

MPUMALANGA PROVINCIAL GOVERNMENT

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Department of Finance *Office of the HOD*

Litiko LeteTimali UmNgango weZcemali Departement van Finansies Kgoro ya Matlotlo

Enquiries : Mr JB Mbatha
Ref No : DOF 14/4/1/3

PROVINCIAL TREASURY CIRCULAR 22 OF 2014: COMPLIANCE MONITORING ON MONTHLY REPORTING OF SUPPLY CHAIN MANAGEMENT INFORMATION BY MUNICIPALITIES

- TO :
- THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY (MR C.A. HABLE)
 - THE MUNICIPAL MANAGER: ALBERT LUTHULI LOCAL MUNICIPALITY (MR V.N. MPILA)
 - THE MUNICIPAL MANAGER: DIPALESENG LOCAL MUNICIPALITY (MR V.D. NGCOBO)
 - THE MUNICIPAL MANAGER: GOVAN MBEKI LOCAL MUNICIPALITY (MR M.F. MAHLANGU)
 - THE MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY: (MR L.B. TSHABALALA)
 - THE MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY (MR A.N. MAHLANGU)
 - THE MUNICIPAL MANAGER: MSUKALIGWA LOCAL MUNICIPALITY: (MR T.B.W. DLAMINI)
 - THE MUNICIPAL MANAGER: PIXLEY KA-SEME LOCAL MUNICIPALITY (MR P.B. MALEBYE)
 - THE MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY (ADV. H.M. MBATHA)
 - THE MUNICIPAL MANAGER: BUSHBUCKRIDGE LOCAL MUNICIPALITY (MR L.D. SHABANGU)
 - THE ACTING MUNICIPAL MANAGER: MBOMBELA LOCAL MUNICIPALITY (MR L.S. DITSHEGO)
 - THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY (MR M.D. NGWENYA)
 - THE MUNICIPAL MANAGER: THABA CHWEU LOCAL MUNICIPALITY (MR J.M. MNISI)
 - THE MUNICIPAL MANAGER: UMJINDI LOCAL MUNICIPALITY (MR P. MPELE)
 - THE MUNICIPAL MANAGER: NKANGALA DISTRICT MUNICIPALITY (MR A.G. ZIMBWA)
 - THE MUNICIPAL MANAGER: DR JS MOROKA LOCAL MUNICIPALITY (MS N.P. BUSANE)
 - THE MUNICIPAL MANAGER: EMALAHLENI LOCAL MUNICIPALITY (MR G.T. MTHIMUNYE)
 - THE MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY (MR O.N. NKOSI)
 - THE MUNICIPAL MANAGER: STEVE TSHWETE LOCAL MUNICIPALITY (MR W.D. FOCHE)
 - THE MUNICIPAL MANAGER: THEMBSILE LOCAL MUNICIPALITY (MR J.I. SINDANE)
 - THE ACTING MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY (MS M.B. MOHLALA)

PROVINCIAL TREASURY CIRCULAR 22 OF 2014: COMPLIANCE MONITORING ON MONTHLY REPORTING OF SUPPLY CHAIN MANAGEMENT INFORMATION BY MUNICIPALITIES

1. PURPOSE

- 1.1. This circular serves to remind Municipal Managers of municipalities about their obligation to submit monthly reports on the implementation of Supply Chain Management to the Provincial Treasury.

2. BACKGROUND

- 2.1. Part of the mandate of the Provincial Treasury is to oversee and monitor the processes that are followed by public sector institutions in procuring goods, works and services in the province. To achieve this objective we rely on the information which is provided by these institutions regarding the status of procurement at their respective operational levels. It is therefore required of all municipalities to submit such information regarding the implementation of Supply Chain Management to the Provincial Treasury, in the format as well as at intervals as it may be determined by the Provincial Treasury, as and when necessary.

3. SUBMISSION OF MONTHLY REPORTS ON SUPPLY CHAIN MANAGEMENT

- 3.1. It has come to the attention of the Provincial Treasury that most of the municipalities in this province are failing to comply with their obligation to report information on the implementation of Supply Chain Management on a monthly basis, as it was requested by the Provincial Treasury through Circular 27 of 2012 which was forwarded to all municipalities.
- 3.2. The Provincial Treasury has revised the reporting template which was attached to the circular mentioned above and would like to request all municipalities to submit information relating to the implementation of Supply Chain Management on a monthly basis, in the format as captured on the attached revised template. Monthly reports in this regard should be submitted to the Provincial Treasury within seven days of the end of each month, for the attention of Mr Caesar Twala at e-mail address: ctwala@mpg.gov.za
- 3.3. Municipal Managers are requested to disseminate the contents of this Circular to their respective Supply Chain Management Units for implementation in order to enhance compliance.

