

**A 2909**

**IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY FOR 2012/13 FINANCIAL YEAR (6/1/B) (CHIEF FINANCIAL OFFICER)**

**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.
  - (b) **Within 30 days of the end of each financial year, submit a report on the implementation of the SCM policy of the Municipality.**
  - (c) Whenever there are serious and material problems in the implementation of the SCM Policy, immediately submit a report to the Council

**1. Adoption of Policy**

The Supply Chain Policy of Council has been adopted and implemented as follows:

**Background**

The Preferential Procurement Policy Framework Act, 2000 and Regulations have been amended with effect from 7 December 2011 and therefore the Supply Chain Management policy of the Municipality must be amended accordingly.

The current policy has been amended and was presented to the Strategic Management Team. A workshop was also held with councillors on 15 August 2012 at Robertson. The following issues were mentioned at the workshop:

- (i) Local suppliers must benefit from purchases under R 200 000.
- (ii) SMME'S must be utilized for certain identified services.
- (iii) The fact that BBBEE must be collected from Cape Town. (It should be noted that businesses with a turnover of less than R 5 million are regarded as Exempted Micro Enterprises and can obtain the BBBEE certificate at any audit firm, which is locally at Robertson).
- (iv) Support for SMME's provided
- (v) More detailed reports must be provided to Council.

The policy has been adjusted and is attached on pages 439 - 497 of Annexure 1 of the Mayco of 29 October 2012.

**Recommendation**

That the Amended Supply Chain Management Policy be approved.

This item served before the Finance Portfolio Committee on 16 October 2012

Recommendation

That the Amended Supply Chain Management Policy be approved.

This item served before the Mayoral Committee on 29 October 2012

Recommendation

That the Amended Supply Chain Management Policy be approved.

This item served before Council on 5 November 2012

Unanimously Resolved

That the Amended Supply Chain Management Policy be approved.”

## **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 organogram consists of Manager (vacant); 1 Senior SCM Practitioner, 4 SCM Practitioners, 1 Database Clerk (vacant) and 2 SCM Clerks positions (1 vacant). Although there are SCM clerk's positions vacant, we are using the financial interns for a capacity in the SCM 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:

<b>NAMES</b>	<b>DEPARTMENT / SECTION</b>
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
<b>SECUNDI</b>	
Ms. Z Lesia	Manager: Parks & Amenities

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

<b>NAMES</b>	<b>DEPARTMENT / SECTION</b>
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 a 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 the creditors section, they will attach the order and sent it back to the requester to procure goods or services.

## **9. List of accredited providers**

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 2013, 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, 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 that were organised by Public Administration Learning and Management Academy (PALAMA); National Treasury (NT); Provincial Treasury as well as CIDB training. These training in supply chain management had covered some of 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.

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 the amendments of the SCM laws and regulations that took place from time to time.

## **Recommendation**

That the content of the report regarding the implementation of the Supply Chain Management Policy of the Langeberg Municipality be noted.

**This item served before a Statutory Council Meeting on 30 July 2013**  
**Hierdie item het voor 'n Statutêre Raadsvergadering gedien op 30 Julie 2013**  
**Eenparig Besluit / Unanimously Resolved**

That the content of the report regarding the implementation of the Supply Chain Management Policy of the Langeberg Municipality be noted.

*Dat kennis geneem word van die inhoud van die verslag oor die implementering van die Voorsieningskanaal Bestuursbeleid van die Langeberg Munisipaliteit.*