

# QUARTERLY SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT FOR THE 4<sup>th</sup> QUARTER OF THE 2023/24 FINANCIAL YEAR

**File No./s:** 2/1/1/1  
**Directorate:** Financial Services

**Responsible Official:** R. Ontong  
**Portfolio:** Supply Chain Management

## 1. Purpose

The Local Government: Municipal Finance Management Act, no 56 of 2003 (MFMA), requires the municipality to have and implement a Supply Chain Management (SCM) Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

## 2. Background

Although the MFMA prohibits a Councillor from being a member of a bid committee or any other committee evaluating or approving quotations or tenders, Council has an oversight role to ensure that the Accounting Officer implements all supply chain management activities in accordance with this policy. For the purposes of such oversight, Council's Supply Chain Management Policy, **paragraph 6.3** requires that the Accounting Officer must "**within 10 working days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality.**" In addition, **paragraph 6.4** requires that the report referred to in paragraph 6.3 above **also to be tabled to council on a quarterly basis**. The report may be included as part of any other report to serve before council.

The SCM quarterly implementation report approved in terms of paragraph 6.3 for the 4th quarter of the 2023/24 financial year, is attached as **Annexure A**.

## 3. Financial Implications

None

## 4. Applicable Legislation / Council Policy

Municipal Finance Management Act. 2003, (Act 56 of 2003)  
Breede Valley Supply Chain Management Policy, as amended.  
Supply Chain Management Regulations

**Annexure**

Annexures A: SCM quarterly implementation report (4th quarter ending 30 June 2024) approved in terms of paragraph 6.3.

**RECOMMENDATION TO COUNCIL:**

That the approved SCM quarterly implementation report for the 4th quarter of the 2023/24 financial year, **be noted**.

**FOR OFFICE USE**

   
OFFICIAL'S SIGNATURE: \_\_\_\_\_ DATE: 8 July 2024

  
RELEVANT DIRECTOR'S SIGNATURE: \_\_\_\_\_ DATE: 8 July 2024

  
MUNICIPAL MANAGER'S SIGNATURE: \_\_\_\_\_ DATE: 8 July 2024

  
MMG'S SIGNATURE: \_\_\_\_\_ DATE: 8 July 2024

  
EXECUTIVE MAYOR'S (Mayco item) SIGNATURE: \_\_\_\_\_ DATE: 8 July 2024  
SPEAKER'S (Council item) SIGNATURE: \_\_\_\_\_

**ANNEXURES A: SCM QUARTERLY IMPLEMENTATION REPORT (4th QUARTER  
ENDING 30 JUNE 2024)**



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# SUPPLY CHAIN MANAGEMENT QUARTERLY IMPLEMENTATION REPORT

4th Quarter, 1 April 2024 ending 30 June 2024



## PURPOSE

The Local Government: Municipal Finance Management Act, no 56 of 2003 (MFMA), requires the municipality to have and implement a Supply Chain Management (SCM) Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

Although the MFMA prohibits a Councilor from being a member of a bid committee or any other committee evaluating or approving quotations or tenders, Council has an oversight role to ensure that the Accounting Officer implements all supply chain management activities in accordance with this policy.

The purpose of this report is to report on the implementation of Council's Supply Chain Management Policy to the Executive Mayor in terms of paragraph 6.3 (Part A), for the period 1 April 2024 ending 30 June 2024.

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## **1. POLICY REQUIREMENTS**

### **1.1 Purpose**

To report on the implementation of Council's Supply Chain Management Policy to the Executive Mayor in terms of paragraph 6.3 of the said policy.

### **1.2 Supply Chain Management Policy**

The Supply Chain Management Policy was initially adopted on 30 August 2005 and a Supply Chain Unit was also established, which operates under direct management of the Senior SCM Manager and supervision of the Chief Financial Officer. The policy provides for the systems of: Demand, Acquisition, Logistics, Disposal, Performance and Risk Management.

#### **The objectives of the Policy are:**

- a. to give effect to section 217 of the Constitution of the Republic of South Africa by implementing a system that is fair, equitable, transparent, competitive, and cost effective; and
- b. to comply with applicable provisions of the Municipal Finance Management Act including Municipal Supply Chain Management Regulations published under GN868 in Government Gazette 27636, 30 May 2005 and any National Treasury Guidelines issued in terms of the MFMA and regulations pertaining thereto.
- c. to acknowledge the provisions of:
  - the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003).
  - the Competitions Act 1998 (Act No. 89 of 1998)
  - the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000).
  - the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).
  - the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998).
  - the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000).
  - the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).
  - the Prevention and Combating of Corrupt Activities Act, 2000 (Act No. 12 of 2004).
  - the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)

### **1.3 Amendment of Supply Chain Management Policy**

In terms of Paragraph 3(1)(b) of the Policy, the Accounting Officer must, when consider necessary, submit proposals for the amendment of the Supply Chain Management Policy, to Council.

