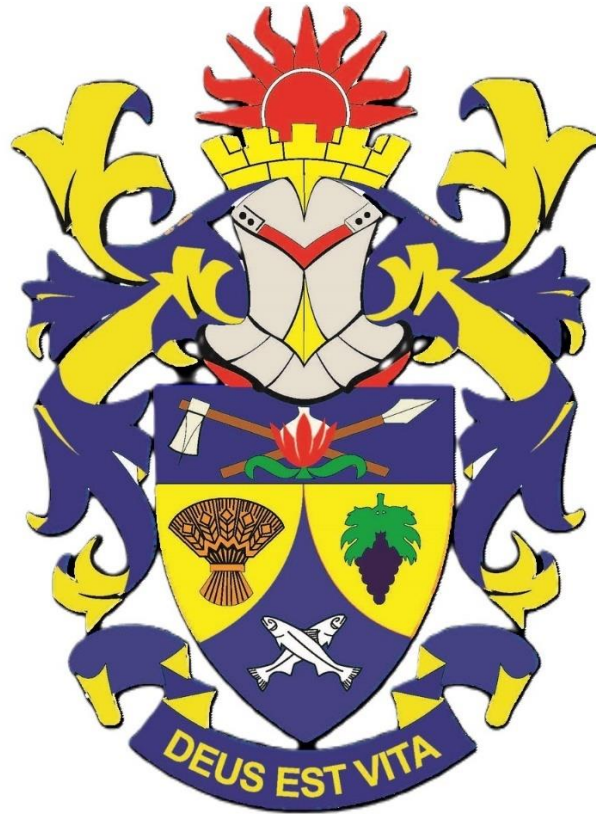




REPORT TO THE MUNICIPAL COUNCIL

**SUBJECT: OVERSIGHT ROLE OF COUNCIL: IMPLEMENTATION OF SUPPLY CHAIN
MANAGEMENT POLICY IN TERMS OF SECTION 6(1)(3) OF THE MUNICIPAL
REGULATIONS FOR THE FIRST QUARTER OF THE 2026/2027 FINANCIAL YEAR FOR
SUPPLY CHAIN MANAGEMENT.**

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2. Introduction

In terms of clause 6(1) (3) of the Municipal Supply Chain Regulations, 2005, which deals with Oversight role of council of a municipality or board of directors of a municipal entity:

The Council of a Municipality and board of directors of a Municipal Entity must maintain oversight over the implementation of its supply chain management policy.

The Accounting Officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality or the board of directors of the municipal entity.

SCM Policy and Procedures

Review and adoption of Supply Chain Management Policy by Council In terms of Regulation 3(1)(b) of the Supply Chain Management Policy the policy must be reviewed annually, submitted to Council, and adopted. The Supply Chain Management Policy was reviewed and adopted by Council on 31 May 2026.

All SCM delegations are being made. Further Regulation 106: Implementation of Local Government Framework for Infrastructure Delivery and Procurement Management (LGFIPDM) does bring another burden on the SCM unit – all capital projects must comply with this regulation from 1 July 2021. This reform is over the whole Municipality but with little assistance the SCM unit is the implementer and the person responsible for implementing the project is the Project Manager. This is to ensure that proper planning is done for projects over R50 million, but for best practice the Municipality can use this tool on all projects not depending on the amount.

3. Function of the SCM unit

- a) All staff in the Unit declared their interest for the 2026/2027 financial year.
- b) All SCM staff signed the Code of Conduct.
- c) Capacity of **SCM unit**

The SCM unit comprises of:

- Administrator: Contract Management (Hybrid position split between bank reconciliations and salaries) – After the audit outcome this is a crucial full-time position that should be filled full time, due to the shortcomings in contract management.
- The approved organogram makes provision for unfunded posts. It is critical that Council should make funds available to fund the Administrator: Contract Management position since this is a focus area of the AG, and Council made it a hybrid position, and the duties is fulltime to assist all departments. Cognizance should be taken that all though one additional post was funded, the organogram must be reviewed on an annual basis to build the SCM unit to full capacity.
- Further it is urgently needed to consider the filling of buyer's positions, Council did not consider making budget available to appoint any staff in the SCM Unit in the 2026/2027 financial year, one buyer is still inefficient to centralize the supply chain unit.

