

ANNUAL REPORT ON THE IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY AND THE PREFERENTIAL PROCUREMENT POLICY: 1 JULY 2025 – 30 JUNE 2026

JAARLIKSE VERSLAG VAN DIE IMPLEMENTERING VAN VOORSIENINGSKANAALBELEID EN DIE VOORKEUR VERKRYGINGS BELEID: 1 JULIE 2025 - 30 JUNIE 2026

INGXELO YONYAKA YOKUPHUNYEZWA KOMGAQO-NKQUBO WOLAWULO LWETHUBA NOMGAQO-NKQUBO OKHETHEKILEYO WOKUTHENGA IZINTO: 1 JULY 2025 – 30 EYESILIMELA 2026

File Number: 9/1/2

Collaborator Number: 2408298

Committees: Financial Services Portfolio; Mayoral Committee 1; Council

Meeting Cycle: July

Key Performance Area: KPA 2: Finance

Access Level: Public

1. PURPOSE

On an annual basis, a report on the implementation of the Supply Chain Management Policy and the Preferential Procurement Policy must be submitted to the Council for noting purposes.

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 kwisiquqatho salengxelo; kunye
- 3.2 Lengxelo mayasizwe kuwowonke umntu njengoko ibekiwe kwicandelo 21A yoMthetho weNkqubo zooMasipala.

4. INTRODUCTION

The annual implementation report on the Supply Chain Management Policy and the Preferential Procurement Policy must be submitted to the Council to exercise its oversight role.

5. DISCUSSION

The current Supply Chain Management Policy and Preferential Procurement Policy were reviewed during the 2025/2026 financial year. Amendments to the Preferential Procurement Policy were proposed and approved by Council on 27 May 2026. No amendments were proposed with regards to the Supply Chain management Policy.

5.1 Supply Chain Management Policy

Paragraph 6(2) of the Supply Chain Management Policy determines the following:

“For the purposes of such oversight the Accounting Officer must –

- (a) Within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and*

(b) Whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to Council.”

No serious or material problems were experienced with the implementation of the Supply Chain Management Policy. The policy are in line with the prescribed legal framework.

5.2 Preferential Procurement Policy

Paragraph 8 of the Preferential Procurement Policy determines the following:

“For the purposes of oversight the Accounting Officer must within 30 days of the end of each financial year, submit a report on the implementation of this Policy to the Council.”

Paragraph 3 of the Policy stipulates the specific goals for procurement that relate to preferential procurement. The specific goals that are applied are Broad-Based Black Economic Empowerment (BBBEE) and the locality of suppliers. These specific goals are used for all procurement from R2,000.00 (incl VAT). This Policy came into effect on 1 February 2024.

As of 30 June 2026, a total amount of R824,155,174 was spent on procurement. This figure may increase subject to final financial year-end payments processed in July 2026 for goods and services delivered up to and including 30 June 2026.

The following table provides a summary of preferential procurement spent in terms of the different BBBEE levels of suppliers:

Table 1:

Serial no	BBBEE level of contribution	Points allocated per points scoring system (80/20 and 90/10 respectively)	Amount spent (incl VAT)	Percentage (%) of total spent
1	Level 1	10 / 5	625,082,958	75.85%
2	Level 2	9 / 4.5	87,585,129	10.63%
3	Level 3	6 / 3	14,341,904	1.74%

Serial no	BBBEE level of contribution	Points allocated per points scoring system (80/20 and 90/10 respectively)	Amount spent (incl VAT)	Percentage (%) of total spent
4	Level 4	5 / 2.5	35,846,137	4.35%
5	Level 5	4 / 2	29,422,632	3.57%
6	Level 6	3 / 1.5	2,099,919	0.25%
7	Level 7	2 / 1	216,676	0.03%
8	Level 8	1 / 0.5	14,299,805	1.74%
9	Non-compliant contributor (suppliers without a BBBEE level)	0 / 0	15,260,014	1.85%
10	Total spent		R824,155,174	100.00%

As can be seen from Table 1, procurement from level 1 BBBEE suppliers outweighs procurement from other BBBEE suppliers by far. In terms of the Broad-Based Black Economic Empowerment Act (Act no. 53 of 2003), regulations issued in terms of the aforementioned act and its Codes of Good Practice, it is the responsibility of suppliers to obtain a BBBEE level in line with the requirements set out in the aforementioned regulatory framework.

Non-compliant contributors refers to those suppliers that do not have a B-BBEE level. This, however, does not preclude them from participating in the procurement process. The fact that they do not have a BBBEE level means that suppliers will score no points for B-BBEE in terms of the Council's Preferential Procurement Policy.

The following table provides a summary of preferential procurement spent in terms of supplier locality:

Table 2:

Serial no	Locality classification	Amount spent (incl VAT)	Percentage (%) of total spent
1	Suppliers within the Drakenstein municipal area	R114,035,458	13.84%
2	Suppliers within the Cape Winelands District area	R6,955,198	0.84%

Serial no	Locality classification	Amount spent (incl VAT)	Percentage (%) of total spent
3	Suppliers within the Western Cape	R617,290,370	74.90%
4	Suppliers outside of the Western Cape (rest of South Africa)	R85,874,146	10.42%
5	Total spent	R824,155,174	100.00%

The Municipality is dependent on suppliers to respond to bid invitations, and suppliers that are compliant with the qualifying criteria as set out in the bid invitations. Invitations to bid are communicated on all legislatively prescribed platforms.

5.3 Innovation initiatives

As previously reported, the electronic ordering system was successfully implemented during the 2024/2025 financial year. A second phase, called the online Supplier Portal, will be implemented in July 2026. This portal allows for the following functionalities aimed at improving interaction with existing and new suppliers:

- Onboarding of new suppliers;
- Updating and maintaining supplier information;
- Responding to Requests for Quotations (RFQs);
- Uploading of payment-related documentation; and
- Tracking of transactions in real time.

These innovative initiatives are aimed at achieving a paperless system together with integration with the current financial system that reduces the time spent on administrative processes as well as to enhance compliance, document control and reporting.

6. IMPLICATIONS

6.1 POLICY

None.

6.2 FINANCIAL

None.

6.3 LEGAL

None.

6.4 STAFF

None.

6.5 ENVIRONMENTAL

None.

6.6 RISK

None.

7. PREVIOUS COUNCIL RESOLUTIONS
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Not applicable.

8. ANNEXURES

None.

9. COMMENTS FROM WARD COUNCILLORS AND DATE SIGNED
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Not applicable.

10. COMMENTS FROM DEPARTMENTS AND DIVISIONS

10.1 CORPORATE AND PLANNING SERVICES

Not applicable.

10.2 FINANCIAL SERVICES

Not applicable.

10.3 ENGINEERING SERVICES

Not applicable.

10.4 SAFETY AND COMMUNITY SERVICES

Not applicable.

10.5 RISK MANAGEMENT

Not applicable.

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