**SCM POLICY:** The Supply Chain Management Policy was reviewed and amended in March 2024 and submitted to Council for approval as part of the financial policies, during the draft budget process. The draft policy was adopted by Council and communicated to National- and Provincial Treasuries.

The major amendments to the SCM Policy, was impacted by the changing SCM Regulations on 14 December 2023, which besides other changes, excluded all written price quotation procedures and an

increased threshold on formal quotations. As per communication from National Treasury, National Treasury allowed local municipalities to adjust their policies before end of March 2024, as an interim implementation period.

**PPPFA POLICY:** The PPPFA Policy, based on the PPPFA Regulations of 2017 has been declared unconstitutional by the supreme court of appeal (February 2022) and was replaced by a newly adopted PPPFA Regulations of 2022, which gave effect to the implementation of a separate PPPFA policy in January 2023. Progress of implementation on a quarterly basis is as follow:

- The PPPFA Policy adoption by BVM Council – 24 January 2023
- The PPPFA Policy reviewed and updated for the 2023/2024 financial year in March 2023
- Preference applied is 50% for BBEEE and 50% for LOCALITY (Jurisdiction of suppliers)
- The PPPFA Policy has been reported and adopted as a standalone policy (Separated from the SCM Policy Document since January 2023), referred to as the Preferential Procurement Policy Framework Act (PPPFA) Policy of Breede Valley Municipality.
- At the end of the 4<sup>th</sup> Quarter, all changes to the new PPPFA Regulations, as adopted in January 2023, have been implemented within procedures addressing compliance and controls.
- During the 2023/2024 financial year, quarter 1, the Auditor General of South Africa was auditing the 2022/2023 financial year, and a general finding was raised against the preferential implementation on transactions below R30 000, due to the absence of the new PPPFA Regs of Nov 2022.
- At the end of the 2<sup>nd</sup> quarter, after engagement between NT and the AG, it was found that additional time will be allowed to address the shortcoming of application.
- Breede Valley Municipality gives preference to locality to all transactions below R30000, which implicates that all local suppliers within the BVM Jurisdiction, will have preference above suppliers from outside the jurisdiction of BVM.

The SCM Policy and the PPPFA Policy, may be further reviewed (2024/2025) on adoption of the new Procurement Bill, which is currently in draft and out for comments, and will have a great effect on procurement on local government level, when adopted as one piece of legislation regulating procurement in all spheres of government.

## **2 SUPPLY CHAIN MANAGEMENT UNIT**

The Supply Chain Management Unit operates under the direct supervision of the Chief Financial Officer and is led by the Senior SCM Manager.

### **2.1. The structure of the SCMU covers the following disciplines within Supply Chain Management:**

- Demand Management: Demand Planning; Specifications.  
Evaluation and Adjudication.
- Acquisition Management: Procurement of Goods and Services below R300 000 Purchasing/Buyer's Division  
Procurement of Goods and Services above R300 000- Procurement/Bid Division
- Disposal Management: This section reports directly to the Senior Manager Financial Planning (Refer to new organogram structure).
- Contract Management: Monitoring and control of the registry and performance of contracts procured through the SCM process. and ensuring continuous service delivery within the organisation, within a healthy legislative governed environment.
- Database Administration: The Central Supplier Database (CSD)(NT) as Primary database. The Breede Valley Database as Secondary Database.

The staff complement in the SCM consists of a total of 16 officials out of 18 positions.

### **2.2. New appointments and additions to the SCM unit**

No new appointments were made in the quarter under review.

### **2.3. Resignations**

No new resignations in the past quarter under review.

### **2.4. Vacancies to be filled**

The following vacancy still exist and is planned to be filled during the 2024/2025 financial year in conjunction with HR, awaiting the final approval of the organogram by council:

- a. Administrator: Vendor Management
- b. Assistant SCM practitioner: Bid & Contract administration



The database administration position will be reviewed as part of the rest of the SCM review and new organogram adoption by council, then considered for advertisement, subject to Task outcome.

## 2.5. Training and Development

The following senior SCM officials started or completed the minimum competency levels (either by total completed certificate or by achieving success in certain credited areas in accumulating points towards such a competency certificate) for Managers (line and middle management levels) and Heads of Supply Chain Management units:

**Table 1: Officials who started or completed the minimum competency levels**

| #  | Name of Official | Course   | Progress (Certificate/Points Achieved) |
|----|------------------|--|--|
| 1  | Morne Potgieter  | MFMA Completed with University of Pretoria for SCM Heads | Certificate                            |
| 2  | Mimi Mphatsoane  | MFMA Completed for SCM Managers                          | Certificate                            |
| 3  | Wilfred Bells    | MFMA Completed for SCM Managers                          | Certificate                            |
| 4  | Cheryl Wiese     | MFMA Completed for SCM Managers                          | Certificate                            |
| 5  | Katiso Moteetee  | MFMA Completed for SCM Managers                          | Certificate                            |
| 6  | Liesl Plaatjies  | Enrolled for MMCL  | Completed                              |
| 7  | Jason Gordon     | Enrolled for MMCL  | Completed                              |
| 8  | Taygan Brown     | Enrolled for MMCL  | Completed                              |
| 9  | Eugenia Sampson  | Enrolled for MMCL  | Completed                              |
| 10 | Lettisia Leisa   | Enrolled for MMCL  | Completed                              |
| 11 | Junike Steenkamp | Enrolled for MMCL  | Completed                              |
| 12 | Vusumzi Mondi    | Enrolled for MMCL  | In progress                            |

## 3. DISCUSSION: SUPPLY CHAIN MANAGEMENT SYSTEMS

### 3.1. Demand Management:

Demand management requires timely planning and management processes to ensure that all goods and services which are required are quantified, budgeted for, and delivered in a timely and effective manner at the right locations and at the critical delivery dates. These goods and services must be of appropriate quality and quantity at a fair cost.

The SCM Unit has, with support by the Accounting Officer and the Chief Financial Officer, implemented SCM Demand Management Plan (DMP) as a strategic tool. The DMP assists the SCM Unit with the planning of tender processes and, user departments with the planning of the execution and timely completion of projects in alignment with performance targets in the Service Delivery and Budget Implementation Plan.

To enhance the demand planning process, an annual Demand Management Plan was developed for the 2023/24 financial year for capital and operational spending. Such plan is continuously monitored and communicated to all stakeholders monthly. The accumulative performance against the DMP for 2023/2024 is displayed below:

**Table 2: Demand Management Progress Plan Dashboard - 2023/2024**

| 4 <sup>th</sup> Quarter Demand Management Progress Plan Dashboard - 2023/2024 |                     |                        |  |
|---|---------------------|------------------------|--|
| Directorate   | Total Annual Target | Early Achieved Targets | Accumulative % Achieved Against DMP Bac Target Dates |
| Finance   | 11                  | 10                     | 90,91%   |
| Strategic Support Services  | 8                   | 6                      | 75,00%   |
| Engineering Services  | 25                  | 17                     | 68,00%   |
| Public Services   | 15                  | 9                      | 60,00%   |
| Community Services  | 8                   | 6                      | 75,00%   |

Demand Management planning for 2024/2025 was circulated and a draft DMP for 2024/2025 was submitted with the final budget in May 2024, which will be approved by the Municipal Manager on 30 June 2024. The new 2024/2025 DMP will be further distributed to the Western Cape Provincial and National Treasury.

Above accumulative percentages illustrate the progress against DMP targets and is the final progression against financial year performance targets.

### 3.2. Acquisition Management

The system of acquisition management must ensure the following:

- That goods and services are procured in accordance with authorized processes only.
- That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Municipal Finance Management Act (Act 56 of 2003).
- That the threshold values for different procurement processes are complied with NT.NT and PT announced in June 2021, new Procurement thresholds for the Provincial and National Spheres of Government and announced the changes in thresholds for local government in 2023/2024, which relieved the burden on increasing administrative expenditure for lower value transactions in Local Government.
- That bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with applicable legislations; and
- That any Treasury guidelines on acquisition management are properly considered.

### 3.2.1. Bid Committee Systems

A Bid Committee system for competitive bids has since been established and is fully operational. It comprises of the Bid Specification, Evaluation and Adjudication committees. The committees meet regularly and are properly delegated by the accounting officer. The Accounting Officer appoints members of each committee considering Section 117 of the MFMA. All tenders that have been approved by the Bid Adjudication Committee are reported monthly to the accounting officer.

