



The Game changer of South Coast development

ITEM NO.

FINANCE AND BUDGET PORTFOLIO COMMITTEE

EXCO DELEGATED  
FOR NOTING  
OUT OF COMMITTEE

CHIEF FINANCIAL OFFICER  
N A ZUMA  
N Mavundla  
8/1/5  
03 July 2023

SUPPLY CHAIN MANAGEMENT QUARTER 4 REPORT FOR  
30 JUNE 2023 IN THE 2022/2023 FINANCIAL YEAR

1. ANNEXURES

Nil.

2. PURPOSE

To submit to the Committee, in accordance with Section 6(2)(a)(i) of the Supply Chain Management Regulations, and the Supply Chain Management Policy, the Quarterly Report on the implementation of the Supply Chain Management Policy.

3. DISCUSSION

In terms of Section 6(2)(a)(i) of the Supply Chain Management Regulations it is stipulated that for the purpose of such oversight, the Accounting Officer must submit a report on the implementation of the Supply Chain Management to the Mayor within 30 days of the end Quarter of each financial year.

General Reporting

Sections 74(1) and 104(1) (b) of the Municipal Finance Management Act (MFMA) prescribe the following regarding general reporting obligations:

*“The accounting officer of a municipality [and municipal entity] must submit to the National Treasury, the Provincial Treasury, the Department for Local Government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required.”*

In accordance with MFMA Circular No. 34 all awards above R100 000 were reported on their website and was done on a monthly basis. The National Website was updated monthly live on line.

### Supply Chain Management Processes

The implementation of the day to day procurement for goods and services below R30 000.00 was done on the MUNSOFT system. Ray Nkonyeni Municipality is using the mentioned financial management system. Reports listing all transactions and information for all procurement under R30 000.00 are compiled monthly by the SCM officials.

This program will keep track of the full process from the planning stage right through to the close out report of projects and service delivery. At any one stage will the progress be able to be tracked and all source documents, calculations, cross references and reports will be electronically available.

Between R30 000.00 and R200 000.00 a mini tender process is followed, and a full Tender Register reflecting all relevant information is kept at the SCM Unit in Margate. Due to the lack of suitable venue and facilities, as well as the volume of this process, it is not possible to open all mini tenders in public. The Monthly Report to the Finance Portfolio of all awards within the "Mini tender" category is being done in accordance with Section 17 of the Supply Chain Management Regulations.

Open tenders with the value of R200 000.00 and above follow the 3 Bid Committee System; Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee. The Committee members are appointed in writing by the Municipal Manager. The delegated authority of the Bid Adjudication has been set at R10 million. All bids above this threshold, and more than a period of one (01) year are referred to the Office of the Municipal Manager for final approval before implementation. Tenders remain the responsibility of the user Department from the inception right to the handover or closeout report.

The bidding documents are based upon the Standard Terms of Contract and bidding documents as supplied by National Treasury. Special conditions are approved if and when applicable. The PPPF Act thresholds and points allocation are applied where and how applicable. The 80/20 and 90/10 split applied to all contract values, the municipality must advertise the tender with a specific tendering preferential procurement requirement that in order for a tenderer to claim 10 / 20 points for specific goals as stipulated in the PPPFA regulations.

### Supply Chain Management Policy

The SCM Policy was adopted with other accounting policies by council during the tabling of Final Budget 2023-24 on the 30<sup>th</sup> May 2023 of Ray Nkonyeni Municipality.

### Preferential Procurement Policy

There has been amendments in the PPPFA regulations in 2017 and the policy is on an implementation stage until 15 January 2023 where a constitutional court judgement that nullified the BBEE case CCT 279/20 [2022] ZACC 04 MINISTER OF FINANCE V AFRIBUSINESS NCP CCT279/20 which meant that all tender advertised on the 16<sup>th</sup> February 2022 will not be using BBEE as pre-qualifying

criteria and the municipality through the office of the accounting officer applied for exception to the to allow other procurement processes to continue in order to allow service delivery in the municipality. The new PPPFA policy was adopted in February 2023 and it was further subjected to the process of review and tabling during the presentation of Draft Budget 2022-23 on the 28th March 2023 of Ray Nkonyeni Municipality together with other budget related policies for the adopted on 30<sup>th</sup> May 2023.

### Contract Management

A consolidated Contract Management Register is in place. These tie into all Supply Chain Management processes and the approved Procurement Plan. All Departments are responsible individually for their own Contract Register and is controlled by a master Register. The Procurement Plan was also compiled and in place. This process of closely monitoring the procurement plan has ensured better utilization of capital funding, which has been a contentious issue over the past few years.

### Code of Ethics

All Supply Chain Management practitioners, as well as members of the three Bid Committees, are required to sign a Code of Ethics as approved by Council. The approved code is based upon the Code of Ethics of National Treasury. At all Bid Committee Meetings the members have to declare their interests as part of the standing rules and approved terms of reference of the Bid Committees. New Bid Committee members were appointed by the Municipal Manager as a result of resignations or withdrawals during the year. Training was called for and Provincial Treasury assisted in basic training for the Committee Members, and it will be on-going to ensure that the Committee members are always fully up to standard.

### Training and Competency

In accordance with the requirements of Section 8 of the SCM Regulations, as well as Section 83 of the MFMA, all SCM Practitioners must have a minimum level of competency, and the training of staff to meet the requirements is on-going. In SCM Senior Accountant and one (01) Procurement Officers are currently going through the MFMP (Municipal Finance Management Programme) training.

KZN Provincial Treasury embarked on a provincial rollout to ensure that all relevant stakeholders are trained on the revised Preferential Policy Regulations 2022.

KZN Provincial Treasury held a workshop on the revised Preferential Procurement Policy Regulations 2022, on 27<sup>th</sup> June 2023 at Cedara, PMB where the Senior Procurement Officer Shubanna and other Procurement Officers Farana, Sthembile and Procurement Clerk Ntokozo attended.

## Database

An advert has been placed on our website, to advise the service providers to renew their details as per the Database and was also advertised in the local newspaper.

The National Treasury introduced CSD (Central Supplier Database System), Ray Nkonyeni Municipality has been implementing the system with no further challenges this financial year.

### 4. FINANCIAL IMPLICATION

None.

### 5. PUBLIC RELATIONS IMPLICATIONS

None.

### 6. COMMENTS BY THE MUNICIPAL MANAGER AND HEADS OF DEPARTMENT

#### 6.1 MUNICIPAL MANAGER

SUPPORTED / NOT SUPPORTED

### 7. RECOMMENDATION

7.1 THAT the report dated 03 July 2023, submitted by the Chief Financial Officer, regarding Supply Chain Management Quarter 4 Report for 2022/2023 30 June 2023 in the 2022/2023 Financial Year, be and is received and noted;

7.2 THAT the Supply Chain Management Quarter 4 Report for 2022/2023 Financial Year which is submitted forms part of compliance for Section 6(2)(a)(i) of the Supply Chain Management Regulations;

7.3 THAT the Supply Chain Management Quarter 4 Report for 2022/2023 Financial Year be submitted to the Finance & Budget Portfolio and Executive Committee; and

7.4 THAT the Supply Chain Management Quarter 4 Report for 2022/2023 Financial Year forms be part of SDBIP (Service Delivery Budget Implementation Plan), and be continuously reported Quarterly.

### FOR NOTING

NDG/ncm/ml



10/0/2023

NA ZUMA  
CHIEF FINANCIAL OFFICER

DATE