

~ <u>MEMORANDUM</u> ~			
<u>AAN / TO</u>	Mr H M Jansen Executive Mayor	<u>VAN / FROM</u>	Mr. B Brown Director: Financial Services (CFO)
<u>VERW / REF</u>	6/1/B	<u>DATUM / DATE</u>	06 April 2017
<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's Supply Chain Management Policy.

Background

Langeberg Municipality's Supply Chain Management Policy section 5 stipulates as follow:

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 Management Policy of Council has been adopted on 28 May 2016 and implemented in the 2016/2017 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

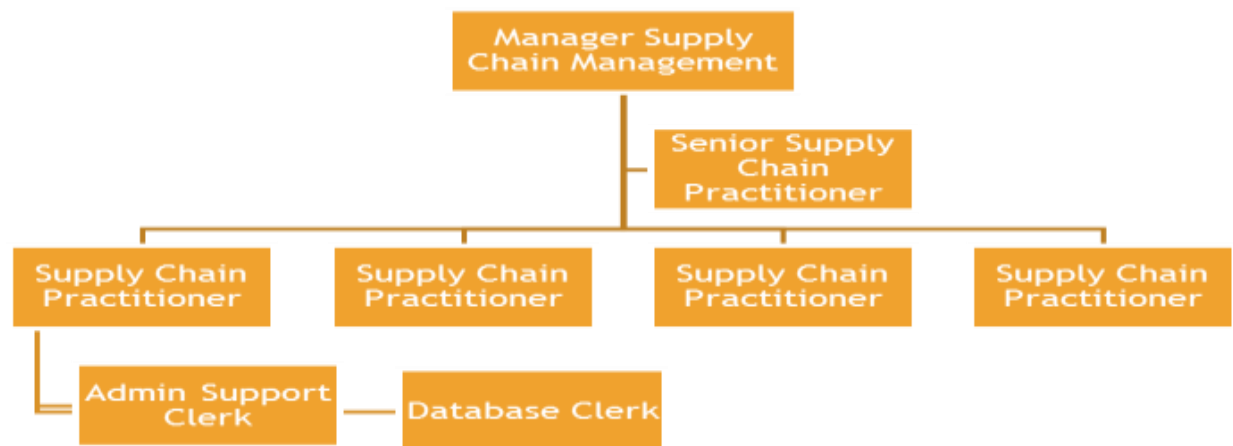
3. Sub-delegation

- 1) The power to make a final award –
 - a) Above R 10 million (VAT included) may not be sub-delegated by the Accounting Officer;

- b) above R 75 000 (VAT included), but not exceeding R 200 000 (VAT included), may be sub-delegated but only to a Bid Adjudication Committee of which the Chief Financial Officer or a Senior Manager is a member.
- c) transaction value up to R 75 000 (VAT included) and below may be sub-delegated to officials as per the Accounting Officer's 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 the Supply Chain Management Policy.

4. Supply Chain Management Unit

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



The Supply Chain Management Unit consists of 1 Mentee Manager: SCM, 4 SCM Practitioners, 1 SCM Clerk and 2 temporal clerks.

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 requisitions and the purchase orders.
- 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 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 - Sept 2016	20	22	20
Oct - Dec 2016	18	23	18
Jan - March 2017	35	43	35
TOTAL	73	88	73

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

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
SECUNDI	
Ms. Z Lesia	Manager: Parks & Amenities

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 - Sept 2016	2	14	2
Oct - Dec 2016	3	36	3
Jan - March 2017	4	19	4
TOTAL	9	69	9

- (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
Mr. IAB van der Westhuizen	Director: Engineering Services
Me. EC Liebenberg	Director: Community Services
Me. S. Kotzé	Manager: Administrative Support

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 - Sept 2016	2	14	2
Oct - Dec 2016	3	36	3
Jan - March 2017	4	19	4
TOTAL	9	69	9

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 have the necessary capacity, all the quotations and tenders will be requested by the SCM unit.

The relevant department/requester completes 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 the SCM unit to get the minimum of 3 quotations (as per SCM policy) and submit the recommended supplier to the line manager for review of the quote before the purchase order can be processed and issued in the financial system - Promun. After the order has been processed and issued by the SCM unit, they will attach the order and sent it back to the requester (user department) through Collaborator – to procure goods or services as required.

9. List of accredited providers

Langeberg Municipality's Supply Chain Management Policy section 17 stipulate 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 17 January 2017, to register their business on the Municipality's Database in accordance with the Supply Chain Management Policy. The advertisement was placed on our website, advertised in the local newspaper the Gazette, in 3 languages (Afrikaans, Xhosa and English), and in the national newspapers Die Burger (Afrikaans) and Cape Argus (English).

The suppliers of goods and services responded positive to our call and registered their business in our database. Registration of suppliers on our database is an on-going process.

10. Training of SCM practitioners

All Supply Chain Management Practitioners had attended training on the Municipal Finance Management Act, the (MMC) course, and they all meet the minimum competency requirements as per the Regulation on Municipal Minimum Competencies for finance officials.

It should be noted that the training of Supply Chain Management officials is an on-going process due to amendments to laws and regulations that govern the SCM framework.

B BROWN

DIRECTOR: FINANCIAL SERVICES (CFO)