For the quarter under review, the Bid Adjudication Committee approved **14** tenders, amounting to an envisaged expenditure of **R223 512 962.26** which can be itemized as follows:

**Table 3: Number of tenders approved during April 2024 – June 2024**

| Month              | Total Number of Tenders Awarded | Estimated Value (Envisaged Expenditure) | Number Of Tenders Awarded to Local Businesses | Estimated Value (Envisaged Expenditure) to be Spent to Local Businesses |
|--------------------|---------------------------------|---|---|---|
| April 2024         | 4                               | R 80 706 697.91                         | 0   | R0  |
| May 2024           | 6                               | R 29 806 264.35                         | 0   | R0  |
| June 2024          | 4                               | R 113 000 000.00                        | 0   | R0  |
| <b>Grand Total</b> | <b>14</b>                       | <b>R 223 512 962.26</b>                 | <b>0</b>                                      | <b>R 0</b>  |

**Table 3.1 Tenders awarded in April 2024**

| Award Date | Bid Number   | Tender Description   | Awarded To   | Amount         | Anticipated Expenditure (Capped) |
|------------|--------------|--|--|----------------|----------------------------------|
| 12/04/2024 | BV 1041/2023 | Upgrading of wastewater treatment works at Touwsrivier (civils and structural works)   | Rodpaul Construction (Pty) Ltd t/a Rods Construction | R49 809 669,54 |                                  |
| 12/04/2024 | BV 1044/2023 | Upgrading of wastewater treatment works at Touwsrivier (electrical & mechanical works)   | Inenzo Water (Pty) Ltd                               | R26 218 330,52 |                                  |
| 26/04/2024 | BV 1061/2023 | Supply and delivery of advanced power quality measurement devices as well as monitoring of associated infrastructure for the period ending 30 June 2027. | CT Lab (Pty) Ltd                                     | Rates          | R3 188 297,85                    |
| 26/04/2024 | BV 1068/2024 | Support and maintenance services of wireless radio network for a period ending 30 June 2027.   | Comsol Networks (Pty) Ltd                            | Rates          | R1 490 400,00                    |

**R80 706 697,91**

**Table 3.2 Tenders awarded in May 2024**

| Award Date | Bid Number   | Tender Description   | Awarded to   | Amount      | Anticipated Expenditure (Capped) |
|------------|--------------|--|--|-------------|----------------------------------|
| 03/05/2024 | BV 1038/2023 | Supply and delivery of electrical personal protective equipment (PPE) for the period ending 30 June 2027.                                      | Adjuvo Enterprises (Pty) Ltd (Category A: Protective Clothes)                                | Rates       | R2 206 546,62                    |
|            |              |  | Pienaar Brothers (Pty) Ltd (Category B: Protective Boots and Category D: Fall Arrest System) | Rates       | R885 094,12                      |
|            |              |  | Blackbird Trading 480cc (Category C: Protective headwear and shields)                        | Rates       | R367 751,77                      |
|            |              |  | Cyrus Trading (Pty) Ltd (Category E: Gloves and storage bags)                                | Rates       | R178 877,04                      |
| 03/05/2024 | BV 1053/2023 | Provision of professional travel agency services for the period ending 30 June 2027.   | Travel Click (Pty) Ltd   | Rates       | R10 000 000,00                   |
| 03/05/2024 | BV 1058/2023 | Supply and delivery of tissue paper products for the period ending 30 June 2027.   | FDR Trading  | Rates       | R5 892 466,04                    |
| 03/05/2024 | BV 1066/2024 | Supply, installation, commissioning of telephone VOIP system solution for a period ending 30 June 2027.  | Mezobyte (Pty) Ltd   | Rates       | R2 694 335,42                    |
| 06/05/2024 | BV 1072/2024 | Compilation and maintenance of the general valuation (GV) and supplementary valuation (SV) rolls for the period not exceeding seven (7) years. | HCB Valuations and Services (Pty) Ltd  | Rates       | R6 850 782,59                    |
| 31/05/2024 | BV 1082/2024 | Supply, delivery and installation of outdoor gym equipment and steel playground equipment in five (5) parks in the Worcester area.             | Green Outdoor Gym (Pty) Ltd  | R730 410,75 |                                  |