Kind regards.







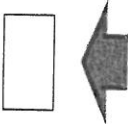
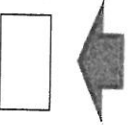
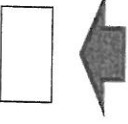

¹
MS N.Z. NKAMBA
HEAD OF DEPARTMENT

DATE: 28/7/2014







MEMA COMPLIANCE MONITORING TEMPLATE ON MONTHLY REPORTING OF SUPPLY CHAIN MANAGEMENT INFORMATION
 MUNICIPALITY :




PERIOD OF REPORTING :

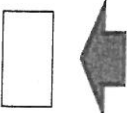

REF	COMPLIANCE AREA	CURRENT STATUS	CONFIRMATION OF STATUS		NUMBER OF INCIDENTS	DOCUMENTARY PROOF				
			YES	NO						
1.	In terms of Sub regulation 12 (1) (b) and (c) of the Municipal Supply Chain Management Regulations, requirements estimated in excess of R2 000 up to R200 000 (applicable taxes included) can be procured by way of quotations.	Did the municipality procure goods, works or services through the quotation system during the period of reporting?	 <input type="checkbox"/>	 <input type="checkbox"/>	<p>If confirmation on status is yes, indicate the number of incidents whereby goods, works or services were procured through quotations and the total amount spent.</p> <table border="1"> <tr> <td>Number of incidents</td> <td>Total Amount spent</td> </tr> <tr> <td>.....</td> <td>R.....</td> </tr> </table>	Number of incidents	Total Amount spent	R.....	<p>If confirmation on status is yes, provide documentary proof which should reflect on :-</p> <ul style="list-style-type: none"> - service rendered per case - appointed service-provider per case; and - amount paid per service rendered.
Number of incidents	Total Amount spent									
.....	R.....									
2.	Sub - Regulation 12 (d) (i) & (ii) of the Municipal Supply Chain Management Regulations provides for procurement of goods, works or services estimated in excess of R200 000 (applicable taxes included) through competitive bidding processes and procurement of long terms contracts.	Are there instances whereby goods, works or services were procured by way of the open tender processes?	 <input type="checkbox"/>	 <input type="checkbox"/>	<p>If confirmation on status is yes, indicate the number of incidents whereby goods, works or services were procured through the open tender system and the total amount spent.</p> <table border="1"> <tr> <td>Number of incidents</td> <td>Total Amount spent</td> </tr> <tr> <td>.....</td> <td>R.....</td> </tr> </table>	Number of incidents	Total Amount spent	R.....	<p>If confirmation on status is yes, provide documentary proof which should reflect on :-</p> <ul style="list-style-type: none"> - service rendered per case - appointed service-provider per case; and - amount paid per service rendered.
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			YES	NO						
3.	Sub regulation 35 (2) and (3) of the Municipal SCM provides for the procurement of consultancy services through competitive bidding process if the required services are estimated in excess of R200 000 (applicable taxes included), or if the duration of the contract exceeds a year.	Are there instances whereby the municipality engaged the services of consultants?			<p>If confirmation on status is yes, indicate the number of incidents whereby services of consultants were engaged and the total amount spent.</p> <table border="1" data-bbox="798 1433 973 1702"> <tr> <td>Number of incidents</td> <td>Total Amount spent</td> </tr> <tr> <td>.....</td> <td>R.....</td> </tr> </table>	Number of incidents	Total Amount spent	R.....	<p>If confirmation on status is yes, provide documentary proof which should reflect on :-</p> <ul style="list-style-type: none"> - service rendered per case - appointed service-provider per case; and - amount paid per service rendered.
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4.	In terms of Sub regulation 36(1)(a)(i)-(v), of the Municipal SCM Regulations, municipalities may dispense with the normal procurement processes and procure goods, works or services by any means, which may include direct negotiations, but only in an emergency ;if such goods, works or services are produced or available from a single service-provider only; for acquisition of special works of art or historical objects where specifications are difficult to compile; acquisition of animals for zoos; or in any other exceptional case where it is impractical or impossible to follow the normal procurement processes.	Are there instances whereby the municipality deviated from the normal open tender processes in line with Sub regulation 36(1)(a)(i) to (v) in procuring goods, works or services?			<p>If confirmation on status is yes, indicate the number of incidents whereby the municipality deviated from the normal competitive bidding processes in line with Sub regulation 36(1)(a)(i) to (v) in procuring goods, works or services and the total amount spent.</p> <table border="1" data-bbox="207 1433 383 1702"> <tr> <td>Number of incidents</td> <td>Total Amount spent</td> </tr> <tr> <td>.....</td> <td>R.....</td> </tr> </table>	Number of incidents	Total Amount spent	R.....	<p>If confirmation on status is yes, provide documentary proof which should reflect on :-</p> <ul style="list-style-type: none"> - service rendered per case - appointed service-provider per case; and - amount paid per service rendered.
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			YES	NO						
5.	<p>In terms of Sub regulation 36(1) (b), municipalities may ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of technical nature.</p>	<p>Are there instances whereby the municipality ratified minor breaches of procurement processes carried out by officials or Bid Committees acting through delegation?</p>	<p>➔ <input type="text"/></p>	<p>➔ <input type="text"/></p>	<p>If confirmation on status is yes, indicate the number of incidents whereby the municipality ratified minor breaches of procurement processes carried out by officials or Bid Committees acting through delegation and the total amount spent.</p> <table border="1" data-bbox="742 1444 917 1691"> <tr> <td>Number of incidents</td> <td>Total Amount spent</td> </tr> <tr> <td>.....</td> <td>R.....</td> </tr> </table> <p>➔</p>	Number of incidents	Total Amount spent	R.....	<p>If confirmation on status is yes, provide documentary proof which should reflect on :-</p> <ul style="list-style-type: none"> - service rendered per case - appointed service-provider per case; and - amount paid per service rendered.
