

PROCUREMENT MANAGEMENT RISK MANAGEMENT PLAN

ADDENDUM 22

NO	RISK DESCRIPTION	RISK AREAS	CAUSES	MITIGATION	PRIORITY
1.	Tenders for goods/services may have to be re-advertised.	<p>Re-advertising may cause unnecessary expenses and delays in the procurement of goods and services for Responsibility Managers.</p> <p>Offers may be exorbitant or no compliant offers could have been received due to non-adherence to the evaluation criteria.</p>	Specifications are not thoroughly checked by relevant committees.	<p>The experts in various fields will be co-opted to form part of the specifications committee.</p> <p>The user to indicate clear specifications with tolerances where applicable.</p> <p>Specification Committee to thoroughly check specification before submission for approval.</p> <p>The Assistant Director: Specifications and Quotations scrutinize tender documents to ensure correctness before documents are issued to prospective bidders.</p>	<p><i>Medium</i></p> <p><i>(Corrective measures have been implemented but scrutinizing of documents need to be maintained.)</i></p>
2.	SCM Training may not be undertaken in line with the training plan.	<p>No proper record is kept of training completed and what training still needs to be done.</p> <p>Officials do not inform the training co-ordinator when training is attended thus proper record keeping cannot</p>	<p>Training plans reflecting the training needs are not in place.</p> <p>Proper record of</p>	<p>The attendance register /certificate of attendance of a particular training intervention will be obtained and placed on file.</p> <p>The Training Schedule will</p>	<p><i>Low</i></p> <p><i>(Corrective measures already implemented and only need to be maintained.)</i></p>

		take place.	Attendance is not kept	constantly be updated to indicate the training received. The Assistant Director: Performance Management has been appointed to ensure that 1 and 2 is executed.	
3.	Declaration of confidentiality, impartiality and interest forms are not obtained for all bids.	Officials who have a vested interest in bids may not declare such interest or recuse themselves from decision-making in the awarding of bids.	Officials do not declare their interest during the bid consideration process.	The Chairpersons of all SCM committees will ensure that all members declare their interest by noting the forms so submitted. The memorandum pertaining to the award will make provision for all officials in the line of decision making to declare their interests when supporting recommendations. All SCM officials to declare their financial interests annually.	Low (Corrective measures already implemented and risk is now classified as low.)
4.	Expenses for services are incorrectly classified as asset accruals.	Incorrect payment may be made due to incorrect code classification or allocation. The expenses on BAS incorrectly inflate the asset accruals for the relevant period.	System of SCM Champions was implemented and so too a new PGWC002 form which requires the Champion to sign the form certifying that the structures are correct.	Officials responsible for payments have been informed in writing to ensure that the allocation codes are correct when capturing and authorizing payments. Authorising officials who do not adhere to this instruction	Low (Corrective measures implemented)

			<p>Thorough checking is not done prior to the capturing and processing of payments.</p> <p>Discrepancies between BAS and HARDCAT may remain undetected which may result in inaccurate financial reporting on assets.</p>	<p>will be subjected to the disciplinary procedures.</p> <p>The Sub-directorate Performance Management does compliance verification on the procurement package before an order is issued and again when the pre-authorisation of payment takes place.</p>	
5.	Payments not made within the prescribed 30 day period.	Suppliers may claim interest on unpaid amounts.	<p>Invoices not received back or late from Responsibility Managers.</p> <p>Suppliers submit incorrect invoices but they are not returned for correction.</p> <p>Invoices not recorded in the Invoice Received Register.</p>	<p>Invoice Received Register which makes provision for the capturing of all invoices received in the directorate was introduced. Assistant Director: Contract Management checks this register weekly.</p> <p>A weekly report, which reflects the progress made in paying all invoices received in the directorate to be submitted at weekly meetings.</p>	<i>Medium (Corrective measures have been implemented but scrutinizing of documents need to be maintained.)</i>
6.	Confidentiality of tenders compromised.	Confidential information may be disclosed to the bidders or other parties.	Officials are not aware of the declaration of confidentiality.	<p>All SCM officials sign confidentiality declarations.</p> <p>Furthermore, all SCM officials have been made aware of</p>	<i>Low (Corrective measures implemented)</i>

			<p>Bids under consideration are not locked away and is available for scrutiny by unauthorised persons.</p> <p>Office doors are left unlocked and no key control is in place.</p>	<p>section 4.2 of the Regulations in terms of the PFMA (1999): Framework for Supply Chain Management which requires that an official in Supply Chain Management unit who becomes aware of a breach of or failure to comply with any aspects of the SCM system, must immediately report the breach or failure to the Accounting Officer, in writing.</p> <p>Annually all SCM officials declare their financial interests.</p> <p>Tenders, whilst under consideration are locked away in a safe.</p> <p>All the offices of SCM officials and delegated officials are fitted with latch locks and key registers are maintained by the Deputy Directors.</p>	
7.	<p>Goods and services are not procured when requested by Responsibility Managers.</p>	<p>Proper record is not kept of all requisitions received in the directorate.</p> <p>Requisitions go astray in the Supply Chain resulting in re-submission and late initiation of procurement</p>	<p>Requisitions may be lost and unable to be tracked in the directorate.</p> <p>Requisitions sent via messenger and no</p>	<p>An IMS number is created by the user prior to the submission of the requisitions in the directorate.</p> <p>The Deputy Director: SCM Operations receives the</p>	<p><i>Medium</i> <i>(Corrective measures have been implemented but the receiving of requisitions need to be maintained.)</i></p>

		processes.	<p>proof of receipt exists. Requisitions not recorded on IMS when received.</p> <p>IMS not updated by all officials involved in the process.</p>	<p>requisitions from the sub-directorate: Policy Planning and Performance Management and distributes it to the relevant officials for further action.</p> <p>The Assistant Director: Specifications and Quotations keep records of all requisitions received from the section: Policy and Planning.</p> <p>The section: Policy and Planning compiles a spreadsheet of all requisition received and submit such to the Director: Procurement Management on a monthly basis.</p>	
8.	Delivery deadlines not met by the contracted service provider.	Contract conditions not met by service providers which affect achievement of strategic objectives by WCED.	Capacity of bidders, which includes resources available, to the service provider is not verified prior the award of contract.	Successful service providers, whose core business is not in line with the services required, are required to submit together with the bid a signed agreement with their service providers (from whom parts of the services would be obtained) and which reflects their willingness to undertake the relevant part of the service within the WCED	Low <i>(The risk has nearly been addressed in full.)</i>

				<p>delivery timeframes.</p> <p>The General Conditions of Contracts make provision for the negotiation of an acceptable alternative delivery time-frame.</p> <p>Paragraph 3.3.4 (c) of Instruction Note 32 determines that Accounting Officers must conduct a due diligence process to determine a bidder's capability and ability before awarding a contract. Although the implementation of paragraph 3.3 of Instruction Note 32 was postponed by National Treasury, the Supply Chain in any event considers the bidder's capability and ability, in accordance with the Western Cape Provincial Treasury Instructions</p>	
9.	Contracts may be awarded to incorrect bidder to get financial gain.	<p>Bid may be evaluated in such a manner that incorrect points are allocated to and the impression created that a mistake was made whilst the mistake was made deliberately.</p> <p>There are no standard</p>	<p>Preference points not properly verified. Pre-determined verification process is not in place.</p> <p>There is no</p>	<p>Bid Evaluation Schedule containing the preference points and details of all bidders compiled to be completed by the Evaluation Committee and certified as correct by</p>	<p><i>Low</i></p> <p><i>(Corrective measures already implemented and only need to be maintained.)</i></p>

