

**AGENDA of the
Portfolio Committee : Finance & Economic Development
16 February 2016
(Also the agenda for the Mayoral Committee Meeting : 24 February 2016)**

**2.
AMENDMENTS TO THE 2015/2016 SUPPLY CHAIN MANAGEMENT POLICY (SCM)
AND DELEGATION OF POWERS AND DUTIES**

5/13/B

**C Le Roux
2016/02/01**

(028) 313 8107

Hermanus Administration

1. Executive Summary

The purpose of this report is to present Council with amendments to the Supply Chain Management Policy and Delegation of Powers and Duties by inter alia, aligning it with the approved organisational structure and the guideline SCM standard of National Treasury.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Finance
Supply Chain Management Unit

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

6. Background/Discussion/Evaluation/Conclusion

Background

During November 2015, the Supply Chain Management Department underwent a structural change with it now reporting to the Deputy Director: Finance and Supply Chain Management. This change prompted a review of the existing 2015/2016 Supply Chain Management Policy to ensure alignment of processes and delegations.

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Discussion

The existing 2015/2016 policy has been amended to ensure that all previous delegations to the title “Senior Manager: Supply Chain Management” are changed to “Head: Supply Chain Management”.

During the policy review, consideration was also given to its alignment with National Treasury’s guideline standards and prompted the amendment of paragraph’s 2(3) and 36(1)(a)(v), to ensure adherence to National Treasury’s call for uniformity in supply chain practices, procedures and forms between organs of state.

The above changes necessitated the amendment to paragraph 4.2.81.2 on pages 32 and 33 of the Delegation of Powers and Duties (Attached as Annexure B).

These amendments should be applied retrospectively from 01 July 2015.

7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Amended 2015/2016 Overstrand Municipality Supply Chain Management Policy.

Annexure B: Amended Pages 32 and 33 of the Delegations of Powers and Duties.

RECOMMENDATION TO THE COUNCIL:

1. that the amended Supply Chain Management Policy for 2015/2016 **be approved;**
2. that the amended Supply Chain Management Policy for the 2015/2016 be applied retrospectively from 01 July 2015;

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3. that the amended Delegation of Power and Duties for 2015/2016 **be approved**; and
4. that the amendments to the Delegation of Power and Duties for the 2015/2016 be applied retrospectively from 01 July 2015.

RESPONSIBLE OFFICIAL :

C LE ROUX

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2015

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AMENDMENTS TO THE 2015/2016 SUPPLY CHAIN MANAGEMENT POLICY
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**C Le Roux
2016/02/01**

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Hermanus Administration

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
16 FEBRUARY 2016, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

1. that the amended Supply Chain Management Policy for 2015/2016 **be approved**;
2. that the amended Supply Chain Management Policy for the 2015/2016 be applied retrospectively from 01 July 2015;
3. that the amended Delegation of Power and Duties for 2015/2016 **be approved**;
and
4. that the amendments to the Delegation of Power and Duties for the 2015/2016 be applied retrospectively from 01 July 2015.

RESPONSIBLE OFFICIAL :

C LE ROUX

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2015

**OVERSTRAND
MUNICIPALITY**



**SUPPLY CHAIN
MANAGEMENT POLICY**

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

The Council of the Overstrand Municipality resolved on 25 June 2008 in terms of Section 111 of the Local Government: Municipal Finance Management Act (no. 56 of 2003) to adopt the following as the Supply Chain Management Policy of the municipality.

PART A

This Policy consists of two parts:

Part A is the Supply Chain Management Policy, adopted in terms of section 111 of the Local Government: Municipal Finance Management Act, No. 56 of 2003 and the Municipal Supply Chain Management Regulations, Notice 868 of 30 May 2005;

and

Part B is the Preferential Procurement Policy, adopted in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 and the Preferential Procurement Regulations, 2011.