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6.	<p>In terms of Sub regulation 32(1) (a) to (d) of the Municipal SCM Regulations, municipalities may procure goods, works or services using contracts of other organs of State, only if such contract have been secured by that organ of state through competitive bidding; the municipality has no reason to believe that such contracts were not validly procured; there are demonstrable discounts or benefits for the municipality to do so; and that the other organs of State and service-provider involved have consented to such procurement in writing.</p>	<p>Are there instances whereby the municipality participated on any contract arranged by other organs of State, in line with Sub regulation 32(1) (a) to (d)?</p>	<p>➔ <input type="text"/></p>	<p>➔ <input type="text"/></p>	<p>If confirmation on status is yes, indicate the number of incidents whereby the municipality procured goods, works or services using contracts of other organs of State and the total amount spent on those contracts.</p> <table border="1" data-bbox="183 1444 359 1691"> <tr> <td>Number of Incidents</td> <td>Total Amount spent</td> </tr> <tr> <td>.....</td> <td>R.....</td> </tr> </table> <p>➔</p>	Number of Incidents	Total Amount spent	R.....	<p>If confirmation on status is yes, provide documentary proof which should reflect on :-</p> <ul style="list-style-type: none"> - service rendered per case - appointed service-provider per case; and - amount paid per service rendered.
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REF	COMPLIANCE AREA	CURRENT STATUS	CONFIRMATION OF STATUS		NUMBER OF INCIDENTS		DOCUMENTARY PROOF			
			YES	NO						
7.	Municipalities and Municipal entities are allowed, in terms of circular MFMA 62 of 2013 from National Treasury, to approve variation orders by not more than 20% (including applicable taxes) for construction related goods, works and/or infrastructure projects and 15% (including applicable taxes) for all other goods, works or services of the original value of the contract.	Did the municipality at any stage of the reporting period approved variation orders on contracts awarded, in line with the provisions of Circular MFMA 62/2013 from National Treasury?	 <input data-bbox="1101 1030 1157 1153" type="text"/>	 <input data-bbox="1101 1254 1157 1377" type="text"/>	<p>If confirmation on status is yes, indicate the total number of incidents whereby the municipality approved variation orders emanating from modified contracts and the total amount spent.</p>  <table border="1" data-bbox="750 1433 925 1702"> <tr> <td>Number of incidents</td> <td>Total Amount spent</td> </tr> <tr> <td>.....</td> <td>R.....</td> </tr> </table>	Number of incidents	Total Amount spent	R.....	<p>If confirmation on status is yes, provide documentary proof which should reflect on :-</p> <ul style="list-style-type: none"> - service rendered per case - appointed service-provider per case; and - amount paid per service rendered.
Number of incidents	Total Amount spent									
.....	R.....									
8.	Municipalities and Municipal entities are required in terms of Sub regulation 43 of the Municipal Supply Chain Management Regulations to award contracts estimated in excess of R15 000 (applicable taxes included) to contractors whose tax matters have been confirmed to be in good standing with the South African Revenue Service.	Did the municipality at any stage awarded contracts to service-providers whose tax matters were not confirmed to be in good standing with the South African Revenue Service?	 <input data-bbox="582 1030 638 1153" type="text"/>	 <input data-bbox="582 1254 638 1377" type="text"/>	<p>If confirmation on status is yes, indicate the total number of incidents whereby the municipality awarded contracts to service-providers whose tax matters were not confirmed to be in good standing with the South African Revenue Service as well as the total amount spent.</p>  <table border="1" data-bbox="183 1433 359 1702"> <tr> <td>Number of incidents</td> <td>Total Amount spent</td> </tr> <tr> <td>.....</td> <td>R.....</td> </tr> </table>	Number of incidents	Total Amount spent	R.....	<p>If confirmation on status is yes, provide documentary proof which should reflect on :-</p> <ul style="list-style-type: none"> - service rendered per case - appointed service-provider per case; and - amount paid per service rendered.
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REF	COMPLIANCE AREA	CURRENT STATUS	CONFIRMATION OF STATUS		NUMBER OF INCIDENTS	DOCUMENTARY PROOF
9.	<p>In terms of paragraph 15 of the Guide on the implementation of the Preferential Procurement Regulations 2011, Government institutions may cancel advertised bids, only if the quoted prices for all bids received are not within the limit of the thresholds prescribed by the relevant preference point system (i.e. 80/20 or 90/10); due to changed circumstances there is no need for the service, works or goods; no responsive bids received; or funds are no longer available to cover the envisaged costs.</p>	<p>Did the municipality cancel or withdraw any advertised tender due to circumstances indicated on paragraph 15 of the Guide on the implementation of the Preferential Procurement Regulations, 2011?</p>	<p>YES</p>  <input data-bbox="1050 1043 1098 1144" type="checkbox"/>	<p>NO</p>  <input data-bbox="1050 1267 1098 1368" type="checkbox"/>	<p>If confirmation on status is yes, indicate the number of incidents whereby the municipality withdrew or cancelled advertised bids due to circumstances mentioned on paragraph 15 of the Guide on the Preferential Procurement Regulations, 2011.</p>  <div data-bbox="671 1435 799 1709" style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>Number of incidents</p> </div>	<p>If confirmation on status is yes, provide documentary proof which should also reflect on the reasons for the cancellation or withdrawal of the affected bids.</p>

