per cent of COVID-19 expenditure followed by:

- Hand sanitizers and disinfectants to the amount of R194.55 million (6.82 per cent); and
- Non-sterile examination gloves to the amount of R180.06 million (6.19 per cent)

Top 3 PPE Commodities

PPE002 Surgical masks for health care workers					
Date of Applicable NT price	Unit of Measure	NT Benchmark Price	Average price paid per UOM	Quantity	Payment Total
3 July, 2020	Box of 50	R775.00	R211.44	278156	R50,350,301.13
	Each	R15.50	R12.90	4932085	R50,444,584.62
15 April, 2020	Each	R12.48	R20.11	3252200	R32,824,970.76
	Each	R18.00	R17.47	5402657	R78,564,041.04
28 April, 2020	Each	R12.48	R15.02	102550	R1,591,555.00

PPE015 Non-sterile examination gloves					
Date of Applicable NT price	Unit of Measure	NT Benchmark Price	Average price paid per UOM	Quantity	Payment Total
15 April, 2020	Box of 100	R278.00	R239.63	5590	R676,012.20
	Each	R2.78	R1.88	15000	R36,260.00
28 April, 2020	Box of 100	R46.44	R117.27	6638	R578,109.16
	Each	R0.46	R5.56	250500	R1,255,500.00
20 May, 2020	Box of 100	R90.00	R195.77	88	R18,521.00
	Each	R0.90	R2.98	6840450	R19,981,651.50
3 July, 2020	Box of 100	R175.00	R207.91	611019	R105,395,118.82
	Each	R1.75	R1.83	27809000	R46,592,720.60

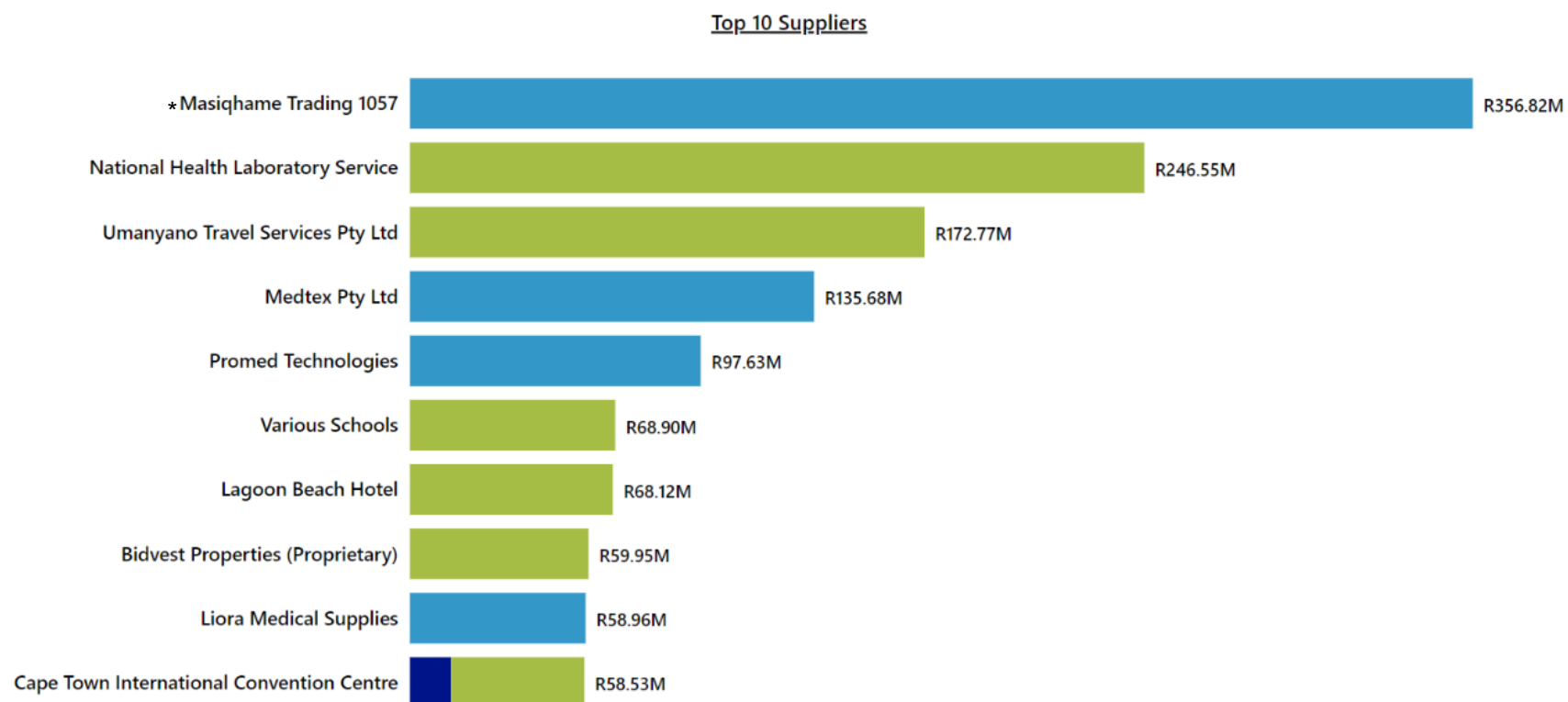
PPE020 Hand sanitisers and disinfectants					
Date of Applicable NT price	Unit of Measure	NT Benchmark Price	Average price paid per UOM	Quantity	Payment Total
15 April, 2020	1 Litre	R79.80	R146.03	910	R154,047.80
	25 Litre	R1,635.45	R1,967.50	2138	R4,153,410.00
	5 Litre	R327.27	R346.40	95502	R14,589,401.40
	500 ml	R46.37	R78.17	4235	R260,355.16
28 April, 2020	25 Litre	R183.60 per liter	R1,722.01	44106	R69,071,125.93
	5 Litre		R390.34	10110	R4,064,513.50
	500 ml		R89.25	160	R13,710.00
	1 Litre		R89.70	8600	R592,350.00
20 May, 2020	25 Litre	R183.60 per liter	R1,633.21	30521	R53,725,641.66
	5 Litre		R308.84	117	R38,342.11
	500 ml		R89.40	680	R58,190.00
	1 Litre		R103.25	20202	R862,124.12
3 July, 2020	25 Litre	R79.80 per liter	R1,074.80	393	R278,422.12
	5 Litre		R261.78	5639	R1,304,903.75
	500 ml		R25.00	397	R9,925.00
	1 Litre				

National Treasury Benchmark pricing: Are maximum prices determined by National Treasury(NT) for PPE items that must be utilised as benchmark prices to negotiate with service providers where required. If prices are higher than those provided on Annexure A of Treasury Instruction no. 11 of 2020/2021, a price variance of up to 10 per cent of prices reflected will be allowed. Any deviation from this provision must be approved by the accounting officer or accounting authority or delegated person based on justifiable reason/s.

Note: NT benchmark pricing changed and were issued at 5 different times during the period of the pandemic.

