



## EXTRACT FROM THE COUNCIL MINUTES HELD ON 29 JANUARY 2024

Item A45. 29.01.2024

### REVIEW: SUPPLY CHAIN MANAGEMENT POLICY

D Kapot-Witbooi: Manager Supply Chain Management

(Ref.: 6/1/1/P)

#### PURPOSE

To obtain Council's approval in respect of the amended Supply Chain Management Policy.

#### BACKGROUND

In terms of the supply chain management regulation, regulation 3(1)(b), the supply chain management policy must be reviewed at least annually. However, on 14 December 2023 National Treasury amended the SCM Regulations which were promulgated in the Government Gazette as per attachment. The main objective of this amendment was to change the lower and upper limits of formal written price quotations and competitive bidding process to align it with application of the PPR 2022 evaluation on the 80/20 preference points system for all procurement above R2000.00

Due to this amendment and other ongoing changes in processes, procedures, risks, legislation, as well as the NT Circulars related to SCM that impacted on the existing policy, it is suggested to amend the supply chain management policy with effect from 1 March 2024 after it had been advertised as required for 21 days, following the public participation process.

In the item on the irregular expenditure that was submitted for information to MPAC and APAC (see Minutes of MPAC attached as an annexure to the item on the Annual Report), it had been explained that Auditor-General provided a grace period until the end of February 2024 for compliance to the PPR 2022 evaluation on the 80/20 preference points system for all procurement above R2000.00.

As mentioned in the said item, the SCM unit already proceed with the implementation of the above in January 2024 in order to comply despite of the grace period and the outcome the disagreement between PT and NT that needs to be resolved.

#### SUMMARY OF AMENDMENTS

The main amendments were made to Regulation 1, 12, 14, 16, 18, 19 and 35. The upper limits for local and metropolitan municipalities had been increased but for district municipalities it remained to same, being R200 000. This will effect changes in the corresponding chapters in the SCM Policy.

Below is a table that indicate how the amendments to the regulation will effect the threshold changes, the procurement processes and the approval authority for Overberg District Municipality:

THRESHOLD CURRENT	THRESHOLD CHANGES	CURRENT PROCUREMENT PROCESS	PROCUREMENT PROCESS CHANGES	APPROVAL AUTHORITY
R0 – R2000	No change	2 Verbal / Written Quotation (Petty Cash)	No change	As delegated By Municipal Manager

R2001 – R30 000	No change	3 Written Quotations	80/20 Preference Point System applied	Divisional Head / Head of Department / Delegated by Department Head
R30 001 – R200 000	Upper limit R200 000	Advertise on Notice Board & Website for 7 days	80/20 Preference Point System applied	Head of Departments
R200 001 – R10 000 000	Lower Limit R200 001	Competitive Bidding	No change	Bid Adjudication Committee
Above R10 000 000	No change		No change	Municipal Manager after recommendation from Bid Adjudication Committee

The only other change that was made at this stage was in Chapter 36 - *DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES* to make provision for exceptions identified that do not deemed be necessary to be approved as deviations.

After the recent audit, there are still a few matters that need to be clarified by Provincial Treasury SCM Unit. With the annual review of the budget related policies, as part of the MTREF budget processes, there will be another opportunity to effect any other necessary changes to the SCM and Preferential Procurement Policies.

#### ATTACHMENTS

- SCM Amended Policy
- Amended SCM Regulations promulgated in Government Gazette No 49863 dated 14 December 2023

**RESOLVED** : a(Proposed by Cllr. A Klaas and seconded by Ald. J Nieuwoudt)

- 1) The amended Supply Chain Management Policy was approved and advertised for public participation.
- 2) If no comments are received, the policy be implemented effective as from 1 March 2024.

**CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD ON 29 JANUARY 2024.**



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**R BOSMAN**  
**MUNICIPAL MANAGER**