In my previous article I argued that supply chain management (SCM) is commonly referred to as the tender process. It is a process that impacts both the national and provincial role-players. It is an area across all spheres of government (national, provincial and local) where billions of rands are spent through SCM. Effective supply chain management ensures that the public who called in to these talk shows consistently raised issues relating to supply chain management at departments, public entities and municipalities.

They expressed concerns and perceptions that tender processes are for the benefit of a few individuals, or that SCM legislation is intentionally ignored or flawed. Despite the above measures being in place, supply chain management is still one of the areas that demand focus from national and provincial role-players.

In my previous article I singled out supply chain management (SCM) as a specific focus area for leadership and executive oversight in municipalities. This focus was motivated, in no small measure, by our audit experience that SCM non-compliance with legislation in this regard, but in a smaller measure than at local government. We will continue to increase our focus in this area, as instances of non-compliance with such regulations. Our 2009/10 MHAAs audits included specific tests to determine whether the audit committee and management had an interest in the suppliers/vendors, and whether there was a possibility of personal or preferential payments. We found that there were few payments to suppliers in municipalities of less than R1 million and R10 million to their close family members.

Active governance and involvement by internal audit and management committees is an important role to play in ensuring our public administration, and by extension our democracy, are adhered to and enforced. Continued non-adherence to SCM regulations therefore defers restoration of the public’s confidence in the ability of state officials to systemically manage their controls. They are required to take reasonable steps to prevent, detect and report any instances of impropriety, including non-compliance with SCM legislation.

The audits turned the spotlight on this matter and many municipalities have committed to improving their controls. The audits of departments and public entities included similar findings. Our audits found that awards valued at some R76 million had been made to employees and contractors of municipalities and R10 million to their close family members.

The audits identified incidents of conflict of interest and non-compliance with legislation in this regard, but in smaller measure than at local government. In conclusion, SCM is an area where the bulk of the activities are concentrated in three spheres of government. Continued non-adherence to SCM legislation therefore defers restoration of the public’s confidence in the ability of state officials to systemically manage their controls. They are required to take reasonable steps to prevent, detect and report any instances of impropriety, including non-compliance with SCM legislation.

The aim of our audits of SCM policies, practices and processes is to help the public service improve and optimize their SCM activities so that the public can have confidence in the ability of state officials to systemically manage their controls. The audits turned the spotlight on this matter and many municipalities have committed to improving their controls. The audits of departments and public entities included similar findings. Our audits found that awards valued at some R76 million had been made to employees and contractors of municipalities and R10 million to their close family members.

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