

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.

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ANNUAL SUPPLY CHAIN MANAGEMENT REPORT BY THE ACCOUNTING OFFICER TO THE MAYOR AND COUNCIL (JUNE 2018)

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 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:

- All SCM related policies were reviewed.

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.

Stocktaking was done on a monthly basis and a final stocktaking was done on 29 June 2018 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 2017 to September 2017)

- Emergency procurement	R 16 321.60
- Procurement from sole providers	R 297 726.43
- Other exceptional cases	<u>R 325 510.16</u>
Total	<u>R 639 558.19</u>

Second quarter (October 2017 to December 2017)

- Emergency procurement	R 130 163.89
- Procurement from sole providers	R 224 884.71
- Other exceptional cases	<u>R 464 660.94</u>
Total	<u>R 819 709.54</u>

Third quarter (January 2018 to March 2018)

- Emergency procurement	R 4 240.00
- Procurement from sole providers	R 387 860.20
- Other exceptional cases	<u>R 253 226.01</u>
Total	<u>R 645 326.21</u>

Fourth quarter (April 2018 to June 2018)

- Emergency procurement	R 419 162.50
- Procurement from sole providers	R 102 445.54
- Other exceptional cases	<u>R 842 856.92</u>
Total	<u>R 1 364 464.96</u>

Summary for the year 2017/2018

Emergency procurement for the year:	R 569 887.99
Procurement from sole providers for the year	R 1 012 916.88
Other exceptional cases	<u>R 1 886 254.03</u>
Total deviations for the year	<u>R 3 469 058.90</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.

- Contract Management – Grabouw Fire Station

TOTAL **R 144 281.44**

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 26 March 2018. 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.....10.07.2018.....

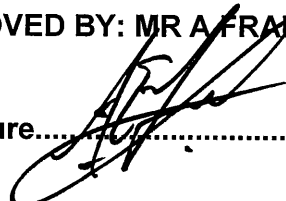
REPORT APPROVED BY: MR. CF. HOFFMANN: CFO (ACTING)

Signature.......... Date.....11/7/2018.....

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

Signature.......... Date.....7.7.2018.....

APPROVED BY: MR A FRANKEN: EXECUTIVE MAYOR

Signature.......... Date.....16.7.2018.....