



**REPORT ON IMPLEMENTATION**  
**OF**  
**SUPPLY CHAIN MANAGEMENT (SCM) POLICY**  
**QUARTER 1 (JULY – SEPTEMBER 2016)**  
**2016-17 FINANCIAL YEAR**

**1. INTRODUCTION AND LEGAL BACKGROUND**

In terms of paragraph 6(3) of the Municipal Supply Chain Management Regulations, the council must maintain an oversight role over the implementation of the municipal Supply Chain Management policy. The accounting officer must within 10 days of the end of each quarter, submit a report on the implementation of this policy to the mayor.

**1.1 Progress and compliance**

The Supply Chain Management Unit (SCM) is fully established and functional. SCM unit operates under the direct supervision of the Chief Finance Officer (CFO). SCM Manager 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 committee 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 2016/17. However we still have challenges with linking with that Central Supplier Database.

### **2.1 Monthly and quarterly reports**

- Monthly deviation reports are submitted to MANCO in terms of the SCM policy.
- Monthly procured goods and services in the 30 000 – 200 000 threshold
- Awarded tenders on a monthly basis
- 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. Improvements and compliance to internal controls**

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.

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

### **4. Risk management**

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 councillors declare all business interests that they may have
- Supplier database is regularly updated to ensure that it contains credible information
  - 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. Challenges and constraints**

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.

## **6. Irregular expenditure**

**Irregular expenditure has not yet been identified for the quarter since the municipality is using a Trans Union system to screen all the service providers prior the award.**

## **7. Solutions and way forward**

- Treasury to fast track an issue of training of uploading the awards above R100 000
- To fast track the registration rather activation for access on CSD

## **8. Summary of awards for the quarter**

<b>Threshold</b>	<b>Quantity</b>	<b>Rand value of the awards</b>
0 – R2000	112	R161 017.11
R2001 – R30 000	179	R1 660 962.96
R30 001 – R200 000	23	R2 219 851.30

### **9. Summary of regulation 32 awards for the quarter**

<b>Threshold</b>	<b>Quantity</b>	<b>Rand value of the awards</b>
Above R200 000	0	0.00

### **10. Summary of deviations per regulation 36 for the quarter**

<b>Reasons for the deviation</b>	<b>Quantity</b>	<b>Rand value of the awards</b>
In an emergency	00	R nil
Single provider	00	R nil
Special works of art or historical objects	00	R nil
Acquisition of animals for zoos	00	R nil
Impractical and impossible to follow process	7	R 212 041.88

## **ANNEXURES**

Annexure A: Schedule of goods and services procured

Annexure A: Schedule of tenders awarded

Annexure B: Schedule of contracts that are awarded through other organs of state  
(Regulation 32) –

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

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