



DATE: 06 APRIL 2021

REPORT TO: EXECUTIVE MAYOR

M3273

1. ITEM NUMBER

2. SUBJECT

**SUPPLY CHAIN MANAGEMENT:
REPORT FOR THE PERIOD 1 JANUARY 2021 TO 31 MARCH 2021**

**VOORSIENINGSKANAALBESTUUR:
VERSLAG VIR DIE TYDPERK 1 JANUARIE 2021 TOT 31 MAART 2021**

**ULAWULO LOBONELELO NGEMPAHLA EKWIZIKO: INGXELO YESITHUBA
ESISUSELA KOWO 1 KWEYOMQUNGU UKUYA KOWAMA 31 KWEYOKWINDLA
2021**

3. DELEGATED AUTHORITY

In terms of delegation

This report is

- ☐ **Committee name :**
☒ The Executive Mayor
☐ Council

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) 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 such a meeting as an observer.

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

Making progress possible. Together.

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 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

5. RECOMMENDATIONS

IT IS RECOMMENDED THAT THE CONTENTS OF THE REPORT TITLED SUPPLY CHAIN MANAGEMENT REPORT FOR THE PERIOD 1 JANUARY 2021 TO 31 MARCH 2021 BE NOTED.

AANBEVELING

DAAR WORD AANBEVEEL DAT DAAR KENNIS GENEEM WORD VAN DIE INHOUD VAN DIE VERSLAG MET DIE TITEL "SUPPLY CHAIN MANAGEMENT REPORT FOR THE PERIOD 1 JANUARY 2021 TO 31 MARCH 2021" (VERSLAG VAN VOORSIENINGSKANAALBESTUUR VIR DIE TYDPERK 1 JANUARIE 2021 TOT 31 MAART 2021).

ISINDULULO

KUNDULULWE UKUBA MAKUQWALASELWE IZIQULATHO ZENGXELO ESIHLOKO 'INGXELO ENGOLAWULO LOBONELELO NGEMPAHLA EKWIZIKO'

**YESITHUBA ESISUSELA KOWO 1 KWEYOMQUNGU UKUYA KOWAMA 31
KWEYOKWINDLA 2021.**


ANNEXURES:

ANNEXURE 1


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 | |
| SIGNATURE : DIRECTOR | Basil Chinasamy <small>Digitally signed by Basil Chinasamy Date: 2021.04.06 11:51:34 +02'00'</small> | | |

EXECUTIVE DIRECTOR

| | | |
|-----------|--|----------|
| NAME | KEVIN JACOBY | COMMENT: |
| DATE | | |
| SIGNATURE |  <small>Digitally signed by Kevin Jacoby Date: 2021.04.07 14:36:48 +02'00'</small> | |


CITY MANAGER

| | | |
|-----------|--|----------|
| NAME | LUNGELO MBANDAZAYO | COMMENT: |
| DATE | | |
| SIGNATURE |  <small>Digitally signed by Lungelo Mbandazayo Date: 2021.04.08 18:33:10 +02'00'</small> | |

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 | COMMENT: |
| DATE | |

SIGNATURE  Digitally signed
by Jason Sam
Liebenberg
Date:
2021.04.08
11:49:25 +02'00'

For information

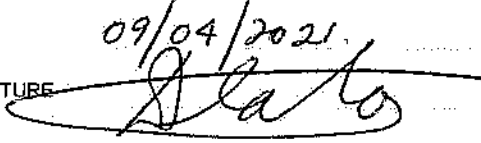
EXECUTIVE MAYOR

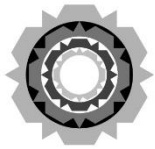
NAME ALD DAN PLATO

COMMENT:

DATE 09/04/2021

SIGNATURE

A handwritten signature in black ink, appearing to read 'D. Plato', is written over a horizontal line. The signature is stylized with a large initial 'D' and a cursive 'Plato'.



ANNEXURE 1

1. STRATEGIC INTENT

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

2. PURPOSE

Compliance with clause 12 of the City's Supply Chain Management (SCM) 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.

5. OTHER SERVICES CONSULTED

Not applicable.

6. SALIENT DETAILS OF SUPPLY CHAIN MANAGEMENT ACTIVITIES

Major SCM activities are summarised below, for information.

6.1 Demand and Acquisition Management

6.1.1 Implementation of the 2020/21 Demand Plan

The implementation of the 2020/21 demand plan is progressing very well.

The total quantum of the demand plan for this financial year is **256** tenders which are required, considerably lower than previous years (2018/19: 514 and; 2019/20: 394) which is attributable to more realistic planning and budget cuts given the COVID-19 pandemic. As per Table 01 below, **151** tenders (59%) of the total required tenders have been awarded and **25** tenders (10%) were cancelled. Cancellations are discussed in more detail later in this report.

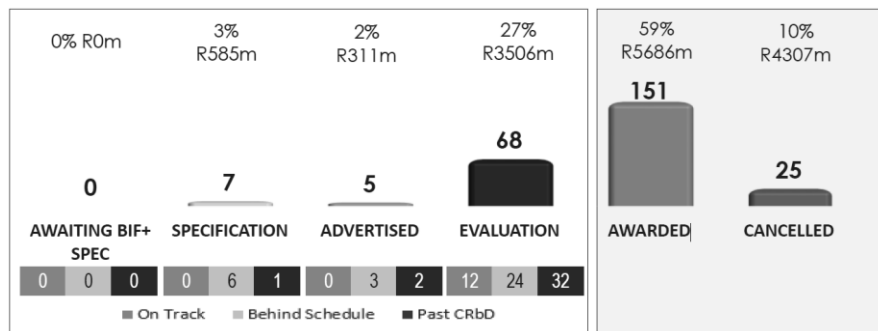
In March 2019, SCM issued a directive on the submission of specification well in advance. All draft specifications for tenders required in the current financial year have been received. This is a vast improvement. The majority (68 of 80) of the tenders still to be processed for this year are currently being evaluated. The 7 tenders not yet advertised are at risk of not being awarded.

The progress with the implementation of the demand plan is discussed in meetings with each Executive Director and their management team, together with representatives from SCM. These meetings are chaired by the CFO. The demand plan is a standing item on the agenda in order to ensure that there is full collaboration and commitment to successfully implement the demand plan.

Table 01: 2020/21 Demand Plan for Tenders

| 2020/21 Approved Demand Plan | |
|--|-----|
| Total number of tenders on approved plan | 256 |
| Number of tenders successfully awarded | 151 |
| Number of tenders cancelled | 25 |
| Number of tenders in process | 80 |

Figure 01 – Graphical view of Demand Plan (2020/21)



6.1.2 Tender completion rate (2020/21 Demand Plan)

The progress with the implementation as at the end of the third quarter is **69%**. The Directorates which are behind this target are addressing the performance in order to bring about improvement.

Table 02 - 2020/21 Demand Plan

| Stage in SCM Process | Quarter 1 | Quarter 2 | Quarter 3 |
|--------------------------------------|-----------|-----------|-----------|
| Awaiting BIF and draft specification | 3 | - | - |
| Compiling specification | 66 | 17 | 7 |
| Advertised | 31 | 8 | 5 |
| Evaluation | 98 | 88 | 68 |
| Awarded | 61 | 122 | 151 |
| Cancelled | 12 | 23 | 25 |
| TOTAL | 271 | 258 | 256 |
| Completion Rate | 27% | 56% | 69% |
| Targeted Completion Rate | 25% | 55% | 70% |

6.1.3 Slippage analysis per Directorate 2020/21

The Slippage analysis indicates whether each tender is progressing through the SCM system according to plan in order to have the contract ready on time. Tenders are categorized as to whether they are on track, behind schedule or overdue [past the contract required by date (CRbD)].

