



DATE: 13 JULY 2018

REPORT TO: COUNCIL

1. ITEM NUMBER

2. SUBJECT

**SUPPLY CHAIN MANAGEMENT:
REPORT FOR THE PERIOD 1 APRIL 2018 TO 30 JUNE 2018
AND ANNUAL REPORT FOR 2017/2018**

**VERSKAFFINGSKETTINGBESTUUR:
VERSLAG VIR DIE TYDPERK 1 APRIL 2018 TOT 30 JUNIE 2018
EN JAARVERSLAG VIR 2017/2018**

**ULAWULO LOBONELELO NGENKONZO YOKUTHENGA NOKUTHENGISA
IIMPAHLA ZEZIKO:
INGXELO ESUSELA KWISITHUBA SOMHLA
WOKU-1 EPRELI 2017 UKUYA KOWAMA-30 JUNI 2018
NENGXELO YONYAKA-MALI KA-2017/2018**

3. DELEGATED AUTHORITY

In terms of delegation

This report is

☐ **Committee name :**

☒ The Executive Mayor together with the Mayoral Committee (MAYCO)

☒ Council

JMH

4. DISCUSSION

Clause 9 of the City's Supply Chain Management Policy (SCM Policy) related to Section 117 of the Municipal Finance Management Act (MFMA). Which provides that a City Councillor may not be a member of a bid committee or any other committee evaluating or approving quotations or bids (tenders), nor may a City Councillor attend any such meeting as an observer.

However, Clause 10 of this policy mentions that Council has an oversight role to ensure that the City Manager implements the City's Supply Chain Policy.

Clause 11 records that the Executive Mayor must provide general political guidance over the fiscal and financial affairs of the City and must monitor and oversee the exercise of responsibilities assigned to the City Manager and the Chief Financial Officer in terms of the MFMA.

In accordance with Clause 12 of our SCM policy, the City Manager must submit quarterly reports to the Executive Mayor and, within 30 days of the end of each financial year submit a report to Council, on the implementation of this policy.

- 4.1. Financial Implications ☒ None ☐ Opex ☐ Capex
- ☐ Capex: New Projects
 - ☐ Capex: Existing projects requiring additional funding
 - ☐ Capex: Existing projects with no additional funding requirements

Legal Compliance ☐

4.2. Staff Implications ☐ Yes ☒ No

4.3. Risk Implications ☐ Yes ☒ No

JMH

5. RECOMMENDATIONS

It is recommended that the contents of the report entitled **SUPPLY CHAIN MANAGEMENT: REPORT FOR THE PERIOD 1 APRIL 2018 TO 30 JUNE 2018 AND ANNUAL REPORT 2017/18** be noted.

AANBEVELING

Daar word aanbeveel dat daar kennis geneem word van die inhoud van die verslag getiteld **VERSLAG VIR DIE TYDPERK 1 APRIL 2018 TOT 30 JUNIE 2017 EN JAARVERSLAG VIR 2017/18**.

ISINDULULO

Kundululwe ukuba makuqatshele ulwazi oluqulethwe kule ngxelo isihloko sithi: **ULAWULO LOBONELELO NGENKONZO YOKUTHENGA NOKUTHENGISA IIMPAHLA ZEZIKO: INGXELO ESUSELA KWISITHUBA SOMHLA WOKU-1 EPRELI 2018 UKUYA KOWAMA-30 JUNI 2018 NENGXELO YONYAKA-MALI KA-2017/2018**

ANNEXURES

FOR FURTHER DETAILS CONTACT

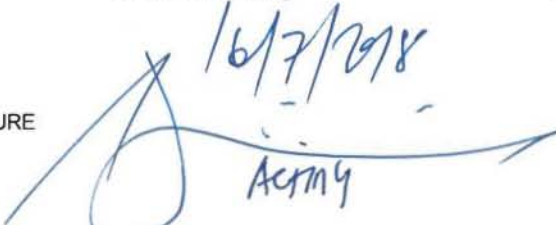
NAME	Basil Chinasamy	CONTACT NUMBER	021 400 3190
E-MAIL ADDRESS	basil.chinasamy@capetown.gov.za		
DIRECTORATE	Finance SCM	FILE REF No	SCM 001-17/18
SIGNATURE : DIRECTOR			

EXECUTIVE DIRECTOR

NAME Kevin Jacoby COMMENT:

DATE

SIGNATURE


16/7/2018
Acmy

Making progress possible. Together.

