DIREKTORAAT: FINANSIES
VOORSIENINGSKANAAL-BESTUURSEENHEID

Theewaterskloof
Municipality

DIRECTORATE: FINANCE
SUPPLY CHAIN MANAGEMENT UNIT

MEMORANDUM

AAN / TO	THE MAYOR		
MEMO #	SECOND QUARTER-2025/26	**DATUM / DATE**	07/01/2026
CC	DIRECTOR FINANCE		
	MANAGER SCM		
	MUNICIPAL MANAGER		
VAN / FROM	SUPPLY CHAIN MANAGEMENT		
NAVRAE / ENQUIRIES	N LA GRANGE		
ONDERWERP /SUBJECT	Oversight Role of Council over the Implementation of SCM Policy		

PURPOSE OF REPORT

To present the implementation of the SCM Policy report to the Mayor for the Second quarter, 01 October 2025 to 31 December 2025, of the 2025/2026 financial year.

BACKGROUND

The Municipal Supply Chain Management Policy and amendments adopted by Council on 29 May 2025 and implemented on 01 July 2025 - Regulation 23(1)(f)(ii) states:

6 OVERSIGHT ROLE OF COUNCIL

(1) The Theewaterskloof Council reserves its right to maintain oversight over the implementation ofthis Policy.

(2) For the purposes of such oversight the Accounting Officer must –

a) within 30 days of the end of each financial year, submit a report on the implementation of thisPolicy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and

b) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.

(3) 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.

(4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

DISCUSSION

BAC Compilation

The Municipality has employed a Chief Financial Officer, Director Corporate, Director Technical and Infrastructure Implementation Services, Director Economic Development and Planning, Director Community Services and made use of an SCM Practitioner from the Overstrand Municipality (in terms of MFMA SCM Regulation 29 refers to a senior SCM Practitioner) to meet the requirements set out in Section 29 of the Municipal Supply Chain Management Regulations for the composition of the

Bid Adjudication Committee (BAC). The Acting Manager SCM formed part of the evaluation processes and as a result cannot attend BAC as well. Therefore, the Municipality is currently operating with its own BAC and that has had a positive impact on the operations of the BAC to carry out its mandate. With the appointment of the permanent Manager SCM in December 2025, the services of the SCM Practitioner from Overstrand Municipality on the BAC was also terminated.

Capacity of SCM unit

The SCM unit has 14 positions on the approved organigram (including the Manager's positions) of which 9 positions are filled, 3 positions vacant and unfunded and 2 positions vacant and funded. The 3 positions vacant and unfunded are Administrator: Demand and Acquisition: Riviersonderend/Genadendal & Greyton, Senior Clerk (Demand and Acquisition). The 2 positions vacant and funded are the Accountant: Tender Evaluation and Contracts and Senior Clerk (Demand & Acquisition). The Manager SCM position was filled on 01 December 2025

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

- Turnaround time of orders issued (daily) operations
- 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 R 2000.01 and R 30 000.00 that must be evaluated and awarded in terms of the applicable preference point system.

The Supply Chain Management unit has reviewed the Standard Operating Procedures, but processes cannot be streamlined due to legislative requirements that must be met. Processes address the minimum requirements to meet legislative requirements and that additional tasks are included as control measures

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
3(1)(a)	at least annually review the policy;	Director: Financial Services	Manager: Supply Chain Management	Yes	SCM Policy was reviewed on 17 January 2025 and was at Council on 29 May 2025
3(1)(b)	when considers it necessary, submit proposals for the amendment of the policy to the council	Director: Financial Services	Manager: Supply Chain Management	Yes	SCM Policy was reviewed on 17 January 2025
6(2)(a)(i)	Must submit within 30 days of the end of each financial year a report on the implementation of the supply chain management policy to the council	Director: Financial Services	Manager: Supply Chain Management	Yes	None
6(2)(a)(ii)	Whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.	Director: Financial Services	Manager: Supply Chain Management	N/A	To date no serious or material problems occurred in implementing the SCM Policy.
6(3)	Must submit within 10 days of the end of each quarter a report on the implementation of the supply chain management policy to the mayor	Director: Financial Services	Manager: Supply Chain Management	Yes	This is the second report for the current financial year
14(1)(a)	to keep a list of accredited prospective providers of goods and services that must be used for the procurement	Director: Financial Services	Manager: Supply Chain Management	Yes	The list is updated accordingly.