SUPPLIER ANALYSIS

Illustration 4 : Top 10 Supplier Expenditure Analysis



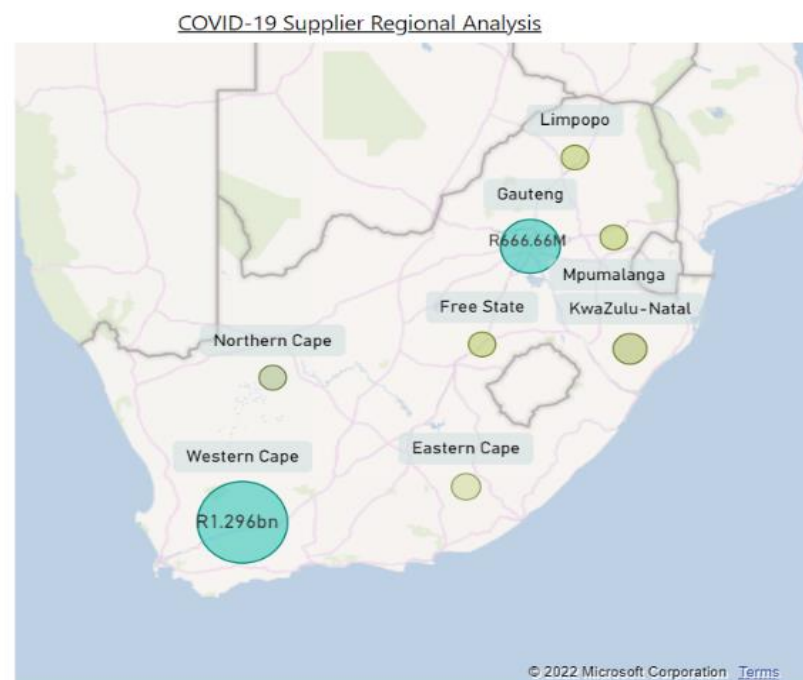
Of the total COVID-19 expenditure of R2,91 billion:

- R2.81 billion was paid to suppliers
- R101.87 million was paid to other beneficiaries (this includes petty cash payments; payments to various schools and other claim backs).
- Masiqhame Trading 1057 is the supplier with the highest expenditure for COVID-19 procurement to the amount of R356.82 million, followed by National Health Laboratory Service, R246.55 million for COVID-19 testing and medical & allied equipment.

REGIONAL ANALYSIS

Illustration 5 : Regional Analysis on expenditure to suppliers in the WC

Expenditure per Province			
Province	District	Payment Total	%GT
Total		R2,911,755,635.19	100.00%
Western Cape	Total	R1,295,536,763.96	44.49%
	City of Cape Town	R1,245,450,312.99	42.77%
	Cape Winelands	R26,872,084.90	0.92%
	Overberg	R12,158,847.11	0.42%
	West Coast	R7,596,833.57	0.26%
	Eden	R2,154,212.38	0.07%
	Central Karoo	R1,304,473.01	0.04%
Gauteng		R666,657,269.06	22.90%
Other		R526,107,812.96	18.07%
National Health Laboratory Service		R246,553,232.96	8.47%
KwaZulu-Natal		R133,109,832.27	4.57%
Eastern Cape		R38,357,817.34	1.32%
Limpopo		R2,783,771.13	0.10%
Free State		R2,629,542.01	0.09%
Northern Cape		R10,499.50	0.00%
Mpumalanga		R9,094.00	0.00%



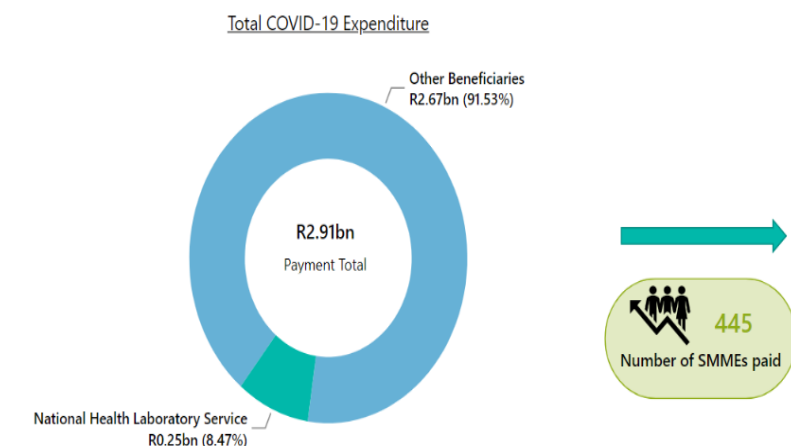
"Other" refers to expenditure to suppliers NOT registered on the Western Cape Supplier Evidence Bank (WCSEB), petty cash payments, transfer payments and claim backs
 *Regional information is extracted from the CSD and WCSEB and is an indication of where the suppliers are situated. For some suppliers, the head office might be situated in other provinces. Note further that for medical supplies a significant number of suppliers are situated in Gauteng in terms of their principal place of business.

- R1.296 billion, or 44.49 per cent, of the expenditure was to suppliers situated in the Western Cape, of which R1.245 billion was expenditure to suppliers registered in the City of Cape Town (42.77 per cent of total expenditure).
- R666.66 million of the expenditure was to suppliers situated in the Gauteng (22.90%).

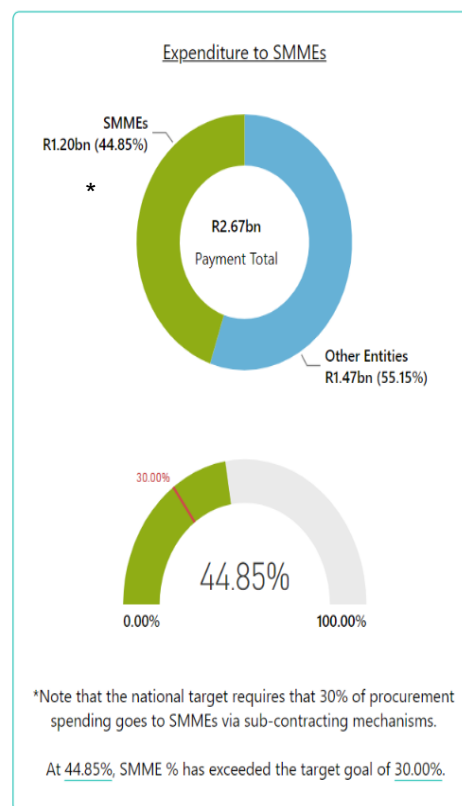
***Note:** that R246.5 million was paid to National Health Laboratory Services for COVID-19 testing, this reduces the regional footprint in terms of expenditure.

COVID-19 EXPENDITURE THAT WENT TO SMMEs

Illustration 6 : COVID-19 Expenditure to SMMEs



SMMEs Category	Other Entities		SMMEs		Total	
Fiscal Year	Payment Total	%GT	Payment Total	%GT	Payment Total	%GT
2019/2020	R16,887,241.45	0.63%	R2,243,848.50	0.08%	R19,131,089.95	0.72%
2020/2021	R1,168,959,533.40	43.86%	R856,728,143.05	32.14%	R2,025,687,676.46	76.01%
2021/2022	R268,512,028.35	10.07%	R331,730,087.84	12.45%	R600,242,116.19	22.52%
2022/2023	R15,605,913.83	0.59%	R4,535,605.81	0.17%	R20,141,519.64	0.76%
Total	R1,469,964,717.03	55.15%	R1,195,237,685.21	44.85%	R2,665,202,402.23	100.00%



Of the total COVID-19 expenditure of R2.91 billion:

- R246.5million, 8.47 percent was paid to the National Health Laboratory Service; and
- R 2.67 billion, 91.53 percent were paid to other entities.

