

### SECTION B – EXPENDITURE MANAGEMENT

#### 7. STANDARD OPERATING PROCEDURES FOR EXPENDITURE MANAGEMENT

Procedures for the performing of responsibilities and duties of Expenditure Management, provides the staff in the Finance Department with procedures and guidelines on the operational management aspects of the day to day running of the Finance Department of a municipality.

This Manual is intended to be a practical guide, assisting municipalities to maintain a management, accounting and information system that accounts for the expenditure of the municipality.

Each section of the Procedures Manual indicates the staff involved for that specific section. Municipalities can adjust the staff members involved, based on their own circumstances. In assigning different responsibilities to staff members, care must be taken that each procedure is monitored (verified) by a staff member senior to the person performing the procedure. A staff member senior to the verifier, must review the procedure/s as indicated in the time-frames. This will reduce the opportunities to allow any person to be in a position to both perpetrate and conceal errors or fraud in the normal course of the person's duties. It will also ensure that management directives are carried out.

When monitoring/reviewing procedures performed by staff members, sufficient evidence must be available to confirm that specific procedures were performed. This evidence can then be used for performance monitoring of staff members.

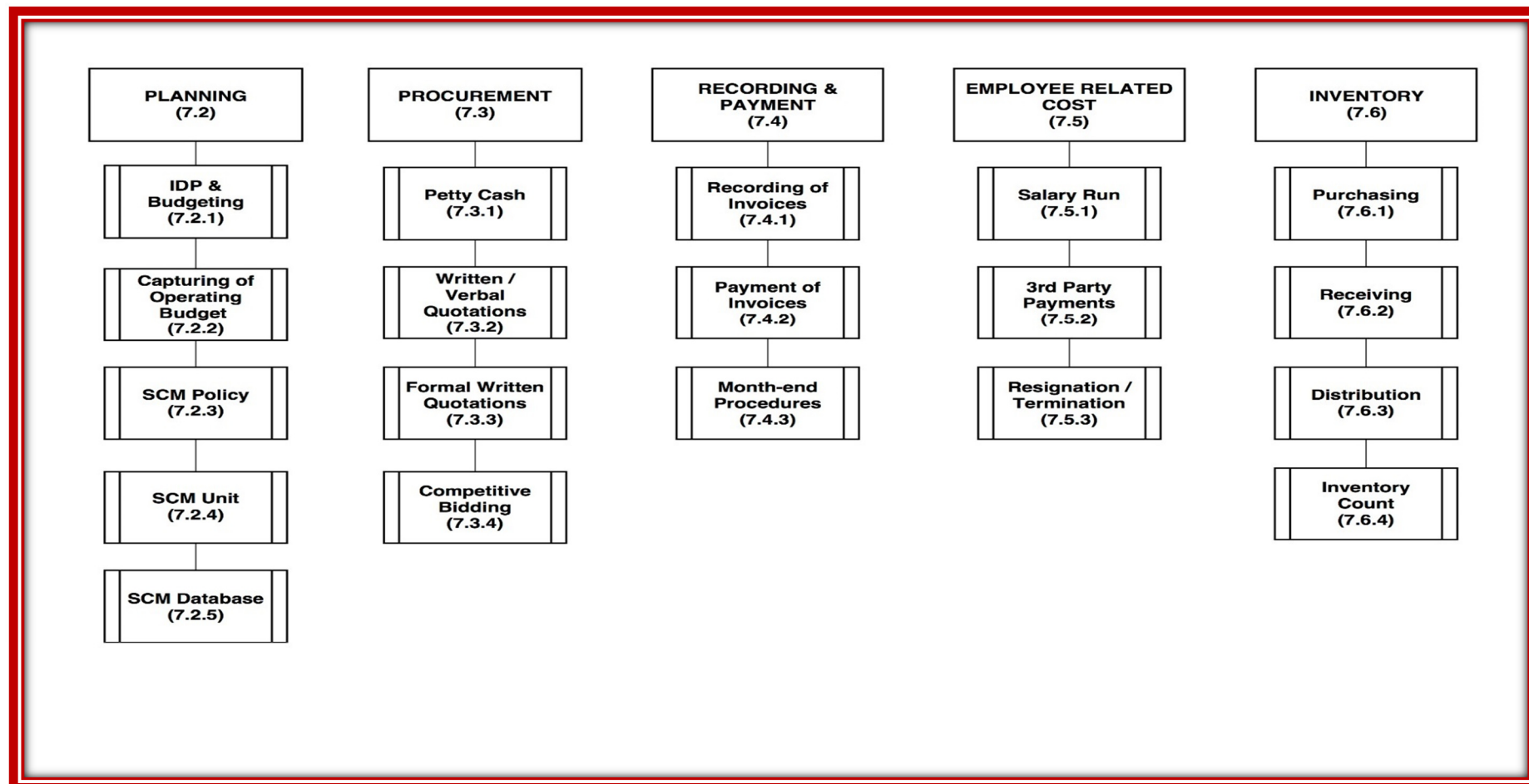
The level of involvement of each official is indicated at each procedure and are summarised as follows:

|     |                     |
|-----|---------------------|
| PD  | Perform Daily       |
| PW  | Perform Weekly      |
| PM  | Perform Monthly     |
| PQ  | Perform Quarterly   |
| PBI | Perform Bi-Annually |
| PA  | Perform Annually    |
| VD  | Verify Daily        |
| VW  | Verify Weekly       |
| VM  | Verify Monthly      |
| VQ  | Verify Quarterly    |
| VBI | Verify Bi-Annually  |
| VA  | Verify Annually     |
| RD  | Review Daily        |
| RW  | Review Weekly       |
| RM  | Review Monthly      |
| RQ  | Review Quarterly    |
| RBI | Review Bi-Annually  |
| RA  | Review Annually     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

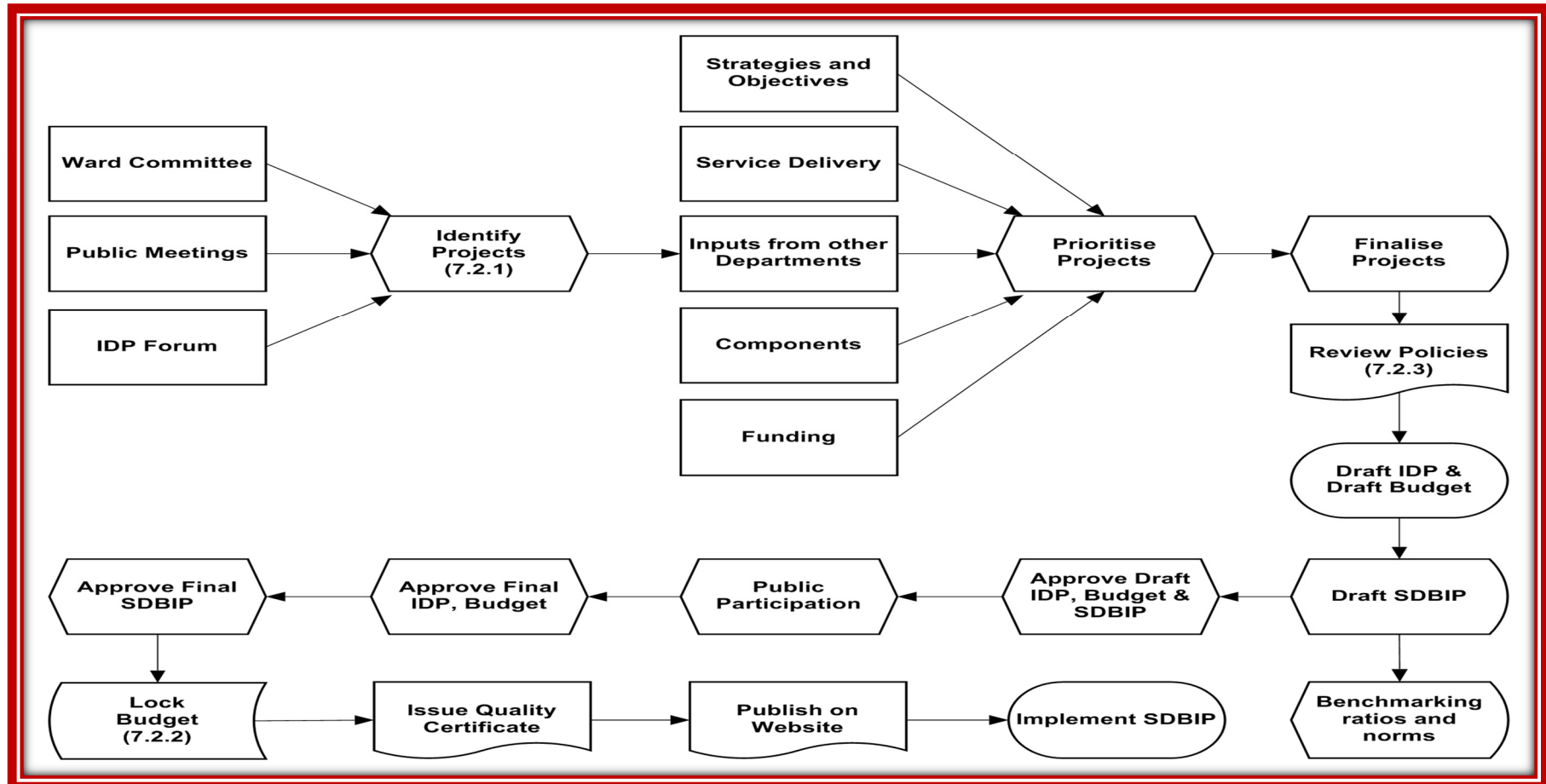
### 7.1 PROCESS FLOW CHARTS

High-level overview of business processes covered in this section:



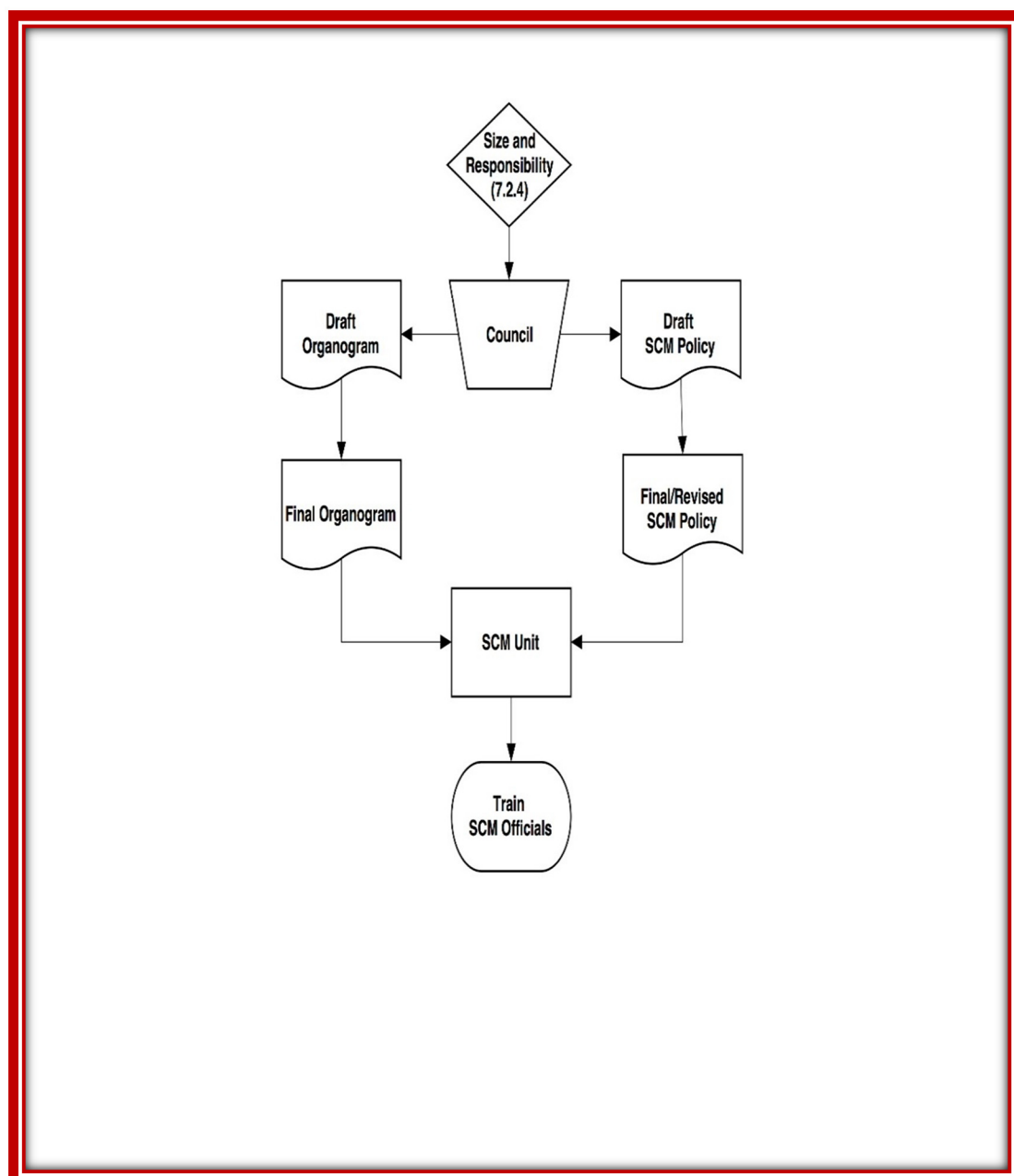
### 7.1.1 Planning

An overview of procedures for Planning Activities. Detailed standard operating procedures are set out in section 7.2.



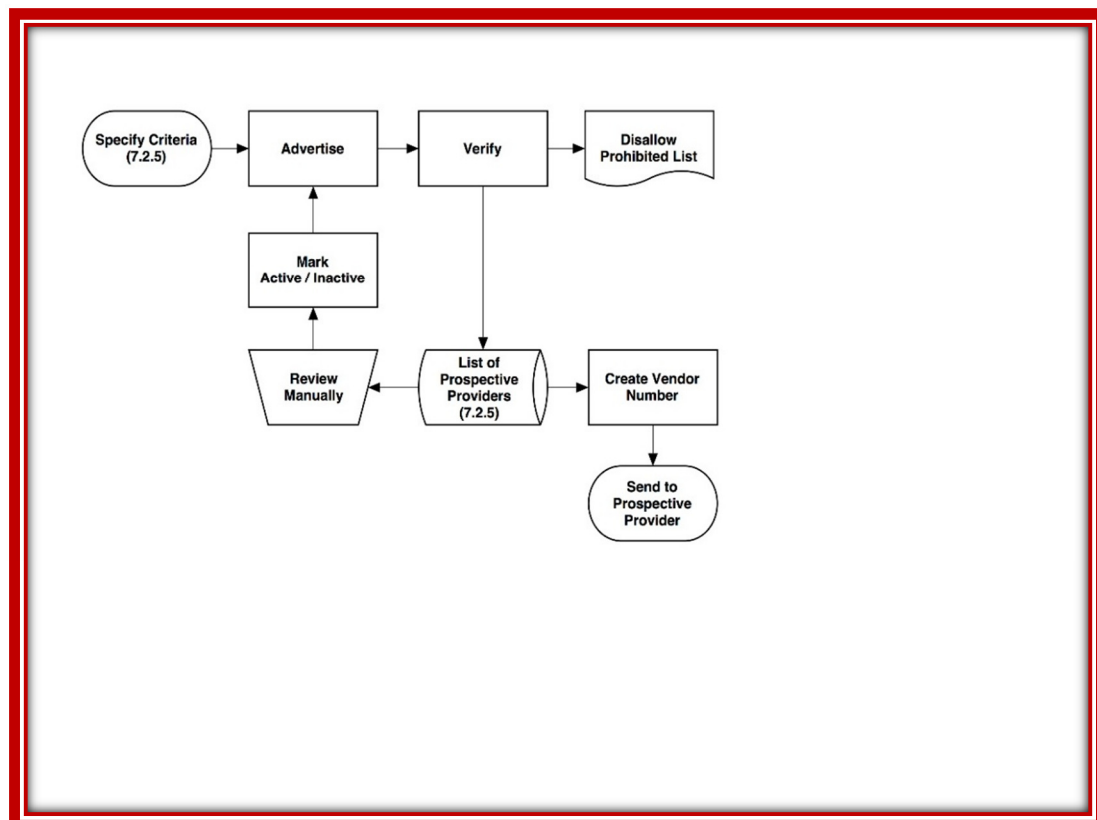
### 7.1.2 SCM Unit

An overview of procedures to establish a Supply Chain Management Unit. Detailed standard operating procedures are set out in section 7.2.4.



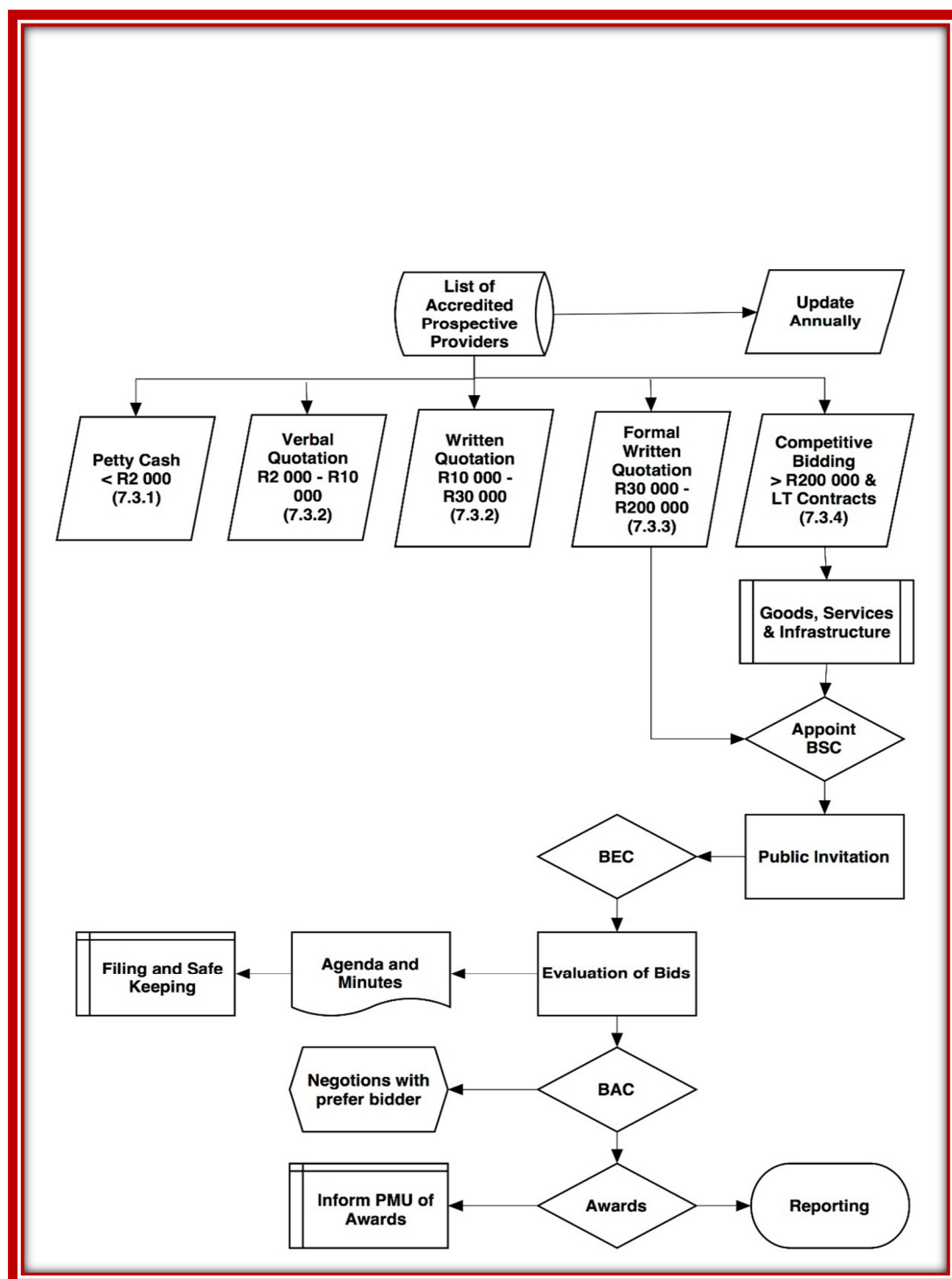
### 7.1.3 Registration on SCM Database

An overview of procedures to register Prospective Service Providers on the SCM Database and Web Based Central Supplier Database. Detailed standard operating procedures are set out in section 7.2.5.



