

FSCM/2021 REPORT ON 2021/22 FIRST QUARTER IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

REPORT BY GENERAL MANAGER - FINANCE AND SUPPLY CHAIN MANAGEMENT

STRATEGIC THRUST

Financial viability and management

OBJECTIVE

The objective of the report is to inform the Audit Committee about 2021/22 first quarter implementation of the Supply Chain Management Policy and also the unauthorized, irregular and fruitless and wasteful expenditure incurred.

BACKGROUND

The Municipal Supply Chain Management Regulations, 2005 stipulates on Regulation 6 the oversight role of Council over the implementation of its supply chain management policy. The Regulations states that for the purposes of such oversight, the Accounting Officer must on regular basis submit a report on the implementation of the supply chain management policy.

Furthermore, in compliance with the Section 32 of the Municipal Finance Management Act, 56 of 2003 the Accounting Officer should report to Council any unauthorized, irregular, fruitless and wasteful expenditure (UIFWE) for Council to mandate the Municipal Public Accounts Committee for investigation and recommendation of appropriate measures to regularize these expenditures. The incurring of the UIFWE may constitute financial misconduct, and therefore Council may refer the UIFWE incurred to the Municipal Disciplinary Board for investigation of any potential financial misconduct in line with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014.

In compliance with these provisions of the legislative and regulative framework, the implementation of the supply chain management policy first quarter ended 30 September 2021 and the status of the UIFWE incurred is as follows;

- (a) A total procurement of goods and services amounting to R1,1 million (18 bids) was made following the deviations from the normal procurement process in accordance with Section 36 of the Supply Chain Management Policy and the details are contained on the attached, **Annexure FSCM/2021**.
- (b) A total procurement of goods and services below R200 thousand amounting to R2,2 million (57 bids) was made following the normal supply chain management processes and the details of the bids awarded are contained on the attached, **Annexure FSCM/2021**.
- (c) A total of R5,7 million value of bids (12 bids) were awarded following the competitive bidding process and the details of bids above R200 thousand awarded are contained on the attached, **Annexure FSCM/2021**.
- (d) No unauthorised and irregular expenditure has been incurred to date however, fruitless and wasteful expenditure amounting to R45.63 was incurred and the details are contained on the attached, **Annexure FSCM/2021**.
- (e) No goods or services were procured under contracts secured by other organs of state in terms of Regulation 32 of the Municipal Supply Chain Management Regulations.

POLICY IMPLICATIONS

Supply Chain Management Policy

LEGAL AND CONSTITUTIONAL IMPLICATIONS

Municipal Finance Management Act, No. 56 of 2003.
Municipal Supply Chain Management Regulations, 2005.

FINANCIAL IMPLICATIONS

None

RECOMMENDATIONS BY THE MUNICIPAL MANAGER

- 1. That Council take note of the content of the report.**
- 2. That the fruitless and wasteful expenditure amounting to R45,63 be referred to the Municipal Public Accounts Committee for regularization in line with Section 32 of the Municipal Finance Management Act, 56 of 2003.**
- 3. That the fruitless and wasteful expenditure amounting to R45.63 be referred to the Municipal Disciplinary Board for investigation of any potential financial misconduct.**