Of the R2.67 billion paid to other entities:

- R1.2 billion, 44.85 percent was paid to 445 SMMEs; and
- R1.47 billion, 55.15 percent were paid to other entities.

The Western Cape Government has through direct procurement spent 44.84 percent of its total COVID-19 procurement on SMMEs, exceeding the national target by approximately 14.85 percent.

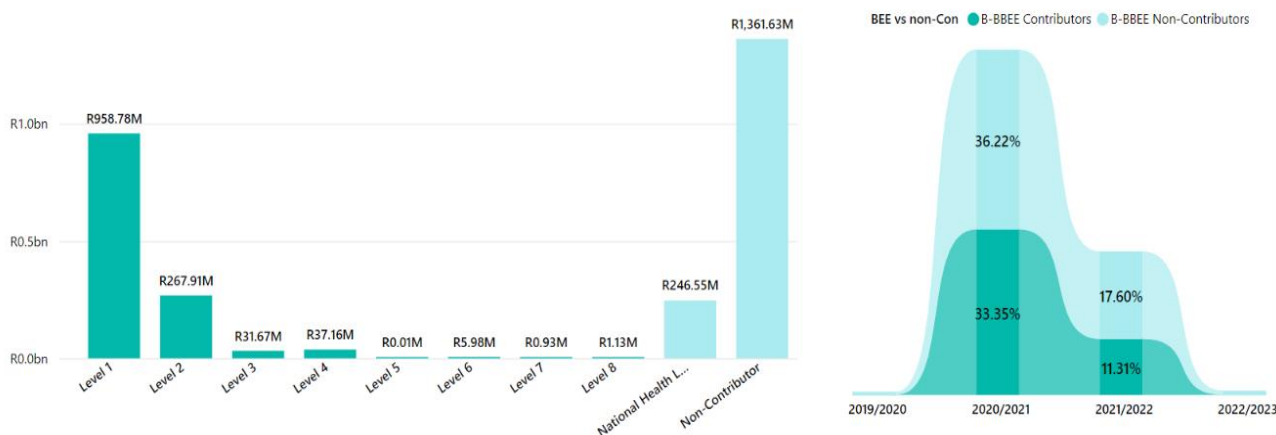
SMMEs include EMEs and QSEs as per the Broad-Based Black Economic Empowerment Act:

EME's: are (regardless of the composition of their ownership) deemed to have a Level 4 B-BBEE status and start-up enterprises (in the first year from formation or incorporation) are measured as EMEs. EMEs are entities with an annual total revenue of R10 million or less.

QSE's: are enterprises with an annual total revenue of between R10 million and R50 million. The B-BBEE status of QSEs is measured by reference to all five B-BBEE elements in terms of a specific scorecard for QSEs in the B-BBEE Codes

EXPENDITURE PER B-BBEE CATEGORIES

Illustration 7 : Expenditure per B-BBEE Levels for the duration of the disaster



Fiscal Year	2019/2020		2020/2021		2021/2022		2022/2023		Total	
B-BBEE Level	Payment Total	%GT	Payment Total	%GT	Payment Total	%GT	Payment Total	%GT	Payment Total	%GT
<input type="checkbox"/> B-BBEE Contributors	R1,855,944.28	0.06%	R971,057,055.55	33.35%	R329,286,718.50	11.31%	R1,373,133.77	0.05%	R1,303,572,852.10	44.77%
Level 1	R988,762.85	0.03%	R653,536,257.03	22.44%	R303,343,083.99	10.42%	R912,610.82	0.03%	R958,780,714.69	32.93%
Level 2	R838,821.70	0.03%	R254,401,771.06	8.74%	R12,473,371.61	0.43%	R198,872.74	0.01%	R267,912,837.10	9.20%
Level 3	R525.73	0.00%	R30,729,349.76	1.06%	R830,056.75	0.03%	R110,853.06	0.00%	R31,670,785.30	1.09%
Level 4	R27,834.00	0.00%	R25,312,125.49	0.87%	R11,667,998.86	0.40%	R150,797.15	0.01%	R37,158,755.50	1.28%
Level 5			R11,700.00	0.00%					R11,700.00	0.00%
Level 6			R5,686,189.93	0.20%	R289,353.06	0.01%			R5,975,542.99	0.21%
Level 7			R872,850.00	0.03%	R61,530.00	0.00%			R934,380.00	0.03%
Level 8			R506,812.28	0.02%	R621,324.24	0.02%			R1,128,136.52	0.04%
<input type="checkbox"/> B-BBEE Non-Contributors	R17,275,145.67	0.59%	R1,054,630,620.91	36.22%	R512,579,758.68	17.60%	R23,697,257.84	0.81%	R1,608,182,783.09	55.23%
National Health Laboratory					R241,624,360.99	8.30%	R4,928,871.97	0.17%	R246,553,232.96	8.47%
Non-Contributor	R17,275,145.67	0.59%	R1,054,630,620.91	36.22%	R270,955,397.69	9.31%	R18,768,385.87	0.64%	R1,361,629,550.13	46.76%
Total	R19,131,089.95	0.66%	R2,025,687,676.46	69.57%	R841,866,477.18	28.91%	R25,070,391.61	0.86%	R2,911,755,635.19	100.00%

For the total COVID-19 spend for provincial departments in 2021/2022:

- B-BBEE expenditure amounts to R1.303 billion (44.77 per cent).
- B-BBEE Non-Contributor expenditure amounts to R1.608 billion (55.23 per cent).

Included in the Non-Contributor expenditure is R246.55 million paid for COVID-19 testing to the National Health Laboratory Services (NHLS)

B-BBEE Non-contributors includes transfer payment to various schools, petty cash payments, expenditure to supplier not registered on the WCSEB and NGO's.

'B-BBEE contributor' means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment claimed via a B-BBEE status level certificate or affidavit in the procurement process.

'B-BBEE non-contributor' means bidders who have not submitted a B-BBEE status level certificate or affidavit in the procurement process to claim B-BBEE points.

SUPPLIER SUPPORT AND PROCUREMENT ENABLEMENT

In 2019, the Western Cape Government (WCG) opened a walk-in Procurement Client Centre (PCC) to ensure face-to-face contact and support to WCG clients in respect of any procurement related issues. The PCC enables the reduction in red tape and supports businesses who are interested in becoming WCG suppliers or need advice and guidance. The supplier management service at the PCC includes registration and maintenance of supplier profiles, a central repository of supplier's compulsory governance documents, the handling of supplier queries and the provision of one-on-one supplier support.

