ADDENDUM 2

WESTERN CAPE EDUCATION DEPARTMENT

SUPPLY CHAIN MANAGEMENT STRATEGY

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SUPPLY CHAIN MANAGEMENT STRATEGY

1. LEGAL COMPETENCE

(a) PFMA

(b) National Treasury Regulations and Instructions;

(c) Provincial Treasury Instructions, Chapter 16A;

(d) Accounting Officer's System; and

(e) SCM Delegations.

2. SUPPLY CHAIN MANAGEMENT STRATEGY

2.1 The Supply Chain Management Strategy for the Western Cape Education Department is established in terms of the Provincial Treasury Instructions, Chapter 16A4.2.

2.2 The SCM Strategy is effective from the date approved by the Accounting Officer and will be reviewed as and when required.

3. STRATEGIC INTENT

The SCM unit together with the Responsibility Managers of the WCED aims to ensure that the needs identified by the Department through its annual Procurement Plan is available to all learners within the province to ensure the greatest possible access to educational resources and opportunity.

4. PROVINCIAL STRATEGIC OBJECTIVE

4.1 The Provincial Strategic Objective 12:

*"**To be the best run regional government in the world**; forms the basis for the establishment of sound financial management strategies that speak to the outcome of a clean, efficient, effective, accountable and transparent supply chain management process."*

4.2 In response to the provincial strategic objective, the Department, through its own strategic objective aims to improve learner outcomes in the Western Cape Province.

5. SUPPLY CHAIN MANAGEMENT VISION

Through the effective, efficient and integrated use of human and technological resources, create a highly motivated and ethical SCM unit that is able to provide learners within the province with the necessary learning resources to fulfil leaner outcome potential.

6. SUPPLY CHAIN MANAGEMENT MISSION

To secure and source the necessary resources to enable the Department to provide managers, officials, educators and learners within the province, the necessary resources to maximize learner outcomes.

7. CORPORATE GOVERNANCE

7.1 SCM Nature of the Department

SCM utilises a collaborative strategy that aims to integrate procurement and provisioning processes in order to eliminate non value-added cost, infrastructure, time and activities to competitively serve end-users better by introducing international best practice. The essence is integrated planning of SCM operations, tactics and strategies. It involves the management of working capital that is invested in goods and services with the objective of optimising the economic return on such investment. It begins when the needs are identified during the strategic planning process when service delivery targets are identified, to the point of finally disposing of an asset.

7.1.1 The SCM Unit of the WCED will perform the following key functions:

(a) Render support to the line function managers, Departmental Bid Committee and the delegated persons in conducting market research analysis and by drawing up specifications for goods/services needed.

(b) Call for bids after the specifications have been signed off by the line manager as being representative of the goods/services required and approved by the delegated official, evaluate such bids and submit them for consideration to the Bid Committee and approval by the Accounting Officer or delegated official.

(c) Place orders (where applicable) with approved service providers.

(d)   Issue letters of acceptance.

(e)   Compile Service Level Agreements (where required) and ensure conclusion thereof.

(f)   Ensure that minutes are kept of meetings of the Departmental Bid Committee and all other relevant committees. This implies that the SCM Unit will also be responsible for the preparation and presentation of cases to the Departmental Bid Committee and Accounting Officer or delegated officials in terms of this System and Treasury prescripts.

(g)   Report in the prescribed format to the Treasury on the services and goods obtained via the competitive bidding system and where applicable, to the Accounting Officer.

(h)   Maintain the AO System and SCM delegations.

(i)   Administer Departmental contracts in co-operation with Responsibility/Line Managers and make use of National and Provincial contracts in those cases where prior approval has been sought to participate in such contracts to procure goods/services and where applicable, in those cases where there is a distinct financial advantage for the Department, to seek later approval to participate in those contracts.

(j)   Undertake annual stocktakes of Departmental assets according to an approved programme and maintain the departmental asset register.

7.2   SCM unit structure and training

7.2.1 In terms of the Regulations on Supply Chain Management and Regulations in terms of the PFMA: Framework for Supply Chain Management issued by the National Treasury, each Department is compelled to have a Supply Chain Management Unit.

(a)   The Unit of the WCED will resort under the Chief Financial Officer (CFO) in terms of Regulation 4(1) of the SCM Framework Regulations and Regulation 4 of the Regulations of the PFMA: Framework for Supply Chain Management.

(b)   The post establishment and organogram of the Department will reflect the composition of this unit.

