

# WITZENBERG

MUNISIPALITEIT

UMASIPALA

MUNICIPALITY

## - MEMORANDUM -

AAN / TO: Chief Financial Officer

VAN / FROM: Manager: Supply Chain

DATUM / DATE: 04 April 2025

VERW. / REF.: 09/1/2/2

SUPPLY CHAIN MANAGEMENT: PARAGRAPH 7 (4) QUARTERLY REPORT ENDING 31 MARCH 2025:  
IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

### 1. PURPOSE

(a) To report on the implementation of Council's Supply Chain Management Policy with regards to the following sub sections:

- (i) Demand management
- (ii) Acquisition management
- (iii) Logistics management
- (iv) Disposal management
- (v) Performance management
- (vi) Other matters

### 2. POLICY REQUIREMENTS

Paragraph 7 (3) of Council's Supply Chain Management Policy as approved on 16 May 2024, states the following:

*The Supply Chain Manager must, within 4 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the Chief Financial Officer, of which he must submit it within 3 days to the Accounting Officer. The Accounting Officer must within 3 days after receiving the report submit it to the Mayor.*

### 3. DISCUSSION: SUPPLY CHAIN MANAGEMENT COMPONENTS

#### (a) Demand management

Demand management requires timely planning and management process to ensure that all goods and services which are required are quantified, budgeted for and delivered in a timely and effective manner at the right locations and at the critical delivery dates. These goods and services must be of appropriate quality and quantity at a fair cost.

Furthermore the required specifications must ensure that needs are met.

In order to enhance the demand planning process, an annual procurement plan was implemented for the 2024-2025 financial year for capital spending. The revised capital budget for 2024-2025 is R 86 950 087. The capital spending for the third quarter amounted to R 36 195 931 which equals **41.63%** spent. This is below the target of **60%** for the third quarter. Measures have been put in place to ensure that targets are met.

Specifications have been drafted unbiased and advertised as such in order to promote the five pillars of procurement as set out in section 217 of the Constitution of South Africa (Act 108 of 1996). It ultimately ensured that the needs are addressed effectively.

## (b) Acquisition management

The system of acquisition management must ensure the following:

- (i) That goods and services are procured in accordance with authorized processes only;
- (ii) That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Municipal Finance Management Act (Act 56 of 2003);
- (iii) That the threshold values for different procurement processes are complied with;
- (iv) That bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation; and
- (v) That any Treasury guidelines on acquisition management are properly taken into account.

The bid documentation that is utilized is in accordance with the general conditions of contract and applicable legislation such as the Construction Industry Development Board Act (Act 38 of 2000). We have also taken into account guidelines issued by National and Provincial Treasury in order to further enhance our processes.

### I. Bid committees

The following table details the number of bid committee meetings held for the quarter under review:

Month	Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
Jan 2025	4	4	2
Feb 2025	1	2	0
March 2025	3	1	2

In addition, the Internal Audit section, Legal Services and the Local Economic development department have been invited to attend our bid committee meetings on an ad-hoc basis. This is an effort to promote transparency with regards to the processes that they will be concentrating on.

Competitive bids (in excess of R 300 000) to the value of **R21 402 873 (incl. VAT)** was awarded during the quarter under review.

The following table details the number of competitive bids awarded by the bid adjudication committee including the combined values of those bids:

Month	Number of awards	Combined value of awards
Jan 2025	0	-
Feb 2025	5	R15 902 873
March 2025	2	R5 500 000
<b>Total</b>	<b>7</b>	<b>R21 402 873</b>

The following competitive bid(s) was awarded by the Accounting Officer during the quarter under review:

Month	Number of awards	Combined value of awards
Jan 2025	0	-
Feb 2025	0	-
March 2025	1	R22 720 985
<b>Total</b>	<b>1</b>	<b>R22 720 985</b>

The municipality made use of Supply Chain Management Regulation 32 which refers to contracts secured by other organs of state for the quarter under review for the following bids:

Bid ref number	Date	State department / Municipality	Name of supplier	Brief description of services	Value (incl. VAT)
RT57/2022	17-Jan-2025	National Treasury	Isipho Capital Motors	4 Ton Payload Areal Platform Truck	R1 454 617

The following table details the five highest bids awarded during the quarter under review according to its contract value:

Department	Bid number	Bid description	Estimated Contract value
Electricity	08/2/22/29	Upgrade of Ceres 11KV switching substation	R22 720 985
Streets and Stormwater	08/2/21/89	Supply and Delivery of Crushed Stone Aggregate and Sand	R10 000 000
Water and Sewerage	08/2/22/16	Supply, delivery and off-loading of calcium hypochlorite and water purification Lime	R5 000 000
Electricity	08/2/22/42	Energy Efficient Interventions in Witzenberg Municipal Area	R3 401 667
Town Planning	08/2/21/91	Review of Witzenberg Municipal Spatial Development Framework	R1 518 000

## II. Formal written price quotations

Formal written price quotations (between R 30 000 and R 300 000) to the value of **R974 846** (incl. VAT) were awarded during the quarter under review. The following table details the number of formal written price quotations that were awarded including the combined values of those quotations:

Month	Number of awards	Combined value of awards
Jan 2025	5	R557 301
Feb 2025	2	R249 306
March 2025	1	R168 237
<b>Total</b>		<b>R974 846</b>

## III. Awards made to companies according to their with Broad-Based Black Economic Empowerment (B-BBEE) level of contribution

As from 16 January 2023, the 2022 Preferential Procurement Regulations became effective.