COVID-19 posed challenges in the business model used to engage with suppliers. The Provincial Treasury needed to find innovative ways on how we could continue to provide support to WCG suppliers, whilst at the same time meeting disaster regulations and social distancing requirements. This was done through telephonic, email, and online (MS Teams) support. Provision was also made for the acceptance of electronic documents and for the physical documentation to be submitted once lockdown levels were relaxed. Suppliers were also required to submit soft copies of the compulsory compliance documentation (i.e. WCBD 4 required for registration on the Western Cape Supplier Evidence Bank (WCSEB)), with hard copies being retained by the supplier until the Provincial Treasury requests the submission of these documents for record purposes and audit trails. This was an interim measure not knowing how long the national lockdown would last.

* The **WCBD 4** is a compulsory bidding document which is valid for one (1) year in the Western Cape Government and is housed on the Supplier Evidence Bank centrally for all provincial departmental utilisation. To reduce red tape the WCBD4 consolidates the standing bidding documents National Treasury Standard Bidding Documents (SBD) 4; 8 and 9.

SBD 4: Declaration of Interest compels bidders to verify amongst others; names and identity numbers of directors, trustees, shareholders of companies, enterprises, closed corporations and trusts against relevant staff structure and whether staff are government employees or related to government employees.

SBD 8: Declaration of Bidders Past SCM Practices empowers the accounting officer/ authority to disregard a bid if a bidder has committed fraud, abuse of the SCM system and /or has failed to perform on any previous contract.

SBD 9: Independent Bid Determination prohibits an agreement between parties in a horizontal relationship and if it involves collusive bidding; corrupt practices, bid rigging and other fraudulent activities.

At various stages of the pandemic (post the hard lockdown), the PCC had to be closed due to staff - infections and contingency measures had to be implemented by making provision for a drop box managed by our security services to enable suppliers to

deliver their hard copy documentary evidence and the implementation of soft copies for profile maintenance was still managed given the high risk of the virus transmission. The activation of profiles through the submission of soft copies was however dependent on the supplier submitting the original documentation in the drop box or when the PCC opened, A 72-hour isolation of hard copy documentation was imposed on the PCC by the Occupational Health & Safety Team.

Further to the above, the Provincial Treasury also ensured a level of website enablement to support institutional memory-creation and access to information in respect of database registration (during the various lockdown alert levels), through the development of Frequently Asked Questions (FAQs).

The FAQs related to the National Treasury's Central Supplier Database (CSD) and the Provincial Treasury's Western Cape Supplier Evidence Bank (WCSEB) can be found on the following link:

<https://www.westerncape.gov.za/provincial-treasury/tenders/supplier-databases> and

FAQs related to the Provincial Treasury's in-house ePS can be found via the following link:

<https://www.westerncape.gov.za/provincial-treasury/tenders/eprocurement-solution>

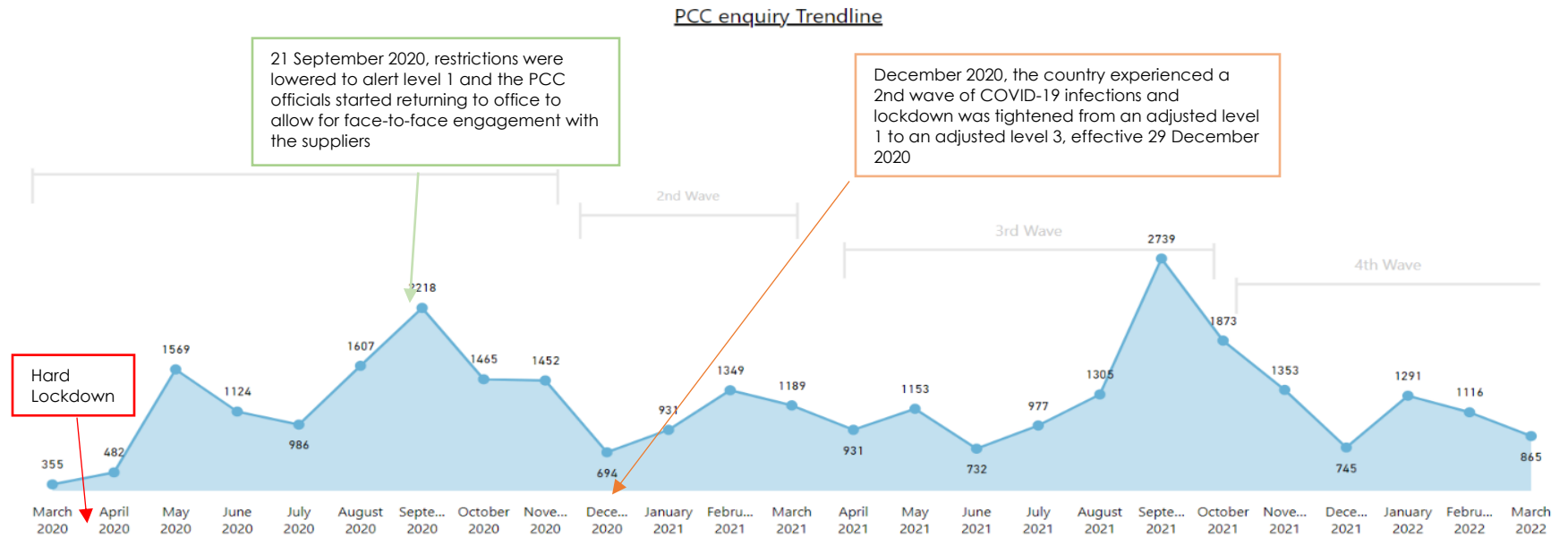
PPC Number of Enquires



Electronic bidding was enabled via the e-Procurement System to enable service delivery requirements when required as well as in respect of COVID-19 specific purchasing.

Diagram 1 hereunder reflects the query trends experienced during the difference waves of the pandemic that was managed by the PCC.

