SALDANHA BAY MUNICIPALITY

REPORT TO THE MAYOR

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| SUBJECT: | IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY: FOURTH QUARTER (2025/26) |
| DIRECTORATE: | FINANCE |
| AUTHOR: | H MEEDING |
| CONTACT DETAILS: | 022 – 701 6916 |
| DATE: | 01 JULY 2026 |
| FILE NO: | 8/1/6 |

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## 1. PURPOSE OF THE REPORT

The purpose of this report is to inform the Executive 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 namely the SCM Practitioner: Demand (Acquisition), Database Administrator and the Chief Accountant: Compliance. All vacant positions were filled during the 3rd quarter. The SCM Practitioner: Demand (Quotations) resigned during June and the appointment process will commence in the 2026/27 financial year.

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.

### 3.2 Statistical information:

#### 3.2.1 Acquisition:

| Description | 2025/26 | 2024/25 | Increase / decrease |
|---|---|---|---|
| Number of orders issued (April till June) | 1 990 | 1 637 | 353 (increase) |
| Value of orders (April till June) | R 112 124 631 | R 109 829 180 | R 2 295 451 (increase) |
| Number of deviations (April till June) | 348 | 119 | 229 (increase) |
| Value of deviations (April till June) | R 4 650 470 | R 1 932 064 | R 2 718 406 (increase) |

The detail information was included in the reports to Council. The increase in deviations was due to payments made to Traffic Management Technology (R 575 579), Samro (R 352 696) and Total St. Helena Bay. (R 521 295).

#### 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 (April till June) | 7 | 25 | 18 (decrease) |
| Value of tenders awarded (April till June) | R 25 153 700 | R 211 865 212 | R 186 711 512 (decrease) |

There were seven (7) tenders awarded during the fourth quarter of 2025/2026 and six (6) tenders were cancelled. There were six (6) tenders awarded as per tendered rates (value is based on an estimated costs) and one (1) with a contract value. The decrease in the values of tenders awarded was due to major contracts i.e. the fuel tender (approximately R50 million), hiring of containerized trucks (approximately R28 million), life insurance (approximately R24 million) and construction of top structures (approximately R34 million) that were awarded during the previous year.

### 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 indicates 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 | 5 279 | 6 086 | 807 (decrease) |
| Saldanha Bay Municipal area | 2 057 | 2 447 | 390 (decrease) |

## 4. VENDOR PERFORMANCE:

Feedback is received monthly from departments on the performance of the vendors. A consolidated report is sent monthly to Management and on 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 monthly.

## 6. ADOPTION OF SCM POLICIES

The amended Supply Chain Management (SCM) and the Framework for Infrastructure Procurement and Delivery Management Policy and the Preferential Procurement Policy were adopted by the Council via Council Resolution R8/5-26. on 28 May 2026 for implementation on 1 July 2026.

## 7. AUDIT FINDINGS

Corrective actions were 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.

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| H MEEDING<br>MANAGER: SUPPLY CHAIN MANAGEMENT | 8/7/2026<br>DATE |
| T WILLIAMS<br>ACTING CHIEF FINANCIAL OFFICER | 08.07.2026<br>DATE |
| H METTLER<br>MUNICIPAL MANAGER | 08/7/26<br>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 | Three unfunded positions have been approved by Council with effect from 01 July 2026 | |
| 8 | Training of supply chain management officials | Yes | | |
| 10 | System of demand management | Yes | Progress reports (procurement plan – S71 report) are submitted to the Directors and Municipal Manager. | |
| 11 | System of acquisition management (quotations) | Yes | | |
| 11 | System of acquisition management (tenders) | Yes | | **Progress**<br>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 quotations and formal written price quotations accepted by the official | Yes | | |

| REG NO | CRYPTIC DESCRIPTION OF POWER OF DUTY | IMPLEMENTED (yes / no) | MILESTONES (if applicable) | CHALLENGES AND SOLUTIONS |
|---|---|---|---|---|
| | acting in terms of a sub-delegation. | | | |
| 18 | Competitive bidding process | Yes | | |
| 22(1)(d) | Procedure for handling, opening and recording of bids<br>(i) record in a register all bids received in time;<br>(ii) make the register available for public inspection<br>(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 are sent to the Mayor, Municipal Manager and EMT. |
| 26 | Bid specification committees | Yes | | **Challenges:**<br>Planning remains a challenge and the Procurement plan must be monitored to ensure that tenders are submitted timeously. |
| 27 | Bid evaluation committees | Yes | | **Challenges:**<br>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:<br>Moveable (Auction)<br>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).<br>Contract Owners/Managers are responsible to follow S116 processes to expand or variate contracts. | |