

YEARLY SUPPLY CHAIN MANAGEMENT REPORT BY THE ACCOUNTING OFFICER TO THE MAYOR AND COUNCIL (JUNE 2010)

A. PURPOSE OF REPORT

The purpose of this report is to report to the Mayor and the Council in terms of section 6 (2) and 6(3) of the Supply Chain Management Policy on the implementation of the Supply Chain Management Policy for the year ending June 2009.

B. COMPLIANCE

The SCM unit was established during May 2008 and a Head of SCM was appointed on 1 October 2008. Bid committees have been established and are functioning well. Documents have been developed and circulated to all section heads in respect of SCM processes for compliance in terms of the SCM policy for the procurement of goods and services. Monthly reports have been submitted in respect of procurement of goods and services in terms of each required regulation of the Supply Chain Management Policy of the Council. Bid committee meetings have been recorded and submitted on a monthly basis.

C. PROGRESS

The following supply chain management requirements have been finalized:

- Delegations allowing for the authorization and signing of all requisitions; processing and authorizing orders and approving invoices.

The Supply Chain Management unit is now centralized at the roads depot. There are two vacant positions in the supply chain management organizational structure that need to be filled.

Yearly tenders have been advertised and were finalized/adjudicated during June 2010. Reports of all awards made above R100 000 have been submitted to Provincial Treasury in terms of the supply chain management circular no 19 of 2008.

The database of accredited service providers has been updated and is in the process of capturing it on the SAMRAS system. The office is in the process of obtaining a quotation from the service provider for training and setting up parameters in order for the unit to function electronically.

Appointment letters were served to all members of the different bid committees stating their roles and responsibilities and their acceptance as a member on a committee. Training of all bid committee members on their roles and responsibilities is needed. All meetings of the bid committees have been recorded and the minutes submitted with the monthly reports.

Stocktaking was done on a monthly basis and final stocktaking was done on 30 June 2010 for the end of the financial year.

D. DEVIATIONS

The following deviations must be included as a note in the financial statements:

First quarter (July 2009 to September 2009)

- Emergency procurement	R 26 581.29
- Procurement from sole providers	<u>R126 190.15</u>
Total	<u>R152 771.44</u>

Second quarter (October 2009 to December 2009)

- Emergency procurement	R 12 712.03
- Procurement from sole providers	<u>R 92 643.22</u>
Total	<u>R105 355.25</u>

Third quarter (January 2010 to March 2010)

- Emergency procurement	R 59 626.85
- Procurement from sole providers	<u>R204 265.89</u>
Total	<u>R263 892.74</u>

Fourth quarter (April 2010 to June 2010)

- Emergency procurement	R152 328.40
- Procurement from sole providers	<u>R136 724.27</u>
Total	<u>R289 052.67</u>

Summary for the year 2009/2010

Emergency procurement for the year:	R251 248.57
Procurement from sole providers for the year	<u>R559 823.53</u>
Total deviations for the year	<u>R811 072.10</u>

E. CONCLUSION

The performance of the Supply Chain management unit has developed into well functional unit despite the challenges that were faced since its existence. Ongoing training is still necessary for all officials who deal with supply chain management issues. The officials are committed to better their performance in the coming year from lessons learned during the financial year.

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