

MPUMALANGA PROVINCIAL GOVERNMENT

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Department of Finance *Office of the HOD*

Litiko LeteTimali

UmNgango weZeemali

Departement van Finansies

Kgoro ya Matlotlo

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

PROVINCIAL TREASURY CIRCULAR 24 OF 2013: FIRST QUARTER ASSESSMENT ON THE IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT BY MUNICIPALITIES AND MUNICIPAL ENTITIES FOR THE PERIOD 1 JULY TO 30 SEPTEMBER 2013

TO : THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY (MR C.A. HABILE)
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 ADMINISTRATOR : BUSHBUCKRIDGE LOCAL MUNICIPALITY (MR E. NGOMANE)
THE MUNICIPAL MANAGER: MBOMBELA LOCAL MUNICIPALITY (MR X.C. MZOBE)
THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY (MR M.D. NGWENYA)
THE ACTING MUNICIPAL MANAGER: THABA CHWEU LOCAL MUNICIPALITY (MR S.D. MAEBELA)
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 ADMINISTRATOR : EMALAHLENI LOCAL MUNICIPALITY (MR T. VAN VUUREN)
THE MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY (MR O.N. NKOSI)
THE MUNICIPAL MANAGER: STEVE TSHWETE LOCAL MUNICIPALITY (MR W.D. FOCHE)
THE MUNICIPAL MANAGER: THEMBISILE LOCAL MUNICIPALITY (MR J.I. SINDANE)
THE MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY (MS R.M. MAREDI)

PROVINCIAL TREASURY CIRCULAR 00 OF 2013: FIRST QUARTER ASSESSMENT ON THE IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT BY MUNICIPALITIES AND MUNICIPAL ENTITIES FOR THE PERIOD 1 JULY TO 30 SEPTEMBER 2013

1. INTRODUCTION

- 1.1. The purpose of this circular is to conduct a quarterly assessment on the implementation of Supply Chain Management Framework at municipalities in the Mpumalanga Province. The assessment will assist the Provincial Treasury in ascertaining the level of compliance with applicable procurement procedures and processes within municipalities in the Province.

2. BACKGROUND

- 2.1. The Provincial Treasury is given a mandate of overseeing and monitoring the implementation of Supply Chain Management in Local Government in the Mpumalanga Province. To achieve this objective, the Provincial Treasury relies on information provided by municipalities regarding the status of procurement at their respective operational levels.
- 2.2. This implies that municipalities are required to submit information on the implementation of Supply Chain Management, in the format as well as at intervals, as it may be determined by the Provincial Treasury. To this end, we have developed a Checklist with set standards to be complied with which is attached for your consideration. Municipalities are therefore requested to fill in the relevant information as required. The information will assist the Provincial Treasury to assess quarterly progress on implementation of Supply Chain Management and also identify those areas needing interventions.

3. PROVINCIAL TREASURY'S DIRECTIVE TO MUNICIPALITIES

- 3.1. As part of our mechanisms to monitor compliance, we would like to direct as follows:
- 3.1.1. Municipalities should fill in the attached checklist and submit their responses to the Provincial Treasury on or before Friday, 30 August 2013, for the attention of Mr Caesar Twala at e-mail address: ctwala@mpg.gov.za. In addition, the Provincial Treasury will deploy officials to liaise directly with your SCM Units for purposes of speeding up the submission of your responses.
- 3.1.2. Municipal Managers should disseminate the contents of this Circular to their respective Supply Chain Management Units for implementation in order to enhance compliance.

