

~ <u>MEMORANDUM</u> ~			
<u>AAN / TO</u>	Mr H M Jansen Executive Mayor	<u>VAN / FROM</u>	Mr. B Brown Director: Financial Services (CFO)
<u>VERW / REF</u>	6/1/B	<u>DATUM / DATE</u>	05 October 2016
<u>ONDERWERP SUBJECT</u>	REPORT: IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY		

Purpose of this report

To submit a report for information to the Executive Mayor regarding the implementation of the Langeberg Municipality Supply Chain Management Policy.

Background

Langeberg Municipality Supply Chain Management Policy section 5 stipulates the following:

1. The council must maintain oversight over the implementation of the supply chain management policy. For the purposes of such oversight, the accounting officer must –
 - (a) **Within 10 days of each quarter, submit a report on the implementation of the supply chain management policy to the Executive Mayor.**

1. Adoption of Policy

The Supply Chain Policy of Council has been adopted on the 28 May 2015 and implemented in 2015/16 financial year.

2. Delegation

The following delegations were approved by the Municipal Manager and implemented:

Delegations to do electronic transfers
Delegations to sign cheques
Delegations to sign purchase orders
Delegations to approve requisitions

3. Sub-delegation

- 1) The power to make a final award –
 - a) Above R10 million (VAT included) may not be sub-delegated by the Accounting Officer;
 - b) above R75 000 (VAT included), but not exceeding R200 000 (VAT included), may be sub-delegated but only to a Bid Adjudication Committee of which the Chief Financial Officer or a Senior Manager is a member.

- c) transaction value up to R75 000 (VAT included) and below may be sub-delegated to the officials as per Accounting Officer delegation, pertaining the purchase of goods and services.
- 2) No supply chain management decision-making powers may be delegated to an advisor or consultant. Also refer to paragraph 7 (3) (d) of this Policy.

4. Supply Chain Management Unit

The Supply Chain Management Unit operates under the Chief Financial Officer (CFO), and the Senior SCM Practitioner reporting directly to the Chief Financial Officer.

The Supply Chain Management Unit consists of 1 Senior SCM Practitioner, 4 SCM Practitioners, 1 SCM Clerk and 2 EPWP Interns.

5. Threshold Values

The threshold values have been determined as follows:

Petty Cash – up to R 50, 00

Verbal quotation – R 0 to R 1000

Three written quotations – R 1001 to R 30 000 are received via the quotation box and recorded in the tender register book before they are provided to SCM practitioners to process the requisition and the purchase order.

Formal written quotations – R 30 001 to R 200 000

Competitive bidding process – above R 200 000

6. Bid Documents

The bid documents as prescribed by National Treasury included the General Conditions of Contract.

7. Bid Committee Structures

The following committees have been established:

- (i) A bid specification committee
- (ii) A bid evaluation committee
- (iii) A bid adjudication committee

Composition of Committees

(i) **Bid Specification Committee** - The Accounting Officer appoint members for each tender.

(ii) **Bid Evaluation Committee** - The following members has been appointed by the Municipal Manager:

NAMES	DEPARTMENT / SECTION
Ms. C.O. Matthys	Director: Strategy & Social Development
Ms. C. Coetzee	Practitioner: Supply Chain Management
Mr. T.H Carstens	Manager: Human Resources
SECUNDI	
Ms. Z Lesia	Manager: Parks & Amenities

(iii) **Bid Adjudication Committee** – The following members has been appointed by the Municipal Manager:

NAMES	DEPARTMENT / SECTION
Mr. B Brown	Chief Financial Officer
Mr. A.W.J. Everson	Director: Corporate Services
Mr. IAB van der Westhuizen	Director: Engineering Services
Me. EC Liebenberg	Director: Community Services
Me. S. Kotzé	Manager: Administrative Support
Mr. S. Ngcongolo	Senior Practitioner: Supply Chain Management

8. Internal SCM Procedures & Processes

Quotations up to R 30 000 are requested by the Supply Chain Management Unit, while quotations for more than R 30 000 and tenders are requested by the relevant departments. Once the SCM unit do have the necessary capacity, all the quotations and tenders will be requested by the SCM unit.

The relevant department/requester complete a requisition electronically on Collaborator (the Supply Chain Management system), submit it to his/her line manager/director for approval then after approval it will be submitted to SCM unit to get minimum of 3 quotations (as per SCM policy) and submit recommended supplier to the line manager for review a quote before the purchase order can be processed and issued the in the financial system - Promun. After the order has been processed and issued by SCM unit, they will attach the order and sent it back to the requester (user department) to through collaborator – to procure goods or services as required.

9. List of accredited providers

Langeberg Municipality Supply Chain Management Policy section 17 stipulates the following:

- 1) The Accounting officer must –
 - (a) Keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotation; and
 - (b) At least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
 - (c) Specify the listing criteria for accredited prospective providers; and
 - (d) Disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

- (3) The list must be compiled per commodity and per type of service.

All providers of goods and services were invited from the 19 January 2016, to register their business on the Municipality's Database in accordance with our supply Chain Management Policy. The advertisement was placed on our website, advertised in the local newspaper the Gazette, in 3 languages (Afrikaans, Xhosa and English), and on the National newspapers Die Burger (Afrikaans) and Cape Argus (English).

The suppliers of goods and services had responded positive to our call and registered their business in our database. Registration of suppliers on our database is an ongoing process.

10. Training of SCM practitioners

All the Supply Chain Management Practitioners are busy attending training on the Municipal Finance Management Act, the (CPMD) certificate is underway from 27 June 2016 – 18 January 2017.

On 13 October 2016 the SCM Practitioners will attend another CIDB iTender training which will be held in-house.

The Senior Supply Chain Management Practitioners also attended various SCM training for this year and will be attending a SCM risk Management and SCM Performance Management Training from 27 – 28 October at USB-ED at the Worcester Campus

It should be noted that the training of the supply chain management officials is an on-going process due to amendments of the laws and regulations that govern the SCM framework.

B BROWN

DIRECTOR: FINANCIAL SERVICES (CFO)