KZN PROVINCIAL TREASURY

KZN MUNICIPAL AMENDED CIRCULAR NO 04 A OF 2018/2019

SUBMISSION OF PROCUREMENT PLANS AND QUARTERLY REPORTING TO THE MUNICIPAL COUNCIL ON IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY

TO ALL: ACCOUNTING OFFICERS OF MUNICIPALITIES
ACCOUNTING AUTHORITIES OF MUNICIPAL ENTITIES

1. OBJECTIVE
The objective of this KZN Municipal Circular is to prescribe the requirements for the submission of procurement plans and quarterly reporting to the Municipal Council on implementation of Supply Chain Management Policy.

2. BACKGROUND
Sections 74(1) and 104(1)(b) of the Municipal Finance Management Act (MFMA) prescribes the following regarding general reporting obligations:

"The accounting officer of a municipality [and municipal entity] must submit to the National Treasury, the provincial treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required."

In terms of Paragraph 6 (1)(3) of the Municipal Supply Chain Management Regulations, 2005, which deals with the Oversight role of council of municipality or board of directors of municipal entity.

(1) The council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its supply chain management policy.

(3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality or the board of directors of the municipal entity, as the case may be.

In the year 2013, the National Treasury issued Guidelines on the Implementation of Demand Management, which were aimed at providing accounting officers of municipalities and municipal entities with a general understanding of the procedures to be followed when implementing demand management and the compilation of procurement plans.
MFMA Circular No 68, also issued in the year 2013 provided an understanding on how irregular expenditure should be treated and who has the legislative power to deal with irregular expenditure. Furthermore, a register for municipalities to record, keep track and manage the different categories of expenditure in a more transparent manner was provided.

3. **SUBMISSION OF PROCUREMENT PLANS (as per Annexure A)**
   3.1. The Accounting Officer or Accounting Authority must:
   
   3.2. Submit an approved annual procurement plan to the Provincial Treasury by 30 June of each year;
   
   3.3. Compile the procurement plan in accordance with the template that was issued as guideline on MFMA Circular No 62

4. **SUBMISSION OF QUARTERLY REPORTING ON THE IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY TO THE MUNICIPAL COUNCIL (as per Annexure B)**
   4.1. The Accounting Officer or Accounting Authority must:
   
   4.2. Submit a report to the Provincial Treasury on the implementation of Supply Chain Management Policy by the 15th of the month, following the end of the quarter.
   
   4.3. Compile the report in accordance with Annexure B which is attached herewith for ease of reference. A copy of the said report must be submitted to Provincial Treasury within 15 days of the end of the quarter.

5. **EFFECTIVE DATE**
   KZN Municipal Amended Circular No.04A of 2018/2019 takes effect from **01/02/2019**

6. **CONTACT INFORMATION**
   Enquiries to this KZN MFMA Circular may be directed to:

   Ms Poppie Mkhize  
   Assistant Director: SCM Policy  
   Phone: 033 897 4507  
   Email: poppie.mkhize@kzn treasury.gov.za

\[ Signature \]

**MR S. MOODLEY**

**ACCOUNTING-GENERAL: KZN PROVINCIAL TREASURY**

**DATE: 21/01/2019**
QUARTERLY REPORTING ON THE PROCUREMENT PLAN

QUARTER: _____

Name of Municipality/ Municipal Entity:

Name of Municipal Manager/ Chief Executive Officer:

Head of SCM:

Telephone number and email address:

Date:

ACTUAL AGAINST THE PLAN

<table>
<thead>
<tr>
<th>No</th>
<th>Project description as per the annual procurement plan</th>
<th>Name of Supplier</th>
<th>Bid Number / Quotation Number</th>
<th>Actual value of Contract</th>
<th>Method of Procurement</th>
<th>Bid advert date</th>
<th>Bid closing date</th>
<th>Evaluation and date</th>
<th>BAC submission date</th>
<th>Award date</th>
<th>Contract start date</th>
<th>Contract expiry date</th>
</tr>
</thead>
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The Accounting Officer/ Authority declares that the delays in the quarter are justified and that measures are in place to prevent a recurrence of such non-adherence to the plan.

ACCOUNTING OFFICER/ AUTHORITY SIGNATURE
ANNEXURE B

[Logo]

QUARTERLY REPORT TO THE MUNICIPAL COUNCIL

IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY

[MUNICIPALITY]

(As per Section 6(1)(3) of the Municipal SCM Regulations)
Contents
1. Introduction ................................................................. 4
2. SCM Policy & Procedures .................................................. 4
   2.1 Adoption of Policy by Council .................................... 4
   2.2 SCM Procedures ..................................................... 4
   2.3 Delegations .......................................................... 4
   2.4 Infrastructure Procurement ....................................... 4
3. Functioning of the SCM Unit (phrase as questions) .............. 4
   3.1 SCM Structure ....................................................... 4
   3.2 Declaration of Interest ............................................. 4
   3.3 Code of Conduct for SCM Practitioners: ....................... 4
   3.4 Training of SCM Personnel ....................................... 4
4. Functioning of Bid Committees ......................................... 4
5. Reporting Items ............................................................ 5
   5.1 Deviations ............................................................ 5
       5.1.1 Section 114 (Approval of tenders not recommended) ... 5
       5.1.2 Regulation 32 (Procurement of goods and services under contracts secured by other organs of State) ... 5
       5.1.3 Regulation 36 (Deviation from, and ratification of minor breaches of, procurement processes) ........... 5
   5.2 Unauthorised, Irregular, Fruitless & Wasteful Expenditure .... 6
   5.3 Central Suppliers Database (CSD) ................................ 6
   5.4 Procurement Plan Implementation ................................ 6
   5.5 Bids Awarded >R100K .............................................. 6
   5.6 Municipal Bid Appeals ............................................. 6
   5.7 Contract Management .............................................. 6
       5.7.1 Contracts Register Statistics ................................ 6
       5.7.2 Variations ..................................................... 6
       5.7.3 Supplier Performance Management ......................... 7
   5.8 Logistics / Inventory Management ................................ 7
   5.9 Unsolicited Bids .................................................... 7
   5.10 E-Tender Portal ................................................... 7
6. Preferential Procurement Policy Framework Act (PPPFA), Regs2017 ........................................ 7
   6.1 Contracts with Pre-Qualification (Regulation 4) ............... 7
   6.2 Contracts with Objective Criteria (Section 2(1)(f) PPPF Act) ........... 7
   6.3 Contracts above R30 million (Contract Participation Goals) (Regulation 4) .... 7
7. Local Content Procurement .............................................. 7
8. Risk Management .......................................................... 8
   8.1 Fraud Prevention Plan .............................................. 8
8.2 Internal Audit Findings ................................................................. 8
8.3 Provincial Treasury Assessment Findings ...................................... 8
8.4 Auditor General Findings ............................................................. 8
9. Conclusion .................................................................................. 8
1. Introduction
In terms of clause 6(1)(3) of the Municipal Supply Chain Management Regulations, 2005, which deals with the Oversight role of council of municipality or board of directors of municipal entity:

(1) The council of a municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its supply chain management policy.

(3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality or the board of directors of the municipal entity, as the case may be.

2. SCM Policy & Procedures
2.1 Adoption of Policy by Council
Date and Resolution

2.2 SCM Procedures
List procedures that are in place (indicate ie. Procedure manual)

2.3 Delegations
Are SCM Process Delegations in place?

2.4 Infrastructure Procurement
Has Council adopted the Standard for Infrastructure Procurement and Delivery Management?

3. Functioning of the SCM Unit (phrase as questions)
3.1 SCM Structure:
Is there an approved Structure in place?

3.2 Declaration of Interest:
Have all SCM Personnel declared their interests?

3.3 Code of Conduct for SCM Practitioners:
Have all SCM Personnel signed the Code of Conduct?

3.4 Training of SCM Personnel:
Have all SCM Personnel been trained?

4. Functioning of Bid Committees
4.1 Are Bid Committees constituted in line with Regulations 27, 28 & 29?

4.2 Are Infrastructure Committees aligned with Infrastructure Delivery Management System (IDMS)?

4.3 Are Bid Committee Terms of Reference in place?

4.4 Number of Bid Committee Meetings held during the reporting period.
5. Reporting Items

5.1 Deviations

5.1.1 Section 114 (Approval of tenders not recommended)

<table>
<thead>
<tr>
<th>Date of Award</th>
<th>Bid No.</th>
<th>Description of Award</th>
<th>Award Value</th>
<th>BEC Recommendation</th>
<th>BAC Recommendation</th>
<th>Reason for Deviation</th>
<th>Notifications</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

5.1.2 Regulation 32 (Procurement of goods and services under contracts secured by other organs of State)

<table>
<thead>
<tr>
<th>Date of Award</th>
<th>Contract Description</th>
<th>Award Value</th>
<th>Service Provider</th>
<th>Name of Contract Owner (Department / Municipality)</th>
<th>Consent obtained from Organ of State and Service Provider</th>
<th>Reason for Deviation</th>
<th>PT Decision</th>
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</thead>
<tbody>
<tr>
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<td>Approved</td>
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</table>