**R29 806 264,35**

**Table 3.3 Tenders awarded in June 2024**

| Award Date | Bid Number   | Tender Description  | Awarded To  | Amount | Anticipated Expenditure (Capped) |
|------------|--------------|---|---|--------|----------------------------------|
| 19/06/2024 | BV 1069/2024 | Supply and delivery of road building material for a period ending 30 June 2027.                             | AJ van Huffel Planthire cc  | Rates  | R50 000 000,00                   |
|            |              |   | Sasuka Civil and Construction (Pty) Ltd   | Rates  |                                  |
| 18/06/2024 | BV1075/2024  | Maintenance services for de-watering facility for the period ending 30 June 2027.                           | Zana Manzi Services (Pty) Ltd   | Rates  | R3 000 000,00                    |
| 19/06/2024 | BV 1081/2024 | Maintenance of electrical and mechanical equipment for water services for a period ending 30 June 2027.     | Zana Manzi Services (Pty) Ltd   | Rates  | R50 000 000,00                   |
| 28/06/2024 | BV 1035/2024 | Accounting services to ensure completion of the GRAP/ MSCOA compliant AFS for a period ending 30 June 2027. | Mubeko Africa (Pty) Ltd (in Consortium with Tsholo Consulting Solutions (Pty) Ltd | Rates  | R10 000 000,00                   |

**R113 000 000,00**

All construction related tender/contract terms, determine that 100% unskilled local labour should be used within BVM Jurisdiction, in countering larger vendors outside the jurisdiction of BVM, in order to stimulate local labour development and economic stimulation to the BVM community. The PPPFA Policy of BVM further gives preference to local suppliers during the bidding process.

Key performance indicators get established during the compilation of the bid documents, which gives effect to monthly Contract Performance Administration, placing the process in compliance with the MFMA SCM Regulation 116(2) and ensure value for money.

### 3.2.2. Quotation Processes

Prescribed procurement processes were followed for those transactions lower than R300 000,00 (VAT Included) in value. A summary is depicted below:

**Table 4: Purchase orders issued during April 2024 – June 2024**

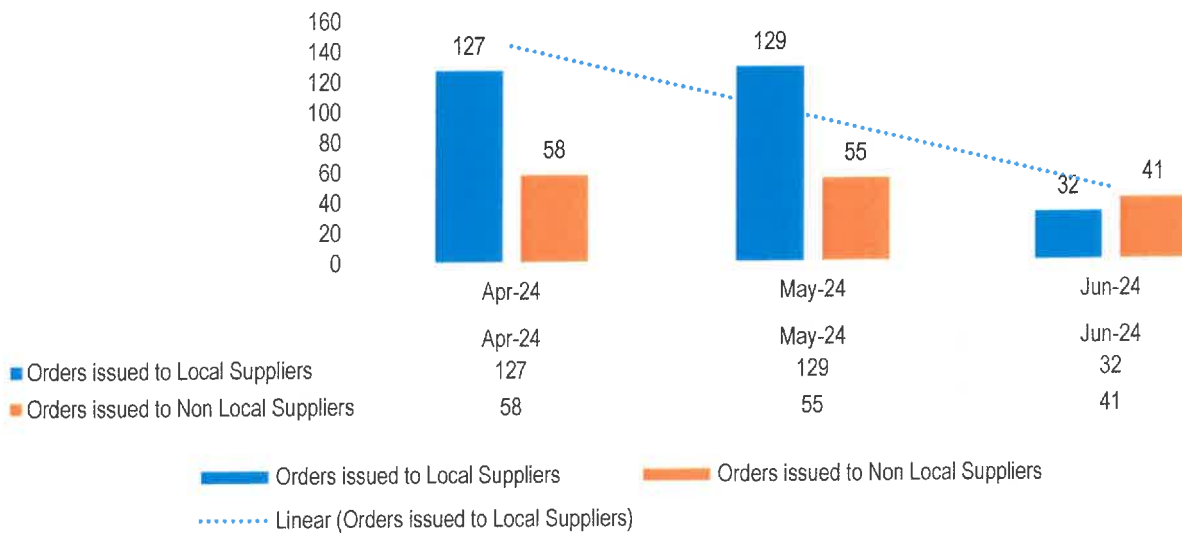
| Month        | Total Number of Purchase Orders Issued | Total Value            | Number Of Purchase Orders Issued to Local Businesses | Total Value of Purchase Orders Issued to Local Businesses |
|--------------|--|------------------------|--|---|
| April 2024   | 185                                    | R4 746 171,11          | 127  | R2 439 072,45   |
| May 2024     | 184                                    | R 5 675 313.03         | 129  | R 2 720 881.04  |
| June 2024    | 73                                     | R3 832 981.60          | 32   | R 974 409,33  |
| <b>Total</b> | <b>442</b>                             | <b>R 14 254 465.74</b> | <b>288</b>   | <b>R 6 134 362,82</b>                                     |

For the quarter under review there were 442 purchase orders issued amounting to **R14 254 465.74**. Out of 442 orders, 288 were issued to local businesses, resulting in a possible expenditure estimated at **R 6 134 362,82**. There are already lawful initiatives in place, to ensure that local businesses are prospering (Refer to PPPFA Policy regarding locality).

These initiatives realized, that 51,58% of all orders were awarded to local suppliers within the BVM jurisdiction.

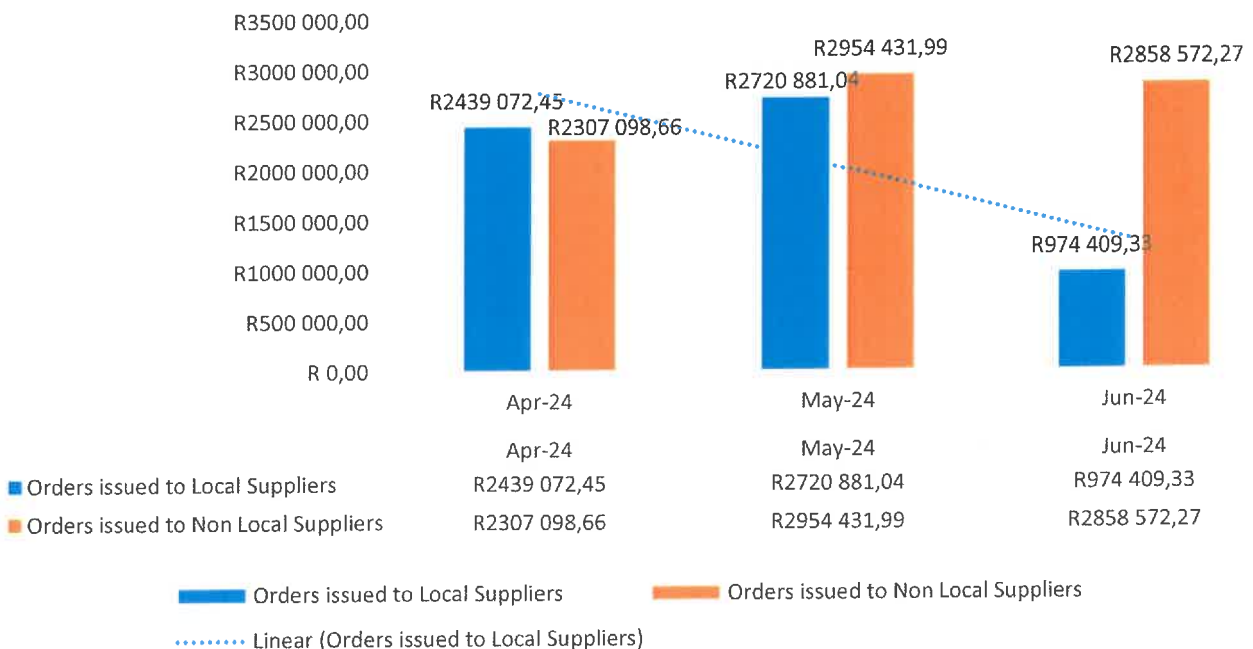
**Table 5: Purchase orders below R300 000 distribution to local- vs non-local suppliers (BVM Jurisdiction) per volume of orders for the quarter under review:**

Orders distributed per volume to Local vs Non Local suppliers



**Table 6: SCM Purchase orders below R300 000 distribution per value to Local vs Non-Local (BVM Jurisdiction) Suppliers:**

Order distributed per Rand Value to Local vs Non Local suppliers



**3.2.3. Appeals/ Objections by aggrieved bidders**

Paragraph 49 of the Municipal Supply Chain Management Regulations allows the aggrieved bidders the opportunity to lodge objections (with proper motivation) against the decision(s) taken by the Bid Adjudication Committee, within 14 days from date of notification thereof.

Alternatively, should they wish to lodge an appeal in terms of Section 62 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) against the award of the tender, such appeal is to be lodged within 21 days from date of the notification.

**Table 7: For the quarter under review, two (2) objection or appeal were recorded:**

| Date Received | Bid Number    | Tender Description  | Objection/ Appeal Lodge By          | Date Forwarded to Impartial Person | Date Resolved    | Outcome Of the Objection / Appeal Process   |
|---------------|---------------|---|-------------------------------------|------------------------------------|------------------|---|
| 11/04/2024    | BV1051/ 2023  | Upgrading of gravel roads at Touwsrivier                                      | JVZ Construction (Pty) Ltd          | 11/04/2024                         | 17/04/2024       | The objection/ appeal option not available to aggrieved bidders. The decision of the AO on 25 March 2024 is maintained without any amendment. |
| 11/06/2024    | BV 1080/ 2024 | Supply and delivery of protective clothing for the period ending 30 June 2027 | Uhambo Procurement and Distribution | 12/06/2024                         | Work in progress | Work in Progress  |

### 3.2.4. Minor Breaches

The Supply Chain Management Policy states in Clause 36(1)(b) that the Accounting Officer may consider ratifying any minor breach of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature. For the quarter under review, no minor breaches materialized.

