



Supply Chain Management Implementation Report

October 2011

To The Executive Mayor

In accordance with Regulation 6(2)(a)(i) of the Municipal Supply Chain Management Regulations, I submit the required report on the implementation of Stellenbosch Municipality's Supply Chain Management Policy for the period:1 July 2011 to 30 September 2011.

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DP Daniels
Municipal Manager
30 September 2011

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C Sidego
Executive Mayor
30 September 2011

Executive Summary

Introduction

This report is a summary of the implementation of the Supply Chain Management Policy. It highlights the implementation of Supply Chain Management in the Stellenbosch Municipality. Regulation 6(2) (a) (i) of the SCM Regulations, requires the Accounting Officer to report on the implementation of the Supply Chain Management Policy to Council, in order to strengthen Council's oversight role.

Implementation of Supply Chain Management

Policy

The Supply Chain Management Policy was revised and adopted by Council in May 2011 in a bid to fully comply with the SCM Regulations communicated under National Treasury general notice 868, Gazette no. 27636. The Supply Chain Management Policy has been review and legislative amendments and recommendations by the Auditor General, have been incorporated within it, to give full effect to the compliance aspect.

This will enable the Supply Chain Management Unit (SCMU) to further streamline procedures and processes to promote more efficient and effective service delivery to all our internal and external stakeholders.

Legislation

The Minister of Finance have promulgated on the 08 June 2011, newly revised Preferential Procurement Regulations (PPR) of 2011 that brought about changes in the adjudication process of formal quotations and bids. (*Please refer to the **SCM Implementation Report of 30 June 2011***)

The **main changes** contained in the revised regulations are as follows:

- Previously bidders scored a maximum of 80 or 90 points for price, and 20 or 10 points for black ownership and for promoting specified RDP goals. The points for price remains unchanged will bidders will now score up to 20 or 10 points for their **BEE status level of contribution**.
- All bidders will have to submit BEE rating certificates, issued by either verification agencies accredited by the South African Accreditation System (SANAS) **or** by registered auditors approved by the Independent Regulatory Board for Auditors (IRBA).
- Previously, the threshold value for the distinction between the 80/20 and the 90/10 point system was R 500 000. This has now been increased to R1 million to stimulate the development of small enterprises.

IMPORTANT: Please note that these regulations will only become effective from the **07 December 2011**.

The necessary amendment(s) to the SCM Policy has been made and needs to be tabled for approval in

council before the 07 December 2011.

Committees

The below mentioned committees are established and are functioning fully according to Council's Supply Chain Management Policy and the Supply Chain Management Regulations. The committees are as listed below:

- Bid Specifications Committee (BSC)
- Bid Evaluation Committee (BEC)
- Bid Adjudication Committee (BAC)

The number of meetings that the BAC had within the 1st quarter of the 2011/2012 financial year amounts to **7**. The number of bids/ tenders that was approved by the BAC within the 1st quarter of the 2011/2012 financial year amounts to **11**.

Staffing Issues

The staff complement of the Supply Chain Management unit is as follows:

- 1x Head: Supply Chain Management,
- 1x SCM Accountant,
- 2x SCM Practitioners,
- 4x SCM Buyers,
- 1x Database Administrator and,
- 1x Administrative Assistant: Committee Administration and Reporting.

The current employees of the unit have been equipped with the necessary skills in order to meet the demands of the positions that they are currently occupying.

A permanent appointment was made as from the 1 of September 2011 in the critical post of Administrative Assistant: Committee Administration and Reporting in Supply Chain Management. This critical post was required to be filled as soon as possible in order to further streamline the administrative processes associated in the management of a committee system in a high capacity municipality. SCM Organogram has been amended (*Please refer to the approved Staff Establishment List of 2011*) and provision for additional posts has been made, subject to funding of the vacant posts.

Systems

- Supplier Database

The database for suppliers is currently operated on the Collaborator system. The number of suppliers registered within the first quarter of the 2011/2012 financial year amounts to **106**.

The total number of registered suppliers until 30 September 2011 amounts to **1377**.

Stellenbosch Municipality has also embarked on a process where it invited new prospective service providers to register on the supplier database in July 2011.

▪ **Collaborator Electronic Requisitions Systems**

The integration required between the Collaborator system and the SAMRAS system is finalised and the Engineering Services Directorate, has been identified for the pilot roll out of the system. After the initial scheduled meeting of training on the 19 January 2011 with the Engineering directorate, a few changes had to be made to the system, to accompany some of the inputs received on the day. A follow-up training session was then scheduled on the 29 March 2011, illustrating the changes made to the system. The pilot roll-out was then scheduled on the 1st of April 2011. Currently another training site has been identified, which was the Municipal Officials that has been stationed at Franschoek. It is with great pleasure to mention that the Electronic Requisitions System is up and running in Franschoek.

External Relations

- The SCM Unit works very closely with the Provincial Treasury on all the legislative requirements
- Regular interventions into the education of internal and external stakeholders have been held to influence a greater and better understanding of processes and procedures.
- Provincial Treasury has preliminary identified Stellenbosch Municipality as a candidate to conduct its yearly Virtuous Cycle and Asset management assessment with the envisaged engagement period being identified to be conducted, in the last week of November 2011.

Conclusion

The Supply Chain Management Unit is continuously improving its processes and procedures in order to ensure that Council receives value for money in terms demand and acquisitions management.