B-BBEE status level of contribution	Combined contract values for competitive bids	Combined contract values for formal written price quotations	Grand total	% of grand total
Level 1	R 43 241 729	R 475 324	R 43 717 053	94,44
Level 2	R 1 518 000	R 68 733	R 1 586 733	3,43
Level 3	-	-	-	0,00
Level 4	-	R 818 746	R 818 746	1,77
Level 5	-	-	-	0,00
Level 6	-	-	-	0
Level 7	-	-	-	0,00
Level 8	-	-	-	0,00
Non-compliant contributors	-	R 168 237	R 168 237	0,36
<b>Total</b>	<b>R 44 759 729</b>	<b>R1 531 041</b>	<b>R 46 290 771</b>	<b>100.00</b>

The new regulations provide for points to be allocated for specific goals” as contemplated in section 2(1)(d) of the Act which may include contracting with persons. or categories of persons. historically disadvantaged by unfair discrimination on the basis of race. gender and disability including the implementation of programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994. Council approved amendments to the Preferential Procurement Policy on 24 January 2024 in compliance with the latest Preferential Procurement Regulations.

#### IV. Appeals by aggrieved bidders

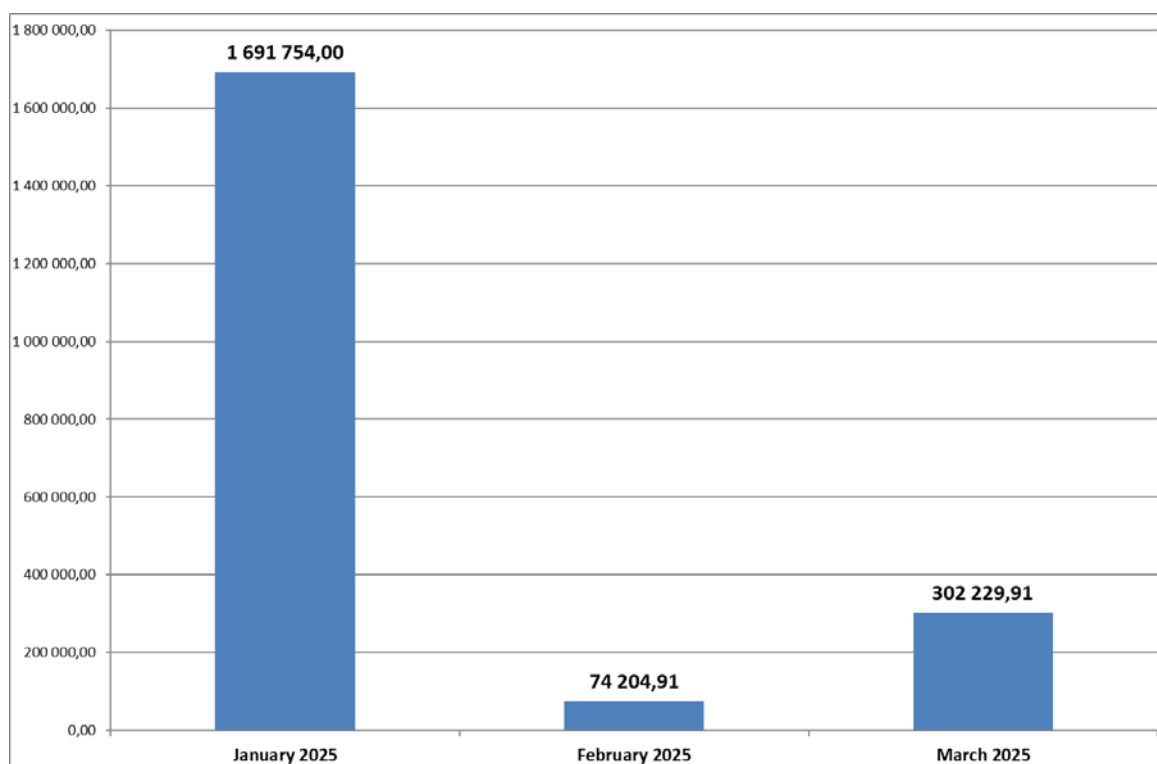
The following appeals were received from aggrieved bidders on awards or were dealt with in terms of section 62 of the Municipal Systems Act (Act 32 of 2000) for the quarter under review:

Bid ref number	Date	Name of supplier that bid was awarded to	Brief description of services	Amount (Incl. VAT)	Appellant	Reason for Appeal	Status
none							

#### V. Deviations from normal procurement processes

Deviations from the normal procurement processes have been monitored on an ongoing basis. Monthly reporting in terms of paragraph 44 of the SCM policy has been complied with. SCM has identified instances where the normal procurement processes can be followed to avoid having to follow the deviation process. For the quarter under review, the total deviations approved by the Accounting Officer amounted to **R 2 068 188** compared to the previous quarter's figure of **R 1 951 339**. This represents an increase compared to the previous quarter. It is noted that deviation values fluctuate during each period and will not necessarily reflect the same patterns.