Table 03: Slippage analysis per Directorate 2020/21

| Implementing Director | On Track | Behind Schedule | Past CRbD | Grand Total |
|-----------------------------|----------|-----------------|-----------|-------------|
| Community Services & Health | - | - | - | - |
| Corporate Services | 5 | 3 | 6 | 14 |

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Economic Opportunities & Asset Management | - | 5 | 4 | 9 |
| Energy & Climate Change | - | 8 | 14 | 22 |
| Finance | - | 3 | 3 | 6 |
| Human Settlements | 1 | 1 | 1 | 3 |
| Office of the City Manager | - | - | - | - |
| Safety & Security | - | - | - | - |
| Spatial Planning & Environment | - | - | - | - |
| Transport | 2 | 4 | 1 | 7 |
| Urban Management | 1 | - | - | 1 |
| Water & Waste | 3 | 9 | 6 | 18 |
| Grand Total | 12 | 33 | 35 | 80 |

As per Table 03 above, there are **35** tenders (44% of tenders) which are past their contract required by date and **33** tenders (41% of tenders) are behind schedule. The remaining **12** tenders (15%) tenders are on track to be awarded timeously.

The City Manager has issued instructions on 20 August 2020 that all tenders which are overdue or behind schedule are to be rectified. There has been an improvement in this trend since the issuance of the instruction, however there is still work to be done to address the remaining tenders. Line department have been reminded to catch-up on their tender backlogs and demand plans to avoid deviations, contract extensions and delays on projects. SCM sends reports weekly to Executive Directors on their demand plan status.

6.1.4 Cancelled tenders and analysis 2020/21

Tender cancellations are further analyzed in order to establish detailed information resulting in the cancellation and lessons learnt from such findings are shared with the Top 300 project managers during the SCM workshops and Bid Committee Chairperson's training sessions.

Table 04: Cancellations for the period January to March 2021

| Reason for Cancellation | Number | Est. Award Value R |
|-------------------------------|----------|-----------------------|
| PPPFA Non-compliance (13.1.d) | 1 | R0 |
| No longer required (13.1.a) | 1 | R22 000 000 |
| Grand Total | 2 | R22 000 000 |

(The cancellation with zero value was a Request for Proposals)

6.1.5 Appeals analysis 2020/21

The City received 125 appeals in the financial year thus far. Of these, 17 appeals were upheld, 82 appeals dismissed and 26 appeals are pending outcome from the Appeals Authority.

SCM is satisfied that the SCM system is sufficiently robust thereby minimising the number of successful appeals and subsequent delays in the process. Further, there is an independent appeal process to test the fairness and transparency of bid committee processes.

6.1.6 Implementation and update of the 2021/22 Demand Plan

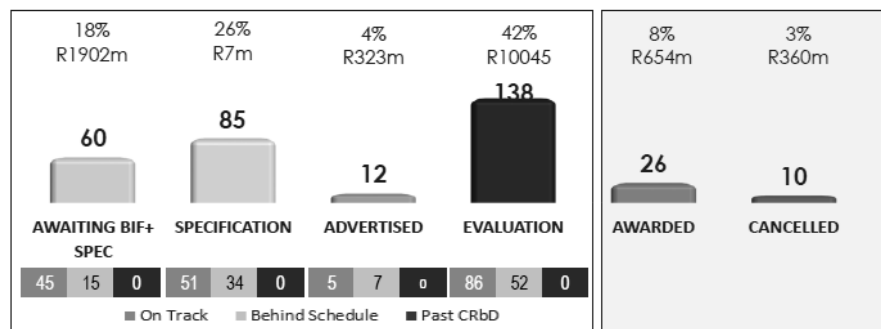
The implementation of the 2021/22 demand plan is in its very early stages, however there are many tenders for this period which need to start within the current financial year in order to be awarded in time for implementation as required by the CRbD.

The total of **331** tenders required in the 2021/22 financial year is certainly achievable within the capacity of the SCM system.

Table 05: Demand Plan 2021/22

| 2021/22 Approved Demand Plan | |
|--|-----|
| Total number of tenders on approved plan | 331 |
| Number of tenders successfully awarded | 26 |
| Number of tenders cancelled | 10 |
| Number of tenders in process | 295 |

Figure 02 – Graphical view of Demand Plan (2021/22)



The focus at this stage is therefore to ensure that specifications are received and that tenders do not drop behind schedule. At this stage there are **108**

(33%) of these tenders which are behind schedule and which have been reported to the relevant Executive Directors (ED's) to be rectified.

6.1.7 SCM Bid Adjudication Committee (SCMBAC)

The SCM Bid Adjudication Committee (SCMBAC) 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. The BAC has convened 13 meetings via skype for quarter 3.

6.1.8 SCM Bid Committees

A total of 26 new Bid Specification Committee (BSC) and Bid Evaluation Committee (BEC) Chairperson appointments were made during quarter 3 for the various Directorates.

BSC and BEC Chairperson appointments are for a two-year period after which there should be a review and renewal by the relevant ED's. Only staff who are T-level 14 and above are appointed and only nominations accompanied by proof of the required SCM training are appointed.

6.1.9 Procurement below R200 000

In order to procure goods or services which involves a transaction value over R2 000 and up to R200 000, written price quotations must be obtained. SCM tracks the ratio between RFQ's that have been advertised and the number of responses received in order to establish the supplier activity in our procurement processes.

For the period 01 January 2021 to 31 March 2021, a total of 5 105 RFQs were advertised on the City's website, receiving 28 752 responses to these RFQ's equating to a response ratio of 5.63 for each RFQ advertised. Table 06 below refers. The increased ratio shows that suppliers are interested in doing business with the City.

Table 06: RFQ advertisements vs responses received for the period 1 January 2021 to 31 March 2021

| Period | Goods | | | Services | | |
|----------|----------------|---------------|-------------|----------------|---------------|-------------|
| | RFQ Advertised | RFQ Responses | Ratio | RFQ Advertised | RFQ Responses | Ratio |
| Jan 2021 | 772 | 5 620 | 7.28 | 614 | 2 673 | 4.35 |
| Feb 2021 | 1 189 | 6 929 | 5.83 | 562 | 2 197 | 3.91 |
| Mar 2021 | 1 394 | 7 993 | 5.73 | 574 | 3 340 | 5.82 |
| | 3 355 | 20 542 | 6.12 | 1 750 | 8 210 | 4.69 |

Total Advertised **5 105**
Total Responses **28 752**
Total Ratio **5.63**

6.1.10 B-BBEE Purchase orders

Table 07 below illustrates the number of purchase orders, and their values, processed by the City for each B-BBEE status level of contributor for the period 1 January 2021 to 31 March 2021.

Table 07: B-BBEE vs PO spend for the period 1 January 2021 to 31 March 2021

| B-BBEE Level | PO Count | % PO Count | No. of Vendors | % of Vendors | Order Value (R) | % Order Value |
|--------------|---------------|-------------|----------------|--------------|-------------------------|---------------|
| 0 | 15 714 | 32% | 635 | 43% | 868 193 405.18 | 34% |
| 1 | 23 730 | 48% | 571 | 38% | 1 096 549 501.90 | 43% |
| 2 | 6 834 | 14% | 136 | 9.2% | 324 061 920.87 | 12.5% |
| 3 | 746 | 1.5% | 19 | 1.3% | 80 090 716.69 | 3% |
| 4 | 2 098 | 4% | 110 | 7.4% | 180 931 666.70 | 7% |
| 5 | 149 | 0.3% | 7 | 0.5% | 12 203 682.49 | 0% |
| 6 | 2 | 0.0% | 2 | 0.1% | 159 346.64 | 0% |
| 7 | 9 | 0.0% | 1 | 0.1% | 115 850.00 | 0% |
| 8 | 90 | 0.2% | 6 | 0.4% | 14 116 986.83 | 0.5% |
| Total | 49 372 | 100% | 1 487 | 100% | 2 576 423 077.30 | 100% |

| | | | | | | |
|---------------|---------------|------------|------------|--------------|-------------------------|------------|
| B-BBEE | 33 658 | 68% | 852 | 57.3% | 1 708 229 672.12 | 66% |
|---------------|---------------|------------|------------|--------------|-------------------------|------------|

The number of B-BBEE suppliers who have conducted business with the City for the quarter were 852 and this equates to 57.30% of the overall number of suppliers used.

A total of 33 658 purchase orders were issued to the B-BBEE suppliers which equates to 68% of the total of purchase orders processed and the spent is R1 708 229 672.12 which is equivalent to 66% of our total expenditure for this period.

6.1.11 Procurement Deviations

Deviations are approved in line with the Systems of Delegations.

Ongoing initiatives to minimize deviations include SCM engaging line departments to put formal framework agreement tenders in place through the open bidding process and prioritizing the finalization of current tenders on the demand plan and / or in the bidding process. These deviations are reported to Mayco and Council on a monthly basis in terms of SCM Regulation 36.

6.2 Supplier Development, Empowerment and Management

6.2.1 Supplier Empowerment (Community Based Suppliers)

SCM resumed its information sessions with Community Based Suppliers during the 3rd quarter of this financial year. The sessions guide suppliers on how to conduct business with the City, how to register, how to submit RFQ's, the requirements for submitting City tenders and how to complete the City tender documents. The frequency of these sessions depends on the COVID-19 risks and restrictions with regard to public gatherings.

This project is run in conjunction with the Economic and Supplier Development section by visiting the sub-councils and inviting suppliers from the CCT database also in order to provide assistance to new and emerging suppliers.

6.2.2 Supplier management and support services

The City's supplier database is maintained in parallel with the National Treasury Central Supplier Database. These databases provide information on accredited suppliers capable of doing business with the City and must be maintained through stringent due diligence processes to ensure compliance to MSCMR 44 and 45.

Table 08: Supplier registration statistics for the period 1 Jan 2021 to 31 March 2021

| Details | Number of suppliers registered |
|--|--------------------------------|
| Suppliers ready to transact with the City | 13 719 |
| Central Supplier Database registered (CSD) | 13 411 |
| Total E-Procurement registered suppliers | 3 838 |
| Community Based Suppliers (CBS) | 957 |

The National lockdown limitations resulted in the SCM unit assisting suppliers mainly with new registrations on the supplier database and CSD registrations as per the statistics in Table 09 below.

Table 09: Statistics on supplier support for the period 1 Jan 2021 to 31 March 2021

| SCM supplier support service | Jan 2021 | Feb 2021 | Mar 2021 | Total |
|------------------------------|----------|----------|----------|-------|
| CSD new registrations | 96 | 78 | 145 | 319 |
| New suppliers created | 94 | 75 | 143 | 312 |

6.2.3 Due Diligence processes

Continuous due diligence reviews are being performed to ensure compliance with clauses 44 and 45 of the Municipal SCM Regulations. There have been constant enhancements of detection controls to ensure that the City does not do business with any person in service of the state. A dual verification process has further been implemented to ensure completeness of both the declaration of interest process and the family reporting note in the financial statement. The Consumer Profile Bureau reporting tool is being used to perform due diligence checks on both the staff

and the suppliers. All City staff and Councilors declaration of interest are assessed for possible conflicts to the SCM system.

A family reporting register as required by clause 45 of the Municipal SCM Regulations has been published on the Tender Tracking System for review by the SCM Specialist before the award of RFQ's and Tenders. Staff non-disclosure cases are referred for each Executive Director to investigate to ensure that the declared relation does not pose a conflict to the procurement processes.

Where deemed necessary, non-performance or abuse matters are referred to Forensic Services and Legal Services for further action. Such suppliers may be reported to National Treasury in instances where the supplier has defaulted and must be restricted.