7.2.2 The organogram of the Directorate: Procurement Management is attached as **Diagram 2**.
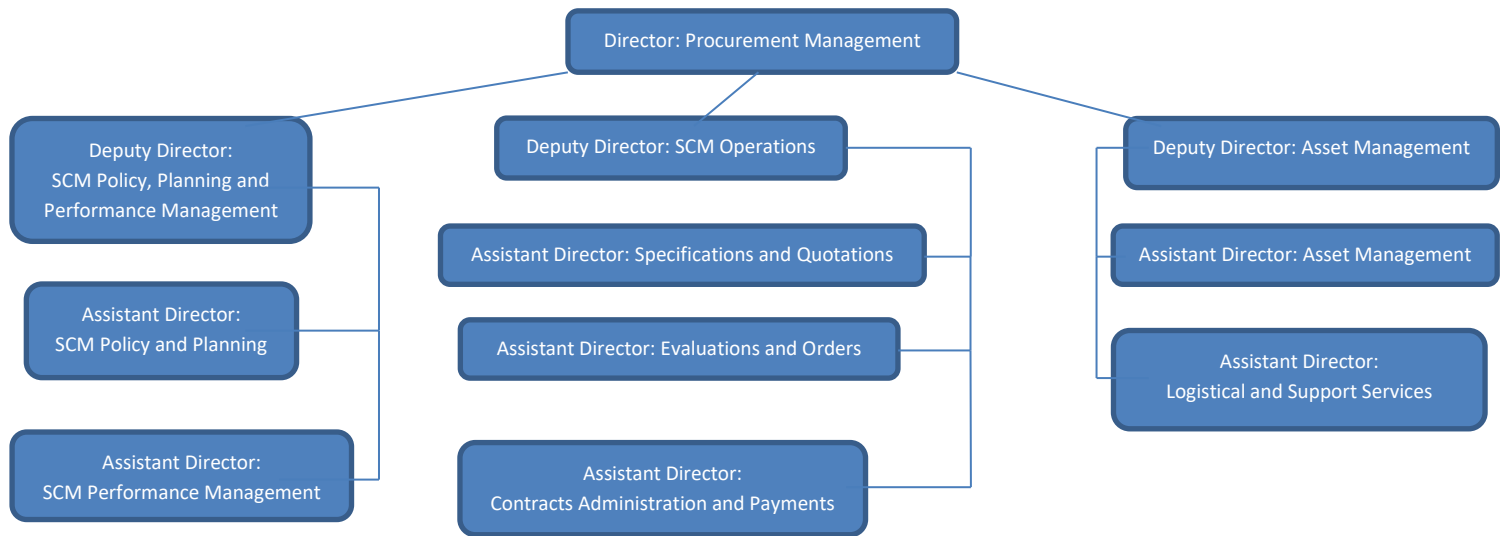
7.2.3 The skills and competencies required by SCM officials to perform their duties are identified on an annual basis in the PERMIS performance agreement and individual development plan.

7.2.4 It is the duty of the Chief Financial Officer to ensure that training courses are arranged, attended and that the Supply Chain Directorate has and maintains the required level of manpower, resources and skills.

8. OBJECTIVES OF THE STRATEGY

8.1 This strategy aims to address issues such as the:

a) Direction: Answering the question of where are we going?

b) Commodity: What are the strategic commodities within the department?

c) Market: Who is the market and what are the activities involved?

d) Advantage: What must be done to perform better, doing the right things, at the right price for the right reason?

e) Resources: Referring to an analysis and understanding of the skills, assets, finance, relationships, technical competence, facilities, policies and tools required to get to where the Department needs to go.

f) Environment (context): Documenting the external and internal factors that have an influence (direct or indirect) on the path set.

g) Stakeholders: Identifying the role-players that have the power, an interest, a role or authority over the Supply chain processes, activities and outcomes. Also refers to the analysis and documenting of the values and expectations of those who have power and those impacted upon through execution of SCM activities.

9. SCM STRATEGY DOCUMENTS

9.1 Tools

9.1.1 The tools to facilitate better management of the supply chain are built around the following areas:

(i) Customer focus at every stage in the supply chain – Service delivery;

(ii) Procurement Planning;

(iii) Advanced use of ICT – Systems optimising;

(iv) Wider bandwidth/global communications;

(v) More powerful data processing – master data management;

(vi) Information flows to all parts of supply chain – communication;

(vii) Computer aided decision support systems – systems;

(viii) Improvements in financial accounting ("soft technology"), e.g. activity-based costing (ABC) highlights the financial trade-offs necessary to understand to design the supply chain;

(ix) Quantitatively based performance management – performance management;

(x) Metrics and measurement of performance at each stage of supply chain;

(xi) Reduced time to promote efficiency;

(xii) Reduced cost gains;

(xiii) Advanced organisation management concepts that facilitate better teamwork and communication (horizontal communication) – process and procedures;

(xiv) Teams from inter-related functional operations work together to remove organisational barriers and find improvements to supply chain performance (cross-functional teams)- integrated business processes; and

(xv) Attention to organisation dynamics.