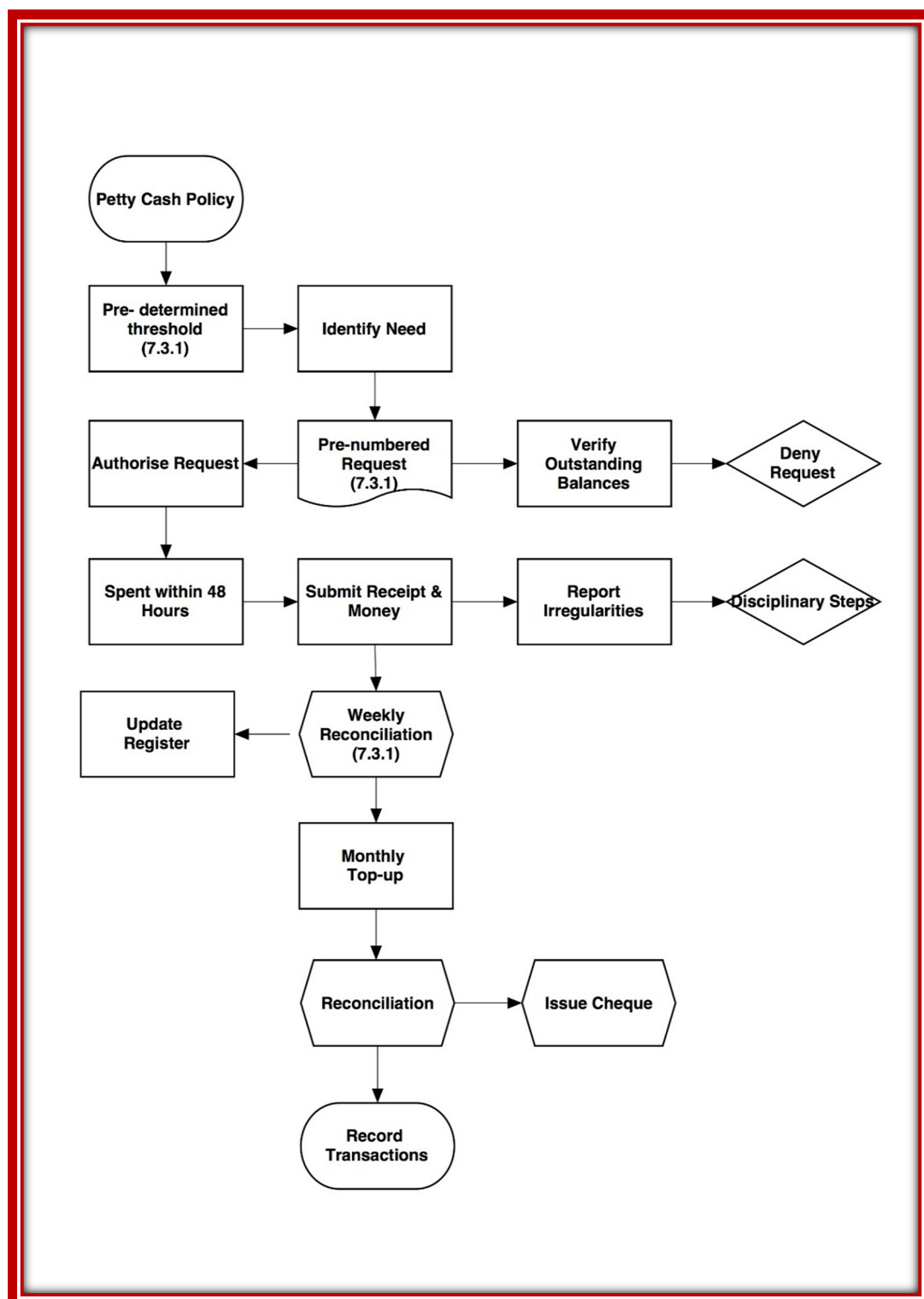
## 7.1.4 Procurement

An overview of Supply Chain Management Procedures for procurement of goods and services. Detailed standard operating procedures are set out in section 7.3.



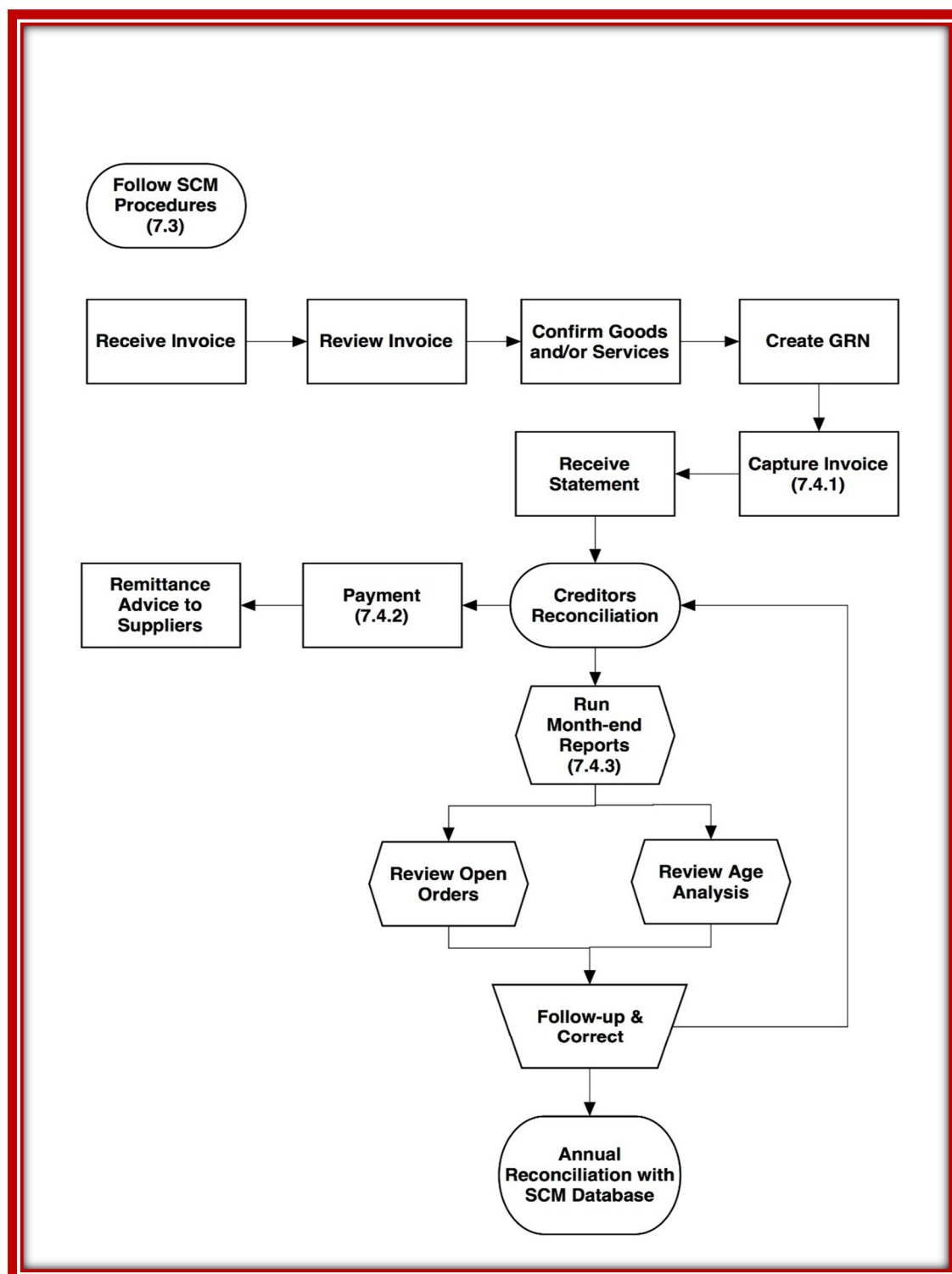
### 7.1.5 Petty Cash

An overview of Petty Cash procedures. Detailed standard operating procedures are set out in section 7.3.1.



### 7.1.6 Recording and Payment of Invoices

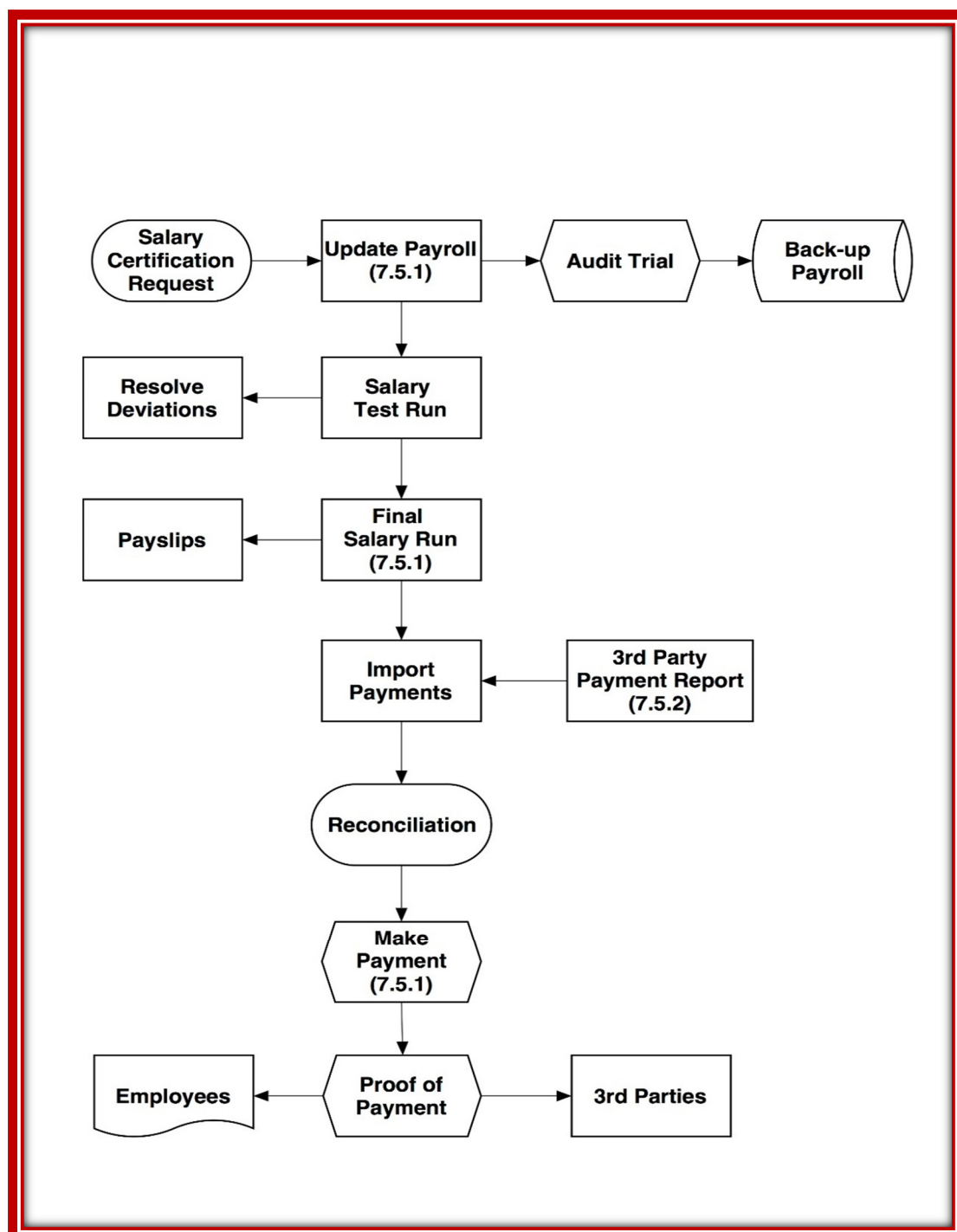
An overview of procedures for the Recording and Payment of Invoices. Detailed standard operating procedures are set out in section 7.4.





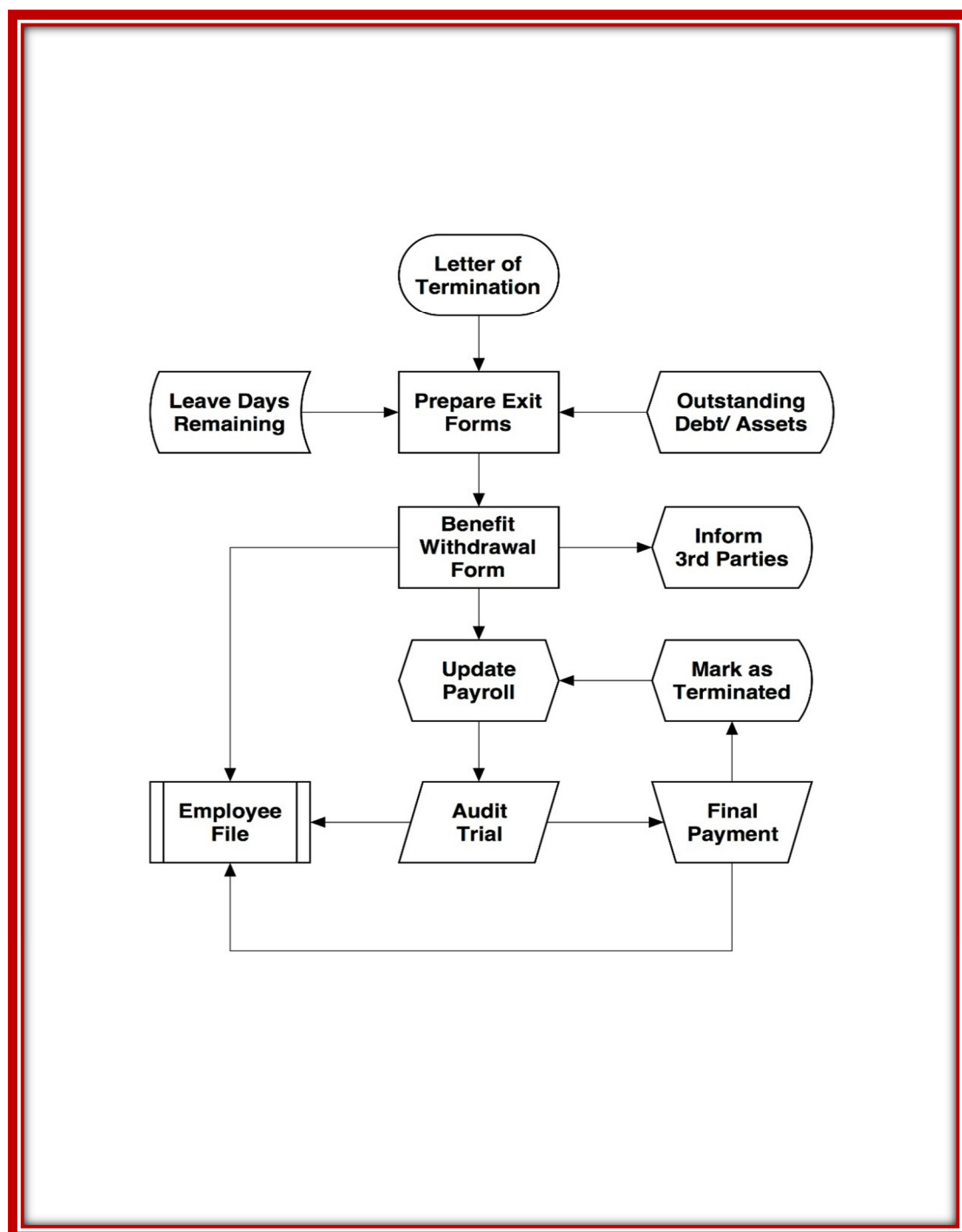
### 7.1.7 Salary Run

An overview of procedures to perform the Salary Run. Detailed standard operating procedures are set out in section 7.5.



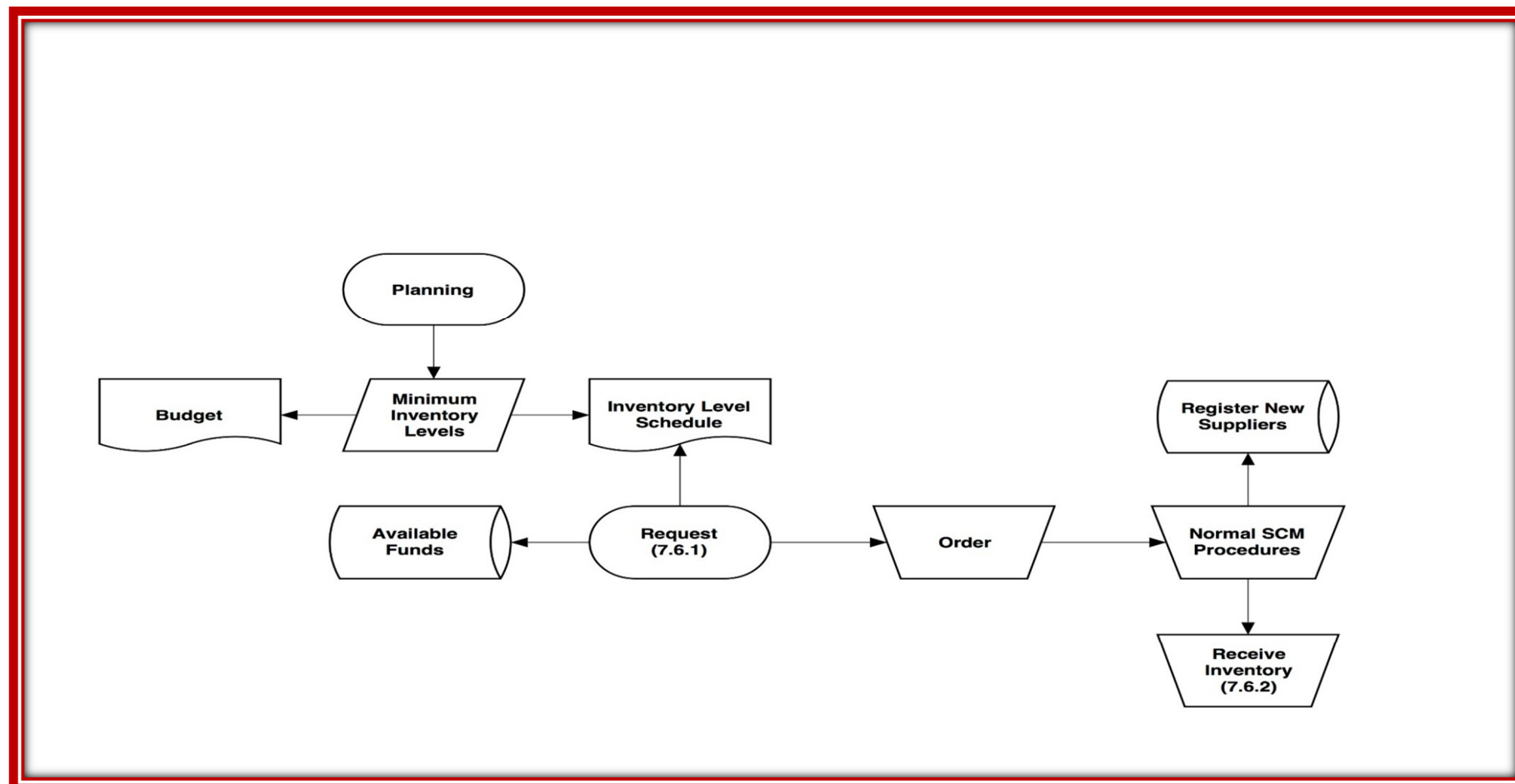
### 7.1.8 Resignation / Termination of Services

An overview of procedures to perform during the Resignation / Termination of Services. Detailed standard operating procedures are set out in section 7.5.3.



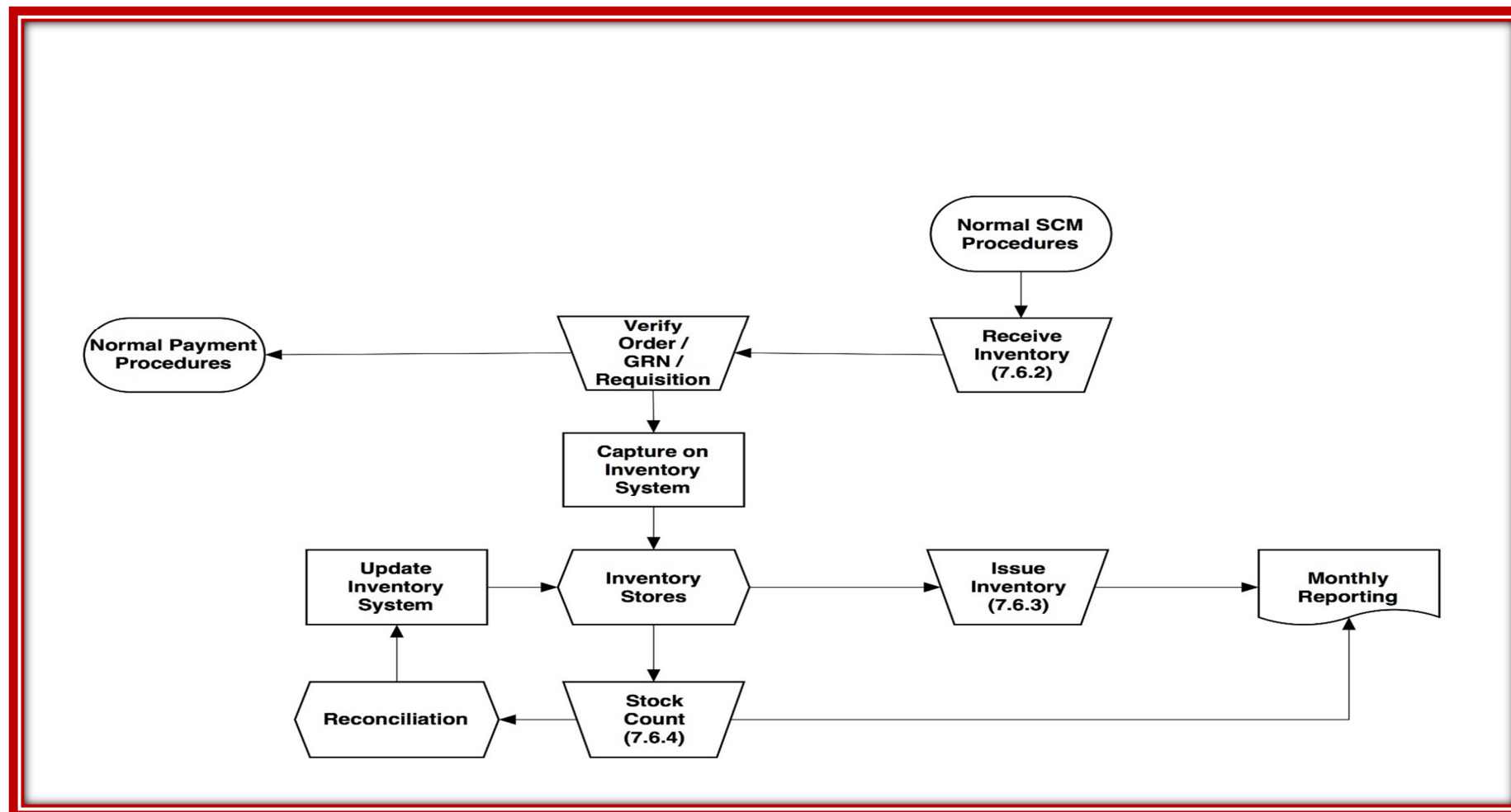
### 7.1.9 Purchase of Inventory

An overview of procedures to purchase Inventory. Detailed standard operating procedures are set out in section 7.6.1.



