

QUARTERLY REPORT ON THE IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY: JULY 2024 TO SEPTEMBER 2024 (DIRECTOR: FINANCIAL SERVICES (CFO))

Purpose of the report

To submit a report to the Executive Mayor for consideration regarding the implementation of the Langeberg Municipality's Supply Chain Management Policy for the first quarter of 2024/2025 financial year (01 July 2024 – 30 September 2024).

Background

Section 4 of the SCM Policy states as follows:

That Council must maintain oversight over the implementation of the Supply Chain Management Policy.
For the purpose of such oversight, the Accounting Officer must: -

- (a) **within 10 days after the end of each quarter, submit a report on the implementation of the Policy to the Executive Mayor;**
- (b) within 30 days after the end of the financial year, submit a report on the implementation of the Policy to the Council;
- (c) whenever there are serious and material problems in the implementation of the Policy, immediately submit a report to the Executive Mayor; and
- (d) make public the reports on the Policy in accordance with section 21A of the Systems Act.

1. Adoption of Policy

The SCM Policy was adopted by Council on 30 May 2024 for implementation in the 2024 / 2025 financial year.

2. Delegation

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

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

3. Sub-delegation

- (1) The Accounting Officer may in terms of section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the Accounting Officer in terms of this Policy, but any such sub-delegation must be consistent with legislation, this Policy and subparagraph (2) of this paragraph.
- (2) The power to make a final award with a transaction value: -
 - (a) above R10 000 000 may not be sub-delegated;
 - (b) of R300 000, but not exceeding R10 000 000, may be sub-delegated but only to a bid adjudication committee of which the chief financial officer is the chairperson and at least 3 (three) senior managers are members and present at the consideration and all are in favour of the award; and
 - (c) up to R300 000 may be sub-delegated to an official.
- (3) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated to make a final award in a competitive bidding process, otherwise than through the committee system provided for in paragraph 8 of this Policy.

4. Supply Chain Management Unit (SCM Unit)

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

5. Range of Procurement processes

- (1) The procurement of goods and services will be procured as follow: -
 - (a) petty cash purchases, up to a transaction value of R2 000 (VAT included);
 - (b) formal written price quotations for procurement of a transaction value over R2 000 up to R300 000 (VAT included);
 - i) 3 (three) formal written price quotations where the transaction value is between R2 000 to R30 000 (VAT included)
 - ii) that all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of regulation 17, be advertised for at least seven days on the website and an official notice board of the municipality;
 - (c) a competitive bidding process is required for: -
 - (i) procurement for transactions above a value of R300 000 (VAT included); and
 - (ii) the procurement of long-term contracts.
- (2) The Accounting Officer may in writing lower, but not increase the threshold values specified in (1) above.
- (3) Goods or services may not be split into parts or items of a lesser value to avoid complying with the requirements of this Policy.
- (4) When determining transaction values, the procurement of goods or services consisting of different parts or items must be treated and dealt with as a single transaction.

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.

<u>NAMES</u>	<u>DEPARTMENT / SECTION</u>
Line Manager	Manager responsible for the function involved, will serve as Chairperson.
Ms L.J Jass-Holmes	Practitioner: Supply Chain Management
When appropriate	External Specialist Advisor
Secundi	
Ms P Kana	Supply Chain Management

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 2024 - September 2024	16	28	16

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

<u>NAMES</u>	<u>DEPARTMENT / SECTION</u>
Mrs. J. Ladouce	Manager: Income Services (Chairperson)
Mrs. A. Swarts	Manager: IDP, Communication & PMS
Ms. L. Deutchen	Practitioner: Supply Chain Management
Secundi	
Mr Corné Franken	Manager: Expenditure services (Secundi)
Mr. U. Nakasa	Snr Accountant AFS & Reporting

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 2024 - September 2024	3	9	3

(iii) **Bid Adjudication Committee** – The following members have been appointed by the Accounting Officer:

<u>NAMES</u>	<u>DEPARTMENT / SECTION</u>
Mr. M. Shude	Chief Financial Officer (Chairperson)
Mr. A.W.J. Everson	Director: Corporate Services
Ms. C.O. Matthys	Director: Strategy & Social Development
Mr. M. Mgajo	Director: Community Services
Mr. D. Louwrens	Director: Engineering Services
Mr. S. Ngcongolo	Manager: Supply Chain Management
Secundi	
Mrs L. Jass-Holmes	Practitioner: Supply Chain Management

