


**ANNUAL REPORT ON THE IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT  
POLICY: 1 JULY 2019 – 30 JUNE 2020**

**JAARLIKSE VERSLAG VAN DIE IMPLEMENTERING VAN VOORSIENINGSKANAALBELEID: 1  
JULIE 2019 - 30 JUNIE 2020**

**INGXELO YONYAKA EKUMISELWENI KOMGAQO NKQUBO WE SUPPLY CHAIN:  
1 JULAYI 2019 - 30 JUNE 2020**

File Number: 8/1/B  
Collaborator Number: 1666330  
Committees: Council  
Meeting Cycle: July  
Key Performance Area: KPA 2: Financial Sustainability  
Access Level: Public

  
Approved 10/07

**1. SUMMARY**

At the end of each financial year the Accounting Officer is mandated to submit a report on the implementation of the Supply Chain Management (SCM) Policy to Council. This report is tabled to Council for notification.

**2. FOR DECISION BY**

Council

**3. RECOMMENDATIONS**

It is recommended that:

- 3.1 Council takes note of the content of this report; and
- 3.2 The report be made public in accordance with section 21A of the Municipal Systems Act.

**3. AANBEVELINGS**

Dit word aanbeveel dat:

Dit word aanbeveel dat:

- 3.1 Die Raad kennis neem van die verslag; en
- 3.2 Die verslag gepubliseer word in terme van artikel 21A van die Munisipale Stelsels Wet.

### **3. BACEBISE**

Bacebise ukuba:

- 3.1 iBhunga malinike ingqalelo kwisiquulatho salengxelo; kunye
- 3.2 Lengxelo mayasizwe kuwowonke umntu njengoko ibekiwe kwicandelo 21A yoMthetho weNkqubo zooMasipala.

### **4. DISCUSSION**

Municipalities are compelled to procure goods and services in a manner that is fair, equitable, transparent, cost effective and competitive. These principles forms the foundation of any procuring of goods and services within the municipal sphere, which then is supported by the guidelines within the MFMA, the Municipal Supply Chain Management Regulations and the SCM Guide for Accounting Officers. National Treasury has promulgated legislation which forms the guidelines and the basis for the municipal SCM System.

### **5. IMPLICATIONS**

#### **5.1 POLICY**

Paragraph 6(1) of the Supply Chain Management Policy of Council determines that the Council of Drakenstein Municipality reserves the right to maintain oversight over the implementation of the SCM Policy as approved and amended from time to time. Paragraph 6(2)(i) of the above stated policy determines that for the purposes of such oversight the Accounting Officer must within 30 days of the end of each financial year, submit a report on the implementation of the SCM Policy.

The following aspects are highlighted:

(a) Demand Management

The objective of demand management is to assist the municipality with the planning for the procurement of goods, works or services in a proactive manner and to move away from merely reacting to purchasing requests. Certain aspects of demand management was implemented, i.e. the Capital Projects Implementation Plan (CPIP) that encapsulates all capital projects. This planning document assist departments to timely plan for procurement of capital goods/projects and departments were required to commit budgeted capital expenditure through appropriate supply chain tender processes. For the past financial year a total of 44 tenders were awarded. The CPIP is a monitoring tool that provides the Accounting Officer with an oversight regarding the spending of capital funds during the financial year.

(b) Acquisition Management

SCM Division has processed a total of 11,561 orders for the 2019/2020 financial year. The total value of the orders that was processed amounted to R514,820,067.95.

(c) Policy amendments and standard operating procedures

The SCM Policy was reviewed during 2019/2020 financial year and was approved by Council on 29 May 2020.

On an annual basis the municipality has to forward the current SCM Policy to the Western Cape Provincial Treasury for scrutiny and compliance verifications against the model SCM Policy that was issued by National Treasury. The purpose of this exercise is to determine as to whether the municipal SCM Policy deviate from the stipulations of the SCM Regulations. No comments were received from the Western Cape Provincial Treasury in this regard.

(d) Prospects for the 2019/2020 financial year

On a continuous basis, the SCM Division of the municipality aims to improve on the operational processes and procedures pertaining to supply chain management, including demand and contract management processes.



**5.2 FINANCIAL**

The financial implications are the transactions for the procurement of goods and services that were processed during the period from 1 July 2019 to 30 June 2020 and the payments that have derived from these commitments.

**5.3 LEGAL**

Section 112 of the MFMA determines that the SCM Policy should comply with a prescribed framework as set out in Section 112(1) and Section 112(2) of the MFMA. Reporting back in terms of paragraph 6(3) of the SCM Policy to the Executive Mayor and Council on the implementation of the supply chain management system and processes enables the Executive Mayor and Council to maintain oversight over the implementation of the SCM Policy that complies with the provisions of Section 112 of the Act.

**5.4 STAFF**

None.

**5.5 ENVIRONMENTAL**

None.

**5.6 RISK**

None.

**6. PREVIOUS COUNCIL RESOLUTIONS**

None.

**7. ANNEXURES**

None.

**8. COMMENTS FROM WARD COUNCILLORS AND DATE SIGNED**

Not applicable.

**9. COMMENTS FROM DEPARTMENTS**

**9.1 CORPORATE SERVICES**

Not applicable.

**9.2 FINANCIAL SERVICES**

Not applicable.

**9.3 ENGINEERING SERVICES**

Not applicable.

**9.4 COMMUNITY SERVICES**

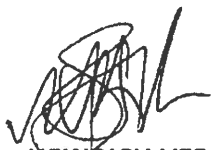
Not applicable.

**9.5 PLANNING AND DEVELOPMENT**

Not applicable.

**9.6 RISK MANAGEMENT**

Not applicable.



**HEINRICH VERGOTINE**  
**MANAGER: SUPPLY CHAIN MANAGEMENT**

**BRADLEY BROWN**  
**CHIEF FINANCIAL OFFICER)**

Author: Heinrich Vergotine  
Position: Manager: Supply Chain Management  
Contact Number: 021 807 4877  
E-Mail: heinrich.vergotine@drakenstein.gov.za  
Department: Financial Services  
Signed off by Portfolio Councillor:  
Signed off by City Manager: