

FSCM/2021 REPORT ON 2021/22 THIRD 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 Council about 2021/22 third quarter implementation of the Supply Chain Management Policy and report to Council about 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 quarter third ended 31 March 2022 and the status of the UIFWE incurred is as follows;

- (a) A total procurement of goods and services amounting to R1,2 thousand (24 bids) was made following the deviations from the normal procurement process in accordance with Regulation 36(1)(a) of the Supply Chain Management Regulations and the details are contained on the attached, **Annexure FSCM/2022**.
- (b) A total procurement of goods and services amounting to R2,1 million (1 bid) was made following the ratification of minor breaches of procurement process in accordance with Regulation 36(1)(b) of the Supply Chain Management Regulations.
- (c) A total procurement of goods and services below R200 thousand amounting to R2,08 million (66 bids) was made following the normal supply chain management processes and the details of the bids awarded are contained on the attached, **Annexure FSCM/2022**.
- (d) A total of R3,1 million value of bids (3 bids) were awarded following the competitive bidding process and the details of bids above R200 thousand awarded are contained on the attached, **Annexure FSCM/2022**.
- (e) No unauthorised, irregular, and fruitless and wasteful expenditure has been incurred to date
- (f) 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.

It be noted that all the bids above R30 000 awarded after 16 February 2022 had been advertised before 16 February 2022 and had not been affected by the National Treasury advice to put on abeyance of bids above R30 000 due to the invalidation of the Preferential Procurement Regulations, 2017 by the Constitutional Court.

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 ACTING MUNICIPAL MANAGER

- 1. That Council take note of the content of the report.**
- 2. That Council take note that there was no unauthorised, irregular, and fruitless and wasteful expenditure incurred for the third quarter ending 31 March 2022.**

PREPARER: P Khumalo
Senior Manager: SCM Unit

DATE: 11 April 2022

REVIEWER: P O Mokoena
General Manager: Finance

DATE: 12 April 2022

APPROVAL: Dr N P Mahlalela
Acting Accounting Officer

DATE: