REPORT ON IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT (SCM) POLICY

QUARTER (October –   December 2017)

2017-18 FINANCIAL YEAR

1. INTRODUCTION AND LEGAL BACKGROUND

The Municipality aims to ensure that it complies with MFMA section 111 when it implements its Supply Chain Management. Further to that the Municipality also complies with paragraph 6(3) of the Municipal Supply Chain Management Regulations, wherein council must maintain an oversight role over the implementation of the municipal Supply Chain Management policy.

The Accounting Officer as required by the Act submits to the Mayor within 10 working days a report on the implementation of the policy.

1.1 Progress and compliance

The Supply Chain Management Unit (SCM) is fully established and functional wherein there is a SCM Manager (Senior SCM Practitioner), Senior SCM Officer and Demand Officer. It operates under direct supervision of the Deputy Chief Finance Officer (DCFO).

SCM Manager (Senior SCM Practitioner) is responsible for the day to day management of the unit. Turn-around time on award of quotations and tenders has improved significantly.

SMME's training has been undertaken to improve capacity and quality of goods and services supplied to ULM. Bid committees are fully functional and discharging their duties effectively.

2. Compliance and reporting

Re-registration of Suppliers on the database: No advert has been made due to the new resolution by National Treasury that all suppliers must register with Central Supplier Database (CSD) in order to do business with ULM in the 2017/18. The municipality is verifying all suppliers that do business with the municipality on line on CSD.

2.1 Maintenance of Contract Register

- **Contract register is maintained and updated on monthly basis.**

2.2 Schedule of awarded tender

- Schedule of awarded tenders is maintained,
- Monthly procured goods and services in the 30 000 – 200 000 threshold
- Schedule of awarded tenders is submitted to Management Committee on a monthly basis

Summary of awards for the quarter

Threshold	Rand value of the awards
0 – R2000	R 207 268.02
R2001 – R30 000	R 2 974 800.22
R30 001 – R200 000	R 7 623 846.87

2.3 Deviation

An assessment is conducted by SCM unit before a deviation is authorized by the Accounting Officer to ensure that it meets the requirements to deviate. On a monthly basis a report is submitted to the Management Committee in terms of SCM policy.

Summary of deviations per regulation 36 for the quarter

Reasons for the deviation	Quantity	Rand value of the awards
In an emergency	Nil	Nil
Single provider	Nil	Nil
Special works of art or historical objects	Nil	Nil
Acquisition of animals for zoos	Nil	Nil
Impractical and impossible to follow process	4	**R731 026.38**

2.4 Regulation 32 awards for the quarter

Regulation 32	Quantity	Rand value of the awards
None		

2.5 Other

•   Monthly reports required to be submitted to Provincial and National Treasury in respect of procurement of goods and services above R100 000 in terms of SCM circular 19 of 2008.

•   Quarterly SCM reports on implementation of the SCM policy

3. <u>Improvements and compliance to internal controls</u>

The SCM committees are fully established and have been discharging their responsibility in the form of meeting timeously to ensure the turn-around time for procurement of good and services is improved. The committees are as follows:

   •   Bid specification committee
   •   Bid evaluation committee
   •   Bid adjudication committee

The members for the committees have been trained in the month of May 2016 which still falls on 2016-17 Financial Year.

Internal controls within SCM have been strengthened and improved significantly by introducing the following measures to ensure compliance with the policy and regulations.

- Checklist specification
- Checklist for evaluation of quotes
- Checklist for the bid committees
- Register for deviations which ensures that all deviations are tracked evaluated by SCM and recorded to ensure completeness.
- Trans-union system which scans company directors to detect those in the service of the state.
- SCM officials now do have access to the CIDB website to advertise infrastructure projects, however there are challenges at times in accessing the website
- E-tender access, on line SARS access and on line CSD access.

4. <u>Risk management</u>

The following measures are in place to mitigate risks in the SCM processes

- Officials are made aware and have signed the SCM code of conduct
- All staff and councilors declare all business interests that they may have
- Quotations received are approved prior to being considered.
- Checklists are in place to ensure that all applicable SCM requirements are adhered to.
- Trans-union system is used to vet service providers to ensure that no awards to people in the service of the state.

5. <u>Challenges and constraints</u>

The following challenges and constraints are in existence.
SCM officials are currently not registered on the Treasury website in order to capture awards above R100 000 as required by SCM circular 19 of 2008.

A training to address this has been requested from treasury but not received the response.

There is no interface on the Municipal Financial System (Munsoft) with Central Supplier Database.

Treasury to fast track an issue of training of uploading the awards above R100 000.

6. ANNEXURES

Annexure A: Schedule of goods and services procured

Annexure A: Schedule of tenders awarded

Annexure C: Schedule of deviations from the procurement processes (Regulation 36)

Prepared By: N Duze

Reviewed By: T Mbukushe