

QUARTERLY REPORT ON THE IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY: JULY 2019 TO SEPTEMBER 2019 (CHIEF FINANCIAL OFFICER)

Purpose of the report

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

Background

Section 4 of the policy states as follows:

The Council must maintain oversight over the implementation of the Supply Chain Management Policy. For the purpose of such oversight, the Accounting Officer must:-

- (a) ***within 10 days after the end of each quarter, submit a report on the implementation of the Policy to the Executive Mayor;***
- (b) within 30 days after the end of the financial year, submit a report on the implementation of the Policy to the Council;
- (c) whenever there are serious and material problems in the implementation of the Policy, immediately submit a report to the Executive Mayor; and
- (d) make public the reports on the Policy in accordance with section 21A of the Systems Act.

1. Adoption of Policy

The amended Supply Chain Management Policy was adopted by Council on 28 May 2019 for implementation in the 2019/2020 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

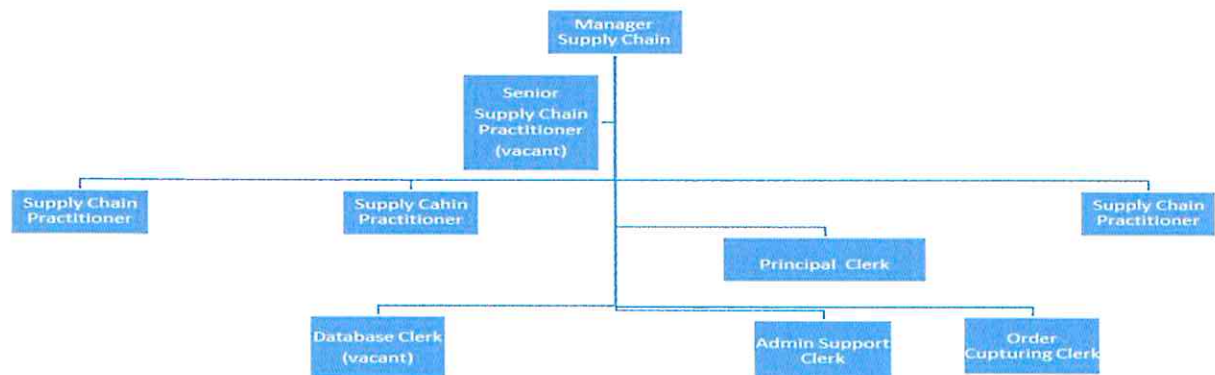
3. Sub-delegation

- (1) The Accounting Officer may in terms of section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the Accounting Officer in terms of this Policy, but any such sub-delegation must be consistent with legislation, this Policy and subparagraph (2) of this paragraph.
- (2) The power to make a final award with a transaction value:-
 - (a) above R 10 000 000 may not be sub-delegated;

- (b) of R 200 000, but not exceeding R 10 000 000, may be sub-delegated but only to a bid adjudication committee of which the chief financial officer is the chairperson and at least 3 (three) senior managers are members and present at the consideration and all are in favour of the award; and
 - (c) up to R 200 000 may be sub-delegated to an official.
- (3) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated to make a final award in a competitive bidding process, otherwise than through the committee system provided for in paragraph 8 of the policy.

4. Supply Chain Management Unit

The Supply Chain Management Unit operates under the Finance Directorate, and the Manager: Supply Chain Management reports directly to the Chief Financial Officer.



The Supply Chain Management Unit consists of 1 Manager; Senior SCM Practitioner (vacant); 3 SCM practitioners; 1 Principal Clerk and 2 Clerks and 1 vacant clerk position.

5. Range of Procurement processes

- (1) The procurement of goods and services will be procured as follow:-
 - (a) petty cash purchases up to a transaction value of R 100. The Chief Financial Officer or senior manager can approve petty cash purchases up to an amount of R 500 per transaction in exceptional cases;
 - (b) a documented verbal quotation for purchases below R 2 000 which are not petty cash purchases;
 - (c) 3 (three) formal written quotations where the transaction value is between R 2 000 to R 200 000;
 - (d) a competitive bidding process is required for:-

- (i) procurement for transactions above a value of R 200 000; and
 - (ii) the procurement of long-term contracts.
- (2) The Accounting Officer may in writing lower, but not increase the threshold values specified in (1) above.
 - (3) Goods or services may not be split into parts or items of a lesser value to avoid complying with the requirements of this Policy.
 - (4) When determining transaction values, the procurement of goods or services consisting of different parts or items must be treated and dealt with as a single transaction.

6. Bid Documents

The bid documents as prescribed by National Treasury include 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 appoints members to the Bid Specification Committee for each tender.