5.1.3 Regulation 36 (Deviation from, and ratification of minor breaches of, procurement processes)

<table>
<thead>
<tr>
<th>Description of Goods/Services/Works</th>
<th>Date of Award</th>
<th>Awarded To</th>
<th>Award Value</th>
<th>Reason for Deviation</th>
<th>Date reported to Council</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>
5.2 Unauthorised, Irregular, Fruitless & Wasteful Expenditure
   i) Template as per MFMA Circular 68 to be utilized
   ii) Submission of register to PT
   iii) Report as per KZN Municipal Circular 04 of 2017/18

5.3 Central Suppliers Database (CSD)
   i) Access / challenges

5.4 Procurement Plan Implementation
   i) Format of Procurement Plan as per Circular 62 (Annexure B)
   ii) Report on implementation as per KZN Municipal Circular 04 of 2017/18

5.5 Bids Awarded >R100K

<table>
<thead>
<tr>
<th>Bid No.</th>
<th>Bid Description</th>
<th>Award Value</th>
<th>Award Date</th>
<th>Date Contract Signed</th>
<th>Contract Start Date</th>
<th>Contract Duration</th>
</tr>
</thead>
</table>

5.6 Municipal Bid Appeals
   i) Bids appealed
   ii) Appeal status

5.7 Contract Management

5.7.1 Contracts Register Statistics

<table>
<thead>
<tr>
<th>No. of Current Contracts</th>
<th>No. of Contracts about to expire in &lt;6 months</th>
<th>No. of Expired Contracts but still in use</th>
</tr>
</thead>
</table>

5.7.2 Variations
   i) Variations within 15% or 20%

<table>
<thead>
<tr>
<th>Contract No.</th>
<th>Contract Description</th>
<th>Contract Value</th>
<th>Reasons for Variation</th>
<th>Amount</th>
</tr>
</thead>
</table>

   ii) Variations above 15% or 20% (Comply with MFMA S116(3))

<table>
<thead>
<tr>
<th>Contract No. &amp; Description</th>
<th>Contract Value</th>
<th>Reasons for Variation</th>
<th>Amount</th>
<th>Date Tabled at Council</th>
<th>Date of Notice to Community</th>
</tr>
</thead>
</table>
5.7.3 Supplier Performance Management

<table>
<thead>
<tr>
<th>Contract no. &amp; Description</th>
<th>Name of Contractor</th>
<th>Date of Supplier performance assessment</th>
<th>Supplier Performance Assessment Report Compiled</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>Yes or No</td>
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</table>

5.8 Logistics / Inventory Management

i) Policy

ii) Cycle counts

iii) Challenges

iv) Other activities

5.9 Unsolicited Bids

<table>
<thead>
<tr>
<th>Description of Goods/services</th>
<th>Amount</th>
<th>Date Submitted to Council</th>
<th>Supported Yes</th>
<th>No</th>
<th>Date submitted to Provincial Treasury</th>
<th>Supported Yes</th>
<th>No</th>
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5.10 E-Tender Portal

i) Access

ii) Bids published during the quarter

6. Preferential Procurement Policy Framework Act (PPPFA), Regs2017

6.1 Contracts with Pre-Qualification (Regulation 4)

<table>
<thead>
<tr>
<th>Contract Description</th>
<th>Pre-Qualification Criteria</th>
<th>Award Value</th>
<th>Date of Award</th>
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</table>

6.2 Contracts with Objective Criteria (Section 2(1)(f) PPPF Act)

<table>
<thead>
<tr>
<th>Contract Description</th>
<th>Objective Criteria</th>
<th>Award Value</th>
<th>Date of Award</th>
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</table>

6.3 Contracts above R30 million (Contract Participation Goals) (Regulation 4)

<table>
<thead>
<tr>
<th>Contract Description</th>
<th>Sub-Contracting Criteria</th>
<th>Award Value</th>
<th>Amount Sub-Contracted</th>
<th>Date of Award</th>
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7. Local Content Procurement

<table>
<thead>
<tr>
<th>Contract Description</th>
<th>Designated Sector</th>
<th>% Designated</th>
<th>Award Value</th>
<th>Date of Award</th>
<th>Reporting to DTI</th>
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8. Risk Management

8.1 Fraud Prevention Plan
*Is there a Fraud Prevention Plan in place?*

8.2 Internal Audit Findings

<table>
<thead>
<tr>
<th>Finding Raised</th>
<th>Action Plan to address the finding</th>
<th>Due Date</th>
<th>Progress with Action Plan Implementation</th>
</tr>
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<tbody>
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8.3 Provincial Treasury Assessment Findings

<table>
<thead>
<tr>
<th>Finding Raised</th>
<th>Action Plan to address the finding</th>
<th>Due Date</th>
<th>Progress with Action Plan Implementation</th>
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8.4 Auditor General Findings

<table>
<thead>
<tr>
<th>Finding Raised</th>
<th>Action Plan to address the finding</th>
<th>Due Date</th>
<th>Progress with Action Plan Implementation</th>
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9. Conclusion