



DATE: 08 APRIL 2020

REPORT TO: EXECUTIVE MAYOR

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**1. ITEM NUMBER**

**2. SUBJECT**

**SUPPLY CHAIN MANAGEMENT:**

**REPORT FOR THE PERIOD 1 JANUARY 2020 TO 31 MARCH 2020**

**VERSKAFFINGSKETTINGBESTUUR:**

**VERSLAG VIR DIE TYDPERK 1 JANUARIE 2020 TOT 31 MAART 2020**

**ULAWULO LOBONELELO NGENKONZO YOKUTHENGA NOKUTHENGISA  
IIMPAHLA ZEZIKO:**

**INGXELO ESUSELA KWISITHUBA SOMHLA**

**WOKU-1 KWE YEDWARHA 2020 UKUYA KOWAMA-31 KWE YO MNGA 2020**

**3. DELEGATED AUTHORITY**

In terms of delegation:

This report is

☐ Committee name :

☒ The Executive Mayor

☐ Council

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**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 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.

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

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.

☐ Capex: Existing projects with no additional funding requirements

Legal Compliance ☐

4.1. Staff Implications ☐ Yes ☒ No

4.2. Risk Implications ☐ Yes ☒ No

## 5. RECOMMENDATIONS

IT IS RECOMMENDED THAT THE CONTENTS OF THE REPORT ENTITLED  
SUPPLY CHAIN MANAGEMENT REPORT FOR THE PERIOD 1 JANUARY 2020  
TO 31 MARCH 2020 BE NOTED.

## AANBEVELING

DAAR WORD AANBEVEEL DAT DAAR KENNIS GENEEM WORD VAN DIE  
INHOUD VAN DIE VERSLAG GETITELD VERSKAFFINGSKETTINGBESTUUR:  
VERSLAG VIR DIE TYDPERK 1 JANUARIE 2020 TOT 31 MAART 2020

## ISINDULULO

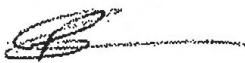
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 ISIHLOKO SITHI ULAWULO LOBONELELO NGENKONZO YOKUTHENGA  
 NOKUTHENGISA HMPAHLA ZEZIKO: INGXELO ESUSELA KWISITHUBA

**SOMHLA WOKU-1 KWE YEDWARHA 2020 UKUYA KOWAMA-31 KWE YO MNGA  
2020**


**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 

**CHIEF FINANCIAL OFFICER**

NAME **KEVIN JACOBY** COMMENT:  
DATE  
SIGNATURE  Digitally signed by  
Kevin Jacoby  
Date: 2020.04.09  
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**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** Digitally signed by  
Joan-Mari Holt  
DATE **Holt** Date: 2020.04.14  
SIGNATURE **Holt** 14:44:46 +02'00' COMMENT:

Making progress possible. Together.

CITY MANAGER

NAME LUNGELO MBANDAZAYO COMMENT:

DATE

SIGNATURE



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Lungelo Mbandazayo  
Date: 2020.04.14  
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EXECUTIVE MAYOR

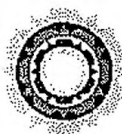
NAME ALD DAN PLATO COMMENT:

DATE

SIGNATURE

15/04/2020





CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

Making progress possible. Together.

## ANNEXURE 1

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### 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.

#### 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 Acquisition Management

The Demand Management unit has been successful in highlighting the importance of demand planning as a feature on the agendas of all Executive Directors. This drives the execution of the demand plan throughout the organization and also exposes instances of over-commitment as well as risks of under spending.

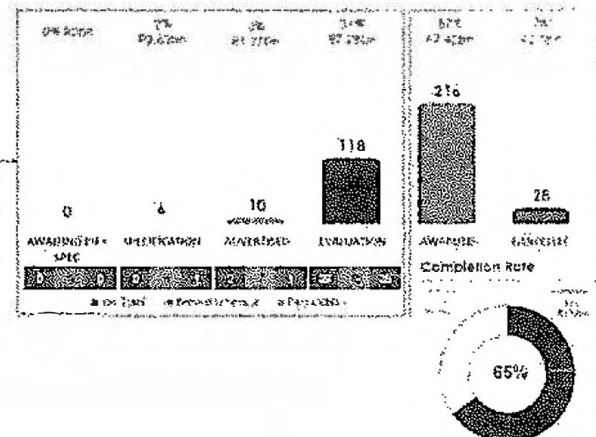
### 5.1.1 Implementation of the 2019/ 20 Demand Plan

The implementation of the 2019/20 demand plan is progressing acceptably at 65 % as can be seen from the table 1 below. The projection and target for the 2019/20 financial year is 90% implementation of the demand plan. The majority of tenders still to be awarded are in the evaluation stage already and should be awarded by the Supply Chain Management Bid Adjudication Committee (SCMBAC) before financial year-end.

It is not anticipated that the 3-week lockdown period (COVID-19) will have a significant impact on the implementation of the demand plan and arrangements have been made for staff to continue working off-site during this period.

**Table 1: 2019/ 2020 Demand Plan**

Total Number of Tenders on the Demand Plan	<b>378</b>
Number of Tenders Successfully Awarded	<b>216</b>
Number of Tenders Cancelled	<b>28</b>
Number of Tenders Still in Process	<b>134</b>



It is anticipated that the majority of the 118 tenders in the evaluation stage should be awarded before the end of the financial year. It is unlikely that any of the 16 tenders in advertised and specification stages will be awarded before the end of the financial year. Further details of the 28 cancelled tenders are discussed later in this report.

### 5.1.2 Completion rate of the Tender Process

The Key Performance Indicator (KPI) relating to tenders has recently been amended to focus on the completion rate of tenders on the demand plan rather than the time taken (weeks) to award contracts (referred to as tender turn-around time in previous reports). This shifts the focus to the true objective of completing the tender process timeously rather than the duration of a portion of the overall timeline.

The table below illustrates the completion rate per directorate and shows an overall completion rate of 65% as mentioned earlier in the report. The table also shows the current status of tenders in process for each directorate. The details behind this information is provided to City Management on a monthly basis in pursuit of the implementation of the demand plan in order to achieve service delivery as planned.

**Table 2: Completion rate per Directorate**

Demand Plan Overview								Successful Award Rate	Completion Rate
	Awaiting BIF+ Spec	Specification	Advertised	Evaluation	Awarded	Cancelled	Grand Total		
Community Services & Health				6	19	1	26	73%	77%
Corporate Services		1		15	19	3	38	50%	58%
Economic Opportunities & Asset Management			1	15	10		26	38%	38%
Energy & Climate Change				16	34	6	56	61%	71%
Finance			1	13	14	4	32	44%	56%
Human Settlements				8	7	2	17	41%	53%
Office of the City Manager					1		1	100%	100%
Safety & Security				7	18		25	72%	72%
Spatial Planning & Environment				2	6		8	75%	75%
Transport		3		16	20	4	43	47%	56%
Urban Management					1		1	100%	100%
Water & Waste		2	8	20	67	8	105	64%	71%
<b>Grand Total</b>		<b>6</b>	<b>10</b>	<b>118</b>	<b>216</b>	<b>28</b>	<b>378</b>	<b>57%</b>	<b>65%</b>