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
14(1)(b)	at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, to invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;	Director: Financial Services	Manager: Supply Chain Management	Yes	The advert was placed in the local newspapers on 16 July 2025
14(1)(c)	specify the listing criteria for accredited prospective providers	Director: Financial Services	Manager: Supply Chain Management	Yes	The listing criteria are contained withinthe registration form and in the SCM Policy.
14(1)(d)	disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector	Director: Financial Services	Manager: Supply Chain Management	Yes	To date none was found as registered on National Treasury's database for restricted suppliers and tender defaulters.
15(1)	The Municipality's Petty Cash Policy as approved by the Accounting shall be applicable to all purchases not exceeding R350.00, including VAT, or amount as determined in terms of this Policy, or as may be legislated from time to time.	Director: Financial Services	Dep. Director: Financial Accounting	Yes	Petty Cash is not being used by the Municipality any more

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
16(1)(c)	that if it is not possible to obtain at least three formal written price quotations, the reasons must be recorded and approved	Manager: Supply Chain Management	None	Yes	The CFO was notified monthly.
16(1)(d)	Must record the names of the potential providers and their written quotations	Manager: Supply Chain Management	None		

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
17(a)	When using the list of accredited prospective providers, the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;	**Director:** Financial Services **Director:** Technical Services and Planning **Director:** Corporate Services **Director:** Development and Community Services **Deputy Director:** Financial Accounting **Deputy Director:** Finance Cost Management Accounting **Deputy Director:** Technical Services**Deputy Director:** Corporate Services **Deputy Director:** Electrical Services **Deputy Director:** Strategic Support **Deputy Director:** Planning	All Managers, All Officials and other Role Players in the SCM System	Yes	Orders are processed against a rotation basis as all SCM end-users receive in-house training for the use of the database system uploaded on the financial system.
17(d)	The Accounting Officer or Chief Financial Officer must, on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;	Director: Financial Services	Manager: Supply Chain Management	Yes	The CFO is notified monthly.

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
21(2)	may determine a closure date for the submission of bids which is less than the 30- or 14-days requirement,but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossibleto follow the official procurement process.	None	None	N/A	None
22(b)(d)(i) to (viii)	Record in a register all bids received in time; Make the register available for public inspection and publish the entries in the register and the bid results on the website.	Director: Financial Services	Manager: Supply Chain Management	Yes	Implemented and results published on municipal website within 10 working days.
25(2)	The appointment of the members of each committee, taking into account section 117 of the Act; and	None	None	Yes	Appointment letters are kept at the SCM office.
25(3)	an attendance or oversight process by a neutral or independent observer appointed when this is appropriate for ensuring fairness and promoting transparency	None	None	N/A	None

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
28(1)(b)(i)	The Bid Adjudication Committee, depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; Only for bids below the value of R10 million.	Bid Adjudication Committee	None	Yes	*A total number of zero (0) tenders were awarded:* ***Awarded*** ***None***
28(1)(b)(ii)	The Bid Adjudication Committee can make another recommendation to the accounting officer on how to proceed with the relevant procurement.	Bid Adjudication Committee	None	Yes	No such transaction took place.
28(7)	The accounting officer must comply with section 114 of the Act within 10 working days	None	None	Yes	No such transaction took place.

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
30(1)	The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT-related goods or services through a competitive bidding process.	Director: Corporate Services	Manager: ICT	Yes	None
30(3)(a)	The accounting officer must notify SITA together with a motivation of the IT needs if: (a)the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included)	Director: Corporate Services	Manager: ICT	Yes	The ICT Department needs did notexceed the threshold.

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
31(1)	To procure goods or services under a contract secured by another organ of state, but only if – (a) The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state. (b) The municipality has noreason to believe that such contract was not validly procured. (c) there are demonstrable discounts or benefits and (d) that other organ of state and the provider have consented to such procurement in writing.	None	None	Yes	None
32(2)	Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.	Director: Financial Services	None	N/A	N/A

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
34(1)	To procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made	**Director:** Financial Services **Director:** Technical Services and Planning **Director:** Corporate Services **Director:** Development and Community Services **Deputy Director:** Financial Accounting **Deputy Director:** Finance Cost Management Accounting **Deputy Director:** Technical Services**Deputy Director:** Corporate Services **Deputy Director:** Electrical Services **Deputy Director:** Strategic Support **Deputy Director:** Planning	None	Yes	
35(1)(a)	To dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –	**Director: Financial Services**	None	Yes	Deviation Report submitted to Council monthly
35(1)(a)(i)	in an emergency	**Director: Financial Services**	None	Yes	

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
35(1)(a) (ii)	if such goods or services are produced or available from a single provider only				
35(1)(a) (iii)	for the acquisition of special works of art or historical objects where specifications are difficult to compile;				
35(1)(a) (iv)	acquisition of animals for zoos				
35(1)(a) (v)	in any other exceptional case where it is impractical or impossible to follow the official procurement processes				Deviation Report submitted to Council monthly
35(1)(b)	ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.	None	None	Yes	
35(2)	Must record the reasons for any deviations in terms of paragraph 36(1)(a) and (b) and report them to the next meeting of the council and include as a note to the annual financial statements	Director: Financial Services	Manager: Supply Chain Management	Yes	

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
36(2)	may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if – (a) The product or service offered in terms of the bid is a demonstrably or proven unique innovative concept. (b) The product or servicewill be exceptionally beneficial to or have exceptional cost advantages. (c) The person who made the bid is the sole provider of the product or service; and (d) The reasons for not going through the normal bidding processes are found to be sound.	None	None	Yes	No such transactions took place.
37(1)(a)	to take all reasonable steps to prevent abuse of the SCM system.	None	None	Yes	The National Treasury Code of Conduct has been communicated to municipal staff and various SOP's, Directives and SLAs were implemented.

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
37(1)(b)	to investigate any allegations against an official or other role player of fraud, corruption, favoritism, unfair or irregular practices or failure to comply with the supply chain management policy, and when justified - (i) take appropriate steps against such official or other role player; or (ii) report any alleged criminal conduct to the South African Police Service	None	None	Yes	None
37(1)(c)	to check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;	Director: Financial Services	Manager: Supply Chain Management	Yes	SCM includes the list of tender defaulters in the evaluation report.

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
37(1)(d)	to reject any bid from a bidder – (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors or to any other municipality are in arrears for more than three months; or (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;	Director: Financial Services	Manager: Supply Chain Management	Yes	None
37(1)(e)	to reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;	None	None	Yes	No such transactions took place.

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
37(1)(f)	to cancel a contract awarded to a person if - (i) to cancel a contract awarded to a person if - the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person.	None	None	Yes	None

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
37(1)(g)	to reject the bid of any bidder if that bidder or any of its directors – (i) has abused the supply chain management system or has committed any improper conduct in relation to such system (ii) has been convicted for fraud or corruption during the past five years. (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or (iv) has been listed in the Register for Tender Defaulters in terms section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).	Director: Financial Services Deputy Director: Financial Accounting	Manager: Supply Chain Management	Yes	None
37(2)	Must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of paragraph 38 (1)(b)(ii), (e) or (f).	Director: Financial Services	Manager: Supply Chain Management	Yes	None

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
38(1)	must establish and implement an effective system of logistics management, which must include - (a)the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number; (b)the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock. (c)the placing of manual or electronic orders for all acquisitions other than those from petty cash;	Director: Financial Services	Manager: Supply Chain Management	Yes	All TWK Stores were audited in October 2025, November 2025 and December 2025 and the Quarterly Audit Report Completed. This report will be tabled at the next Financial Portfolio Committee meeting.

