

ANNUAL SUPPLY CHAIN MANAGEMENT REPORT BY THE ACCOUNTING OFFICER TO THE MAYOR AND COUNCIL (JUNE 2019)

A. PURPOSE OF REPORT

The purpose of this report is to report to the Mayor and the Council in terms of section 6(2) and 6(3) of the Supply Chain Management Policy on the implementation of the Supply Chain Management Policy for the year ending June 2018.

B. OVERSIGHT ROLE OF COUNCIL

6. (1) The council must maintain oversight over the implementation of this supply chain management policy.
- (2) For the purposes of such oversight the accounting officer must –
 - (a) (i) within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality,
 - (ii) whenever there are serious and material problems in the implementation of the supply chain management policy, immediately submit a report to the council.
- (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

C. COMPLIANCE

The SCM unit was established during May 2008 and a Head of SCM was appointed on 1 October 2008. Since 01 September 2014 the head of SCM was moved to support the Office of the Municipal Manager, subsequently the Senior Administrator was acting as the SCM head until 28 February 2019. The Manager: SCM position became vacant on 01 August 2018 and a new appointment was made on 01 March 2019.

Bid committees have been established and are functioning well. Documents have been developed and circulated to all section heads in respect of SCM processes for compliance in terms of the SCM policy for the procurement of goods and services.

Monthly and quarterly reports have been submitted in respect of procurement of goods and services in terms of each required regulation of the Supply Chain Management Policy of the Council. The SCM policy has been reviewed and performance evaluations on service providers were done on a bi-annual basis.

D. PROGRESS

The following supply chain management requirements have been finalized:

- All SCM related policies were reviewed.

The Supply Chain Management unit is situated at the roads depot. A SCM Clerk: Database was appointed during the financial year. The core responsibilities of the position is the updating of the municipality's database for new and registered service providers and to assist suppliers to register on the central supplier database (CSD). The SCM order process moved over to the electronic system and departments do their requests directly on the SAMRAS system for all procurement under R 30 000.

Annual tenders have been advertised and finalized/adjudicated. Reports of all awards made above R100 000 have been submitted to Provincial Treasury in terms of the supply chain management circular no 19 of 2008 and reported on National Treasury's CRA system.

Appointment letters were served to all members of the different bid committees stating their roles and responsibilities and their acceptance as a member on a committee.

Stocktaking was done on a monthly basis and a final stocktaking was done on 28 June 2019 for the end of the financial year.

E. DEVIATIONS

The following deviations must be included as a note in the financial statements:

First quarter (July 2018 to September 2018)

- Emergency procurement	R	383 086.64
- Procurement from sole providers	R	45 617.59
- Other exceptional cases	R	241 374.78
Total	R	<u>670 079.01</u>

Second quarter (October 2018 to December 2018)

- Emergency procurement	R	198 045.00
- Procurement from sole providers	R	-
- Other exceptional cases	R	28 645 468.06
Total	R	<u>28 843 513.06</u>

Third quarter (January 2019 to March 2019)

- Emergency procurement	R	101 487.97
- Procurement from sole providers	R	116 471.96
- Other exceptional cases	R	66 361.13
Total	R	<u>284 321.06</u>

Fourth quarter (April 2019 to June 2019)

- Emergency procurement	R	109 120.36
- Procurement from sole providers	R	66 312.66
- Other exceptional cases	R	785 165.28
Total	R	<u>960 598.30</u>

Summary for the year 2018/2019

Emergency procurement for the year:	R	791 739.97
Procurement from sole providers for the year	R	228 402.21
Other exceptional cases	R	<u>29 738 369.25</u>
Total deviations for the year	R	<u>30 758 511.43</u>

F. OBJECTIONS, COMPLAINTS, DISPUTES OR APPEALS

No successful objections, complaints, disputes or appeals were received during this year.

G. CONCLUSION


The review of the SCM Policy was approved by Council on 27 May 2019. Upon review of the budget related policies, no further changes were made to the SCM Policy.

The performance of the Supply Chain Management Unit has developed into a well functional unit despite the challenges that were faced since its existence. Ongoing training is still necessary for all officials who deal with supply chain management issues. The officials are committed to better their performance in the coming year from lessons learned during this financial year.

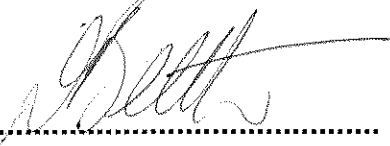
REPORT PREPARED BY: MRS D KAPOT-WITBOOI: MANAGER: SCM

Signature.....  Date..... 03.07.2019

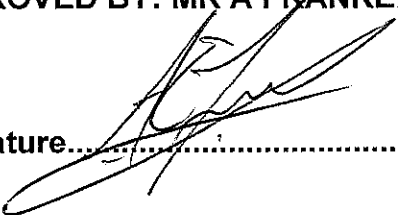
REPORT APPROVED BY: MR. CF. HOFFMANN: CFO

Signature.....  Date..... 4/7/2019

REPORT SUBMITTED BY: MR. D. BERETTI: MUNICIPAL MANAGER

Signature.....  Date..... 9.7.2019

APPROVED BY: MR A FRANKEN: EXECUTIVE MAYOR

Signature.....  Date..... 09/07/2019

SUPPLY CHAIN MANAGEMENT: ANNUAL REPORT FOR THE PERIOD ENDING 30 JUNE 2018

D Kapot-Witbooi: Head Supply Chain Management (Acting)

PURPOSE

To report on Supply Chain Management issues and activities in order to comply with the Supply Chain Management Policy of the Council and the Municipal Finance Management Act.

ATTACHMENT

SCM Annual Report for the period ending 30 June 2018.

RECOMMENDATION

- 1) That the annual report for the period ending 30 June 2018 submitted by the Supply Chain Management unit, be noted.

A handwritten signature in black ink, appearing to be 'D. Kapot-Witbooi', is located in the lower right quadrant of the page. The signature is stylized and cursive.