Diagram 1: Query Trends



COVID-19 related RFQs published on IPS and ePS



3231

NUMBER OF RFQ ON THE IPS AND ePS



R226.73 MIL

VALUE OF RFQS AWARDED



512

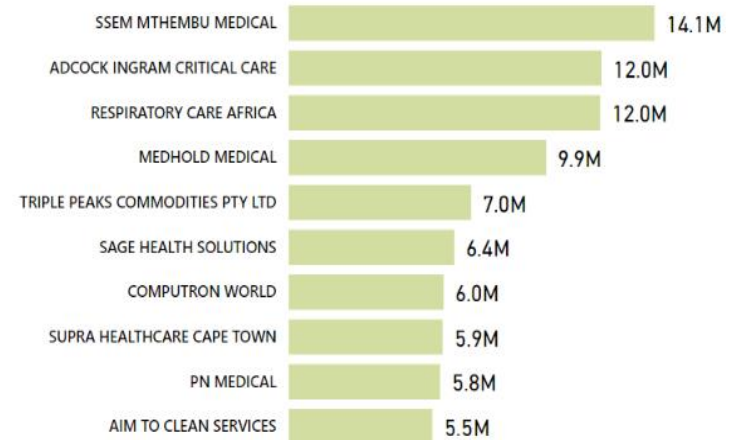
COMMODITIES ADVERTISED



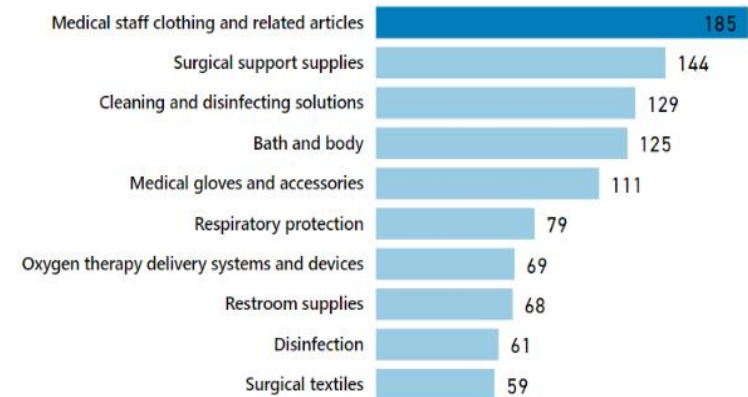
517

NUMBER OF SUPPLIERS AWARDED BIDS

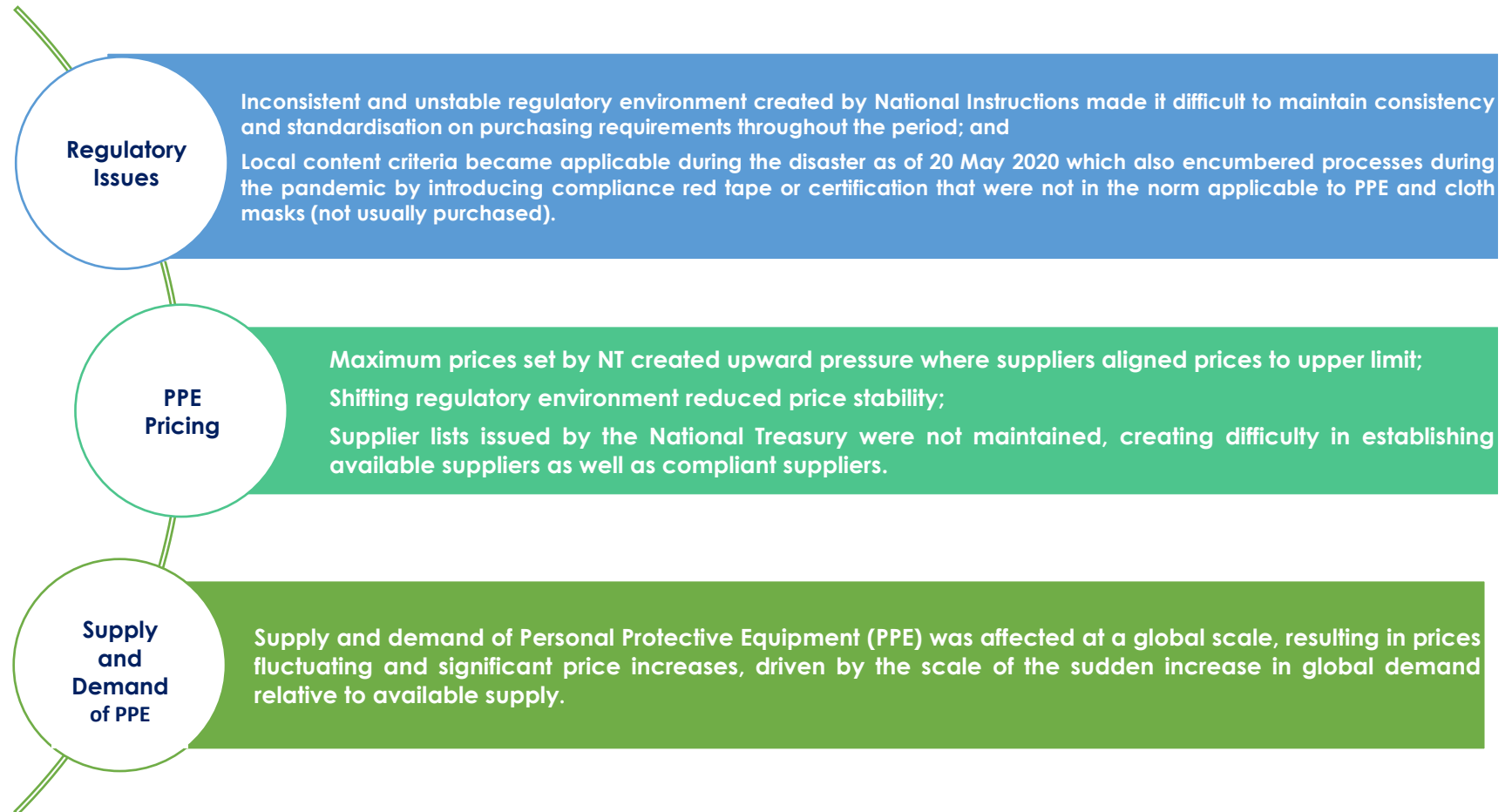
Top 10 Supplier Total Awards



Top 10 Commodities advertised



RISKS EXPERIENCED AND MITIGATION



The approach to mitigating procurement risks in the province adopted a centre-led approach and NOT a centralised approach. All departments procured their own PPE requirements through their own supply chains in keeping with prescribed provincial and national requirements.

It must be noted that these transactions occurred during a period of unprecedented global demand for PPE. This sudden imbalance between demand and supply shortages and thus resulted in significant price increases. This situation was made worse by disruptions to both PPE production and delivery as a result of global and domestic lockdowns.

NATIONAL TREASURY BENCHMARK PRICE FOR PERSONAL PROTECTIVE EQUIPMENT (PPE).

The table below reflects the amendments to the NT benchmark prices. Five iterations of benchmark pricing were issued i.e., on 15 April 2020; 28 April 2020; 20 May 2020; 03 July 2020; and 25 August 2020 (reaffirming 03 July 2020 pricing)

Table 2: National Treasury benchmark prices issued at various stages of the pandemic

NT BENCHMARK PRICES ISSUED 15 April to 25 August 2020												
VERSIONS ISSUED:	15 April 2020			28 April 2020			20 May 2020			03 July 2020 & 25 August 2020		
PPE Item	Unit Price	Price per UOM	Unit of Measure	Unit Price	Price per UOM	Unit of Measure	Unit Price	Price per UOM	Unit of Measure	Unit Price	Price per UOM	Unit of Measure
Apron	R1.70	R170.00	Box of 100	R2.97	R297.00	Box on 100	R2.97	R297.00	Box of 100	R1.90	R190.00	Box of 100
Biohazard bags	R1.80	R1.80	each	R1.30	R1.30	each	R1.30	R1.30	each	R1.30	R1.30	each
Body Bags	R272.00	R272.00	Each	R210.60	R210.60	per bag	R210.60	per bag	per bag	R575.00	R575.00	per bag
Boot covers	R1.30	R130.00	Box of 100	R1.30	R130.00	Box of 100	R1.30	R130.00	Box of 100	R1.30	R130.00	Box of 100
Cloth Mask-2 layers	Not indicated			R20.00	R20.00	each	R20.00	R20.00	each	R20.00	R20.00	each
Cloth Mask-3 Layers				R25.00	R25.00	each	R25.00	R25.00	each	R25.00	R25.00	each
Coveralls	R300.11	R300.11	each	R286.20	R286.20	each	R286.20	R286.20	each	R149.00	R149.00	each
Digital Thermometer	R1 888.50	R1 888.50	each	R2 527.20	R2 527.20	each	R2 527.20	R2 527.20	each	R992.00	R992.00	each
Examination gloves non-sterile	R2.78	R278.00	Box of 100	R0.46	R46.44	Box of 100	R0.90	R90.00	Box of 100	R1.75	R175.00	Box of 100

