

MALETSWAI MUNICIPALITY



**REPORT ON SUPPLY
CHAIN MANAGEMENT
IMPLEMENTATION
POLICY**

1. INTRODUCTION AND BACKGROUND INFORMATION

The Municipality approved its Supply Chain Management Policy on September 2006 and subsequently amended in 2008. The 2007 amendment was prompted by the organizational tweaking of the organogram which saw Supply Chain Management function being moved from Corporate Services to Financial Services Department.

Currently, the supply chain management unit is being established and capacitated to be able to handle centralized procurement processes. To date, 4 staff members have been appointed to man the unit but only 1 staff member has completed the competency levels required by the Municipal Finance Management Act, Act 53 of 2003.

2. OBJECTIVES OF THE REPORT

In terms of Supply Chain Management Regulation 6 (3) & (4) the Accounting Officer must submit a report on the implementation of the policy to the Mayor within 10 days after the end of each quarter. The same must be presented to the Municipal Council in order to facilitate the exercise oversight by those charged with governance of the municipality.

3. PERIOD

The report covers the period 1 July 2011 to 30 September 2011.

4. SUPPLY CHIAN MANAGEMENT INSTITUTIONAL ARRANGEMENTS

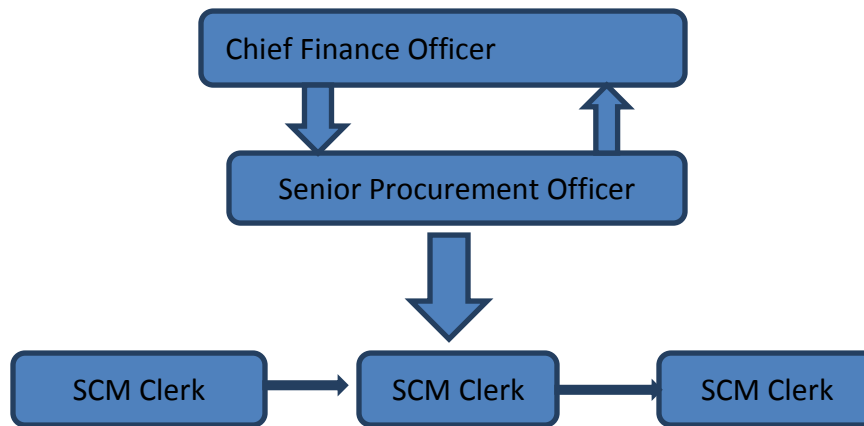
4.1 POLICY AND PROCEDURE DEVELOPMENT AND IMPLEMENTATION

The council developed its policy in line with Supply Chain Management Regulation. The policy was presented to Council and adopted on September 2006 and tweaked in 2008 to move the SCM function from the Corporate services Department to the Financial Services Department. There are currently moves to further amend it to accommodate latest amendments in the legislation and to strengthen the arm of the Council to achieve the objective of promoting the local economic development.

4.2 ESTABLISHMENT OF SUPPLY CHAIN MANAGEMENT UNIT

Whilst the Chief Finance Officer, strategically, takes the overall responsibility of the SCM function, at an operational level, the SCM officer takes charge of the function and staff therein. The various municipal departments are still central in obtaining quotations and completing requisition forms for the procurement of goods and services.

The current Structure is as follows



As a bid to enhance the effectiveness of the SCM unit, a training programme on MFMA and its regulations has been developed for staff members in the unit.

4.3 ESTABLISHMENT AND FUNCTIONING OF THE SCM BID COMMITTEES

All the bid committees were established in accordance with the SCM regulations and Council's policy and are functioning well in that they hold meetings as and when circumstances so demand. There are however issues that require improvement like the turn-around time and filing of documents. The Specification committee comprises of various departments under the stewardship of manager responsible for Technical Services. The Evaluation Committee is comprised by the procuring department and chaired by the relevant departmental manager. The Chief Finance Officer chairs the adjudication committee which comprises all the departmental managers. The procuring Departmental Manager provides expert advice to the adjudication Committee.

A turn-around time schedule has been developed and adopted by the management for all the departments. Adherence thereto needs to be monitored and corrective measures taken urgently to ensure effectiveness and efficiency in SCM.

4.4 IMPLEMENTATION OF MBDS DOCUMENTS

The bid documents are kept in the corporate services department and supply chain management office. There is a need to improve the filing of the bid documents as some documents such as attendance registers could not be availed immediately when they were required for audit purposes. The bid document is being amended to include all declarations required from the tenderers.

4.5 ESTABLISHMENT OF DATABASE OF SUPPLIERS/SERVICE PROVIDERS

The municipality has developed and implemented a database of suppliers. Adverts are placed annually in the newspaper in the municipality area inviting suppliers to register in the municipal database. Service providers may register on the data base at any stage as there is no closing date for registration.

A system that will enable prospective suppliers to register on line needs to be explored by the Municipality.

5. PROCUREMENT PLAN

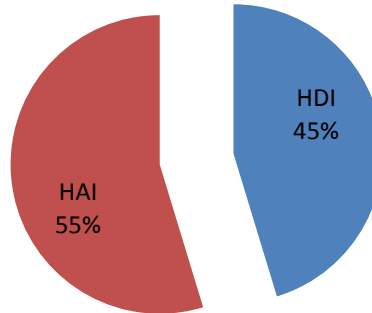
Departmental procurement plans were developed and submitted to the Finance Department with a view to developing an Annual Procurement Plan for the municipality. This plan is intended to inform the monthly expenditure projections that are incorporated in the SDBIP.

6. ACHIEVEMENT OF PREFERENTIAL PROCUREMENT GOALS AND TARGETS

The following are the bids worth more than R200 000, that have been awarded from 1 July to 30 September 2011

Supplier and bid number	Details	Black Equity Ownership	Black Woman Ownership	Date Awarded	Amount
RETHUSEHILE AND MVELASE NO.47/2011	UPGRADING OF SAUER PARK STADIUM IN ALIWAL NORTH	100	50	05/09/2011	4 054 047.00
ROAD MATERIAL STABILISERS NO. 60/2011	SUPPLY AND DELIVERY OF ASPHALT	0	0	22/08/2011	136 329.00
COTTERRELLS CONSTRUCTION CC NO.49/2011	CONSTRCUION OF ENTRANCE ROAD IN AREA 13	0	0	15/08/2011	6 304 600.00
ZOLEKA ESTATES 55/2011	FENCING OF JOHHANNA PARK PHASE 2	100	100	10/08/2011	272 890.00
NOBHEMBE TRADING NO.43/2011	SUPPLY AND DELIVERY OF PAVING BRICK IN JAMESTOWN	100	50	27/07/2011	300 000.00
INDOSCOMM POWER PROJECTS CC NO.86/2010	INSTALLATIONS OF HIGH MAST IN JAMESTOWN	90	0	27/07/2011	448 547.00

CONTRACTS AWARDED



The pie chart demonstrates that whilst 55% of the total value of the contracts awarded went to companies owned by historically advantaged individuals (HAI), 45% was awarded to historically disadvantaged individuals. This percentage falls below the annual target of 60% in terms of the SDBIP.

7. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICES OF THE STATE

In terms of the Municipal Supply Chain Management Regulations, Paragraph 45, awards of more than R2000 to a person who is a spouse, child or parent of person in the service of the state, should be disclosed in the notes to the Annual Financial Statement

NAME	CAPACITY	AMOUNT
F Mvelase	Expenditure Accountant	4 054 047.00
B Vorster	Assistant Manager Finance	7 499.00

The disclosures to the 2010/11 Financial Statements were made with regards to the above information.

8. DEVIATIONS APPROVED BY CFO/MM

The Supply Chain Management Policy "The accounting officer may dispense with the official procurement process established by the policy and may procure any required goods or services through any convenient process. In terms of our policy application for exemption is completed and approved by the Accounting officer or Chief Financial Officer or Designated person.