JMH

CITY MANAGER

NAME *Lungelo Mbandazayo*

COMMENT:

DATE *2018 -07- 19*

SIGNATURE *[Signature]*

LEGAL COMPLIANCE

☐ REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION. ☐ NON-COMPLIANT

NAME *Joan-Mari Holt*

COMMENT:

DATE *18/07/2018*

For information. JMH.

SIGNATURE *[Signature]*



ANNEXURE 1

1. STRATEGIC INTENT

- ☐ Opportunity City Opportunity City
- ☐ Safe City Safe City
- ☐ Caring City Caring City
- ☐ Inclusive City Inclusive City
- ☒ Well-run City Well-run City

2. PURPOSE

Compliance with clause 12 of the City's Supply Chain Management Policy

3. FOR NOTING BY COUNCIL

For information of Council

4. EXECUTIVE SUMMARY

This report briefly analyses the on-going implementation of the City's Supply Chain Management Policy, for oversight purposes.

4.1. Other Services Consulted

Not applicable

5. Salient Details of Supply Chain Management Activities

Major SCM activities are summarised below, for information.

5.1 Demand and Risk Management

5.1.1 Risk Management

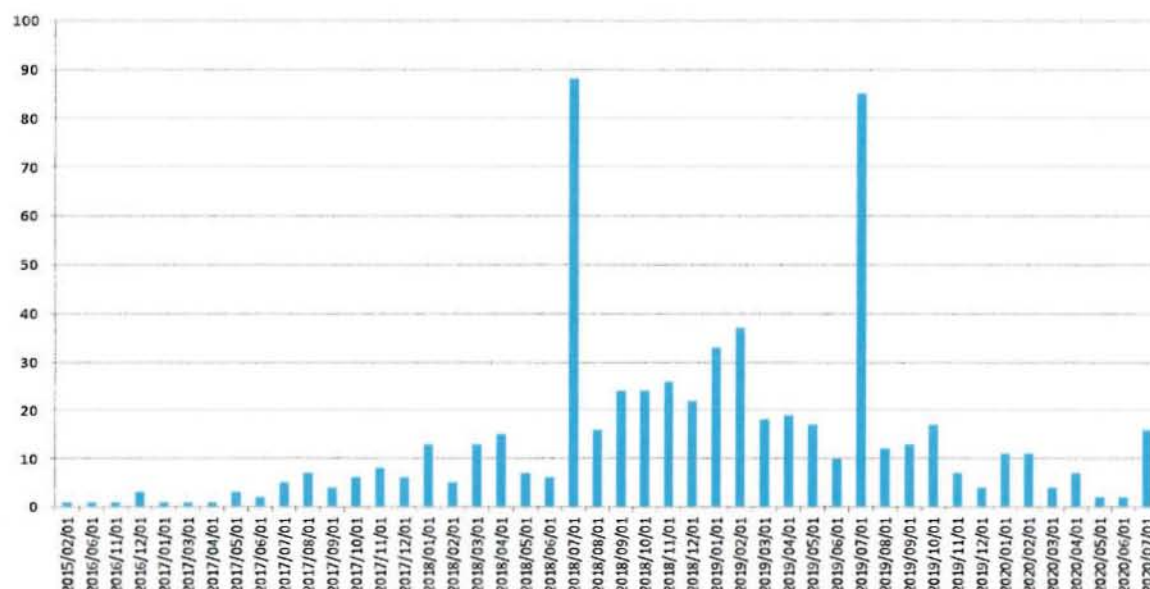
The risk register for SCM remained largely constant for the year.

In the last quarter the risk pertaining to the inability of SCM to attract and retain scarce skills was elevated from where it was previously a contributing factor to the risk of inability to deliver SCM services, to risk on its own. This is due to the ongoing struggle for SCM to attract and appoint suitably qualified and experienced personnel. The risk is now detailed in the risk register with appropriate contributing factor and action plan.

5.1.2 Demand Management

The demand plan of the City (Graph 1 below) shows a fairly consistent flow of tenders required throughout the coming financial year. It also shows that there are tenders, scheduled for award during the 2017/18 financial year, yet to be awarded. Line Departments added 154 tenders to the demand plan after the start of the 2017/18 financial year with the expectation to award these tenders by 30 June 2018. At the start of the financial year there were 526 tenders which were already in the demand plan. The total number of tenders requested to be awarded in the period 1 July 2017 to 30 June 2018 therefore totals 680 including the backlog of tenders which were planned for award in prior years. Details regarding awards are provided in the Tender & Contract Administration section of this report.

Graph 1: Demand Plan



The reporting of the demand plan has previously been based on all tender requests submitted to SCM irrespective of whether the request included a draft specification or not.

A memorandum has been issued which requires Line Departments to submit their Bid Initiation Forms and 60% complete draft specifications to SCM Tenders & Contracts before 30 September of each year if they need the contract awarded within that financial year. In the future tender requests will only appear on the demand plan upon receipt of the required specification.

Line Departments are to notify Demand Management of future tender requirements based on the MTREF period before 30 November of each year. This will enable Demand Management to consolidate requirements and advise on appropriate sourcing strategies to meet the needs, which will then flow into the appropriate SCM process. Demand Management will be reporting to Executive Management where the above cut-off dates are not complied with.

Demand Management performed an analysis between the capital budget for the 2017/18 financial year combined with the two outer years of the MTREF period. This process resulted in Line Management indicating that 81% of the capital budget line items either do not require an SCM process or have been provided for in the SCM system (i.e. Demand System, Acquisition System or Active Contracts).

5.1.3 Disposal Management

The Disposal branch is responsible for the disposal process for movable assets no longer required, obsolete or damaged.

The summarised revenue generated from these sales for the financial year are categorised as follows:

Table 1: Disposal Information for the period 1 July 2017 to 30 June 2018

Scrap (metals and cable)	R 9 143 968.23
Auctions	32 218 901.53
Paper	60 600.52
Transformers	4 028 762.90
Oils	1 019 853.44
Total	R 46 472 086.62

5.2 Supplier Management

5.2.1 Supplier Database

The purpose of the Supplier Database, and as required by the Supply Chain Management Policy, is to provide the City with a list of accredited suppliers capable of doing business with the City that must be maintained in order to adhere to SCM regulations. This department continues to offer ongoing support to its internal and external customers by ensuring the information is accurate as supplied by the supplier and that due diligence is done to maintain the compliant status of the supplier.

Table 2: Supplier Registration Information

Registrations approved Quarter 4, 2018	
APRIL	154
MAY	187
JUNE	110
Total number of registrations for 2017-2018	2272

For the fourth quarter 451 new supplier applications were considered and approved. These new applications are a positive indication that suppliers want to engage the City to access procurement opportunities. A total of 2272 new supplier applications were considered and approved for the 2017/2018 financial year.

The City of Cape Town's Supplier Database is maintained in parallel with the National Treasury Central Supplier Database (CSD). A walk-in CSD support office was established on the second floor of the Cape Town Civic Centre to assist suppliers face-to-face with their CSD registration. As a result, visitors and registrations have increased dramatically.

Table 3: CSD Registration of Suppliers

CSD Registrations approved for Quarter 4 - 2018	
APRIL	374
MAY	488
JUNE	468
Total number of CSD registrations for 2017-2018	5231

There are 19010 active suppliers on the database of which 13034 have been successfully registered on the National Treasury CSD database. This is a great achievement as the City remains the only municipality which have a CSD walk-in-center in the Western Cape and the highest number of registered suppliers.