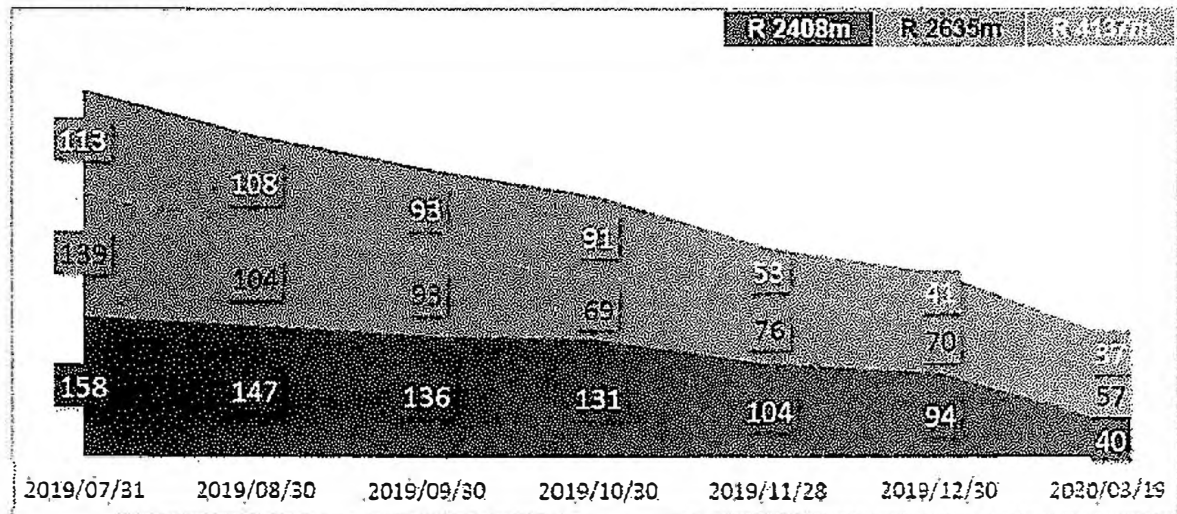
*(The Successful Award Rate is the award rate excluding cancellations)*

The above information is further discussed with each Executive Director in the monthly CFO Collaboration meetings which is also attended by Tenders & Contracts and Demand Management representatives from SCM.

### 5.1.3 Slippage Analysis per Directorate 2019/20

Slippage occurs when a tender is behind the planned timelines for the tender.

**Graph 1: Slippage Trend**



The trend graph above indicates the number of tenders in each slippage category for the 2019/20 financial year. There are few tenders in slippage stage since July 2019. The Tenders & Contracts team as well as the Demand Management team are constantly motivating the SCM Committees to finalize these tenders without delay. In addition to the reminders being sent to individual project managers, the details of all these slippages are provided to each Executive Director and their management teams on a monthly basis.

#### 5.1.4 Cancelled Tenders 2019/20

As stated earlier in the report, a total of 28 tenders were cancelled. The categories making up the 28 cancellations (including anticipated award values) are:

**Table 3: Cancellations 2019/ 2020**

Reasons for Cancellation	Number	Planned award value R.
No acceptable bids received	17	1 333 810 000.00
Material irregularity	5	147 000 000.00
No longer a need for the services, works or goods requested	3	915 000 000.00
Market related price not achieved	3	108 300 000.00
<b>Total</b>	<b>28</b>	<b>2 504 110 000.00</b>

These cancellations are further analyzed in order to establish details leading to the cancellation and lessons learnt from such findings are shared with the Top 300 project managers during the SCM workshops.



### 5.1.5 Appeals 2019/20

Appeals received in terms of section 62 of the Municipal Systems Act are received and handled by the Appeals Authority. The outcome of the appeals is implemented by the SCM unit.

In the financial year so far, 102 appeals have been submitted, of which 18 or 17.6% appeals were upheld. There are 8 appeals which are yet to be completed by the Appeals Authority and 76 appeals were dismissed.

The table below shows the current status of the 18 appeals (contracts). It is worth noting that only one successful appeal resulted in the tender process being cancelled and that 5 proceeded to become active contracts after the outcome of the appeal was implemented. The balance of 12 are still to be processed further by the SCM unit which could result in either a cancellation, new BAC decision or an active contract.

**Table 4: Appeals 2019/2020**

<b>Current Tender Tracking System Status</b>	<b>Total per category</b>
Appeals	9
Finalising Award	3
Active Contract	5
Cancelled	1
<b>Grand Total</b>	<b>18</b>

### 5.1.6 Implementation and update of the 2020/21 Demand Plan

The Demand Plan for the 2020/21 financial year (as per table 5 below) is in process of implementation in order to ensure that contracts required early in the next financial year are awarded timeously. Additional requirements for the year are still being received and the final demand plan will be available on 1 July 2020.

The emphasis is to receive the specifications for the 155 tenders required in order for the remainder of the processes to commence. Demand Management is engaging regularly with the line departments for this information. The Tenders and Contracts unit will continue with the tender process for the 85 tenders in specification, 32 tenders in advertised and 39 tenders in evaluation stages in order to award contracts timeously.

### 5.1.7 Strategic Sourcing (Transversal Contracts) Initiatives

The analysis of tenders which can possibly be consolidated has been done. This process has resulted in the identification of 72 tenders which should be collapsed into 12 City-wide transversal tenders, thereby eliminating 60 tenders from the demand plan in future years. This is a long-term project which will take at least three years to complete.

The demand management unit is in communication with all stakeholders of each tender to consolidate technical specifications, plan for the requisite capacity and plan timelines for the process.

### 5.1.8 SCM Bid Adjudication Committee (SCMBAC)

The SCMBAC composition has changed on 10 February 2020 to include Executive Directors to address related findings from the Auditor-General. The Executive Directors received Bid Committee training by the National School of Government to ensure that they are competent to consider matters before the BAC. Internal SCM training has also been provided by our Tenders and Contracts unit as well as the Supplier Management and Administrative Services, BAC Support unit.

The BAC has convened 10 meetings for the period of 01 January 2020 to 31 March 2020.

### 5.1.9 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 1 January 2020 until 31 March 2020 a total of 7 399 RFQs was advertised on the City of Cape Town's (CCT) website, receiving 32 394 responses to these RFQs.

**Table 6: QIF Advert vs Responses for 01 January 2020 to 31 March 2020**

Month	Goods			Services		
	RFQ Advertised	RFQ Responses	Ratio	RFQ Advertised	RFQ Responses	Ratio
Jan 20	1 276	7 312	5.73	777	1 640	2.11
Feb 20	1 829	9 461	5.17	1 026	2 528	2.46
Mar 20	1 777	9 845	5.54	714	1 608	2.25
Total	4 882	26 618	5.48	2 517	5 776	2.28

Total Advertised            7 399  
Total Responses            32 394  
Total Ratio                    4.38

The further roll-out of the e-Procurement system to the Services commodities is in progress at the time of this report. Procurement for all Goods commodities are being done using the e-Procurement platform.

#### **5.1.10 Deviating from following normal procurement processes in terms of MSCMR 36**

Deviations are considered by the Accounting Officer/ delegate (Director: SCM) and noted by Council and are processed in terms of the SCM regulations and the SCM policy. The process for both deviations above and below R200k entails being assessed in terms of the stipulated criteria of emergency procurements, availability from only one provider, art-historical objects, circumstances where it is impractical or impossible to follow the official procedure, or correction of minor technical breaches. Deviation procedures have been amended to take into account audit recommendations.

In terms of City Manager directives, the processing and approvals for deviations receive more scrutiny. Approvals made via the BAC and City Manager's office may be sent for further assessment via the Engineering unit or for investigation via the Forensics department. The City manager also no longer condones the approvals or values retrospectively. Expenditure that have been incurred without the proper prior approval are reported to Council as irregular expenditure and consequence management is applied where required.

### **5.2 Supplier Development, Empowerment and Management**

#### **5.2.1 Supplier Empowerment (Community Based Suppliers)**

SCM continues to educate Community Based Suppliers (CBS) on how to conduct business with the CCT, how to register, how to submit RFQ's, the requirements for submitting CCT tenders and how to complete the CCT tender documents. This project is run in conjunction with the Enterprise and Investments department and includes visits to the sub-councils (SC) where tender opportunities are shared with suppliers and new and emerging suppliers are assisted. A total of 429 potential suppliers attended these training interventions during this Quarter.

In addition, shorter payment terms have been set for specific suppliers namely 14 days for Qualifying Small Enterprises (QSE's) and Exempt Micro Enterprises' (EME's).

#### **5.2.2 B-BBEE Purchase orders**

The table below illustrate the number of purchase orders (PO's), and their values, processed by the CCT for each B-BBEE status level of contributor.

**Table 9: B-BBEE vs PO spend for the Quarter Jan to Mar 2020**

B-BBEE Level	Number of suppliers	% of Suppliers	Number of PO's	% of PO's	PO Value	% of PO Value
1	768	42.43%	25 564	56.43%	1 168 518 703.08	40.24%
2	219	12.10%	5 991	13.23%	839 742 701.84	28.91%
3	72	3.98%	2 487	5.49%	256 843 284.24	8.84%
4	190	10.50%	4 079	9.00%	327 688 171.59	11.28%
5	11	0.61%	377	0.83%	53 551 967.16	1.84%
6	2	0.11%	48	0.11%	9 098 026.76	0.31%
7	9	0.50%	48	0.11%	2 128 424.79	0.07%
8	11	0.61%	314	0.69%	48 310 007.46	1.66%
0	528	29.17%	6 392	14.11%	198 451 703.52	6.83%
Total	1 810	100.00%	45 300	100.00%	2 904 412 990.44	100.00%

**B-BBEE 1,282 70.83% 38,908 85.89% R2,705,961,286.92 93.17%**

The number of B-BBEE suppliers who have conducted business with the CCT during Quarter 3 were 1 282 which equates to 70.83% of the overall number of suppliers used.

A total of 38 908 purchase orders were issued to the B-BBEE suppliers which equates to 85.89% of the total purchase orders issued and the spend is R2 705 961 286.92 which is equivalent to 93.17% of our total PO value for this period.

### 5.2.3 Supplier Management

The purpose of the Supplier Database, and as required by the Supply Chain Management Policy, is to provide the CCT with a list of accredited suppliers capable of doing business with the CCT which must be maintained in order to adhere to SCM regulations. The information below provides statistical supplier registration information on the City and Central Supplier databases (CSD).

#### Supplier registration statistics for the period: 01 January to 31 March 2020

Suppliers ready for transacting	12 633
E-procurement registered suppliers	2 921
Central Supplier database registered	12 343
Community Based Suppliers	804

**Statistics on supplier development and support 01 January to 31 March 2020**

Registration assistance at Media Building	544
CSD updates in walk-in office	585
CSD new registrations	265
Walk-in office at Civic for e-Procurement assistance	204
New suppliers created	331

#### 5.2.4 Supplier Due Diligence

Detection controls enhanced to ensure that the City does not do business with any person in service of the state and to ensure compliance with clauses 44 and 45 of the Municipal SCM Regulations, *inter alia*, include:

- (i) A review of the entire family reporting register whereby potential cases of conflict are referred to Executive Directors for investigation so as to ensure that the declared relation does not pose a conflict to the procurement processes. In instances where conflict is detected, this is referred to Forensics and / or Legal Services for further investigation and possible restriction with National Treasury, where applicable.
- (ii) A review of the supplier declaration of interest template on SAP Portal.
- (iii) Updated Human Resource and Supplier databases sent to ProcureCheck (an SCM Due Diligence tool) for upload into a database which produces a report highlighting private business interests.
- (iv) SAP audit trail enhancements.
- (v) Refresher training of Ethic nodals in conjunction with Probity Unit specifically focussed on the declaration of private business interests.
- (vi) Dual verification processes on both staff members and supplier's declaration of interest to, *inter alia*, ensure completeness of information for financial statement purposes.