DEVIATIONS APPROVED BY CFO/MM

SUPPLIERS	AMOUNT	ITEMS	REASON FOR DEVIATION
Aliwal Printer	450.00	Suspension files	Bloem Office don't have stock
	6 607.44	Adverts	Only newspaper local
Aliwal Toyota	6 465.53	Repairs to vehicles/Tractors	Only Supplier /agent
JMA Auto Clinic	14 136.70	Vehicle Service DCK 628EC	Only two suppliers in town
CN Business	3 895.98	Econo Plastic Containers H/Weight files clips	Only supply
Aliwal Dolorite Quarry	12 328.38	Crusher Dust Concrete Road stone	Only supplier
Bloem Office	3 385.80	Cartridge	Other suppliers don't have stock
Maxi-Q	929.95	Repair Vehicle CZK009EC	Only supplier can repair vehicle immediately
Steers	880.20	Lunch Community	Only supplier willing to assist
	635.70	Lunch Technical	Only supplier willing to assist
	342.30	Lunch Interviews	"
Leinko	4 500.00	Repairs Alarm system	Only supplier in town
Celeba/Hi Q	17 864.00	Repair Punctures Supply Tube Supply Tyres Wheel Alignment Wheel Balancing Gaitor Patch	Only supplier
Government Printing	6 676.01	Printing Gazettes-By laws	Only supplier
NVP Engineers	743.28	Repair Trailer	Only supplier
Masakhane Sales	314.00	Repair of gas heaters	Only supplier
	300.00	Hire portable water pump	Only supplier in town
Conlog	21 116.68	Prepaid Meters	Only supplier with special prepaid meters
P & P Garage	1 322.40	Vehicle Repairs BFG663EC	Only supplier available
Mr Lock and Keys	880.00	Supply and Cut keys	Only supplier
Thumps Up	513.00	Repair of Toilets	Handy man on leave
Ramanka Development	3 995.00	Transport	Only supplier available
Sophos	24 997.35	Antivirus	Current service provider used by Council
Manyano Power Projects	2 2280.00	Hiring of Crane Truck	Only company specialized with Crane Truck local

Sebata	5 198.00	Training	Provider of the Financial systems
	27 698.02	FMS Support	
	13 862.40	Training	
RT Sings	604.80	Repairs to board signs	Only supplier in town
NOK	450.00	Silencer	Only supplier sent quote
Discount Centre	1 250.00	Rooffote Burgundy	Aliwal Build It do not have stock
DuggieVisser	28 550.00	Air conditioner	Only electric supplier in town
N6 Panel beaters	4 609.00	Vehicle repairs	Only two panel beaters in town
D & E Computers	15 735.00	Mouse Toner Software Anti virus	Only two supplier willing to quote
Hattingh IJ	11 000.00	Hire Bull dozer	Only supplier available
Aliwal Aluminum	1 086.00	Windscreen	Only supplier in town
Komatsu	8 716.54	TLB Service	Only agent for TLB
Manta	13 077.28	Drill Bit Oil Heater Diamond Blades Gloves Brickforce roll Light Gallery	Only supplier have stock at the moment
Top Carpets	19 320.00	Supply Carpet	Only supplier in town
Border Kei	3 750.00	Refuse Bags Jeyser Fluid Pine gel Tile Brite	Only supplier have stock
L & C Protective Wear	376.50	Black Dip 25L	Only supplier to provide bulk in town
Sondo Engineering	19 770.00	Install testing equipment at Traffic	Only 2 supplier available
Captain Doregos	508.00	Lunch Interviews	Only supplier available
Daily Dispatch	7 797.6	Adverts	Only supplier we use around our area
Dampier	11 088.84	Service and Repairs vehicle	Only agent in town
Beka	11 343	HQI Lamps	Only company provided with quote
Z Pita	1 600.00	Transport	Only provider in Jamestown
Aliwal Build It	3 822.00	Soft board Nail Valve	Only two supplier in town

		Window Door	
Aliwal Midas	550.00	Brakes Jack Spanner	Only supplier available
Wayne west	803.70	Supply bolt and nuts	Only supplier in town

9. MANAGEMENT OF RISK IN SUPPLY CHAIN MANAGEMENT

The fact that the SCM staff has not been adequately trained may result in the tenders being awarded in discordance with the applicable legislation thus giving rise to the irregular expenditure. In worst circumstances, the municipality may face civil claims as a result of wrongful decisions taken.

10. CONCLUSION

The afore-going demonstrates that there are still a number of challenges affecting the implementation of Supply Chain Management policy. Some of these challenges are occasioned by inadequate knowledge of SCM on the part of those involved in the procurement of goods and or services. There is still a challenge in ensuring that at least 60% of the value of the tenders is awarded to companies owned by historically disadvantaged individuals.