5.2.2 e-Procurement

The City's new e-Procurement portal is an automated online service making it easier for suppliers to submit their bids online. Some of the features of the new portal includes:

- A once off registration process on the portal to gain access to all City procurement options
- A simplified application process to be linked to the RFQ
- Submission of bids online anytime and anywhere, reducing the time it takes a supplier to complete and submit a bid
- Suppliers capture directly onto the system their pricing and compliance information reducing the risk of capturing errors.

Since the successful pilot of e-Procurement, the following commodities have been rolled out thus far:

1 November 2017 Roll-out:

- Clothing
- Building Hardware
- IT Hardware

1 April 2018 roll-out:

- Tools & Machinery
- Civil
- Electrical

Commodities planned to be rolled out on 1 August 2018 include:

- Plumbing
- Chemicals
- Medical
- Refreshments
- Furniture
- Stationery
- Automotive spares
- Vehicle Hiring Services

439 suppliers have been registered on the e-Procurement portal and shown activity on the system since 1 November 2017. 3 452 Request for Quotations (RFQ's) have been advertised since the roll out of e-Procurement and 13 371 responses have been received. This is in line with the general response ratio of 3.87 responses per advert placed.

Table 4: RFQs advertised on e-Procurement System

Years	Quotation date	Number of Adverts	Number of Quotes	Average no. of quotes
2017	Nov	177	494	2.79
	Dec	121	323	2.67
2018	Jan	238	831	3.49
	Feb	286	1130	3.95
	Mar	293	1229	4.19
	Apr	767	2636	3.44
	May	871	3383	3.88
	Jun	515	2414	4.69
Grand Total		3452	13371	3.87

The above depicts the increase utilisation of the system, particularly in the number of bids received. This indicates that the supplier the training and information interventions have been successful. E-Procurement has had a 90% success rate to date and has eased the way of doing business with the City for suppliers.

The system has proven to have provided the following improvements to the procurement process:

- Faster turnaround time in converting requisitions to orders
- Improved compliance (suppliers submit and attach compliance documents directly onto the system)
- More effective communication with suppliers (automated emails from the system)
- Lower costs for suppliers in doing business with the City
- Reduction in the time staff spend archiving as all documentation is maintained on the system.

5.2.3 Supplier Due Diligence

Continuous due diligence checks are being performed to ensure compliance with clauses 44 and 45 of the SCM Regulations by not doing business with any person in service of the state. The "Red List" has been implemented as an internal monitoring tool for suppliers who are not performing as required. Poor performing suppliers are performance managed by the relevant project managers within line departments. Matters are referred to Legal unit or National Treasury where a supplier has defaulted and must be restricted.

Table 5: Supplier Default and Performance for the period 2017 – 2018

Quarter and Annual 2017 - 2018 Defaulting and Poor Performing Suppliers					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
False DOI	1	2	2	0	5
Non- Delivery of Goods/ Services	14	4	3	24	45
Poor Performance	36	8	26	14	84
Collusion	4	2	0	2	8
Abuse of SCM Policy	0	4	2	0	6
Matters sent to Legal	6	9	6	1	22
Matters sent to National Treasury for restriction	5	1	4	1	11
Total	66	30	43	42	

5.3 Inventory and Stores Management (ISM)

The main purpose of the Inventory and Stores Management (ISM) branch is to provide the right quality of materials at the right time and quantities to user departments in the City. This is done to enable effective service delivery to the citizens of Cape Town. ISM strives to keep the right balance between stock levels and working capital investment.

There are currently 38 operational SAP stores and 18 fuel sites in the City. There are 13 509 different materials and 23 208 bins maintained. During 2017/18 the average stock value was R344 491 030 with an annual stock usage of R1 307 411 095. There were 835320 goods movement transactions during the financial year. Stock variances decreased for the financial year and amounted to approximately R 222 900.42. This related to theft, obsolescence, redundancy and incorrect stock issued. Inventory procedures are being reviewed in this regard.

5.3.1 Achievements and Focus Areas

5.3.1.1 Achievements

The following achievements were realized within ISM during this financial year:

- The annual stock ⁸²turn achieved was 3.74 against a benchmark of 3.50 which is indicative of improved inventory management practices within the City.
- The average stock availability during 2017/18 was approximately 94.80%.
- Returns to stock averaged 0.009% of goods issued. This is an indication that the users were satisfied with the quality of materials that they received from the stores and that the quality management system performed well.

- 100% of the ISM assets were verified during the annual asset verification.
- The spend on ISM capex projects was 100%.
- Appointment of an Assistant Quality Control Officer as at 4 June 2018.
- Appointment of a Principal MRP Controller as at 01 January 2018.

5.3.1.2 Focus Areas

There is a continuous focus on the improvement of customer service, material availability, quality, stock accuracy, employee safety, facilities, business processes and training. There is also a drive to increase the percentage of stock materials that are on contract. 11 stock contracts were awarded in the financial year 2017/18.

5.3.2 Results

Some comparative results for the last two financial years are indicated in the tables below.

Table 6: Fourth Quarter Results

4th Quarter	Stock Value at end of Quarter (R)	Ave Stock Value during Quarter (R)	Usage Value during Quarter (R)	Stock Turn during Quarter	Number of Transactions during Quarter
2016/17	277 901 805	290 435 870	304 391 426	4.19	224 931
2017/18	393 797 662	396 754 935	398 761 155	3.98	213 037
% Change	42%	37%	31%	-5%	-5%

The quarterly comparable stock value increased by 42% (01 April 2018 to 30 June 2018 compared to 01 April 2017 to 30 June 2017). The reason for this increase can be attributed to an increase in the usage of high value materials which had to be ordered and kept in stock to meet the increased demand.

The quarterly comparable stock usage value increased by 31% (01 April 2018 to 30 June 2018 compared to 01 April 2017 to 30 June 2017).

This was mainly due to an increase in usage of several materials, some examples of which include high value:

- Water demand management meters to the value of R59 million (implementation of water resilience measures to mitigate effects of the drought)
- Optic fibre cables to the value of R14 million (roll out of the City's fibre network)

Table 7: Annual Results

Financial Year	Stock Value at end of Year (R)	Ave Stock Value during Year (R)	Usage Value during Year (R)	Annualised Stock Turn	Number of Transactions during Year
2016/17	277 901 805	267 951 363	1 012 417 354	3.78	858 252
2017/18	393 797 662	344 491 030	1 307 411 095	3.74	835 320
% Change	42%	29%	29%	-1%	-3%

The comparable stock value increased by an annualised 42% (Financial Year End 2017/18 compared to Financial Year End 2016/17).

The reason for this increase can be attributed to an increase in the usage of high value materials which had to be ordered and kept in stock to meet the increased demand.

The comparable stock usage value increased by an annualised 29% (Financial Year End 2017/18 compared to Financial Year End 2016/17).

This was mainly due to an increase in usage of several materials, some examples of which include high value:

