SALDANHA BAY MUNICIPALITY

REPORT TO THE MAYOR

SUBJECT:	IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY: THIRD QUARTER (2025/26)
DIRECTORATE:	FINANCE
AUTHOR:	H MEEDING
CONTACT DETAILS:	022 – 701 6916
DATE:	09 APRIL 2026
FILE NO:	8/1

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1. **PURPOSE OF THE REPORT**

The purpose of this report is to inform the Mayor regarding the implementation of the Supply Chain Management (SCM) Policy adopted 29 May 2025, R8/5-5, to perform their oversight role for the 2025/26 financial year.

2. **BACKGROUND**

Regulation 6(3) of the SCM Regulations (GenN 868 in GG 27636 of 30 May 2005 as amended) states the following:

> *"(3) The accounting officer must, within 10 working days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor."*

3. **DISCUSSION**

3.1 Capacity of SCM Unit:

The SCM unit has 14 funded posts. Three (3) positions were vacant SCM Practitioner: Demand (Acquisition), Database Administrator and the Chief Accountant: Compliance during the quarter. The SCM Practitioner: Demand (Quotation) and Chief Accountant: Compliance positions were fill and the Database Administrator is still in process.

Management must take note that the SCM unit is under capacitated and this impact negatively on the following:

i) Turnaround time of orders issued (daily operations); and
ii) Turnaround time of tenders (capital spending).

The turnaround time was further impacted negatively by the implementation of the Preferential Procurement Policy as all quotes between R2 000 and R30 000 must be evaluated and awarded in terms of the applicable preference point system as alluded to in the previous report. Furthermore, for competitive bids, planning remains an issue and complete and final bids are not submitted to commence with the bidding process timeously which cause bottlenecks.

3.2 Statistical information:

3.2.1 Acquisition:

Description	2025/26	2024/25	Increase / decrease
Number of orders issued (January till March)	1 566	1 587	21 (Decrease)
Value of orders (January till March)	R 83 247 129	R 93 062 543	R 9 815 414 (Decrease)
Number of deviations (January till March)	169	106	63 (Decrease)
Value of deviations (January till March)	R 2 643 252	R 2 721 244	R 77 992 (Decrease)

The detail information was included in the reports to Council.

3.2.2 Competitive bidding process

The table below indicates the number and value of tenders awarded:

Description	2025/26	2024/25	Increase / decrease
Number of Tenders Awarded (January till March)	12	11	1 (Increase)
Value of Tenders Awarded (January till March)	R 61 403 086 (Estimated)	R 27 813 334 (Estimated)	R 33 589 752 (Increase)

There were twelve (12) tenders awarded during the third quarter of 2025/26, of which six (6) tenders were awarded as per tendered rates and their value is based on an estimated cost. Three (3) tenders were cancelled.

3.2.3 Database administration:

Section 5 of the MFMA provides authority to National Treasury to investigate any system of financial management and internal control in a municipality and to recommend appropriate improvements.

MFMA Circular 81 dated March 2016 was issued and instructed municipalities to make use of the Central Supplier Database (CSD) from 1 July 2016 to assist the municipalities to perform validation functions on key supplier information.

"Central Supplier Database": means a single database that serves as the source of all supplier information for all spheres of government. A municipality or municipal entity must keep a list of prospective suppliers in terms of Regulation 14 of the Supply Chain Management Regulations.

The CSD is a real-time system that is used to verify supplier information with each award that is made.

The unit is also driving a process to ensure that all suppliers are registered for the correct commodities to ensure effective and efficient service delivery.

The table below indicate the number of suppliers registered on the system:

Region:	Number of suppliers registered on system 2025/26	Number of suppliers registered on system 2024/25	Increase / decrease
West Coast	5 993	6 006	13 (Decrease)
Saldanha Bay	2 359	2 426	67 (Decrease)

4. VENDOR PERFORMANCE:

Feedbacks are received on a monthly basis from departments on the performance of the vendors. A consolidated report is sent on a monthly basis to Management and a quarterly basis to Council. The Conditions of Contracts prescribe the process that must be followed by Departments when under performance is detected.

5. SDBIP:

Reports are submitted to the Council by the CFO on a monthly basis.

6. ADOPTION OF SCM POLICIES

The SCM and the Framework for Infrastructure Procurement and Delivery Management Policy and the Preferential Procurement Policy were adopted by Council on 29 May 2025, R8/5-5. The amendments to the Policy was tabled in Council on 26 March 2026.

7. **AUDIT FINDINGS**

Corrective actions are implemented as per findings.

8. **LEGISLATIVE COMPLIANCE**

Local Government: Municipal Finance Management Act (Act 56 of 2003)
Supply Chain Management Regulations
Supply Chain Management Policy: Saldanha Bay Municipality
Preferential Procurement Regulation, 2022; and
All other relevant legislation, National Treasury guidelines and circulars.

9. RECOMMENDATION

(i) That the report be noted.

H MEEDING
MANAGER: SUPPLY CHAIN MANAGEMENT

14/4/2026
DATE

S VORSTER
CHIEF FINANCIAL OFFICER

14/4/26
DATE

H METTLER
MUNICIPAL MANAGER

16/4/26
DATE

ANNEXURE A
SALDANHA BAY MUNICIPALITY
IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT IN TERMS OF CLAUSE 6(2)(1)(a) OF THE SUPPLY CHAIN MANAGEMENT POLICY

REG NO	CRYPTIC DESCRIPTION OF POWER OF DUTY	IMPLEMENTED (yes / no)	MILESTONES (if applicable)	CHALLENGES AND SOLUTIONS
3	Review of SCM policy	Yes		
5	System of delegations and report on awards made within 5 working days	Yes		
6	Oversight role of Council	Yes		
7	Supply chain management unit	Yes		**Challenges:** Insufficient capacity remains a challenge. No funding was received for any additional posts. This impacts negatively on service delivery.
8	Training of supply chain management officials	Yes	CSD Training was attended by Two supply chain officials during the quarter.	
10	System of demand management	Yes	Progress reports (tender plan) are submitted to the Directors and Municipal Manager.	
11	System of acquisition management (quotations)	Yes		
11	System of acquisition management (tenders)	Yes		**Progress** Planning remains an issue as bids are not received timeously according to the procurement plan to ensure capital spending.
14	Lists of accredited prospective providers	Yes		
16	Formal written quotations (reasons are recorded, authorized and monthly reports are submitted to CFO, MM and Council)	Yes	All reports were submitted within 3 days after the end of the month.	
17	Notify the Accounting Officer or CFO in writing on a monthly basis of all written	Yes		

REG NO	CRYPTIC DESCRIPTION OF POWER OF DUTY	IMPLEMENTED (yes / no)	MILESTONES (if applicable)	CHALLENGES AND SOLUTIONS
	quotations and formal written price quotations accepted by the official acting in terms of a sub-delegation.			
18	Competitive bidding process	Yes		
22(1)(d)	Procedure for handling, opening and recording of bids (i) record in a register all bids received in time; (ii) make the register available for public inspection (iii) Publish the entries in the register and the bid results on the website of the municipality.	Yes		
25	Committee system for competitive bids	Yes	Monitoring did take place via reporting.	Monthly progress reports (S71) are sent to the Mayor, Municipal Manager and EMT.
26	Bid specification committees	Yes		**Challenges:** There was an improvement in planning, but additional control measures must be put in place by Directors to ensure capital spending.
27	Bid evaluation committees	Yes		**Challenges:** Departmental Evaluation Reports are not received timeously and putting pressure on committee system to finalize bids before validity lapse. Quorum problems remains a challenge.
28	Bid adjudication committees	Yes		
31	Procurement of goods and services under contracts secured by other organs of state	Yes		
34	Appointment of consultants	Yes		

REG NO	CRYPTIC DESCRIPTION OF POWER OF DUTY	IMPLEMENTED (yes / no)	MILESTONES (if applicable)	CHALLENGES AND SOLUTIONS
35	Deviation from, and ratification of minor breaches of, procurement processes	Yes		
37	Combating of abuse of supply chain management system	Yes	There were no cases brought against any official or councilor regarding abuse of the SCM system. Effective segregation of duties and delegations were implemented.	
39	Disposal: Moveable (Auction) Immovable (Corporate Services)	Yes		Corporate Services has developed a Disposal- and purchasing of Immovable Asset Policy that was implemented.
40	Risk management	Yes		
41	Performance management	Yes		
42	Ethical Standards	Yes		
43	Inducements, rewards, gifts and favours	Yes		
45	Objections and complaints (Appeals)	Yes	No successful appeals in a Court of Law were lodged against the municipality.	
49	Contract Administration	Yes	All awards on CIDB were made within 21 days after signing of contract.	
51	Management of expansion or variation of orders against the original contract	Yes	Parameters were included in the SCM Policy and are managed by the Manager: Expenditure (commitment register). Contract Owners/Managers are responsible to follow S116 processes to expand or variate contracts.	