9.2 Benefits from the implementation of SCM strategy into business operations

9.2.1 The key business benefits that can result from the implementation of a SCM strategy are cost reduction and value enhancement. This can be achieved through:

(a) Reduction of lead times and delivery time;

(b) Lower inventories;

(c) Improved supplier relations;

(d) Higher utilisation of equipment/production capacity;

(e) Improved legislative compliance;

(f) Risk reduction and security of supply;

(g) Creating new market opportunities;

(h) Enhancement of product/service quality;

(i) Increased innovation; and

(j) Increased productivity.

9.2.2 **Challenges in the implementation of SCM**

The need for the Supply Chain to constantly change and adapt in response to an ever changing legislative environment, puts pressure on the SCM unit of the WCED to be in compliance with the prescribed regulations. This leads to increased complexity in SCM processes. A result of this increase in complexity is a need for greater risk management. This places a greater emphasis on the role of monitoring and evaluation of SCM processes to ensure that the department remains in compliance with all the prescribed regulations.

Increased complexity may also lead to a decrease in the agility of the SCM unit. This may lead to a decrease in the ability of the SCM to respond to ever changing market conditions and demands.

If not properly utilised and implemented the increased use of ICT may be viewed as burdensome by less 'tech-savvy' officials.

Implementing ICT services for its own sake may lead to an over implementation and reliance on ICT systems, which is costly and a waste of resources.

The general perception is that problems with SCM implementation are as a result of organisation inertia and difficulties in implementing changes in corporate culture.

One key obstacle is that in most organisations people operate (and think) in narrow, compartmentalised channels related to their field of speciality. To break this and implement horizontal structures, and create cross-functional teams remains one of the greatest difficulties. A possible solution to this is the improved use of ICT e.g. intranet and internet in creating cross-national, virtual teams. However, there is some evidence that the use of "virtual solutions" may not deliver the desired results that may be expected. Direct "human interaction" is of key importance overall and is very true in development of sound SCM. Poor planning of procurement activities has also had a major impact in delivery in the South African context.

a) **Supplier/Customer partnership**

Some of the more proactive organisations are going beyond just setting product and service specifications and are starting to establish co-operative partnerships between customers and suppliers. However, these partnerships require openness, trust and transparency. Despite this, examples of supply chain partnerships are numerous. Partnerships can range from working together on research and development projects to providing training and assistance. The hallmark of successful partnerships is good two-way communication.

b) **Supplier/Customer meetings**

These can be one-on-one meetings, seminars, workshops or conferences. Meetings allow organisations the opportunity to share ideas, work together and solve problems together.

- **Bid Specification Meetings**
  Meetings between client and SCM officials to finalise the final requirements of the client before the bids are advertised greatly reduces the risk of procuring the incorrect goods and services.
- **Supplier Information Sessions**
  Meetings between potential bidders and SCM officials to clarify the bid specifications before the bidders submit their offers.

9.2.3 **Validation of performance**

Validating supplier claims is an important part of the management process. Tools for validation include reviewing questionnaires and documentation from suppliers, site visits, and third-party audits. Monitoring and Evaluation Planning outlines the tools and instruments that are to be utilised to measure supplier performance.

9.2.4 Working with industry peers

Sustainable Supply Chain Management (SSCM) is not only about working with suppliers and customers, but also working with industry peers to develop industry best practice and standards. According to Lippmann (1999), the following characteristics typify effective SSCM programmes:

(i) Top level leadership;

(ii) Cross-functional integration;

(iii) Involving different supply chain related functional areas within the organisation;

(iv) Integration into existing Supply Chain processes (design, procurement, distribution);

(v) Effective communication within companies and with suppliers (internally and externally);

(vi) Multiple information channels (mission statements, codes of conduct, meetings, questionnaires, contract conditions, supplier newsletters, periodic performance reviews);

(vii) Effective processes for targeting, selecting, working with and evaluation of suppliers;

(viii) Most target first-tier suppliers (they have the largest stake in the relationship), as well as contract manufacturers/suppliers that handle hazardous substances (corporate reputation);

(ix) Incorporate environmental performance as part of supplier solicitation, selection and monitoring to ensure that only environmentally aware suppliers approach them for business (green procurement);

(x) Work with suppliers to ensure continuous improvement over time;

(xi) Willingness to end relationships which fail repeatedly to meet environmental expectations; and

(xii) Allow for collaboration and joint problem solving – leverage the expertise of suppliers and engage them as business partners to address common environmental and business goals.

10. STRATEGIES AND TOOLS

The most pro-active governmental bodies are using a broad range of strategies and tools to manage their supply chains. These include:

(i) Internal cross-function teams;

Performance Management

(ii) Internal training and awareness programmes;

Training of Officials and SCM Champions

(iii) Building relationships with suppliers;

Consortiums are allowed to co-operate and bid

(iv) Supplier information sessions or meetings;

Supplier information sessions

(v) Environmental supplier conferences;

(vi) Mandatory and voluntary product specifications;

Bid Specification Committee

(vii) Requirements in procurement contracts for suppliers to work with the government to continuously improve the environmental performance for their products and services;

(viii) Monitoring and assisting suppliers;

Performance Management for Monitoring and Evaluation

(ix) The production of fact sheets on more environmentally friendly products and services;

(x) Guidelines and product criteria;

Bid specification committee

(xi) Purchaser networks for sharing information; and

Western Cape Supplier Evidence Bank

(xii) Provincial Treasury website.