### 7.1.10 Receiving and Distribution of Inventory

An overview of procedures to distribute Inventory. Detailed standard operating procedures are set out in section 7.6.2.



### 7.2 PLANNING

The accounting officer of a municipality must take all reasonable steps, in terms of section 65(2) of the Municipal Finance Management Act (Act 56 of 2003), to ensure that:

- a) The municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;
- b) The municipality has and maintains a management, accounting and information system which —
  - (i) recognises expenditure when it is incurred;
  - (ii) accounts for creditors of the municipality; and
  - (iii) accounts for payments made by the municipality;
- c) The municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework;
- d) The municipality's supply chain management policy is implemented in a way that is fair, equitable, transparent, competitive and cost-effective;

#### Staff members involved in procedures

|      |   |
|------|---|
| AE   | Accountant: Expenditure                             |
| SM   | Manager: Strategic Services                         |
| MSCM | Manager: Supply Chain Management                    |
| MPMU | Manager: Project Management Unit                    |
| HAE  | Head: Assets and Expenditure                        |
| HBTO | Head: Budget and Treasury                           |
| CFO  | Chief Financial Officer                             |
| MM   | Municipal Manager                                   |
| HOD  | Heads of Departments within Municipality            |
| FC   | Finance Committee (can also be Executive Committee) |
| C    | Council   |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.2.1 Procedures for performing Planning Activities (Revised IDP and Annual Budget)

| No. | Procedure  | Head: Assets and Expenditure | Strategic Manager | Heads of Departments | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI   |
|-----|--|------------------------------|-------------------|----------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|---|
| 1   | Follow the procedures, as set out in Chapter 5 of the Municipal Systems Act (Act of 2000) to develop, implement and approve an Integrated Development Plan (IDP).  |                              | PA                |                      |                         | VA                |                   | RA      |             |               | N/A            | N/A                 | Approved IDP                                |
| 2   | Review the Integrated Develop Plan (IDP) and previous year's actual performance against set targets.<br><br>Obtain inputs from: <ul style="list-style-type: none"> <li>Ward Committees</li> <li>Public (via Public IDP Meetings)</li> <li>Public Sector (via IDP Forum)</li> </ul> |                              | PA                |                      |                         | VA                |                   | RA      | MSA S 34    |               | N/A            | N/A                 | Attendance Register and Minutes of Meetings |
| 3   | Capture projects in the Planning Module of the financial system.   |                              | PA                |                      | VA                      | RA                |                   |         |             |               | N/A            | N/A                 |   |
| 4   | Send draft list of projects to Other Departments within Municipality for inputs.   |                              | PA                |                      |                         | VA                |                   |         |             |               | N/A            | N/A                 |   |
| 5   | Hold meetings within the Departments to prioritise projects.   |                              |                   | PA                   |                         | VA                |                   |         |             |               | N/A            | N/A                 |   |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Head: Assets and Expenditure | Strategic Manager | Heads of Departments | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                             |
|-----|--|------------------------------|-------------------|----------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|---------------------------------|
| 6   | <p>Prioritise projects, based on:</p> <ul style="list-style-type: none"> <li>• Master Plans;</li> <li>• Spatial Development Framework;</li> <li>• Housing Implementation Plans;</li> <li>• Asset Replacement Policy;</li> <li>• Statutory Requirements;</li> <li>• Infrastructure Plans identified in prior years;</li> <li>• Duration of project;</li> <li>• Cost effectiveness of project;</li> <li>• Indicate if project is for a new/renewal asset;</li> <li>• Inputs received during IDP process.</li> </ul> <p>This procedure is performed in the Planning Module of the financial system.</p> |                              |                   |                      |                         |                   |                   |         |             |               |                |                     |                                 |
|     |  |                              |                   | PA                   |                         | VA                |                   |         |             |               | N/A            | N/A                 | Departmental Strategic Meetings |
| 7   | Identify funding sources of prioritised projects. (Make use of Funding segment of mSCOA)   |                              |                   | PA                   |                         | VA                |                   |         |             |               | N/A            | N/A                 |                                 |
| 8   | Allocate all segments of mSCOA to all prioritised projects.  |                              |                   | PA                   |                         | VA                |                   |         |             |               | N/A            | mSCOA Item Charts   |                                 |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Head: Assets and Expenditure | Strategic Manager | Heads of Departments | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                |
|-----|---|------------------------------|-------------------|----------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|--------------------|
| 9   | Send list of prioritised projects, with aligned mSCOA segments, to Strategic Manager.   |                              | VA                | PA                   |                         | RA                |                   |         |             |               | N/A            | N/A                 |                    |
| 10  | Compile list of all prioritised projects. This list should be an extract from the Planning Module of the financial system.  |                              | PA                |                      |                         | VA                |                   |         |             |               | N/A            | N/A                 |                    |
| 11  | Hold Executive Council Committee Meeting.   |                              |                   |                      |                         | PA                |                   | VA      |             |               | N/A            | N/A                 | Minutes of Meeting |
| 12  | Finalise projects based on: <ul style="list-style-type: none"> <li>• Available Funding;</li> <li>• Master Plans;</li> <li>• Spatial Development Framework;</li> <li>• Housing Implementation Plans;</li> <li>• Service Delivery Backlogs;</li> <li>• Asset Replacement Policy;</li> <li>• Statutory Requirements;</li> <li>• Maintenance Plans;</li> <li>• Strategic Objectives;</li> <li>• Future Operational Cost and Revenue of Project;</li> <li>• Municipal tariffs implications; and</li> <li>• Duration of project.</li> </ul> |                              |                   |                      |                         | PA                | VA                | VA      |             |               | N/A            | N/A                 |                    |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Head: Assets and Expenditure | Strategic Manager | Heads of Departments | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                        |
|-----|---|------------------------------|-------------------|----------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|----------------------------|
| 13  | Indicate on Final Project List: <ul style="list-style-type: none"> <li>Strategic Objectives;</li> <li>Duration of project;</li> <li>Future Operational Cost and Revenue of Project;</li> <li>Estimate monthly expenditure of project; and</li> <li>mSCOA Project Number.</li> </ul> |                              |                   |                      |                         | PA                | VA                | VA      |             |               | N/A            | N/A                 | Final Project List         |
| 14  | Prepare the draft Revised IDP.  |                              | PA                |                      |                         | VA                |                   | RA      | MSA S 34    |               | N/A            | N/A                 | Revised IDP                |
| 15  | Prepare the draft Budget, by using all segments of mSCOA. Add mSCOA Project Number to GUID of Project Segment. All budget schedules should be generated by the financial system.  |                              |                   |                      | PA                      | RA                | VA                | VA      |             |               | N/A            | N/A                 | Draft Budget               |
| 16  | Prepare the draft Service Delivery and Budget Implementation Plan (SDBIP). Add mSCOA Project Number to each project to ensure a link between the IDP, the Budget and the SDBIP.   |                              | PA                |                      | PA                      | RA                | VA                | VA      |             |               | N/A            | N/A                 | Draft SDBIP                |
| 17  | Evaluate the draft Budget against approved Benchmarking ratios and norms.   |                              | PA                |                      | PA                      | RA                | VA                | VA      |             |               |                |                     | Financial Ratios and Norms |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Head: Assets and Expenditure | Strategic Manager | Heads of Departments | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                      |
|-----|--|------------------------------|-------------------|----------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|--------------------------|
| 18  | Submit the draft IDP, the draft Budget and the draft SDBIP to Council and follow budget procedures as set out in the MFMA, Budget Regulations and Planning and Performance Management Regulations. |                              |                   |                      |                         | PA                | VA                | VA      |             |               | N/A            | N/A                 | Budget Process Documents |
| 19  | Council approve the IDP and the Annual Budget.   |                              |                   |                      |                         |                   |                   | PA      |             |               | N/A            | N/A                 | IDP / Annual Budget      |
| 20  | Council approve the SDBIP.   |                              |                   |                      |                         |                   |                   | PA      | MFMA S53    |               | N/A            | N/A                 | SDBIP                    |
| 21  | Upload budget on the National Treasury Local Government Database (LG Database) portal by using data extraction from the segments of mSCOA.   |                              |                   |                      | PA                      | RA                |                   |         |             |               | N/A            | N/A                 | mSCOA Data String        |
| 22  | Publish the IDP, the Budget and the SDBIP on municipal website.  |                              | PA                |                      |                         | RA                |                   |         | MFMA S75    |               | N/A            | N/A                 |                          |
| 23  | Implement the SDBIP.   |                              |                   |                      |                         | PA                | VA                | VA      |             |               | N/A            | N/A                 |                          |
| 24  | Start with Supply Chain Management Procedures as per monthly Operating Budget.   | VW                           |                   | PD                   |                         | VM                |                   | VM      |             |               | N/A            | N/A                 |                          |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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Procedures for performing Planning Activities (Revised IDP and Annual Budget) accepted by:

|     | Employee | Signature | Date |
|-----|----------|-----------|------|
| AE  |          |           |      |
| HAE |          |           |      |
| SM  |          |           |      |
| CFO |          |           |      |
| MM  |          |           |      |

Procedures for performing Planning Activities (Revised IDP and Annual Budget) approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.2.2 Procedures for Capturing of Approved Operating Budget

| No. | Procedure  | Head: Budget and Treasury | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI  |
|-----|--|---------------------------|------------------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|--|
| 1   | Capture Operating Expenditure of approved Operating Budget on the Financial System. This procedure requires seamless integration from the Planning Module of the financial system. | PA                        |                              | RA                      | VA                |             |               | OPEX           | Projects            | Approved Operating Budget and System Print-out |
| 2   | Perform a test run, to ensure that all segments of mSCOA have been captured correctly.   | PA                        |                              | RA                      | VA                |             |               | OPEX           | Projects            | Budget Test Run                                |
| 3   | Investigate and correct any differences found after the test run.  | PA                        |                              | RA                      | VA                |             |               | OPEX           | Projects            |  |
| 4   | Perform a Final Budget Run on the financial system.  | PA                        |                              | RA                      | VA                |             |               | OPEX           | Projects            | Final Budget Run                               |
| 5   | File the Final Budget Run for future reference.  | PA                        |                              | RA                      | VA                |             |               | OPEX           | Projects            | Final Budget Run                               |
| 6   | Lock Operating Budget on the Financial System.   |                           | PA                           | RA                      | VA                |             |               | OPEX           | Projects            |  |
| 7   | Issue signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations.  |                           |                              |                         |                   |             |               | OPEX           | Projects            |  |
| 8   | Follow normal Supply Chain Management procedures.  |                           |                              |                         |                   |             |               | OPEX           | Projects            |  |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for capturing of approved Operating Budget accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| HAE  |          |           |      |
| HBTO |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for capturing of approved Operating Budget approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.2.3 Procedures for development and implementation of Supply Chain Management Policy

| No. | Procedure  | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation           | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                    |
|-----|--|------------------------------|-------------------------|-------------------|-------------------|---------|-----------------------|---------------|----------------|---------------------|------------------------|
| 1   | Each municipality (and each municipal entity) must have and implement a Supply Chain Management Policy (SCM Policy) which gives effect to the provisions of Chapter 11 of the MFMA.  |                              |                         | PA                | VA                | RA      | MFMA<br>S 111<br>S112 |               | N/A            | N/A                 | Approved<br>SCM Policy |
| 2   | Develop a SCM Policy that is fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management.   |                              |                         | PA                | VA                | RA      |                       |               | N/A            | N/A                 |                        |
| 3   | The SCM Policy must at least cover the following:<br>a) The range of supply chain management processes that municipalities and municipal entities may use, including tenders, quotations, auctions and other types of competitive bidding;<br>b) when a municipality or municipal entity may or must use a particular type of process;<br>c) procedures and mechanisms for each type of process;<br>d) procedures and mechanisms for more flexible processes where the value of a contract is below a prescribed amount;<br>e) open and transparent pre-qualification processes for tenders or other bids; |                              |                         |                   |                   |         |                       |               |                |                     |                        |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI |
|-----|---|------------------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|-----|
|     | f) competitive bidding processes in which only pre-qualified persons may participate;<br>g) bid documentation, advertising of and invitations for contracts;<br>h) procedures and mechanisms for—<br>i. the opening, registering and recording of bids in the presence of interested persons;<br>ii. the evaluation of bids to ensure best value for money;<br>iii. negotiating the final terms of contracts; and<br>iv. the approval of bids;<br>i) screening processes and security clearances for prospective contractors on tenders or other bids above a prescribed value;<br>j) compulsory disclosure of any conflicts of interest's prospective contractors may have in specific tenders and the exclusion of such prospective contractors from those tenders or bids;<br>k) participation in the supply chain management system of persons who are not officials of the municipality or municipal entity, subject to section 117 of the MFMA; |                              |                         |                   |                   |         |             |               |                |                     |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI |
|-----|---|------------------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|-----|
|     | l) the barring of persons from participating in tendering or other bidding processes, including persons— <ul style="list-style-type: none"> <li>i. who were convicted for fraud or corruption during the past five years;</li> <li>ii. who wilfully neglected, reneged on or failed to comply with a government contract during the past five years; or</li> <li>iii. whose tax matters are not cleared by South African Revenue Service;</li> </ul> m) measures for— <ul style="list-style-type: none"> <li>i. combating fraud, corruption, favouritism and unfair and irregular practices in municipal supply chain management; and</li> <li>ii. promoting ethics of officials and other role players involved in municipal supply chain management;</li> </ul> |                              |                         |                   |                   |         |             |               |                |                     |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation                               | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                    |
|-----|--|------------------------------|-------------------------|-------------------|-------------------|---------|---|---------------|----------------|---------------------|------------------------|
|     | <p>n) the invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made, taken or in any way influenced by—</p> <p>i. councillors in contravention of item 5 or 6 of the Code of Conduct for Councillors set out in Schedule 1 to the Municipal Systems Act; or</p> <p>ii. municipal officials in contravention of item 4 or 5 of the Code of Conduct for Municipal Staff Members set out in Schedule 2 to that Act;</p> <p>o) the procurement of goods and services by municipalities or municipal entities through contracts procured by other organs of state;</p> <p>p) contract management and dispute settling procedures; and</p> <p>q) the delegation of municipal supply chain management powers and duties, including to officials.</p> |                              |                         | PA                | VA                | RA      | <p>MFMA<br/>S 112</p> <p>SCM<br/>Reg.</p> |               | N/A            | N/A                 | Approved<br>SCM Policy |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                        |
|-----|---|------------------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|----------------------------|
| 4   | Workshop the SCM Policy with all stakeholders.  |                              |                         | PA                | VA                | RA      |             |               | N/A            | N/A                 |                            |
| 5   | Amend the SCM Policy, if needed.  |                              |                         | PA                | VA                | RA      |             |               | N/A            | N/A                 |                            |
| 6   | Approve the SCM Policy.   |                              |                         | VA                | VA                | PA      |             |               | N/A            | N/A                 | Minutes of Council Meeting |
| 7   | Implement the SCM Policy in a way that –<br>a) gives effect to Section 217 of the Constitution and Part 1 of Chapter 11 and other applicable provisions of the MFMA;<br>b) is fair, equitable, transparent, competitive and cost effective;<br>c) complies with the Regulations and any minimum norms and standards that may be prescribed in terms of section 168 of the MFMA;<br>d) is consistent with other applicable legislation;<br>e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and<br>f) is consistent with national economic policy concerning the promotion of investments and the conduct of business with the public sector. |                              |                         | PA                | VA                | RA      | MFMA S 112  |               | N/A            | N/A                 | PA                         |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                         |
|-----|--|------------------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|-----------------------------|
| 8   | Review annually the implementation of the SCM Policy.  |                              |                         | PA                | VA                | RA      | Budget Reg. |               | N/A            | N/A                 | Review of policies workshop |
| 9   | Ensure that proposed amendments of the SCM Policy comply with the Regulations and Treasury guidelines standards determining standards for municipal supply chain management policies.                              |                              |                         | PA                | VA                | RA      |             |               | N/A            | N/A                 |                             |
| 10  | Take into account the need for uniformity in supply chain practices, procedures and forms between all spheres of organs of state to promote accessibility of supply chain management systems for small businesses. |                              |                         | PA                | VA                | RA      |             |               | N/A            | N/A                 |                             |
| 11  | Submit proposals for the amendment of the SCM Policy to Council.   |                              |                         | PA                | VA                | RA      |             |               | N/A            | N/A                 |                             |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                        |
|-----|---|------------------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|----------------------------|
| 12  | Approve the SCM Policy.   |                              |                         | VA                | VA                | PA      |             |               | N/A            | N/A                 | Minutes of Council Meeting |
| 13  | Implement the SCM Policy.   |                              |                         | PA                | VA                | RA      |             |               | N/A            | N/A                 |                            |
| 14  | Report any deviation from the Regulations and Treasury guideline standards determining standards for municipal supply chain management policies to the National and Provincial Treasuries |                              |                         | PA                | VA                | RA      | MFMA S 170  |               | N/A            | N/A                 |                            |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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Procedures for development and implementation of Supply Chain Management Policy accepted by:

|     | Employee | Signature | Date |
|-----|----------|-----------|------|
| HAE |          |           |      |
| CFO |          |           |      |
| MM  |          |           |      |