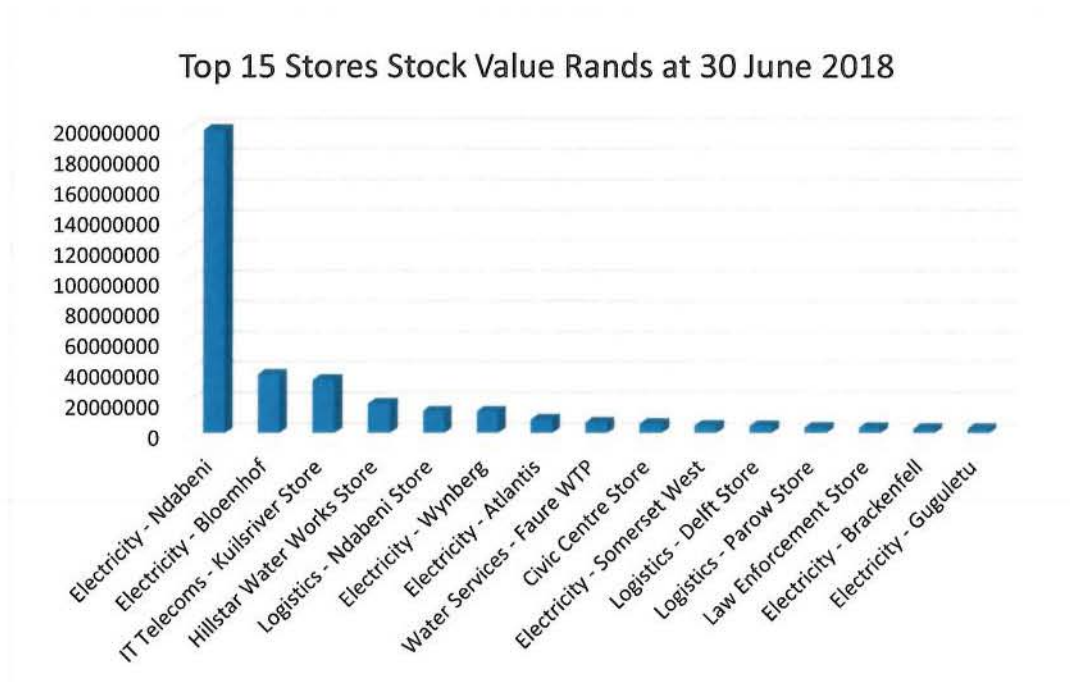
- Water demand management meters to the value of R137 million (implementation of water resilience measures to mitigate effects of the drought)
- Electrical server switches to the value of R21 million
- Optic fibre cables to the value of R14 million (roll out of the City's fibre network)
- Switchgear to the value of R12 million.

5.3.3 Top 15 Stores and Material Groups

Top 15 Stores

The graph below reflects the top 15 stores by estimated value.

Graph 2: Analysis of Stock Value April 2018 – June 2018



5.4 Procurement

5.4.1 Community Based Procurement

One of the strategic focus areas of the City of Cape Town's Integrated Development Plan is to "drive economic inclusion in order to improve quality of life, promote greater levels of self-determination, and create an enabling environment for economic growth" through the encouragement of small business development. One of the measures identified by the City to achieve these goals was the development and implementation of community based procurement in various Wards and Sub-councils. At the end of the 2017/18 Financial year there were 568 registered community based suppliers on the City's supplier database.

5.4.2 RFQ Advertisements vs Responses Received for 2017/18 Financial Year

In order to procure goods or services which involves a transaction value over R2000 and up to R200 000, written price quotations must be obtained. SCM tracks the ratio between RFQs that have been advertised and the number of responses received in order to establish the supplier activity in our procurement processes.

This Financial year has seen us place 17820 RFQs on the City's website, receiving 56 032 responses to these RFQs resulting in the issuing of 213 554 purchase orders to the value of R12 260 005 036.09.

Table 8: QIF Advert vs Responses for July 17 to June 18

	GOODS			Services		
Month	RFQ Advertised	RFQ Responses	Ratio	RFQ Advertised	RFQ Responses	Ratio
Jul'17	941	3366	3.58	262	1343	5.13
Aug'17	1479	4651	3.14	462	2116	4.58
Sep'17	1143	4410	3.86	540	2014	3.73
Oct'17	1302	4673	3.59	567	1668	2.94
Nov'17	1345	4345	3.23	504	1528	3.03
Dec'17	748	2355	3.15	173	594	3.43
Jan'18	722	2182	3.02	187	437	2.34
Feb'18	1206	3027	2.51	306	866	2.83
Mar'18	1060	3216	3.03	306	947	3.09
Apr'18	1310	3084	2.35	248	736	2.97
May'18	1548	4746	3.07	247	566	2.29
Jun'18	1076	2745	2.55	138	417	3.02
Totals	13880	42800	3.08	3940	13232	3.36
	Total RFQs Advertised	17 820		Response Ratio	3.14	
	Total Responses	56 032				

5.4.3 Volume and Value of Purchase Orders for B-BBEE Spend

The tables below illustrate the number of purchase orders, and their values, processed by the City for each B-BBEE status level of contributor.

