

**BUDGET AND TREASURY FINANCIAL REPORT FOR THE
FIRST QUARTER ENDED
SEPTEMBER 15**



SUNDAYS RIVER VALLEY MUNICIPALITY

FOURTH QUARTER REPORT FOR SUPPLY CHAIN MANAGEMENT

PURPOSE OF THIS REPORT

The purpose of this report is to inform the Council on the implementation of the Supply Chain Management Policy of the municipality for the above outlined period.

BACKGROUND

In terms of the Supply Chain Management Policy, the Council must maintain oversight over the implementation of the policy to ensure that the accounting officer implements all supply chain activities in accordance therewith.

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LEGISLATIVE FRAMEWORK

Section 6(3) Supply Chain Regulations
Section 21(A) of the Municipal Systems Act

PROGRESS AND COMPLIANCE

Progress

Supply Chain Management unit is functioning at its best abilities considering vacancies within the section.

Procedure manuals have been developed to enhance internal controls more important ensure segregation of duties despite staff challenges. This also eliminates "key man policy" previously used as there was no isolation of responsibilities.

Compliance

Supplier Database

The database for suppliers is operated from Pastel Evolution and is currently being maintained by Contracts Clerk. The database is updated on ad hoc bases and reviewed quartely.

Further attempts to get suppliers to re-register on the database have been performed. Re-registration emails have been sent to suppliers requesting that they complete database form and submit the necessary supporting documents

The database has been improved to include mandatory fields which will resolve the Auditor General's queries raised in the 2014/2015 financial year.

For the quarter there were 175 supplier database forms received and captured.

Training

SCM has conducted training on Advanced Procurement and document Management for all personal assistance and procuring nominees per department.

Bid Committees

All bid committees have been developed and are functioning as per SCM policy.

Challenges

The following challenges are experienced within the section:

- Non submission of procurement plans by some of the departments
- The unavailability of bid committee members to meet and discuss procurement matters delays the procurement process as a whole
- Poor planning from user departments puts SCM unit under pressure and doesn't allow the unit to procure accordingly due to time constraints i.e. travelling arrangements, Catering etc.
- Deviations' being approved by section heads prior to the deviation being scrutinised and signed by SCM. This may lead to deviation motivations being improper and deviations being returned to user departments therefore delaying procurement.
- User departments are sourcing quotations themselves and this may lead to using suppliers not on the database and delays in procurement and this also results in increasing the number of deviations.

Solutions

The following ways forwards are proposed:

- Department heads to ensure that all appointed members uphold their responsibilities as bid committee members
- An internal memorandum previously sent out of 5 working days in which to process an order must be adhered to by user departments
- Requestors are urged to utilise SCM unit for sourcing quotations in order to identify properly registered suppliers.

OTHER SCM INFORMATION FOR THE FIRST QUARTER

Tenders awarded: July 2015-September 2015

Above 30 000-200 000 (Informal Tenders) see Annexure A

Awards Above R 200 000- see attached Annexure contract register

Irregular expenditure for the quarter- R1 140 402.79

Procurement Plans

Procurement plan has been developed only one department that hasn't submitted.

Approved Deviations for the quarter

According to the Municipal Supply Chain Management Regulation paragraph 36, municipalities must disclose all deviations to Council. The categories for deviations to supply chain management process are:

- In an emergency
- If such goods or services are produced or available from a single provider only;
- For the acquisition of special works of art or historic objects where specifications are difficult to compile
- Acquisitions of animals for zoos;
- In any other exceptional case where it is impractical or impossible to follow the official procurement process

Summary of deviations approved during the quarter are as follows:

Deviations	Qty	Amount
Sole Supplier	3	R 20 134.68
Emergency	8	R 637 016.47
Exceptional case	2	R 6438.96
Total	13	R 663 590.11

Annexure A- Tenders Above 30 000-200 000 (Informal Tenders)

See attached contract register

Annexure B-Tenders Above R200 000 (Competitive Bidding)

See attached contract register

Annexure C : Deviation Register

Quarterly deviation report is submitted as an annexure in terms of SCM policy for the procurement of goods.

Annexure D : Irregular Expenditure

See attached irregular report