



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 01/2/2019

6. CONTACT INFORMATION

Enquiries to this KZN MFMA Circular may be directed to:

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for 

MR S. MOODLEY

ACCOUNTING-GENERAL: KZN PROVINCIAL TREASURY

DATE: 29/01/2019

QUARTERLY REPORTING ON THE PROCUREMENT PLAN

ANNEXURE A

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

No	Project description as per the annual procurement plan	Name of Supplier	Bid Number / Quotation Number	Actual value of Contract	Method of Procurement	Bid advert date	Bid closing date	evaluation end date	BAC submission date	Award date	contract start date	Contract expiry date
1												
2												

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

[Municipality 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)

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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)

Date of Award	Bid No.	Description of Goods/Services/Works	Award Value	BEC Recommendation	BAC Recommendation	Reason for Deviation	Notifications		
							AG	PT	NT

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

Date of Award	Contract Description	Award Value	Service Provider	Name of Contract Owner (Department / Municipality)	Consent obtained from Organ of State and Service Provider		Reason for Deviation	PT Decision
					Yes	No		
								Approved

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

Description of Goods/Services/Works	Date of Award	Awarded To	Award Value	Reason for Deviation	Date reported to Council

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

Bid No.	Bid Description	Award Value	Award Date	Date Contract Signed	Contract Start Date	Contract Duration

5.6 Municipal Bid Appeals

- i) *Bids appealed*
- ii) *Appeal status*

5.7 Contract Management

5.7.1 Contracts Register Statistics

No. of Current Contracts	No. of Contracts about to expire in <6 months	No. of Expired Contracts but still in use

5.7.2 Variations

i) Variations within 15% or 20%

Contract No.	Contract Description	Contract Value	Reasons for Variation	Amount

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

Contract No. & Description	Contract Value	Reasons for Variation	Amount	Date Tabled at Council	Date of Notice to Community

5.7.3 Supplier Performance Management

Contract no. & Description	Name of Contractor	Date of Supplier performance assessment	Supplier Performance Assessment Report Compiled		Supplier performance assessment / performance rating
			Yes	No	

5.8 Logistics / Inventory Management

- i) Policy
- ii) Cycle counts
- iii) Challenges
- iv) Other activities

5.9 Unsolicited Bids

Description of Goods/services	Amount	Date Submitted to Council	Supported		Date submitted to Provincial Treasury	Supported	
			Yes	No		Yes	No

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)

Contract Description	Pre-Qualification Criteria	Award Value	Date of Award

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

Contract Description	Objective Criteria	Award Value	Date of Award

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

Contract Description	Sub-Contracting Criteria	Award Value	Amount Sub-Contracted	Date of Award

7. Local Content Procurement

Contract Description	Designated Sector	% Designated	Award Value	Date of Award	Reporting to DTI

8. Risk Management

8.1 Fraud Prevention Plan

Is there a Fraud Prevention Plan in place?

8.2 Internal Audit Findings

Finding Raised	Action Plan to address the finding	Due Date	Progress with Action Plan Implementation

8.3 Provincial Treasury Assessment Findings

Finding Raised	Action Plan to address the finding	Due Date	Progress with Action Plan Implementation

8.4 Auditor General Findings

Finding Raised	Action Plan to address the finding	Due Date	Progress with Action Plan Implementation

9. Conclusion