

ITEM

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 bids awarded, limited bidding procurements and deviations from the Supply Chain Management Policy for the quarter ending 30 June 2009, for notification.

2. LEGISLATIVE / STATUTORY REQUIREMENTS

The Municipal Supply Chain Management Regulations - Gazette 27636 of 30 May 2005, Section 36 and Section 99 of our Supply Chain Management Policy approved 31 March 2009 reads as follows:

Deviation from, and ratification of minor breaches of, procurement processes

- 36. (1) A supply chain management policy may allow the accounting officer–**
- (a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –**
 - (i) in an emergency;**
 - (ii) if such goods or services are produced or available from a single provider only;**
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;**
 - (iv) acquisition of animals for zoos; or**
 - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and**
 - (b) to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.**
- (2) The accounting officer must record the reasons for any deviations in terms of subregulation (1)(a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements.**

3. BACKGROUND, EXPOSITION, FACTS AND PROPOSALS

In terms of Council's policy, the Bid Adjudication Committee shall comprise of at least four 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, Manager Social Development and Community Services and Manager Planning and Economic Development. The Committee makes recommendations to the Municipal Manager. Manager Corporate Support and Shared Services is the chairperson of the Bid Evaluation Committee.

Limited bidding consists of 3 types of procurement, namely:

- Multiple source: If there is limited competition, hence only a few prospective bidders are allowed to make a proposal. This should be based on a thorough analysis of the market
- Single source: This should be based on a thorough analysis of the market and use a transparent and equitable pre-selection process, to request only one amongst a few prospective bidders to make a proposal
- Sole source: If there is no competition and only one bidder exists (for example, sole distribution)

This report also summarises the deviations from the Supply Chain Management Policy which occurred during the quarter ending 30 June 2009, that was approved by the Accounting Officer.

4. STAFF IMPLICATIONS

None

5. FINANCIAL IMPLICATIONS

Amounts of bids procured above R30 000 as per attached procurement report.

Amounts of bids awarded above R200 000 as per attached Bid Adjudication Committee procurement report.

Amounts of limited bidding procurement as per attached Limited Bidding procurement report.

Amounts of deviations as per attached Avoidable Deviations procurement report.

Deviations might lead to costly procurements or fruitless and wasteful expenditure in some instances.

6. OTHER PARTIES CONSULTED

Section 57 managers

7. ANNEXURES

Supply Chain Management Procurement Report for the quarter ending 30 June 2009.

8. AUTHORITY

Municipal Finance Management Act, No 56 of 2003.

Municipal Supply Chain Management Regulations - Gazette 27636 of 30 May 2005

9. RECOMMENDATION:

1. That the quarterly report for the quarter ending 30 June 2009 by the Municipal Manager regarding the procurement above R30 000 and the empowerment goals be noted.
2. That the quarterly report for the quarter ending 30 June 2009 by the Municipal Manager regarding the bids above R200 000 which are recommended by the Bid Adjudication Committee and approved by the Municipal Manager, be noted.
3. That the quarterly report for the quarter ending 30 June 2009 by the Municipal Manager regarding the limited bidding procurement and avoidable deviations from the Supply Chain Management Policy, be noted.