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
	(d)before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract; (e)appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased. (f)regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and	Director: Financial Services	Manager: Supply Chain Management	Yes	On-going process
	g) monitoring and reviewof the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.	Director: Financial Services	Manager: Supply Chain Management	Yes	On-going process is done by all contract managers.

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
39(3)(a)	Must ensure that immovable property is sold only at market-related prices except when the public interest or the plight of the poor demands otherwise.	Power Currently Residing: Accounting Officer	None	Yes	None
39(3)(b)	Must ensure that movable assets are sold either by way of written price quotations, a competitivebidding process, auction or at market related prices, whichever is the most advantageous.	None	None	Yes	None
39(3)(c)	firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee.	None	None	Yes	None
39(3)(d)	immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise.	None	None	Yes	None
39(3)(e)	All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed.	Director: Development	Manager: Property Management	Yes	This is done annually in conjunction with the Development Department.
39(3)(f)	where assets are traded in for other assets, the highest possible trade-in price is negotiated	None	None	Yes	None

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
39(3)(g)	in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.	None	None	Yes	None
40(1)	must establish an effective system of risk management for the identification, consideration and avoidance of potential risks in the Supply Chain Management System.	Deputy Director: Corporate Services	Manager: HR	Yes	A generic project risk analysis template has been developed and implemented.
41(1)	must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorized supply chain management processes were followed and whether the objectives of this Policy were achieved.	None	None	Yes	This is done by Internal Audit.

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
44(1)	must ensure that the notes to the annual financial statements disclose particulars of any award to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including – (a) the name of that person. (b) the capacity in which that person is in the service of the state; and (c) the amount of the award.	Director: Financial Services	Manager: Supply Chain Management	Yes	This information was disclosed in the 2024/2025 financial statements. SCM is in the possession of various declarations made.

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
45(2)(d)	Notwithstanding sub paragraph (2)(c), must declare to the accounting officer details of any reward, gift, Favor, hospitality or other benefit promised, offered or granted to that person or any close family member, partner or associate of that person;	**Director:** Financial Services **Director:** Technical Services and Planning **Director:** Corporate Services **Director:** Development and Community Services **Deputy Director:** Financial Accounting **Deputy Director:** Finance Cost Management Accounting **Deputy Director:** Technical Services**Deputy Director:** Corporate Services **Deputy Director:** Electrical Services **Deputy Director:** Strategic Support **Deputy Director:** Planning	None	Yes	Reported on a quarterly basis to the AO.
45(2)(e)	must declare to the accounting officer details of any private of business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality;	None	None	Yes	None

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
46(2)	Must promptly report any alleged contravention of Paragraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector	None	None	Yes	None
47	Must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted whether directly or through a representative or intermediary, by any person who is – (a) a provider or prospective provider of goods or services (b) a recipient or prospective recipient of goods disposed or to be disposed	None	None	Yes	None

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
48(1)	Bidders are allowed the opportunity to lodge an objection or complaint against the decisions or actions of the Municipality within a period of 14 (*working*) days of the Municipal decision or action.	None	None	Yes	None
51(1)	may expand or vary orders against the original contract by - (a) not more than 20% for construction related goods, services and/or infrastructure projects, and. (b) by not more than 15% for all other goods and/or services of the original value of the contract.	Director: Financial Services	Deputy Director: Financial Services	Yes	None

Section	Cryptic Description of Power or Duty	Delegated to	Lowest Level Sub-delegated to	Implemented	Comments
52	1) In terms of Section 62 of the Municipal Systems Act (Act 32 of 2000 as amended), a person whose rights are affected by a decision taken by the Municipality, in terms of a delegated authority, in the implementation of its supply chain management system, may appeal against that decision by giving written notice of the appeal and reasons to the Municipal Manager within 21 days of the date of receipt of the notification of the decision.	Power Currently Residing: Accounting Officer	None	Yes	The register is kept at the Municipal Manager's and SCM offices.

Yours Faithfully,

N la Grange
Senior Accountant:
Demand & Acquisition

A Plaatjies
SCM Manager

P Mabhena
CFO

W Hendricks
Municipal Manager

L De Bruyn
Executive Mayor