



NCPT
NORTHERN CAPE PROVINCIAL TREASURY

CFO FORUM

STATUS ON STANDARD FOR INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT

18 OCTOBER 2017

CONTENT



NCPT
NORTHERN CAPE PROVINCIAL TREASURY

1. Background
2. Status on Compliance
3. Findings in terms of the SIPDM support
4. Remedial Actions

BACKGROUND



The purpose of the Standard for Infrastructure Procurement and Delivery Management (**SIPDM**) is to provide guidance to municipalities to establish a suitable supply chain management system for infrastructure delivery which is better able to deliver value for money, while minimizing the scope for corruption.

The Office of the Chief Procurement Officer has issued a Model SCM Policy for Infrastructure Procurement and Delivery Management in terms of **Section 168 of the Municipal Finance Management Act of 2003 (Act No. 56 of 2003)** in support of **Regulation 3(2) of the Supply Chain Management Regulations** as a Treasury guideline determining a standard for municipal supply chain management policies.

BACKGROUND continued



NCPT
NORTHERN CAPE PROVINCIAL TREASURY

The purpose of the Standard for Infrastructure Procurement and Delivery Management (**SIPDM**) is to provide guidance to municipalities to establish a suitable supply chain management system for infrastructure delivery which is better able to deliver value for money, while minimizing the scope for corruption.

The Office of the Chief Procurement Officer has issued a Model SCM Policy for Infrastructure Procurement and Delivery Management in terms of **Section 168 of the Municipal Finance Management Act of 2003 (Act No. 56 of 2003)** in support of **Regulation 3(2) of the Supply Chain Management Regulations** as a Treasury guideline determining a standard for municipal supply chain management policies.

BACKGROUND continued

It is linked to the National Treasury Standard for Infrastructure Procurement and Delivery Management which establishes:

- a) A control framework for the planning, design and implementation of infrastructure projects and infrastructure procurement
- b) Requirements for the following matters as applied to the supply chain management system for infrastructure delivery:
 - institutional arrangements;
 - demand management;
 - acquisition management;
 - contract management;
 - logistics management;
 - disposal management;
 - reporting of supply chain management information;
 - regular assessment of supply chain management performance; and
 - risk management and internal control; and
- c) Minimum requirements for infrastructure procurement

COMPLIANCE TO SIPDM



NCPT
NORTHERN CAPE PROVINCIAL TREASURY

The effective date for implementation by organs of state subject to the MFMA is on or before 01 July 2017. As stipulated in a letter dated 01 February 2017 from the Auditor General, municipalities must implement the following 3 actions for compliance to SIPDM by 01 July 2017:

- Action 1: Establish a suitable SCM policy for Infrastructure Procurement and Delivery Management;
- Action 2: Establish agency agreements between organs of state if projects are implemented on behalf of another organ of state;
- Action 3: Apply the prescribed control frameworks and record approval/acceptance at relevant gates.
- Action 4: Establish implementation plans
- Action 5: Development of procurement documents in accordance with the provisions of SIPDM
- Action 6: Ensure that built environment professional perform designated functions as provided for in SIPDM
- Action 7 : Prepare an annual performance report and issue to relevant treasury within two months of the year end

STATUS OF SIPDM COMPLIANCE

Namakwa District

	MUNICIPALITY	DATE OF VISIT	STATUS
1	Hantam	22-May-17	NON COMPLAINT
2	Karoo Hoogland	22-May-17	COMPLAINT
3	Kamiesberg	23-May-17	COMPLAINT
4	Nama Khoi	23-May-17	NON COMPLAINT
5	Richtersveld	24-May-17	NON COMPLAINT
6	Khai Ma	24-May-17	COMPLAINT

STATUS OF SIPDM COMPLIANCE



NCPT
NORTHERN CAPE PROVINCIAL TREASURY

ZF Mgcawu District

	MUNICIPALITY	DATE OF VISIT	STATUS
1	Kai Garib	16-May-17	COMPLAINT
2	Dawid Kruiper	25-May-17	COMPLAINT
3	!Kheis	25-May-17	COMPLAINT
4	Tsantsabane	26-May-17	NON COMPLAINT
5	Kgatelopele	26-May-17	COMPLAINT

STATUS OF SIPDM COMPLIANCE

John Taole Gaetswe District

	MUNICIPALITY	DATE OF VISIT	STATUS
1	Gamagara	07 June 2017	NON COMPLAINT
2	Joe Morolong	08 June 2017	COMPLAINT
3	Ga-Segonyana		

STATUS OF SIPDM COMPLIANCE

Pixley ka Seme District

	MUNICIPALITY	DATE OF VISIT	STATUS
1	Siyathemba	13 June 2017	COMPLAINT
2	Siyancuma	14 June 2017	NON COMPLAINT
3	Ubuntu	19 June 2017	NON COMPLAINT
4	Emthanjeni	20 June 2017	NON COMPLAINT
5	Umsobomvu	21 June 2017	NON COMPLAINT
6	Thembelihle	22 June 2017	NON COMPLAINT
7	Renosterberg	27 June 2017	NON COMPLAINT
8	Kareeberg	Not Visited	POLICY ADOPTED BUT TO BE ALIGNED TO SIPDM

STATUS OF SIPDM COMPLIANCE

Frances Baard District

	MUNICIPALITY	DATE OF VISIT	STATUS
1	Phokwane	26 June 2017	NON COMPLAINT
2	Magareng	26 June 2017	NON COMPLAINT
3	Dikgatlong	28 June 2017	NON COMPLAINT
4	Sol Plaatje	Not Visited	NON COMPLAINT

Note: No response received with regards to the engagement due to the fact that being a delegated municipality, they are required to engage with National Treasury. They were informed that should any assistance be required, the Municipal Infrastructure Unit would provide such assistance.

CHALLENGES

- Municipalities are faced with capacity challenges with regards to the effective implementation of the SIPDM reforms
- Adoption of policies by the municipalities is not done in line with the timeframes articulated in the National Treasury letter as agreed with the Auditor General. The latter will result in audit queries as this will be one of the focus areas.
- Municipalities indicated that they are experiencing financial constraints thus resulting in poor attendance of workshops and training being offered.

REMEDIAL ACTIONS



- Municipalities are to customise the SIPDM policies to align with current capacity and business process for the effective implementation of the SIPDM reforms.
- Municipalities are implored to fast-track adoption of SIPDM policy prior to any infrastructure procurement ensuing .
- NCPT infrastructure team will offer hands on training on SIPDM at the respective Municipalities and ensure a focussed approach to ensure all municipalities are well capacitated with regard to SIPDM.



NCPT
NORTHERN CAPE PROVINCIAL TREASURY

THANK YOU