The following graph shows the breakdown of deviations for the quarter under review:



(c) Logistics management

The system of logistics management must ensure the following:

- (i) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (ii) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (iii) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (iv) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (v) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (vi) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (vii) Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Each stock item at the municipal stores, Dromedaris Street are coded and are listed on the financial system. Monthly monitoring of patterns of issues and receipts are performed by the Storekeeper.

Inventory levels were revised at the start of each financial year to ensure sufficient stock for normal operations. Regular checking of the condition of stock is performed.

As at 31 March 2025 the value of stock at hand was R 17 967 202. The stock turnover rate was 0.86 times, which is below the norm of 1.50 times. The quarterly stock count of 19 March 2025 revealed no redundant stock.

Shortages, surpluses, slow moving and damaged stock were reported on. The quarterly report pertaining to the stock count will be submitted to the relevant portfolio committee, MAYCO and Council in due course.

#### **(d) Disposal management**

The system of disposal management must ensure the following:

- (i) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- (ii) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- (iii) Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- (iv) Immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (v) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (vi) Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- (vii) In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

We are complying with section 14 of the MFMA which deals with the disposal of capital assets. A Consolidated report of all assets identified for disposal were approved by Council and will be auctioned. An auctioneer was appointed in January 2023 and an auction was held on 26 March 2025. Reconciliation of the results is still in progress. The final outcome will be reported on in the next quarter.

#### **(e) Performance management**

The SCM policy requires that an internal monitoring system be established and implemented in order to determine, on the basis of retrospective analysis, whether the SCM processes were followed and whether the objectives of the SCM policy were achieved.

The Accounting Officer has appointed the Internal Auditor as an independent observer. His task is only to observe the bidding process at a bid committee level and to report back to the Accounting Officer on the following issues:

- Compliance with chapter 11 of the Municipal Finance Management Act (Act 56 of 2003);

- Adherence to bid committee structures as stipulated in the Supply Chain Management regulations of 2005 and the Witzenberg Municipality's Supply Chain Management Policy;
- The applicable sections relating to points scoring and the evaluation of bids in terms of the Preferential Procurement Policy Framework Act (Act 5 of 2005);
- Compliance with the code of conduct for Supply Chain Practitioners and Bid Committee Members; and
- To propose improvements to the bid committee system and process.

No meetings were attended by the Internal Audit section during this quarter therefore no report is available.

**(f) Other matters**

The SCM staff is equipped to comply with the provisions of the said regulations.

The following training/ workshops were attended by SCM staff during the quarter under review:

Presenter	Topic	Name of attendee(s) and position(s)	Date from	Date to
none				

Furthermore:

- (i) No awards were made to persons whose tax matters were not in order.
- (ii) No awards were made to persons who are in the service of the state.

## 5. RECOMMENDATION

- (a) That the Chief Financial Officer submits the report to the Accounting Officer by 07 April 2025;
- (b) That the Accounting Officer submits the report to the Executive Mayor by 10 April 2025;
- (c) That the report serves before the relevant portfolio committee. the Executive Mayoral Committee and Council for information; and
- (d) That the report be made available to the public in terms of section 21 A of the Municipal Systems Act (Act no 32 of 2000) after it has served before Council.

Yours sincerely



**M FRIESLAAR**  
**MANAGER: SUPPLY CHAIN**

# WITZENBERG

MUNISIPALITEIT

UMASIPALA

MUNICIPALITY

- MEMORANDUM -

RECEIPT OF REPORT:

.....  
HJ KRITZINGER  
CHIEF FINANCIAL OFFICER

DATE: .....

.....  
D NASSON  
ACCOUNTING OFFICER

DATE: .....





# WITZENBERG

MUNISIPALITEIT

UMASIPALA

MUNICIPALITY

- MEMORANDUM -

## MEMORANDUM

AAN / TO: Executive Mayor  
VAN / FROM: Manager: Supply Chain  
DATUM / DATE: 04 April 2025  
VERW. / REF.: 09/1/2/2/

### SUPPLY CHAIN MANAGEMENT: PARAGRAPH 7 (4) QUARTERLY REPORT ENDING 31 MARCH 2025: IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

With reference to the attached quarterly report. I, T Abrahams. in my capacity as Executive Mayor of Witzenberg Municipality hereby acknowledge the report as submitted to the Chief Financial Officer.

\_\_\_\_\_  
Signature  
T Abrahams  
EXECUTIVE MAYOR OF WITZENBERG MUNICIPALITY

\_\_\_\_\_  
Date