### 3.2.5. Deviations from normal procurement processes

Paragraph 36(1)(b) of the policy allows the Accounting Officer to dispense with the official procurement processes established by this Policy only –

- a. In an emergency.
- b. If such goods or services are produced or available from a single provider only.
- c. For the acquisition of special works of art or historical objects where specifications are difficult to compile.
- d. Acquisition of animals for zoos and/or nature and game reserves; or
- e. In any other exceptional case where it is impractical or impossible to follow the official procurement processes.

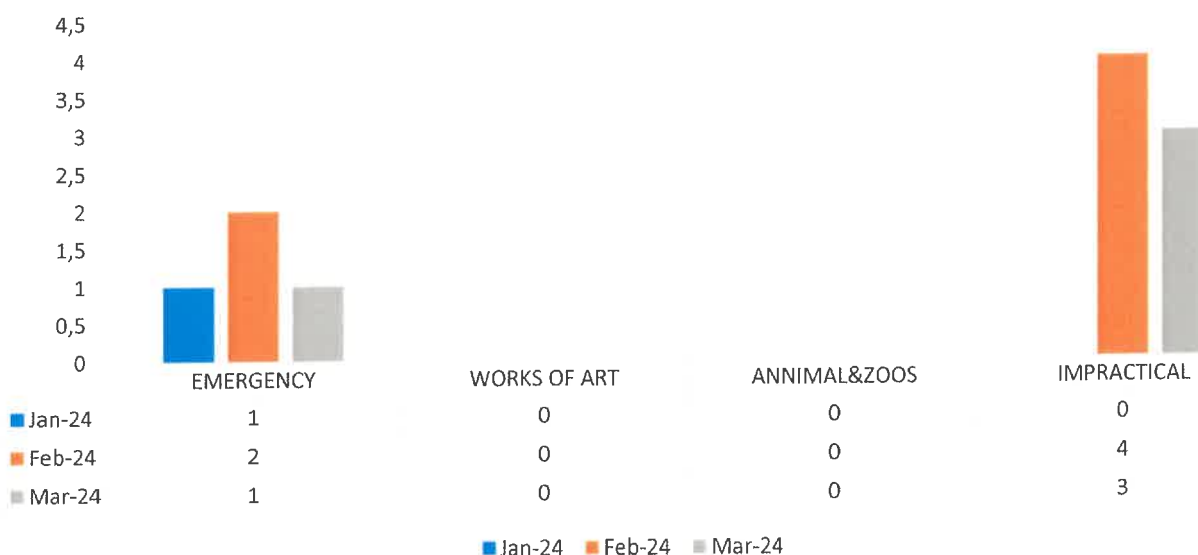
For the quarter under review, the Accounting Officer approved seventeen (16) deviations to the amount of **R3 145 419.78** and no increasements / additional cost/ amend, amendments on previous deviations approved (which already served before council). The following summary illustrates the quarter under review's deviations approved:

**Table 8: Deviations approved by the Accounting Officer**

| Month        | Number of New Deviations Approved | Total Value           |
|--------------|-----------------------------------|-----------------------|
| April 2024   | 7                                 | R 952 694.17          |
| May 2024     | 4                                 | R 1 633 487.24        |
| June 2024    | 5                                 | R559 238.37           |
| <b>Total</b> | <b>16</b>                         | <b>R 3 145 419.78</b> |

**Table 8.1: Distribution of deviations awarded by reason for the fourth quarter of 2023/2024:**

Deviation Reason distribution for the 4th Quarter (2023/2024)



**3.2.6. SCM paragraph 16 reportable matters**

Par 16 (1)(c) of the SCM Policy states that if it is not possible to obtain at least three quotations, the reasons must be recorded by the supply chain practitioner and approved by the CFO, in terms of delegations.

