

~ <u>MEMORANDUM</u> ~			
<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>	07 October 2015
<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 2014 and implemented in 2015/16 financial year.

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 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 report directly to the Chief Financial Officer.

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
Me. L Bengu	Manager: Revenue Services
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Ms. Z Lesia	Manager: Parks & Amenities
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(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. 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 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 27 January 2015, 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, 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 ongoing process.

10. Training of SCM practitioners

Supply Chain Management Practitioners had attended various SCM trainings organised by Public Administration Learning and Management Academy (PALAMA) and National Treasury (NT). And the training in supply chain management had 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.

The Senior Supply Chain Management Practitioners also completed the SCM module as part of the Certificate in Municipal Finance Management (CPMD) certificate.

One SCM Practitioner is busy with the CPMD training at the University of Stellenbosch, until end of the year 2014.

The other three SCM Practitioners had attended the SCM training, organised by Provincial Treasury (PT) held from 5 - 7 February 2014 at Franschhoek Town Hall, Main Road, Franschhoek. The training was conducted by the University of Stellenbosch Executive Development Ltd (US – ED).

Another SCM training was attended by SCM Practitioner; CFO, BEC Chairperson, BAC member (Director: Engineering Services) and BSC member (Manager: Project Management Unit) conducted by the University of Stellenbosch Executive Development Ltd (US – ED) on the 4 – 5 February 2015, focuses on:

- Contract Management
- Bid Committees
- Demand Management

Operational Management Team (OMT) attended a training session on the 17 September 2015 at Robertson Council Chambers provided by Brasika Consulting (PTY) LTD, focusing on Supply Chain Management system, PPPFA, Local Economic and Socio-economic Development.

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 also due to amendments of the laws and regulations that govern the SCM.

C F HOFFMANN

CHIEF FINANCIAL OFFICER