11. KEY GAPS

An analysis of past practices revealed the following common gaps in the application of sustainability thinking to SCM:

(i) There is a lack of knowledge and experience for integrating the "triple bottom line" thinking into SCM;

(ii) Tools that enable the incorporation of social and ethical issues and eco-efficiency issues into organisations and their supply chains do not exist (i.e reliable, cost effective methods, tools and metrics);

(iii) Social and ethical issues are considered by many to be too difficult to put into operational practice;

(iv) A lack of tools to upgrade environmental SCM or green procurement to SSCM are lacking;

(v) There is a lack of metrics to measure the effectiveness of SSCM;

(vi) Centres of expertise/excellence in SSCM issues do not exist, or are limited in the country, i.e. centres that combine cutting edge expertise on both SCM tools, strategies and metrics as well as an in-depth knowledge of sustainability issues in specific sectors;

(vii) There is a lack of reliable information on product and service-related sustainable performance, i.e. which product or service is better from an environmental, social and ethical perspective;

(viii) Reliable third-party certification of sustainable issues in relation to product and service groups does not exist. Reliable third-party certification removes the research burden from organisations wishing to purchase products and services that are considered more sustainable;

12. DIRECTION

The need to provide synergy between the different levels of interventions requires that a distinction is drawn between:

(a) Strategy at Provincial level: Strategic (SCM Roadmap).

(b) Strategy at Departmental level: Tactical (SCM CGRO).

(c) Strategy at SCM Unit level: Operational (SCM Strategic Implementation Plan).

13. PROCUREMENT PLAN: OPERATIONAL LEVEL

This Department will, in line with the National Treasury requirement and PT instructions submit annually by the 31 March a procurement schedule containing all planned procurement for the financial year in respect of goods and services which exceed R100 000.00 (all applicable taxes included) in the prescribed format for monitoring purposes. The Department's three (3) year Procurement Plan will be reviewed on an annual basis.

14. MARKET ANALYSIS: OPERATIONAL LEVEL

14.1 The Department, by virtue of giving effect to its core function, deals on a daily basis, through some or other supply chain process with a particular market. As such, an in-depth understanding, analysis and approach to that market is required in order for management to determine amongst others its business model, its market strategy, its procurement strategy, alternatives available, establishing long-term relationships on the basis of whether the participants in the market are strategic or not, the cost drivers in the market, etc.

14.2 This is done by the following high level activities:

(a) To document and analyse the market (who is the market, where is it based, how broad or limited is it).

(b) To document and understand what are the cost drivers in that market.

(c) Analyse the economic forces driving supply and demand.

(d) Understand the regulatory impact of the market specific legislation.

(e) Gain knowledge on whether the market is manufacturing, distribution or assembly in nature and the type of capital layout required to set up these plants. This in turn informs the turnaround times for new entrants in the market, i.e. how easy or difficult is it to enter into the market.

(f) Understanding how entrenched and established are the current participants in the market.

(g) Segmenting the market based on the information of (a) to (f) above.

14.3 This informs the approach that the department will employ when:

(a)   dealing with the market;

(b)   gaining knowledge on how the market organizes itself;

(c)   procurement strategies to deal with these markets;

(d)   engagements and consultations with the markets; and

(e)   cost drivers in the market.

15.   STAKEHOLDERS INVOLVED IN THE SCM CYCLE: OPERATIONAL LEVEL

15.1   The involvement of the stakeholders in the SCM cycle is important as it informs the strategic nature of the stakeholders, the need for partnerships and joint interventions, interdependencies, long term relationships etc. It also serves to identify the role of each stakeholder and the response plan required from the SCM Unit in relation to each stakeholder.   In other words, what must be reported to whom, in what format and when. Further, who must be consulted before critical decisions are taken, what is deemed to be critical decisions in relation to each stakeholder grouping.

Segmentation of stakeholders demonstrates the level of maturity as it relates to supplier management. The more strategic the stakeholder, the more critical the goods/services provided. In turn the more important the relationship and strategy to manage those suppliers.

Table 1 - Identification of Stakeholders by nature (type) and role (function)

NATURE	IDENTIFY STAKEHOLDER	ROLE
USERS	Line Function Officials; and Responsibility Managers.	Determination of procurement needs and technical specifications.
INTER-DEPENDENCIES	Management Accounting; Financial Accounting; and Internal Control.	Budgeting. Compilation of Annual Financial Statements. Maintain integrity of system of Financial Management.

