

Second Quarter 2017

Implementation

Policy

Management

Supply Chain



# SECOND QUARTER

To The Mayor

In accordance with Regulation 6(3) of the Municipal Supply Chain Management Regulations, I submit the required report on the implementation of Ba-Phalaborwa Municipality Supply Chain Management Policy for the period: 1 OCTOBER 2017 to DECEMBER 2017

*Mi Moakamela*  
MI MOAKAMELA  
Municipal Manager

*Shayl PJ*  
Shayl PJ  
Mayor

## Executive Summary

### Introduction

This report is a summary of the implementation of the Supply Chain Management Policy. It highlights the implementation of Supply Chain Management in the Ba-Phalaborwa Municipality. Regulation 6(3) of the SCM Regulations requires the Accounting Officer to report on the implementation of the Supply Chain Management Policy to the Mayor in a bid to give effect to his oversight role.

## Implementation of Supply Chain Management

### Policy

The Supply Chain Management Policy was revised and adopted by Council in May of 2014 in a bid to fully comply with the SCM Regulations communicated under National Treasury general notice 868, Gazette no. 27636(effective at the time). The Supply Chain Management Policy will be reviewed to ensure alignment with legislative amendments and to incorporate any recommendations as raised by the Auditor General in findings during the 2016/17 regulatory audit.

### Legislation

National Treasury promulgated on the June 2015 a Supply Chain Management Circular which was aimed at addressing issues such as; but not limited to; demand management; procurement plans; publication of names of bidders in respect of advertised competitive bids above the threshold value of R200 000; the verification of the names and identity numbers of directors/ trustees/ shareholders of companies; enterprises, closed corporations and trusts against the relevant municipal structure; process to deal with false declarations by bidders; process to deal with irregular expenditure resulting from false declarations; the revised Municipal Bidding Document (MBD 4); the verification by the Chief Financial Officer prior to advertisement of bids above R10 million; the confirmation of bidding process for bids in excess of R10 million; the placing of orders for payment in another financial year; the publication of awards in respect of advertised competitive bids.

All bids below R15 Million will be evaluated as 80/20 and not 90/10 going forward.

## Committees

The below mentioned committees are established and are functioning fully according to Council's Supply Chain Management Policy and the Supply Chain Management Regulations. The committees are as listed below:

Bid Specifications Committee (BSC)

Bid Evaluation Committee (BEC)

Bid Adjudication Committee (BAC)

The number of meetings that the BAC had during the second quarter of the financial year amounts to 01. The number of bids/ tenders as approved by the BAC during second quarter of the financial year amounts to 04.

## Staffing Issues

The staff complement of the Supply Chain Management unit is as follows:

1x Head: Supply Chain Management;

1x Chief Accountant Procurement and Contract Management

1x Senior Accountant

2x Accountant

1x Chief Accounting Clerk

1x Chief Bid Administrator

2x Store man

2 x Internship

The current employees of the unit have been equipped with the necessary skills in order to meet the demands of the positions that they are currently occupying. The training was conducted externally to the employees in the section led by the Skills and development Manager.

## Systems

### CENTRAL SUPPLIER DATABASE

The municipality is currently operating on the centralised supplier database for the commodities or items that are procured within the institutions.

The request for quotation are advertised on the website so that all the service providers who are registered on the centralised supplier database can bid.

Ba-Phalaborwa Municipality has embarked on a process where it encourages new prospective service providers to register on the CSD to comply with paragraph 14 (1) (ii) of the Supply Chain Management Regulations, which requires the accounting officer to invite prospective providers of goods and services to apply for evaluation and listing as accredited prospective providers irrespective where the bidder comes from.

### E-VENUS SYSTEM

The E-Venus system is utilised within the institution from October 2017 to December 2017.

### SEBATA FINANCIAL SYSTEM

Sebata Financial system runs concurrently E-Venus System.

### External Relations

External service providers conducted workshop for supply chain management and competitive bidding for Managers and Supervisors at Namakgale Town Hall.

Five members of SCM Staff will further under-go Supply Chain Management and Contract Management courses during February 2018.

Strategic planning was conducted during December 2017 for Councilors, Senior Managers, Assistant Managers and other senior Officials as part of capacity building

### Conclusion

The Supply Chain Management Unit is continuously improving its processes and procedures in order to ensure that Council receives value for money in terms of demand and acquisition management. We also note that SMC is currently developing AG Action Plan for 2016/17 Financial Year Audit Report to improve

and to be line with SCM Regulation. This process currently undertaken will thereby give reasonable assurance to the Council and communities of Ba-Pthalaborwa Municipality that due process has been followed in the execution of the processes and procedures, as followed by the Supply Chain Management Unit (SCMU).