

**ANNUAL SUPPLY CHAIN MANAGEMENT REPORT BY THE ACCOUNTING OFFICER
TO THE MAYOR AND COUNCIL (JUNE 2020)**

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 2020.

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. The Manager: SCM position became vacant on 01 August 2018 and the Senior Administrator was acting as the SCM head until 28 February 2019. A new appointment was made on 01 March 2019.

Bid committees are functioning well. Documents have been developed 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 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, in the process, to be finalized. Reports of all awards made above R100 000 have been 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 monthly, and a final stocktaking was done on 29 June 2020 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 2019 to September 2019)

- Emergency procurement	R	3 448.00
- Procurement from sole providers	R	21 709.93
- Other exceptional cases	<u>R</u>	<u>161 413.02</u>
Total	<u>R</u>	<u>186 570.95</u>

Second quarter (October 2019 to December 2019)

- Emergency procurement	R	113 530.83
- Procurement from sole providers	R	-
- Other exceptional cases	<u>R</u>	<u>923 168.55</u>
Total	<u>R</u>	<u>1 036 699.38</u>

Third quarter (January 2020 to March 2020)

- Emergency procurement	R	-
- Procurement from sole providers	R	-
- Other exceptional cases	<u>R</u>	<u>748 667.42</u>
Total	<u>R</u>	<u>748 667.42</u>

Fourth quarter (April 2020 to June 2020)

- Emergency procurement	R	6 797.29
- Procurement from sole providers	R	-
- Other exceptional cases	<u>R</u>	<u>386 163.50</u>
- Total	<u>R</u>	<u>392 960.79</u>

Summary for the year 2019/2020

Emergency procurement for the year:	R	123 776.12
Procurement from sole providers for the year	R	21 709.93
Other exceptional cases	<u>R</u>	<u>2 219 412.49</u>
Total deviations for the year	<u>R</u>	<u>2 364 898.54</u>

F. OBJECTIONS, COMPLAINTS, DISPUTES OR APPEALS


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

G. CONCLUSION

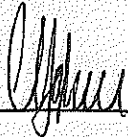
The review of the SCM Policy was approved by Council on 25 May 2020. Upon review of the budget related policies, no further changes were made to the SCM Policy.

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 20.07.2020

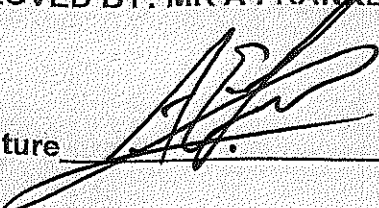
REPORT APPROVED BY: MR. CF. HOFFMANN: CFO

Signature  Date 21/7/2020

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

Signature  Date 23.7.2020

APPROVED BY: MR A FRANKEN: EXECUTIVE MAYOR

Signature  Date 04/08/2020