GOVERNANCE BODIES	Construction Industry Development Board (CIDB); **(Applicable to Infrastructure procuring departments only)** Provincial Treasury.	Regulates and governs Supply Chain Management for General Goods and Services and Infrastructure Supply Chain respectively.
ASSURANCE PROVIDERS	Internal Audit; Audit Committees; and Treasury Assessment.	Provide quality assurance.
OVERSIGHT BODIES	SCOF (Standing Committee on Finance); and SCOPA (Standing Committee on Public Accounts).	These are Parliamentary oversight bodies ensuring oversight is exercised over the management and spending of public funds.
CLIENT/CUSTOMER	Public/Learners/Parents of Learners/potential and current Service Providers/Suppliers.	Drives the demand for service delivery.

16. EXPENDITURE ANALYSIS FROM SCM PERSPECTIVE: OPERATIONAL LEVEL

16.1 Definition

Collecting, cleansing, classifying and analysing expenditure data for the purpose of analysing supply chain behaviour.

16.2 Purpose

Improving efficiency and monitoring compliance, interrogating integrity of data, determining cost reduction opportunities, identifying strategic commodities in the department, gathering economic information from procurement activities (where is the department spending its money, with which parties, how often, etc.)

The Department should answer questions pertaining to:

(a) Historical spend, price movements and volume to inform (benchmark) future spend and volume.

(b) Visibility pertaining to end user and current buying practices (who is spending, how was it procured, i.e. From contracts, via quotation, open versus limited bidding, whether there are practices of preferred suppliers and why, etc.)

(c)   The numbers of suppliers involved versus representation (in percentage) of the total spend. In other words, who are we spending money on and how much of the total expenditure through the supply chain does that represent.

(d)   The number of items, value and volume (what is being bought, what is the cost of the transaction versus the cost or value of the item).

(e)   Supplier performance.

(f)   Geographical spend (where is the money being spent and why).

(g)   Inconsistencies and anomalies in data integrity and reporting capabilities for the organization.

16.3 Activities

(a)   Group similar types of spending into major categories (using SCOA codes).

(b)   Spending can then be grouped by category, type or size.

(c)   Sort by supplier, item, site and branch/programme or unit level of detail.

(d)   Get data to a common format (when derived from multiple or different sources).

(e)   The questions above would inform the combinations of information required.

16.4 Current Challenges

(a)   Lack of a standardised approach, ineffective reporting on classification/categorisation of products and services.

(b)   No bundling of high-volume low value items under long-term agreements.

(c)   Lack of information reports on spend analysis from a procurement perspective to inform budget forecasting or managing suppliers.

(d)   Prices vary for the same item among different provincial departments, i.e. no benchmarking for commonly used, transversally required goods or services.

(e)   No consolidation of buying power to negotiate favourable contract prices or terms (across departments).

16.5   Commodity Analysis

Conduct market research for all goods/services contained in the Departmental Procurement Plan as approved by the Accounting Officer to determine the sourcing strategy, availability and estimated cost of the items in the current market environment.

16.5.1 Purpose

To document all commodities used by the Department and to identify the strategic commodities which in turn informs the development of specific procurement strategies through strategic sourcing methodologies suited for those commodities. These commodities should directly relate to the core function of the Department, which would be evident through undertaking expenditure analysis exercises annually. The commodity analysis also informs what is available in the market, is it brand names, is it limited, is it freely available, are there alternatives, etc.

16.6 Supplier Positioning

16.6.1 Purpose

To identify and document the strategic suppliers of the department, the nature of the relationships required, the proposed duration of such relationships, the interdependencies involved, the expectations, anomalies and bargaining power of these suppliers.

(Strategic; scarce; sole; alternatives; processes used to facilitate supplier position - CIDB Register or WCSD)

16.7 Procurement Strategies

16.7.1 Purpose

To document (in line with the Provincial Treasury Instructions) the procurement strategies available to the Department and provide guidance on the purpose and circumstances under which they may be applied.

Table 2

ACRONYMS		EXPLANATIONS
RFI	Request for Information	The purpose of an RFI is to get more information on and gain a better understanding of the suppliers in the market and their goods/services. It helps identify the range of possible solutions available. It is not a request for offers and must not be used as a mechanism from which to directly select suppliers.
RFQ	Request for Quotation	The purpose of an RFQ is to seek quotes for specified goods/services. It is usually used in low risk procurement where price is the main factor and the goods/services are easy to describe, stock standard or off the shelf.
EOI	Expression of Interest	The purpose of an EOI is to enable the Department to identify and shortlist potential suppliers. The request for EOI seeks basic information from interested suppliers to allow an initial evaluation of their suitability. An EOI is the first stage of a multi–stage tender process. Shortlisted suppliers are asked to submit full proposals /tenders through a RFP/RFT. The responses provide more detailed information on capacity, capability, technical knowledge, experience and organisational and financial standing. This allows a full evaluation and selection of the preferred supplier. An EOI can be used where there are potentially very large numbers of suppliers and it is not sensible to invite all to submit proposals/tenders