- ***The Unit is also experiencing backlog with the processing of orders daily. This is due to more compliance with the submission of quotations that must first be checked (COMAF from previous external audit), and we receive daily more than 50 requests. Currently the finance intern and a student are assisting with this function.***



- A clean audit in terms of compliance in terms of the Regulations.
- To comply with Section 115(1) (b) Local Government: Municipal Finance Management Act (Act no 56 of 2003) with regards to segregation of duties in the SCM system to minimize the likelihood of fraud, corruption, favoritism and unfair and irregular practices; and
- To put the necessary levels of control in place (auditing documents and authorization of orders, etc.)

Centralization of functions must still take place, and this puts an additional burden on existing structures to comply with the following SCM regulations. The following aspects must be addressed with the appointment of officials during 2026/2027.

- Regulation 10 (Demand Management) – this will be addressed with the filling of the vacancies, but to a point where centralization can take place.
 - Regulation 41 (Risk Management) – this will be addressed with the filling of the Vacancies; and
 - Regulation 42 (Contract/ Performance Management) - this will be addressed with the filling of the vacancies.
- (i) Regulation  (Logistics Management) **shortage of 2 additional full-time literate store assistants** This vacancy causes problems when the only staff member at the stores in Velddrif and Porterville is on leave or sick.
- (ii) Regulation 40 (Disposal Management)
- (iii) Critical additional officials must be appointed to perform functions regarding best new governance practices.

4. Function of the Bid Committees

Formal Tenders Awarded: Competitive Bidding for all Contracts valued at more than R30 000

The competitive bidding process and bid committee structures are functioning effectively.

The Bid Committees are composed of the following members:

Committee	Composition & Function
Bid Specification Committee- BSC	The project manager and a Senior SCM Practitioner- Considers tender specifications and approve and recommend for approval to the HOD
Bid Evaluation Committee- BEC	The project manager, a Senior SCM Practitioner and any other Manager- Considers tender evaluation reports and makes recommendations to the BAC
Bid Adjudication Committee- BAC	At least 4 directors and a Senior SCM Practitioner, with the CFO as Chairperson. (Not the same SCM Practitioner as BEC)- Considers recommendations from the BEC and make awards or recommend to the MM to

Committee	Composition & Function
	award the tender. The Municipality follows the principle of a quorum of 50% plus 1 to consider tenders.

Members of the bid committees are required to declare to undertake the following:

That all information, documentation, and decisions regarding any matter before the committee is confidential and undertakes not to make known anything in this regard.

To treat all service providers and potential service providers equitably and will not purposefully favor or prejudice anybody; and

To make known details of any private or business interest he or she or any close family member, partner or associate may have in any proposed procurement or disposal of, or in any award or contract that they will immediately withdraw from participating in any matter whatsoever.

The Auditor General has identified businesses that have directors, etc., who are currently in service of the state. Monthly the Payroll is submitted to National Treasury regarding update the employees in service of the state. All Councilors and Staff must declare all their businesses and relationships with businesses if it should change during the financial year.

Number	Name	Credit number	Relationship	Name	ID number	Government Department	Occupation	Town	Payments Made YTD 2025/2026
2026/2027									
1	Prinro Building	MAAA0023725	Spouse	Mrs. Esau	8608010195081	WCED	Teacher	Western Cape	R2 957,05
2	MN Projects and Supplies	MAAA1269718	Son	Garth Scheepers	9106055163089	Bergvriervier Municipality	Law Enforcement Officer	Piketberg	R5 280,00
			Son In Law	Randall Swarts	7612305083086	Bergvriervier Municipality	Speaker	Piketberg	
3	Prinro Building	MAAA0023725	Spouse	Mrs. Esau	8608010195081	WCED	Teacher	Western Cape	R7 500,00
4	Prinro Building	MAAA0023725	Spouse	Mrs. Esau	8608010195081	WCED	Teacher	Western Cape	R7 472,93
5	Prinro Building	MAAA0023725	Spouse	Mrs. Esau	8608010195081	WCED	Teacher	Western Cape	R6 453,38
6	Sonneberg Transport	MAAA0588192	Spouse	Stacey Sonneberg	8911210093084	Bergvriervier Municipality	Admin Officer HR	Piketberg	R4 200,00
7	MN Projects and Supplies	MAAA1731340	Son	Garth Scheepers	9106055163089	Bergvriervier Municipality	Law Enforcement Officer	Piketberg	R4 400,00
			Son In Law	Randall Swarts	7612305083086	Bergvriervier Municipality	Speaker	Piketberg	
8	IX Engineering	MAAA0375346	Mother	Mrs. Nancy Mbhombi	6207170637081	Dept of Education	Senior Personnel Practitioner	Limpopo	R184 000,00
			Spouse	Yashica Ramjathan	7312180242085	Dept of Agriculture and Rural Development	Deputy Director: Finance	Kwazulu-Natal	
			Spouse	Moipone Nthabiseng Nchocho	6903230561085	National Dept of Public Works Infrastructure	Admin Officer	Pretoria	

The members of the Bid Committees have duly undertaken to uphold confidentiality, to be fair in all dealings and to declare their personal interests, if any. During this quarter the CFO declared his interest of one bidder, but the Bidder was not successful in getting the award. (Family related).

The awards recommended by bid committees or the delegated officials are valued to the amount of **R10 631 527.67** formal tenders awarded, excluding the rates tenders.

16 Tenders Awarded between 01 July 2026 and 30 September 2026 to the amount of **R10 631 527.67** (13) rates-based tenders.

0 awards to Piketberg service providers and 1 to Porterville, 0 to Velddrif, 0 to Eendekuil, 0 to Regelinghuis, 0 to Aurora for to service provider inside Bergvriervier Municipality.

14 Formal Quotations were awarded between 01 July 2026 and 30 September 2026. This included 1 award for Piketberg, 0 for Porterville, 0 for Velddrif, 1 for Goedverwacht, 0 for Eendekuil

service providers and 12 rate-based Quotations to service providers inside Bergrivier Municipality. The value of the Formal Quotations was **R417 500.00 excluding 12 rates-based quotations.**

All tenders are opened to the public, and the results of the opening are recorded in a Bid Opening Register and placed on the Municipal Website.

Council also requires statistical information regarding the time taken to process a tender in terms of the SCM Policy in line with the following criteria:

The SCM unit changed the evaluation process. Some departments take too long to finalize the evaluation of the tender. The SCM unit assists with these evaluations and sends them back to the user department and they still do not submit the reports back for a meeting to be held in good time. This was due to resource constraints and personally I would say a lack of skill.

The total spending per department for the Municipality is as follows for the fourth quarter of the 2025/2026 Financial year.

Vote 1 Municipal Manager	Total Budget	Year to date Spending	Shadow Cost (VAT excl)	Actual Year to date Spending (%)	Actual Spending Incl Shadow Cost(%)
Economic Development and Planning	1 691 530,00	1 636 692,23	-	97%	97%
Total	1 691 530,00	1 636 692,23	-	97%	97%
Vote 2: Financial Services	Total Budget	Year to date Spending	Shadow Cost (VAT excl)	Actual Year to date Spending (%)	Actual Spending Incl Shadow Cost(%)
Finance	1 777 700,00	1 761 431,56	-	99%	99%
Total	1 777 700,00	1 761 431,56	-	99%	99%
Vote 3: Corporate Services	Total Budget	Year to date Spending	Shadow Cost (VAT excl)	Actual Year to date Spending (%)	Actual Spending Incl Shadow Cost(%)
Information Technology	3 617 500,00	3 612 565,98	-	100%	100%
Total	3 617 500,00	3 612 565,98	-	100%	100%
Vote 4: Technical Services:	Total Budget	Year to date Spending	Shadow Cost (VAT excl)	Actual Year to date Spending (%)	Actual Spending Incl Shadow Cost(%)
Fleet Management	6 773 569,00	6 520 670,91		96%	96%
Property Services	56 000,00	47 926,95	-	86%	86%
Project Management Unit	1 300 000,00	1 300 000,00	-	100%	100%
Solid Waste Removal	864 789,00	841 162,37	-	97%	97%
Sewerage	7 459 615,00	7 231 827,17	-	97%	97%
Waste Water Treatment	11 297 871,00	11 274 729,17	-	100%	100%
Storm Water Management	348 012,00	319 524,09	-	92%	92%
Water Distribution	20 973 422,00	20 310 329,98	-	97%	97%
Water Treatment	18 133 859,00	17 871 236,99	-	99%	99%
Roads	3 974 300,00	3 933 905,96	-	99%	99%
Electricity	13 516 522,00	12 169 185,38	0,01	90%	90%
Total	84 697 959,00	81 820 498,97	0,01	97%	97%
Vote 5: Community Services	Total Budget	Year to date Spending	Shadow Cost (VAT excl)	Actual Year to date Spending (%)	Actual Spending Incl Shadow Cost(%)
Community Halls and Facilities	150 838,00	150 837,55	-	100%	100%
Cemetaries	742 050,00	742 043,48	-	100%	100%
Traffic Control	228 358,00	228 357,11	-	100%	100%
Fire Fighting and Protection	774 885,00	774 833,97	-	100%	100%
Community Parks	1 312 828,00	1 310 961,52	-	100%	100%
Sport Grounds and Stadiums	507 812,00	507 811,71	-	100%	100%
Swimming Pools	195 000,00	195 000,00	-	100%	100%
Total	3 911 771,00	3 909 845,34	-	100%	100%
BM Capital Spending for 2025-2026	Total Budget	Year to date Spending	Shadow Cost (VAT excl)	Actual Spending (%)	Actual Spending Incl Shadow Cost(%)
	95 696 460,00	92 741 034,08	0,01	96,91%	96,91%

