**MC-ND**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**SCM IMPLEMETATION REPORT FOR THE THIRD QUARTER ENDING 31ST MARCH 2017**

1. **PURPOSE**

The purpose of this submission is to give a quarterly report on the implementation of SCM policy ensured for January to March 2017.

1. **STRATEGIC OBJECTIVE**

To ensure good governance, financial viability and optimal institutional transformation with the capacity to execute its mandate.

1. **BACKROUND**

**Paragraph 2 (3)** of Council’s Supply Chain Management Policy requires the Accounting Officer to submit a report on the implementation of the said policy to the Executive Mayor within 10 days of the end of each quarter in line with the MFMA Act and Regulations. Section 6 (3) indicates that 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, as the case may be.

**Section 21 A** of the Municipal Systems Act (Act 32 of 2000) is also applicable. In complying with the above provisions, the following quarterly reports on the implementation of Supply Chain Management Policy is available for public comment.

MFMA compliance report is regulated on MFMA Act and Regulations, Section 18(a). Procurement for procuring goods or services through written or verbal quotations and formal written price quotations (a) that all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written quotations must, in addition to regulation 17, be advertised for at least seven days on the website and on an official notice board of the municipality. Also included is section 19(a) for competitive bids that indicates that goods or services above a transaction value of R200 000(VAT included) and long term contracts may be procured by the municipality only through a competitive bidding process, subject to regulation 11(2).**Attached is list of purchase orders in terms of section 18(d) as Annexure “A” and Tender Register as annexure “B”.**

Section 36 (1) (a) (i) of the MFMA Regulations provides for the following; “A supply chain management policy may allow the accounting officer to dispense with the official procurement processes established by the policy and to procure any required goods or service through any convenient process which may include direct negotiations, but only-

1. In an emergency;
2. If such goods and services are procured or available from a single provider
3. For the acquisition of special works of art or historical objects where specifications are difficult to compile
4. Acquisition of animals for zoos
5. In any other exceptional case where it is impractical or impossible to follow the official procurement processes

The Accounting officer dispensed from normal processes on three occasions, see **attached deviation report as Annexure “C”**.

**RECOMMENDATIONS OF THE MUNICIPAL MANAGER**

1. It is recommended that:

1. The report on the implementation of Supply Chain Policy and MFMA Compliance Report for the third quarter (January to March 2016/2017 FY) be approved.
2. The updated tender register for the 2016/2017 financial year be approved.
3. The deviation report for the third quarter (January to March 2016/2017 financial year) be approved.

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