QSL RSL	Qualified or Registered Supplier List	A process where potential suppliers are selected based on their ability to deliver specific goods or services. The Department may purchase from listed suppliers directly (where cost is less than the applicable threshold values) or invite them to tender.
RFP	Request for Proposal	An RFP is used to receive proposals for goods /services. Typically, the agency is open to innovation in the type of product or how the services are delivered. The outputs and outcomes are important, rather than the process that the supplier follows to deliver them. Interested suppliers are invited to submit proposals, giving details of how their goods or services will deliver in outputs and outcomes, along with the proposed prices.
RFT	Request for Tender	An RFT is used to receive tenders for goods or services. Typically, the goods or services are easy to define and there is little room for flexibility or innovation in delivery. RFT are used mostly for goods or services with highly technical requirements. The Department advertises and invites interested suppliers to submit tenders, giving detailed information on how their goods or services meet the specific requirements, along with their proposed prices.

16.8 Pricing Strategies

16.8.1 Purpose

To indicate the types of pricing strategies or options in place recognised by markets nationally and internationally. The type of pricing strategy chosen has a direct relationship to the approach to the market.

Table 3

PRICING STRATEGY	DESCRIPTION
Activity schedules	The contractor undertakes to break the scope of work down into activities and price each activity as a lump sum, which is paid on completion of the activity. The total of the activity prices is the lump sum price for the contract work.
Bill of quantities (Infrastructure)	The contractor is paid an amount for "R" the item of work in the bill which is the rate for the work multiplied by the quantity completed.
Cost reimbursable	The contractor is paid an agreed percentage fee to cover his overheads and profit and is reimbursed at market related rates for predefined cost items.
Indefinite delivery contract price agreement	Unit rates are agreed. Payment is based on time actually taken.
Percentage fee	Based on the estimated or actual project construction cost or the cost of goods inspected or procured.
Price list	A list of prices is agreed. Payment is based on the agreed price.
Quantity discount	The price of the supplies reduces in accordance with the quantity that is purchased.
Retainer or contingency fee	The retainer fees are fixed and the success fee is usually based on a percentage of the sale price or the assets.
Target price	The contractor is paid for work done on a cost- reimbursable basis and the difference between the final cost of the works and target price agreed at the conclusion of the contract is shared between the contractor and the employer in accordance with a pre-agreed formula.
Time based	Payment is based on agreed hourly, weekly, monthly rates for staff named in the contract and on agreed rates and reimbursable items. Typically, a ceiling amount is provided for.
Lump sum	Firm total all inclusive tender price

16.9   Bid Documents prescribed

16.9.1 Purpose

The strategy sets out the minimum compulsory bid documents for the Province as it pertains to the procurement of goods or services.

Table 4

DOCUMENT	DESCRIPTION
WCBD1	INVITATION TO BID
WCBD3.1	PRICING SCHEDULE – FIRM PRICES (PURCHASES)
WCBD3.2	PRICING SCHEDULE – NON-FIRM PRICES (PURCHASES)
WCBD3.3	PRICING SCHEDULE (PROFESSIONAL SERVICES)
WCBD3.4	SPECIFICATIONS COMPLIANCE SCHEDULE
WCBD4	DECLARATION OF INTERESTS, BIDDERS PAST SCM PRACTICES AND INDEPENDENT BID DETERMINATION
WCBD5	THE NATIONAL INDUSTRIAL PARTICIPATION PROGRAMME
WCBD 6.1	PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2022 (PROVINCIAL TREASURY CIRCULAR NO. 1/2023)
WCBD 6.2	DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT FOR DESIGNATED SECTORS
WCBD 7.1	CONTRACT FORM - PURCHASE OF GOODS/WORKS AND RENDERING OF SERVICES
WCBD7.2	CONTRACT FORM - SALE OF GOODS/WORKS

17. MINIMUM POLICIES REQUIRED

17.1 Emergency Situation and Urgent Case Procurement

SCM Emergency situation and urgent case Procurement Policy

The Department has and maintains a policy that deals with its identification of the types of emergency situations and urgent case procurement and its concurrent response plan from a Supply Chain perspective. No emergency situation and urgent case procurement is dealt with outside the ambit of the said policy.

17.2 Green Procurement

The Department of Environmental Affairs and Development Planning is the custodian of the current White Paper on Green Procurement issued on the 21 June 2011 for comment. The need for Green Procurement will be assessed

as an when required, but only in respect of instances where it is pre-identified as Green Procurement.

17.3 Preferential Procurement

The SCM Strategy recognises the requirements which emanate from the Provincial Treasury Circular No. 1/2023: Western Cape Government interim arrangements to give effect to the Preferential Procurement Regulations, 2022

18. RISK MANAGEMENT AND INTERNAL CONTROL

The Department has a SCM Internal Control Framework which identifies the controls in place to monitor, prevent and detect certain risks.