Description of Measurement Criteria per Tender	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Average Calendar Days from Bid Specification Committee (BSC) to Bid Adjudication Committee (BAC)- Full Procurement Cycle	92			
Average Calendar Days from Tender Advertisement Date to BAC	86			
Average Calendar Days from Tender Closing Date to BAC	75			
Average Calendar Days from Tender Closing Date to BEC- Tender Evaluation	47			
Tender with Fastest Procurement Process: BSC to BAC	62			
Tender with Longest Procurement Process: BSC to BAC	150			

5. Deviations from the SCM Policy

Section 36(1) of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes under certain circumstances. During the 1 July 2026 and 30 SEPTEMBER 2026, there were 1 delegation to be considered as per **delegation provided by the SCM Policy**. Deviations are considered and approved in line with Section 36(1) a) (i), (ii) & (v) of the Bergrivier SCM Policy

Month	Total	Emergency	Impossible / Impractical / Exceptional Case	Sole Provider	
July	35 000		35 000		
August	0				
September	0				
TOTAL	35 000				
<i>Departments</i>	<i>Community</i>	<i>Finance</i>	<i>Corporate</i>	<i>Technical</i>	<i>Municipal Manager</i>
July	35 000			35 000	
August	0				
September	0				
TOTALS	35 000				

6. Report on Regulation 32

There were no section 32 appointments.

7. Report on the Central Supplier Database (CSD)

The CSD is sometimes offline and will hamper the SCM Unit to place an order, or Suppliers do not update their information regularly. The SCM unit did place an advertisement to request Suppliers to regularly update their information on CSD.

The unit also aid Suppliers that struggle to register.

8. Report on Regulation 33

The bid documentation, evaluation and adjudication criteria and general conditions of a contract must be in accordance with applicable legislation. There were three section 33 applications for the year from July 2026 to September 2026 but are still in progress. One section 33 was declined by the Nasional Treasury – Cape Nature.

9. Report on the Procurement Plan

The Procurement Plan is a challenge because Procurement Plans are not submitted with the Budget Process. Departments do not follow the due dates submitted, but for the 2026/2027 fiscal year the Procurement Plan will be submitted monthly to the Chairpersons of the different Standing Committees of Council.

Another suggestion is that all capital projects should be linked to the SDBIP.

The relevant departments gave the dates to SCM on the Procurement Plan when processes will start but did not adhere to the dates.

10. Variation orders

There were no variation orders.

11. Municipality Website

All Bids, formal written quotations awarded and purchases above R100 000 are published monthly on the Bergrivier website.

The Service Level Agreement Register is published monthly on the Bergrivier website.

The Contract Register is published monthly on the Bergrivier website.

The monthly Supply Chain Management report is published on the Bergrivier website.

12. Unsolicited bids

There were no unsolicited bids for the period 1 July 2026 to 30 September 2026.

13. Tender Portal

The e-tender portal is from time to time offline; all tenders are published on the e-portal.