The "Red List" continues to provide additional assurance and acts as an internal monitoring tool for suppliers who are not performing satisfactorily or who has committed abuse of the SCM system. Poor performing suppliers are performance managed by the relevant project managers within line departments. Where deemed necessary non-performance or abuse matters are referred to Legal Services for further action. Such suppliers may be reported to National Treasury in instances where the supplier has defaulted and must be restricted.

For this Quarter under review, 22 matters (comparative for Quarter 2: 25 matters) of SCM abuse, default or poor performance and have been recorded and actioned accordingly.

**Table 10: Supplier Default and Performance for period 01 January to 31 March 2020**

Defaulting and Poor Performing Suppliers Categories	Number
False declaration of interest	2
Non-delivery of Goods / Services	3
Poor performance	10
Repeated withdrawal of offer by Supplier	0
Abuse of SCM Policy	0
Matters sent to Forensics	2
Matters sent to Legal (restriction)	5
Matters sent to National Treasury for restriction	0
<b>Total</b>	<b>22</b>

### 5.3 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 35 operational SAP stores in the City and 15 Fuel sites. There are 13 415 different materials and 23 460 bins maintained. During the third Quarter of 2019/20 the average stock value was R361 262 770 and the closing balance of stock for this Quarter was R348 830 261. There were 213 396 goods movement transactions during this Quarter.

#### 5.3.1 Comparative results

Some comparative results for the third Quarter of 2018/19 and 2019/20 financial years are indicated in the tables below.

**Table 11: Results for period 01 January 2020 to 31 March 2020**

3rd Quarter	Stock Value at end of Quarter (R)	Ave Stock Value during Quarter (R)	Usage Value during Quarter (R)	Annualised Stock Turns	No of Transactions during Quarter
2018/19	429 992 096	425 395 677	256 509 816	2.41	182 558
2019/20	348 830 261	361 262 771	267 385 776	2.93	213 396
% Change	-18.88%	-15.08%	4.24%	0.52	16.89%

The Quarterly comparable stock turn increased by 0.52. Although an increase year-on-year, the stock turn of 2.93 is lower compared to the target of 3.50 and this can be attributed to the following factors:

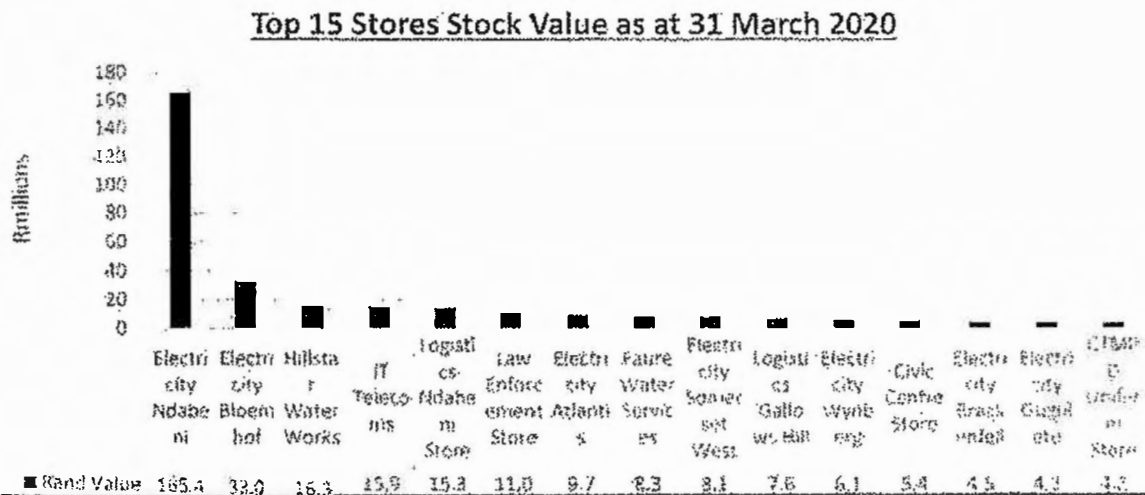
- Switchgear material (EGD) that was ordered for a project that's been delayed due to a tender appeal coupled with expired building leases and rezoning;
- Stock that was ordered for the broadband project (IT Telecoms) that was subsequently placed on hold;
- Stock that was ordered for an electrification project that's been delayed due to community unrest.