19. ETHICS/CODE OF CONDUCT

All officials involved in the implementation of the Department's supply chain management system must comply with the required ethical standards as prescribed in the Code of Conduct for Supply Chain Management Practitioners as issued in SCM Practice Note 4 of 2003.

20. CORPORATE GOVERNANCE REVIEW AND OUTLOOK (CGRO IMPLEMENTATION PLAN)

The Provincial Treasury in partnership with the Provincial Departments has embarked upon a strategy to drive Financial Management Maturity and Governance to the level of "Conformance" through a Provincial Strategy called "CGRO". The underlying principle is that in partnership, gaps, dependencies, resources required, response plans, risks, etc., are identified and addressed and together this is monitored on an on-going basis and becomes the benchmark to measure performance.

21. ESTABLISHMENT OF THE SUPPLY CHAIN MANAGEMENT FOCUS GROUP

The Supply Chain Focus Group was established with the core mandate to drive and implement the Supply Chain Re-engineering in the Province, establishing and leading a roadmap for the elevation and complete implementation of Supply Chain.

22. PERFORMANCE MANAGEMENT

The Performance Management component is responsible for monitoring and evaluating the SCM unit for compliance. The SCM Monitoring and Evaluation Plan specifies the monitoring and evaluation techniques and methodologies along with timelines for the assessment of the SCM unit.

23. ADDRESSING THE SYSTEMS CHALLENGE

23.1 eProcurement Solution:

The Provincial Treasury per PTI 5.4 of Chapter16A is responsible for the implementation and maintenance of an eProcurement Solution which includes a central database of suppliers, to be utilised by provincial institutions for obtaining bids or quotations.

For the discipline of Logistics Management, the legacy system prescribed and embraced in this Department is the eProcurement Solutions (ePS) system.

The Provincial Treasury drives the roadmap in terms of the eProcurement Solutions for supply chain management in the Province.

(a) ePS
(b) LOGIS
(c) BAS
(d) WCSEB

24. SUPPLY CHAIN MASTER DATA MANAGEMENT

The SCM unit reports on all procurement above R100 000 to the Provincial Treasury. The PT scrutinises, assesses and records the data from the various financial systems. The PT issues quarterly Insight Reports to all Departments on the procurement awards and spent.

25. SCM COMMUNICATION STRATEGY

25.1 Themes

THEME	KEY MESSAGES	Outcomes
Integrate with the Government's core message for the year - Better Together Clean yet fast, efficient and effective	They articulate the essentials of government's position on critical issues.	Give an explanation as to what the message aims to achieve and what does it inspire people to do and why.
SCM STRATEGY	• Legislative Mandate • AO SCM System • Transformation Plan	The value imperatives that can be derived from strategic management of the supply chain.
SCM CODE OF CONDUCT	• 'Walk the Talk' • Key stakeholders • Impact on people elements	• behave like good corporate citizens and act socially, responsibly and ethically • key stakeholders, which may include shareholders, employees, suppliers and even the communities surrounding businesses
SCM ANTI-FRAUD AND ANTI-CORRUPTION	• Encourage Prevention • Detection and Investigation • Prosecution of offenders	Zero Tolerance
SCM BEST PRACTICES	• SCM Manual • Internal Controls Framework • Risk Management	SOPs, Toolkits, Instructions, etc.
SCM TALENT	• Employee value proposition	SCM requires the dedicated efforts of a talented team.

	• Capacity Building • Individual and Team roles	Professionalization of SCM, Training. Coaching, Mentoring. Interdependency across functional areas
SCM EVALUATION AND MEASUREMENT	• Adopting appropriate mind-sets, policies, practices and behaviours • SCM Compliance and Performance	*Execution of all SCM* processes in support of the Dept.'s goals and objectives

25.2 Mechanisms

A range of communication media will be used during the communication process because different stakeholders prefer different communication mediums. The type of media used depends on the frequency of messages, geographic location of target audiences, complexity of the message, number of employees affected and cost and time constraints. The most preferred communication medium is face-to-face interaction. It allows the communicator to explain complex messages, gives the target audience the opportunity to ask questions and to establish good working relationships. Communication mechanisms will be selected from the following available sources according to the objectives and audience of each communication piece. (Some mechanisms are more suited to implementation or specific audiences.) The approach is to use existing media as far as possible.

