

SALDANHA BAY MUNICIPALITY

REPORT TO THE EXECUTIVE MAYOR

SUBJECT: IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT
POLICY: FIRST QUARTER (2026/27)

DIRECTORATE: FINANCE

AUTHOR: H MEEDING

CONTACT DETAILS: 022 – 701 6916

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FILE NO: 8/1

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 from 01 July 2026 to perform their oversight role for the 2026/27 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 17 funded posts. There are currently four (4) vacant positions in SCM which consists out of the SCM Practitioner: Demand (Quotation) who resigned during June 2026 and three (3) new funded positions were approved by council, two (2) Bid Administrator (Evaluations) and one (1) Senior Bid Administrator (Specifications). The recruitment and selection process has commenced and it is anticipated that the vacancies will be filled by 1 January 2027 as we are busy with the recruitment process for all four positions.

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).

3.2 Statistical information:

3.2.1 Acquisition:

Description	2026/27	2025/26	Increase / decrease
Number of orders issued (July till September)	2 118	1 709	409 (increase)
Value of orders (July till September)	R 101 685 328	R 78 656 945	R 23 028 383 (increase)
Number of deviations (July till September)	403	143	260 (increase)
Value of deviations (July till September)	R 3 915 481	R 4 297 197	R 381 716 (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	2026/27	2025/26	Increase / decrease
Number of tenders awarded (July till September)	14	13	1 (increase)
Value of tenders awarded (July till September)	Estimated value R 360 885 516	Estimated value R 48 522 408	Estimated value R 312 363 108 (increase)

There were fourteen (14) tenders awarded and two (2) tenders cancelled during the first quarter of 2026/27. Eleven (11) tenders were awarded as per tendered rates (value is based on an estimated costs).

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 2026/27	Number of suppliers registered on system 2025/26	Increase / decrease
West Coast	3730	6154	2424 (decrease)
Saldanha Bay	1444	2468	1024 (decrease)

4. VENDOR PERFORMANCE:

Feedback is received on a monthly basis from departments on the performance of the vendors. A consolidated report is sent monthly 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:

KPI's pertaining to SCM compliance are being reported to the Chief Financial Officer (CFO) and the CFO reports quarterly on KPI's to Council.

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.

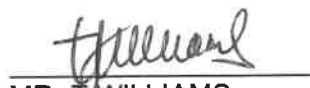
9. **RECOMMENDATION**

- (i) That the report be noted.



MS. H MEEDING
MANAGER: SUPPLY CHAIN MANAGEMENT

13/10/2026
DATE



MR. WILLIAMS
SENIOR MANAGER: FINANCIAL OPERATIONS

13. 10. 2026
DATE



MR. S VORSTER
CHIEF FINANCIAL OFFICER

13/10/26
DATE



MR. H METTLER
MUNICIPAL MANAGER

13/10/26
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. Additional funds for three position were received although not sufficient to address challenges which impacts negatively on service delivery.
8	Training of supply chain management officials	Yes	The following training interventions took place during the year: i) CSD ii) Ethics	
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 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, if it was not able to obtain at least 3 written quotations are recorded, authorized and monthly reports are submitted to CFO, MM and Council)	Yes	All reports were submitted within 3 working days after the end of the month.	

REG NO	CRYPTIC DESCRIPTION OF POWER OF DUTY	IMPLEMENTED (Yes / No)	MILESTONES (if applicable)	CHALLENGES AND SOLUTIONS
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 acting in terms of a sub-delegation.	Yes		
18	Competitive bidding process	Yes		
22	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.	CAPEX meetings / communications / sessions are done on a monthly basis.
26	Bid specification committees	Yes		Challenges: Challenges: Planning remains a challenge as well as issues with compilation of technical specifications.
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.
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	No		
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 monitoring	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).	