Procedures for development and implementation of Supply Chain Management Policy approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.2.4 Procedures for establishing a Supply Chain Management Unit

| No. | Procedure   | Manager: Supply Chain Management | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                                     |
|-----|---|----------------------------------|------------------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|---|
| 1   | Determine the size and responsibilities of a Supply Chain Management Unit (SCM Unit). |                                  |                              | PA                      | VA                |                   |         | SCM Reg.    |               | N/A            | N/A                 |   |
| 2   | Submit the draft organogram to Council for approval.                                  |                                  |                              |                         | PA                | VA                | RA      |             |               | N/A            | N/A                 |   |
| 3   | Approve revised organogram.   |                                  |                              |                         |                   |                   | PA      |             |               | N/A            | N/A                 | Approved organogram                     |
| 4   | Establish a SCM Unit.   |                                  |                              | PA                      | VA                |                   |         |             |               | N/A            | N/A                 |   |
| 5   | Appoint staff for the SCM Unit that comply with the Minimum Competency Regulations.   |                                  |                              | VA                      | PA                |                   |         | MFMA S 119  |               | N/A            | N/A                 |   |
| 6   | Implement the SCM Policy.   | PD                               | VD                           | RM                      | RQ                |                   |         |             |               | N/A            | N/A                 | Reports on implementation of SCM Policy |
| 7   | Provide training to officials in SCM Unit.  |                                  | PA                           | VA                      | RA                |                   |         | MFMA S 119  |               | N/A            | N/A                 |   |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Manager: Supply Chain Management | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI |
|-----|---|----------------------------------|------------------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|-----|
| 8   | All SCM officials must annually submit signed declarations of all financial interest for themselves and their immediate family members. | PA                               | VA                           | VA                      | RA                |                   |         |             |               | N/A            | N/A                 |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for establishing a Supply Chain Management Unit accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| MSCM |          |           |      |
| HAE  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for establishing a Supply Chain Management Unit approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.2.5 Procedures for registration on Supply Chain Management Database

| No. | Procedure  | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Manager: Supply Chain Management | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI           |
|-----|--|--------------------------------|-------------------------------------|----------------------------------|------------------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|---------------|
| 1   | Request through newspapers commonly circulating locally, the municipal website and any other appropriate ways, invite to prospective Service Providers of goods or services to apply for evaluation and listing as accredited prospective Service Providers. | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         | SCM Reg     |               | N/A            | N/A                 | Advertisement |
| 2   | Specify the criteria for the accredited prospective Service Providers.   | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         |             |               | N/A            | N/A                 |               |
| 3   | Receive request from prospective Service Providers to register.  | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         |             |               | N/A            | N/A                 |               |
| 4   | Send registration documentation to the prospective Service Providers.  | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         |             |               | N/A            | N/A                 |               |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Manager: Supply Chain Management | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation   | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI  |
|-----|--|--------------------------------|-------------------------------------|----------------------------------|------------------------------|-------------------------|-------------------|-------------------|---------|---------------|---------------|----------------|---------------------|--|
| 5   | Receive the registration documentation with original supporting documentation from the Service Providers.  | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         |               |               | N/A            | N/A                 |  |
| 6   | Verify all supporting documentation with the relevant institutions, e.g. CIPC, SARS and Central Supplier Database for Government.  | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         | MFMA Circ. 81 |               | N/A            | N/A                 | Supporting documentation from institutions |
| 7   | Disallow the listing of any prospective Service Provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector. | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         |               |               | N/A            | N/A                 |  |
| 8   | Capture information on the list of accredited prospective Service Providers.   | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         |               |               | N/A            | N/A                 |  |
| 9   | Print audit trail of information captured.   | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         |               |               | N/A            | N/A                 | Audit Trail                                |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Manager: Supply Chain Management | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Finance Committee | Council | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                    |
|-----|--|--------------------------------|-------------------------------------|----------------------------------|------------------------------|-------------------------|-------------------|-------------------|---------|-------------|---------------|----------------|---------------------|------------------------|
| 10  | Review information captured on the SCM Database with supporting documentation.   |                                | PQ                                  | VQ                               | RQ                           |                         |                   |                   |         |             |               | N/A            | N/A                 |                        |
| 11  | Create a vendor number.  | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         |             |               | N/A            | N/A                 | Vendor Number          |
| 12  | File audit trail, vendor number and supporting documentation in individual file of prospective Service Provider.                 | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         |             |               | N/A            | N/A                 |                        |
| 13  | Send vendor number to prospective Service Provider.  | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         |             |               | N/A            | N/A                 |                        |
| 14  | Review information on list of accredited prospective Service Providers on an annual basis.                                       | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         |             |               | N/A            | N/A                 | Proof of annual review |
| 15  | Mark on list of accredited prospective Service Providers if the Service Provider is Active/Inactive.                             | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         |             |               | N/A            | N/A                 |                        |
| 16  | Send annual confirmation to prospective Service Provider, indicating status on list of accredited prospective Service Providers. | PQ                             | VQ                                  | RQ                               |                              |                         |                   |                   |         |             |               | N/A            | N/A                 |                        |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for registration on Supply Chain Management Database accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| MSCM |          |           |      |
| HAE  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for registration on Supply Chain Management Database approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.2.6 Procedures for Monthly Meetings (SCM Unit)

| No. | Procedure   | Manager: Supply Chain Management | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI   |
|-----|---|----------------------------------|------------------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|---|
| 1   | CFO holds monthly meeting with the Manager: Supply Chain Management and Head: Assets and Expenditure to discuss exceptions identified during the month. | PM                               | PM                           | PM                      | RM                |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Number of meetings per year                                     |
| 2   | Determine corrective action to be taken to prevent or reduce similar exceptions.  | PM                               | PM                           | PM                      | RM                |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Number of outstanding findings and findings solved during year. |
| 3   | Submit pre-audit checklist to the CFO as proof that tasks have been performed and work performed was verified as correct by relevant officials.         |                                  | PM                           | RM                      |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Number of pre-audit checklists per year.                        |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Manager: Supply Chain Management | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI  |
|-----|--|----------------------------------|------------------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|--|
| 4   | Submit a report on bidders that have abused the SCM system, committed fraud or any other improper conduct or has failed to perform on a previous contract to the CFO, for investigation. | PM                               | PM                           | VM                      | RM                |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Monthly report on fraud and improper conduct |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for Monthly Meetings (SCM Unit) accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| MSCM |          |           |      |
| HAE  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for Monthly Meetings (Creditors Department) approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

### 7.3 PROCUREMENT

The accounting officer of a municipality must implement an efficient system of acquisition management, in terms of paragraph 11 of the Municipal Supply Chain Management Regulations, to ensure that:

- a) That goods and services are procured by the municipality in accordance with authorized processes only;
- b) That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the MFMA;
- c) That the threshold values for the different procurement processes are complied with;
- d) That bid documentation, evaluation and adjudication criteria and the general conditions of a contract, are in accordance with any applicable legislation; and
- e) That any Treasury guidelines on acquisition management are properly taken into account.

#### Staff members involved in procedures

|      |  |
|------|--|
| DS   | Departmental Secretary                         |
| LW   | Leader Worker (Supervisor)                     |
| CSCM | Clerk: Supply Chain Management                 |
| ASCM | Accountant: Supply Chain Management            |
| AE   | Accountant: Expenditure                        |
| MSCM | Manager: Supply Chain Management               |
| HAE  | Head: Assets and Expenditure                   |
| HOD  | Heads of other Departments within Municipality |
| CFO  | Chief Financial Officer                        |
| MM   | Municipal Manager                              |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.3.1 Procedures for performing Petty Cash Purchases

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation     | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI               |
|-----|---|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------|---------------|-----------------------|-----------------------|-------------------|
| 1   | Petty cash purchases may only be made in accordance with the Petty Cash Policy of the municipality and section 15 of the Supply Chain Management Regulations. | PD                     | PD                         | VM                                  | RM                      |                                  | RM                           | RM                   | RA                      | RA                | SCM Reg. Par 15 |               | Operating Expenditure | Operating Expenditure | Petty Cash Policy |
| 2   | Determine the maximum number of transactions or the maximum amount of the permissible petty cash expenditure per month;                                       |                        |                            |                                     |                         |                                  |                              | VA                   | VA                      | PA                | SCM Reg. Par 15 |               | Operating Expenditure | Operating Expenditure |                   |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation       | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI |
|-----|---|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------------|---------------|-----------------------|-----------------------|-----|
| 3   | Purchases within the pre-determined threshold constitutes cash purchases without the need for quotations. |                        |                            |                                     |                         |                                  |                              | VA                   | VA                      | PA                | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |     |
| 4   | Identify the need to purchase an item, within the predetermined values.                                   |                        | PD                         |                                     | VM                      |                                  | VM                           |                      |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation       | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI                                  |
|-----|---|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------------|---------------|-----------------------|-----------------------|--------------------------------------|
| 5   | Complete a pre-numbered Petty Cash Request Form, by documenting the following minimum information: <ul style="list-style-type: none"> <li>Applicant details;</li> <li>Applicant ID number;</li> <li>Item that will be purchased via Petty Cash;</li> <li>All segments of mSCOA; and</li> <li>The amount.</li> </ul> |                        | PD                         |                                     | VM                      |                                  |                              | VM                   |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure | Pre-numbered Petty Cash Request Form |
| 6   | Sign the Petty Cash Request Form.   |                        | VD                         |                                     | RM                      |                                  |                              | PD                   |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |                                      |
| 7   | Approve the Petty Cash Request Form.  | VD                     | PD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |                                      |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation       | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI |
|-----|--|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------------|---------------|-----------------------|-----------------------|-----|
| 8   | Receive the Petty Cash Request Form.   | PD                     | VD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |
| 9   | Review the Petty Cash Request Form for completeness.   | PD                     | VD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |
| 10  | Confirm that requesting user does not have any outstanding petty cash balances that have not been reconciled / paid up.                      | PD                     | VD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |     |
| 11  | In the case where there is an outstanding balance, the requisition will not be approved and petty cash will not be granted to the applicant. | PD                     | VD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation       | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI |
|-----|--|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------------|---------------|-----------------------|-----------------------|-----|
| 12  | Inform the applicant immediately of the rejection and request applicant to provide the outstanding documentation and/or balance. | PD                     | VD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |     |
| 13  | Sign the Petty Cash Form to acknowledge that the documentation is correct.   | PD                     | VD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |
| 14  | Withdraw money from safe.  | PD                     | VD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |
| 15  | Request applicant to sign for money received.  | PD                     | VD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation       | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI |
|-----|---|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------------|---------------|-----------------------|-----------------------|-----|
| 16  | Spend petty cash within 48 hours or a period determined by Petty Cash Policy, and on the correct purpose for which it was intended. | VD                     | PD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |     |
| 17  | Obtain a receipt when spending the petty cash.  | VD                     | PD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |
| 18  | Submit receipt/invoice within 48-hour period or period determined in Petty Cash Policy, to the Departmental Secretary.              | VD                     | PD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation       | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI |
|-----|--|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------------|---------------|-----------------------|-----------------------|-----|
| 19  | Take disciplinary steps against employee if petty cash is inappropriately spent and/or if receipts/invoices are not obtained.  | VM                     | PM                         |                                     |                         |                                  | VM                           | VM                   | RM                      | RM                |                   |               | Operating Expenditure | Operating Expenditure |     |
| 20  | Receive supporting invoices from acquirer.   | PD                     | VD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |
| 21  | Reconcile invoices with the Petty Cash Form.   | PD                     | VD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |
| 22  | If there is a direct match, attach the invoices to the Petty Cash Form and file it together with hard copy/printout of the Petty Cash Register. Supporting documentation can also be scanned where an on-line plat form is used. | PD                     | VD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation       | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI |
|-----|--|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------------|---------------|-----------------------|-----------------------|-----|
| 23  | If there is not a direct match and the amount on the invoice exceeds what was originally requested on the Petty Cash Form, pay the applicant the difference. | PD                     | VD                         |                                     | RM                      |                                  | VD                           |                      |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |     |
| 24  | Update the Petty Cash Form to indicate the actual amount spent, reason for any additional expenditure, and sign the form.                                    | PD                     | VD                         |                                     | RM                      |                                  | VD                           |                      |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |
| 25  | Request applicant to sign form to confirm the amount spent.  | PD                     | VD                         |                                     | RM                      |                                  | VD                           |                      |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation       | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI                              |
|-----|--|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------------|---------------|-----------------------|-----------------------|----------------------------------|
| 26  | Attach the invoices to the Petty Cash Form and file it together with hard copy/printout of the Petty Cash Register. Supporting documentation can also be scanned where an on-line plat form is used. (Minimum period of 5 years) | PD                     | VD                         |                                     | RM                      |                                  |                              | VD                   |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |                                  |
| 27  | Perform a Petty Cash Reconciliation on weekly basis.   | PW                     |                            |                                     | VW                      |                                  | RM                           |                      |                         |                   |                   |               | Operating Expenditure | Operating Expenditure | Weekly Petty Cash Reconciliation |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI |
|-----|---|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------|---------------|-----------------------|-----------------------|-----|
| 28  | The reconciliation involves the opening of the safe and a physical count of the cash therein. Both the Secretary and the Accountant: Expenditure should be present when the safe is being opened and the reconciliation is occurring. | PW                     |                            |                                     | PW                      |                                  | RM                           |                      | VM                      |                   | MFMA S 65   |               | Operating Expenditure | Operating Expenditure |     |
| 29  | Verify all forms and supporting documentation present and the number and date of receipts, including completeness of all segments of mSCOA.   | VW                     |                            |                                     | PW                      |                                  | RM                           |                      |                         |                   |             |               | Operating Expenditure | Operating Expenditure |     |
| 30  | Sign the Petty Cash Register as proof of review.  | VW                     |                            |                                     | PW                      |                                  | RM                           |                      |                         |                   |             |               | Operating Expenditure | Operating Expenditure |     |
| 31  | Report immediately any irregularities.  |                        |                            |                                     | PW                      |                                  | VW                           |                      | RW                      | RW                |             |               | Operating Expenditure | Operating Expenditure |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation       | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI                               |
|-----|---|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------------|---------------|-----------------------|-----------------------|-----------------------------------|
| 32  | Request a top-up of petty cash when needed, but at least before the last day of the month.  | PM                     |                            |                                     | VM                      |                                  | RM                           | VM                   |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |                                   |
| 33  | Send copy of the Petty Cash Register to the Accountant: Expenditure.  | PM                     |                            |                                     | VM                      |                                  | RM                           |                      |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |                                   |
| 34  | Perform a Petty Cash Reconciliation.  | VM                     |                            |                                     | PM                      |                                  | RM                           |                      |                         |                   | MFMA S 65         |               | Operating Expenditure | Operating Expenditure | Monthly Petty Cash Reconciliation |
| 35  | The reconciliation involves the opening of the safe and a physical count of the cash therein. Both the Secretary and the Accountant: Expenditure should be present when the safe is being opened and the reconciliation is occurring. | VM                     |                            |                                     | PM                      |                                  | RM                           |                      | VM                      |                   |                   |               | Operating Expenditure | Operating Expenditure |                                   |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation       | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI |
|-----|---|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------------|---------------|-----------------------|-----------------------|-----|
| 36  | Verify all forms and supporting documentation present and the number and date of receipts, including completeness of all segments of mSCOA. | VM                     |                            |                                     | PM                      |                                  | RM                           |                      |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |
| 37  | Sign the Petty Cash Register as proof of review.  | VM                     |                            |                                     | PM                      |                                  | RM                           |                      |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |
| 38  | Report immediately any irregularities.  |                        |                            |                                     | PW                      |                                  | VW                           |                      | RW                      | RW                | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |     |
| 39  | Issue a cheque in the name of the Paymaster, as determined in the Petty Cash Policy.  |                        |                            |                                     | PM                      | VM                               | RM                           |                      |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |     |
| 40  | Duly authorised signatories sign cheque.  |                        |                            |                                     |                         | PM                               | PM                           |                      | RM                      |                   |                   |               | Operating Expenditure | Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation       | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI                                  |
|-----|--|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------------|---------------|-----------------------|-----------------------|--------------------------------------|
| 41  | Record the petty cash transactions in the General Ledger, by using all segments of mSCOA, if the Petty Cash Register not already integrated with the financial system. |                        |                            |                                     | PM                      | VM                               | RM                           |                      |                         |                   | MFMA S 65         |               | Operating Expenditure | Operating Expenditure |                                      |
| 42  | Cash cheque at bank.   |                        |                            |                                     | PM                      | VM                               | RM                           |                      |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |                                      |
| 43  | Send cash to the Departmental Secretary.   | VM                     |                            |                                     | PM                      |                                  | RM                           | VM                   |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |                                      |
| 44  | Count cash and sign Petty Cash Top-up Certificate as proof for cash received.  | PM                     |                            |                                     | VM                      |                                  | RM                           | VM                   |                         |                   |                   |               | Operating Expenditure | Operating Expenditure |                                      |
| 45  | File the Petty Cash Top-up Certificate with invoices for the following Petty Cash Reconciliation.  | PM                     |                            |                                     | VM                      |                                  | RM                           | VM                   |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure | Signed Petty Cash Top-up Certificate |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation       | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI |
|-----|--|------------------------|----------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------------|---------------|-----------------------|-----------------------|-----|
| 46  | Lock cash in safe box for which only the Departmental Secretary has a key. | PM                     |                            |                                     | VM                      |                                  | RM                           | VM                   |                         |                   | Petty Cash Policy |               | Operating Expenditure | Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for performing Petty Cash Purchases accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| DS   |          |           |      |
| LW   |          |           |      |
| ASCM |          |           |      |
| AE   |          |           |      |
| MSCM |          |           |      |
| HAE  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for performing Petty Cash Purchases approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.3.2 Procedures for performing Written or Verbal Price Quotations

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI                          |
|-----|---|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------|---------------|---------------------------------|---------------------------------|------------------------------|
| 1   | Identify need for acquisition as per approved budget.   |                        | PD                         |                                | RD                                  |                         |                                  |                              | VD                   |                         |                   | SCM Reg. Par 16 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                              |
| 2   | Obtain quotations from at least three different Service Providers, preferably from, but not limited to, Service Providers whose names appear on the list of accredited prospective Service Providers of the municipality. |                        | PD                         |                                | RD                                  |                         |                                  |                              | VD                   |                         |                   | SCM Reg. Par 16 |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Proof of quotations obtained |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI                                     |
|-----|---|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------|---------------|---------------------------------|---------------------------------|---|
| 3   | If quotations are obtained from Service Providers who are not so listed, such Service Providers must register on the list of accredited prospective Service Providers and meet the listing criteria for accredited prospective Service Providers. |                        | PD                         |                                | RD                                  |                         |                                  |                              | VD                   |                         |                   | SCM Reg. Par 16 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |   |
| 4   | Verify if sufficient funds are available on the budget for the envisage purchase.   |                        | PD                         |                                | RD                                  |                         |                                  |                              | VD                   |                         |                   |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |   |
| 5   | Verify if prospective Service Provider is registered on the Supply Chain Management Database and Web Based Central Supplier Database (CSD).   |                        | PD                         |                                | RD                                  |                         |                                  |                              | VD                   |                         |                   | SCM Reg. Par 16 |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Confirmation from Supply Chain Database |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI |
|-----|---|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|-----|
| 6   | <p>Complete a requisition form within 2 working days, after quotation was received. Document / attach the following additional information on the requisition form:</p> <ul style="list-style-type: none"> <li>Names of potential Service Providers requested to provide quotations with their quoted prices;</li> <li>If the potential Service Provider is a spouse, child or parent of a person in the service of the state or who has been in the service of the state during the past 12 months; and</li> </ul> |                        |                            |                                |                                     |                         |                                  |                              |                      |                         |                   |             |               |                |                     |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI              |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------|---------------|---------------------------------|---------------------------------|------------------|
|     | <ul style="list-style-type: none"> <li>Proof of available funds in the budget; and</li> <li>Complete all segments of mSCOA.</li> </ul> |                        | PD                         |                                | RD                                  |                         |                                  |                              | VD                   |                         |                   | SCM Reg. Par 16 |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Requisition Form |
| 7   | Sign the requisition form.   |                        | PD                         |                                | RD                                  |                         |                                  |                              | VD                   |                         |                   |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                  |
| 8   | Send completed requisition form to the Head of Department for approval.  |                        | PD                         |                                | RD                                  |                         |                                  |                              | VD                   |                         |                   |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                  |
| 9   | Review the requisition form for completeness and document reasons why lowest quotation will not be used.                               |                        | VD                         |                                | RD                                  |                         |                                  |                              | PD                   |                         |                   | SCM Reg. Par 16 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                  |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI                       |
|-----|---|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------|---------------|---------------------------------|---------------------------------|---------------------------|
| 10  | Approve the requisition form, within 2 working days after requisition was received, by signing the form.  |                        | VD                         |                                | RD                                  |                         |                                  |                              | PD                   |                         |                   |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Approved Requisition Form |
| 11  | Send approved requisition form to the Clerk: Supply Chain Management and request the issuing of an order. |                        |                            | VD                             | RD                                  |                         |                                  |                              | PD                   |                         |                   |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                           |
| 12  | Verify information on the requisition form for accuracy and completeness.                                 |                        |                            | PD                             | VD                                  |                         | RM                               |                              |                      |                         |                   | SCM Reg. Par 16 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                           |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------|---------------|---------------------------------|---------------------------------|-----|
| 13  | Confirm if preferred Service Provider is registered on the Supply Chain Management Database and that all required documents to be registered on the database have been received and are available for inspection.                            |                        |                            | PD                             | VD                                  |                         | RM                               |                              |                      |                         |                   | SCM Reg. Par 14 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 14  | If a quotation was submitted verbally, the order may be placed only against written confirmation of the price and conditions of supply by the selected Service Provider within the period stipulated in the invitation to submit quotations. |                        |                            | PD                             | VD                                  |                         | RM                               |                              |                      |                         |                   | SCM Reg. Par 16 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI            |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|----------------|
| 15  | Communicate with the Head of Department, within 1 working day, if any shortcomings are identified.                         |                        |                            | PD                             | VD                                  |                         | RM                               |                              |                      |                         |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                |
| 16  | Issue an order in triplicate, by using all segments of mSCOA. Issue order only if all above processes have been completed. |                        |                            | PD                             | VD                                  |                         | RM                               |                              |                      |                         |                   |             |               | Operating Expenditure           | Operating Expenditure           | Approved Order |
| 17  | Send order, with supporting documentation, to the Accountant: Supply Chain Management for approval.                        |                        |                            | PD                             | VD                                  |                         | RM                               |                              |                      |                         |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                |
| 18  | Verify order for accuracy and completeness, including accuracy and completeness of all segments of mSCOA.                  |                        |                            | VD                             | PD                                  |                         | RM                               |                              |                      |                         |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI                       |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------|---------------|---------------------------------|---------------------------------|---------------------------|
| 19  | Approve order by signing the order.  |                        |                            | VD                             | PD                                  |                         | RM                               |                              |                      |                         |                   |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Approved Order            |
| 20  | Capture deviation from Supply Chain Management processes in the Deviations Register.   |                        |                            |                                | PM                                  |                         | VM                               |                              |                      | RM                      |                   | SCM Reg. Par 36 |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Deviations Register       |
| 21  | Report deviations from Supply Chain Management Processes to the Chief Financial Officer, in terms section 36 of the Supply Chain Management Regulations. |                        |                            |                                | PM                                  |                         | VM                               |                              |                      | RM                      |                   | SCM Reg. Par 36 |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Monthly Deviations Report |
| 22  | Send a copy of order to the Head of Department requesting the order.   |                        |                            |                                | PD                                  |                         | RD                               |                              | VD                   |                         |                   |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                           |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|-----|
| 23  | Capture order on the financial system, within 1 working day, if not integrated with the SCM system.  |                        |                            | PD                             | RD                                  |                         | VD                               |                              |                      |                         |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 24  | Print proof that order was captured on the financial system.   |                        |                            | PD                             | RD                                  |                         | VD                               |                              |                      |                         |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 25  | Send a copy of order, with requisition form and all other supporting documentation to the Creditors Department, if not integrated with the SCM system. |                        |                            | PD                             | RD                                  |                         | VD                               |                              |                      |                         |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 26  | The Creditors Department follows normal payment procedures as set out in section 7.4.2.  |                        |                            |                                |                                     | PD                      |                                  | RD                           |                      | VM                      |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure |     |





## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for performing Written or Verbal Price Quotations accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| DS   |          |           |      |
| LW   |          |           |      |
| CSCM |          |           |      |
| ASCM |          |           |      |
| AE   |          |           |      |
| MSCM |          |           |      |
| HAE  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for performing Written or Verbal Price Quotations approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.3.3 Procedures for performing Formal Written Price Quotations

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item             | KPI                             |                 |
|-----|---|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-------------|---------------|----------------|---------------------------------|---------------------------------|-----------------|
| 1   | Identify the need for acquisition as per approved budget.   |                        | PD                         |                                | RD                                  |                         |                                  |                              | VD                   |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure | Approved Budget |
| 2   | The Head of Department compile specifications for the need. |                        |                            |                                | VD                                  |                         | RW                               |                              | PD                   |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure |                 |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation     | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item             | KPI   |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-----------------|---------------|----------------|---------------------------------|---|
| 3   | If documented in the Supply Chain Policy, the Head of Department and Manager: Supply Chain Management informally review the specifications as determine by the Head of Department. |                        |                            |                                | VD                                  |                         | RW                               |                              | PD                   |                         |                   |                             |                 |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure                                       |
| 4   | Send specifications to the Bid Specification Committee, appointed by the Municipal Manager, for finalisation.  |                        |                            |                                | VD                                  |                         | RW                               |                              | PD                   |                         |                   |                             | SCM Reg. Par 18 |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure<br>Minutes of Specification Committee |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI           |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-----------------|---------------|---------------------------------|---------------------------------|---------------|
| 5   | Prepare an advertisement.  |                        |                            |                                | VW                                  |                         | VW                               |                              | VW                   |                         |                   | PW                          | SCM Reg. Par 18 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |               |
| 6   | Send advertisement and specifications to the Clerk: Supply Chain Management                                  |                        |                            | VW                             | RW                                  |                         |                                  |                              |                      |                         |                   | PW                          |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |               |
| 7   | Obtain a municipal Notice Number from the Corporate Department.  |                        |                            | PW                             | VW                                  |                         | RW                               |                              |                      |                         |                   |                             |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |               |
| 8   | Place advertisement with closing date and time on municipal website and notice board. (Notice period 7 days) |                        |                            | PW                             | VW                                  |                         | RW                               |                              |                      |                         |                   |                             | SCM Reg. Par 18 |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Advertisement |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-----------------|---------------|---------------------------------|---------------------------------|-----|
| 9   | Inform the Head Cashier of Notice if any fee is payable to obtain documentation.   |                        |                            | PW                             | VW                                  |                         | RW                               |                              |                      |                         |                   |                             |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 10  | Potential Service Providers submit proof of payment to the Clerk: Supply Chain Management, before documentation is issued. |                        |                            | PW                             | VW                                  |                         | RW                               |                              |                      |                         |                   |                             |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 11  | Receive formal written quotations, with supporting documentation, in tender box.   |                        |                            | PW                             | VW                                  |                         | RW                               |                              |                      |                         |                   |                             | SCM Reg. Par 18 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item             | KPI                             |
|-----|---|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-------------|---------------|----------------|---------------------------------|---------------------------------|
| 12  | Open tender box immediately after the quotation period has closed.                          |                        |                            | PW                             | VW                                  |                         | RW                               |                              |                      |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure |
| 13  | Stamp and sign every page of quotation with date stamp, on the date quotation was received. |                        |                            | PW                             | VW                                  |                         | RW                               |                              |                      |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI             |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-----------------|---------------|---------------------------------|---------------------------------|-----------------|
| 14  | Record all quotations received in tender register, by documenting potential Service Providers name and quoted amount. Highlighted if less than 3 quotations were received. |                        |                            | PW                             | VW                                  |                         | RW                               |                              |                      |                         |                   |                             | SCM Reg. Par 18 |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Tender Register |
| 15  | Information in tender register is available to all Service Providers who have submitted a quotation.   |                        |                            | PW                             | VW                                  |                         | RW                               |                              |                      |                         |                   |                             |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                 |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation     | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item             | KPI   |
|-----|---|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-----------------|---------------|----------------|---------------------------------|---|
| 16  | Provide a copy of the tender register to all Service Providers, as proof for attending the meeting.                       |                        |                            | PW                             | VW                                  |                         | RW                               |                              |                      |                         |                   |                             |                 |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure                         |
| 17  | The Head of Department collect all quotations from the Accountant: Supply Chain Management, and sign the tender register. |                        |                            |                                | VW                                  |                         | RW                               |                              | PW                   |                         |                   |                             |                 |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure                         |
| 18  | The Head of Department and Accountant: Supply Chain Management evaluate all quotations received.                          |                        |                            |                                | PW                                  |                         | VW                               |                              | PW                   |                         |                   |                             | SCM Reg. Par 18 |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure<br>Evaluation Checklist |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI |
|-----|---|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-----------------|---------------|---------------------------------|---------------------------------|-----|
| 19  | Confirm if the preferred Service Provider is registered on the Supply Chain Management Database and Web Based Central Database (CSD). Also confirm that all required documents to be registered on the municipality's database have been received and are available for inspection. |                        |                            |                                | PW                                  |                         | VW                               | RM                           |                      |                         |                   |                             | SCM Reg. Par 14 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item             | KPI  |
|-----|---|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-------------|---------------|----------------|---------------------------------|--|
| 20  | Verify if sufficient funds are available on the budget for the envisaged purchase.  |                        |                            |                                | PW                                  |                         | VW                               | RM                           | PW                   |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure                            |
| 21  | Calculate and apply the 80/20 (amount excl. VAT) calculation in terms of the Preferential Procurement Policy Framework Act. |                        |                            |                                | PW                                  |                         | VW                               | RM                           | PW                   |                         |                   |                             | PPPFA       |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure<br>Evaluation calculations |
| 22  | Verify all points allocated with supporting documentation.  |                        |                            |                                | PW                                  |                         | VW                               | RM                           | PW                   |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure                            |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI               |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-----------------|---------------|---------------------------------|---------------------------------|-------------------|
| 23  | The Head of Department prepare report with the results of the evaluation and recommend a preferred supplier.         |                        |                            |                                | VW                                  |                         | VW                               | RM                           | PW                   |                         |                   |                             | SCM Reg. Par 18 |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Evaluation Report |
| 24  | The Director of the Department make a final award in terms of the delegated authority.                               |                        |                            |                                | VW                                  |                         | VW                               | RM                           | PW                   |                         |                   |                             | SCM Reg. Par 18 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                   |
| 25  | Issue a letter to the successful bidder and inform the unsuccessful bidders of the result and their right to object. |                        |                            |                                | PW                                  |                         | VW                               | RM                           | VW                   |                         |                   |                             |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                   |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI                                   |
|-----|---|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-----------------|---------------|---------------------------------|---------------------------------|---------------------------------------|
| 26  | Send results of Formal Written Quotations to the Website Administrator to place results on website. |                        |                            |                                | PW                                  |                         | VW                               | RM                           | VW                   |                         |                   |                             | SCM Reg. Par 18 |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Proof of results published on website |
| 27  | Allow 14 days for objections or complaints.   |                        |                            |                                | PW                                  |                         | VW                               | RM                           | VW                   |                         |                   |                             | SCM Reg. Par 18 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                                       |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-----------------|---------------|---------------------------------|---------------------------------|-----|
| 28  | If the supply of the goods or services are conditional and a contract is applicable, inform the legal department to prepare a draft contract. If the supply of goods or services are unconditional, proceed to process 35. |                        |                            |                                | VW                                  |                         | VW                               | RM                           | PW                   |                         |                   |                             | SCM Reg. Par 18 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item             | KPI  |
|-----|---|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-------------|---------------|----------------|---------------------------------|--|
| 29  | Review the draft contract to ensure that risks are avoided or limited and that the contract satisfies the conditions and specifications as requested. |                        |                            |                                | PW                                  |                         | VW                               | RM                           | PW                   |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure                    |
| 30  | Send contract to the Municipal Manager or delegated official to sign contract.  |                        |                            |                                | PW                                  |                         | VW                               | RM                           | VW                   |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure<br>Signed contract |
| 31  | Send contract to the Service Provider via registered post.  |                        |                            |                                | PW                                  |                         | VW                               | RM                           | VW                   |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure<br>Signed contract |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI             |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-------------|---------------|---------------------------------|---------------------------------|-----------------|
| 32  | Receive signed contract from the Service Provider.   |                        |                            |                                | PW                                  |                         | VW                               | RM                           | VW                   |                         |                   |                             |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Signed contract |
| 33  | Document contract reference number in the Contract Register.   |                        |                            | PW                             | VW                                  |                         | RW                               |                              |                      |                         |                   |                             |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                 |
| 34  | File signed contract.  |                        |                            | PW                             | VW                                  |                         | RW                               |                              |                      |                         |                   |                             |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                 |
| 35  | Issue an order in triplicate, by using all segments of mSCOA. Issue order only if all above processes have been completed. |                        |                            | PD                             | VD                                  |                         | RM                               |                              |                      |                         |                   |                             |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Approved Order  |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item             | KPI   |
|-----|---|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-------------|---------------|----------------|---------------------------------|---|
| 36  | Send order, with supporting documentation, to the Accountant: Supply Chain Management for approval.       |                        |                            | PD                             | VD                                  |                         | RM                               |                              |                      |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure                   |
| 37  | Verify order for accuracy and completeness, including accuracy and completeness of all segments of mSCOA. |                        |                            | VD                             | PD                                  |                         | RM                               |                              |                      |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure                   |
| 38  | Approve order by signing the order.   |                        |                            | VD                             | PD                                  |                         | RM                               |                              |                      |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure<br>Approved Order |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation     | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI                       |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-----------------|---------------|---------------------------------|---------------------------------|---------------------------|
| 39  | Capture any deviation from the Supply Chain Management processes in the Deviations Register. |                        |                            |                                | PM                                  |                         | VM                               |                              |                      | RM                      |                   |                             | SCM Reg. Par 36 |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Deviations Register       |
| 40  | Report deviations from the Supply Chain Management Processes to the Chief Financial Officer. |                        |                            |                                | PM                                  |                         | VM                               |                              |                      | RM                      |                   |                             | SCM Reg. Par 36 |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Monthly Deviations Report |
| 41  | Send a copy of order to the Head of Department requesting the order.                         |                        |                            |                                | PD                                  |                         | RD                               |                              | VD                   |                         |                   |                             |                 |               | Capital / Operating Expenditure | Capital / Operating Expenditure |                           |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item             | KPI                             |
|-----|--|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-------------|---------------|----------------|---------------------------------|---------------------------------|
| 42  | Capture order on the financial system, within 1 working day, if not integrated with the SCM system.  |                        |                            | PD                             | RD                                  |                         | VD                               |                              |                      |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure |
| 43  | Print proof that order was captured on the financial system.   |                        |                            | PD                             | RD                                  |                         | VD                               |                              |                      |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure |
| 44  | Send a copy of order, with requisition form and all other supporting documentation to the Creditors Department, if not integrated with the SCM system. |                        |                            | PD                             | RD                                  |                         | VD                               |                              |                      |                         |                   |                             |             |               |                | Capital / Operating Expenditure | Capital / Operating Expenditure |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Departmental Secretary | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI |
|-----|---|------------------------|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|-------------|---------------|---------------------------------|---------------------------------|-----|
| 45  | The Creditors Department follows normal payment procedures as set out in section 6.4.2. |                        |                            |                                |                                     | PD                      |                                  | RD                           |                      | VM                      |                   |                             |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for performing Formal Written Price Quotations accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| DS   |          |           |      |
| LW   |          |           |      |
| CSCM |          |           |      |
| ASCM |          |           |      |
| AE   |          |           |      |
| MSCM |          |           |      |
| HAE  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for performing Formal Written Price Quotations approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.3.4 Procedures for performing Competitive Bidding

| No. | Procedure  | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation | GRAP Standard | GRAP Line-Item                       | Proposed mSCOA Item                  | KPI                |
|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|--------------------------------------|--------------------------------------|--------------------|
| 1   | Identify the need for acquisition as per approved budget.  | P<br>D                     |                                | R<br>D                              |                         |                                  |                              | V<br>D               |                         |                   |                             |                          |                            |             |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Approved<br>Budget |
| 2   | If the need is for goods and services, the normal policy procedures must be followed. When infrastructure is to be procured the model guidelines of National Treasury for Infrastructure Procurement and Delivery Management must be followed, |                            |                                |                                     |                         |                                  |                              |                      |                         |                   |                             |                          |                            |             |               |                                      |                                      |                    |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation     | GRAP Standard | GRAP Line-Item                    | Proposed mSCOA Item               | KPI |
|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------|---------------|-----------------------------------|-----------------------------------|-----|
|     | which is based on the National Standard for Infrastructure Procurement and Delivery Management (SIPDM). |                            |                                |                                     |                         |                                  |                              |                      |                         |                   |                             |                          |                            | SCM Reg. Par 19 |               | Capital/<br>Operating Expenditure | Capital/<br>Operating Expenditure |     |
| 3   | The Head of Department compile specifications for the need.   |                            |                                | V<br>D                              |                         | R<br>W                           |                              | P<br>D               |                         |                   |                             |                          |                            |                 |               | Capital/<br>Operating Expenditure | Capital/<br>Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation     | GRAP Standard | GRAP Line-Item                       | Proposed mSCOA Item                  | KPI   |
|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------|---------------|--------------------------------------|--------------------------------------|---|
| 4   | The Municipal Manager appoints a Bid Specification Committee, consisting of at least the Head of Department requesting the goods and services and may include, when appropriate an external specialist. |                            |                                |                                     |                         |                                  |                              |                      |                         | P<br>M            | V<br>M                      |                          |                            | SCM Reg. Par 27 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Appointment letter of Bid Specification Committee |
| 5   | The Head of Department send specifications to the Bid Specification Committee for finalisation.   |                            |                                | V<br>D                              |                         | R<br>W                           |                              | P<br>D               |                         |                   |                             |                          |                            |                 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Minutes of Bid Specification Committee            |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|---------------------|-----|
| 6   | <p>When drafting the specifications, the Bid Specification Committee must operate:</p> <ul style="list-style-type: none"> <li>• In an unbiased manner to allow all potential suppliers to offer their product or services;</li> <li>• Must take account of all standards with which the equipment or goods or services must comply with;</li> </ul> |                            |                                |                                     |                         |                                  |                              |                      |                         |                   |                             |                          |                            |             |               |                |                     |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|---------------------|-----|
|     | <ul style="list-style-type: none"> <li>Must not create unnecessary trade barriers and make no reference to any particular trade mark, unless there is no alternative method to describe the characteristics of the work or product;</li> <li>Must identify goals for which points will be awarded in terms of a pre-determined point system; and</li> </ul> |                            |                                |                                     |                         |                                  |                              |                      |                         |                   |                             |                          |                            |             |               |                |                     |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------|---------------|--------------------------------------|--------------------------------------|--------------------|
|     | <ul style="list-style-type: none"> <li>No member of the committee involved may bid for the resulting contract.</li> </ul>  |                            | V<br>W                         |                                     |                         | V<br>W                           |                              | V<br>W               |                         |                   | P<br>W                      |                          |                            | SCM Reg. Par 27 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                    |
| 7   | Prepare an advertisement with specifications. If the project is large and/ or complex and/ or long-term of nature, a two-stage bidding process may be requested. |                            |                                | V<br>W                              |                         | V<br>W                           |                              | V<br>W               |                         |                   | P<br>W                      |                          |                            | SCM Reg. Par 22 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Advertise-<br>ment |
| 8   | Send advertisement, indicating closing date and specifications to the Clerk: Supply Chain Management.  |                            | V<br>W                         | R<br>W                              |                         |                                  |                              |                      |                         |                   | P<br>W                      |                          |                            | SCM Reg. Par 22 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                    |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|----------------|--------------------------------------|--------------------------------------|
| 9   | Obtain a municipal Notice Number from the Corporate Department.   |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            |                       |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |
| 10  | Place advertisements in local papers, and on the official web site and notice boards, inviting competitive bids. Advertisements must include: |                            |                                |                                     |                         |                                  |                              |                      |                         |                   |                             |                          |                            | SCM<br>Reg.<br>Par 22 |               |                |                                      |                                      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|---------------------|-----|
|     | <ul style="list-style-type: none"> <li>The advertising period; (30 days for amounts over R10 million (VAT incl) or for contracts which are of a long-term nature and 14 days in any other case)</li> <li>A clear indication of the closing date and time;</li> <li>Original supporting documentation must be submitted with bids;</li> </ul> |                            |                                |                                     |                         |                                  |                              |                      |                         |                   |                             |                          |                            |             |               |                |                     |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|---------------------|-----|
|     | <ul style="list-style-type: none"> <li>An indication that only official bid documentation in sealed envelopes will be excepted; and</li> <li>For all bids above R10m, bidders are required to furnish;</li> <li>Audited annual financial statements for the last 3 years (if required by law);</li> </ul> |                            |                                |                                     |                         |                                  |                              |                      |                         |                   |                             |                          |                            |             |               |                |                     |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|--------------------------------------|--------------------------------------|--------------------|
|     | <ul style="list-style-type: none"> <li>A signed certificate that no undisputed commitments are overdue for more than 30 days;</li> <li>Particulars of contracts received from an organ of state during the past 5 years.</li> <li>If grounds of urgency or emergency is applicable, shorter advertising periods may be instituted by the Accounting Officer in terms of the SCM policy.</li> </ul> |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            | SCM<br>Reg.<br>Par 22 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Advertise-<br>ment |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|----------------|--------------------------------------|--------------------------------------|
| 11  | Inform the Head Cashier of Notice if any fee is payable to obtain documentation.   |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            |                       |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |
| 12  | Potential Service Providers submit proof of payment to the Clerk: Supply Chain Management, before documentation is issued. |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            |                       |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |
| 13  | Receive tenders, with supporting documentation, in tender box.   |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            | SCM<br>Reg.<br>Par 23 |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation           | GRAP Standard | GRAP Line-Item                       | Proposed mSCOA Item                  | KPI |
|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|--------------------------------------|--------------------------------------|-----|
| 14  | Open the tender box immediately after the tender period has closed. No late tenders to be accepted.                                    |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            | SCM<br>Reg.<br>Par 23 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |     |
| 15  | Open all tenders received at the same time in public. The bidders name and if possible, the tendered price must be read out in public. |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            | SCM<br>Reg.<br>Par 23 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |     |
| 16  | Stamp and sign every page of the tender with a date stamp, on the date tender was received.  |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            | SCM<br>Reg.<br>Par 23 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|--------------------------------------|--------------------------------------|-----------------|
| 17  | Record all tenders received in the Tender Register, by documenting potential Service Providers name, tendered amount and number of pages of the tender. |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            | SCM<br>Reg.<br>Par 23 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Tender Register |
| 18  | Information in the Tender Register is available to all the Service Providers who submitted a tender.  |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            | SCM<br>Reg.<br>Par 23 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                 |
| 19  | Make a copy of the Tender Register to all Service Providers attending.  |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            | SCM<br>Reg.<br>Par 23 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                 |

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|--------------------------------------|--------------------------------------|-----------------------------------|
| 20  | Sign an affidavit that all employees involved in the opening and recording tenders have no interest in any of the tenders received and all information was recorded correctly in the tender register. |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            | SCM<br>Reg.<br>Par 23 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                                   |
| 21  | Prepare a summary of all competitive bids received, by indicating the following:  |                            |                                |                                     |                         |                                  |                              |                      |                         |                   |                             |                          |                            |                       |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Summary of<br>Competitive<br>Bids |

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|---------------------|-----|
|     | <ul style="list-style-type: none"> <li>The reference number, the description of the goods, services or infrastructure projects;</li> <li>The BBBEE status level of contribution of all bidders;</li> <li>The local content percentages of the goods offered (where applicable);</li> <li>Total price of the bids (where practical)</li> </ul> |                            |                                | P<br>W                              |                         | V<br>W                           | R<br>M                       | V<br>W               |                         |                   |                             |                          |                            |             |               |                |                     |     |