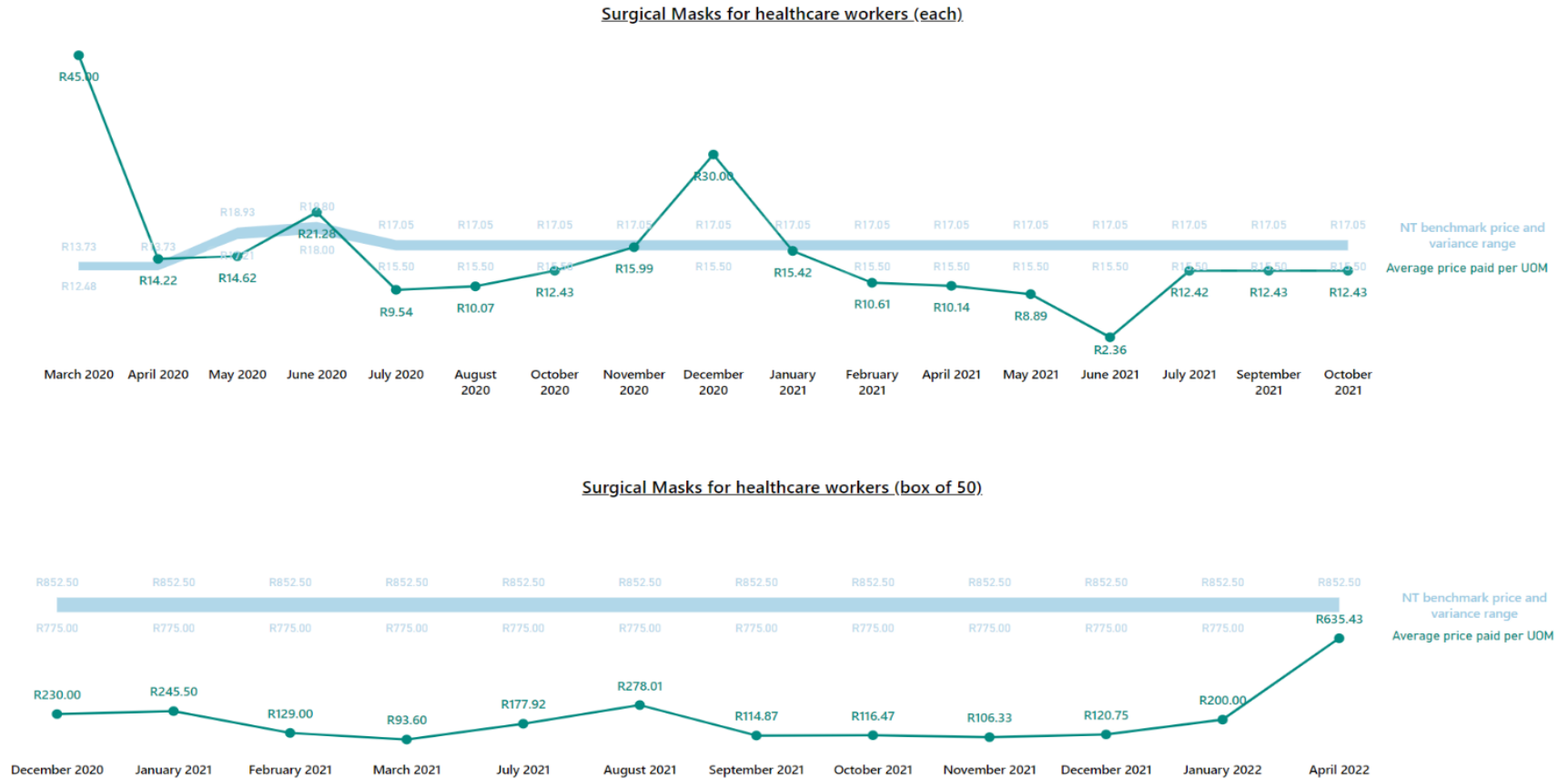
PPE Item	Unit Price	Price per UOM	Unit of Measure	Unit Price	Price per UOM	Unit of Measure	Unit Price	Price per UOM	Unit of Measure	Unit Price	Price per UOM	Unit of Measure
Eye Protection	R149.00	R149.00	each	R100.44	R100.44	each	R10.44	R100.44	each	R71.25	R71.25	each
Gloves Examination or surgical sterile	R9.23	R922.50	Box of 100	R5.78	R577.37	Box of 100	R7.00	R700.00	Box of 100	R8.25	R825.00	Box of 100
Gowns-Isolation	R64.25	R64.25	each	R113.40	R1113.40	each	R113.40	R113.40	each	R119.00	R119.00	Each
Gowns-surgical	R135.00	R135.00	each	R135.00	R135.00	each	R135.00	R135.00	each	R120.00	R120.00	each
Mask Respirator	See hereunder for specific mask pricing			R37.80	R378.00	Box of 10	R37.80	R378.00	Box of 10	R42.90	R429.00	Box of 10
*Sanitisers and Disinfectants				R183.60	R183.60	litre	R183.60	R183.60	litre	R79.80	R79.80	litre
Surgical Mask-HCW	R12.48	R624.00	Box of 50	R12.48	R624.00	Box of 50	R18.00	R900.00	Box of 50	R15.50	R775.00	Box of 50
Surgical Mask-Patient	R10.22	R511.00	Box of 50	R10.22	R511.00	Box of 50	R15.00	R750.00	Box of 50	R11.50	R575.00	Box of 50
Visor/ Face Shield	R75.00	R75.00	each	R108.00	R108.00	each	R108.00	R108.00	each	R69.00	R69.00	each
Mask Respirator-KN95/FFP2	R41.36	R413.60	Box of 100	Not reflected /defined in the same way as for 15 April 2020								
Mask Respirator-N95	R59.73	R2 986.50	Box of 50									
Sanitisers & Disinfectants												
20 litres	R1 309.09											
25 litres	R1 635.45											
500ml	R46.37											

Note: NT benchmark pricing changed and were issued at 5 different times during the period of the pandemic.