Table 9: B-BBEE vs PO spend for the Financial Year July 2017 to June 2018

B-BBEE Level	Suppliers	% Suppliers	PO's	% PO's	PO Value (R)	% PO Value
1	1339	42.28	125479	58.76	4 295 945 780.97	35.04
2	406	12.82	30800	14.42	2 631 819 020.72	21.47
3	278	8.78	14795	6.93	2 135 656 805.68	17.42
4	570	18.00	24704	11.57	1 466 228 066.56	11.96
5	59	1.86	1170	0.55	282 013 442.00	2.30
6	49	1.55	2817	1.32	160 484 301.35	1.31
7	36	1.14	1548	0.72	100 481 938.37	0.82
8	70	2.21	3194	1.50	175 671 196.62	1.43
0	360	11.37	9047	4.24	1 011 704 483.82	8.25
Grand Total	3167	100.00	213554	100.00	R 12 260 005 036.09	100.00
B-BBEE	2807	88.63%	204507	95.76%	R 11 248 300 552.27	91.75%

The number B-BBEE suppliers were 2807 and this equates to 88.63% of the overall number of suppliers who have conducted business with the City in this Financial Year.

A total of 204507 purchase orders were issued to the B-BBEE suppliers which was 95.76% of the total. The spend was R11 248 300 552.27 which was 91.75% of the total.

Table 10: B-BBEE vs PO spend for Quarter April 2018 to June 2018

B-BBEE Level	Suppliers	% Suppliers	PO's	% PO's	PO Value (R)	% PO Value
1	948	49.38	33075	60.82	R 1 120 795 838.36	45.71
2	247	12.86	7764	14.28	439 482 403.24	17.92
3	116	6.04	2943	5.41	311 896 785.28	12.72
4	333	17.34	6501	11.95	269 223 123.61	10.98
5	24	1.25	419	0.77	70 110 242.26	2.86
6	24	1.25	603	1.11	39 287 372.58	1.60
7	20	1.04	398	0.73	17 991 861.65	0.73
8	44	2.29	643	1.18	36 391 920.16	1.48
0	164	8.54	2035	3.74	146 895 144.49	5.99
Grand Total	1920	100.00	54381	100.00	R 2 452 074 691.63	100.00
B-BBEE	1756	91.46%	52346	96.26%	R 2 305 179 547.14	94.01%

The number B-BBEE suppliers who have conducted business with the City in this quarter (1 April 2018 to 30 June 2018) were 1756 and this equates to 91.46% of the overall number of suppliers used.

A total of 52346 purchase orders were issued to the B-BBEE suppliers which equates to 96.26% of the total and, the spend is R2 305 179 547.14 which is equivalent to 94.01% of our total expenditure for this period.

5.5 Tenders and Contract Administration

5.5.1 Tender Statistics

Table 11: Tender Statistics

Overall Statistics	2017/18	2016/17	2015/16
Advertised	320	386	421
Submissions received	3545	2704	3748
Awarded	291	314	466
Cancelled	58	29	56

Compared to 2016/17, there was a 17% reduction in the number of tenders advertised and a 7% reduction in the number of awards. However, the number of tender responses increased by 31%. The number of tenders cancelled increased to 58, the same as in 2015/16. Certain tenders in the water augmentation plan that was not pursued due to budgetary and/or affordability considerations, contributed to the higher number of cancellations.

5.5.2 Turnaround times

Of the 291 awards made, 113 awards were of tenders advertised and awarded in 2017/18. At 30 June 2018, the average three-year turnaround time was 22.67 weeks.

5.5.3 Moving Forward

Planning

An intervention has been the instruction that in order to be awarded a tender in a particular financial year, the tender must be initiated by the line department no later than 30 September of that financial year. SCM will be engaging EMT and reporting on exceptions with tender turnaround times and lack of planning.

Timelines

Tender timelines have been part of the supply chain management system for some time. The tender timeline is being enhanced to reflect due dates in the process, initiation of a tender. Going forward, tenders will not commence unless the tender project plan / timeline is not agreed to as part of tender initiation. This will appropriately focus the prioritisation of tenders. Timelines will be actively tracked and monitored with line management through a system of exception reporting. In addition, SCM will be reviewing the tender process flow to extract efficiencies.