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|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|--------------------------------------|--------------------------------------|--|
| 22  | Send summary of competitive bids received, within 10 working days after the closure of bids, to the Website Administrator to place the summary on the website for 30 days. |                            |                                | P<br>W                              |                         | V<br>W                           | R<br>M                       | V<br>W               |                         |                   |                             |                          |                            | SCM<br>Reg.<br>Par 23 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Proof of<br>bidders<br>published on<br>website |

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|--------------------------------------|--------------------------------------|---|
| 23  | The Municipal Manager appoints a Bid Evaluation Committee, as well as the chairperson of the committee, consisting of officials from the department requesting the goods or services and at least one (1) SCM practitioner. |                            |                                |                                     |                         |                                  |                              |                      |                         | P<br>M            |                             | V<br>M                   |                            | SCM<br>Reg.<br>Par 28 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Appointment<br>letter of Bid<br>Evaluation<br>Committee |

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|--------------------------------------|--------------------------------------|--|
| 24  | Confirm if tenders are registered on the Supply Chain Management Database and Web Based Central Supplier Database (CSD). Also confirm that all required documents to be registered on the database have been received and are available for inspection. |                            |                                | P<br>W                              |                         | V<br>W                           | R<br>M                       |                      |                         |                   |                             |                          |                            | SCM<br>Reg.<br>Par 14 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Proof of<br>registration<br>on SCM<br>Database |
| 25  | Verify if sufficient funds are available on the budget for the envisaged purchase.  |                            |                                | P<br>W                              |                         | V<br>W                           | R<br>M                       | P<br>W               |                         |                   |                             |                          |                            |                       |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |  |

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|--------------------------------------|--------------------------------------|
| 26  | The Accountant: Supply Chain Management send all tenders, with supporting documentation to the Bid Evaluation Committee.  |                            |                                | V<br>W                              |                         | R<br>W                           |                              | P<br>W               |                         |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |
| 27  | The Bid Evaluation Committee evaluate bids according to: <ul style="list-style-type: none"> <li>• The set specifications</li> <li>• The applicable points system; (80/20 for projects not exceeding R1 million and 90/10 for project exceeding R1 million)</li> </ul> |                            |                                |                                     |                         |                                  |                              |                      |                         |                   |                             |                          |                            |             |               |                |                                      |                                      |

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------|---------------|-----------------------------------|-----------------------------------|-------------------------------------|
|     | <ul style="list-style-type: none"> <li>Each bidder's ability to execute the contract; and</li> <li>If all the requirements are adhered to.</li> </ul> |                            |                                |                                     |                         | V<br>W                           |                              |                      | R<br>M                  |                   |                             | P<br>W                   |                            | SCM Reg. Par 28 |               | Capital/<br>Operating Expenditure | Capital/<br>Operating Expenditure |                                     |
| 28  | Record the meetings by documenting all the procedures, representatives and recommendations of the Bid Evaluation Committee.                           |                            |                                |                                     |                         | V<br>W                           |                              |                      | R<br>M                  |                   |                             | P<br>W                   |                            | SCM Reg. Par 28 |               | Capital/<br>Operating Expenditure | Capital/<br>Operating Expenditure | Minutes of Bid Evaluation Committee |



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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|--------------------------------------|--------------------------------------|--|
| 29  | The minutes of the meeting must include a report with a recommendation regarding an award to the Bid Adjudication Committee,  |                            |                                |                                     |                         | V<br>W                           |                              |                      | R<br>M                  |                   |                             | P<br>W                   |                            | SCM<br>Reg.<br>Par 28 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |  |
| 30  | The Chairperson of the Bid Evaluation Committee sign minutes of meeting and certify it as a true and correct version of the Committee's operations and recommendations. |                            |                                |                                     |                         | V<br>W                           |                              |                      | R<br>M                  |                   |                             | P<br>W                   |                            | SCM<br>Reg.<br>Par 28 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Signed Minutes of Bid Evaluation Committee |

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|--------------------------------------|--------------------------------------|---|
| 31  | Send minutes of the meeting to the Municipal Manager.   |                            |                                |                                     |                         | V<br>W                           |                              |                      | R<br>M                  |                   |                             | P<br>W                   |                            |                       |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |   |
| 32  | File minutes of the meeting in the official archived system and a copy of the minutes at the SCM unit.  |                            |                                |                                     |                         | V<br>W                           |                              |                      | R<br>M                  |                   |                             | P<br>W                   |                            |                       |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |   |
| 33  | The Municipal Manager appoints a Bid Adjudication Committee and chairperson of the Bid Adjudication Committee, who considers the recommendations of the Bid Evaluation Committee. |                            |                                |                                     |                         |                                  |                              |                      |                         | P<br>M            |                             |                          | V<br>M                     | SCM<br>Reg.<br>Par 29 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Appointment<br>letter of Bid<br>Adjudication<br>Committee |

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|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|---------------------|-----|
| 34  | <p>The Bid Adjudication Committee consists of:</p> <ul style="list-style-type: none"> <li>• At least four (4) senior managers of which the CFO is compulsory;</li> <li>• At least one (1) senior SCM practitioner;</li> <li>• A technical expert in the relevant field of the contract;</li> </ul> |                            |                                |                                     |                         |                                  |                              |                      |                         |                   |                             |                          |                            |             |               |                |                     |     |



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|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|---------------------|-----|
|     | <ul style="list-style-type: none"> <li>No member of the Bid Evaluations Committee or advisors to the Bid Evaluation Committee may be a member of the Bid Adjudication Committee;</li> <li>Any Bid Committee members with any, or potential, conflict of interest must preclude themselves from participating in committee meetings and recuse from the committee meeting; and</li> </ul> |                            |                                |                                     |                         |                                  |                              |                      |                         |                   |                             |                          |                            |             |               |                |                     |     |



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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|---------------------------|---------------|--------------------------------------|--------------------------------------|-----|
|     | <ul style="list-style-type: none"> <li>No councillor may form part of the Bid Committee, participate or observe meetings of the Bid Committee.</li> </ul> |                            |                                |                                     |                         |                                  |                              |                      |                         | P<br>M            |                             |                          | V<br>M                     | SCM Reg. Par 29           |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |     |
| 35  | The Bid Adjudication Committee consider the recommendations of the Bid Evaluation Committee and may negotiate with preferred bidder for better price.     |                            |                                |                                     |                         |                                  |                              |                      |                         | V<br>M            |                             |                          | P<br>M                     | SCM Reg. Par 24<br>Par 29 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |     |

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|----------------------|---------------|--------------------------------------|--------------------------------------|-----|
| 37  | If delegated to them, the Bid Adjudication Committee make a final award, and if not delegated to them make a recommendation to the Municipal Manager. |                            |                                |                                     |                         |                                  |                              |                      |                         | V<br>M            |                             |                          | P<br>M                     | Delegation of Duties |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |     |
| 38  | Record and minute all operations and recommendations by the Bid Adjudication Committee.   |                            |                                |                                     |                         |                                  |                              |                      |                         | V<br>M            |                             |                          | P<br>M                     | SCM Reg. Par 29      |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |     |

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|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|---------------------|-----|
| 39  | A Bid Adjudication Committee to whom or which the power to make final awards has been sub-delegated must, within five days of the end of each month, submit to the Municipal Manager a written report containing particulars of each final award made by such committee during that month, including - |                            |                                |                                     |                         |                                  |                              |                      |                         |                   |                             |                          |                            |             |               |                |                     |     |



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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|--------------------------------------|--------------------------------------|-----|
|     | <ul style="list-style-type: none"> <li>the amount of the award;</li> <li>the name of the person to whom the award was made; and</li> <li>the reason why the award was made to that person.</li> </ul> |                            |                                |                                     |                         |                                  |                              |                      |                         | V<br>M            |                             | P<br>M                   |                            | SCM<br>Reg.<br>Par 29 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |     |
| 40  | The Municipal Manager may at any stage of the bidding process, refer any recommendation back to the Bid Evaluation Committee or Bid Adjudication Committee to reconsider a recommendation.            |                            |                                |                                     |                         |                                  |                              |                      |                         | P<br>M            |                             | V<br>M                   | V<br>M                     | SCM<br>Reg.<br>Par 29 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |     |



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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|--------------------------------------|--------------------------------------|-----|
| 41  | If for any reason the Municipal Manager awards a tender to an other bidder other than the recommended bidder, the Municipal Manager must, within 10 working days, notify in writing the Auditor-General, Provincial Treasury and National Treasury the reasons for the deviation. |                            |                                |                                     |                         |                                  |                              |                      |                         | P<br>M            |                             | V<br>M                   | V<br>M                     | SCM<br>Reg.<br>Par 29 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |     |
| 42  | Issue a letter to the successful bidder and inform the unsuccessful bidders of the result and their right to object.  |                            |                                | P<br>W                              |                         | V<br>W                           | R<br>M                       | V<br>W               |                         |                   |                             |                          |                            |                       |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |     |

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|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|--------------|---------------|--------------------------------------|--------------------------------------|---------------------------------------|
| 43  | Send results of the Competitive Bidding Process to the Website Administrator to place results on website.   |                            |                                | P<br>W                              |                         | V<br>W                           | R<br>M                       | V<br>W               |                         |                   |                             |                          |                            | MFMA<br>S 75 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Proof of results published on website |
| 44  | Allow 14 days for objections or complaints. If grounds of urgency or emergency is applicable, shorter objection periods may be instituted by the Accounting Officer in terms of the SCM policy. |                            |                                | P<br>W                              |                         | V<br>W                           | R<br>M                       | V<br>W               |                         |                   |                             |                          |                            | MFMA<br>S 75 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                                       |

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|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|--------------------------------------|--------------------------------------|-----|
| 45  | If the supply of the goods or services are conditional and a contract is applicable, inform the legal department to prepare a draft contract (Service-Level Agreement). If the supply of goods or services are unconditional, proceed to process 53. |                            |                                | V<br>W                              |                         | V<br>W                           | R<br>M                       | P<br>W               |                         |                   |                             |                          |                            | SCM<br>Reg.<br>Par 19 |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |     |

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| No. | Procedure   | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item                  | KPI                                  |
|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|--------------------------------------|--------------------------------------|
| 46  | Review the draft contract (Service-Level Agreement) to ensure that risks are avoid or limited and that the contract satisfy the conditions and specifications as requested. The contract must also include:<br>• Terms and conditions of the contract or agreement; |                            |                                | P<br>W                              |                         | V<br>W                           | R<br>M                       | P<br>W               |                         |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item                  | KPI                                  |
|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|--------------------------------------|--------------------------------------|
|     | <ul style="list-style-type: none"> <li>The termination of the contract or agreement in the case of non- or under- performance; and</li> <li>Dispute resolution mechanisms to settle disputes between the parties.</li> </ul> |                            |                                | P<br>W                              |                         | V<br>W                           | R<br>M                       | P<br>W               |                         |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |
| 47  | Send contract to the Municipal Manager or delegated official to sign contract.   |                            |                                | P<br>W                              |                         | V<br>W                           | R<br>M                       | V<br>W               |                         |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Signed contract                      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation | GRAP Standard | GRAP Line-Item                       | Proposed mSCOA Item                  | KPI             |
|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|--------------------------------------|--------------------------------------|-----------------|
| 48  | Send contract to the Service Provider via registered post.   |                            | P<br>W                         |                                     |                         | V<br>W                           | R<br>M                       | V<br>W               |                         |                   |                             |                          |                            |             |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Signed contract |
| 49  | Receive signed contract from the Service Provider.           |                            | P<br>W                         |                                     |                         | V<br>W                           | R<br>M                       | V<br>W               |                         |                   |                             |                          |                            |             |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Signed contract |
| 50  | Document contract reference number in the Contract Register. |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            |             |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                 |
| 51  | Send a copy of the signed contract to PMU.                   |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              | V<br>W               |                         |                   |                             |                          |                            |             |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                 |
| 52  | File signed contract for future reference.                   |                            | P<br>W                         | V<br>W                              |                         | R<br>W                           |                              |                      |                         |                   |                             |                          |                            |             |               | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                 |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item                  | KPI                                  |                |
|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|--------------------------------------|--------------------------------------|----------------|
| 53  | Issue an order in triplicate, by using all segments of mSCOA. Issue order only if all above processes have been completed. |                            | P<br>D                         | V<br>D                              |                         | R<br>M                           |                              |                      |                         |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Approved Order |
| 54  | Send order, with supporting documentation, to the Accountant: Supply Chain Management for approval.                        |                            | P<br>D                         | V<br>D                              |                         | R<br>M                           |                              |                      |                         |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                |
| 55  | Verify order for accuracy and completeness, including accuracy and completeness of all segments of mSCOA.                  |                            | V<br>D                         | P<br>D                              |                         | R<br>M                           |                              |                      |                         |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation           | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item                  | KPI                                  |                                 |
|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-----------------------|---------------|----------------|--------------------------------------|--------------------------------------|---------------------------------|
| 56  | Approve order by signing the order.  |                            | V<br>D                         | P<br>D                              |                         | R<br>M                           |                              |                      |                         |                   |                             |                          |                            |                       |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Approved<br>Order               |
| 57  | Capture deviation from the Supply Chain Management processes in the Deviations Register.     |                            |                                | P<br>M                              |                         | V<br>M                           |                              |                      | R<br>M                  |                   |                             |                          |                            | SCM<br>Reg.<br>Par 36 |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Deviations<br>Register          |
| 58  | Report deviations from the Supply Chain Management Processes to the Chief Financial Officer. |                            |                                | P<br>M                              |                         | V<br>M                           |                              |                      | R<br>M                  |                   |                             |                          |                            | SCM<br>Reg.<br>Par 36 |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Monthly<br>Deviations<br>Report |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item                  | KPI                                  |
|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|--------------------------------------|--------------------------------------|
| 59  | Send a copy of the order to the Head of Department requesting the order.   |                            |                                | P<br>D                              |                         | R<br>D                           |                              | V<br>D               |                         |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |
| 60  | Capture order on the financial system, within 1 working day, if not integrated with the SCM system.  |                            | P<br>D                         | R<br>D                              |                         | V<br>D                           |                              |                      |                         |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |
| 61  | Print proof that order was captured on the financial system.   |                            | P<br>D                         | R<br>D                              |                         | V<br>D                           |                              |                      |                         |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |
| 62  | Send copy of order, with requisition form and all other supporting documentation to the Creditors Department, if not integrated with the SCM system. |                            | P<br>D                         | R<br>D                              |                         | V<br>D                           |                              |                      |                         |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item                  | KPI                                  |
|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|--------------------------------------|--------------------------------------|
| 63  | The Creditors Department follows normal payment procedures as set out in section 6.4.2.                         |                            |                                |                                     | P<br>D                  |                                  | R<br>D                       |                      | V<br>M                  |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |
| 64  | Monitor terms and conditions of the contract and maintain the Contract Register.                                |                            |                                | P<br>M                              |                         |                                  | V<br>M                       |                      | R<br>M                  | R<br>A            |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |
| 65  | Prepare monthly report for all consultancy services.  |                            |                                | P<br>M                              |                         |                                  | V<br>M                       |                      | R<br>M                  |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |
| 66  | Review and evaluate that work performed by consultancy services is according to their Service-Level Agreements. |                            |                                | P<br>M                              |                         |                                  | V<br>M                       | V<br>M               | R<br>M                  |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item                  | KPI                                  |                                     |
|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|--------------------------------------|--------------------------------------|-------------------------------------|
| 67  | Submit a monthly report on work performed by consultancy services to the Municipal Manager.            |                            |                                | P<br>M                              |                         |                                  | V<br>M                       |                      | V<br>M                  | R<br>M            |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Report on<br>work by<br>Consultants |
| 68  | Prepare a monthly report for all construction project contracts.                                       |                            |                                | P<br>M                              |                         |                                  | V<br>M                       |                      | R<br>M                  |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                                     |
| 69  | Review and evaluate that work performed by contractors is according to their Service-Level Agreements. |                            |                                | P<br>M                              |                         |                                  | V<br>M                       | V<br>M               | R<br>M                  |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                                     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item                  | KPI                                  |                                     |
|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|--------------------------------------|--------------------------------------|-------------------------------------|
| 70  | Submit a monthly report on work performed by contractors to the Municipal Manager. The report must also indicate if construction projects are on schedule. |                            |                                | P<br>M                              |                         |                                  | V<br>M                       |                      | V<br>M                  | R<br>M            |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Report on<br>work by<br>Contractors |
| 71  | Prepare a monthly report for all ICT goods and/or services procured.   |                            |                                | P<br>M                              |                         |                                  | V<br>M                       |                      | R<br>M                  |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                                     |
| 72  | Review and evaluate that work performed by the ICT Service Providers is according to their Service-Level Agreements.                                       |                            |                                | P<br>M                              |                         |                                  | V<br>M                       | V<br>M               | R<br>M                  |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                                     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item                  | KPI                                  |   |
|-----|--|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|--------------------------------------|--------------------------------------|---|
| 73  | Submit a monthly report on work performed by the ICT Service Providers to the Municipal Manager. |                            |                                | P<br>M                              |                         |                                  | V<br>M                       |                      | V<br>M                  | R<br>M            |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Report on work by ICT Service Providers |
| 74  | Prepare a monthly report for variances in orders.  |                            |                                | P<br>M                              |                         |                                  | V<br>M                       |                      | R<br>M                  |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |   |
| 75  | Obtain reasons for all variation in orders.  |                            |                                | P<br>M                              |                         |                                  | V<br>M                       | V<br>M               | R<br>M                  |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |   |
| 76  | Submit a monthly report on variation in orders to the Municipal Manager.                         |                            |                                | P<br>M                              |                         |                                  | V<br>M                       |                      | V<br>M                  | R<br>M            |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Report on variation orders              |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Leader Worker (Supervisor) | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Heads of Departments | Chief Financial Officer | Municipal Manager | Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item                  | KPI                                  |                                  |
|-----|---|----------------------------|--------------------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|----------------------|-------------------------|-------------------|-----------------------------|--------------------------|----------------------------|-------------|---------------|----------------|--------------------------------------|--------------------------------------|----------------------------------|
| 77  | Prepare a monthly report for all extensions of contracts.                   |                            |                                | P<br>M                              |                         |                                  | V<br>M                       |                      | R<br>M                  |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                                  |
| 78  | Obtain reasons for all extensions of contracts.                             |                            |                                | P<br>M                              |                         |                                  | V<br>M                       | V<br>M               | R<br>M                  |                   |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure |                                  |
| 79  | Submit monthly a report on extension of contracts to the Municipal Manager. |                            |                                | P<br>M                              |                         |                                  | V<br>M                       |                      | V<br>M                  | R<br>M            |                             |                          |                            |             |               |                | Capital/<br>Operating<br>Expenditure | Capital/<br>Operating<br>Expenditure | Report on extension of contracts |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for performing Competitive Bidding accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| DS   |          |           |      |
| LW   |          |           |      |
| CSCM |          |           |      |
| ASCM |          |           |      |
| AE   |          |           |      |
| MSCM |          |           |      |
| HAE  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for performing Competitive Bidding approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.3.5 Procedures for Monthly Meetings (SCM Unit)

| No. | Procedure  | Manager: Supply Chain Management | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI   |
|-----|--|----------------------------------|------------------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|---|
| 1   | CFO holds monthly meeting with the Manager: Supply Chain Management and the Head: Assets and Expenditure to discuss exceptions identified during the month.                            | PM                               | PM                           | PM                      | RM                |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Number of meetings per year                                     |
| 2   | Determine corrective action to be taken to prevent or reduce similar exceptions.   | PM                               | PM                           | PM                      | RM                |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Number of outstanding findings and findings solved during year. |
| 3   | Submit pre-audit checklist to the CFO as proof that tasks have been performed and work performed was verified as correct by relevant officials.  |                                  | PM                           | RM                      |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Number of pre-audit checklists per year.                        |
| 4   | Submit report on bidders that have abused the SCM system, committed fraud or any other improper conduct or has failed to perform on a previous contract to the CFO, for investigation. | PM                               | PM                           | VM                      | RM                |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Monthly report on fraud and improper conduct                    |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for Monthly Meetings (SCM Unit) accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| MSCM |          |           |      |
| HAE  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for Monthly Meetings (Creditors Department) approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

### 7.4 RECORDING AND PAYMENT

The accounting officer of a municipality must take all reasonable steps, in terms of section 65(2) of the Municipal Finance Management Act (Act 56 of 2003), to ensure that:

- a) The municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;
- b) The municipality has and maintains a management, accounting and information system which —
  - (i) recognises expenditure when it is incurred;
  - (ii) accounts for creditors of the municipality; and
  - (iii) accounts for payments made by the municipality;
- c) The municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework;
- d) The municipality's supply chain management policy is implemented in a way that is fair, equitable, transparent, competitive and cost-effective;

