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ANNUAL REPORT ON THE IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY: 1 JULY 2020 – 30 JUNE 2021

JAARLIKSE VERSLAG VAN DIE IMPLEMENTERING VAN VOORSIENINGSKANAALBELEID: 1 JULIE 2020 - 30 JUNIE 2021

INGXELO YONYAKA EKUMISELWENI KOMGAQO NKQUBO WE SUPPLY CHAIN: 1 JULAYI 2020 - 30 JUNE 2021

File Number: 8/1/B
Collaborator Number: 1770063
Committees: Council; Finance Portfolio; Mayoral Committee 1
Meeting Cycle: July
Key Performance Area: KPA 2: Financial Sustainability
Access Level: Public



Item approved
14/07

1. SUMMARY

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:

- 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 kwisiqulatho salengxelo; kunye
- 3.2 Lengxelo mayasizwe kuwowonke umntu njengoko ibekiwe kwicandelo 21A yoMthetho weeNkqubo 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) Contract Management

Emphasis has been placed on enhancing contract management within the Municipality. Measures have been put in place to monitor renewal of contracts on a monthly basis at executive director level. Funding has been made available by the Cape Winelands District Municipality for the procurement of an electronic contract management system which will automate the majority of administrative functions associated with these processes. This system will be developed during the 2021/2022 financial year that will be rolled out to all departments.

(b) Acquisition Management

SCM Division has processed a total of R502,996,302 worth of official purchase orders for the 2020/2021 financial year. This is slightly lower than that of the previous financial year which amounted to R514,820,067.95.

(c) Policy amendments and standard operating procedures

The SCM Policy was reviewed during 2020/2021 financial year and was approved by Council on 31 May 2021. Certain amendments were made to the SCM Policy in order to enhance procurement processes and compliance to laws and regulations as issued from time to time by the National Treasury.

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 indicating any areas of non-compliance.

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 2020 to

30 June 2021 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.



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