Table 10: Staff Declaration of Interest (DOI) and Private Work Applications for the period 1 Jan 2021 to 31 March 2021

| Staff DOIs reviewed by SCM | Number |
|---|---------------|
| Electronic DOIs | 3 204 |
| Manual DOIs and private work applications | 346 |

6.2.4 Supplier Performance Management

Supplier performance management is monitored on the City's internal monitoring tool namely the "Red List" which tracks information on suppliers who are not performing satisfactory or who have committed abuse of the SCM system. Poor performing suppliers are performance managed by the relevant project managers within line departments and where necessary, non-performance or abuse matters are referred to Legal Services for further action. Such suppliers may be reported to the National Treasury in instances where the supplier has defaulted and must be restricted. For the third quarter, 17 matters of SCM abuse, default or poor performance have been recorded and actioned accordingly.

Table 11: Supplier performance management for the period 1 Jan 2021 to 31 March 2021

| Defaulting and Poor Performing Suppliers | Number |
|---|-----------|
| False Declaration of Interest | 0 |
| Non-delivery of goods / services | 2 |
| Poor performance | 4 |
| Collusion | 0 |
| Repeated withdrawals from bids / RFQ's | 0 |
| Abuse of SCM system | 1 |
| Matters sent to Forensics | 6 |
| Matters sent to Legal (Restriction) | 4 |
| Matters sent to National Treasury for restriction | 0 |
| Total | 17 |

6.3 Inventory and Stores Management

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 other 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 29 operational SAP stores in the City and 14 fuel sites. There are seven (7) stores which are temporarily closed since the beginning of the COVID-19 lockdown restriction became effective on 26 March 2020. There are 13 423 different materials and 23 055 bins maintained.

6.3.1 Comparative results

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

Table 12: Results for Quarter 3 - 2019/20 and 2020/21

| Quarter 3 | Stock value at end of quarter (R) | Average stock value during quarter (R) | Usage value during quarter (R) | Annualised stock turns | Number of transactions during quarter |
|-----------------|-----------------------------------|--|--------------------------------|------------------------|---------------------------------------|
| 2019/20 | 348 830 261 | 361 262 711 | 267 385 776 | 2.93 | 213 396 |
| 2020/21 | 499 166 315 | 520 401 443 | 256 263 305 | 1.97 | 134 482 |
| % Change | 43% | 44% | -4% | -0.96 | -37% |

The quarterly comparable stock value increased by 43% (01 January 2021 to 31 March 2021 compared to 01 January 2020 to 31 March 2020). The reason for the increase was attributable to an increase in the value of stock for water meters, electricity components (mini substations, circuit breakers, electricity meters, etc) and PPE materials purchased in order to distribute to the organisation for the prevention of COVID-19. The aforementioned electricity components increased stock values as stock was received in stores after it was procured for projects which had to be put on hold due to lockdown restrictions. In addition, stock levels had to be increased for some electricity components to accommodate the anticipated need of the fire season. COVID-19 related Protective and Personal Equipment (PPE) was procured in bulk as a means of ensuring that there was sufficient PPE to be distributed to the City's front-line staff and for when the majority of the City's employees returned to work.

The usage value reduced by R 11 million (4%) (01 January 2021 to 31 March 2021 compared to 1 January 2020 to 31 March 2020). The reason was mainly attributable by the reduction in ferric sulphate (R8m), coveralls (R5.5m) and LED lights (R2.5m) whilst there was an increase in the consumption of other materials.

The number of inventory transactions reduced by 37% (01 January 2021 to 31 March 2021 compared to 01 January 2020 to 31 March 2020) due to the effect of the lockdown as most staff have been working from home and thus not requiring consumable supplies from the store. The reduction could also be attributable to a financial prudent approach by City officials since the beginning of the global pandemic.

Due to the aforementioned and profound ripple effect of the lockdown, the quarterly comparable stock turn reduced by 0.96. This resulted in an unfavourable stock turn of 1.97 against a target of 3.5.

6.3.2 Top 15 Stores and Material Groups

The graph indicates the relative importance of the top 15 stores in terms of rand value at the end of the third quarter of 2020/21.

Graph 01: Top 15 Stores value as at 31 March 2021



The graph indicates the relative importance of the top 15 material groups in terms of rand value at the end of the third quarter of 2020/21.