A register (record) of all cases and motivations where it is not possible to obtain at least three quotations is maintained and reported to the Senior Manager SCM and the CFO, monthly. The total Reg 16 for the quarter under review was **R3 632 434.64**

**Table 9: Par 16 (1)(c) for the 4<sup>th</sup> quarter:**

| Month        | Total Value           |
|--------------|-----------------------|
| April 2024   | R 1 349 698.77        |
| May 2024     | R 1 520 068.79        |
| June 2024    | R 762 667.08          |
| <b>Total</b> | <b>R 3 632 434.64</b> |



### **3.3. Accredited Suppliers Database**

In terms of Paragraph 14(1)(a) of Council's Supply Chain Management Policy, the Accounting Officer is required to keep a list of accredited prospective providers of goods and services (Supply Chain Database).

On implementation of the new SCM System, the Central Supplier Database (CSD) from National Treasury, became the primary database of BVM.

For the quarter under review, SCM held a Supplier Open Day during April 2024 at the Worcester Town Hall, inviting Local Suppliers to register on CSD and capacitate them.

### **3.4. Logistics management**

*The system of logistics management must ensure the following:*

- the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number.
- the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock.
- the placing of electronic orders for all acquisitions other than those from petty cash.
- before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract.
- appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secured and only used for the purpose for which they were purchased.
- regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and Proper measures are still in place to ensure that the above elements are fully adhered to.

### **3.5. Disposal management**

The system of disposal management must ensure the following:

- Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise.
- movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous.
- Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee.

- Immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise.
- All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed.
- Where assets are traded in for other assets, the highest possible trade-in price is negotiated.

### **3.6. Contract Management (CM)**

The Contract Management (CM) Office, as section within SCM, has been established in 2017/2018, which primarily focuses on SCM Contracts above R200 000, which are procured through a SCM process. All contracts emanating from Deviations above R100 000 gets registered and monitored within this section. The following objectives were set for the CM Office:

- The Breede Valley Contract Management function has been centralised into the Contract Management Office, reporting to the Manager: Procurement.
- Aligning the contract management procedures and systems with the rest of the SCM functions and Expenditure department.
- Formalise and implement a new Contract Management Framework which already forms part of the SCM Policy.
- The implementation of an electronic Contract Management System, Electronic SCM Archive, Electronic Database Archive.
- The implementation of a full electronic purchasing system is being delayed by the financial service provider's development of certain procedures within SCM.
- Monthly reports get distributed to all contract champions on the contract status of SCM contracts.
- The Contract Management section within SCM, enable and control performance management on all contracts and the report gets distributed to the executive management on a monthly basis.
- Contracts of a repeatable nature, due to its nature to provide continuous service delivery, are monitored by the CM office and notifications for renewal will be sent 6 months prior to the end date of the contract champions. These repetitive product and services contribute to the annual DMP of each new financial year.
- Regular monitoring and review of the supplier vendor performance to ensure compliance with SCM Regulation 116(2), specifications and contract conditions for goods or services, is conducted.

The following table illustrates the status of contracts as on 30 June 2024

**Table 10: Status of contracts as on 30 June 2024**

| Status                                 | Quantity |
|--|----------|
| Active contracts                       | 181      |
| Expired contracts                      | 65       |
| Expiring contract in the next 6 months | 5        |
| Cancelled Contracts                    | 0        |
| Extended Contracts                     | 16       |

#### **4. Conclusion:**

The Breede Valley Municipality has been implementing the Supply Chain Management Regulations diligently through the Supply Chain Management Policy.

Contract Management, Demand Management and the combating of Irregular Expenditure remain key focus areas in the implementation of supply chain management within the municipality.

With the newly adopted PPPFA Policy, BVM strives to give preference to Local Suppliers within its jurisdiction, emanating to the increase of local economic activity.

With the audit outcomes on the 2022/2023 financial year, it was found that BVM had a clean audit for the financial year.

The objective of the 2024/2025 financial year is still to have a fully integrated SCM IT system, which operates on a Standard Chart of Accounts base for Local Government (MSCOA) that will further enhance procedural controls, efficiency, and legislative compliance, from a centralized platform. The implementation of the system started on the 10<sup>th</sup> of March 2021 and are work in progress, implementing transactions below R300 000 (VAT Incl.) (November 2021) as part of the second phase of implementation. The envisaged implementation of the new SCM Electronic System is dependable on the financial services service provider to develop and implement the rest of the SCM System.

Breede Valley Municipality continuously strives not only to ensure compliance to legislative frameworks, but also to improve administrative and procedural efficiency, thereby giving effect to its Constitutional mandate in terms of Section 152 of the Constitution, ensuring efficient service delivery.

#### **5. Recommendation**

1. That the quarterly Supply Chain Management Implementation Report for the period ending 30 June 2024, be noted.