

~ 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>	15 January 2013
<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. 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 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 official 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 report directly to the Chief Financial Officer. Supply Chain Management Unit organogram consists of 1 Senior SCM Practitioner, 4 SCM Practitioners, 1 Database Clerk and 1 SCM Clerk. Even though the other 1 SCM Practitioner and the 2 clerk's positions are still vacant and we are in the process of filling these positions.

The post of 1 Senior SCM Practitioner and 1 SCM Clerk were advertised last year 2012 and indicating the closing date of 14 December 2012. The other one post for Database Clerk will be apparently advertised soon. Temporal workers and financial interns are used to provide capacity to the unit. We are currently using 2 financial interns and one temporal clerk to provide capacity to the unit.

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

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
Me. L Bengu	Manager: Revenue Services
Mr. J Durand	Manager: Fire & Disaster Management
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. C.F. Hoffmann	Chief Financial Officer
Mr. A.W.J. Everson	Director: Corporate Services
Mr. J de Jooste	Director: Service Integration
Mr. IAB van der Westhuizen	Director: Engineering Services
Mr. B Brown	Deputy Chief Financial Officer
Me. S. Kotzè	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 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.

9. List of accredited providers

10. 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 placed 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.

10. 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, and the Unit Standard is 116353.

It should be noted that the training of the supply chain management officials is an on-going process as the people come and go and because of the regulations that are governing the SCM are amended constantly in to be effective to the current procurement environment.

11. SCM POLICY AMENDMENT

1. The Amendment Supply Chain Management Policy that gives effect to the requirement of the Revised Preferential Procurement Regulations, 2011, was unanimously adopted by the council on 5 November 2012 and immediately took effect.
2. The Amendment Supply Chain Management Policy was distributed to the Provincial Treasury, OMT and SCM Unit and was also placed on the municipal website in order to be accessible to the public.

C F HOFFMANN

CHIEF FINANCIAL OFFICER