



**MAMUSA LOCAL MUNICIPALITY
"NW 393"**



Notice is hereby given of a Finance Committee meeting of Mamusa Local Municipality that will be held on

10 April 2014

AT 10H00

In the Council Chambers, 28 Schweizer street, SCHWEIZER-RENEKE

***R.R. GINCANE
MUNICIPAL MANAGER***

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1.	OPENING AND WELCOME	
2.	CONSTITUTION	
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4.	DECLARATION/DISCLOSURE OF INTEREST	
	<i>In terms of Section 5 [1][a] Schedule 5 of the Local Government Municipal Systems Act No. 117 of 1998 a Councilor must disclose to the municipal Council or any Committee of which the Councilor is a member, any direct or indirect personal or private business interest that the Councilor may have in any matter before the Council or Committee.</i>	
5.	QUARTERLY SUPPLY CHAIN MANAGEMENT REPORT (THIRD QUARTER)	

5. QUARTERLY SUPPLY CHAIN MANAGEMENT REPORT (THIRD QUARTER)

5.1 PURPOSE

To report to the council on the supply chain procedures and procurement process that were conducted in the second quarter of the financial year 2013/2014 for the months regarding acquisition of goods and service, deviations, fruitless and wasteful expenditure and irregular expenditure in all the departments within the municipality.

1.1 BACKGROUND

The Municipal Finance Management Act (No. 56 of 2003), requires that the resources of the municipality be used effectively, efficiently and economically.

Circular No. 62 of the MFMA aims to enhance compliance, improve accountability and transparency, update measures required to combat fraud, promotes transparency in supply chain management practices in municipalities as required by regulation 2.1(b) of the Municipal Supply Chain Management Regulations.

After closure of any advertised competitive bid, municipalities and municipal entities must, further to information to be published in terms of section 75 of the MFMA, publish on their websites, the reference number of the bid, the description of the goods, services or infrastructure project, names of all bidders, the B-BBEE status level of contribution of all bidders, where applicable, the local content percentages of the goods offered and where practical, total price of the bids, by all bidders that submitted bids in relation to that particular advertisement. Copies should be made available at municipal offices and libraries.

Supply Chain Manager is anchored upon the five interrelated pillars as enunciated in our Constitution, namely: **value for money, open and effective competition, ethics and fair dealing, accountability and reporting and equity.**

MFMA 56 of 2003 : Municipal Supply Chain Management Regulations (Gazette No. 27636) states its objectives as to facilitate and give guidance on the application of SCM environment within a municipality and its entities, and promote coordination of SCM and budgeting processes.

1.2 MOTIVATION

All instances of unauthorized, irregular, fruitless and wasteful expenditures must be reported to the mayor, the MEC for local government in the province, the Auditor-General, disclosed in the annual report, and to council as required by section 32(4) and 74 of the MFMA. This disclosure will assist in addressing challenges relating to expenditure control and transparent reporting in order to strengthen accountability.

1.3 RECOMMENDATION

- a) Utilizing audit findings to improve the supply chain management system of the municipality.
- b) Training should be extended to other staff members that are vital in handling compliance and financial issues as members of the Bid Committees.
- c) All procurements should be aligned to the Procurement Plan, which should be for a minimum of one year and be aligned to the IDP and Medium Term Revenue and Expenditure Framework (MTREF). Procurement Plans are especially critical in the case of capital projects requiring the issuing of bids for multi-year projects, as well as ensuring cost savings through longer-term goods and service contracts (limited to a three year period in terms of MFMA)

1.4 DEPARTMENTAL COMMENTS

1.5 COMMITTEE OUTCOME

1.6 ANNEXURE

Annexure A – Bid Register for the advertised and awarded bids
Annexure B – Procurement Report for authorized expenditure per Department.
Annexure C – Deviations report
Annexure D – Fruitless & wasteful expenditure
Annexure E - Irregular Expenditure Register

