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Department of Finance *Office of the HOD*

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UmNgango weZemali

Departement van Finansies

Kgoro ya Matlotlo

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

PROVINCIAL TREASURY CIRCULAR 34 OF 2013: SECOND QUARTER ASSESSMENT ON THE IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT BY MUNICIPALITIES

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 N.R. NKOSI)
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 (MR Z.W. MCINEKA)
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. FOUCHE)
THE MUNICIPAL MANAGER: THEMBSILE LOCAL MUNICIPALITY (MR J.I. SINDANE)
THE MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY (MS R.M. MAREDI)

PROVINCIAL TREASURY CIRCULAR 34 OF 2013: SECOND QUARTER ASSESSMENT ON THE IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT BY MUNICIPALITIES

1. INTRODUCTION

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

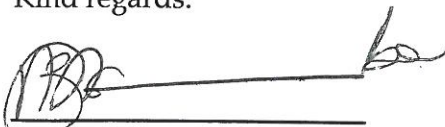
2. BACKGROUND

- 2.1. Part of the mandate of the Provincial Treasury is to oversee and monitor implementation of Supply Chain Management in Local Government in this Province. In order to attain this objective, the Provincial Treasury relies on information provided by municipalities regarding the status of procurement at their respective operational levels. 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.
- 2.2. Municipalities are therefore requested to fill in the relevant information as indicated. 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 its mechanisms to monitor compliance, the Provincial Treasury 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, 1 November 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 providing more clarification which your municipality may need when filling in the checklist.
 - 3.1.2. 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.



MS N.Z. NKAMBA
HEAD OF DEPARTMENT

DATE: 31/10/2013

MFMA - SCM COMPLIANCE MONITORING CHECKLIST: SECOND QUARTER ASSESSMENT FOR 2013/2014 FINANCIAL YEAR

NAME OF MUNICIPALITY :

Ref Nr.	Compliance area	Legislative provision	Prevailing Status	Confirmation of status		Compliance level	Plans to enhance compliance
				YES	NO		
1.	Submission of annual report to Council on the status of SCM.	Accounting Officers of municipalities are required, in terms of sub-regulation 6 (2) (a) (i) of the Municipal SCM Regulations, to submit annual reports on the status of SCM to their respective Councils for consideration.	Was an annual report on the status of SCM submitted to Council for consideration?	<input type="checkbox"/>	<input type="checkbox"/>	If not submitted, provide reasons for non-compliance. If submitted, provide documentary evidence.	In case of non-compliance, what plans are put in place to enhance compliance?
2.	Submission of quarterly report to the Mayor on the status of SCM.	Municipalities are required, in terms of sub-regulation 3 of the Municipal SCM Regulations, to submit quarterly reports on the status of SCM to their respective Mayors for consideration.	Did the municipality, through the Municipal Manager, submit a quarterly report on the status of SCM to the Mayor for consideration?	<input type="checkbox"/>	<input type="checkbox"/>	If submitted, provide documentary evidence. In case not submitted, provide reasons for non-compliance.	In case of non-compliance, what plans are put in place to enhance compliance?
3.	Management of documentation	In general, it is required of municipalities and municipal entities to put measures in place in ensuring safe-keeping of documents which relate to award of any contracts.	Does the municipality have proper measures in place in ensuring for the safe-keeping of important documentation relating to tender awards such as bid documents, minutes, evaluation and adjudication reports?	<input type="checkbox"/>	<input type="checkbox"/>	If yes, indicate those measures that are implemented to ensure safe-keeping of tender-documentation.	If currently there are no measures in place for safe-keeping of documents, then what plans will be put in place to enhance compliance?
4.	Prohibition on awards to persons who are in the service of the state.	In terms of Sub-regulation 44 of the Municipal SCM Regulations, municipalities or municipal entities may not make any award to a person who is in the service of the state	Did the municipality at any stage, award contracts to officials who were in the employ of the State?	<input type="checkbox"/>	<input type="checkbox"/>	If yes, indicate individual contracts which were awarded to officials who are in the employ of the State.	In case there were instances whereby the municipality awarded contracts to officials employed by the State, provide reasons for the violation of the legislative requirement.

Ref Nr.	Compliance area	Legislative provision	Prevailing Status	Confirmation of status		Compliance level	Plans to enhance compliance
				YES	NO		
5.	Awards to close family members of persons in the service of the state.	Municipalities are required in terms of sub-regulation 45 of the Municipal SCM Regulations, to ensure that notes of their annual financial statements disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including: <ul style="list-style-type: none"> - the name of that person - the capacity in which that person is in the service of the state; and - the amount of the award. 	Were there any instances in the previous financial year whereby individual contracts in excess of R2 000, were awarded to close family members of persons who are in the employ of the State?	<input type="checkbox"/>	<input type="checkbox"/>	If yes, provide documentary evidence.	In case there were awards made to close family members of any person employed by the State which were not reflected on the financial statement of the previous financial year, indicate the corrective measures the municipality has put in place in ensuring that this does not happen in future.
6.	Threshold values (Range of procurement processes)	In terms of sub-regulation 12 (d) (i) and (ii) of the Municipal SCM Regulations, any requirement estimated in excess of R200 000 (applicable taxes included), and procurement of long term contracts, should be subjected to a competitive bidding process to enhance competition and fairness.	Were there any instances during this quarter (2 nd quarter) whereby the municipality failed to adhere to the threshold value applicable for competitive bidding?	<input type="checkbox"/>	<input type="checkbox"/>	If yes, provide documentary evidence and also reasons for non-compliance.	In case of non-compliance, what plans are in place to enhance compliance?
7.	Contract management	Municipalities are required in terms of sub regulation 39 of the Municipal SCM Regulations, to establish an effective Logistics Management Sub Component within the SCM Unit, to cater for contract management or administration.	Is the Logistics Management sub-component established within the SCM Unit to cater for contract management at the municipality?	<input type="checkbox"/>	<input type="checkbox"/>	If not established, what are the contributing factors for non-compliance?	In case of non-compliance, what plans are in place to enhance compliance?
8.	Internal controls for the handling of received bids.	Municipalities are required in terms of sub – regulation 23 (c) (i) of the Municipal SCM Regulations to maintain a register for all received bids as part of the applicable internal control measures.	Are all bids received on time recorded properly in a register by the municipality?	<input type="checkbox"/>	<input type="checkbox"/>	If recorded, provide documentary proof for the 2 nd quarter. In case not recorded, indicate the cause for non-compliance.	If not recorded, how does the municipality intend correcting the situation 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 : _____