14. Irregular, Fruitless and Wasteful expenditure

Section 32(1) (c) of the Municipal Finance Management Act (MFMA) determines that any political office-bearer or official of a municipality who deliberately or negligently committed, made, or authorized an irregular expenditure, is liable for that expenditure.

Section 32(2)(b) of the MFMA further determines that a municipality must recover irregular expenditure from the person liable for that irregular expenditure unless the irregular expenditure, after investigation by a committee of council, is certified by the council as irrecoverable and to be written off.

Bergrivier SCM Policy section 36(3) prescribes that all identified possible unauthorized, irregular, fruitless and wasteful expenditure (UIFWE) must be referred to Municipal Public Accounts Committee (MPAC) for investigation and MPAC must make recommendations with exceptions of minor breaches ratified by the Accounting Officer. Thus, by legislation irregular expenditure must be disclosed in Annual Financial Statements (AFS). If not certified by Council to be written off the closing balance will lead to an audit exception, that if material in nature. Further it could lead to a qualified audit outcome.

For the period 1 July 2026 to 30 September 2026 there are no new matters to report.

15. Virements

Reporting of virements for the months from 1 July 2026 to 30 September 2026 below is a total of R 2 888 000.00.

Month	Total
July 2026	1 428 000
August 2026	10 000
September 2026	1 450 000
TOTAL	2 888 000

16. Establishment of a functional SCM unit

The establishment of a functional SCM unit (centralized or decentralized) will most certainly assist with compliance with legislative requirements, however, the following needs to be considered to ensure effective service delivery to operational departments:

Establishment or assigning procurement responsibilities to appropriate people. Operational departments will then only submit their resource requirements as per an approved requisition.

Refining of supplier database to include primary and secondary business portfolios.

Utilization of the current Central Supplier database of National Treasury – all requisitions submitted is being verified.

Use current item prices as standard prices and refine to align with market related prices.

Vendor performance criteria should be part of standard SCM documentation highlighting the sanctions for non-compliance. This is done by the User Departments if a Service Level Agreement is in place. The invoice submitted is accompanied with an evaluation sheet that is completed with the confirmation of goods/services received and submitted to the SCM Unit to monitor the performance of Suppliers. **This is still a challenge to receive the evaluations from the user departments but still needs to improve.**

Assist with reporting templates to ensure synergy in dealing with same matters by different directorates and/or departments.

Developing standardized specifications for day-to-day material and/or service provider usage.

A folder was opened on a separate drive so that Community and technical services can have access to all tender information, they also must place the site meeting minutes, penalties issued, BOQ, final close-out report etc. on this drive.

17. Problem statement

In terms of this report, it can be assumed that there are challenges in the Supply Chain Management processes which are in many instances like the previous financial year. Many of

the previous year's recommendations have not been implemented, i.e., Contract Management and measuring of the Suppliers/Contractors' performance.

Currently the supply chain functions are fragmented through the various departments, and not all officials are conversant with the latest legislation and directives of the National Treasury.

It was and is highly recommended that the responsibility and accountability of the supply chain function of purchasing be under the Supply Chain Management Unit to ensure uniform compliance as well as effective delivery, but currently we encounter problems of change management, and some items are budgeted under the various departments, and we cannot procure the items, the procurement is done at various departments.

The biggest concern is that SCM is the control of contract management register, and the Managers are responsible for contract management on projects, but we require normally at year end information and then it is time consuming to collect all information to ensure unbundling is done in time to prepare for financial statements. (This is why we have opened a share drive that is not used by all departments to save their information relating to projects.)

Procurement processes were done very late in the financial year – and we have no control over the market, and we do not know if we will always get responsive bidders. Therefore, it is recommended that the procurement processes should start in the previous financial year.

The delegations of Council should also be revised since the thresholds on procurement have changed and the delegation has not been amended to address the new thresholds on procurement.

18. Cost containment

 In terms of Regulation 15(2) of the Municipal Cost Containment the Municipality does report in the Section 52 quarterly report on the savings due to cost containment measures.

19. Recommendation

1.  That Council consider and take note of the Supply Chain Management implementation report for the period 1 July 2026 to 30 September 2026 representing the first quarter of the 2026/2027 financial year.
2. That the report be made public in accordance with section 21A of the Municipal Systems Act.