REF	COMPLIANCE AREA	CURRENT STATUS	CONFIRMATION OF STATUS		NUMBER OF INCIDENTS	DOCUMENTARY PROOF				
			YES	NO						
10.	In terms of Sub regulation 8.2.3 of the Treasury Regulations, Government Institutions are required to pay for services rendered by appointed service-providers within thirty days.	Did the municipality at any stage during the time of reporting fail to pay for services rendered on time (i.e. within 30 days after receipt of invoices)?	 <input type="checkbox"/>	 <input type="checkbox"/>	<p>If confirmation on status is yes, indicate the total number of invoices which were paid after thirty days and those that were still outstanding after thirty days and their respective total rand values.</p> <table border="1"> <tr> <td>Paid after 30 days</td> <td>Older than 30 days still unpaid</td> </tr> <tr> <td>R.....</td> <td>R.....</td> </tr> </table>	Paid after 30 days	Older than 30 days still unpaid	R.....	R.....	<p>If confirmation on status is yes, provide register for payment made after 30 days and those older than 30 days still unpaid. In addition, the register should also reflect on reasons which contributed to the delay in processing the payment.</p>
Paid after 30 days	Older than 30 days still unpaid									
R.....	R.....									

COMPILER OF INFORMATION: DESIGNATION: DATE:

Information certified to be correct in all respect by:

CHIEF FINANCIAL OFFICER

DATE :

Information approved to be correct in all respect by:

MUNICIPAL MANAGER

DATE :