The following table details the number of Bid Specification Committee meetings held for the quarter under review:

Bid Specification Committee	No. of Meetings	No. of Items	No. of Agendas
July 2019 - Sept 2019	38	38	38

- (ii) **Bid Evaluation Committee** - The following members have been appointed by the Accounting Officer:

<u>NAMES</u>	<u>DEPARTMENT / SECTION</u>
Ms. C.O. Matthys	Director: Strategy & Social Development (Chairperson)
Ms. C. Coetzee	Practitioner: Supply Chain Management
Mr. T.H Carstens	Manager: Human Resources
Mr. Z Qhanqisa	Manager: Income Services
Secundi	
Mr Come' Franken	Manager: Expenditure services

The following table details the number of Bid Evaluation Committee meetings held for the quarter under review.

Bid Evaluation Committee	No. of Meetings	No. of Items	No. of Agendas
July 2019 - Sept 2019	4	27	4

(iii) **Bid Adjudication Committee** – The following members have been appointed by the Accounting Officer:

NAMES	DEPARTMENT / SECTION
Mr. B Brown	Chief Financial Officer
Mr. A.W.J. Everson	Director: Corporate Services
Vacant	Director: Engineering Services
Mr. M. Mgajo	Director: Community Services
Mr. S. Ngcongolo	Manager: Supply Chain Management

The following table details the number of Bid Adjudication Committee meetings held for the quarter under review:

Bid Adjudication Committee	No. of Meetings	No. of Items	No. of Agendas
July 2019 - Sept 2019	5	38	5

8. Verbal price quotations

The procurement of goods or services by means of a verbal quotation referred to in paragraph 14(1)(b) is as follows:-

- (a) a verbal quotation may only be obtained for a transaction of a value of not more than R 2 000 (two thousand rand);
- (b) quotations must be obtained from at least one service provider preferably from, but not limited to, service providers whose names appear on the list of accredited service providers of the Municipality. If quotations are obtained from a service provider who is not listed, such service provider must supply the information as set out in paragraph 16 of this Policy; and
- (c) if a quotation was obtained verbally, the order may only be placed after written confirmation of such quotation and the required information have been received from the service provider.

9. Formal written price quotations

The procurement of goods or services through formal written price quotations referred to in paragraph 14(1)(c) is as follows:-

- (a) quotations must be obtained in writing from the different providers whose names appear on the list of accredited service providers of the Municipality;

- (b) in the case of specialised plant, machinery and vehicles, quotations may be obtained from providers who are not listed, provided that such providers supply the information as set out in paragraph 16 of this Policy;
- (c) if it is not possible to obtain at least 3 quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official(s) designated by the Chief Financial Officer. Documentary proof must be provided that quotations have been requested;
- (d) the official(s) referred in (c) above must within 3 days after the end of each month report to the Chief Financial Officer on any approvals given during that month by that official(s); and
- (e) the names of the service providers and their written quotations must be recorded.

10. Further Procedures: formal written quotations

In addition to paragraph 19, the following must also be taken into account regarding formal written price quotations:-

- (a) all transactions in excess of R 30 000 that are made by means of written quotations, must be advertised for at least 7 calendar days on the website and official notice board;
- (b) where the quotations have been invited via the notice board and website of the Municipality, no additional quotations need to be obtained should the number of responses be less than 3 quotations;
- (c) when using the list of accredited service providers, the Municipality must:-
 - (i) promote ongoing competition amongst the providers, including by inviting providers to submit quotations on a rotational basis;
 - (ii) promote the objectives of the Broad-Based Black Economic Empowerment Act;
 - (iii) apply the Preferential Procurement Policy Framework Act and any applicable regulations; and
 - (iv) promote the goals as identified by Council;
- (d) the Accounting Officer must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations is not abused;
- (e) the Accounting Officer must on a monthly basis be notified in writing of all formal written quotations accepted by an official acting in terms of a sub-delegation;
- (f) offers below R 30 000 must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- (g) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

- (h) a proper record must be kept of the received written quotations;
- (i) the goals of Council must be taken into account before offers/quotations are awarded; and
- (j) in the case of construction works, where required a site inspection may be conducted before the close of the quotation due date to ensure that providers understand the scope of the project and that they comply with the conditions and requirements.

9. List of accredited service providers

Langeberg Municipality's Supply Chain Management Policy section 16 stipulate the following:

The Accounting Officer must:-

- (a) keep a list of accredited service providers that must be used for the procurement requirements through written or verbal quotations and formal written price quotations;*
- (b) at least once a year through newspapers commonly circulating locally, the municipal website or any other appropriate ways, invite service providers to apply for evaluation and listing as accredited service providers; and*

Service providers were invited to register their business on the Municipality's Database in accordance with the Supply Chain Management Policy. The advertisements were placed on the municipal website on 28 January 2019, the national newspapers Die Burger (Afrikaans) and Weekend Argus (English) on 26 January 2019 and the Breede River Gazette in 3 languages (Afrikaans, Xhosa and English) on 29 January 2019.

The registration of service providers on the municipal supplier database is an on-going process and can be done at any given time during the normal working hours.



09/10/2019.

B BROWN

DIRECTOR: FINANCIAL SERVICES (CFO)