Communication Type	SCM Strategy	SCM Code Of Conduct	SCM Anti-Corruption Fraud & Anti-	SCM Best Practices	SCM Talent	SCM Evaluation & Measurement
Websites	•	•	•	•		
Workshops	•	•	•	•	•	•
Road shows	•	•	•	•	•	•

Presentations	•	•	•	•	•	•
Reports		•	•	•	•	•
Publication/ Guides		•	•	•		•
Training		•	•	•	•	•
Coaching / Mentoring		•	•	•	•	•
Toolkits		•	•	•		
SOPs		•	•	•		
Templates		•	•	•		
Checklists		•	•	•		
Compliance Assessments		•	•	•		
Forums	•	•	•	•		•
SCM Manual	•	•	•	•		•
Help Desk			•	•		

26. PROVINCIAL TREASURY INSTRUCTIONS

26.1 SCM Focus Group

26.1.1 Background

The Provincial Treasury SCM/Asset Management forum is a subset of the Provincial CFO forum that was created as a medium for all SCM practitioners in departments to inform financial management decision-making from an SCM perspective.

The establishment of the SCM/AM forum speaks to the need for a mechanism to provide greater co-ordination between policy development and financial management from an SCM/AM perspective for all SCM/AM practitioners within the Province.

The aim of the SCM/AM forum is to assist on issues such as managing transformation within SCM, developing coherent policy and setting norms and

standards for service delivery and to enhance interdepartmental SCM relations and the exchange of information, while taking a long-term perspective on spending and policy from an SCM perspective.

26.1.2 Purpose

To facilitate uniformity; best practice in SCM, financial governance, to promote and maximise service delivery through the efficient and effective use of resources and dynamic interaction from all departments, and to promote the development of a more rigorous provincial position thereby enabling a more effective and holistic SCM financial governance within the Province.

26.1.3 Objectives

(a) Ensuring that the core activities, functions and deliberations of the SCM Focus Group are in congruence with the objectives of the CFO Forum.

(b) Working across departments in the sharing of SCM policies, experiences and strategies towards the vision of becoming the premier authority in the facilitation of provincial SCM improvement and reform.

(c) To create a culture of excellence and efficiency and to address capacity (expertise) shortfalls and set benchmarks in the development of financial governance, thereby implementing and developing good financial governance policies and honing financial governance skill and efficiency.

(d) To generally promote sound financial governance and accountability.

26.1.4 Objectives to be achieved through:

(a) Sharing of knowledge, expertise and skill as a platform to inform SCM policy in the Province.

(b) Sharing of experiences and lessons learnt and to test operational effectiveness, practical implementation and impact on departmental resources and service delivery before key decisions are made from an SCM perspective.

(c) Identification of common problems and possible steps to solve these and to establish a standardised uniform approach for SCM in the Province.

(d)   Developing best practice models for SCM.

(e)   Reflecting on desirable SCM policy outcomes.

(f)   Brainstorming ideas to improve financial governance and remedial action needed.

(g)   Formulating a provincial position on SCM improvement and reform.

(h)   Developing a platform for SCM discussions to be taken up at a higher level at the Provincial Treasury and to political counterparts.

26.1.5 Scope of Work

(a)   Dealing with all matters and issues arising out of financial governance from an SCM perspective that is brought before the Group.

(b)   Topics to be covered will amongst others consist of the following:

(i)   SCM Norms and Standards (Standardised best practice models);

(ii)   Confusing SCM Issues and lack of uniformity in SCM policy and procedure;

(iii)   Conflicting Laws/ Acts/ Circulars/ Practice Notes;

(iv)   Impractical and Un-implementable SCM prescribed requirements;

(v)   Streamlining, aligning and synergising SCM prescripts, policy and procedure and systems for the Province;

(vi)   Testing Potential Impact of new legislation, policy and prescripts on departments;

(vii)   Reviewing, and providing input/solutions to SCM Systems and Technology Constraints;

(viii) Reviewing SCM Capacity, Structures and Resources required for continuous SCM improvement and change;

(ix)   Reviewing and addressing SCM Risks and control gaps and brainstorming and recommending practical solutions;

(x)   Creating a culture of accountability, transparency and ethical fair dealing within SCM; and

(xi)   Input into SCM Training needs and skills gaps from a provincial perspective.

26.1.6 Meetings

(a)   The SCM Focus Group convenes on dates as communicated by the relevant treasury, and where necessary,

(b)   Further meetings called by arrangement amongst the Heads SCM and the Provincial Treasury.

27.   DEPARTMENTAL PTI IMPLEMENTATION PLANS

27.1   The Provincial Treasury issues various SCM instructions on the implementation of NT and PT Instructions and Circulars.

28.   NATIONAL TREASURY REGULATIONS

28.1   The National Treasury issued National Treasury Regulations, 2005 as enabling legislation to the Public Finance Management Act, 1999 in order to regulate financial matters. With it, was included Chapter 16A of the NTRs speaking to Supply Chain Management.

28.2   All Departments are required to align its departmental policy with the National Treasury Regulations as and when such Regulations are issued by the National Treasury. For the Department to attain the alignment, this SCM Strategy should speak to processes and practices which will uphold the objectives of the National Treasury Regulations.