

~ MEMORANDUM ~			
<u>AAN / TO</u>	Ms. Daniela Gagiano (Executive Mayor)	<u>VAN / FROM</u>	Mr. C F Hoffmann (Chief Financial Officer)
<u>VERW / REF</u>	6/1/B	<u>DATUM / DATE</u>	02 April 2012
<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 and implemented.

2. Delegation

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

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

3. Supply Chain Management Unit

The Supply Chain Management Unit operates under the Chief Financial Officer (CFO), and the Senior SCM Practitioner report directly to the Chief Financial Officer. Supply Chain Management Unit consists of 1 Senior SCM Practitioner, 3 SCM Practitioners and 1 Database Clerk. Temporal workers and interns are also used to provide capacity to the unit.

4. Threshold Values

The threshold values have been determined as follows:

Petty Cash – up to R 50, 00

No prescriptions – R 0 to R 1000

Three written quotations – R 1001 to R 30 000

Formal written quotations – R 30 001 to R 200 000

Competitive bidding process – above R 200 000

5. **Bid Documents**

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

6. **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	Senior. Manager: Executive Support
Ms. C. Coetzee	Practitioner: Supply Chain Management
Mr. T.H Carstens	Manager: Human Resources
Me. L Bengu	Manager: Income & Expenditure
Mr. J Durand	Manager: Disaster Management
SECUNDI	
Ms. Z Lesia	Manager: Environmental Services - West

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

NAMES	DEPARTMENT / SECTION
Mr. C.F. Hoffmann	Chief Financial Officer
Mr. A.W.J. Everson	Director: Corporate Services
Mr. J de Jooste	Director: Infrastructure Development
Mr. B Brown	Manager: Budget Office
Me. S. Kotzè	Manager: Property Administration
Mr. S. Ngcongolo	Senior Practitioner: Supply Chain Management

7. **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 and award it to the lowest quote, then submit the requisition to the creditors section to process an order. After the order has been processed by creditors section, they will attach the order and sent it back to the requester to procure goods or services.

8. List of accredited providers

9. Langeberg Municipality Supply Chain Management Policy section 16 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 on January 2012, to register their business to the Municipality Database in accordance with our supply chain management policy. The advertisement was place on our website, advertised on the local newspaper the Gazette, on 24/01/2012 in 3 languages (Afrikaans, Xhosa and English), and on the National newspapers Die Burger on 21/01/2012 (Afrikaans) and Cape Argus on 21/01/2012 (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 ongoing process.

9. Training of SCM practitioners

Two Supply Chain Management Practitioners were sent for the 5 days SCM training that was organised by Public Administration Learning and Management Academy (PALAMA) and National Treasury (NT) on the 21 February 2011. This training in supply chain management covers the following topics: Demand management, Acquisition management, Logistic management and Disposal management. It has also included a dedicated session on Public Private Partnerships. The Unit Standard is 116353, and other supply chain management officials will be sent for the SCM training by 2011/12 financial year.

C F HOFFMANN

CHIEF FINANCIAL OFFICER