Kind regards,



**MS N.Z. NKAMBA
HEAD OF DEPARTMENT**

DATE: 23/8/2013

MFMA/SCM COMPLIANCE MONITORING: 1ST QUARTER ASSESSMENT ON THE IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT FOR THE PERIOD 1 JULY TO 30 SEPTEMBER 2013

NAME OF MUNICIPALITY:

Ref. no	Description	Legislation's provision	Prevailing Status	Confirmation of status		Compliance level	Plans to address challenges
				YES	NO		
1.	Procurement of goods, works and services under contracts secured by other organs of State.	<p>In terms of Reg 32(1) (a) to (d), municipalities may procure goods, works and services using contracts of other organs of State, only if:</p> <p>(a) such contract have been secured by that organ of state through competitive bidding;</p> <p>(b) the municipality has no reason to believe that such contracts were not validly procured;</p> <p>(c) there are demonstrable discounts or benefits for the municipality to do so; and</p> <p>(d) that the other organ of State and service-provider involved have consented to such procurement in writing.</p>	Did the municipality participate on contracts arranged by other organs of State during the 1 st quarter of the 2013/2014 financial year?			If yes, provide documentary proof in support of the approval for participation on such contracts.	In case of non compliance, what plans are in place to enhance compliance?

Ref.no	Description	Legislation's provision	Prevailing Status	Confirmation of status		Compliance level	Plans to address challenges?
2.	Deviation from and ratification of minor breaches of procurement processes.	In terms of Reg 36(1)(a)(i)-(v), municipalities may dispense with the normal procurement processes and procure goods or services by any means, which may include direct negotiations, but only: (i) In an emergency; (ii) If such goods or services are produced or available from a single service-provider only; (iii) For acquisition of special works of art or historical objects where specifications are difficult to compile; (iv) Acquisition of animals for zoos; or (v) In any other exceptional case where it is impractical or impossible to follow the normal procurement processes; and (b) to 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.	Are there instances whereby the municipality deviated from the normal open bidding processes in procuring requirements during the 1 st quarter of the 2013/2014 financial year?	YES	NO	If yes, provide reasons for the deviation and also documentary proof in support of the approval for deviating. If yes, briefly indicate those circumstances involved and also furnish the relevant documentary proof.	In case of non compliance, what plans are in place to enhance compliance?

Ref. no	Description	Legislation's provision	Prevailing Status	Confirmation of status	Compliance level	Plans to address challenges
				YES NO		
3.	Compilation of Procurement Plans	In terms of Circular MFMA 62 of 2013, Municipalities are required to compile annual procurement plans in respect of infrastructure projects and other requirement which are in excess of R200 000 and submit to Provincial Treasury, as and when requested.	Does the municipality have a procurement plan on infrastructure projects and other requirements in excess of R200 000, 00 for the financial year 2013/2014?		If yes, provide documentary proof.	In case of non-compliance, how does the municipality intend addressing the challenge to enhance compliance?
4.	Threshold values.	Municipalities are required in terms of Regulation 12, to adhere to applicable threshold values which are prescribed by National Treasury from time to time for procurement of goods, works and services.	Does the municipality adhere to this requirement whenever procuring goods, works and services?		If not, indicate the circumstances that led to non-compliance and also provide documentary proof.	In case of non-compliance, indicate the plans that are in place to enhance compliance.
5.	Combating of abuse of the Supply Chain Management System.	Municipalities are required in terms of Reg. 38(1) (c) of the Municipal Supply Chain Management Regulations, to check the National Treasury's data-base prior to awarding of any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector.	Does the municipality check the data-base of restricted suppliers on National Treasury's website to verify the status of any recommended bidder prior the award of any contract?		If not, provide reasons for non-compliance.	In case of non-compliance, indicate the plans that are in place to enhance compliance.
6.	Reporting	Municipalities are required in terms of Sections 74(1) and 104(1) (b) of the Municipal Finance Management Act to report to Provincial and National Treasuries on procurement related matters, as those Treasuries may determine.	Does the municipality submit monthly reports on Supply Chain Management as required in line with Circular 27/2012 which was circulated to all municipalities?		If not, provide reasons for non-compliance.	In case of non-compliance, what plans are in place to enhance compliance?

COMPILATION AND SUBMISSION OF INFORMATION

This information has been compiled and submitted, on behalf of the above-mentioned Municipality by:

Surname and initials	:	_____
Designation	:	_____
Telephone numbers	:	_____
Fax Numbers	:	_____
E-mail Address	:	_____
Date	:	_____
Signature	:	_____