

## **SUPPLY CHAIN MANAGEMENT REPORT FOR THE YEAR ENDING 30 JUNE 2019**

### **1. INTRODUCTION**

In terms of paragraph 6 of the Supply Chain Management (SCM) Policy, the Board of Directors must maintain oversight over the implementation of SCM policy to ensure that all supply chain management activities are implemented in accordance therewith.

For oversight purposes, the Accounting Officer must: -

-within 10 days of the end of each quarter, submit a report on the implementation of this policy to the Board of Directors.

-within 20 days after the end of each financial year, submit a report on the implementation of SCM policy to the Board of Directors.

### **2. RELEVANT LEGISLATION**

- Section 6(3) of the Supply Chain Management Regulations.
- Section 21A of the Municipal Systems Act: Documents to be made public.

### **3. COMPLIANCE AND REPORTING**

In the 2018/19 financial year, the SCM quarterly reports were submitted to the Accounting Officer and the Board of Directors by the 10<sup>th</sup> day of the end of each quarter in accordance with the SCM policy.

The Internal Audit unit of the Nelson Mandela Metropolitan Municipality has conducted the audit of the SCM unit, and the outcomes of the audit have not been issued yet.

### **4. IMPROVEMENTS IN COMPLIANCE AND INTERNAL CONTROLS**

The Bid Specification Committee (BSC), Bid Evaluation Committee (BEC) and, Bid Adjudication Committee (BAC) were in place and functional in accordance with the SCM Policy.

For the financial year under review, two positions were filled in the SCM unit, that of the SCM Manager and the SCM Administrator. In addition, the SCM Administrator was seconded as the Acting SCM Practitioner for the Nelson Mandela Bay Stadium during Quarter 4, after the post became vacant. In order to improve compliance and internal controls the following were conducted:

- Approval and monthly monitoring of the 2018/19 Annual Procurement Plan;
- SCM Workshop for MBDA officials;
- Implementation of the monthly assessment of service provider performance for contracted services;
- Implementation of checklists for procurement processes to ensure all procurement is in accordance with the SCM policy;

#### **Mandela Bay Development Agency**

**Directors:** R Dana, V Dyantyi, AJF Gardiner, MW Goduka (Chairperson), K Govender, B Gxilishe, R Kisten, P Kondlo, M Kwenaithe, SM Mbanga, M Moolman, KG Ntshanyana M Odayar, G Perumal, MR Skefile.

**Company Secretary:** M Matiwane

- Transfer of the purchase order function to the SCM unit in order to improve the turn-around times;
- Approval of SCM delegations of authority; and
- Approval of the members of the Bid Committees for the 2019-2020 financial year

## 5. SUPPLY CHAIN MANAGEMENT REPORTS

### 5.1 Formal Tender Awards above R200 000

In the 2018/19 financial year, a total number of 43 formal tenders were awarded to the total value of R42.5 million excluding panel awards on quotation and SLA rates basis. The Baakens Valley Pedestrian Bridge was the highest tender awarded at 27% or R11.6 million of the R42.5 million.

MBDA and the MBDA managed facilities (refer to Annexure "A")

### 5.2 Transaction Listing by BBBEE Level

An aggregate amount of R99.8 million was spend on operating and capital projects by MBDA on different BBBEE levels. The level 1 which translates to 100% black owned entities were the highest contributor at 46% or R47.8 million of the aggregate amount followed by level 2 constituting 40% or R39.5 million for businesses that have more than 51% black shareholding.

MBDA - (refer to Annexure "B.1")

NMBS - (refer to Annexure "B.2")

### 5.3 Deviation Register

A total amount of R9.8 million were deviation reported in the 2018/19 financial year, and the highest contributor relates to the SPUU programme in Helenvale at 71% of R7 million where it was impractical or impossible to follow procurement processes to finalise the ongoing activities.

MBDA - (refer to Annexure "C.1")

NMBS - (refer to Annexure "C.2")



**Ashraf Adam**  
Chief Executive Officer

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