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.4.1 Procedures for performing Recording of Invoices

| No. | Procedure  | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI |
|-----|--|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|-----|
| 1   | Receive copy of order, with requisition form and all other supporting documentation from the Clerk: Supply Chain Management. | VD                             | PD                 |                                     | RD                      |                                  |                              |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 2   | File the order with supporting documentation in alphabetic order.  | VD                             | PD                 |                                     | RD                      |                                  |                              |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 3   | Receive invoices from the suppliers.   |                                | PD                 |                                     | VD                      |                                  | RW                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation  | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI |
|-----|---|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|--------------|---------------|---------------------------------|---------------------------------|-----|
| 4   | Review invoice for completeness, by verifying with authorised order: <ul style="list-style-type: none"> <li>• Name of Supplier;</li> <li>• Amount on invoice;</li> <li>• Order Number;</li> <li>• VAT Number;</li> <li>• VAT Amount;</li> <li>• Item Ordered; and</li> <li>• Quantity ordered.</li> </ul> |                                | PD                 |                                     | VD                      |                                  | RW                           |                   |                         |                   | VAT Act S 20 | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 5   | Request any shortcomings from supplier and request supplier to correct invoice if needed.   |                                | PD                 |                                     | VD                      |                                  | RW                           |                   |                         |                   |              | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI               |
|-----|--|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|-------------------|
| 6   | Send invoice with supporting documentation received from the Clerk: Supply Chain Management to the Head of Department who has ordered the goods or services. |                                | PD                 |                                     | VD                      |                                  | RW                           | VD                |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |                   |
| 7   | Sign invoice that goods or services were received and that mSCOA segments are correct. (Refer to section 7.6.2 for procedures if goods were received)        |                                | VD                 |                                     | VD                      |                                  | RW                           | PD                |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure | Approved Invoices |
| 8   | Send signed invoice to the Clerk: Expenditure.   |                                | VD                 |                                     | VD                      |                                  | RW                           | PD                |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |                   |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI                 |
|-----|---|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|---------------------|
| 9   | Create a Goods Received Note on the financial system for services rendered. Pay special attention to correctness of all segments of mSCOA. (See procedures in section 7.6.2 for Goods Received) |                                | PD                 |                                     | VD                      |                                  | RW                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure | Goods Received Note |
| 10  | Make copy of order if all services and/or goods were not invoiced, and document items / services not received.  |                                | PD                 |                                     | VD                      |                                  | RW                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |                     |
| 11  | File copy of orders in alphabetic order.  |                                | PD                 |                                     | VD                      |                                  | RW                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |                     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI |
|-----|--|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|-----|
| 12  | <p>Payment vouchers for fixed period contract debit orders:</p> <ul style="list-style-type: none"> <li>• Prepare all payment vouchers at the time of signing the contract. This includes the completion of all segments of mSCOA;</li> <li>• Make copies of supporting documentation and attached to each payment voucher;</li> <li>• Document on each payment voucher the period for the payment and the remaining periods;</li> <li>• Release each payment voucher systematically at each month/period.</li> </ul> |                                | PD                 |                                     | VD                      |                                  | RW                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI |
|-----|---|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|-----|
| 13  | Capture signed invoice on the financial system, by using all segments of mSCOA.                             |                                | PD                 |                                     | VD                      |                                  | RW                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 14  | Verify available budget amount, to avoid any Unauthorised Expenditure.                                      |                                | PD                 |                                     | VD                      |                                  | RW                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 15  | Attach supporting documentation to invoice and file in alphabetic order till monthly statement is received. |                                | PD                 |                                     | VD                      |                                  | RW                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 16  | Review invoices on daily/weekly basis to ensure that all invoices are paid within 30 days.                  |                                | VD                 |                                     | PD                      |                                  | RW                           |                   | RM                      |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for the performing recording of invoices accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| CSCM |          |           |      |
| CE   |          |           |      |
| ASCM |          |           |      |
| AE   |          |           |      |
| MSCM |          |           |      |
| HAE  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for the performing of recording of invoices approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.4.2 Procedures for performing Payment of Invoices

| No. | Procedure  | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI                              |
|-----|--|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|----------------------------------|
| 1   | Receive monthly statement from the supplier. If no statement is received within 20 days of date of invoice, request invoice from the supplier. |                                | PD                 |                                     | VD                      |                                  | RW                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure | Supplier Statements              |
| 2   | Reconcile the monthly statement with invoices received and information captured on the financial system.                                       |                                | PM                 |                                     | RM                      |                                  | VM                           |                   |                         |                   | MFMA S 65   | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure | Monthly Creditors Reconciliation |
| 3   | Request any outstanding supporting documentation from the supplier.  |                                | PM                 |                                     | RM                      |                                  | VM                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |                                  |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI                              |
|-----|---|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|----------------------------------|
| 4   | Prepare a payment advice.   |                                | PM                 |                                     | RM                      |                                  | VM                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |                                  |
| 5   | Send payment advice to the Accountant: Expenditure.   |                                | PM                 |                                     | VM                      |                                  | RM                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure | Payment Advice                   |
| 6   | Review the creditors' reconciliation and compare payment advice with information capture on the financial system. |                                |                    |                                     | PM                      |                                  | RM                           |                   | VM                      |                   | MFMA S 65   | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure | Monthly Creditors Reconciliation |
| 7   | Review if VAT was recorded correctly on the financial system.   |                                |                    |                                     | PM                      |                                  | RM                           |                   | VM                      |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |                                  |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI            |
|-----|--|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|----------------|
| 8   | Review name of the Supplier, amount payable and all segments of mSCOA used.  |                                |                    |                                     | PM                      |                                  | RM                           |                   | VM                      |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |                |
| 9   | Sign the payment advice as proof of review and that all supporting documentation was obtained.   |                                |                    |                                     | PM                      |                                  | RM                           |                   | VM                      |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure | Payment Advice |
| 10  | Send payment advice to the Head: Assets and Expenditure.   |                                |                    |                                     | PM                      |                                  | RM                           |                   | VM                      |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |                |
| 11  | Review payment advice and sign as proof of review and that all supporting documentation was obtained and that all segments of mSCOA are correct. |                                |                    |                                     |                         |                                  | PM                           |                   | VM                      |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |                |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI |
|-----|---|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|-----|
| 12  | Send all documentation (Copy of order, GRN issued and Invoice) to the Accountant: Expenditure to print remittance advice. |                                |                    |                                     | VM                      |                                  | PM                           |                   | VM                      |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 13  | Send supporting documentation with remittance advice to the Accountant: Supply Chain Management to load payment.          |                                |                    | VM                                  | PM                      |                                  | RM                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 14  | Capture payment on the EFT System.  |                                |                    | PM                                  | VM                      |                                  | RM                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 15  | Review bank account number of the Supplier.   |                                |                    | PM                                  | VM                      |                                  | RM                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI |
|-----|--|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|-----|
| 16  | Two duly authorised signatures to authorise payment. |                                |                    | VM                                  | VM                      |                                  | RM                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 17  | Stamp invoice as paid.                               |                                | PM                 |                                     | VM                      |                                  | RM                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 18  | Send a remittance advice to the supplier.            |                                | PM                 |                                     | VM                      |                                  | RM                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 19  | File documentation in numeric order per month.       |                                | PM                 |                                     | VM                      |                                  | RM                           |                   |                         |                   |             | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI |
|-----|--|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|-----|
| 20  | Report all payments not made within 30 days of receiving of invoice, to the Municipal Manager. |                                |                    |                                     | PM                      | VM                               |                              |                   | VM                      | RM                | MFMA S 65   | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |
| 21  | Report all payments not made within 30 days and corrective actions to be taken, to the Mayor.  |                                |                    |                                     |                         |                                  |                              |                   | VM                      | PM                | MFMA S 65   | GRAP 1        | Capital / Operating Expenditure | Capital / Operating Expenditure |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for the performing payment of invoices accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| CSCM |          |           |      |
| CE   |          |           |      |
| ASCM |          |           |      |
| AE   |          |           |      |
| MSCM |          |           |      |
| HAE  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for the performing of payment of invoices approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.4.3 Procedures for performing Month-end Procedures

| No. | Procedure   | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI                        |
|-----|---|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|----------------------------|
| 1   | Run month-end reports, showing all segments of mSCOA.   |                                |                    |                                     | PM                      |                                  | VM                           |                   | RM                      |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Month-end Reports          |
| 2   | Review open orders and follow-up all orders older than 30 days with the Head of Departments.    |                                |                    |                                     | PM                      |                                  | VM                           | VM                | RM                      |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Monthly Open Orders Report |
| 3   | Review age analysis and follow-up all balances older than 30 days with the Head of Departments. |                                |                    |                                     | PM                      |                                  | VM                           | VM                | RM                      |                   | MFMA S 65   |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Monthly Age Analysis       |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI  |
|-----|--|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|--|
| 4   | Review partial invoices and follow-up all outstanding goods and services older than 30 days with the Head of Departments.          |                                |                    |                                     | PM                      |                                  | VM                           | VM                | RM                      |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Report for Partial Invoices                |
| 5   | Review goods received but no invoice reported, and obtain invoices from all Head of Departments within 3 working days.             |                                |                    |                                     | PM                      |                                  | VM                           | VM                | RM                      |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Report for Goods Received but not Invoiced |
| 6   | Follow procedures as set out in 7.6.1 to record the invoices for goods received but not invoiced in the correct accounting period. |                                |                    |                                     | PM                      |                                  | VM                           | VM                | RM                      |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure |  |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI  |
|-----|--|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|--|
| 7   | Review report for items exceeding pre-set tolerance levels and obtain reasons from all Head of Departments.  |                                |                    |                                     | PM                      |                                  | VM                           | VM                | RM                      |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Report for Items exceeding pre-set tolerance levels              |
| 8   | Submit a report for items exceeding pre-set tolerance levels with reasons for exceeding to the Head: Assets and Expenditure for reporting during monthly meetings.                           |                                |                    |                                     | PM                      |                                  | VM                           | VM                | RM                      |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Report for Items exceeding pre-set tolerance levels with reasons |
| 9   | Review all control, clearing and interface accounts and verify that all control, clearing and interface accounts were cleared by responsible departments / sections within the Municipality. |                                |                    |                                     | VM                      |                                  | PM                           | VM                | RM                      |                   | MFMA S 65   |               | Capital / Operating Expenditure | Capital / Operating Expenditure |  |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Clerk: Supply Chain Management | Clerk: Expenditure | Accountant: Supply Chain Management | Accountant: Expenditure | Manager: Supply Chain Management | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item                  | Proposed mSCOA Item             | KPI   |
|-----|--|--------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|---------------------------------|---------------------------------|---|
| 10  | Obtain reconciliations for all control, clearing and interface accounts, with balances, from departments / sections within the Municipality.                       |                                |                    |                                     | VM                      |                                  | PM                           | VM                | RM                      |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure |   |
| 11  | Review the reconciliations and sign as proof of review.  |                                |                    |                                     | VM                      |                                  | PM                           | VM                | RM                      |                   | MFMA S 65   |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Reconciliations of Clearings Accounts                           |
| 12  | File the signed reconciliation for future reference.   |                                |                    |                                     | PM                      |                                  | VM                           | PM                | RM                      |                   |             |               | Capital / Operating Expenditure | Capital / Operating Expenditure |   |
| 13  | Perform an annual reconciliation between information of suppliers on the financial system and information on the list of accredited prospective Service Providers. | PA                             | PA                 | VA                                  | VA                      |                                  | RA                           |                   |                         |                   | MFMA S 65   |               | Capital / Operating Expenditure | Capital / Operating Expenditure | Annual Reconciliation between Creditors Ledger and SCM Database |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for performing of month-end procedures accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| DS   |          |           |      |
| LW   |          |           |      |
| CSCM |          |           |      |
| ASCM |          |           |      |
| AE   |          |           |      |
| MSCM |          |           |      |
| HAE  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for performing of month-end procedures approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.4.4 Procedures for Monthly Meetings (Creditors Department)

| No. | Procedure   | Accountant: Expenditure | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI   |
|-----|---|-------------------------|------------------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|---|
| 1   | CFO holds monthly meeting with the Accountant Expenditure and the Head: Assets and Expenditure to discuss exceptions identified during the month. | PM                      | PM                           | PM                      | RM                |             |               | Payables       | Payables            | Number of meetings per year                                     |
| 2   | Determine corrective action to be taken to prevent or reduce similar exceptions.  | PM                      | PM                           | PM                      | RM                |             |               | Payables       | Payables            | Number of outstanding findings and findings solved during year. |
| 3   | Submit pre-audit checklist to the CFO as proof that tasks have been performed and work performed was verified as correct by relevant officials.   |                         | PM                           | RM                      |                   |             |               | Payables       | Payables            | Number of pre-audit checklists per year.                        |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for Monthly Meetings (Creditors Department) accepted by:

|     | Employee | Signature | Date |
|-----|----------|-----------|------|
| AE  |          |           |      |
| HAE |          |           |      |
| CFO |          |           |      |
| MM  |          |           |      |

### Procedures for Monthly Meetings (Creditors Department) approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

### 7.5 SALARIES AND WAGES

The accounting officer of a municipality must take all reasonable steps, in terms of section 65(2) of the Municipal Finance Management Act (Act 56 of 2003), to ensure that:

- a) The municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;
- b) The municipality has and maintains a management, accounting and information system which —
  - (i) recognises expenditure when it is incurred;
  - (ii) accounts for creditors of the municipality; and
  - (iii) accounts for payments made by the municipality;
- b) The municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework;
- d) The municipality's supply chain management policy is implemented in a way that is fair, equitable, transparent, competitive and cost-effective;



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.5.1 Procedures for performing Salary Run

| No. | Procedure   | Clerk: Human Resources | Clerk: Salaries | Manager: Human Resources | Accountant: Expenditure | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI                                   |
|-----|---|------------------------|-----------------|--------------------------|-------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|-----------------------|-----------------------|---------------------------------------|
| 1   | Send "Salary Certification" report, indicating all employees per department, to Head of Departments. The "Salary Certification Report" must include all new appointments. |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost |                                       |
| 2   | Indicate on report if employee was at work for the whole month or comment if it was not the case.   |                        | VM              |                          | RM                      |                              | PM                |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost |                                       |
| 3   | Sign the "Salary Certification" report.   |                        | VM              |                          | RM                      |                              | PM                |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost |                                       |
| 4   | Send signed "Salary Certification" report to the Clerk: Salaries.   |                        | VM              |                          | RM                      |                              | PM                |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost | Monthly "Salary Certification" report |
| 5   | Capture any changes on the Payroll System.  |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost |                                       |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Clerk: Human Resources | Clerk: Salaries | Manager: Human Resources | Accountant: Expenditure | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI                       |
|-----|--|------------------------|-----------------|--------------------------|-------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|-----------------------|-----------------------|---------------------------|
| 6   | Print an audit trail of changes made.  |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost | Signed audit trail        |
| 7   | Review the audit trail and sign as proof of review.  |                        | VM              |                          | PM                      | VM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost | Signed audit trail        |
| 8   | Perform a backup of the Payroll System on the 24th of each month.  |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost | Monthly backup            |
| 9   | Perform a Salary Test Run.   |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost |                           |
| 10  | Resolve any deviations, including misallocations of segments of mSCOA.   |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost |                           |
| 11  | Perform a final Salary Run.  |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost |                           |
| 12  | Review the final Salary Run and sign as proof of the review. The review process should include a review of segments of mSCOA used. |                        | VM              |                          | PM                      | RM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost | Signed monthly salary run |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Clerk: Human Resources | Clerk: Salaries | Manager: Human Resources | Accountant: Expenditure | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI                          |
|-----|---|------------------------|-----------------|--------------------------|-------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|-----------------------|-----------------------|------------------------------|
| 13  | Save a back-up of the final Salary Run.   |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost |                              |
| 14  | Import salary payments into the EFT Banking System.   |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost |                              |
| 15  | Reconcile net remuneration per salary register with net remuneration imported into the EFT Banking System, and sign reconciliation. |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost | Signed salary reconciliation |
| 16  | Review the salary reconciliation and sign as proof of review.   |                        | VM              |                          | PM                      | RM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost | Signed salary reconciliation |
| 17  | File the reviewed reconciliation for future purposes.   |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost | Signed salary reconciliation |
| 18  | Duly authorised signatures approve the EFT payment.   |                        |                 |                          |                         | PM                           |                   | PM                      | PM                |             | GRAP 25       | Employee Related Cost | Employee Related Cost |                              |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Clerk: Human Resources | Clerk: Salaries | Manager: Human Resources | Accountant: Expenditure | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI |
|-----|---|------------------------|-----------------|--------------------------|-------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|-----------------------|-----------------------|-----|
| 19  | Perform a physical verification of all employees against the payroll by requesting employees to present their Identification Documents during the head count. |                        | PA              |                          | VA                      | RA                           |                   |                         |                   |             | GRAP 25       | Employee Related Cost | Employee Related Cost |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for performing salary run accepted by:

|     | Employee | Signature | Date |
|-----|----------|-----------|------|
| CHR |          |           |      |
| CS  |          |           |      |
| MHR |          |           |      |
| AE  |          |           |      |
| OD  |          |           |      |
| HAE |          |           |      |
| CFO |          |           |      |
| MM  |          |           |      |

### Procedures for performing salary run approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.5.2 Procedures for Third Party Payments

| No. | Procedure  | Clerk: Human Resources | Clerk: Salaries | Manager: Human Resources | Accountant: Expenditure | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI                         |
|-----|--|------------------------|-----------------|--------------------------|-------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|-----------------------|-----------------------|-----------------------------|
| 1   | Extract third party payments report from the Payroll System.   |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost | Third party payments report |
| 2   | Print the third party report.  |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |                             |
| 3   | Prepare a remittance advice containing the name of third party, amount and all segments of mSCOA.                  |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost | Remittance advice           |
| 4   | Send the remittance advice, with supporting documentation from the Payroll System, to the Accountant: Expenditure. |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |                             |
| 5   | Review the remittance advice and sign as proof of review.  |                        |                 |                          | PM                      | RM                           |                   | VM                      |                   |             |               | Employee Related Cost | Employee Related Cost | Signed remittance advice    |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Clerk: Human Resources | Clerk: Salaries | Manager: Human Resources | Accountant: Expenditure | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI                                   |
|-----|--|------------------------|-----------------|--------------------------|-------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|-----------------------|-----------------------|---------------------------------------|
| 6   | Follow normal payment procedures.  |                        |                 |                          | PM                      | RM                           |                   | VM                      |                   |             |               | Employee Related Cost | Employee Related Cost |                                       |
| 7   | Send proof of payment, with supporting documentation, to all third parties.        |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost | Proof of Payment                      |
| 8   | Reconcile salary control accounts monthly.   |                        | PM              |                          | RM                      | VM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |                                       |
| 9   | Review reconciliations of salary control accounts and sign as proof of the review. |                        | VM              |                          | PM                      | RM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost | Signed Salary Control Reconciliations |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

---

### Procedures for third party payments accepted by:

|     | Employee | Signature | Date |
|-----|----------|-----------|------|
| CHR |          |           |      |
| CS  |          |           |      |
| MHR |          |           |      |
| AE  |          |           |      |
| OD  |          |           |      |
| HAE |          |           |      |
| CFO |          |           |      |
| MM  |          |           |      |