The situation will be continuously monitored with the line departments.

### 5.3.2 Top 15 Stores and Material Groups

The graphs below reflect the top 15 stores and material groups by estimated value as at the end of the third Quarter of 2019/20.

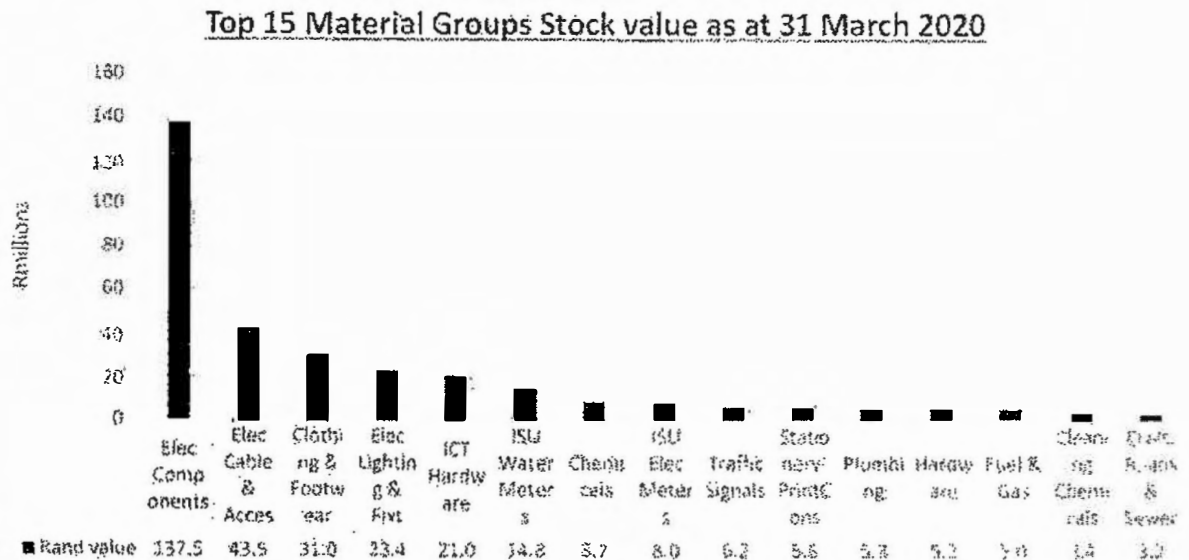
**Graph 3: Top 15 Stores Stock Value as at 31 March 2020**



This graph indicates the relative importance of the top 15 SAP stores stock in terms of rand value at the end of the third Quarter of 2019/20.



**Graph 4: Top 15 Material Groups Stock Value as at 31 March 2020**



This graph indicates the relative importance of the top 15 material groups for stock materials in terms of rand value at the end of the third Quarter of 2019/20.

There is a continuous focus on the improvement of stock turn, material availability, customer service, quality of materials received, stock accuracy, employee safety and facilities maintenance. Of significance is the improved lowering of inventory stock holding for the third Quarter of 2019/20 compared to 2018/19. The stock holding at the end of March 2020 reduced by R81 161 835 compared to the end of March 2019. This equates to a reduction of -18.88%.

## 5.4 Supply Chain Management Overall

### 5.4.1 Risk Management

The SCM risk register and mitigating plans are reviewed on an ongoing basis and was recently approved on 26 March 2020. In addition to this risk register, a fraud risk register has been developed during Quarter 3 which is subjected to similar review processes and procedures.

### 5.4.2 Disposal Management

The table below details the income of R32 207 851 generated from the disposal of various items for the financial year thus far.



