

**ITEM 7**

**TO: COUNCIL**

**RECOMMENDATION: FINANCE PORTFOLIO COMMITTEE**

**RE: SUPPLY CHAIN MANAGEMENT**

**REPORT BY THE CHIEF FINANCE OFFICER**

**1. PURPOSE OF THE REPORT**

The purpose of the report is to inform Council on the contracts that the municipality has entered into through the contract reports for the financial year 2009/2011 from 01 June 2009 ending 30 June 2011, for notification.

**2. LEGISLATIVE / STATUTORY REQUIREMENTS**

The Municipal Finance Management Act of 56 of 2003 updated 2008 section 79 and 106  
And Municipal Supply Chain Management Regulations - Gazette 27636 of 30 May 2005, Section 5 on sub-delegations number (1-6) states that:-

*(3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with sub delegation (2) must within five days of the end of each month submit to the official referred to in subsection (4) a written report containing particulars of each final award made by such official or committee during the month, including-*

- a) The amount of the award*
- b) The name of the person to whom the award was made , and*
- c) The reason why the award was made to that person*

*(4) A written report referred to in sub regulation (3) must be submitted to the chief finance officer or senior manager responsible for the relevant bid, in the case of an award by a manager directly accountable to the CFO or the senior manager.*

Furthermore, the Municipal Finance Management Act of 56 of 2003 updated 2008 section 116 on contracts management states that the municipality can terminate the contract in case of non or under performance and sub-section (d) says that the municipality must regularly report to council on management of contracts and performance of the contractors.

**3. BACKGROUND, EXPOSITION, FACTS AND PROPOSALS**

In terms of Council's policy, the Bid Adjudication Committee shall comprise of at least six members and is chaired by the Chief Finance Officer as from May 2008. Council's Bid Adjudication Committee comprises of the Chief Financial Officer, Divisional Manager Legal Services, Manager Infrastructure Development, Divisional Manager Council Committees, Manager Social Services and Manager Planning and Economic Development. The Committee makes recommendations to the Municipal Manager. Bid Evaluation Committee consist of 6 members chaired by Divisional Manager Planning & Economics' Office and their responsibility is to evaluate all tenders and make recommendation to the Bid Adjudication Committee.

In terms of SCM Regulations such report will comprise of the following:-

## QUARTER THREE CONTRACT REPORT TO COUNCIL – 01 APRIL TO JUNE 2011

- a) The amount of the award
- b) The name of the person to whom the award was made , and
- c) The reason why the award was made to that person
- d) The department responsible
- e) The date the order/ cheque was made

The reports on awards through tendering process, notice board system and quotation system do not include the deviations from the Supply Chain Management Policy which occurred during the quarter. Only quotations above the value amount of R30 000as per delegated powers are included in the report of orders issued during quarter 3 of the year 2010/11.

### **4. STAFF IMPLICATIONS**

None

### **5. FINANCIAL IMPLICATIONS**

Contract Management Report for 2010/ 2011 and 2009/2010 1 IDP projects as at 30 June 2011 is attached (Annexure B).

### **6. OTHER PARTIES CONSULTED**

Section 57 managers  
Accounting Officer  
Chief Financial officers

### **7. ANNEXURES**

Annexure B - Contract Management Report

### **8. AUTHORITY**

Municipal Finance Management Act, No 56 of 2003.  
Municipal Supply Chain Management Regulations - Gazette 27636 of 30 May 2005  
WDM Revised Supply Chain Management Policy as at 29 June 2010

### **9. RECOMMENDATION:**

1. That the Contract Management Report from the 01 July 2009 to 30 June 2011 on IDP Projects by the Municipal Manager be noted ((Annexure B).