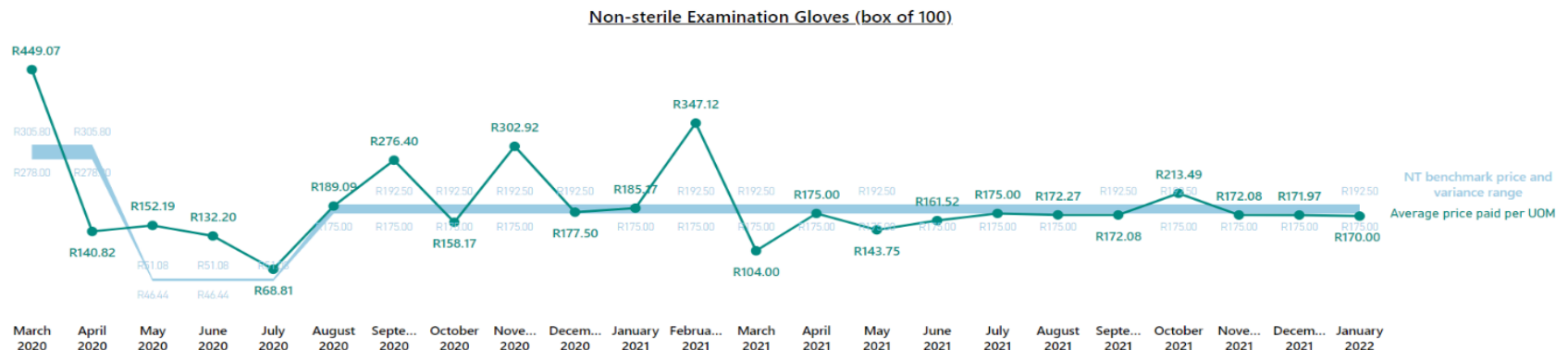
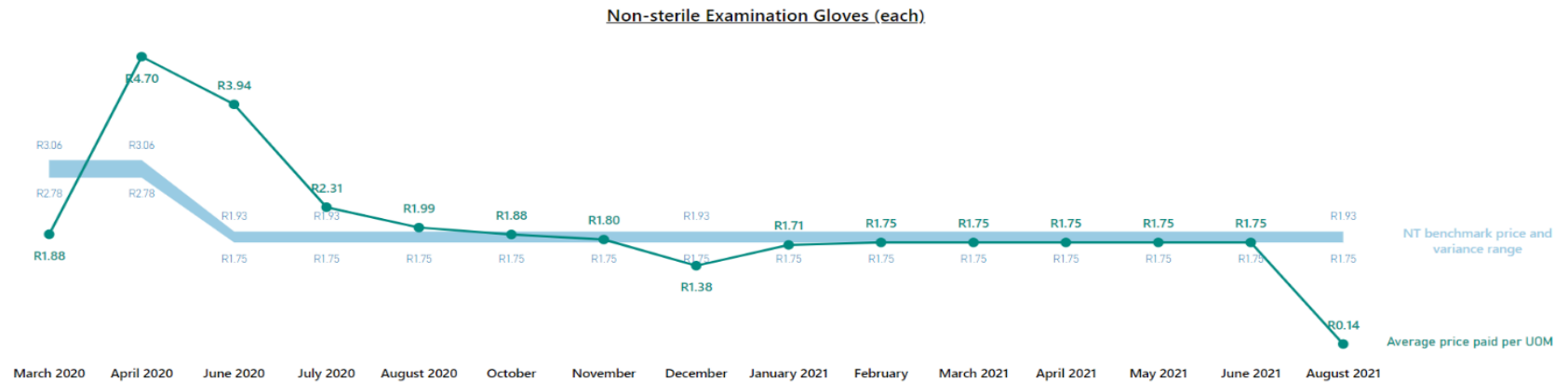
Note further: *Latter iterations of benchmark prices (post 15 April 2020) does not include prices for various measurements of hand sanitizer.

The dashboards hereunder reflect the pricing trends experienced specifically as it relates to surgical masks and examination gloves:

Dashboard 1: Surgical Masks Price for each versus a box of 50 against NT Benchmark Price Over the Period



Dashboard 2: Non-Sterile Examination Gloves for each and a box of 100 versus NT Benchmark Over the Period



Note: NT benchmark pricing changed and were issued at 5 different times during the period of the pandemic. NT benchmark price was at variance with the RT contract (national contract) set up for examination gloves .and the market adjusted price upwards ad did not revise when benchmark was lowered. Hence in certain instances prices received were higher. Due to the demand for examination gloves in the market there was a short supply from time in the market with only one supplier in KZN having stock in a particular instance and the Department of Health had to contract directly to meet its needs. The matter presided before the CPAC, and it was found that the Department had no option to purchase at the higher rate. This process was audited, and no findings were expressed

The following steps were undertaken to mitigate the procurement risks that were identified by the province:

Continuous engagement with the National Treasury on regulatory risks with the aim of agreeing on mitigation steps

Weekly meetings with key departments to discuss pertinent issues in response to the disaster

Provincial Treasury Circulars issued aimed at focusing on uniformity in the procurement system across provincial institutions to guide disaster procurement

Establishment of a provincial database for PPE suppliers and cloth mask manufacturers/ by the Provincial Treasury (uniform prices, volumes and lead times indicated upfront)

Establishment of a cross functional Western Cape Central Procurement Advisory Committee (CPAC) to support and promote procurement efficiencies

The ePS threshold was adjusted for business continuity in the Province during the different levels of lockdown

Weekly reports on procurement progress to Cabinet

COVID-19 reporting mechanism established and Procurement Disclosure Report (PDR) published to create transparency in procurement

SPECIAL INVESTIGATING UNIT ASSESSMENT

Six findings were raised by the Special Investigating Unit for the WCG, of which only one was unresolved in respect of the procurement of cloth masks. This is in respect of the procurement made by the Department of Education from Masiqhambe Trading. The evidence obtained indicated that the procurement process followed by the Western Cape Department of Education was irregular and not compliant to section 217 of the Constitution.

The forensic services unit within the Department of the Premier has made further investigations into the alleged conduct of the officials concerned and found no impropriety. However, aspects on improved performance in executing their performance are being addressed with the department, together with an application to court via the State Attorney to deal with payments made to the supplier.

AUDITS CONDUCTED BY THE AUDITOR GENERAL

The Auditor-General, during its audit highlighted that departments in certain instances either did not comply with the guidelines issued by the National Treasury, in respect of the specification for cloth masks or did not procure from suppliers listed on the Department of Small Business Development Database. It was noted that these were guideline documents and for all intent and purposes not compulsory.

In other instances, prices received from suppliers were non-complaint to the maximum prices set by NT for PPE items as well as procurement without inviting as many suppliers as possible. Noting the supply and demand issues highlighted, lockdown conditions as well as the scale and emergency needs, departments had to secure these goods regardless.

It must be noted that these findings are due to the fact that the regulatory regime was consistently changing during the pandemic and that departments were required to respond to an ever-changing environment during a state of disaster, which was unprecedented both globally and in the South African context.

LESSONS LEARNT

Normal procurement procedures became applicable from 18 September 2020. The practical experience drew attention to the fact that governance requirements for procurement during ordinary emergencies and within a disaster, are distinctly different. Trade-offs in terms of service delivery and cumbersome governance processes needed to be made to manage delivery needs and to save lives in the long term. This required innovative ways of purchasing, which played a critical role in responding to the disaster while at the same time maintaining internal controls and risk mitigation processes from a governance perspective.

Many lessons were learnt in the procurement space, and these include:

- Policies and prescripts must be in touch with the realities on the ground, and able to respond to real requirements and risks as they evolve;
- Flexibility in procurement requirements is essential, which must be managed with agreement and acceptable levels of internal controls that are commensurate with disaster conditions;
- Disaster preparedness from a policy and prescript perspective is essential (principally to guide governance requirements that must be exercised during a disaster i.e., ground rules). The WCG has already defined a chapter in its blueprint Accounting Officer's System that deals with all disaster-related procurement requirements.
- The different spheres of government must have a common perspective of governance requirements. This required strong partnerships and relationship building as well as trust;
- Best practice initiatives can be replicated in other disasters like the establishment of the CPAC; Partnerships with internal Audit; creation of vetted and responsive supplier commodity databases; systems enablement; and transparency and accountability through Public Disclosure.

RAPID ASSESSMENT OF WCG SUPPLY CHAIN READINESS

A diagnostic review of the WCG's supply chain readiness and response in relation to the COVID-19 pandemic was undertaken by the Department of the Premier to document the challenges and lessons learnt in which the following questions were asked:

- How well prepared was the WCG supply chain to respond to the COVID-19 pandemic?
- Was the supply chain management response appropriate given the intentions and ambit of the provincial health COVID-19 strategy?
- What were the lessons learned from the WCG's supply chain response to COVID-19?

Some of the key findings from the rapid assessment is shared below:

1. The SCM system in the province operated at a pre-existing level of maturity in terms of its governance and operations. Where departments had the necessary delegations and authority in place, they were able to respond comprehensively and timeously to the emergency demands.

2. The temporary field hospitals played a critical role in alleviating the load for public hospitals. An agreement with private sector hospital groups was in place for the purchasing of ICU beds, however it was not required as there was sufficient capacity in place.
3. The establishing of Q&I facilities made provision for those patients that did not have a separate room to quarantine or isolate safely at home. The WCG was well prepared in this regard, but due to various reasons and because uptake of Q&I facilities is demand driven, the occupancy rates at these facilities remained low throughout the province.
4. The WCG developed a PPE dashboard that was used to track the availability and supply of PPE at all public health facilities. According to available data on PPE procured, stock on hand and stock on order; the WCG adequately made provision for PPE for their frontline staff.
5. The WCG also put measures in place for an adequate supply of ventilators and high-flow nasal oxygen machines and an uninterrupted supply of medical grade oxygen.
6. Triage and testing facilities were established at various health facilities across the province, and these played a critical role in alleviating pressures on emergency units for testing. These centres will continue to play an important role in testing in the coming months of the pandemic.
7. The CPAC, as a governance structure, and other forums and platforms established like the CFO Forum and the WhatsApp groups for all WCG and Municipalities' Supply Chain Management; played a critical role in supporting and promoting efficiencies as well as enhancing PTs oversight role played during the crisis.
8. The WCG committed to a comprehensive response to the pandemic and the establishing of partnerships with other spheres of government and the private sector played a crucial role.
9. Evidence-based scenario planning and forecast modelling was central to drive and direct the supply chain response in the province and the departmental demand planning were aligned to respond to scenario plans (best case, mid, worst case) that were regularly updated from the forecast modelling informed by the data available as the pandemic progressed and unfolded.
10. A bed bureau system was also established to track bed occupancy across the system and allowed the movement of patients between facilities to manage capacities.

11. The Western Cape Department of Health COVID-19 dashboard was an excellent example of how the WCG optimally utilised up to date quality data and evidence to keep all stakeholders informed as well as to guide strategy and decision making during the crisis.
12. The response to COVID-19 in the province unearthed some innovative thinking and action. Innovative initiatives alleviated the supply and demand issues that were faced in terms of these critical commodities.
13. A comprehensive adjustment budget was made available to fund; hospitals, Q&I facilities, emergency food relief, school feeding schemes; schools opening safely, and business opening safely in the fight against COVID-19.
14. The external supply market was significantly impacted due to the global and local high demand and limited supply of PPE, and this drove prices up. There was also strong competition between suppliers that affected supply chain management at a local and national level. The supply market improved since the country moved to level 3 lockdown and the supply market has now settled and there is adequate supply of PPE to meet the demand. National and the WCG provincial governments were very pro-active in their response by engaging with suppliers and putting systems in place to make the procurement process as seamless as possible.

CONTACT DETAILS

Department	Head of Department	CFO	Contact Details (HODs)	Contact Details (CFOs)
Premier	Dr H Malila	Mr. D Basson	Harry.Malila@westerncape.gov.za	Drikus.Basson@westerncape.gov.za
Provincial Treasury	Mr. D Savage	Ms. A Smit	David.Savage@westerncape.gov.za	Annamarie.Smit@westerncape.gov.za
Community Safety	Adv. Y Pillay	Mr. M Frizlar	Yashina.Pillay@westerncape.gov.za	Moegamat.Frizlar@westerncape.gov.za
Education	Mr. B Walters	Mr. L Ely	Brent.Walters@westerncape.gov.za	Leon.Ely@westerncape.gov.za
Health	Dr K Cloete	Mr. S Kaye	Keith.Cloete@westerncape.gov.za	Simon.Kaye@westerncape.gov.za
Social Development	Dr R Macdonald	Mr. JO Smith	Robert.Macdonald@westerncape.gov.za	Juan.Smith@westerncape.gov.za
Human Settlements	Ms. P Mayisela	Mr. F De Wet	Phila.Mayisela@westerncape.gov.za	Francois.DeWet@westerncape.gov.za
Environmental Affairs and Development Planning	Mr. G Gerber	Mr. RT Mosome	Gerhard.Gerber@westerncape.gov.za	Ronald.Mosome@westerncape.gov.za
Transport and Public Works	Ms. J Gooch	Adv. C Smith	Jacqui.Gooch@westerncape.gov.za	Chantal.Smith@westerncape.gov.za
Agriculture	Dr M Sebopetsa	MR F Huysamer	Mogale.Sebopetsa@westerncape.gov.za	Floris.Huysamer@westerncape.gov.za
Economic Development and Tourism	Mr. V Dube	Ms. M Abrahams	Velile.Dube@westerncape.gov.za	Mymoena.Abrahams@westerncape.gov.za
Cultural Affairs and Sport	Mr. G Redman	Ms. BG Rutgers	Guy.Redman@westerncape.gov.za	Brenda.Rutgers@westerncape.gov.za
Local Government	Mr. G Paulse	Ms. B Sewlall-Singh	Graham.Paulse@westerncape.gov.za	Bhavana.Sewlall-Singh@westerncape.gov.za

Public Entity	CFO	Contact Details
Cape Nature	Mr. Mohamed Bhayat	mbhayat@capenature.co.za
Western Cape Gambling and Racing Board	Ms. Zoe Siwa	zoe@wcgrb.co.za
WESGRO	Ms. Kholeka Zama	kholeka@wesgro.co.za
Western Cape Liquor Authority	Mr. Sandiso Gcwabe	Sandiso.Gcwabe@wcla.gov.za
Casidra	Mr. Freek van Zyl	fvanzyl@casidra.co.za

The Procurement Client Centre:

Physical address:

2nd floor

4 Waterford Place (SAP Building)

Century City

7441

Contact details:

Telephone: 021 833 5361

Email: wcseb@westerncape.gov.za

Postal address: Private Bag X9165, Cape Town, 8000