### Procedures for third party payments approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.5.3 Procedures for Resignation / Termination of Employment

| No. | Procedure  | Clerk: Human Resources | Senior Clerk: Salaries | Manager: Human Resources | Accountant: Expenditure | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI |
|-----|--|------------------------|------------------------|--------------------------|-------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|-----------------------|-----------------------|-----|
| 1   | Receive letter of termination.   | PM                     |                        | VM                       |                         |                              | VM                |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 2   | Prepare a memorandum of termination.   | PM                     |                        | VM                       |                         |                              | VM                |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 3   | Include leave days payable till last effective day of work in memorandum.      | PM                     |                        | VM                       |                         |                              | VM                |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 4   | Send memorandum with supporting documentation to the Manager: Human Resources. | PM                     |                        | VM                       |                         |                              | VM                |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 5   | Review memorandum and supporting documentation, and sign as proof of review.   |                        |                        | PM                       |                         |                              |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 6   | Prepare an "Exit Form".  | VM                     |                        | PM                       |                         |                              | RM                |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Clerk: Human Resources | Senior Clerk: Salaries | Manager: Human Resources | Accountant: Expenditure | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI |
|-----|---|------------------------|------------------------|--------------------------|-------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|-----------------------|-----------------------|-----|
| 7   | Send "Exit Form" to the Head of Department.   | PM                     |                        | RM                       |                         |                              | VM                |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 8   | Indicate any outstanding debt and municipal assets in employee's possession.                | VM                     |                        |                          |                         | RM                           | PM                |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 9   | Send completed "Exit Form" to the Clerk: Human Resources.                                   | VM                     |                        | RM                       |                         |                              | PM                |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 10  | Employee who resigns/ whose contract is terminated to complete a "Benefit Withdrawal Form". | VM                     |                        | RM                       |                         |                              | PM                |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 11  | File the "Exit Form" in employee file.  | PM                     | VM                     | RM                       |                         |                              |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 12  | Inform third parties of termination.  | PM                     | VM                     | RM                       |                         |                              |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Clerk: Human Resources | Senior Clerk: Salaries | Manager: Human Resources | Accountant: Expenditure | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI |
|-----|--|------------------------|------------------------|--------------------------|-------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|-----------------------|-----------------------|-----|
| 13  | Send employee file to the Clerk: Salaries.   | PM                     | VM                     | RM                       |                         |                              |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 14  | Make adjustments on the Payroll System.  | VM                     | PM                     |                          | RM                      |                              |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 15  | Print an audit trail of adjustments made.  | VM                     | PM                     |                          | RM                      |                              |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 16  | Review adjustments and sign as proof of the review.  |                        | VM                     |                          | PM                      | RM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 17  | Perform the Final Payment Run. The Final Payment Run should include all segments of mSCOA. |                        | PM                     |                          | RM                      | VM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |
| 18  | Mark terminated employee as "discharged" on the Payroll System.                            | PM                     |                        |                          | RM                      | VM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Clerk: Human Resources | Senior Clerk: Salaries | Manager: Human Resources | Accountant: Expenditure | Head: Assets and Expenditure | Other Departments | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI                |
|-----|---|------------------------|------------------------|--------------------------|-------------------------|------------------------------|-------------------|-------------------------|-------------------|-------------|---------------|-----------------------|-----------------------|--------------------|
| 19  | Send employee file to the Clerk: Human Resources.                                 | VM                     | PM                     |                          | RM                      |                              |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |                    |
| 20  | Maintain employee file for 5 years after termination.                             | PM                     |                        | RM                       |                         |                              | VM                |                         |                   |             |               | Employee Related Cost | Employee Related Cost |                    |
| 21  | Print audit trail of changes to the Master Data File on the Payroll System.       |                        | PM                     |                          | RM                      | VM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost | Signed audit trail |
| 22  | Review audit trail and sign as proof of the review.                               |                        | VM                     |                          | PM                      | RM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost | Signed audit trail |
| 23  | Maintain signed audit trail for audit purposes.                                   |                        | PM                     |                          | RM                      | VM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |                    |
| 24  | Inform the ICT Manager of resignation to revoke access to systems and facilities. |                        | PM                     |                          | VM                      | RM                           |                   |                         |                   |             |               | Employee Related Cost | Employee Related Cost |                    |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for resignation/termination of employment accepted by:

|     | Employee | Signature | Date |
|-----|----------|-----------|------|
| CHR |          |           |      |
| CS  |          |           |      |
| MHR |          |           |      |
| AE  |          |           |      |
| OD  |          |           |      |
| HAE |          |           |      |
| CFO |          |           |      |
| MM  |          |           |      |

### Procedures for resignation/termination of employment approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.5.4 Procedures for Monthly Meetings (Salary Department)

| No. | Procedure   | Accountant: Expenditure | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item        | Proposed mSCOA Item   | KPI   |
|-----|---|-------------------------|------------------------------|-------------------------|-------------------|-------------|---------------|-----------------------|-----------------------|---|
| 1   | CFO holds monthly meeting with the Accountant Expenditure and the Head: Assets and Expenditure to discuss exceptions identified during the month. | PM                      | PM                           | PM                      | RM                |             |               | Employee Related Cost | Employee Related Cost | Number of meetings per year                                     |
| 2   | Determine corrective action to be taken to prevent or reduce similar exceptions.  | PM                      | PM                           | PM                      | RM                |             |               | Employee Related Cost | Employee Related Cost | Number of outstanding findings and findings solved during year. |
| 3   | Submit pre-audit checklist to the CFO as proof that tasks have been performed and work performed was verified as correct by relevant officials.   |                         | PM                           | RM                      |                   |             |               | Employee Related Cost | Employee Related Cost | Number of pre-audit checklists per year.                        |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for Monthly Meetings (Salary Department) accepted by:

|     | Employee | Signature | Date |
|-----|----------|-----------|------|
| AE  |          |           |      |
| HAE |          |           |      |
| CFO |          |           |      |
| MM  |          |           |      |

### Procedures for Monthly Meetings (Salary Department) approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

### 7.6 INVENTORY

The accounting officer of a municipality must take all reasonable steps, in terms of section 65(2) of the Municipal Finance Management Act (Act 56 of 2003), to ensure that:

- a) The municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;
- b) The municipality has and maintains a management, accounting and information system which —
  - (i) recognises expenditure when it is incurred;
  - (ii) accounts for creditors of the municipality; and
  - (iii) accounts for payments made by the municipality;
- b) The municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework;
- d) The municipality's supply chain management policy is implemented in a way that is fair, equitable, transparent, competitive and cost-effective;



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.6.1 Procedures for Purchasing of Inventory

| No. | Procedure  | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI             |
|-----|--|----------|--------------------------------|-------------------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|-----------------|
| 1   | Set the following stores re-order levels for each inventory item:<br>• Re-order Level;<br>• Maximum Level;<br>• Minimum Level; and<br>• Emergency Level. | PA       | VA                             | VA                                  | PA                           | VA                 | RA                      |                   |             | GRAP 12       | Inventory      | Inventory           | Re-order Levels |
| 2   | Receive the approved Requisition Form for inventory purchases from the Head of Department.   | PD       |                                | RW                                  | RM                           | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                 |
| 3   | Verify if funding is available on the Project. (Project based budgeting for mSCOA)   | PD       |                                | RW                                  | RM                           | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                 |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI              |
|-----|---|----------|--------------------------------|-------------------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|------------------|
| 4   | The Inventory Requisition Form consists of the following minimum information: <ul style="list-style-type: none"> <li>• Name of Department;</li> <li>• Name of Head of Department;</li> <li>• Description of inventory to be purchased;</li> <li>• Depot where inventory must be delivered;</li> <li>• Quantity of inventory; and</li> <li>• All segments of mSCOA.</li> </ul> | PD       |                                | RD                                  | RM                           | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Requisition Form |
| 5   | Return the Requisition Form to the Head of Department if mSCOA Project/Item is spent or if there are insufficient funds.  | PD       |                                | RD                                  | RM                           | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                  |
| 6   | Obtain quotations from at least three different Service Providers, preferably from, but not limited to, Service Providers whose names appear on the list of accredited prospective Service Providers of the municipality.   | PD       |                                | RD                                  | RM                           | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                  |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI |
|-----|---|----------|--------------------------------|-------------------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|-----|
| 7   | If quotations are obtained from Service Providers who are not so listed, such Service Providers must register on the list of accredited prospective Service Providers and meet the listing criteria for accredited prospective Service Providers. | PD       |                                | RD                                  | RM                           | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |     |
| 8   | Review and sign the Requisition Form, if funds are available. The review should include a review of all segments of mSCOA.  | PD       |                                | RD                                  | RM                           | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |     |
| 9   | Send the approved Requisition Form, with quotations, to the SCM department for procurement.   | PD       | VD                             | VW                                  |                              | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |     |
| 10  | Follow normal SCM procedures as set out in section 7.3.   | VD       | PD                             | PD                                  | VD                           | VD                 | RM                      |                   |             | GRAP 12       | Inventory      | Inventory           |     |
| 11  | Receive inventory from the supplier.  | PD       | VD                             | RD                                  |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                 |
|-----|--|----------|--------------------------------|-------------------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|---------------------|
| 12  | Verify if inventory received agrees with the Goods Received Note.          | PD       | VD                             | RD                                  |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Goods Received Note |
| 13  | Sign the Goods Received Note as proof of review.                           | PD       | VD                             | RD                                  |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                     |
| 14  | Verify if inventory received agrees with the Requisition Form.             | PD       | VD                             | RD                                  |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Requisition Form    |
| 15  | Verify if items on the Goods Received Note agrees with the Tax Invoice.    | PD       | VD                             | RD                                  |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Invoice             |
| 16  | Sign invoice that goods were received.                                     | PD       | VD                             | RD                                  |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                     |
| 17  | Send the signed Goods Received Note and Tax Invoice to the SCM Department. | PD       | VD                             | RD                                  |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                     |
| 18  | Follow normal payment procedures as set out in section 7.4.                | VD       | PD                             | PD                                  | VD                           | VW                 | RM                      |                   |             | GRAP 12       | Inventory      | Inventory           |                     |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for the performing purchasing of inventory accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| SM   |          |           |      |
| CSCM |          |           |      |
| ASCM |          |           |      |
| AE   |          |           |      |
| HAE  |          |           |      |
| HOD  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for the performing purchasing of inventory approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.6.2 Procedures for Receiving of Inventory

| No. | Procedure   | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                 |
|-----|---|----------|--------------------------------|-------------------------------------|-------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|---------------------|
| 1   | Storeman receive a copy of the order from the Clerk: Supply Chain Management. | PD       | PD                             | VD                                  |                         | RM                           | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                     |
| 2   | File order forms in alphabetical order.                                       | PD       | VD                             |                                     |                         | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                     |
| 3   | Receive inventory from supplier.  | PD       | VD                             | RD                                  |                         |                              | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                     |
| 4   | Verify if inventory received agrees with the Goods Received Note.             | PD       | VD                             | RD                                  |                         |                              | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Goods Received Note |
| 5   | Sign the Goods Received Note as proof of review.                              | PD       | VD                             | RD                                  |                         |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                     |
| 6   | Make a copy of the Goods Received Note and attached copy to the Order Form.   | PD       | VD                             | RD                                  |                         |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                 |
|-----|--|----------|--------------------------------|-------------------------------------|-------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|---------------------|
| 7   | Verify if inventory received agrees with the Order Form.                           | PD       | VD                             | RD                                  |                         |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                     |
| 8   | Verify if items on the Goods Received Note agrees with the Tax Invoice.            | PD       | VD                             | RD                                  |                         |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Goods Received Note |
| 9   | Sign the Tax Invoice that goods were received.                                     | PD       | VD                             | RD                                  |                         |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Invoice             |
| 10  | Send the signed Goods Received Note and Tax Invoice to the SCM Department.         | PD       | VD                             | RD                                  |                         |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                     |
| 11  | Follow normal payment procedures as set out in section 7.4.                        | VD       | PD                             | PD                                  |                         | VD                           | VW                 | RM                      |                   |             | GRAP 12       | Inventory      | Inventory           |                     |
| 12  | Capture inventory received on the Inventory System, by using all segments of mSCOA | PD       | VD                             |                                     | RD                      |                              |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                     |
| 13  | Update the Inventory System with inventory captured.                               | VD       |                                |                                     | PD                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure                                  | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                |
|-----|--|----------|--------------------------------|-------------------------------------|-------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|--------------------|
| 14  | Print audit trail for future reference.    | VD       |                                |                                     | PD                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Signed audit trail |
| 15  | Store inventory in predetermined location. | PD       | VD                             |                                     | VD                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                    |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

---

### Procedures for the receiving of inventory accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| SM   |          |           |      |
| CSCM |          |           |      |
| ASCM |          |           |      |
| AE   |          |           |      |
| HAE  |          |           |      |
| HOD  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for the receiving of inventory approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.6.3 Procedures for Issuing of Inventory

| No. | Procedure   | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                       |
|-----|---|----------|--------------------------------|-------------------------------------|-------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|---------------------------|
| 1   | Storeman to monitor inventory levels by using Inventory Level Schedules.  | PW       |                                |                                     | VW                      | RM                           | VM                 | VM                      |                   |             | GRAP 12       | Inventory      | Inventory           | Inventory Level Schedules |
| 2   | The Inventory Level Schedule included the minimum following information: <ul style="list-style-type: none"> <li>• Last Purchase date;</li> <li>• Name of Supplier/s;</li> <li>• Description of Inventory;</li> <li>• Quantity purchased;</li> <li>• Quantity available in store;</li> <li>• Department that use inventory;</li> <li>• Last date booked out;</li> <li>• mSCOA Project; and</li> <li>• mSCOA Regional Indicator.</li> </ul> | PW       |                                |                                     | VW                      | RM                           | VM                 | VM                      |                   |             | GRAP 12       | Inventory      | Inventory           | Inventory Level Schedules |
| 3   | Send the Inventory Level Schedule monthly to all Head of Departments.   | PW       |                                |                                     | VM                      | RM                           | VM                 | VM                      |                   |             | GRAP 12       | Inventory      | Inventory           |                           |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                     |
|-----|---|----------|--------------------------------|-------------------------------------|-------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|-------------------------|
| 4   | Receive request for inventory from managers within department.  | VD       |                                |                                     | VD                      |                              | PD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                         |
| 5   | The Head of Department verify if there is sufficient inventory on hand.   | VD       |                                |                                     | VD                      |                              | PD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                         |
| 6   | Complete and sign an "Inventory Sign-out Form".   | VD       |                                |                                     | VD                      |                              | PD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                         |
| 7   | The "Inventory Sign-out Form" consists of the following: <ul style="list-style-type: none"> <li>Name of Department;</li> <li>Name of Department;</li> <li>Description of Inventory;</li> <li>Quantity of Inventory;</li> <li>Reason for issuing of inventory;</li> <li>Project name (Work in Progress);</li> <li>Project code (Work in progress);</li> <li>Location where inventory is used; and</li> <li>All other segments of mSCOA.</li> </ul> | VD       |                                |                                     | VD                      |                              | PD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Inventory Sign-out Form |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI |
|-----|--|----------|--------------------------------|-------------------------------------|-------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|-----|
| 8   | The Head of Department send the signed "Inventory Sign-out Form" to the Storeman.  | VD       |                                |                                     | VD                      |                              | PD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |     |
| 9   | If inventory needs to be installed at a consumer, send copy of receipt with the "Inventory Sign-out Form" as proof that inventory has already been paid by consumer. | VD       |                                |                                     | VD                      |                              | PD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |     |
| 10  | Verify if sufficient inventory is on hand.   | PD       |                                |                                     | RD                      |                              | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |     |
| 11  | Inform the Head of Department if insufficient inventory is available.  | PD       |                                |                                     | RD                      |                              | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |     |
| 12  | Follow the normal Supply Chain Procedures in section 7.3 if inventory needs to be ordered.   | PD       |                                |                                     | RD                      |                              | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI         |
|-----|--|----------|--------------------------------|-------------------------------------|-------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|-------------|
| 13  | Sign the "Inventory Sign-out Form" and issue inventory. Confirm that the employee receiving the goods also sign that goods were received in working order. | PD       |                                |                                     | RD                      |                              | VD                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |             |
| 14  | Capture inventory issued on the financial system by using all segments of mSCOA.   | PF       |                                |                                     | RD                      | VM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |             |
| 15  | Update the Inventory System with inventory issued.   | VD       |                                |                                     | PD                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |             |
| 16  | Print an audit trail for future reference.   | VD       |                                |                                     | PD                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |             |
| 17  | Prepare a monthly summary of all inventory issued.   | PM       |                                |                                     | RM                      | VM                           | VM                 | VM                      |                   |             | GRAP 12       | Inventory      | Inventory           | Audit Trail |
| 18  | Send monthly summary of inventory issued to all the Heads of Departments.  | PM       |                                |                                     | RM                      | VM                           | VM                 | VM                      |                   |             | GRAP 12       | Inventory      | Inventory           |             |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for the issuing of inventory accepted by:

|     | Employee | Signature | Date |
|-----|----------|-----------|------|
| SM  |          |           |      |
| AE  |          |           |      |
| HAE |          |           |      |
| HOD |          |           |      |
| CFO |          |           |      |
| MM  |          |           |      |

### Procedures for the issuing of inventory approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.6.4 Procedures for performing Inventory Counts

| No. | Procedure   | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                        |
|-----|---|----------|--------------------------------|-------------------------------------|-------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|----------------------------|
| 1   | Prepare inventory count procedures.   | PA       |                                |                                     | VA                      | RA                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Inventory count procedures |
| 2   | Approve inventory count procedures.   | VA       |                                |                                     | PA                      | RA                           |                    | RA                      |                   |             | GRAP 12       | Inventory      | Inventory           |                            |
| 3   | Perform inventory counts on a monthly basis to ensure that each type of inventory is counted at least on a quarterly basis. High risk items should be counted on a monthly basis.   | PM       |                                |                                     | VM                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                            |
| 4   | Populate inventory count sheets that consist of at least the following: <ul style="list-style-type: none"> <li>• Date of count;</li> <li>• Description of inventory;</li> <li>• Inventory Code; and</li> <li>• Quantity.</li> </ul> | PM       |                                |                                     | VM                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Inventory count sheets     |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure  | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI               |
|-----|--|----------|--------------------------------|-------------------------------------|-------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|-------------------|
| 5   | Stock Count Teams perform inventory count, by counting each item twice.  | PM       |                                |                                     | VM                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                   |
| 6   | Receive inventory count sheets from the Stock Count Team.  | PM       |                                |                                     | VM                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                   |
| 7   | The Storeman compiles an inventory list from the inventory count sheets.   | PM       |                                |                                     | VM                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           | List of Inventory |
| 8   | The Inventory list consists of the following: <ul style="list-style-type: none"> <li>• Date of count;</li> <li>• Description of inventory;</li> <li>• Inventory Code;</li> <li>• Quantity</li> </ul> | PM       |                                |                                     | VM                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                   |
| 9   | Transfer information from list of inventories to a Master stock sheet.   | VM       |                                |                                     | PM                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                   |



## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                |
|-----|---|----------|--------------------------------|-------------------------------------|-------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|--------------------|
| 10  | The Master stock sheet consists of the following: <ul style="list-style-type: none"> <li>• Date of count;</li> <li>• Description of inventory;</li> <li>• Inventory Code;</li> <li>• Quantity per inventory count;</li> <li>• Quantity on Inventory System;</li> <li>• Variance (quantity and value) between inventory count and list of inventory per inventory item.</li> <li>• Reason for variances</li> </ul> | VM       |                                |                                     | PM                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Master Stock Sheet |
| 11  | Follow-up any differences.  | PM       |                                |                                     | VM                      | RM                           |                    |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                    |
| 12  | Correct any differences on inventory count sheets and the Master stock sheet.   | VM       |                                |                                     | PM                      | RM                           |                    |                         |                   |             | GRAP 12       |                |                     |                    |
| 13  | Sign the Master stock sheet as a true reflection of inventory on-hand.  |          |                                |                                     | PM                      | VM                           | RM                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                    |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

| No. | Procedure   | Storeman | Clerk: Supply Chain Management | Accountant: Supply Chain Management | Accountant: Expenditure | Head: Assets and Expenditure | Head of Department | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI                |
|-----|---|----------|--------------------------------|-------------------------------------|-------------------------|------------------------------|--------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|--------------------|
| 14  | Update the Inventory System with results of the inventory count.  |          |                                |                                     | PM                      | VM                           | RM                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           |                    |
| 15  | Print Audit Trail for future reference.   |          |                                |                                     | PM                      | VM                           | RM                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Audit Trail        |
| 16  | Report results of stock count to the Head: Assets and Expenditure. Stock count report must include at least the following documentation: <ul style="list-style-type: none"> <li>Stolen inventory;</li> <li>Slow-moving inventory;</li> <li>Obsolete inventory; and</li> <li>Damaged inventory.</li> </ul> |          |                                |                                     | PM                      | VM                           | RM                 |                         |                   |             | GRAP 12       | Inventory      | Inventory           | Stock Count Report |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for counting inventory accepted by:

|     | Employee | Signature | Date |
|-----|----------|-----------|------|
| SM  |          |           |      |
| AE  |          |           |      |
| HAE |          |           |      |
| HOD |          |           |      |
| CFO |          |           |      |
| MM  |          |           |      |

### Procedures for counting inventory approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

### 7.6.5 Procedures for Monthly Meetings (Inventory Department)

| No. | Procedure   | Manager: Supply Chain Management | Head: Assets and Expenditure | Chief Financial Officer | Municipal Manager | Legislation | GRAP Standard | GRAP Line-Item | Proposed mSCOA Item | KPI   |
|-----|---|----------------------------------|------------------------------|-------------------------|-------------------|-------------|---------------|----------------|---------------------|---|
| 1   | CFO holds monthly meeting with the Manager: Supply Chain Management and the Head: Assets and Expenditure to discuss exceptions identified during the month. | PM                               | PM                           | PM                      | RM                |             |               | Inventory      | Inventory           | Number of meetings per year                                     |
| 2   | Determine corrective action to be taken to prevent or reduce similar exceptions.  | PM                               | PM                           | PM                      | RM                |             |               | Inventory      | Inventory           | Number of outstanding findings and findings solved during year. |
| 3   | Submit pre-audit checklist to the CFO as proof that tasks have been performed and work performed was verified as correct by relevant officials.             |                                  | PM                           | RM                      |                   |             |               | Inventory      | Inventory           | Number of pre-audit checklists per year.                        |

## STANDARD OPERATING PROCEDURES FOR MUNICIPALITIES

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### Procedures for Monthly Meetings (Inventory Department) accepted by:

|      | Employee | Signature | Date |
|------|----------|-----------|------|
| MSCM |          |           |      |
| HAE  |          |           |      |
| CFO  |          |           |      |
| MM   |          |           |      |

### Procedures for Monthly Meetings (Inventory Department) approved by:

|                         | Signature | Date |
|-------------------------|-----------|------|
| Chief Financial Officer |           |      |
| Municipal Manager       |           |      |