		contracts in place for devolved routes to ensure consistency in the manner in which the risks relating to LTS are managed at the contract establishment level.	consistency in the manner the risks relating to LTS are managed at the contract establishment level.	<p>the chairperson of the Bid Committee.</p> <p>Files will be opened for each devolved route. Signed contracts will be filed and quality controlled to ensure compliance with the standard contract.</p> <p>The department must compile a reporting framework to establish the reporting requirements of all role players. A user manual for LTS and/or the departmental policy can be used to facilitate this process.</p> <p>The department will consider creating an integrated LTS Contract Database as this will reduce inefficiencies of maintaining separate databases and increase reliability of information relating to LTS routes.</p>	
10.	Obsolete/redundant assets are not disposed of within the financial year.	Disposal Unit may start too late with disposal process to allow enough time to conclude process before end of financial year.	The Disposal Committee to meet quarterly or when the need arises and record the meeting	The Assistant Director: Asset Management and the Asset Management Practitioner responsible for disposals ensure that the Responsibility	Low <i>(The risk has sufficiently been addressed but the situation is monitored)</i>

		Disposal process to include advertising of redundant items, well in advance.	decisions. The Assistant Director: Asset Management to ensure that disposals where necessary are done by March of the relevant financial year.	Managers and/or Asset controllers of the relevant Cost Centres confirm that disposals were done.	<i>to ensure compliance.)</i>
11.	GG vehicles may be used by unauthorized persons.	GG vehicles can be utilized without trip authority and/or knowledge of the component.	<p>The safe keys where vehicle keys and logbooks are kept are not in possession of the custodian.</p> <p>The vehicle keys are left on official's workstation unattended.</p>	<p>Officials responsible for GG vehicles to ensure that all vehicle keys are secured in the safe and the key must be in the possession of the custodian.</p> <p>One official has been appointed to take charge of the keys.</p> <p>The Transport Officer must verify the content of the safe every morning.</p>	<i>Low (The measures introduced have effectively addressed this risk and no incidents have occurred in the last 2 years.)</i>
12.	Current Commitments: Learner Transport and General Bids	The commitment schedule may not be updated regularly in accordance with the relevant files.	Commitments constantly changes either by additional learners, a decrease in learners or a cancellation of a particular route.	The Assistant Director and the Deputy Director responsible for this task will ensure that contracts awarded and all extensions/new contracts are correctly included in the commitment register on a monthly basis.	<i>Medium (Corrective measures have been implemented but scrutinizing of documents need to be maintained.)</i>

				A relevant report will be submitted to the Director every month.	
13.	Completeness of assets	Movable assets are not always recorded when moving from one location/Cost Centre to the next thus being recorded as a shortage.	Officials move offices without informing asset management that the furniture will be moving to another office or Cost Centre.	<p>The Deputy Director responsible for Asset Management will ensure that all Responsibility Managers are aware that the movement of assets must be recorded and that the movement forms must be completed and submitted to the Asset Management component at Head Office so that the Asset Register can be updated accordingly.</p> <p>Responsibility Managers are annually informed in writing about the responsibility to communicate the movement of assets in their area of responsibility.</p>	<i>Low (The risk has sufficiently been addressed but the situation is monitored to ensure compliance.)</i>
14.	Incorrect Sourcing	Responsibility Managers often identify the incorrect form of sourcing the procurement.	Requisitions are submitted to the supply chain indicating the incorrect sourcing method which will not ensure that value for money has been received.	<p>Checklist is used to determine which method of procurement is applicable</p> <p>The Deputy Director: SCM Operations scrutinizes requisitions submitted to determine the most suitable procurement methodology.</p>	<i>Low (The risk has been addressed but the situation is monitored to ensure compliance).</i>