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POLICY STATEMENT AND OBJECTIVES

- 1 Section 111 of the Local Government: Municipal Finance Management Act, 56 (MFMA) requires each municipality and municipal entity to adopt and implement a Supply chain Management Policy, which give effect to the requirements of the Act.
- 2 In addition, the Preferential Procurement Policy Framework Act requires an Organ of State to determine its Preferential Procurement Policy and to implement it within the framework prescribed.
- 3 The objectives of this Policy are:
 - 1) to give effects to section 217 of the Constitution of the Republic of South Africa by implementing a system that is fair, equitable, transparent, competitive and cost effective;
 - 2) to comply with applicable provisions of the Municipal Finance Management Act including Municipal Supply Chain Management Regulations published under GN868 in Government Gazette 27636, 30 May 2005 and any National Treasury Guidelines issued in terms of the MFMA and regulations pertaining thereto; and
 - 3) to acknowledge the provisions of:
 - a) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
 - b) The Competitions Act 1998 (Act No. 89 of 1998)
 - c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);
 - d) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
 - e) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
 - f) the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
 - g) the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);
 - h) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
 - i) the Prevention and Combating of Corrupt Activities Act, 2000 (Act No. 12 of 2004);
 - j) the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)

1 Definitions

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) has the same meaning as in the Act, and –

"Accounting Officer"	means a person appointed by the Municipality in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and who is the head of administration and also the Municipal Manager for the Municipality.
"Act" or "MFMA"	means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
"business day"	means any day of the week except Saturday, Sunday and public holidays as determined in the Public Holidays Act, 1994 (Act No. 36 of 1994)
"CFO"	means Chief Financial Officer of the Municipality or Director of Finance in this instance;
"CIDB"	means Construction Industry Development Board
"close family member"	means: a) spouse or partner b) parent c) children
"closing date"	means the time and day specified in the bid documents and/or advertisement of the receipt of bids.
"competitive bidding process"	means a competitive bidding process referred to in clause 12 (1) (d) of this Policy;
"competitive bid"	means a bid in terms of a competitive bidding process;
"Construction Works"	means any work in connection with: a) the erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure; b) the installation, erection, dismantling or maintenance of a fixed plant; c) the construction, maintenance, demolition or dismantling of any bridge, dam, canal, road, railway, sewer or water reticulation system or any similar civil engineering structure; or d) the moving of earth, clearing of land, the making of an excavation, piling or any similar type of work.
"Consultant"	means a person or entity providing services requiring knowledge based expertise
"contract"	means the agreement that results from the acceptance of a bid by the Municipality;
"Contract Owner"	means the deputy director, senior manager or manager, as the case may be, that is ultimately accountable for all activities during the life cycle of the contract. The Contract Owner can also be seen as the Budget holder.
Budget Holder	Means the person accountable for expenditure from, and income to, a particular budget.
"day(s)"	Means calendar days unless the context indicates otherwise;
"delegation"	in relation to a duty, includes an instruction a request to perform, or to assist in performing the duty.
"director"	means a manager referred to in section 56 of the Municipal Systems Act.
"emergency"	an emergency is an unforeseeable and sudden event with harmful or potentially harmful consequences for the municipality which requires urgent action to address.
"emerging enterprise"	means an enterprise which is owned, managed and controlled by previously disadvantaged persons and which is overcoming business impediments arising from the legacy of apartheid.
"essential community services"	means (in Local Government context) as published in Government Gazette numbers 18043 of 6 June 1997; Government Gazette number 18276 of 12 September 1997; Government Gazette number 18439 of 21 November 1997; Government Gazette number 18761 of 27 March 1998; Government Gazette number 22670 of 21 September 2001; Government Gazette number 27104 of 24 December 2004; Government Gazette number 28076 of 28 July 2006; Government Gazette number 29987 of 22 June 2007; Government Gazette number 30805 of 29 February 2008: I. Municipal traffic services and policing. II. Municipal health. III. Municipal security. IV. Supply and distribution of water. VI. Generation, transmission and distribution of power. VII. Fire fighting.