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 2024 - September 2024	3	9	3

8. Petty Cash Purchases

The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 14(1)(a) are as follows:-

- (a) petty cash transactions have to be approved by the relevant Manager after receipt of documentary proof of the expenditure where possible, or a declaration by the official who incurred the expenditure where documentary proof is not possible;
- (b) petty cash purchases are limited up to R100 per transaction. A senior manager can approve petty cash purchases up to an amount of R500 per transaction, in exceptional cases;
- (c) the petty cash fund cannot be used to: -
 - (i) purchase goods covered by annual contracts;
 - (ii) reimburse expenditure greater than R100 except if the approval in subparagraph (b) was obtained.
- (d) depending on the item purchased, one of the following is required for expenditure exceeding R100 per transaction: -
 - (i) direct payment voucher;
 - (ii) requisition book; or
 - (iii) official purchase order.
- (e) the Expenditure Department is responsible for the reconciliation of petty cash and the reconciliation should be prepared and provided to the Chief Financial Officer, including: -
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.

9. Formal written price quotations

The procurement of goods or services through formal written price quotations referred to in paragraph 14(1)(c) is as follows:-

- (a) quotations must be obtained in writing from the different providers whose names appear on the list of accredited service providers of the Municipality;
- (b) in the case of specialised plant, machinery and vehicles, quotations may be obtained from providers who are not listed, provided that such providers supply the information as set out in paragraph 16 of this Policy;
- (c) if it is not possible to obtain at least 3 quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official(s) designated by the Chief Financial Officer. Documentary proof must be provided that quotations have been requested;
- (d) the official(s) referred in (c) above must within 3 days after the end of each month report to the Chief Financial Officer on any approvals given during that month by that official(s); and
- (e) the names of the service providers and their written quotations must be recorded.

10. Further Procedures: formal written quotations

In addition to paragraph 19, the following must also be taken into account regarding formal written price quotations:-

- (a) all transactions in excess of R 30 000 that are made by means of written quotations, must be advertised for at least 7 calendar days on the website and official notice board;
- (b) where the quotations have been invited via the notice board and website of the Municipality, no additional quotations need to be obtained should the number of responses be less than 3 quotations;
- (c) when using the list of accredited service providers, the Municipality must:-
 - (i) promote ongoing competition amongst the providers, including by inviting providers to submit quotations on a rotational basis;
 - (ii) promote the objectives of the Broad-Based Black Economic Empowerment Act;
 - (iii) apply the Preferential Procurement Policy Framework Act and any applicable regulations; and
 - (iv) promote the goals as identified by Council;
- (d) the Accounting Officer must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations is not abused;
- (e) the Accounting Officer must on a monthly basis be notified in writing of all formal written quotations accepted by an official acting in terms of a sub-delegation;
- (f) offers below R 30 000 must be awarded based on compliance to specifications and conditions of contract, ability and

- capability to deliver the goods and services and lowest price;
- (g) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;
 - (h) a proper record must be kept of the received written quotations;
 - (i) the goals of Council must be taken into account before offers/quotations are awarded; and
 - (j) in the case of construction works, where required a site inspection may be conducted before the close of the quotation due date to ensure that providers understand the scope of the project and that they comply with the conditions and requirements.

11. Central Supplier Database

Langeberg Municipality is using service providers registered on the Central Supplier Database for all its procurement.

12. Recommendation / Aanbeveling

That the content of the report be noted

Dat kennis geneem word van die inhoud van die verslag

This item served before the Finance Portfolio Committee on 23 October 2024

Hierdie item het gedien voor die Finansies Portefeulje Komitee op 23 Oktober 2024

Recommendation / Aanbeveling

That the content of the report be noted

Dat kennis geneem word van die inhoud van die verslag

This item served before the Executive Mayoral Committee on 23 October 2024

Hierdie item het voor die Uitvoerende Burgemeesterskomitee gedien op 23 Oktober 2024

Recommendation / Aanbeveling

That the content of the report be noted

Dat kennis geneem word van die inhoud van die verslag

This item served before an Ordinary Meeting of Council on 30 October 2024

Hierdie item het gedien voor 'n Gewone Vergadering van die Raad op 30 Oktober 2024

Besluit / Resolved

That the content of the report be noted

Dat kennis geneem word van die inhoud van die verslag