

## Section 6: Supply Chain Management and B-BBEE

JPC's Supply Chain Management (SCM) is governed by a SCM Policy for goods and services which regulates all SCM Practices. The Policy was approved by the board and subject periodic review, every two years or more frequently if required, to ensure that it remains relevant to changed circumstances. The Policy implements the SCM practices as envisaged by the Act and its Regulations

The SCM Policy ascribes to a procurement system which:

- Is fair, equitable, transparent, competitive and cost effective in terms of Section 217 of the Constitution of South Africa No 108 of 1996
- Enhances uniformity in Supply Chain Management systems between organs of state in all spheres
- Embraces the principles of efficient environmental management; and
- Is consistent with the Municipal Finance Management Act, Municipal Supply Chain Management Regulations, Broad Based Black Economic Empowerment Act, Preferential Procurement Policy Framework Act and other Codes promulgated thereunder in the Government Gazette

### Deviations

JPC has twenty deviations that were approved by the Board and CoJ Executive Acquisition Committee. The deviations were disclosed in the Annual Financial Statement. Eight five percent of the deviations relate to office accommodation.

### Payment Within 30 Days

JPC and Portfolio currently pays service providers and creditors within 30 days, as defined by the MFMA. This compliance with 30 days is one of the reasons the two accounts are on negative cash flows as the City department do not settle the intercompany debts within 30 days.

### Irregular Expenditure

Management did not identify any irregular expenditure for the year under review. The auditors did not identify any irregular expenditure during their audit processes for the period ended 30 June 2017. JPC does not have any irregular expenditure under investigation as it has zero irregular expenditure.

### Fruitless and Wasteful Expenditure

Management identified R42 268 as fruitless and wasteful expenditure for the period ending 30 June 2017. The expense is R7 thousand below the figure reported in the preceding period. Supplier disputes have resulted in JPC incurring interest and penalties for delayed payments. This is concomitant of doing business with certain service providers.