

**IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT (SCM) POLICY FOR 2016/2017 FINANCIAL YEAR (6/1/B) (CHIEF FINANCIAL OFFICER)**

**Purpose of this report**

To submit a report on the implementation of the Langeberg Municipality's SCM Policy to council for consideration.

**Background**

Section 5 of the SCM Policy states the following:

That council must maintain oversight over the implementation of the SCM 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 SCM 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 SCM 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

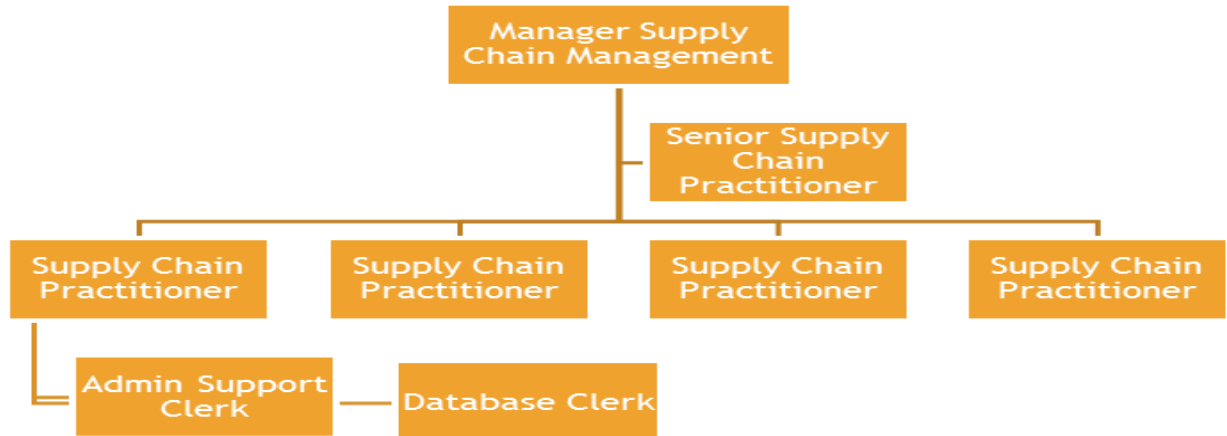
**3. Sub-delegation**

- 1) The power to make a final award –
  - a) Above R 10 million (VAT included) may not be sub-delegated by the Accounting Officer;
  - a) 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.
  - b) 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 SCM decision-making powers may be delegated to an advisor or consultant. Also refer to paragraph 7 (3) (d) of the SCM Policy.

#### 4. **SCM Unit**

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



The SCM Unit consists of 1 SCM Manager; 1 Senior SCM Practitioner; 4 SCM Practitioners; and 2 SCM 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
Apr – June 2017	15	15	15
<b>TOTAL</b>	<b>88</b>	<b>103</b>	<b>88</b>

- (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: SCM
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
Apr – June 2017	5	58	5
<b>TOTAL</b>	<b>14</b>	<b>137</b>	<b>14</b>

- (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. Kotzè	Manager: Administrative Support
Mr. S. Ngcongolo	Mentee Manager: SCM

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## **8. Internal SCM Procedures & Processes**

Quotations up to R 30 000 are requested by the SCM 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 SCM 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 SCM 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 SCM 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 the call and registered their business in our database. Registration of suppliers on the database is an on-going process.

#### **10. Training of SCM practitioners**

All SCM Practitioners 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 SCM officials is an on-going process due to amendments to laws and regulations that govern the SCM framework.

**Hierdie item het voor 'n Statutêre Vergadering van die Raad gedien op 25 Julie 2017**

**This item served before a Statutory Meeting of Council on 25 July 2017**

**Eenparige Besluit / Unanimously Resolved**

1. That the content of the report be noted.

*Dat kennis geneem word van die inhoud van die verslag.*

2. That a workshop be organised on the Supply Chain Management (SCM) Policy, Regulations & Procurement processes for Councillors and Managers.