15.	Emergency procurement	Responsibility Managers does not always understand the definition of Emergency Procurement and therefore when to make use of this form of procurement.	Requisitions are submitted requesting that Emergency Procurement be used without the necessary approval from the Accounting Officer.	Policy on Emergency Procurement forms part of the Accounting Officer's System.	Low <i>(The risk has sufficiently been addressed but the situation is monitored to ensure compliance.)</i>
16.	Limited Bidding	Responsibility Managers does not always understand that Limited Bidding can only be used in instances where it is impractical to follow a competitive bidding process.	Requisitions are submitted requesting that Limited Bidding be used without the necessary application form and approval from the Accounting Officer.	Policy on Limited Bidding Procurement forms part of the Accounting Officer's System.	Low <i>(The risk has sufficiently been addressed but the situation is monitored to ensure compliance.)</i>
17.	Prescripts	SCM officials / officials sometimes apply outdated prescripts / SCM Instructions when conducting SCM activities or when submitting requisitions.	Incorrect templates or checklists are utilized / incorrect forms or documents are attached to requisitions when submitting such to SCM.	Register of all SCM prescripts issued by National and Provincial Treasury Issue Procurement Instruction to circulate all SCM prescripts issued by National and Provincial Treasury via General Registry	Low <i>(The risk has sufficiently been addressed but the situation is monitored to ensure compliance.)</i>
18.	Assets are required which were not planned for	The absence of the asset can hamper service delivery.	Assets may become obsolete before the estimated lifespan (a chair might break or a computer might crash)	Furniture might break, but this seldom happens. As a rule office furniture is used way beyond the anticipated lifespan. In the eventuality of a breakage, another asset can be utilized in the meantime until the obsolete	Low <i>(The risk has sufficiently been addressed but the situation is monitored to ensure compliance.)</i>

				<p>item is replaced.</p> <p>IT equipment is procured with a 3 year warrantee.</p> <p>Furthermore, IT equipment is refreshed in terms of a 4 year refresh cycle.</p>	
19.	Assets acquired are not recorded in the asset register	Assets recorded in the asset register do not represent a true reflection of all the assets controlled by the department.	<p>When assets are received, the Asset Management Component is not informed accordingly.</p> <p>Assets are received at cost centres that are not in close proximity to the Metropole area.</p>	<p>BAS, LOGIS and HARDCAT are reconciled on a monthly basis to determine what was received against what was ordered.</p> <p>Cost centres located far from Head Office are visited annually in terms of the annual stock take. Further visits are also planned as the need arises.</p>	<p>Low</p> <p><i>(The risk has sufficiently been addressed but the situation is monitored to ensure compliance.)</i></p>
20.	The asset register does not accurately reflect assets on hand	The asset register does not provide a true reflection of the asset base of the department. This could represent an over or under statement in the financial disclosure of assets.	<p>Assets moved from one location to another are not rectified accordingly on the asset register.</p> <p>Assets disposed of are not removed from the asset register.</p> <p>Assets stolen are not removed from the asset register.</p>	<p>An asset movement form is in existence and the usage of such has been explained to Supply Chain Champions during training interventions.</p> <p>All disposals during the financial year are recorded against an authority number.</p> <p>Copies of loss control documentation are kept on file.</p> <p>Asset Controllers are informed</p>	<p>Low</p> <p><i>(The risk has sufficiently been addressed but the situation is monitored to ensure compliance.)</i></p>

			Assets removed from the premises of the department as a result of repairs, are not indicated accordingly.	of their duties in terms of a written job description.	
21.	Assets are stolen, lost or vandalized	Assets that have not reached end of life need to be replaced prematurely.	Assets are left unsecured or are not safeguarded	<p>In the case of assets lost or stolen the loss control procedure needs to be followed.</p> <p>The matter is reported to SAPS and copies of the documents completed in terms of the loss control procedure are placed on record.</p> <p>The loss will be investigated and if deemed necessary the matter will be reported to the State Attorney to determine if the loss is recoverable from the responsible official.</p>	<p>Low</p> <p><i>(The risk has sufficiently been addressed but the situation is monitored to ensure compliance.)</i></p>
22.	Pool assets are not managed properly	Pool assets may be regarded as lost and subsequently written off.	The applicable registers are not completed when assets are removed from the holding area.	<p>Registers are in place to manage the usage of pool assets.</p> <p>Responsibility Managers are annually informed, prior to the commencement of the stock take to manage the usage of pool assets.</p>	<p>Low</p> <p><i>(The risk has sufficiently been addressed but the situation is monitored to ensure compliance.)</i></p>