**Table 12: Income Generated**

General Auction of Movable Assets	R 24 385 448.27
Transformers	2 440 796.65
Scrap Metal	4 562 799.52
Waste Paper	57 395.84
Oils	761 411.26
<b>TOTAL</b>	<b>R 32 207 851.54</b>

#### **5.4.3. SCM Capacitation and Development**

The SCM business improvement strategy, *inter alia*, provides for the staffing of the SCM unit with suitably qualified and experienced employees. As at the end of this Quarter, SCM had 326 posts filled on the approved establishment of 384 positions leaving a total of 58 positions vacant.

A total of 20 permanent appointments were made during Quarter 3 which include six (6) Assistant Professional Officers, one (1) Administrative Officer 3 for the Tender Opening office, an Assets and Disposal Clerk for the Auction Warehouse, two (2) Accountants for the Contract Price Adjustment team and clerks to capacitate the Tenders and Contracts and Inventory and Stores branches.

Various training initiatives within SCM are ongoing in response to the AGSA findings on non-compliance during the previous audit. These training interventions have also been rolled out to Project Managers, members of Bid Specification Committees (BSC) and Bid Evaluation Committees (BEC).

#### **5.4.4. SCM audit findings and Audit Action Plan**

The Procurement Excellence and Governance unit is continuously monitoring and reporting on the Audit Action Plan with the view to ensure compliance and the effective implementation of the action plans and corrective measures to address the audit findings from the previous audit.

##### **5.4.4.1 Availability of contract financial data**

A multi-disciplinary project team referred to as the Contract Financial Project team was established to institute a contract financial tracking system whereby spend on all contracts, modifications and deviations can be determined and expenditure after contract expiry is prevented. This project team operates under the direction of the CFO and is headed by the Director, SCM as project owner. The various work streams and key deliverables are as depicted in the table below.

**Table 13: CFT Project streams and key deliverables**

SCM Stream	Contract Management Stream	Project Management	Expenditure Stream	Budgets Stream	ERP Stream
Complete BAC Awards Register	Complete Contract Register	Provide outstanding contract register information to CMU	Provide expenditure information for all Purchase Orders linked to contracts	Contract level Budgeting to interim procurement plan.	SAP system functionality and improved controlled measures.
Updated TTS with missing information and reconcile to Awards Register	Deviation contracts to be concluded for all approved deviations.	Verification of all Purchase Orders linked to different contract types			
Upload all Active Contracts into SAP	Test and disclose that no work is done or expenditure incurred without	All projects accurately linked to the Demands Plan			
Matching all PO's to different contract types		Ensure that no work is done or expenditure incurred without an active contract			

A project-based approach is utilized in managing this initiative. The project team meet on a bi-weekly basis to provide progress updates and to discuss pertinent challenges, share successes and allow for guidance to be offered by the project owner.

#### 5.4.4.2 Inventory Valuation

A process is underway to perform a complete review of all 13 415 different material items classified as inventory items to ensure that the items are valued correctly in terms of relevant GRAP standards.

#### 5.4.5 COVID-19 impacts on SCM operations and business continuity measures

The SCM unit has responded to the COVID-19 pandemic and associated lockdown period by ensuring that key staff members have full access to City functions while working from remote locations including working from home.

SCM has ensured that as far as possible essential functions are operational to reduce the impact on the organisation.

The SCM unit established a dedicated team for COVID-19 procurement requirements which are responsible for the sourcing of the required PPE from suppliers (sanitizer, masks, gloves, etc). This has proven to be challenging in the light of the global supply chain shortage of these products. The situation is however improving now that the panic buying nationally is slowly abating and manufacturers are increasing production.

During the lockdown period BAC will convene via Skype. A successful BAC via skype conference was convened on 30 March 2020 with a full quorum, audio recording and skype conversations recorded for audit purposes if required. Resolutions are prepared as per normal and will be distributed to ensure service delivery is not halted.

**FOR FURTHER DETAILS, CONTACT:**

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File Ref No.	