Resourcing

During the year, a number of SCM Practitioners resigned. This curtailed SCM's resource allocation and workload balancing. Progress has however been made with recruiting additional staff and a reduction in the vacancy rate is expected during the 1st and 2nd quarters of 2018/19. During this year a Manager: Tenders & Contracts, a Head: Tenders & Contracts, two Senior SCM Practitioners, four Assistant Professional Officers and a three clerks were appointed. There have also been interventions around staff retention.

5.6 Supply Chain Management Bid Adjudication Committee & Support Services

The SCM Bid Adjudication Committee (SCMBAC) and the SCM Immovable Property Adjudication Committee (SCM-IPAC) continue to consider reports including tender recommendations and final awards. The BAC continues to meet weekly and remains instrumental in achieving maximum awards within a quick turn-around time. The BAC meeting is open to the public as part of good governance.

5.6.1 Training and Development

The SCM department has undertaken a series of training interventions with the National School of Government (NSG). Bid Committee Training has been rolled out to 196 bid committee chairpersons and project managers in the various directorates and will continue to be rolled out to reach all role players within the supply chain management system.

The SCM department has renewed the contract with NSG for another three (3) years and are rolling out to additional SCM training for role players within the supply chain management system. The focus will be on accredited SCM training interventions such as Bid Committee, Demand Management, Contract Management, Municipal SCM program and Promoting Anti-Corruption amongst others.

5.6.2 SCM Capacitation

The SCM Department has embarked on a business improvement strategy in order to provide an effective and efficient SCM service to the City. Among others, this strategy includes the staffing of the department with suitable qualified and experienced employees.

For the period 2017 to 2018 the SCM department made 35 appointments. This includes two new staff members into the Demand Management team for purposes of soliciting and reporting on Demand Plans for the various Directorates, together with other demand management functions and data analytics.

This team is engaging with Line Departments in order to co-ordinate the requirements for tenders and the relationship between the capital budget and the demand planning. This added capacity and skill sets added value to the SCM process.

Also during the financial year two SCM Specialists in Tenders and Contracts, six Shared Service SCM Specialists (to support line departments with their procurement), a Head: Tenders and Contract, a Head: Procurement, a MRP controller and a Senior Accountant were appointed.

For the period April 2018 to June 2018 the department successfully recruited a Head: Procurement Excellence and Governance (to assist in the support of excellence for SCM) and an Assistant Quality Control Officer (that will assist the Quality Control Officer with quality checks when managing the stock in Inventory and Store Management section).

The entire SCM Department has experienced difficulty in attracting and appointing suitably skilled and specialised staff and will continue to engage HR to find alternative recruiting strategies for this scarce skill.

5.7 Management and Change Interventions

A Procurement Excellence and Governance unit has been established as a monitoring and evaluation function for the performance and governance of the supply chain system.

Various interventions are planned for driving the 16 weeks' turnaround target for tenders and engagements in this regards have already occurred. SCM related directives and formal instructions were issued to the organisation in order to drive better compliance.

Six SCM shared services resources have been appointed to address bottlenecks in the line departments and provide guidance on supply chain issues including forward planning for tenders.

An SCM Strategy Session is planned for July 2018 which is aimed to review and plan for further improvements within SCM.

Meetings with the City Manager on supply chain issues and interventions have taken place through a dedicated SCM Forum meeting.

Engagement with Executive Directors regarding tender planning and deviations have also taken place during the year.

Workshops with project managers have also occurred in order to address various issues.

The SCM Policy review has started in the fourth quarter and is expected to serve at Council in the first quarter of the new financial year.

In order to drive preferential procurement and transformation, various USDG grant funded projects and tenders will have a 30% pre-qualification requirement for award of contracts to designated groups as from 1 July 2018. This proposal was presented to EMT and adopted in May 2018.

Inventory procedures are currently being reviewed to enhance controls.

FOR FURTHER DETAILS, CONTACT:

NAME	Basil Chinasamy
CONTACT NUMBERS	021 400 3190
E-MAIL ADDRESS	basil.chinasamy@capetown.gov.za
DIRECTORATE	Finance – Supply Chain Management
File Ref No	