6.4 Supply Chain Management Overall

6.4.1 Risk Management

The SCM risk registers and mitigating plans are reviewed on an ongoing basis and was recently signed off by the Director SCM on 26 March 2021. SCM is satisfied that known risks are being adequately managed and monitored.

6.4.2 Disposal Management

The disposal unit was affected by the lockdown and the administration had to implement alternate methods of disposal as visitors were not permitted to attend an auction in person.

Our contract with the auctioneers included the option to auction goods via electronic auction (internet based). This option was explored and implemented with resounding success.

The disposal unit has generated a total of R40 620 879.42 revenue for the financial year thus far as per Table 13 below.

Table 13: Disposal revenue year to date

| Category | Revenue R |
|----------------------------|------------------------|
| Disposal of movable assets | 36 939 180.32 |
| Disposal of scrap metals | 2 537 930.97 |
| Disposal of waste paper | 45 087.15 |
| Disposal of oils | 225 002.98 |
| Disposal of transformers | 873 678.00 |
| Total | R 40 620 879.42 |

6.4.3 SCM Capacitation and Development

The SCM business improvement strategy, which focus is to provide an effective and efficient SCM service to the City, *inter alia*, provides for the staffing of the SCM unit with suitably qualified and experienced employees.

For the period 1 Jan 2021 to 31 March 2021, the SCM department made 6 appointments. These appointments include:

- 2 SCM: Heads (Tenders and Contracts and Inventory and Stores Management)
- 1 Admin officer 2
- 2 Clerks
- 1 Office assistant

A campaign advert has been published in order to advertise various SCM positions. Currently shortlisting and interview processes are under way for positions at manager, head and SPO levels. Admin level positions will be filled as well. In total 23 EPWP opportunities were created.

The SCM staff establishment consists of 354 approved positions on the organogram of which 320 are filled and 34 vacant positions. The department has identified 9 vacant positions to be abolished to create critical positions

for the department. The financial impact of COVID-19 has been felt and 25 positions were cut to date. This has an impact on the SCM department. The SCM unit has initiated further on-line Bid Committee training (offered by NSG) during Quarter 3 and 30 potential Bid Committee members are being trained as part of this initiative.

6.4.4 SCM Audit Action Plan

The 2019/20 AGSA external audit was concluded at the end of the 3rd quarter following which the SCM Audit Action Plans were developed with the focus on achieving a clean audit outcome for the next audit. The achievement of the SCM Audit Action Plan will be rigorously monitored to succeed in our strive towards a clean audit 2020/21.

6.4.5 COVID-19 impacts on SCM operations and business continuity measures

The SCM unit continued to support the City with the critical needs in response to the pandemic. All requirements were managed in consultation with the City's Occupational Health and Safety department who based its response plan on World Health Organisation guidelines. A number of directives were issued to internal directorates to ensure proper inventory management and SCM is monitoring the usage hereof including producing weekly reporting.

SCM officials attend the Pandemic Business Coordinating Committee meetings and the Disaster Coordinating meetings on a regular basis to support the COVID-19 procurement processes

Reporting for procurement in terms of the National State of Emergency requirements were provided to the Provincial Treasury on a monthly basis as required. COVID-19 Disclosure reports covering procurement of PPE and other Goods & Services published on the City's website during August 2020, have been updated to reflect all procurement from 16 March 2020 to 31 December 2020 and are publicly available on the SCM website for disclosure and transparency purposes.

SCM has been preparing for the possible on-set of a 3rd wave of COVID-19 infections since February 2021. As a result, our PPE forecasts have been adjusted in anticipation of a spike in infections and the increased need for PPE that comes with it. PPE is issued weekly to line directorates.

FOR FURTHER DETAILS, CONTACT:

| | |
|------------------------|--|
| NAME | Basil Chinasamy |
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| E-MAIL ADDRESS | basil.chinasamy@capetown.gov.za |
| DIRECTORATE | Finance – Supply Chain Management |
| File Ref No | |