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OVERBERG DISTRICT MUNICIPALITY



SUPPLY CHAIN MANAGEMENT ANNUAL REPORT JUNE 2017

ANNUAL SUPPLY CHAIN MANAGEMENT REPORT BY THE ACCOUNTING OFFICER TO THE MAYOR AND COUNCIL (JUNE 2017)

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 2017.

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 SCM practitioner was acting as the SCM head to present. 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 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:

- Delegations allowing for the authorization and signing of all requisitions; processing and authorizing orders and approving invoices.

The Supply Chain Management unit is situated at the roads depot. An EPWP worker is currently assisting the SCM unit with the updating of the municipality's database for new and registered service providers and also

assisting suppliers to register on the central supplier database (CSD). The SCM order process moved over to the electronic system and departments can now do their requests directly on the SAMRAS system for all procurement under R 30 000. The municipality is also the pilot site for CSD.

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. Training of members of the bid specification and bid evaluation committees were done on their roles and responsibilities.

Stocktaking was done on a monthly basis and a final stocktaking was done on 30 June 2017 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 2016 to September 2016)
- Emergency procurement	R 63 452.30
- Procurement from sole providers	R 208 241.98
- Other exceptional cases	<u>R 162 107.94</u>
Total	<u>R 433 802.22</u>

Second quarter	(October 2016 to December 2016)
- Emergency procurement	R 253 875.70
- Procurement from sole providers	R 531 045.25
- Other exceptional cases	<u>R 149 642.78</u>
Total	<u>R 934 563.73</u>

Third quarter	(January 2017 to March 2017)
- Emergency procurement	R 110 132.57
- Procurement from sole providers	R 49 198.82
- Other exceptional cases	<u>R 18 556.60</u>
Total	<u>R 177 887.99</u>

Fourth quarter	(April 2017 to June 2017)
- Emergency procurement	R 14 915.52
- Procurement from sole providers	R 31 456.08
- Other exceptional cases	<u>R 97 994.94</u>
Total	<u>R 144 366.54</u>

Summary for the year 2016/2017

Emergency procurement for the year:	R 442 376.09
Procurement from sole providers for the year	R 819 942.13
Other exceptional cases	<u>R 428 302.26</u>
Total deviations for the year	<u>R 1 690 620.48</u>

F. SECTION 32 - UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE.

Total expenditure incurred in terms of section 32 of the MFMA and referred to the section 32 committee.

- I. Awards made where the following documents were outstanding and/or registrations not done and/or regulations not followed
- Central Supplier Database
 - Declaration of interest (MBD4)
 - Regulation 22(1)(b)(1)

TOTAL

R 23 537 626.36

G. OBJECTIONS, COMPLAINTS, DISPUTES OR APPEALS


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

H. CONCLUSION

The review of the SCM Policy was approved by Council on 30 March 2017. Upon review of the budget related policies, no further changes were made to the SCM Policy.

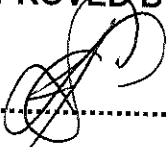
The performance of the Supply Chain Management Unit has developed into a well functional unit despite the challenges that were faced since its existence. Ongoing training is still necessary for all officials who deal with supply chain management issues. The officials are committed to better their performance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

REPORT PREPARED BY: MRS D KAPOT-WITBOOI: HEAD: SCM (ACTING)

Signature.....

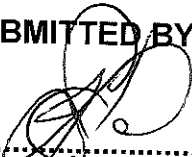
Date.....10.07.2017.....

REPORT APPROVED BY: MR. J. TESSELAAR: CFO

Signature.....


Date.....10/7/2017.....

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

Signature.....
Acting Municipal Manager

Date.....10/7/2017.....

APPROVED BY: MR A FRANKEN: EXECUTIVE MAYOR

Signature.....

Date.....24/07/2017.....