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Provinsiale Tesourie

Enquiries : Mr R Masambo X4230
Ref : MPT 14/4/1/2

PROVINCIAL TREASURY CIRCULAR NO. 66 OF 2017

TO:

THE MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY (MR FS SIBOZA)
THE MUNICIPAL MANAGER: BUSHBUCKRIDGE LOCAL MUNICIPALITY (MR C LISA)
THE MUNICIPAL MANAGER: CITY OF MBOMBELA (MR N DIAMOND)
THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY (MR MD NGWENYA)
THE MUNICIPAL MANAGER (ACTING): THABA CHWEU LOCAL MUNICIPALITY
(MR LE MALUNGANA)
THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY (MR CA HABILE)
THE MUNICIPAL MANAGER (ACTING): CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY
(MR M DLAMINI)
THE MUNICIPAL MANAGER (ACTING): DIPALESENG LOCAL MUNICIPALITY (MR SL NETSHIVALE)
THE MUNICIPAL MANAGER (ACTING): DR PIXLEY KA SEME (MR P THWALA)
THE MUNICIPAL MANAGER (ACTING): GOVAN MBEKI LOCAL MUNICIPALITY (MR T MHLANGA)
THE MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY (MRS GP MHLONGO - TSHANGASE)
THE MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY (MR M KUNENE)
THE MUNICIPAL MANAGER (ACTING): MSUKALIGWA LOCAL MUNICIPALITY (MR S MAGUDULELA)
THE MUNICIPAL MANAGER: NKANGALA DISTRICT MUNICIPALITY (MS MM SKHOSANA)
THE MUNICIPAL MANAGER: DR JS MOROKA LOCAL MUNICIPALITY (MR BS MAHLANGU)
THE MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY (MS EK TSHABALALA)
THE MUNICIPAL MANAGER (ACTING): EMALAHLENI LOCAL MUNICIPALITY (MR HS MAISELA)
THE MUNICIPAL MANAGER (ACTING): (STEVE TSHWETE LOCAL MUNICIPALITY (MR M NGUNI)
THE MUNICIPAL MANAGER: THEMBISILE HANI LOCAL MUNICIPALITY (MR O NKOSI)
THE MUNICIPAL MANAGER (ACTING): VICTOR KHANYE LOCAL MUNICIPALITY (MR BSS RIBA)

HEAD: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR P NYONI)
THE DIRECTOR GENERAL: OFFICE OF THE PREMIER (MR T. MDAKANE)

THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT
THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT
THE DIRECTORATE: FINANCIAL GOVERNANCE
THE DIRECTORATE: MUNICIPAL FINANCE MANAGEMENT

REQUEST TO SUBMIT INFORMATION ON THE IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT PROCESSES

1. PURPOSE

The purpose of this Circular is to request Municipalities and Municipal Entities to provide information on the implementation of Supply Chain Management processes.

2. BACKGROUND

In terms of the Municipal Finance Management Act, No. 56 of 2003 (MFMA) (Sections 74(1) and 104(1)(b)) an accounting officer of a municipality should submit information regarding the implementation of Supply Chain Management processes to the Provincial Treasury as and when required.

3. DISCUSSION

To pursue our mandate, it is expected of us to interact with municipalities with an intention to guide and monitor the progress in the implementation of Supply Chain Management, in order to enhance sound financial management and accountability.

3.1. Appointment of Bid Committees

In terms of Section 26, 27, 28 and 29 of the Municipal Supply Chain Management Regulations of 2005, an Accounting Officer should appoint committees for competitive bids. The Accounting Officer is hereby requested to provide the Provincial Treasury with a list of members as per the attached template.

3.2. Ethical standards (Declaration of Interest)

Section 46(2)(e) of the Municipal Supply Chain Management Regulations of 2005, states that a municipal code of standards must stipulate that an official or other role player in the implementation of supply chain management policy of the municipality or municipal entity must declare to the accounting officer details of any private or business interests which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal of, or in any award of a contract by the municipality or municipal entity. The Accounting Officer is hereby requested to provide the Provincial Treasury with completed disclosures for the period of 1 June 2017 to end of September 2017.

3.3. Approval of Tender not recommended

In terms of Section 114(1) of the MFMA: (1) If a tender other than the one recommended in the normal course of implementing the supply chain management policy of a municipality or municipal entity is approved, the Accounting Officer of the municipality or municipal entity must, in writing notify the Auditor-General, the relevant provincial treasury and National Treasury and, in the case of municipal entity, also the parent municipality, of the reasons for deviating from such recommendation. The Accounting Officer is hereby requested to provide the Provincial Treasury with a list of tenders which were recommended by both Evaluation and Adjudication Committee which were not approved by the Accounting Officer.

3.4. Irregular or Fruitless and Wasteful expenditure

In terms of MFMA Circular 68, the introduction of a Register to capture unauthorised, irregular or fruitless and wasteful expenditure, where municipalities were requested to implement such register for all transaction falling within the category and ensure that it is updated on a continuous basis. This information will allow management to address such matters more thoroughly and within appropriate timeframes. The Accounting Officer is hereby requested to provide the Provincial Treasury with the Irregular Expenditure Register.

3.5. Adoption and amendment of supply chain management policies

In terms of Section 3(1)(b) of Municipal Supply Chain Management Regulations of 2005, the Accounting Officer must at least annually review the implementation of the policy. The Accounting Officer is hereby requested to provide the Provincial Treasury with the revised SCM policy.

3.6. Contract Register

The Municipalities are required to efficiently implement a contract management system which will ensure efficiency in the management of projects. The Accounting Officer is hereby requested to provide the Provincial Treasury with a list of existing contracts as per the attached template.

The requested information should be submitted to Provincial Treasury on or before Thursday, **30 November 2017**.

Your co-operation is be highly appreciated.

Regards,



MS. NZ NKAMBA
HEAD: PROVINCIAL TREASURY
DATE: 16/11/2017